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“Creating a Better
Quality of Life”

Corporate Philosophy

“Creating a Better Quality of Life”

Since our founding, our business has been guided by the mission to provide products for a comfortable and convenient life

—products that resonate with many people.

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

Management Policy

Brand Innovation

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

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People are the source of value creation. Individual pursuit of the essence of Zojirushi leads to the creation of new businesses.

Section 3 Foundation for Value Creation

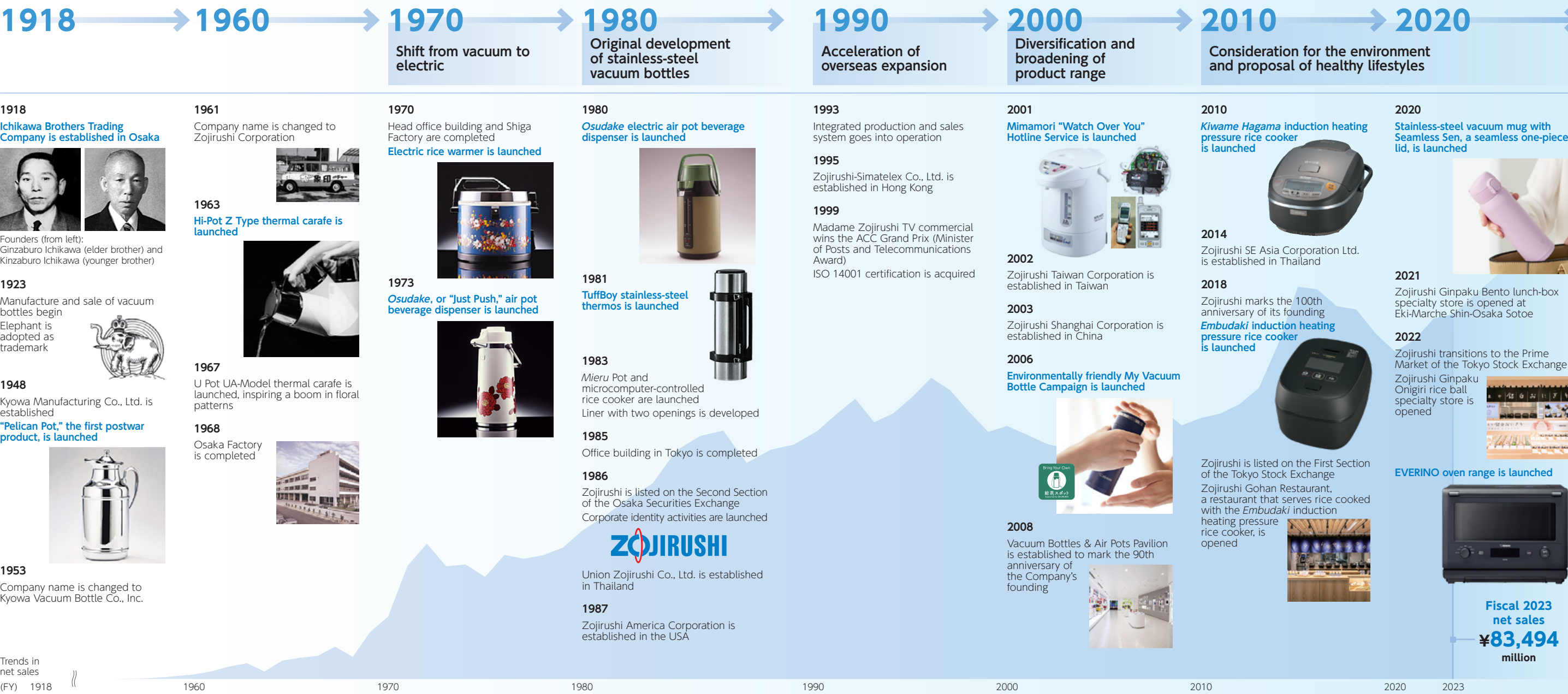
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Value Creation History


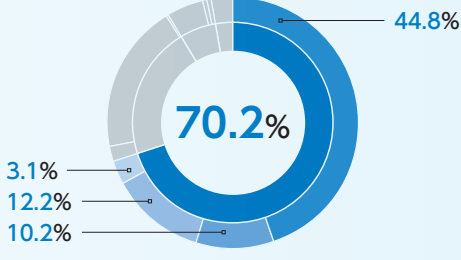

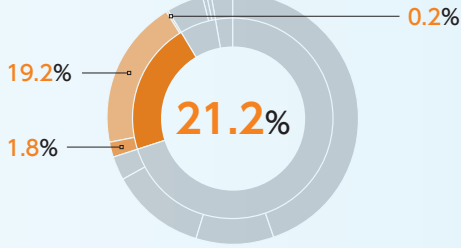

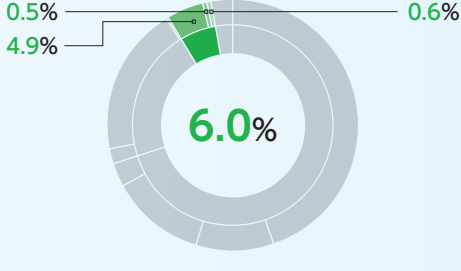

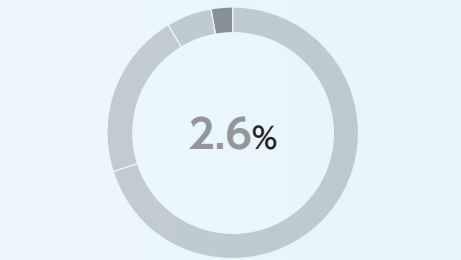
More than 100 years ago, two brothers with the dream of making vacuum bottles established the company that would become Zojirushi Corporation. Since then, Zojirushi has continued to create new value while aligning with changing lifestyles, growing as the Zojirushi brand in Japan and around the world.



Business Overview

(Fiscal 2023)

By product category

By product category	Main products	Net sales	Breakdown of net sales	Summary of financial results
Cooking appliances 	Rice cooking Rice cookers/warmers Water boiling Electric pots Electric kettles Electric cooking Electric griddles Coffee makers Microwave cooking Oven ranges	¥58,631 million Down 0.6% YoY ■ Rice cooking: ¥37,371 million ■ Water boiling: ¥8,509 million ■ Electric cooking: ¥10,182 million ■ Microwave cooking: ¥2,566 million		Japan Sales of rice cookers/warmers saw a year-on-year decline, as microcomputer-controlled and induction heating pressure rice cookers struggled. Sales of electric pots were weak, but sales of electric kettles were strong. The EVERINO series of the oven range, a new category product, contributed to increased sales, but sales of electric cooking appliances declined year on year due to sluggish sales of electric griddles, toaster ovens, and other products as the market continued to shrink. Overseas Despite weak sales of electric pots in China and Southeast Asia, sales of rice cookers/warmers were strong in North America and Southeast Asia, resulting in an overall sales increase year on year.
Household and thermal products 	Glass vacuum bottles Glass carafes Stainless-steel vacuum bottles Stainless-steel vacuum bottles Stainless-steel tumblers Stainless-steel food jars Thermal lunch boxes Stainless-steel carafes	¥17,696 million Up 3.7% YoY ■ Glass vacuum bottles: ¥1,503 million ■ Stainless-steel vacuum bottles: ¥15,991 million ■ Other household and thermal products: ¥201 million		Japan While sales of stainless-steel soup jars and stainless-steel carafes were strong, weak sales of stainless-steel vacuum bottles led net sales to remain largely flat like those of the previous fiscal year. Overseas Sales were sluggish in North America, but increased year on year thanks to strong performance of stainless-steel products in Taiwan, Southeast Asia, and South Korea.
Household appliances 	Air-conditioning, cooling, and heating Steam humidifiers Air cleaners Kitchen housework Dish dryers Other household appliances Bedding dryers	¥5,009 million Up 10.5% YoY ■ Air-conditioning, cooling, and heating: ¥4,099 million ■ Kitchen housework: ¥441 million ■ Other household appliances: ¥468 million		Japan Sales decreased year on year due to weak performance of steam humidifiers, dish dryers, and other products. Overseas Steam humidifiers performed well in South Korea.
Others 	Mimamori Hotline Service Food and beverage business (Zojirushi Gohan Restaurant, Zojirushi Ginpaku Bento) Industrial equipment	¥2,156 million Up 11.9% YoY		

By region

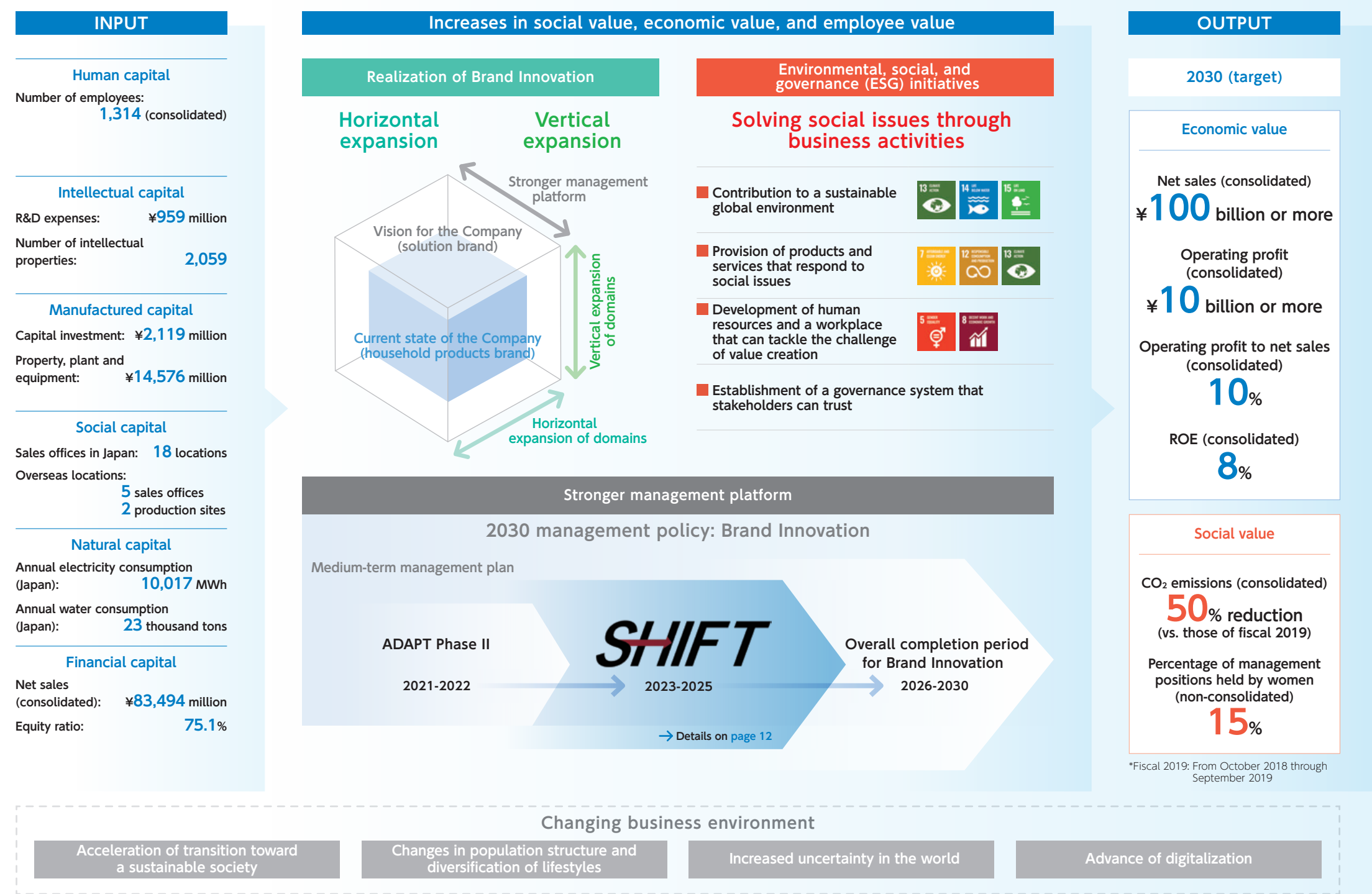
	Cooking appliances Household and thermal products Others	Japan ¥52,347 million Down 2.1% YoY Overseas ¥31,147 million Up 7.1% YoY ■ Asia: ¥19,094 million ■ The Americas: ¥11,227 million ■ Other: ¥825 million		Overseas net sales reached a new record, partly due to foreign exchange effects. In Asia, sales across the region grew 2.6% year on year, with brisk sales of rice cookers/warmers in Southeast Asia, favorable performance of stainless-steel products in Southeast Asia and South Korea, and a contribution from the launch of an oven range in Taiwan, despite a decrease in sales in China. In the Americas, sales increased 14.6%, driven by sales growth in the mainstay North American market, centered on e-commerce. In Asia, we have started building a sales structure in Southeast Asia, such as Thailand and Vietnam, where growth is expected, along with establishing a branch in South Korea and strengthening the introduction of commercial-use products in China. Moreover, we will begin active initiatives for overseas market development in Europe going forward, including the start of sales of rice cookers/warmers.
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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

President's Message



Norio Ichikawa

President and CEO

In this changeable business environment, we will take a balanced approach to management to increase our brand value and ensure sustainable growth.

The groundwork and foundations that we have laid to date have supported our business performance, and we increased sales and profits

Fiscal 2023, ended November 20, 2023, saw various restrictions due to COVID-19 continue through the first half, with activity returning to normal in the second half. While daily life may have normalized for the most part, the business environment today has altered dramatically compared to that of about three and a half years ago. The global situation, still chaotic, is deteriorating. Conflict in Ukraine has now been followed by conflict in Israel, and the impact of these wars has been felt globally. Amid soaring prices for resources and energy, and the resulting

prolonged inflation, there have also been unexpected situations, such as the Chinese boycott of Japanese products sparked by the release of treated wastewater from the Fukushima Daiichi Nuclear Power Station. In Japan, we have seen a marked depreciation of the yen, which continues to surpass the level of ¥130 to the U.S. dollar assumed by the Zojirushi Group in its earnings forecasts. As various factors reach unprecedented levels, looking at how the Group has met its challenges, I see that our accumulated efforts over the long term, not only in this past year, have paid off in a number of areas.

First, the increase in costs due to high prices for raw materials and the foreign exchange rate has had a huge impact throughout the year, but the Group has spent the past 10 years or so focusing on consolidating its business foundations overseas, with sales growing year by year. In fiscal 2023, these efforts bore fruit, and in terms of profits especially, our overseas profits were able to absorb a downturn in our profits in Japan. Moreover, in the Japanese market, we have long been using a sales strategy centered on emphasizing the brand power of Zojirushi, which has enabled us to move ahead of other companies in quickly passing on cost increases in our pricing. Our ability to build such a brand is a result of consistently delivering products that customers can trust. This accomplishment is not something that could be achieved in a short period of two or three years.

As a result of these factors, in fiscal 2023, the Group's net sales increased 1.2% year on year, and its operating profit increased 7.2%. For myself, it was a year that reconfirmed to me the paramount importance of having options—a range of potential cards to play—to respond promptly to emergent issues and deliver stable earnings in a highly uncertain business environment. The Group has sales areas in Japan and overseas, as well as mass retail and e-commerce sales channels, and is pursuing initiatives for new distribution channels at the same time. By constantly keeping a balance between these, we ensure that we have options when the unexpected occurs. For example, even after the lockdown in China ended in 2022, the flows of commerce, goods, and people remained at a standstill for some time, and at one point our sales were at zero. Then, when the situation eventually recovered, the boycott of Japanese goods occurred. Although the downturn in sales in China over the year has been considerable, we have compensated with sales in other regions such as the United States and Taiwan. I recognize that this is truly the result of our development of overseas business areas over many years.

Results from the first year of medium-term management plan SHIFT—aiming to shift to being a solution brand

To survive in a changing market environment, we need a more balanced product mix. Fiscal 2023 was the first year of SHIFT, our medium-term management plan, under which we are working on a product strategy that includes both existing and new businesses, aiming to build a business portfolio highly resilient to change.

The microwave oven business, which we entered in 2022, is a very important part of our growth strategy. Zojirushi's first oven range, EVERINO, has had a much bigger impact than we anticipated, and since its launch, competition in the microwave oven market has been intensifying. As a second offering, we brought out a mid-sized 23-liter oven range in September 2023, and we also launched our oven range overseas in Taiwan. The response in the Taiwanese market especially has exceeded our expectations, and we will therefore focus even more on this series over the three years of SHIFT, including overseas development, and look to turn it into a new business pillar for Zojirushi.

Sales of cooking appliances decreased across the board, falling back after a surge in at-home consumption demand during the COVID-19 pandemic. However, we achieved our target for the year as the decrease was absorbed by our newly launched microwave ovens. This too is a result of the preparation that we did previously.

One of our main targets under SHIFT is to establish our position as the leading brand of cooking appliances in Japan. The Group does not manufacture refrigerators or washing machines, but we hold the leading market share in many cooking appliance categories, such as rice cookers, coffee makers, toaster ovens, electric griddles, and electric skillets. We will also revitalize these existing products by adding proprietary functions and technologies and remodeling and renewing them to suit changes in society and people's lifestyles to improve our product mix. When announcing new products, we maintain extremely close communication with distributors, through demonstration

workshops and other measures. I believe this enables us to earn the deep trust not only of customers but also of distributors. By making extensive use of these business foundations while developing new products to meet new needs, we aim to take a more balanced approach to business development.

We have also seen results in businesses where we have been sowing seeds continuously for some time. In the restaurant business, we have been supplying stores with delicious rice cooked with the Group's highest grade *Embudaki* model, which has an unrivaled share of the market for high-end rice cookers, and we have opened our own Zojirushi Gohan Restaurant, Zojirushi Ginpaku Bento, and Zojirushi Ginpaku Onigiri stores. During the COVID-19 pandemic, the restaurant business experienced a period of adversity, but in February 2023, we opened our second Zojirushi Gohan Restaurant in Marunouchi, Tokyo, an event that was covered by the media. From the second quarter onward, with the COVID-19 pandemic over, reservations increased sharply and the waiting list grew to several months. This success had a favorable impact on our restaurants in Osaka as well. Though this business is still small, it is on a strong growth trajectory, and we believe it has reached the stage for new development.

In May, we also renewed our Mimamori "Watch Over You" Hotline Service, which is a part of our CSV business. This service is an IoT function that we added to electric pots over 20 years ago to keep an eye on elderly relatives living apart and confirming their safety. Under SHIFT, we are continuing to develop the business model, including offering subscriptions for products using an IoT platform. As part of this, we have enhanced the Mimamori Hotline Service by adding a notification function to inform users if the electric pot has boiled dry, has a fault, or has not been used for a while, and have started offering the new services at the same price. Moreover, we offer whole-building monitoring functions for condominiums, with service contracts for condominium management associations, local municipalities, and local governments, as part of our efforts to provide services that can help tackle the social issue of elderly people living alone.



EVERINO oven range



Zojirushi Gohan Restaurant



Mimamori Hotline Service

Toward a corporate structure for tackling challenges—internal changes arising from organizational reforms

The Group carried out the previous medium-term management plan, ADAPT (Phase I and II), and made various preparations to consider how customers will evaluate the Group once the market has fully recovered its momentum. The changes made to our organizational structure in November 2022, including the new establishment of the Product Planning Department and the Production Management Department as cross-company organizations, were part of this. Previously, a small number of new employees were assigned each year to product planning and production management in each R&D department, but since product planning and production management are responsible for operations that require special skills, it took time for these human resources to develop and for the skills to be transferred. By creating a new organization with functions that are applied horizontally across R&D departments, we aim to concentrate the personnel responsible for product planning and production management into a single location to enable smooth human resources development and skills transfer. After just one year of operations under the new structure, I have heard directly from frontline employees that communication between their team members has improved and that the structure benefits personnel development and operations. For product planning, there are also plans to create a single manual for processes from proposal to planning, marketing, and research. I have strong expectations that these initiatives will increase development speed and quality several years from now.

We have also introduced a new concept to our approach to overseas marketing. Previously, the Group conducted marketing activities by gathering information primarily through sales companies and sales activities. However, what this approach yields is information about the current market. The Group has created a number of hit products by engaging in development activities that focus half a step ahead into the future. We therefore need to change to an approach where the people responsible for development undertake their own market research and set their own targets. Recognizing that such an approach is essential for creating products that strongly promote the Zojirushi brand overseas, we shifted the marketing structure to the International Department. Our aim is not simply to create cooking appliances and stainless-steel vacuum mugs to suit

local preferences, but rather to pursue the essential character of Zojirushi in ways that are accepted by people overseas. Looking ahead, I am very excited to see what kinds of products will be created and how they will be received in each region around the world.

In 2019, the Group marked the 101st anniversary of its founding and set out its management policy for the next 100 years: "Brand Innovation—strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand." It is a strategy based on the idea of expanding the domains in which the Group provides value and moving beyond the Zojirushi brand as just a manufacturer of household products. At the outset, I told our employees that the Zojirushi Group business card would open doors for them to meet all kinds of people from different industries, and that they should therefore use that card to go and meet with people outside the Company and find opportunities for collaboration. They have done exactly that, and we have now realized collaboration projects with people in new companies and domains, beginning with our first restaurant business, Zojirushi Gohan Restaurant. Over these past four years, we have started a number of completely new initiatives for the Group, and today we are also receiving a much larger number of active requests for collaboration.

The Group once had a somewhat conservative image, but today I think that it is seen by many as a company engaged in interesting projects and a company possessing an original and distinctive character.

I believe that the most important things for a company are to grow sustainably and contribute to everyone in society. I recognize that my most important roles are first to steadily implement SHIFT, which is our immediate goal, and achieve it; and then to continue managing the Company in a way that benefits our stakeholders and society overall. The best way to achieve these goals is to take a balanced approach to management, always having options to deal with significant fluctuations in the business environment and changes in the times and in our society. I invite all our stakeholders to look forward to the future progress of the Zojirushi Group and to continue supporting us.

September 2023

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

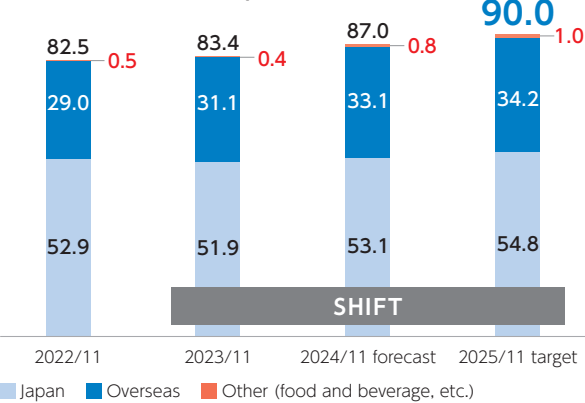
*Creating shared value: an approach of considering economic value and social value simultaneously

2025 performance targets

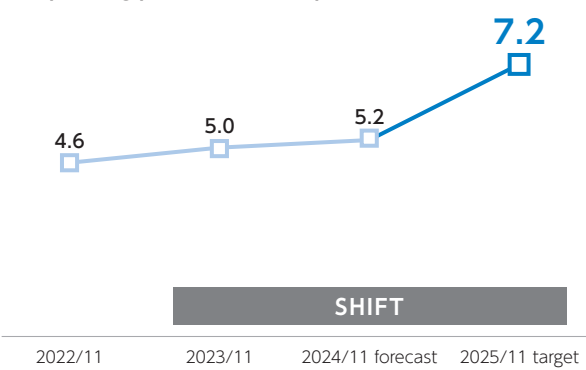
Through the development and expansion of businesses, product categories, the Japanese market, and overseas markets, by 2025, we aim to achieve consolidated net sales of ¥90 billion, consolidated operating profit of ¥7.2 billion (operating profit to net sales of 8%), and ROE of 7%.

Medium-term performance targets (fiscal 2025)	Consolidated net sales	Consolidated operating profit	ROE
	¥90 billion	¥7.2 billion	7%

1 Net sales (Billions of yen)

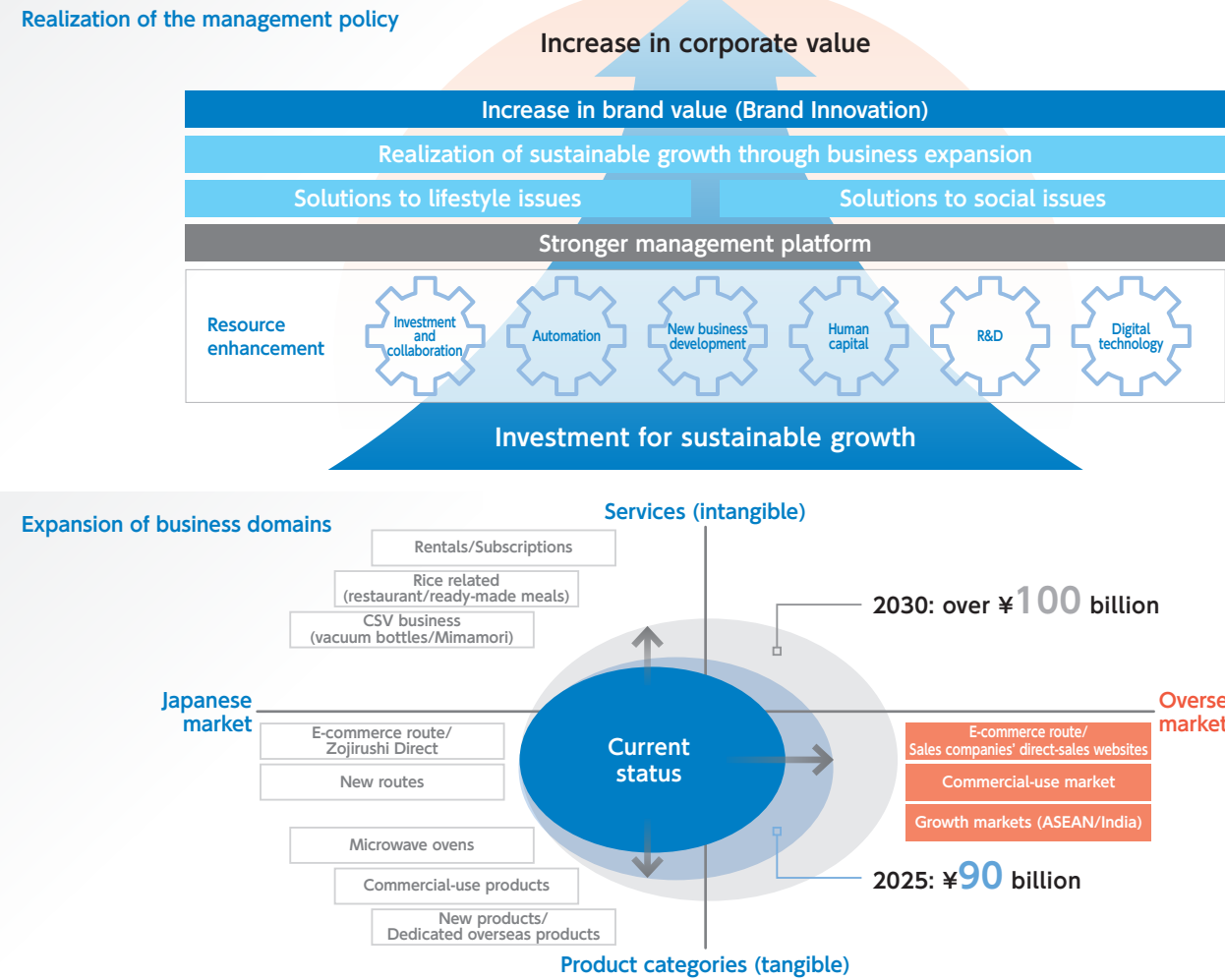


2 Operating profit (Billions of yen)



Expansion of business domains

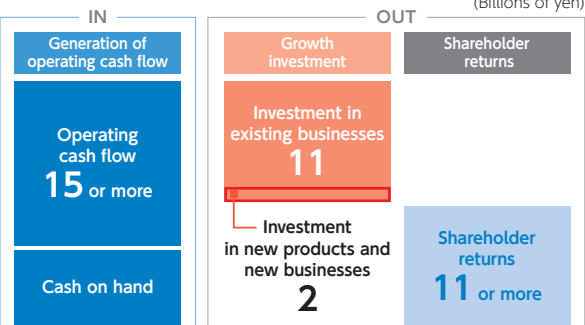
In addition to revitalizing our existing businesses, we will develop and expand new categories centered on microwave ovens and promote the creation of new businesses in domains adjacent to existing businesses (domain shift) and the growth of overseas business (global shift) in order to realize sustainable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



2 KPIs

ROE
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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 first year of SHIFT

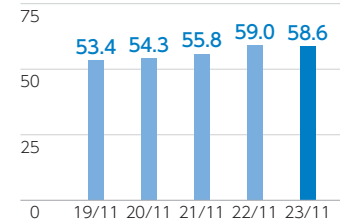
Cooking Appliances

Main products

Rice cookers/warmers, oven ranges, electric pots, electric kettles, electric griddles, toaster ovens, etc.

Net sales

(Billions of yen)



In Japan, sales of rice cookers/warmers decreased year on year due to sluggish sales of microcomputer-controlled and induction heating pressure rice cooker models. Electric pot sales were sluggish, while electric kettles performed favorably. The EVERINO oven range, a new product category, contributed an increase in sales, but electric cooking appliances saw lower sales year on year, reflecting lackluster sales of products such as electric griddles and toaster ovens as the market continued to contract.

Overseas, sales increased year on year overall, with favorable sales of rice cookers/warmers in North America and Southeast Asia, despite sluggish sales of electric pots and other products in China and Southeast Asia.

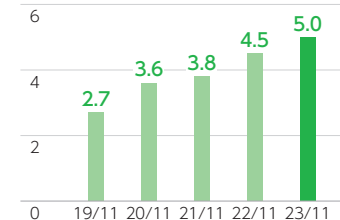
Household Appliances

Main products

Air cleaners, steam humidifiers, dish dryers, bedding dryers, etc.

Net sales

(Billions of yen)



In Japan, sales decreased year on year due to lackluster sales of steam humidifiers and dish dryers.

Overseas, steam humidifiers sold briskly in South Korea.

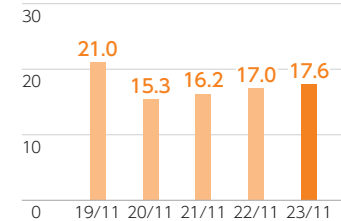
Household and Thermal Products

Main products

Stainless-steel vacuum bottles, stainless-steel vacuum mugs, stainless-steel soup jars, glass vacuum bottles, etc.

Net sales

(Billions of yen)



In Japan, sales were about level with those of the previous fiscal year, as favorable sales of stainless-steel soup jars and stainless-steel carafes were offset by sluggish sales of stainless-steel vacuum bottles.

Overseas, sales increased year on year, mainly due to favorable sales of stainless-steel products in Taiwan, Southeast Asia, and South Korea, despite lackluster sales in North America.

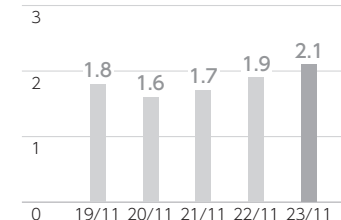
Others

Main products

Food and beverage business, Mimamori Hotline Service, industrial equipment, etc.

Net sales

(Billions of yen)



We continued developing business centered on rice, but issues remain for increasing earnings in the food and beverage business.

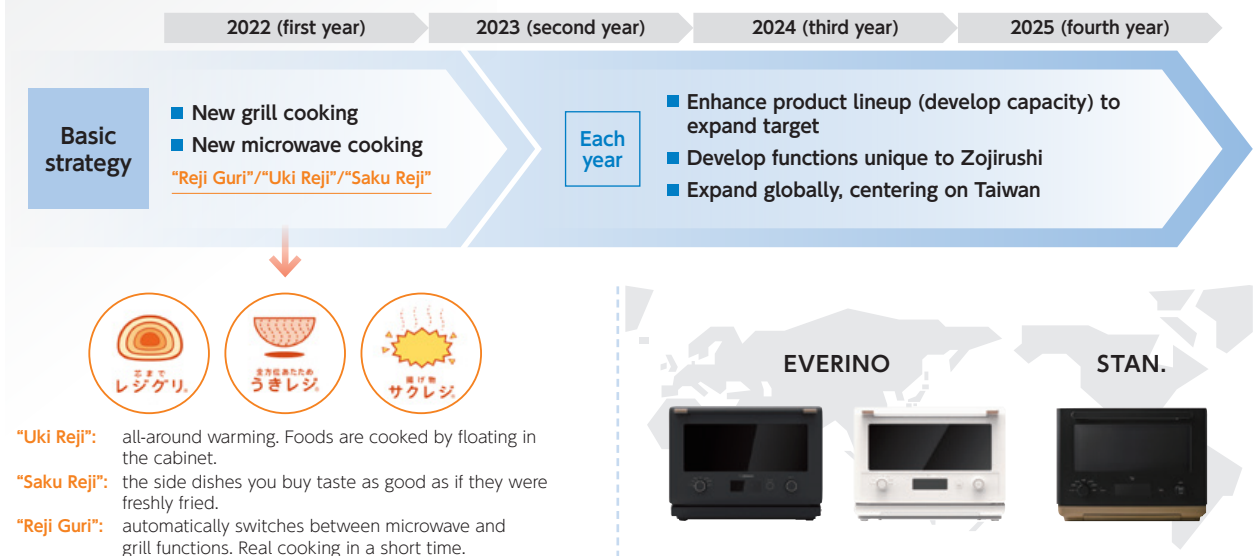
Medium-term management plan SHIFT priority issue 1—domain shift

1 Development and expansion of the microwave oven business

Domain shift, one of our priority issues, is aimed at “expanding new domains and deepening existing domains.” As main measures, we will expand our lineup of microwave ovens, launch them in overseas markets, and proceed with R&D for core technologies with an eye to developing and expanding the

business. By enhancing our lineup through capacity development, we will widen our target while promoting development of functions unique to the Zojirushi Group. In addition, we aim to expand not only in Japan but globally with Taiwan as a key region.

Microwave oven development plan



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

In the cooking appliance market, securing earnings has become more difficult due to factors such as intensifying competition, high material and logistics costs, and supply chain disruptions. In this environment, we will deploy strategies in Japan such as expanding our product lineup of microwave ovens, a market that we newly entered, revamping existing products to keep

pace with changes in society and lifestyles, developing new products in response to consumer needs, and strengthening our e-commerce systems. By working to expand our sales and market share, we aim to become the leading brand of cooking appliances in Japan.

Product/ sales strategy	Business (product category)	2025 target
<ul style="list-style-type: none"> Product strategy Sales strategy 	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
Rebuild sales system		
Rebuild distribution system		

3 Creation and development of new businesses and products

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

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

Examples of business development centered on rice

“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, *Embudaki*, with exquisite side dishes selected for their compatibility.



Expanding through collaboration with other companies

Zojirushi Ginpaku Bento
A lunch-box specialty store inspired by the concept “making delicious rice more convenient and preserving Japanese food culture”



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

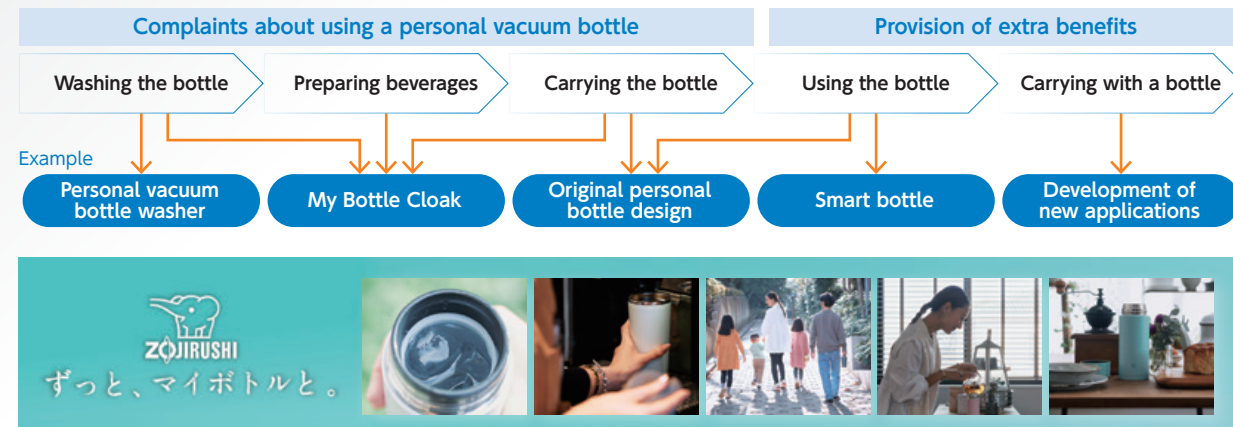


4 Expansion of the CSV business

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

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

Example of expanding the vacuum bottle domain



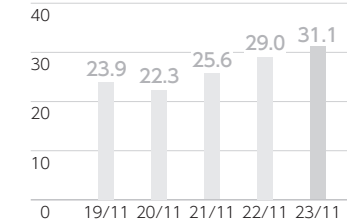
Overseas Business

Main products

Cooking appliances, household and thermal products, others

Net sales

(Billions of yen)



Results and issues of ADAPT

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

Medium-term management plan SHIFT priority issue 2—global shift

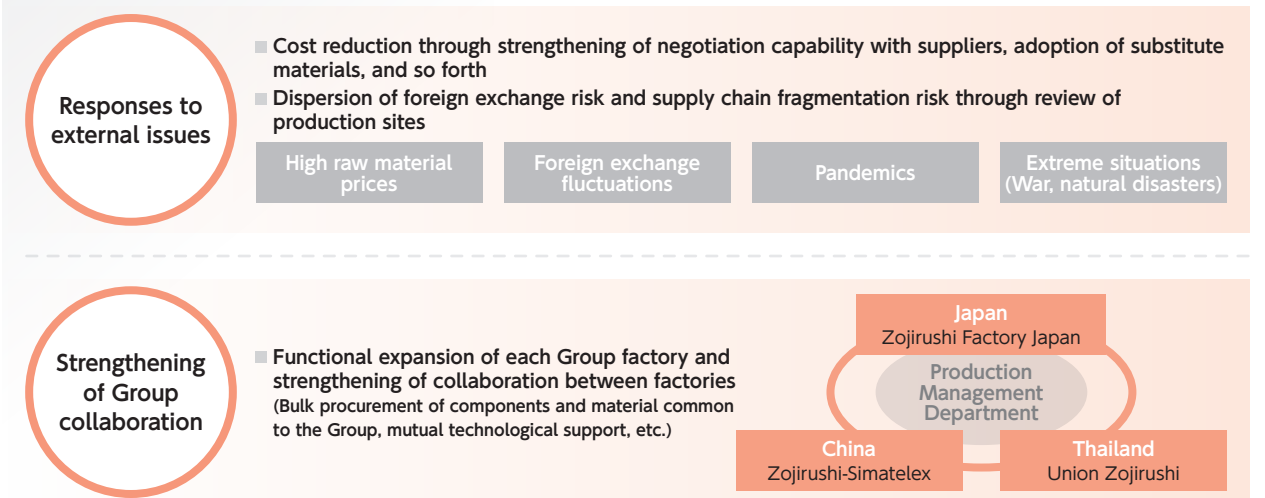
Sustainable growth in overseas business

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

Basic sales policy

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

Optimization of global production and procurement systems



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 and KPIs

Material issue		Target	Key performance indicator (KPI)		Relationships with SDGs	
			2025	2030		
Solving social issues through business activities	Contribution to a sustainable global environment	Realization of a decarbonized society	Reduction of CO ₂ emissions (Scope 1 and Scope 2**)	40% reduction for the Group (vs. that of fiscal 2019)	50% reduction for the Group (vs. that of fiscal 2019)	13
			Increase in ratio of renewable energy used	30% of electricity usage for the Group	45% of electricity usage for the Group	14
		Consideration for environmental impact and biodiversity	Conducting of life-cycle assessment** and improvements	Analysis of environmental impact over the life cycle and identification of issues	Continuous improvement in life-cycle assessment toward reducing environmental impact	15
			Increase in recycling rate** ³ (reduction of industrial waste)	90% recycling rate (gross weight ratio)	90% or higher recycling rate (gross weight ratio)	
		Contribution to reduction of marine plastic waste	Continuous internal campaign of the movement for zero plastic bottles in the Group joint promotion with local governments, etc.	Continuous internal campaign of the movement for zero plastic bottles in the Group joint promotion with local governments, etc.		
	Pursuit of product safety and quality	Enhancement of production and development system	Zero serious product accidents attributable to design Enhancement of VOC** feedback system (particularly on products for overseas)	Zero serious product accidents attributable to design		
	Provision of products and services that respond to social issues	Development of environmentally friendly products	Design and development based on recycling	Preparation of design standard for recycling	Construction and operation of a management system for the product development flow	7
			Development of products with increased energy-saving performance	Act on Rationalizing Energy Use (rice cookers) achievement rate** ⁴ 102%	Act on Rationalizing Energy Use (rice cookers) achievement rate 102%	12
			Increase in use of environmentally friendly plastics and recycled materials	10% or more of total plastic usage amount	20% or more of total plastic usage amount	13
		Expansion of the CSV business	Expansion of the Mimamori business	20% increase in electric pot contract holders (vs. that of fiscal 2022) Addition of new functions (frailty** prediction, etc.)	70% increase in electric pot contract holders (vs. that of fiscal 2022) Start of Mimamori service for products other than electric pots	
Expansion of the vacuum bottle domain			Commercialization of services promoting use of personal vacuum bottles	Commercialization of services promoting use of personal vacuum bottles		
Protection of intellectual property		Avoidance of infringement on third parties' intellectual property rights Promotion of anti-counterfeiting measures	Zero defendant lawsuits Establishment of system for exposing counterfeiters in hot-spot areas (China, Thailand)	Zero defendant lawsuits Establishment and reinforcement of system for exposing counterfeiters in Asia		
Stronger management platform	Realization of a sustainable supply chain	Promotion of CSR procurement** ⁷	Routine application of CSR procurement policy for suppliers in Japan	Expansion of routine application of CSR procurement policy for all suppliers	5	
	Promotion of social contribution activities	Initiatives in the fields of food and health, the environment, and education	Enhancement and revision of existing initiatives Consideration of new initiatives	Enhancement and revision of existing initiatives Consideration of new initiatives	8	
	Development of human resources and a workplace that can tackle the challenge of value creation	Increase in percentage of management positions held by women	6% (non-consolidated)	15% (non-consolidated)		
		Respect for human rights/promotion of diversity and inclusion	Meeting mandatory employment rate for people with disabilities	Mandatory employment rate 2.5% (non-consolidated)	Mandatory employment rate 2.7% (non-consolidated)	
			Increase in percentage of childcare leave taken by men	30% (non-consolidated)	50% (non-consolidated)	
		Increase in employee engagement	Continuous increase** ⁶	Continuous increase		
		Promotion of occupational health and safety, and health and productivity management	Realization of work-life balance (reduction in total actual working hours)	5% reduction in overtime work from that of fiscal 2022 (non-consolidated)	10% reduction in overtime work from that of fiscal 2022 (non-consolidated)	
			Increase in percentage of annual paid leave taken	70% (non-consolidated)	80% (non-consolidated)	
	Development and acquisition of human resources needed to achieve management targets	Recognition as Certified Health & Productivity Management Outstanding Organization	Certification acquisition	—		
	Establishment of a governance system that stakeholders can trust		Stable securing of core human resources and promotion of active participation by diverse human resources (women, non-japanese, mid-career hires, etc.)	Enhanced employment of diverse human resources and improvement of work environment	Continued employment of diverse human resources	
Increase in effectiveness of the Board of Directors			Effectiveness evaluation and verification	Effectiveness evaluation and verification		
Construction of a fair, highly transparent, and effective governance system		Rigorous CSR and compliance	Monitoring by CSR Committee/ Compliance Committee semiannually Zero major compliance violations	Continued monitoring by CSR Committee/ Compliance Committee semiannually Zero major compliance violations		
		Strengthening of risk management system	Monitoring by Risk Management Committee quarterly Formulation of business continuity plan	Continued monitoring by Risk Management Committee quarterly Construction of a business continuity management system		
Promotion of information security measures		Zero major information leaks	Zero major information leaks			
Building of trust relationships with shareholders and investors		Timely and appropriate disclosure and enhanced IR/SR	Increase in opportunities for communication with investors Enhancement of non-financial information disclosure	Increase in opportunities for communication with investors Enhancement of non-financial information disclosure		
Increase in customer satisfaction	Increase in satisfaction with after-sales service (based on customer satisfaction survey by external organization)	Repairs: 76% or higher Telephone inquiries: 70% or higher Support website: 75% or higher	Repairs: 80% or higher Telephone inquiries: 80% or higher Support website: 80% or higher			

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

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

*3 Recycling rate from recovered products

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

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

*6 State of mental and physical weakening due to aging

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

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

*9 Fiscal 2019: From October 2018 through September 2019

Message from Director Responsible for Finance and Sustainability



The entire Company is working to achieve the medium-term management plan SHIFT, which carefully incorporates stakeholders’ feedback.

Osamu Sanada

Director and Managing Corporate Officer
Chief Administrative Officer

Aggressive investment focused on developing and launching new products

In fiscal 2023, we made growth investments of approximately ¥2.1 billion. As in previous years, these investments were mainly for product development, and we launched a mid-sized version of our EVERINO oven range in Japan and entered the microwave oven market in Taiwan. We also made continuous investments to develop rice cookers.

In capital investments, we opened our kitchen studio, ZO-BASE, in August 2023. The facility is being used to produce recipe videos and PR materials, and to hold practical workshops on new products with external instructors, among other purposes. In other capital investments, we finished construction of the East Japan Service Center in March 2024. With its completion, we have established a two-center system for after-sales services, one in East Japan and one in West Japan. We also have a parts center alongside the center, enabling us to improve customer service and strengthen our infrastructure from a BCP perspective.

In large-scale capital investments in the lead-up to 2030, we have started planning the reconstruction of our Osaka Factory. The factory will need a large site, and we are currently examining various options to acquire suitable land. We aim to finalize the details of our plan within the three-year period of the medium-term management plan SHIFT.

SHIFT sets ambitious targets, both financial and non-financial

SHIFT started in fiscal 2023 and feels more carefully developed than our previous plans. With regard to non-financial information in ESG in particular, we have identified four material issues in the domains of “solving social issues through business activities” and “stronger management platform,” and set targets for fiscal 2025 by backcasting from our 2030 targets. We have started mobilizing the whole Company and made steady progress in the first year of the plan; however, we must continue to further advance toward meeting our ambitious final targets. By achieving every target, we plan to increase our social value, economic value, and employee value.

Fiscal 2023 saw the favorable performance of our restaurant business with the opening of a Tokyo branch of Zojirushi Gohan Restaurant, the start of a project to promote use of personal vacuum bottles, and initiatives such as Zojirushi Owner Service to create supporters of the Zojirushi brand. The seeds for all these initiatives have been sown over several years, and they are now starting to produce tangible results.

Looking at our contribution to a decarbonized society and our activities to reduce CO₂ emissions, we have set targets of a 40% reduction in Group emissions compared to that of fiscal 2019 by 2025 and an increase in the ratio of renewable energy used. We have implemented measures to install solar panels on

a large scale at the site of our mainstay factory in Thailand with high emissions to boost renewable energy. In Japan, we are also taking measures such as phasing in a switch to green electricity to bring us in sight of our 2025 target.

The personal growth of the Group’s human resources is also connected directly to the growth of the Group, and we have therefore adopted a basic policy of investing actively in human capital. We are working to strengthen our human resources base in response to the challenges of human resources management as they continue to evolve with the times. As part of this, we are also revising wage levels not only for regular employees but also for contract employees. In our recruitment activities, we will increase both new graduate and mid-career hires, aiming to reinforce our workforce with a view to strengthening specialist skills and eliminating generational imbalances. In June 2023, the Company conducted its first companywide engagement survey. The level of employee satisfaction with the Company was in the upper 30% in a survey involving over 1,000 companies, but some issues were identified. Going forward, we plan to conduct the companywide survey twice a year, with short regular monthly surveys to make improvements.

One of our targets for diversity and inclusion is to have 50% of men take childcare leave by 2030, and we have already reached 77% ahead of the target year. We were concerned that promoting this in some workplaces might be difficult, but by consulting with the labor union and promoting it with the support of department heads and personnel departments, we saw the number of men taking childcare leave increase across the entire Company, with some taking up to one month of leave. Another factor that may have helped was adopting a system that enables people to use expired accumulated paid leave so that they can receive their full salary. We have also been recognized as a 2024 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) in the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

Aiming for ROE of 7% with profit margins commensurate with the cost of capital and a cumulative total return ratio over three years of 100% or higher

Our management targets include ROE of 7%. Since our ROE for fiscal 2023 was 5.4%, this is not an easy target, but we are determined to reach it to meet the expectations of our shareholders. While continuing efforts to strengthen our earning capability, under SHIFT, we are aiming to keep our equity level under control, targeting a consolidated dividend payout ratio of 50% or higher and a cumulative total return ratio of 100% or higher. In fiscal 2023, we returned a total of ¥2.3 billion to shareholders, corresponding to a dividend payout ratio of 51.8%, and we plan to return around ¥11.0 billion over the three years of SHIFT.

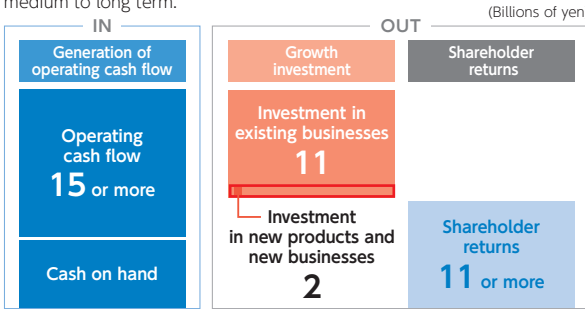
The Group’s current finances are sound. However, going forward, we will also look at making borrowings as necessary to fund the renewal of the Osaka Factory, share repurchases, and other expenditures. Under these circumstances, our policy is to maintain the D/E ratio not exceeding 100%.

Furthermore, our PBR is trending at 1.0 or higher. I believe this is proof of the strong evaluation of the Zojirushi brand’s value in the stock market. Nevertheless, stock prices can change dramatically as a result of financial results. Therefore, we consider our business performance to be paramount and we emphasize the importance of steadily delivering results, even in an adverse management environment.

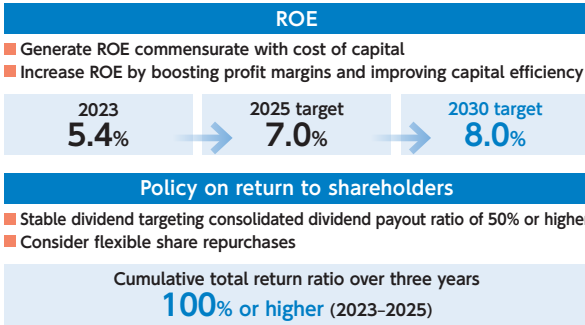
SHIFT investment plan and targets

1 Investment plan for sustainable growth

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



2 KPIs



SHIFT is a plan for increasing our corporate value, designed by carefully incorporating every item of feedback received from investors. It sets out our thinking on capital policy, cash allocation, ROE, and ESG, and embodies the Company’s vision for the medium to long term. We are determined to complete this plan and bring it to fruition, with the entire Company working together to meet the expectations of our investors.

Finally, to achieve our targets it is vital that we provide top-quality products that exceed our customers’ expectations. Through the supply of our products, we aim to be a company that plays an essential role in people’s daily lives and a company where employees feel satisfied in their jobs. While pursuing those goals, we will continue working to increase the value of the Zojirushi brand.

Message from Director Responsible for Technology Development



Zojirushi will realize its corporate philosophy “Creating a better quality of life” for people in Japan and globally with its distinctive “reliable technologies.”

Masao Uwa

Director and Managing Corporate Officer
Responsible for Production & Development

Organizational changes creating cross-company links between key manufacturing processes have revitalized the front lines

In fiscal 2023, we separated the personnel responsible for product planning and production management from each R&D department, creating an independent organization and consolidating them to start a new structure that links across each R&D department. Our objectives for establishing the Product Planning Department are twofold. First, having recognized that sustainability and ESG activities are essential for any business, rather than have R&D departments address these issues individually, we aim to engage them with a unified policy and accelerate sustainability activities companywide through our products. Second, we aim to better develop human resources. Personnel responsible for product planning were previously assigned to each R&D department, but by concentrating them into a unit of over 10 people, we increased the number of intermediate-level and senior colleagues available to younger employees, along with their opportunities to encounter different work styles and learn from them. Moreover, improved communication for asking questions and receiving instructions is expected to have a considerable impact.

With regard to the Production Management Department, during the COVID-19 pandemic, the global balance of supply and demand was upset, causing considerable turmoil with a

shortage of rice cooker components in the 1st R&D Department and a shortage of electric pot components in the 2nd R&D Department. Since the efforts of individual R&D departments to gather information were ineffective, we changed to an organization that could collect information from the global supply chain and manage purchasing centrally.

Approximately one year since the start of operations, we have achieved the results that we aimed for. However, the R&D department system organized vertically also has advantages for nurturing strengths and earning power through independent management of individual businesses. We now aim to continue creating an organization that can leverage the advantages of both vertical and cross-company organizational structures.

Pursuing “high basic functions sought by consumers” and “added value that will really be used”

From summer through fall of fiscal 2023, we introduced several new products onto the market. In 2022, we launched EVERINO, our first oven range that utilizes our proprietary thermos technology to provide functions and performance that solve various points of dissatisfaction for customers. The concept for developing the product was “an oven range that customers will really use.” In fiscal 2023, we brought out a mid-sized 23-liter model, using the same concept, but in a new size. To simply pursue sales, we could have produced a completely new oven

range, but we launched the model in the hope of firmly embedding the EVERINO brand in consumers’ minds.

In addition, under our *Embudaki* brand, which has grown into a flagship brand for Zojirushi, we launched a new product that has a unique rotating induction heating structure in a four-cup model for small households.

The Zojirushi Group’s essence is to achieve the philosophy “Creating a better quality of life” with “reliable technologies,” and we aim to carefully nurture EVERINO and *Embudaki* in the same way. President Ichikawa often says that Zojirushi is “not a home appliance manufacturer but a daily necessities manufacturer,” and the Company has an extremely large number of long-selling products besides rice cookers that are popular with customers. In fiscal 2023, we focused on renewing products under the slogan “Treasuring Everyday Life.”

Another product of fiscal 2023 is the Multi Roaster, launched in September. This long-selling product was introduced over 20 years ago and initially developed for four-person families. Now that household compositions have changed, we have remodeled it, making it more compact. Besides a simple design and functionality, the basic performance has been elevated to a high level for roasting meat and fish perfectly while suppressing smoke and odors. Improvements to maintainability have also been made. Another long-selling product, the electric skillet, was also launched anew after a full model change in September. We will renew the design and functions of cooking appliances that are essential for daily life to make them original and easy to use.

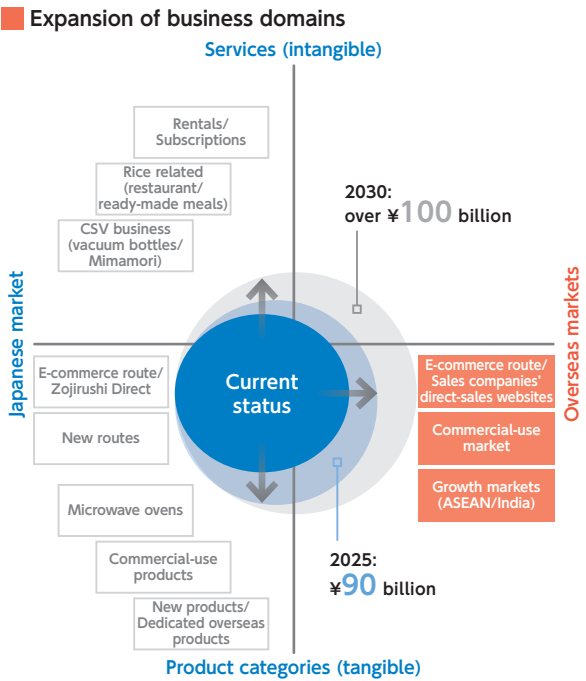
Since 2000, Japanese home appliance manufacturers have lost their market competitiveness despite having high-level technologies. One explanation for this is that, amid intensifying competition, domestic manufacturers have added functions and specifications that consumers do not seek. The result may be that consumers have been looking to well-designed products from overseas manufacturers that have easy-to-understand functions.

In line with the current market status for cooking appliances and household appliances, we have based our product strategy on supplying the market with products that pursue “high basic functions sought by consumers” and “added value that will really be used.” Our newly developed 23-liter EVERINO includes an infrared sensor, a rare feature for an oven range of this size. We adopted this sensor as an essential feature for those concerned about the basic performance in terms of preventing uneven heating or overheating. We believe that such value will always be noticed by our customers.

Under the medium-term management plan SHIFT, we aim to expand our business domains vertically and horizontally. One important path for expansion is growth in the overseas business. In fiscal 2023, the Group’s overseas net sales ratio is 37.3%, and the Group has started working on product planning exclusively for overseas markets to even expand this. Until now, we have started by developing products for Japan and then revising certain specifications for selling overseas. Now we will change this concept and take up the challenge of creating rice

cookers that will sell well in China and stainless-steel vacuum bottles that appeal to people in the United States. The Group is returning to its roots to ask what kinds of products it should provide to “create a better quality of life” for people in China, the United States, and Taiwan, and working to strengthen its marketing and product development.

Expansion of business domains under SHIFT



Providing enjoyment, comfort, and reliability and safety to the world through forward-looking technology development initiatives

We will work steadily and swiftly to deploy our product strategy based on SHIFT and launch new products onto the market. At the same time, we will emphasize elemental technology development, taking a long-term view. This perspective involves exploring the Group’s key technologies from a position separate from product development, based on our medium- to long-term technology development strategy. Going forward, we will strengthen elemental technology development, as it is essential to the future of the Group and also leads to the accumulation of intellectual property assets.

The Zojirushi brand’s product development is encapsulated by the corporate philosophy “Creating a better quality of life.” We are proud that our products provide the enjoyment, comfort, and reliability and safety that will realize the slogan “Treasuring Everyday Life” for people both in Japan and overseas. This is truly the Group’s mission as well. I am certain that we will contribute to solving issues in the changing world and creating the future, and that we will meet the expectations of our stakeholders.

Special Feature

People are the source of value creation. Individual pursuit of the essence of Zojirushi leads to the creation of new businesses.

Through Brand Innovation, we have seen the buds from transformation flourish throughout the organization. We asked the people taking on the daily challenge of value creation to talk about the new businesses they are engaged in and their thoughts on the front lines.

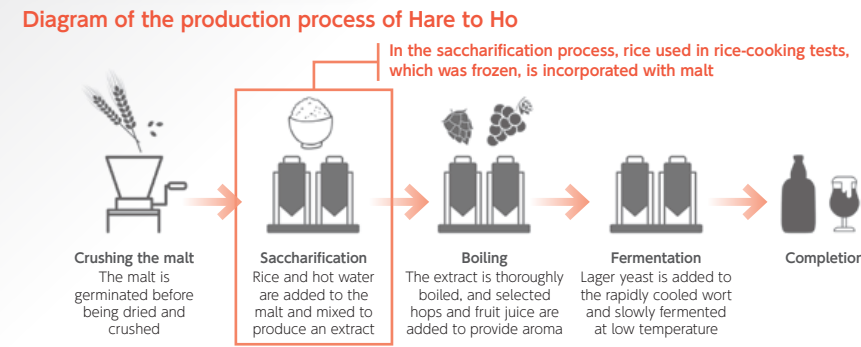
01 Hare to Ho, a craft beer

Commercialization of craft beer made from rice used in rice-cooking tests for the Embudaki rice cooker

Zojirushi collaborates with a food tech company and a craft beer brand

The Zojirushi Group has commercialized Hare to Ho, a craft beer made using rice in rice-cooking tests as a raw material with the aim of realizing a circular economy for a sustainable society. In June 2023, a special tasting event was held for the mass media in Tokyo. The development of Hare to Ho started from an encounter between our New Business Creation Department and CRUST JAPAN Co., Ltd., a food tech company from Singapore. With its mission of eliminating food waste, CRUST JAPAN proposed upcycling rice into beer and introduced the global craft beer brand ISEKADO BREWERY.*

*A product of NIKENCHAYAMOCCHI KADOYA HONTEN Co., Ltd.



Team members who worked on developing Hare to Ho

Everything started with the Embudaki taste test

The development process for rice cookers/warmers, one of Zojirushi's mainstay products, involves repeated taste testing of the cooked rice to pursue the deliciousness of rice. Leftover rice from this process was previously recycled as fertilizer. Seeking a more effective use of the leftover rice, we succeeded in refining alcohol (ethanol) fermented from rice through a collaboration with Fermenstation Co., Ltd., which has such technology, and in 2021, we launched wet wipes for sanitizing made from rice. We continued to explore ways to increase the value of the rice even further, which led us to embark on developing this craft beer.

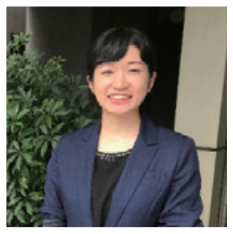
Hare to Ho is a delicious, sustainable beer created from Zojirushi's desire to treat rice with care, with the concept "valuing every drop and every grain."



A beer that we are proud to serve at Zojirushi Gohan Restaurant

A large number of in-house team members cooperated to produce a craft beer that we can proudly recommend, with raw material rice supplied by the 1st R&D Department, a label design selected by the Osaka Headquarters, and consideration of the beer flavor provided by the Project Promotion Group. Public reaction has been excellent, and we have received numerous media inquiries.

The use of rice as a raw material produces a crisp and clean palate, with the addition of white grape juice creating a refreshing flavor, making a superb pairing with the quality dishes offered at Zojirushi Gohan Restaurant. Please try some at the restaurant!



Miwa Kurisu

New Business Creation Department



Rice taste testing

Wet wipes for sanitizing made from rice



The name Hare to Ho was chosen for the Japanese word "Hare," meaning "special moments," to evoke the image of making a toast at such moments, and "Ho," meaning "rice ears," to indicate the beer is made from rice. In addition to being served at Zojirushi Gohan Restaurant, the beer is available from the ISEKADO BREWERY online shop.

02 Zojirushi Owner Service

Creating a new story for customers and Zojirushi

Platform for connecting with Zojirushi fans

In December 2018, we launched Zojirushi Owner Service, which offers an email magazine and owner-exclusive events for customers who register as owners when purchasing a Zojirushi product. The service also enables us to receive various kinds of feedback and requests from customers, which we utilize in creating the next products. With this platform connecting the ideas of dedicated users and creators, we are pursuing a new "two-way" form of customer service. Our regular emails are not for PR but rather to provide information for the user, such as ways to use and take care of products, so that customers who enjoy using them will be excited to buy Zojirushi products the next time as well.

Zojirushi's first fan meeting

In June 2023, 10 members of Zojirushi Owner Service came together at Zojirushi Headquarters for a fan meeting, "Zojirushi with Fans." The participants engaged in various programs, such as a Zojirushi quiz and a group discussion, with members of the Planning Group of the Product Planning Department, Marketing Department, and New Business Creation Department.



Commemorative photograph with fans who participated on the day of the meeting

Fans are not something you make, they are something that people become

At first, I thought that our goal with this service was to create Zojirushi fans, but what I realized when we actually started to operate it was that we already had a lot of fans. If we continue to make products of reliable quality, we will find customers who love using them, and a connection will develop between them and Zojirushi through the products. We may intend to communicate the appeal of the Company, but conversely, I also feel that customers teach us what is good about Zojirushi.



Kyoko Higashi

Customer Satisfaction Department



Objectives and flow of the fan meeting



Participants explain what they love about a product

Communicating the values that Zojirushi cherishes



Takayuki Sato

Customer Satisfaction Department

We manufacture and supply durable consumer goods—products with a relatively long life. I was concerned that customer touchpoints would decrease over the long interval until the next purchase. However, by establishing touchpoints with customers through Zojirushi Owner Service, I realized that our fans are very loyal. Having analyzed and clarified the value that fans find in Zojirushi, I felt a strong urge to utilize it in corporate activities such as marketing and decided to hold the first fan meeting.

The group discussion showed us that the values that Zojirushi cherishes have been communicated to our fans, and that they have a strong affection for the brand, not only for its functional value but also in terms of emotional value. Now I would like to utilize the fan insights that have been clarified through an analysis of the results in various corporate activities.



Worldwide spread of the Zojirushi brand driven by accelerating growth in global markets

Steam humidifiers are a hit in South Korea, raising Zojirushi's reputation as a steam humidifier manufacturer

In South Korea, a tragic incident involving disinfectant for ultrasonic humidifiers has provoked strong interest in the safety of humidifiers among the child-rearing generation. Around that time, a South Korean consumer who had purchased Zojirushi's heated (steam-type) humidifier in Japan posted a positive review of Zojirushi steam humidifiers on a child-rearing notice board, and it became a widely discussed topic.



Sales area for steam humidifiers in South Korea.
Steam humidifiers can sell out rapidly during the peak season

I want everyone to know about the Zojirushi brand and the quality of our products



Kyoichi Kosha
Direct Trade Team,
International Department

All our markets have small sales, and in many of them the Zojirushi brand is virtually unknown, despite its extremely high recognition in Japan. In many cases, companies decline to trade with us because they cannot understand the reason for our higher pricing, even after we explain the quality of the product. Although it is a daily struggle, we will continue our efforts such as strengthening online marketing content as we work steadily to win recognition of the Zojirushi brand and the quality of our products.

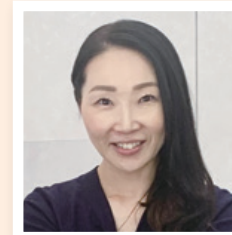


Youngdong Kim
Direct Trade Team,
International Department

In fiscal 2023, we shipped over 65,000 steam humidifiers, partly due to a large number of inquiries to the International Department from South Korea and also due to the development of existing models sold in Japan for the South Korean market. Zojirushi has a growing reputation as a high-quality steam humidifier manufacturer among the child-rearing generation in South Korea. I want to strengthen our branding activities to help establish Zojirushi's brand image as the leader in safe, heated (steam-type) humidifiers that can be used with confidence.

Zojirushi Gohan Restaurant

Providing delicious rice cooked to perfection



Michiko Kitamura
Section Chief,
Project Promotion Group

Zojirushi Gohan Restaurant spares no effort to preserve the deliciousness of rice. The rice we serve is cooked using *Embudaki* the same way that people cook at home. Five cups are steamed in each batch, and we take special care to ensure that the rice is stirred properly in each rice cooker and served as soon as possible after steaming. The restaurant has 20 *Embudaki* units, and controlling the amount of rice being cooked to match the number of customers in the restaurant is very challenging. When the restaurant first opened, this task did not go well, and we were made painfully aware of the importance of coordination among staff members. We also had to suddenly rebuild the sofas that had already been delivered just before opening. No issues were obvious from the plans, since the sofas were the same as those of the Osaka branch. However, on visiting the site, I was shocked to find that the scenic view from the window of the red brick Tokyo Station was obscured by the high backs of the sofas. I thought we would always regret leaving them like that, so we decided to have them remade. Every time I see customers marveling at the view, I am glad we had them changed. Going forward, we will continue our daily pursuit of additional ideas to promote the deliciousness of rice.



Zojirushi Gohan Restaurant, Tokyo branch



Miyabi Kaiseki, a traditional Japanese course meal
exclusive to the Tokyo branch
(lunch menu)

Message from the General Manager of the New Business Creation Department

Sustainability inspired by the essence of Zojirushi

When the New Business Creation Department was launched in 2018, as a member of the initial team, I examined from many angles the question of what Zojirushi as a company could contribute to society through food and lifestyles. As a company that had focused exclusively on manufacturing for many years, we did not have any internal expertise on new business creation. Therefore, to learn from outside the Company, one of our team members participated in an innovator development program, where the employee encountered other companies whose ideas resonate with our own. The commercial development of wet wipes for sanitizing made from rice and Hare to Ho required us to overcome a number of challenging hurdles, but the inquiries from other companies regarding collaboration and their supportive messages were encouraging feedback that can be acquired only by taking on new challenges.

Inspired by the advice of entrepreneurs who have gone before to "start with small steps," we will continue to create sustainability inspired by the essence of Zojirushi to meet the expectations of customers.



Yuhei Iwamoto
General Manager,
New Business Creation
Department

ESG Strategy

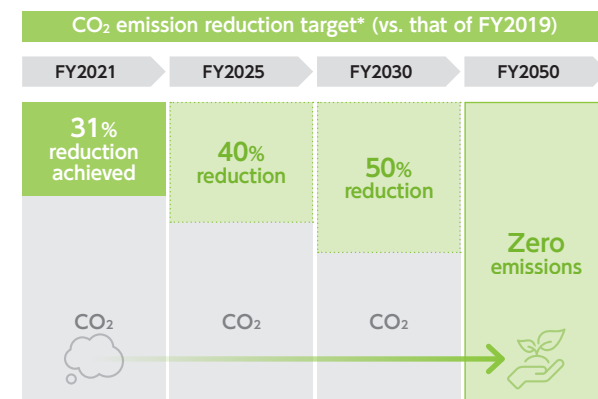
Guided by its corporate philosophy, “Creating a better quality of life,” the Zojirushi Group aims to contribute to solutions for lifestyle issues and social issues through its business activities. We revised our Basic CSR Policy in 2018, we determined material issues in 2022, and we are working to solve 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 	7 ENERGY EFFICIENCY
Resource saving	<ul style="list-style-type: none"> ■ Increase in usage rate of recycled materials ■ Thinner and more compact designs 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Waste reduction	<ul style="list-style-type: none"> ■ Increase in recycling rate ■ Increase in reuse 	13 CLEAN WATER
Environmental preservation	<ul style="list-style-type: none"> ■ Adoption of biodegradable materials ■ Use of plant-derived materials 	14 LIFE BELOW WATER



Creation of sustainable customer base

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

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

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

Advancement of Zojirushi Direct

Expansion of Zojirushi Owner Service

Incorporation of digital technology to provide greater customer satisfaction

Further **increase** in customer response

Response to diverse inquiry channels

Increase in response rate

Enhancement of communicator support

Enhancement of response to elderly customers

Response to new risks

1 Response to risk of supply chain fragmentation

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

2 Countermeasures for aging of Osaka Factory

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

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

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

4 Maintenance and enhancement of business continuity plan

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

Maximization of human capital

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

Toward realization of sustainable growth

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

Revitalization of organization and workplaces through diverse work styles

Maximization of human resources and organization capabilities

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



Human Resources Development Initiatives

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

Approach to Human Resources Management

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

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

Human Resources Development at Zojirushi

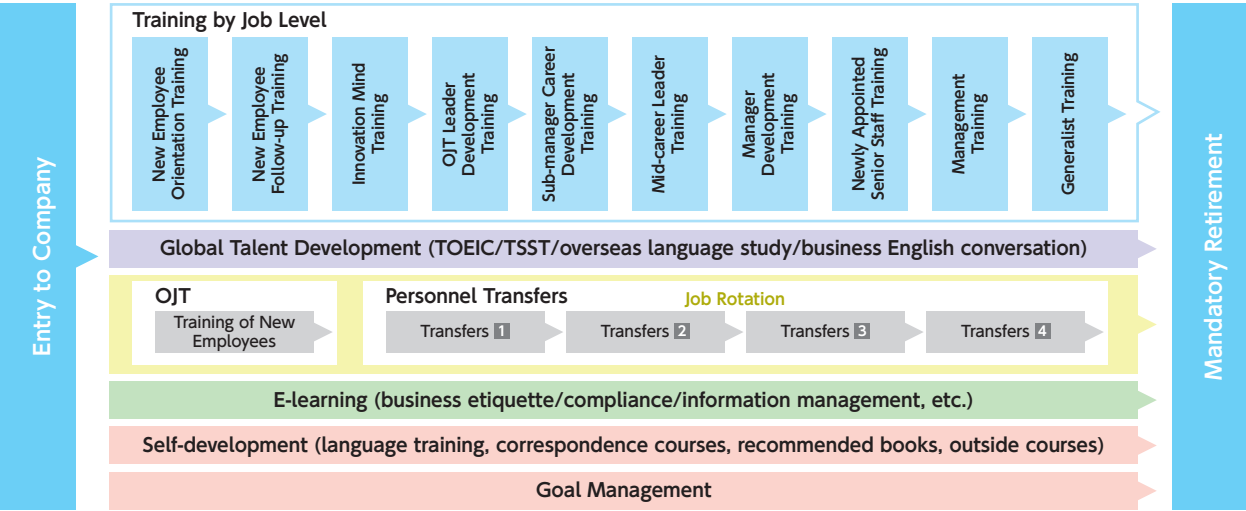
Human resources development system

We have established a human resources development system to strengthen our employees' capabilities to realize our management policy Brand Innovation. As part of our training program by job level, we provide "innovation mind training" for employees in their third year of employment, 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 the TOEIC score obtained. We also offer various learning opportunities such as an advanced language training program of business English and an overseas language study program for employees who attain certain TOEIC and TSST scores.

A companywide approach to human resources development and respect for individuality

Our personnel training consists of a standardized training system with training programs and on-the-job training applied companywide. We take a medium- to long-term perspective to enable all employees to make the fullest use of their individual characteristics and capabilities, including in job rotations. For example, the President and CEO cultivates a sense of loyalty by attending the main training programs to lecture on the brand and engage in dialogue with employees. Moreover, in training by job level, the programs promote communication across departments, giving employees the opportunity to broaden their perspectives. In addition, executives from each department participate in departmental training programs, enabling participants to gain specialized knowledge and skills.

Development system diagram



Training by job level

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

Maximization of Human Capital

Under the 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 eight straight years through fiscal 2023. We are expanding our work environment and systems to reach our target of 6% or more of management positions held by women, which stood at 5.2% in fiscal 2023. In addition, our re-employment rate of retired employees has reached 100%, and we have also revised their employment conditions to enhance their job satisfaction. We

will also consider employment systems to enable employees to continue to work after age 65. For the employment of people with disabilities, we will aim to meet the new mandatory employment rate by systematically hiring new employees.

In June 2023, 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 77%, ahead of the target year.

Targets for diversity and inclusion (2025 and 2030)

Target (non-consolidated)	Results	Targets	
	FY2023	FY2025	FY2030
Increase in percentage of management positions held by women	5.2%	6%	15%
Meeting mandatory employment rate for people with disabilities	2.0%	2.5% (Mandatory employment rate)	2.7% (Mandatory employment rate)
Increase in percentage of childcare leave taken by men	77.3%	30%	50%
Increase in employee engagement	Survey conducted	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.

We also applied for certification as a Health & Productivity Management 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 department head directly checks in with employees eligible for a secondary checkup to ensure that they receive it. We are also working to increase employees' health awareness through interviews with industrial physicians and the setting of health goals. For mental health, we are working to reduce mental health problems through stress diagnosis, engagement surveys, and a 24-hour telephone consultation service.

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

Target (non-consolidated)		Results	Targets	
		FY2023	FY2025	FY2030
Realization of work-life balance (reduction in total actual working hours)	Reduction in overtime work	15.0 hours/month *Values reflect effect of the COVID-19 pandemic	15.2 hours (vs. that of FY2023)	14.4 hours (vs. that of FY2023)
	Promotion of annual paid leave taken	74.4%	70%	80%
Certification as a Health & Productivity Management Outstanding Organization		—	Certification acquisition	—

COLUMN Glad to set a precedent for future child-rearing generations

In our labor union activities, I saw other companies encouraging men to take childcare leave. I decided to take the lead and use childcare leave myself, so in 2021, I took three weeks off, including some consecutive public holidays. During my childcare leave, I spent time at my in-laws' home, where I was able to concentrate solely on childcare. At that time, I learned that it is much harder than I had imagined for my wife to handle both housework and childcare by herself. There are still some conservative opinions and environments regarding the idea of men taking childcare leave, but I believe many in the child-rearing generations to come will want to take it. I'm glad I was able to set a precedent for them.



Yusuke Hashimoto
International Department

Human Resources Data

New graduate hires (non-consolidated)					(Number of persons)
	FY2019	FY2020	FY2021	FY2022	FY2023
Total	18	19	20	21	22
Women	5	5	5	7	7
Percentages	27.8%	26.3%	25.0%	33.3%	31.8%

Retention rates of new graduates for three years (as of March 31, 2023) (non-consolidated)

Retention rate	100% (men: 100%, women: 100%, hired in fiscal 2020–2022: 43 men and 17 women)
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Gender wage gap (non-consolidated)

All employees	62% (regular employees 70%; contract employees 71%)
Target period	Fiscal 2023 (November 21, 2022 through November 20, 2023)

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)

	FY2019	FY2020	FY2021	FY2022	FY2023
Percentage of annual paid leave taken	52.7%	60.9%	64.7%	80.3%	74.6%
Overtime work (monthly average per employee)	33.4 hours	20.1 hours	26.9 hours	34.2 hours	34.0 hours
Average age	36.1 years old	40.0 years old	41.0 years old	41.0 years old	41.0 years old
Average years of service	7.3 years	9.4 years	10.4 years	10.8 years	10.9 years
Percentage of management positions held by women	14.8%	15.9%	16.0%	16.2%	16.8%

Data on occupational accidents (manufacturing departments in Japan)

	FY2019	FY2020	FY2021	FY2022	FY2023
Lost-time injury	4 cases	5 cases	2 cases	1 case	0 cases
Non-lost-time injury	7 cases	6 cases	4 cases	3 cases	4 cases
Frequency*1	4.11	5.33	2.39	1.11	0.00
Severity*2	0.20	0.14	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

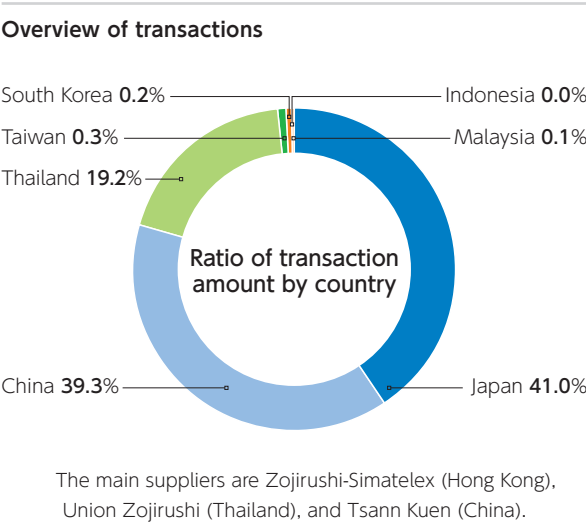
To continuously realize its corporate philosophy of “Creating a better quality of life” through the development and production of its products, the Zojirushi Group shares its values with its suppliers and is working to promote responsible procurement.

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:

- Alignment with our corporate philosophy
- Compliance with laws, regulations, and social norms
- Sound business conditions and the capability of continuing to do business with the Company
- Appropriate quality, price, and delivery date of products and materials to be supplied
- Stability and flexibility in supply capacity

3 Promotion of CSR procurement

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

4 Co-existence and co-prosperity

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

Promotion of CSR Procurement

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

Main content of the Supplier Guidelines

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

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

BCP in the Supply Chain

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

Green Procurement

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

Enhancing Work Efficiency with Web EDI

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

COLUMN We have supported Zojirushi's innovation and progressed together.

In 1955, we received an inquiry from Zojirushi (then Kyowa Vacuum Bottle Co., Inc.) about reducing the weight of Zojirushi's pots. In 1947, our company had become one of the first in Japan to introduce plastic injection molding machines. We proposed changing the metal handles, metal caps and metal bottom sections to plastic and began doing business with Zojirushi. We produced 300,000 internal caps per month, performance that was highly rated. Later, we expanded our dealings with the Company, and today we are also producing internal lids for rice cookers and finished products such as steam humidifiers.

Zojirushi has always taken the customer's perspective, paying careful attention to flavor and seeking to discern the essence of manufacturing. We have strengthened not only quality but also cost reforms, and we aim to contribute to the distinctive character and functions of new products in particular. To respond to rapid changes in society, we are developing a multi-pillar strategy in addition to our three main pillars of injection molding, urethane molding, and micropumps. We aim to demonstrate our presence as a unit maker capable of adding new functions to products and to play our part in the product capabilities of Zojirushi.



Masatoshi Maeda
President
TADAPLASTIC INDUSTRIES
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 Managing Corporate Officer responsible for Production & Development Headquarters, to implement environmental policies based on the Basic CSR Policy.

ISO 14001 Certification and Environmental Audits

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

Dealing with Environment-related Complaints and Criticisms

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

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

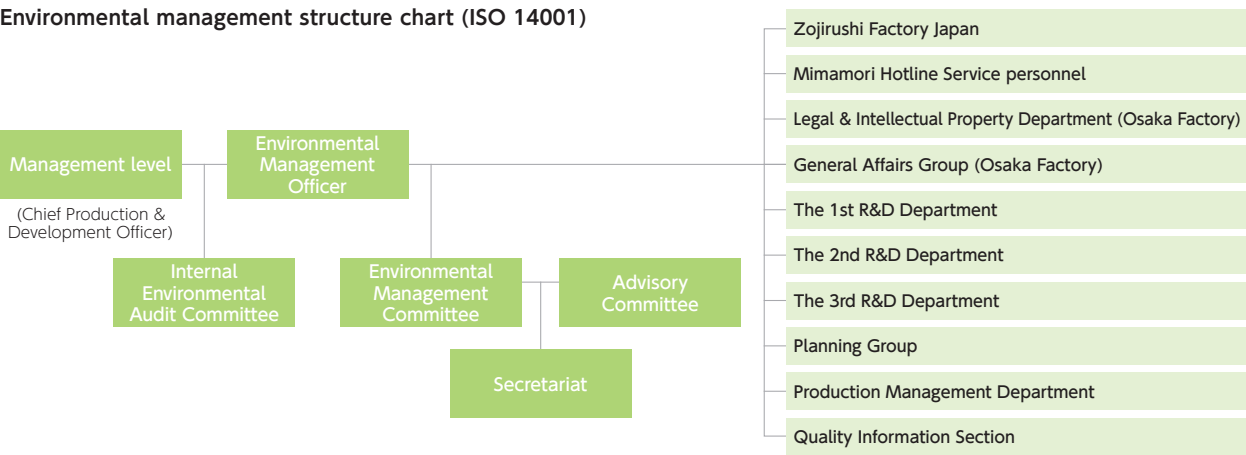
In the past year there have been no serious infractions for which Zojirushi would incur punitive action or penalties.

Progress toward Achievement of Environmental Targets

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

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

Environmental management structure chart (ISO 14001)



Initiatives to Prevent Global Warming

Addressing Climate Change Issues



Responsibility in climate change issues

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

Zojirushi's activities to prevent global warming

During the medium-term management plan ADAPT Phase II, the Group 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 President and CEO, comprising directors as members, and under the supervision of the Board of Directors—analyzes climate change-related risks and other risks across the Group and shapes responses.

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

plan-do-check-act (PDCA) cycle, confirming progress on implementation plans and discussing measures every six months, 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	Conversion to renewable energy requires capital investment and creates new costs	▲		Short to medium term
			Contribution to low power consumption through product development applying vacuum insulation technology		●	Medium to long term
		Reputation	Wider recycling society		●	Medium to long term
			Tougher energy-saving specifications	▲		Medium to long term
	Physical risks/opportunities	Chronic	Skyrocketing cost of resources	▲		Medium to long term
			Growing demand for vacuum bottles with high energy-saving performance paralleling wider environmental awareness		●	Medium to long term
		Acute	Changing consumer preferences	▲		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
		Acute	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
			Capital investment costs related to disaster prevention rise at principal locations	▲		Medium to long terms

○ Major impact: Events that could have huge impact on business and finances
● Moderately large impact: Events that could have moderately large impact on business and finances
▲ Minor impact: Events that could have only minor impact on business and finances
Short to medium term: High possibility of occurrence between now and 2030
Medium to long term: High possibility of occurrence between 2030 and 2050
Long term: High possibility of occurrence after 2050

3 Risk management

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

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

4 Metrics and targets

Greenhouse gas emissions

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

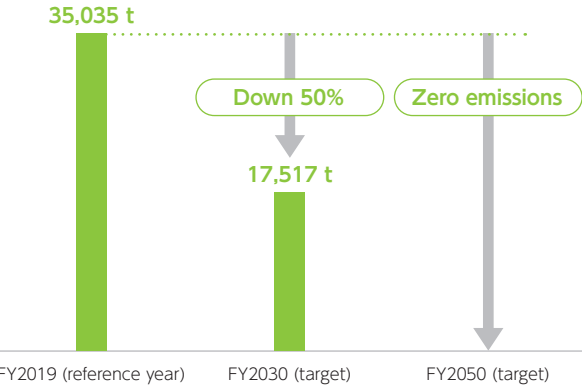
Recognizing that climate change is an urgent issue for society, the Group is working to reduce greenhouse gas emissions and expand energy-saving measures. To contribute to the realization of a sustainable society, we are targeting a 50% reduction in CO₂ emissions Groupwide by the end of fiscal 2030,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

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

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

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

Greenhouse gas emissions reduction targets



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

Addressing Environmental Pollution and Biodiversity

Preventing Pollution

Conserving water resources

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

Managing chemical substances

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

Developing Environmentally Friendly Products

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

Product assessment standards

- 1 Reducing mass or volume

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

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

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



Environmentally friendly powder-coated tumblers

Since the fall of 2023, we have been selling stainless-steel tumblers that use powder-coating technology in North America, Taiwan, Southeast Asia, China, and South Korea. The technology uses a powder-type coating, in which the pigments, resin, additives, and so forth are in powdered form. While ordinary coatings include volatile organic compounds (VOCs) that can cause air pollution, powder coatings use almost no VOCs. This means that they have a low impact on the environment and the human body, a feature that has put them in the spotlight with regard to environmental conservation and health promotion.



Type of tumbler including straw

COLUMN Providing personal vacuum bottle classes for high school students throughout Japan

There is currently an increasing need to include instruction about the Sustainable Development Goals (SDGs) and the environment in the school curriculum. In response, we have created an educational package for high school students called "Why personal vacuum bottles are eco-friendly," which aims to inspire sustainable activities in daily life. We started providing this material from fiscal 2023 through the *SENSEI Yononaka Gaku* service of ARROWS Inc., which supplies completely original lessons created from companies' data to schools for free.

From among the schools that applied for the material, we visited two schools in the Kansai area to observe the lessons in action. The teachers had made the fullest use of the material while adding their own lesson ideas. We were highly impressed to see students actively exchanging opinions and engaging in a two-way interactive class.

As of October 2023, applications for the lesson material had greatly exceeded our expectations, and over 8,000 students nationwide have participated in classes using the material, which we plan to continue providing in fiscal 2024. Zojirushi will keep looking for ways to contribute to society going forward.



Hiroko Mimamoto (left),
Nanao Ando (right)
Public Relations Department



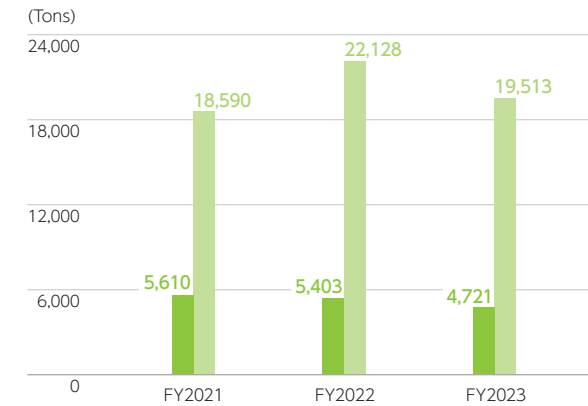
A class at Hyogo prefectural high school



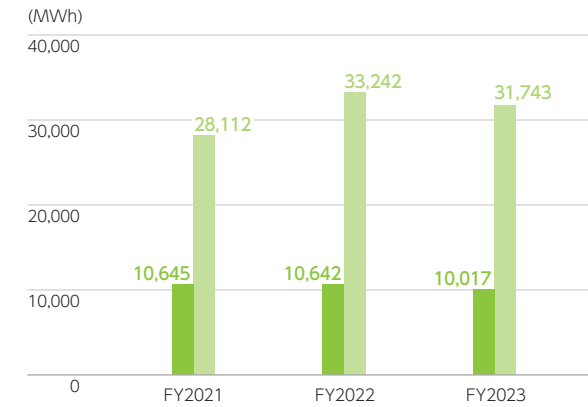
"Why personal vacuum bottles are eco-friendly" teaching material

Environmental Data

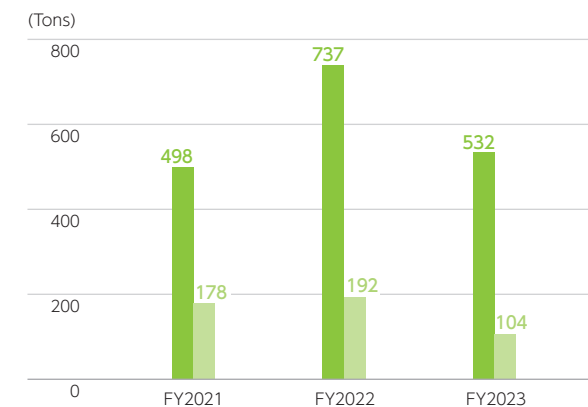
CO₂ emissions (all offices)



Electricity consumption



Amount of waste*

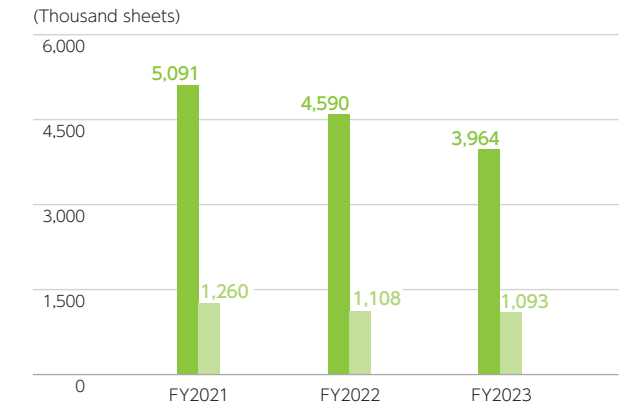


■ Japan ■ Overseas

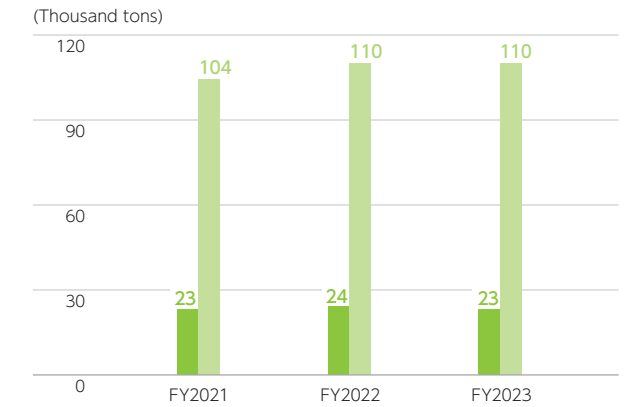
*Production factories

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

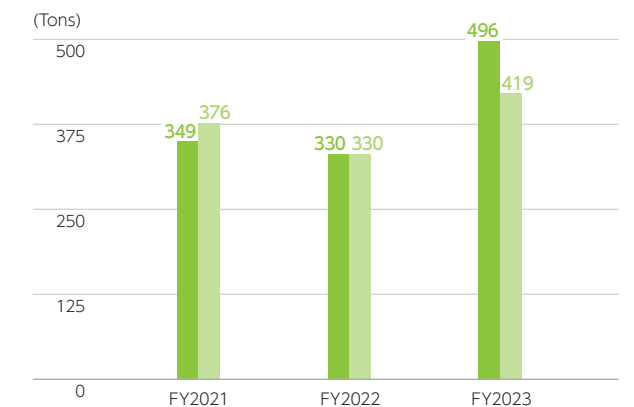
Paper consumption



Water consumption*



Amount of resources recycled*



Message from Outside Director

The history of the Japanese tea ceremony, refined through changes in the times

In 2000, my husband, Soko Izumi (a master of the tea ceremony), opened Wanogakko (a school of Japanese traditional culture) and started a movement to pass on a culture of the heart that Japanese people are losing sight of. However, he passed away shortly afterward, and I have taken on his mission, establishing the Wanogakko Non-profit Organization in 2004 and continuing its activities. We have many opportunities for collaboration with companies, one of which was an encounter with Zojirushi and, in 2016, I became an outside director. I believe I was appointed because the Company sought my experience in handing down Japan's distinctive culture and traditions.

The Company has a history stretching back over 100 years to its foundation. It has created traditions that it should preserve carefully as well as new ideas that will lead to its next direction. The tea ceremony is similar. At first glance, it appears to be all about tradition, but its long history has actually been a series of innovations. The acceptance of change in step with changes in the world has enabled the tea ceremony to be passed down continuously over hundreds of years. For example, during the COVID-19 pandemic, the practice of several people sharing powdered *koicha* tea from a single bowl became impossible. In response, the Urasenke school of tea produced a video on making tea in the *Kakufukudate* style, pouring tea into an individual bowl for each person. This is not a new method but the revival of one proposed in the Meiji Period (1868-1912) during a time of heightened concern about hygiene. Not just the tea ceremony but Japanese traditions in general have been passed down by likewise changing with the times. Traditions are very important for supporting us, but companies also grow by adding new challenges without discarding their traditions. Zojirushi's entry into the microwave oven business was a considerable challenge, and I am looking forward to seeing it become a new flagship series for the Company.

A Board of Directors with lively discussions from diverse viewpoints

The Company's Board of Directors conducts lively discussions at every meeting. The most important aspect of discussions is that opinions are expressed from diverse viewpoints. In 2016, when I was appointed, I was the only female director, and so I

made a point of consciously expressing a female perspective and sharing opinions from a consumer's perspective. The inside directors are on the side that manufactures and provides products, but I can speak from a different perspective, as a user of cooking appliances, which are a mainstay product, and as a person in charge of food in a household. For example, if the Company is to launch a product with completely new functions and quality, I proposed that users could gain a better understanding of the product's quality by attending events such as workshops on how to use it and cooking classes. At the general meeting of shareholders, you can see many people who hold shares in Zojirushi because they support its products. Therefore, I thought we could also communicate our message to shareholders by increasing communication from a user perspective. This proposal was rapidly adopted, and it seems that the newly built ZO-BASE kitchen studio is now being used to make product workshop videos for internal use and stream recipe videos and product introduction videos.

In 2020, Mr. Shingo Torii was added as an outside director, which I feel has increased the effectiveness of the Board of Directors considerably. With his involvement in managing a major company with not only a beverage business but also many other businesses such as wellness and restaurant services, Mr. Torii possesses knowledge that has been a valuable stimulus that I feel has changed the quality of our discussions. In particular, his opinions from a broad perspective provide an opportunity for both inside and outside directors to change their viewpoints.

My hope for the future is to see a female director appointed from inside the Company. Rather than having an equal number of men and women on the Board of Directors, this will add a different viewpoint, which I consider extremely important for strengthening management capability.

Looking forward to the next innovation from Zojirushi as a lifestyle innovator

The medium-term management plan SHIFT, which started from fiscal 2023, takes the four priority issues of domain shift, global shift, digital shift, and sustainability shift, and aims to shift the Company steadily toward being a solution brand that grows sustainably. I think the Company has made extremely strong progress so far. In the area of domain shift, the Company's mid-career and young employees are progressively going out and having exchanges with other industries, and the Company

Continuous innovation and the ability to accept change enable traditions to be handed down over time. Zojirushi will go through many transformations as it moves forward into the future.

Hiromi Izumi
Outside Director



is now beginning to collaborate with various other companies. These are times of rapid social change, which means there is a lot of searching to be done, but I believe that some forward-looking products with Zojirushi's distinctive character are emerging. In the area of global shift, in the same way, amid significant upheaval in the political situation, the Company is spreading its risk by making full-scale entry into South Korea, in addition to China, Taiwan, and the United States. I think this will be an extremely beneficial direction for the Company.

With its mainstay product, rice cookers/warmers, the Company has continued to research how to make delicious rice, and I believe the Company represents Japan as a brand. Moreover, throughout its history of over 100 years, starting with

glass vacuum bottles, the Company has produced innovations for fulfilling lifestyles and pleasant dining. As it embarks on its next 100 years, since it has such a history and the accumulation of technologies, I would not be surprised to see the Company produce new significant innovations. Rice cookers/warmers may change significantly in form to accommodate changes in future lifestyles or may even cease to exist as rice cookers/warmers. We might see compact microwave ovens that take only a single plate become the norm, rather than the large cuboid shape of today. I believe that in the not-so-distant future Zojirushi will create products that go beyond our imagination and disseminate them from Japan to the rest of the world.

Board of Directors

(As of February 16, 2024)



Norio Ichikawa

Representative Director,
President and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

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



Tatsunori Matsumoto

Director and Managing Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined the Company
Nov. 2007 Corporate Officer; General Manager, Sales Department
Nov. 2009 Corporate Officer; Deputy Chief Sales Officer and General Manager, Sales Department
Feb. 2010 Director; Deputy Chief Sales Officer and General Manager, Sales Department
Nov. 2012 Director; Chief Domestic Sales Officer and General Manager, Sales Department
Feb. 2020 Director; Corporate Officer; Chief Domestic Sales Officer and General Manager, Sales Department
Nov. 2023 Director; Managing Corporate Officer and Chief Domestic Sales Officer (to present)



Shingo Torii

Outside Director

[Independent]
[Outside]

Attendance at Board of Directors meetings
13 out of 14 meetings

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



Susumu Toda

Outside Director

[Independent]
[Outside]

Attendance at Board of Directors meetings
10 out of 10 meetings

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



Yoshihiko Miyakoshi

Director and Managing Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

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



Osamu Sanada

Director and Managing Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1984 Joined the Company
Nov. 2008 Corporate Officer; General Manager, Accounting Department
Nov. 2014 Corporate Officer; General Manager, Personnel Department and General Manager, Accounting Department
May 2016 Corporate Officer; Deputy Chief Administrative Officer, General Manager, Personnel Department and General Manager, Accounting Department
Feb. 2017 Corporate Officer; Chief Administrative Officer
Feb. 2018 Director; Chief Administrative Officer
Feb. 2020 Director; Corporate Officer and Chief Administrative Officer
Nov. 2023 Director; Managing Corporate Officer and Chief Administrative Officer (to present)



Masayoshi Uehara

Director
(Standing Audit and Supervisory Committee Member)

Attendance at Board of Directors meetings
—

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)



Kanae Shiono

Outside Director
(Audit and Supervisory Committee Member)

[Independent]
[Outside]

Attendance at Board of Directors meetings
14 out of 14 meetings

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



Masao Uwa

Director and Managing Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

Apr. 1982 Joined the Company
Nov. 2009 General Manager, Business Planning Department
Nov. 2010 Corporate Officer; General Manager, Business Planning Department
May 2016 Corporate Officer; Deputy Chief Administrative Officer and General Manager, Business Planning Department
Nov. 2016 Corporate Officer; Deputy Chief Production & Development Officer and General Manager, The 2nd R&D Department
Nov. 2018 Corporate Officer; Deputy Chief Production & Development Officer
Nov. 2019 Corporate Officer; Chief Production & Development Officer
Feb. 2020 Director; Corporate Officer and Chief Production & Development Officer
Nov. 2023 Director; Managing Corporate Officer and Responsible for Production & Development (to present)



Eiji Soda

Director and Corporate Officer

Attendance at Board of Directors meetings
14 out of 14 meetings

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



Hitoshi Utsunomiya

Outside Director
(Audit and Supervisory Committee Member)

[Independent]
[Outside]

Attendance at Board of Directors meetings
14 out of 14 meetings

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



Satoko Nishimura

Outside Director
(Audit and Supervisory Committee Member)

[Independent]
[Outside]

Attendance at Board of Directors meetings
10 out of 10 meetings

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



Jun Ogami

Director and Corporate Officer

Attendance at Board of Directors meetings
10 out of 10 meetings

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



Hiromi Izumi

Outside Director

[Independent]
[Outside]

Attendance at Board of Directors meetings
14 out of 14 meetings

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

Initiatives to Strengthen Corporate Governance

1986	Listed on the Second Section of the Osaka Securities Exchange
2007	Shortened the term of office of Directors (from two years to one year) Abolished the retirement benefits system for Directors and Corporate Auditors
2013	Listed on the Second Section of the Tokyo Stock Exchange
2015	Strengthened the supervision function of the Board of Directors (Election of one Outside Director)
2016	Increased the number of Outside Directors from one to two (one of whom is a female Director)
2017	Conducted an evaluation of the effectiveness of the Board of Directors
2018	Listed on the First Section of the Tokyo Stock Exchange Adopted the restricted stock compensation system Increased the number of female Outside Directors (from one to two) to reinforce diversity
2020	Transitioned to a company with an Audit and Supervisory Committee Established a Nomination and Compensation Committee Increased the number of Independent Outside Directors (from four to five; ratio of Outside Directors to all Directors: 38.5%)
2022	Transitioned to the Prime Market of the Tokyo Stock Exchange
2023	Increased the number of female Outside Directors (from two to three) Increased the number of Outside Directors (from five to six)

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.

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.

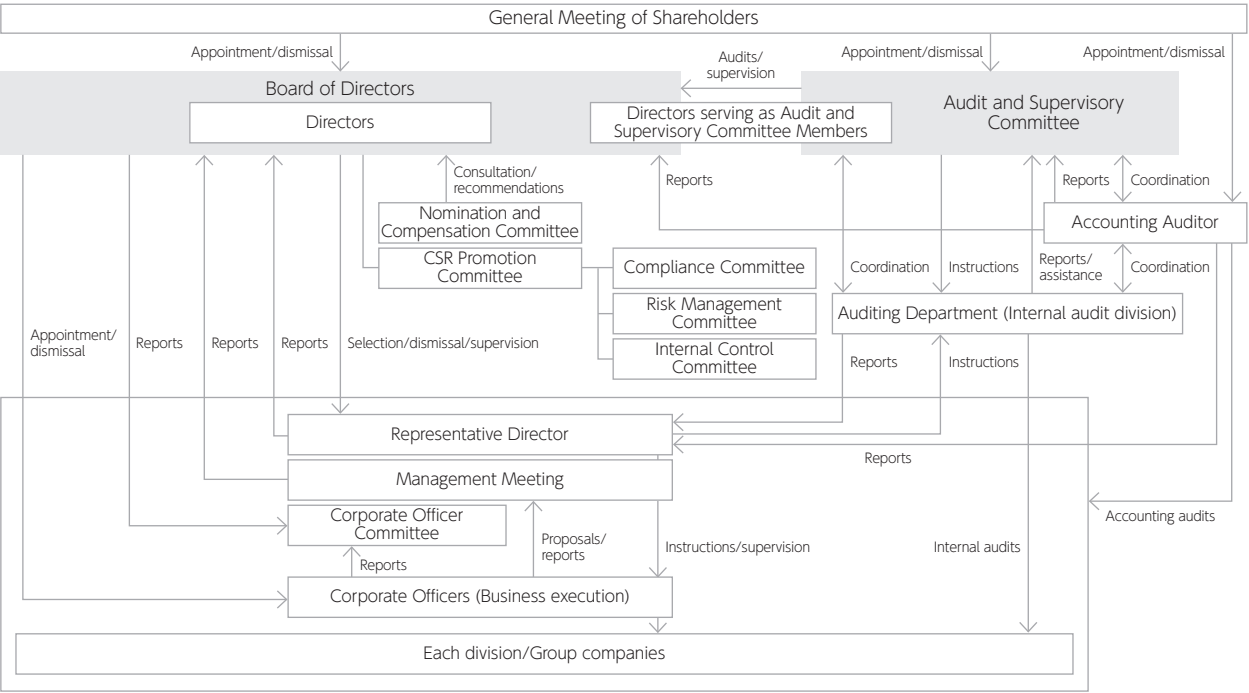
Audit and Supervisory Committee

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 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.

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.

Corporate Governance Structure Chart



Skill Sets of Directors

Name	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/taxation/accounting/financial matters	IT/DX	Sustainability/ESG	Personnel/human resources development
Norio Ichikawa	○	○	○	○	○			○		
Tatsunori Matsumoto	○	○		○	○					
Yoshihiko Miyakoshi	○	○	○	○						
Osamu Sanada	○	○				○	○		○	○
Masao Uwa	○	○		○	○					
Eiji Soda	○	○	○		○	○	○	○	○	
Jun Ogami	○	○		○	○					
Hiromi Izumi	○			○					○	
Shingo Torii	○		○	○	○				○	
Susumu Toda	○		○	○	○		○	○		○
Masayoshi Uehara (Audit and Supervisory Committee Member)		○		○	○					○
Kanae Shiono (Audit and Supervisory Committee Member)	○						○			
Hitoshi Utsunomiya (Audit and Supervisory Committee Member)						○				
Satoko Nishimura (Audit and Supervisory Committee Member)	○						○			

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 regarding board composition, matters related to the appointment and dismissal of Directors and Corporate Officers, the reexamination of selection criteria for Outside Directors and of criteria for assessing their independence, matters related to the formulation and operation of succession plans, and matters related to compensation for Directors, including KPIs.

Evaluation of the Effectiveness of the Board of Directors

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

The current Board of Directors is balanced in terms of the ratio of inside and outside directors and their knowledge, experience, capabilities, and diversity, thus ensuring that it is appropriate and well structured. The Company has confirmed that, going forward, it will continue to carry out specific initiatives to elect female Directors from within the Company,

and that it will deliberate on promoting a generational shift over the medium term and ensuring greater diversity.

As for the agenda for Board of Directors meetings, while sufficient discussions are being conducted on executive compensation and the medium-term management plan, the Company has confirmed that it needs to continuously discuss revising its business portfolios.

CEO Succession Plan

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

Outside Directors

Outside Directors serve the function and role of improving the effectiveness of corporate governance and the corporate value of the Company, by providing supervision, audits, and instructions, as necessary, from an objective and neutral standpoint based on their professional knowledge and extensive experience. To this end, the Company, upon examining their character and knowledge, elects talent regardless of age, gender, nationality, etc., who possess professional knowledge in law, taxation, finance, accounting,

and other areas, as well as extensive experience or management experience at other companies, and who are capable of fulfilling their roles and responsibilities from an objective and neutral perspective, and also makes its selections on the basis of maintaining diversity and a balance of knowledge, experience, and capabilities. The Company also elects Outside Directors in accordance with its Independence Criteria for Outside Directors, which has been formulated by referring to the independence standards of the Tokyo Stock Exchange. Mr. Susumu Toda is a Director and Senior Corporate Officer of Shachihata Inc., which has business relationships with the Company. However, the amount of the transactions is negligible and does not affect his independence. 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

Members and Attendance Rates of Main Meeting Bodies

(◎ indicates chairperson)				
Title	Name	Board of Directors	Audit and Supervisory Committee	Nomination and Compensation Committee
Representative Director, President and Corporate Officer	Norio Ichikawa	100%(◎)		100%
Director and Managing Corporate Officer	Tatsunori Matsumoto	100%		
Director and Managing Corporate Officer	Yoshihiko Miyakoshi	100%		
Director and Managing Corporate Officer	Osamu Sanada	100%		
Director and Managing Corporate Officer	Masao Uwa	100%		
Director and Corporate Officer	Eiji Soda	100%		
Director and Corporate Officer	Jun Ogami	100%		
Outside Director	Hiromi Izumi	100%		100%
Outside Director	Shingo Torii	93%		100%(◎)
Outside Director	Susumu Toda	100%		
Director, Standing Audit and Supervisory Committee Member	Masayoshi Uehara	—	—(◎)	
Outside Director, Audit and Supervisory Committee Member	Kanae Shiono	100%	100%	
Outside Director, Audit and Supervisory Committee Member	Hitoshi Utsunomiya	100%	100%	100%
Outside Director, Audit and Supervisory Committee Member	Satoko Nishimura	100%	100%	

Reason for Election as Outside Director and Status of Activities

Name	Reason for Election	Status of Activity
Hiromi Izumi	Ms. Hiromi Izumi has extensive experience through the management of companies and corporations that communicate and disseminate information on Japan's traditional culture and traditional industries to both adults and children in Japan and abroad. The Company elected her as an Outside Director to have her utilize her multifaceted perspective and female perspective for the Company's management, from an objective and neutral standpoint.	Board of Directors Attended 14 out of 14 meetings
Shingo Torii	In addition to being a corporate manager, Mr. Shingo Torii has broad experience, extensive insights, and an international perspective from serving as an Outside Director at other companies. To increase the Company's corporate value, the Company elected him as an Outside Director to have him engage in management from a global perspective, and supervise management from an objective and neutral standpoint.	Board of Directors Attended 13 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 10 out of 10 meetings (Appointed in February 2023)
Kanae Shiono	In addition to professional knowledge and experience as a certified tax accountant, Ms. Kanae Shiono has significant knowledge in finance and accounting, including business experience at financial institutions. The Company elected her as an Outside Director serving as an Audit and Supervisory Committee Member to have her utilize her extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors Attended 14 out of 14 meetings
Hitoshi Utsunomiya	In addition to professional knowledge and experience as an attorney-at-law, Mr. Hitoshi Utsunomiya has business experience at the legal affairs department of a company. The Company elected him as an Outside Director serving as an Audit and Supervisory Committee Member to have him utilize his extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors Attended 14 out of 14 meetings
Satoko Nishimura	In addition to professional knowledge and experience as a certified public accountant and certified tax accountant, Ms. Satoko Nishimura has significant knowledge in finance and accounting. The Company elected her as an Outside Director serving as an Audit and Supervisory Committee Member to have her utilize her extensive experience and professional knowledge to strengthen the audit and supervisory system of the Company.	Board of Directors Attended 10 out of 10 meetings (Appointed in February 2023)

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.

Restricted stock compensation targets the improvement of business performance as one means of enhancing corporate value. Restricted stock compensation resources are also calculated using as an indicator the profit attributable to

owners of parent on a consolidated basis for each fiscal year and multiplying that by the rate of achievement of the medium- to long-term targets set in the medium-term management plan SHIFT for net sales, operating profit, ROE, CO₂ emissions, and the percentage of management positions held by women. The number of shares to be granted is then determined based on the calculation standards prescribed for each position. The actual result of profit attributable to owners of parent on a consolidated basis for the current fiscal year was ¥4,441 million.

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 four 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. Audit results are reported to the Representative Director, and this information is also shared with the Audit and Supervisory Committee and the Accounting Auditor. 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.

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)	¥273 million	¥168 million	¥77 million	¥28 million	8
Audit and Supervisory Committee Members (Excluding Outside Directors)	¥17 million	¥17 million	—	—	1
Outside Directors	¥40 million	¥40 million	—	—	7

Risk Management

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

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

1 New Product Development

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

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

2 Declining Product Prices

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

3 Competition from Competitors

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

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

4 Fluctuating Raw Material Prices

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

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

5 Impact of Fluctuating Exchange Rates

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

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

6 Product Liability

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

7 Protection of Intellectual Property Rights

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

8 The Appearance of Counterfeit Products

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

9 Seasonal Fluctuations in Performance

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

10 Information Security

The Group obtains and retains personal information and confidential information on customers and business partners in the course of its business activities. However, in the unlikely event that such information is leaked due to cyberattacks, unauthorized access, computer virus intrusions, etc., or important data is destroyed or falsified, or system failures, etc., occur, confidence in the Group could deteriorate, and the Group's performance and financial conditions could be impacted.

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

11 Occurrence of Disasters

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

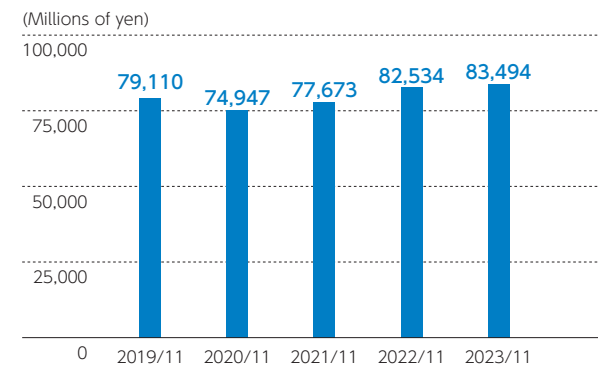
Although predicting whether this risk will materialize is difficult, the Group has formulated a crisis management manual and educated all employees on its use. This manual assumes various risks, including relocating the functions of Zojirushi Corporation's headquarters if it is damaged and unusable.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

Performance Highlights

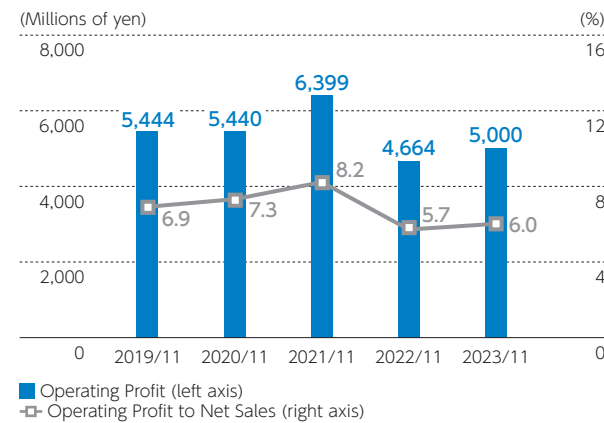
From the beginning of fiscal 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards.

Financial Information

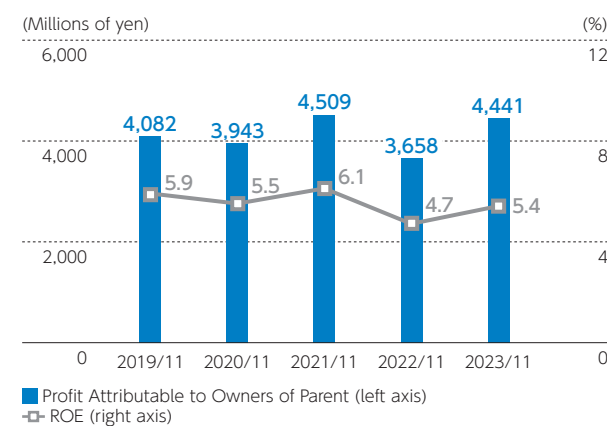
Net Sales



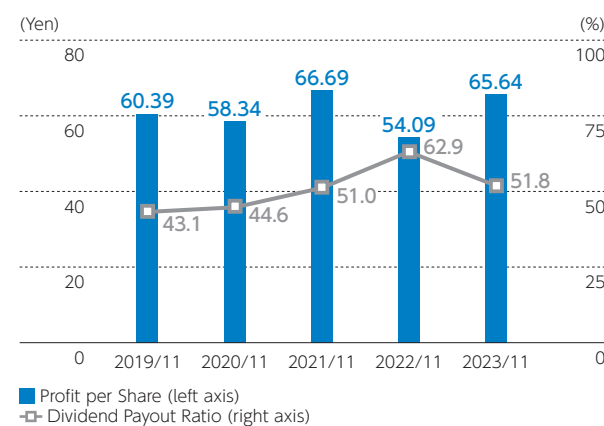
Operating Profit/Operating Profit to Net Sales



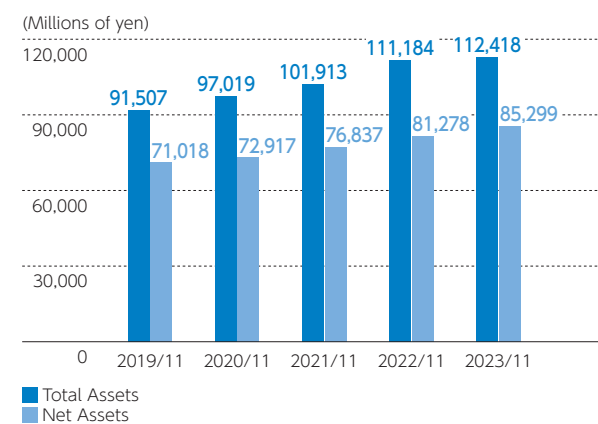
Profit Attributable to Owners of Parent/ROE



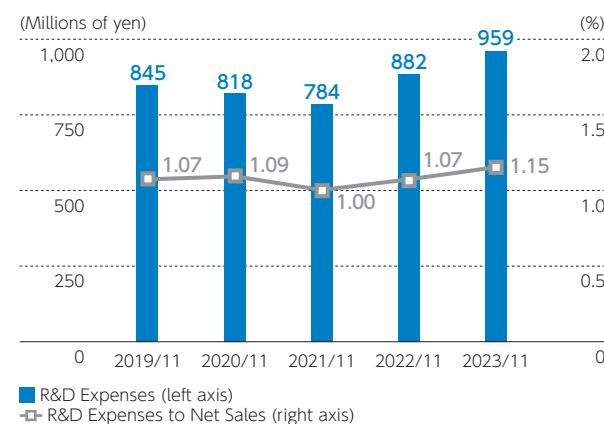
Profit per Share/Dividend Payout Ratio



Total Assets/Net Assets

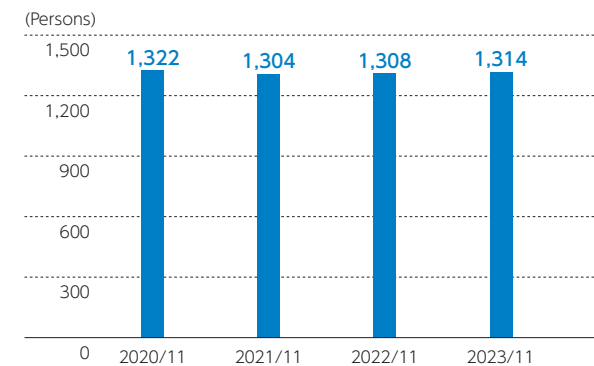


R&D Expenses/R&D Expenses to Net Sales

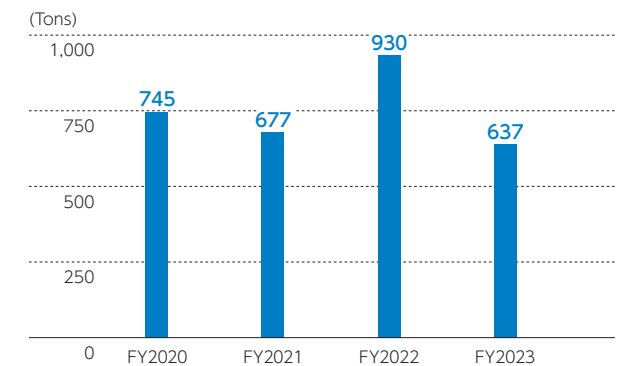


Non-Financial Information

Number of Employees



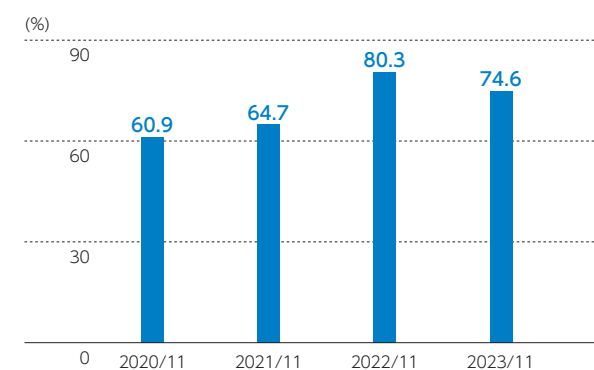
Amount of Waste*1



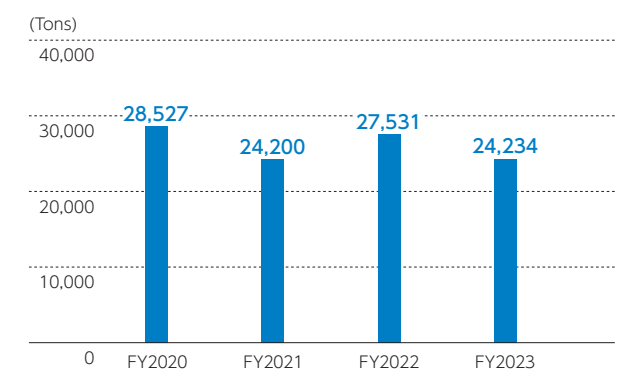
*1 Production factories

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

Percentage of Annual Paid Leave Taken

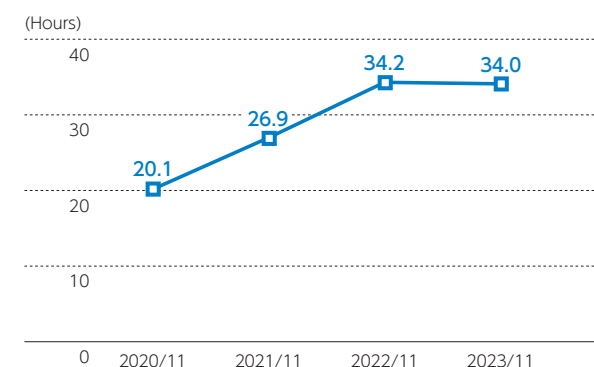


CO₂ Emissions

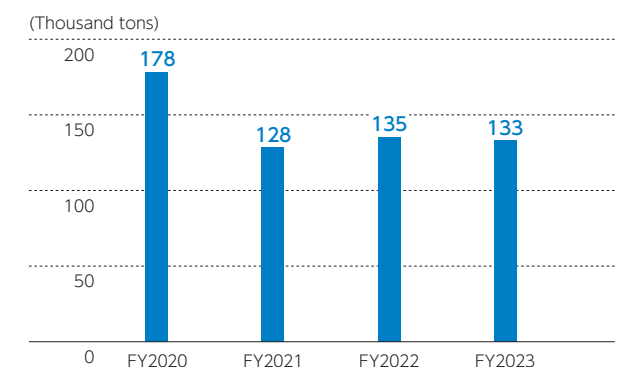


*FY: From October of the previous year through September of the current year

Overtime Work (Monthly average per employee)



Water Consumption*1



*1 Production factories

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

Consolidated Financial Statements

Consolidated Balance Sheets

As of November 20

	(Millions of yen)	
	2022	2023
Assets		
Current assets		
Cash and deposits	34,119	34,198
Notes receivable - trade	209	255
Electronically recorded monetary claims - operating	1,567	1,361
Accounts receivable - trade	13,841	13,921
Merchandise and finished goods	25,271	24,254
Work in process	409	328
Raw materials and supplies	6,056	6,463
Other	3,517	2,881
Allowance for doubtful accounts	(37)	(23)
Total current assets	84,955	83,640
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,996	13,324
Accumulated depreciation	(10,528)	(10,712)
Buildings and structures, net	2,467	2,611
Machinery, equipment and vehicles	3,898	3,946
Accumulated depreciation	(3,425)	(3,549)
Machinery, equipment and vehicles, net	472	397
Tools, furniture and fixtures	10,391	11,022
Accumulated depreciation	(8,663)	(9,139)
Tools, furniture and fixtures, net	1,728	1,883
Land	7,444	7,446
Leased assets	2,831	3,378
Accumulated depreciation	(657)	(1,221)
Leased assets, net	2,173	2,156
Construction in progress	122	81
Total property, plant and equipment	14,409	14,576
Intangible assets		
Software	461	523
Other	167	193
Total intangible assets	629	717
Investments and other assets		
Investment securities	6,942	7,806
Deferred tax assets	602	642
Retirement benefit asset	3,345	4,352
Other	302	684
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	11,189	13,484
Total non-current assets	26,229	28,777
Total assets	111,184	112,418

	(Millions of yen)	
	2022	2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,057	7,157
Lease liabilities	517	606
Accrued expenses	5,336	4,982
Income taxes payable	965	919
Contract liabilities	207	127
Refund liabilities	2,046	1,973
Provision for bonuses	1,175	1,176
Provision for product warranties	191	150
Provision for loss on voluntary recall of products	88	16
Other	2,043	2,007
Total current liabilities	22,630	19,117
Non-current liabilities		
Long-term borrowings	1,500	1,500
Lease liabilities	1,689	1,646
Deferred tax liabilities	912	1,956
Retirement benefit liability	2,844	2,615
Other	329	283
Total non-current liabilities	7,276	8,001
Total liabilities	29,906	27,118
Net assets		
Shareholders' equity		
Share capital	4,022	4,022
Capital surplus	4,272	4,295
Retained earnings	67,253	69,394
Treasury shares	(956)	(953)
Total shareholders' equity	74,592	76,759
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,691	2,264
Foreign currency translation adjustment	4,611	5,147
Remeasurements of defined benefit plans	(435)	309
Total accumulated other comprehensive income	5,868	7,721
Non-controlling interests	818	818
Total net assets	81,278	85,299
Total liabilities and net assets	111,184	112,418

Consolidated Statements of Income

For the fiscal year ended November 20

	(Millions of yen)	
	2022	2023
Net sales	82,534	83,494
Cost of sales	57,548	57,363
Gross profit	24,985	26,130
Selling, general and administrative expenses	20,320	21,130
Operating profit	4,664	5,000
Non-operating income		
Interest income	84	213
Dividend income	133	125
Purchase discounts	43	32
Share of profit of entities accounted for using equity method	59	465
Royalty income	33	52
Rental income	113	118
Foreign exchange gains	680	435
Refund of Chinese value-added-tax	—	98
Other	104	82
Total non-operating income	1,252	1,624
Non-operating expenses		
Interest expenses	67	83
Rental expenses on non-current assets	23	24
Other	9	20
Total non-operating expenses	100	128
Ordinary profit	5,815	6,496
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	2	2
Total extraordinary income	3	3
Extraordinary losses		
Loss on sale of non-current assets	1	—
Loss on retirement of non-current assets	12	33
Loss on sale of investment securities	—	0
Loss on product recalls	4	—
Provision for loss on product recalls	88	23
Total extraordinary losses	107	57
Profit before income taxes	5,711	6,442
Income taxes - current	2,004	1,449
Income taxes - deferred	59	429
Total income taxes	2,063	1,879
Profit	3,647	4,562
Profit (loss) attributable to non-controlling interests	(11)	120
Profit attributable to owners of parent	3,658	4,441

Consolidated Statements of Comprehensive Income

For the fiscal year ended November 20

	(Millions of yen)	
	2022	2023
Profit	3,647	4,562
Other comprehensive income		
Valuation difference on available-for-sale securities	0	572
Foreign currency translation adjustment	3,368	421
Remeasurements of defined benefit plans, net of tax	(404)	744
Share of other comprehensive income of entities accounted for using equity method	291	115
Total other comprehensive income	3,255	1,854
Comprehensive income	6,903	6,417
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,697	6,295
Comprehensive income attributable to non-controlling interests	205	121

Corporate Information

(As of November 20, 2023)

Corporate Data

Company Name:	Zojirushi Corporation	Business Activities:	Manufacturing, marketing, and other activities related to cooking appliances, household appliances, household and thermal products, and other products for living
Headquarters:	1-20-5, Tenma, Kita-ku, Osaka 530-8511, Japan TEL: 81-6-6356-2311 URL: https://www.zojirushi.co.jp	Group Companies:	Zojirushi Fresco Co., Ltd. Zojirushi Tokuhan Co., Ltd. Zojirushi America Corporation Zojirushi Taiwan Corporation Zojirushi Shanghai Corporation Zojirushi SE Asia Corporation Ltd. Zojirushi Factory Japan Co., Ltd. Zojirushi-Simatelex Co., Ltd. Union Zojirushi Co., Ltd. Zojirushi You Service Co., Ltd.
Year of Incorporation:	1918		
Year of Establishment:	1948		
Paid-in Capital:	¥4,022,950,000		
Number of Employees:	1,314 (Consolidated)		

Stock Information

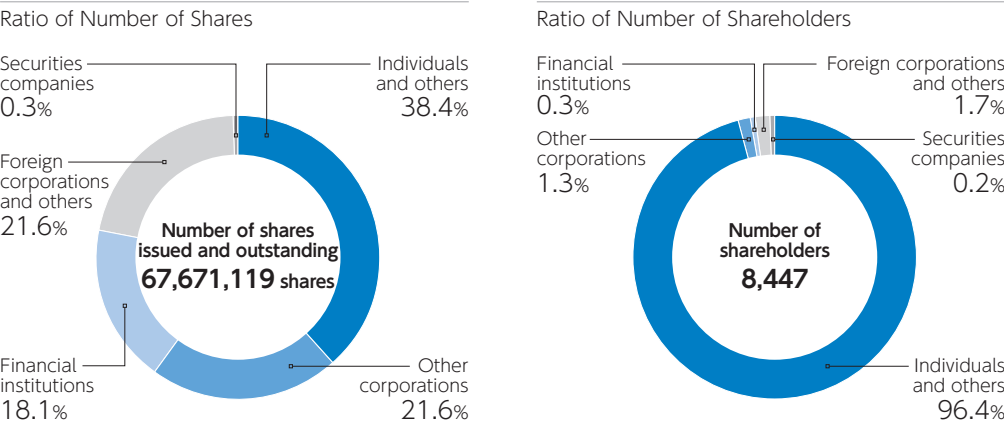
Status of Shares:	Total number of shares authorized to be issued: 240,000,000 shares Number of shares issued and outstanding: 72,600,000 shares Number of shareholders: 8,447	Listed Stock Exchange:	Tokyo Stock Exchange
		Securities Code:	7965
		Administrator of Shareholders Registry and Special Account Management Institution:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, Japan

Major Shareholders

Name of shareholder	Number of shares owned (thousand shares)	Percentage of shares owned (%)
CLEARSTREAM BANKING S.A.	10,166	15.02
Norio Ichikawa	6,406	9.46
The Master Trust Bank of Japan, Ltd. (Trust account)	5,672	8.38
Wako Co., Ltd.	4,196	6.20
Zojirushi Supplier Stock Ownership Association	2,343	3.46
Masahiro Ichikawa	2,071	3.06
Yasuhiro Ichikawa	2,071	3.06
Ichikawa International Scholarship Foundation	1,650	2.43
Mitsubishi UFJ Trust and Banking Corporation	1,552	2.29
Custody Bank of Japan, Ltd. (Trust account)	1,350	1.99

*The percentage of shares owned has been calculated after deducting treasury stock (4,928 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.