

Earnings Results for FY21/3 Presentation Material



(Stock code: 2871)

Progress of Medium-term Business Plan

1. Progress of Medium-term Business Plan

FY21/3 Results

- Sales declined due to the impact from COVID-19, but earnings exceeded plan as a result of growth in Logistics and strict cost management

(Billions of Yen)

(Status by Main Segment)

	Results	FY21/3			
		YoY		Compared to Previous Forecast	
		Variance	% Change	Previous Forecast	Variance
Net Sales	572.8	-12.1	-2%	571.5	1.3
Processed Foods	225.5	-9.3	-4%	226.0	-0.5
Marine Products	63.1	-2.7	-4%	60.0	3.1
Meat and Poultry	84.1	-4.2	-5%	85.0	-0.9
Logistics	212.3	5.8	3%	212.0	0.3
Real Estate	4.6	-0.3	-6%	4.7	-0.1
Other	4.9	-0.8	-14%	5.0	-0.1
Adjustment	-21.8	-0.6	—	-21.2	-0.6
Operating Profit	32.9	1.9	6%	32.5	0.4
Processed Foods	17.2	0.4	3%	16.8	0.4
Marine Products	0.5	0.1	18%	0.5	0.0
Meat and Poultry	1.3	0.4	43%	1.3	-0.0
Logistics	13.1	1.3	11%	12.9	0.2
Real Estate	2.0	0.0	2%	2.0	0.0
Other	-0.3	-0.0	—	-0.3	-0.0
Adjustment	-0.8	-0.3	—	-0.7	-0.1
Ordinary Profit	33.5	1.8	6%	32.7	0.8
Profit Attributable to Owners of Parent	21.2	1.6	8%	20.0	1.2

Processed Foods

Sales of commercial-use products were strained, but household-use and overseas sales were positive. Earnings rose on a boost from cost reductions.

Marine Products, Meat and Poultry

Shipments to restaurants were down, but sales of products for the home meal replacement (HMR) category increased. Operating profit was in line with plan.

Logistics

Revenue and earnings rose on business growth at transfer centers* and cost management.

* Transfer centers (TCs): Logistics centers for freight passage.

Main Measures and Progress (1)

	Main Measure	Progress / Outlook
1	Increase profitability by strengthening the management base and reforming the business structure <ul style="list-style-type: none"> Business plan target for annual average profit growth rate of approximately 6% through continued growth in Processed Foods and steady expansion of the Logistics business 	<ul style="list-style-type: none"> Continued earnings growth in mainstay Processed Foods and Logistics businesses amid a rapidly changing business environment Adapted to “new normal” and achieved expanded sales, leading to sustainable growth Improving earnings in Marine Products and Bioscience remains an issue
2	Accelerate expansion of overseas business <ul style="list-style-type: none"> Drive growth in the North American business (Processed Foods) and expand the business base in Europe (Logistics) 	<ul style="list-style-type: none"> Despite impact from COVID-19, results in U.S. and Europe remain firm Expansion in overseas sales expected to fall short of plan
3	Allocate resources to achieve sustainable growth <ul style="list-style-type: none"> Make growth investments in Japan and overseas, and invest to bolster the business foundation, in order to strengthen competitiveness 	<ul style="list-style-type: none"> Investments made to expand production capacity and for large-scale refrigerated warehouses Content of investments revised in response to changes in the business environment, but three-year total for capital expenditure projected to be in line with plan

Main Measures and Progress (2)

	Main Measure	Progress / Outlook
4	Strengthen measures for longer-term growth (new business development, R&D, operational reform) <ul style="list-style-type: none"> Pursue measures to generate new growth drivers and strengthen the company overall 	<ul style="list-style-type: none"> Built Innovation Management System (IMS) and launched new business development Operations reforms in the Logistics Business proceeding according to plan, while pursuing more efficient and advanced operations, focusing on digital transformation (DX) for the corporate group as a whole
5	Contribute to the realization of a sustainable society by resolving social issues through business. <ul style="list-style-type: none"> Resolve social issues by creating new customer value and strengthening existing business domains 	<ul style="list-style-type: none"> Material matters for the corporate group identified, with group targets and KPI set for the current fiscal year and incorporated into the business plan Further strengthen response to ESG-related issues to meet growing social pressure
6	Enhance capital efficiency and expand shareholder returns <ul style="list-style-type: none"> Maintain ROE of 10% or higher, and revise dividend level 	<ul style="list-style-type: none"> Dividend level raised and stable dividend maintained. ROE projected to remain at 10% or higher during the business plan period.

FY22/3 Plan

FY22/3 Measures (Group Overall)

(1) Respond to changes in the business environment due to COVID-19, focusing on expanding sales and cost management.

Issue	Main Measure
Sales expansion using new approach	<ul style="list-style-type: none">• Strengthen existing mainstay products and services• Focus on measures for growing business categories, and new market development
Strict cost management	<ul style="list-style-type: none">• Utilize IT to enhance efficiency, and spend funds effectively• Invest as planned in R&D and human resource development for the foundations for growth
Capital expenditures for sustainable growth	<ul style="list-style-type: none">• Steadily make growth investments in Japan and overseas, and invest to strengthen business foundations

FY22/3 Measures (Group Overall)

(2) New business creation / Strengthen ESG response

Issue	Main Measure
New business creation	<ul style="list-style-type: none"> • Commercialization of the “conomeal” menu planning system¹ tailored to individual preferences, and the “Gohan no Mirai” project² proposing new staple foods suited to individual health and lifestyles • Provide business development acceleration support (acceleration program) based on IMS, and promote commercialization of new ideas
Strengthen ESG response	<ul style="list-style-type: none"> • For climate change measures, implement low-carbon policies and pursue a response based on the TCFD declaration³ • Focus on further measures for “sustainable food procurement” with consideration for the environment and human rights.

Notes: 1. The “conomeal” system uses meal data to identify individual preferences and make recommendations. Website: <https://www.conomeal.jp/>

2. The “Gohan no Mirai” (“Future of Meals”) project aims to offer “new staple food” using a combination of technology to reproduce delicious tastes, nutrition control, and high-function rice.

3. Task Force on Climate-related Financial Disclosures

2. FY22/3 Plan

FY22/3 Forecast (Group Overall)

- Targets for the average growth rate during the medium-term business plan period are operating profit of 5.9%, and EBITDA of 6.8%

(Billions of Yen)

	FY20/3 Results	FY21/3 Results	FY22/3 E				
				YoY		Compared to the Plan	Average Growth Rate
				Variance	% Change		
Net Sales	584.9	572.8	600.0	27.2	4.8%	-57.0	1.1%
Overseas	79.7	76.9	77.3	0.4	0.5%	-25.0	-0.8%
Operating Profit	31.0	32.9	35.0	2.1	6.2%	0.0	5.9%
Operating Margin	5.3%	5.8%	5.8%	0.0%		0.5%	
Ordinary Profit	31.8	33.5	35.5	2.0	5.9%	0.3	5.9%
Profit	19.6	21.2	23.0	1.8	8.4%	1.0	4.9%
EBITDA	49.4	52.6	57.2	4.6	8.7%	-0.4	6.8%
Processed Foods	22.6	23.7	26.2	2.5	10.6%	-1.9	8.9%
Logistics	21.7	23.6	24.6	1.1	4.5%	2.0	5.4%
EBITDA Margin*	8.4%	9.2%	9.5%	0.3%		0.8%	
ROE	10.9%	10.9%	10% or higher				
EPS	147.16 yen	159.19 yen	172.59 yen	13.40 yen	8.4%		4.9%

* (Operating profit + Depreciation expense)/Net sales

FY22/3 Forecast by Segment

- Processed Foods and Logistics to drive revenue and earnings gains, and achieve business plan earnings targets

(Billions of Yen)

	Forecast	FY22/3	
		YoY	
		Variance	% Change
Net Sales	600.0	27.2	5%
Processed Foods	240.0	14.5	6%
Marine Products	60.0	-3.1	-5%
Meat and Poultry	90.5	6.4	8%
Logistics	224.0	11.7	6%
Real Estate	4.7	0.1	1%
Other	5.6	0.7	14%
Adjustment	-24.8	-3.0	—
Operating Profit	35.0	2.1	6%
Processed Foods	18.2	1.0	6%
Marine Products	0.7	0.2	34%
Meat and Poultry	1.6	0.3	23%
Logistics	13.5	0.4	3%
Real Estate	1.8	-0.2	-11%
Other	0.2	0.5	—
Adjustment	-1.0	-0.2	—
Ordinary Profit	35.5	2.0	6%
Profit Attributable to Owners of Parent	23.0	1.8	8%

(Outlook by Segment)

Processed Foods

Expanded sales to absorb cost increases, for gains in revenue and earnings.

Marine Products, Meat and Poultry

Secure stable profit in Marine Products, and capture HMR demand in Meat and Poultry, aiming for increases in revenue and earnings.

Logistics

Achieve revenue and earnings gains through expanded sales in Japan and overseas, and operational improvements.

Real Estate

Renovations of office buildings for rent to be conducted according to plan, with projected temporary decline in earnings.

Other (Bioscience)

Aim to achieve profitability with rapid diagnostic agents and improvement in U.S. business.

Adjustment

Planned expenditures for R&D, new business, and DX-related costs.

Exchange Rates

	USD/JPY	EUR/JPY	THB/JPY
FY 22/3 forecast	106.00	125.00	3.40
FY 21/3 actual	106.83	121.82	3.42

Note: This plan was formulated on the assumption of recovery from the impact of COVID-19 from the second half.

2. FY22/3 Plan

FY22/3 Measures (Capital Expenditures)

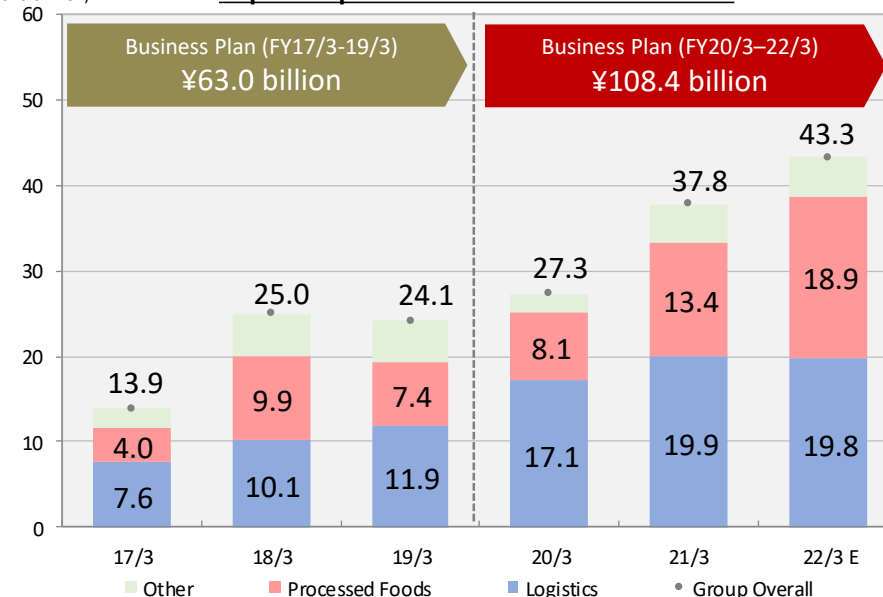
- Make systematic growth and foundation investments consistent with the “new normal,” and enhance the corporate group’s capacity for sustainable growth

Breakdown of Capital Expenditures

FY22/3 Forecast	Main Investment Target
Processed Foods ¥18.9 billion	<ul style="list-style-type: none"> Establish production facilities for new core products Expand production line for processed chicken Environmental response Renovation of aging facilities
Logistics ¥19.8 billion	<ul style="list-style-type: none"> Expand refrigerate warehouses in Europe Investments to strengthen foundation
Group Total ¥43.3 billion	

(Billions of Yen)

Capital Expenditures in Each Business Plan



Breakdown of Capital Expenditures by Category

	FY20/3	FY21/3	FY22/3 E	Three-year Cumulative
Growth investments	45%	47%	37%	43%
Investments to strengthen foundation	21%	10%	29%	20%
Maintenance and others	34%	43%	34%	37%

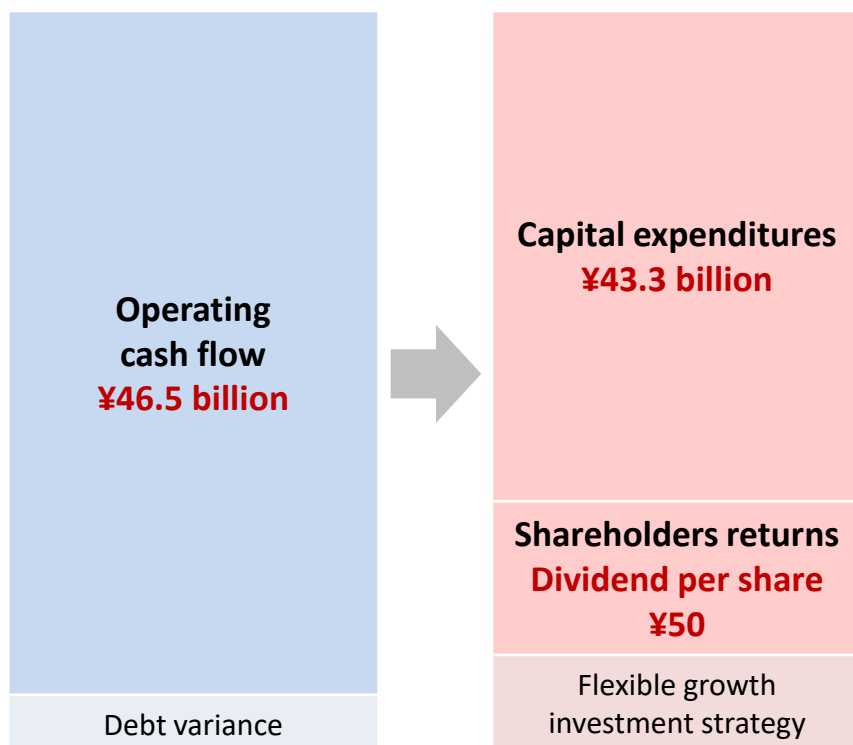
Breakdown of Capital Expenditures between Japan and Overseas

	FY20/3	FY21/3	FY22/3 E	Three-year Cumulative
Japan	88%	82%	74%	80%
Overseas	12%	18%	26%	20%

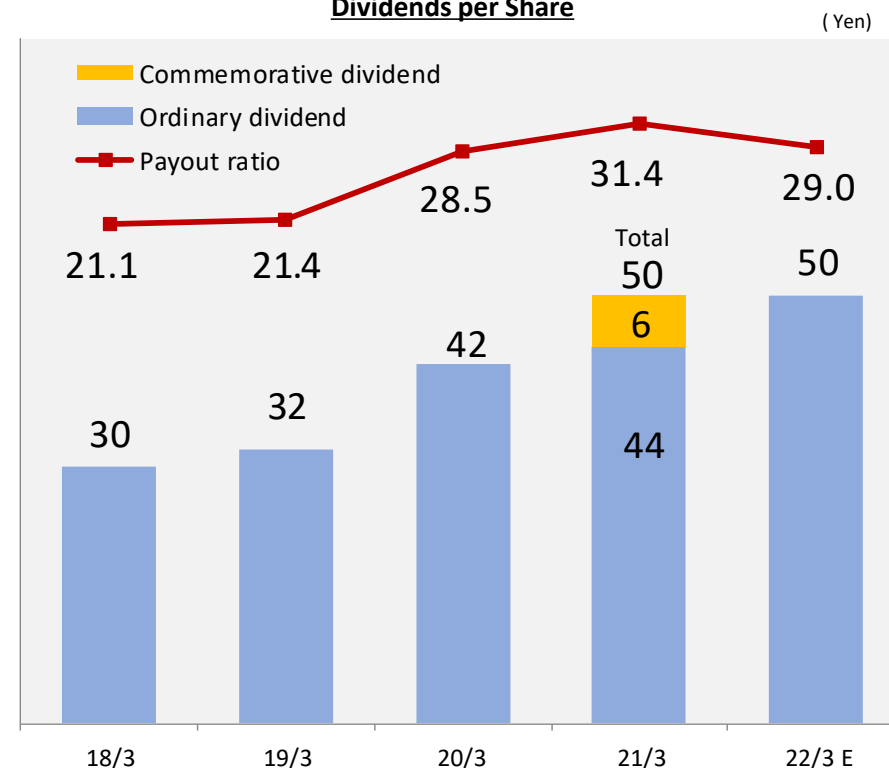
FY22/3 Measures (Financial Strategy)

1. Capital expenditures for sustainable growth allocated mainly in mainstay businesses.
2. Ordinary dividends to be increased by six yen to offset the lack of a commemorative dividend and maintain a dividend of 50 yen per share, for a projected payout ratio of 29%.

Allocation of Operating Cash Flow (planned)



Dividends per Share



Processed Foods Business



Market Environment Outlook

- As eating meals at home has become routine during the “new normal,” people are reassessing the value of frozen foods, with cooking shifting from “homemade” to “utilizing frozen foods.”

Household-use market

- Market expanded considerably in FY21/3, reaching a record high scale

- YoY: Prepared foods +9%; Frozen vegetables +23%

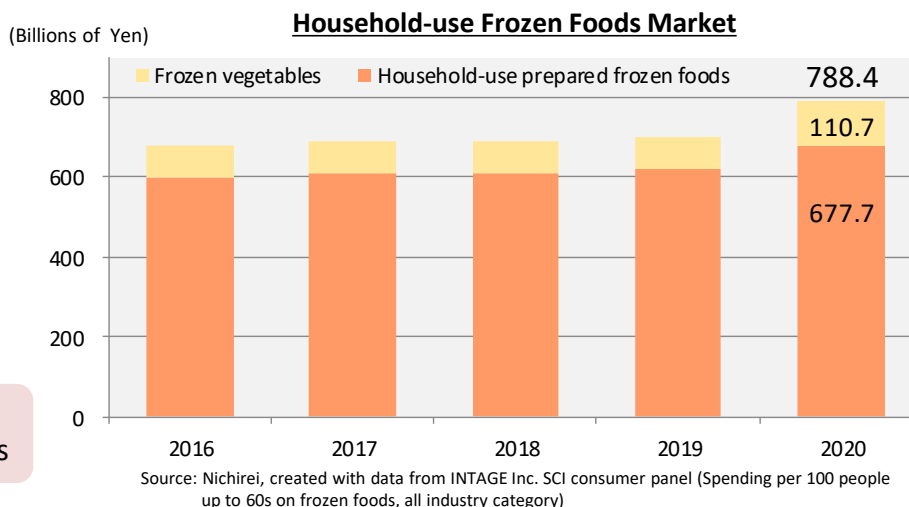
- Polarization emerging in consumer demand

- Stock demand and instant food needs
- Larger volumes and smaller portions
- Everyday meals and higher quality products

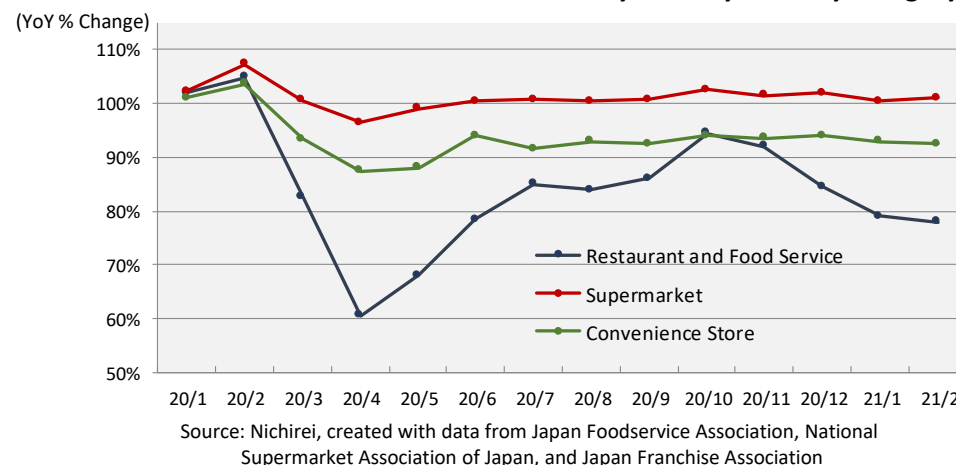
Influx of new users

Commercial-use market

- More time spent at home has driven recovery in HMR and take-home dishes. The chronic shortage of kitchen personnel continues
- Conditions in the restaurant business remain strained. Businesses are searching for new offerings, developing takeout and home delivery services
- Food service for hospitals and elderly welfare facilities remains firm



Commercial-use Market – YoY Monthly Sales by Industry Category



New Approach to Boost Sales, and Increase Revenue and Earnings

(Billions of Yen)

	FY21/3			FY22/3		
	Result	Y o Y		Forecast	Y o Y	
		Variance	% Change		Variance	% Change
Net Sales	225.5	-9.3	-4%	240.0	14.5	6%
Household-use Prepared Foods	70.3	5.5	8%	75.0	4.7	7%
Commercial-use Prepared Foods	86.8	-12.7	-13%	95.0	8.2	9%
Processed Agricultural Products	20.0	0.2	1%	20.5	0.5	3%
Overseas	34.8	0.0	0%	35.5	0.7	2%
Other	13.5	-2.3	-15%	14.0	0.5	4%
Operating Profit	17.2	0.4	3%	18.2	1.0	6%

FY21/3 Results

- Household-use prepared foods: Revenue increased on positive sales of mainstay items *Honkaku Itame Cha-han* (authentic fried rice) and *Tokukara* fried chicken, with contribution from *Prime Pork Cutlet* and other new products.
- Operating profit increased because of an increase in the proportion of domestically produced in-house products driven by growth in household-use sales, along with effective cost controls, and improved results from overseas subsidiaries.

FY22/3 Forecast

- Sales are expected to increase on the strength of existing products, together with a new approach of developing products to meet “new normal” market needs.
- Operating profit is forecast to increase, with revenue gains absorbing higher depreciation and advertising costs.

Overview of Measures for Sales Growth

(Market trends and changes in demand)

Increased frequency of meals eaten at home → Greater value provided by frozen foods

Feeling of cooking / Convenience

Authentic good taste

Substitute for cooking



Measure	Household-use	Commercial-use	Projected Revenue Increase (Japan only)
Expand existing business areas	<ul style="list-style-type: none"> Further growth in strategic categories (rice products, chicken, processed meats, spring rolls, frozen vegetables) Expanded lineup of snack-type products (Demand for light meals while at home) 	<ul style="list-style-type: none"> Delicatessen Expanded lineup of items from well-known restaurants, and health-conscious products Convenience stores Develop products with both good taste and freshly made feel 	¥8.5 billion
Create new business opportunities	Develop products that require less food preparation <ul style="list-style-type: none"> Offer meal kit-type products (vegetables + meat/fish + sauce, etc.) Expand range of other, easy instant food items 		¥2.0 billion
	Actively expand e-commerce business	Increase sales of products for welfare meal services	
Capture recovering demand	Capture rebound in consumption after COVID-19 situation subsides (Mainly demand boost through commercial-use channels)		¥3.3 billion

Develop Products for the New Normal to Capture and Create Demand

Household-use market

Offer products to meet the growing range of use circumstances, and increase market share

- Focus on expanding sales of mainstay products such as *Honkaku Itame Cha-han* (authentic fried rice), now in its 20th year since launch, along with new products for spring
- Expand sales of products in new areas, such as meal kits and top-sealed items

20th anniversary of Authentic Fried Rice



Meal kits (launched in January)

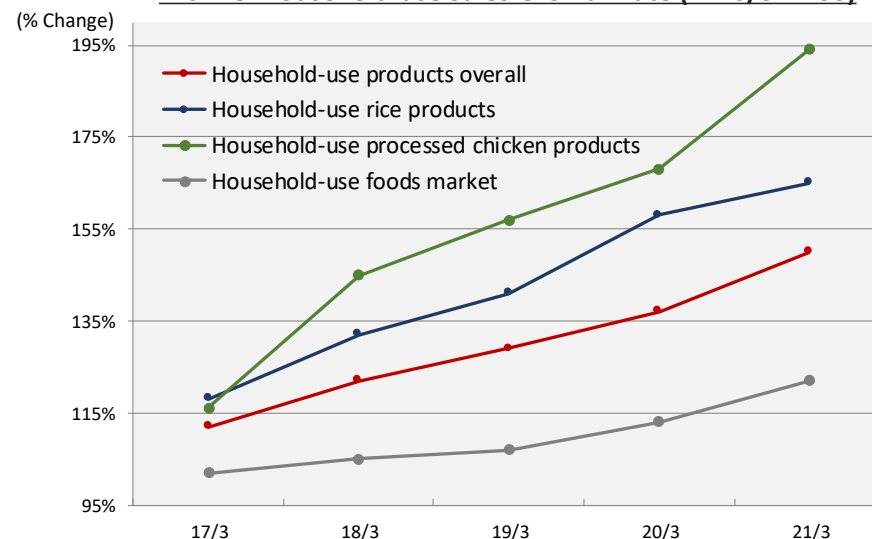


Commercial-use market

Strengthen measures for delicatessen, and capture recovering restaurant consumption demand

- Expand sales of mainstay products, and high value-added products such as items created under supervision from well-known restaurants
- To resolve issues of personnel shortages and waste loss, offer meal kits and products with flexible processing times

Nichirei Household-use Sales Growth Rate (FY16/3 = 100)



VegeDelica® Meal Kit for Delicatessen



Chicken Nanban with Tarter Sauce
(supervised by fried chicken chain Torisho)



Implement Measures in Growth Markets and Expand Customer Base

Expand E-commerce Business

- For Nichirei's growing direct sales site (Nichirei Foods Direct), expand customer base by developing restaurant-quality products in addition to existing health-conscious items
- Increase sales channels, including opening store on e-commerce malls

Nichirei Foods Direct "Home Chef NEW" series
(supervised by Ochanomizu Ogawaken restaurant)

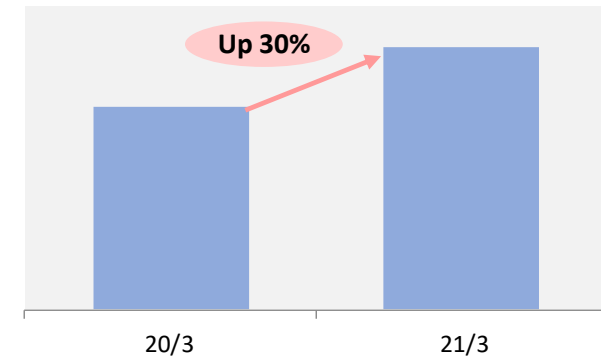


- Control caloric intake
- Restrict salt intake
- Easy to cook

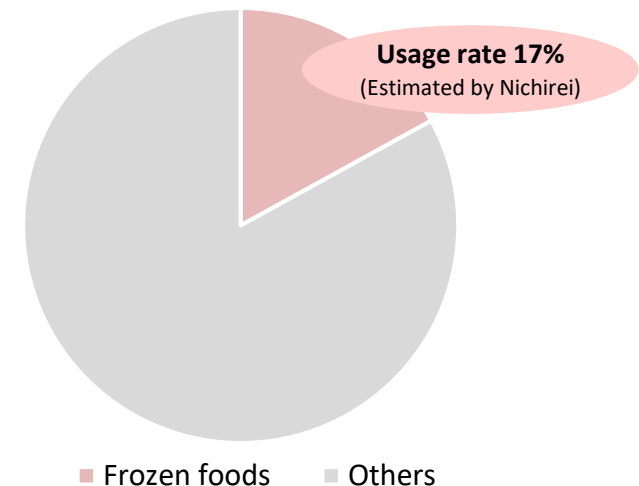
Increase sales of products for hospitals and welfare facilities

- Coordinate with major users of meals for hospitals and elderly welfare facilities, and pursue business development.
- Offer products with easy and convenient operations, as well as functionality and good taste (low sodium, easily consumed, high quality).

Number of Nichirei Foods Direct Members



Use of Frozen Foods in the Seniors Market

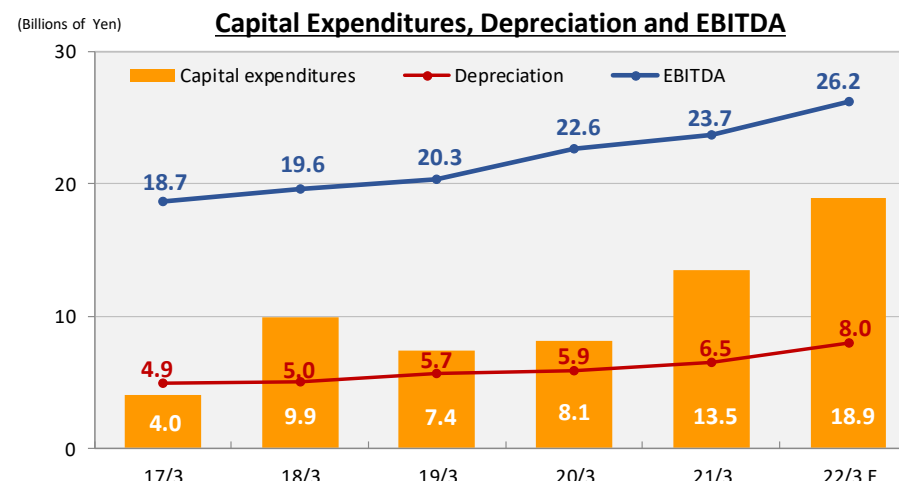


3. Processed Foods Business

Make Investments for Sustainable Sales Growth

- Respond to growing demand, continuing growth investments to expand production capacity.

- Projected EBITDA three-year average growth rate of 9%
- Along with growth investments, pursue labor-saving measures to enhance productivity, and environmental investments
- During FY17/3 to FY21/3 period, production capacity increased more than 10% in Japan, and more than 40% overseas



Breakdown of Growth Investment

	Medium-term Business Plan (FY17/3–19/3)			Medium-term Business Plan (FY20/3–22/3)		
	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3 E
Japan	—	Expanded production line for fried rice	Expanded production line for spring roll	Expanded production line for processed chicken	Expanded production line for rice products	New production lines for new core products
		Expanded production line for processed chicken	Expanded production line for hamburg steak			Enhanced capacity for snack products
		Expanded production line for grilled rice balls				Environment-related renovation of aging facilities
Overseas	—	Fifth processing line added at GFPT Nichirei	Expanded production line for processed chicken at SUNIF	—	No. 2 production plant added at GFPT Nichirei	—

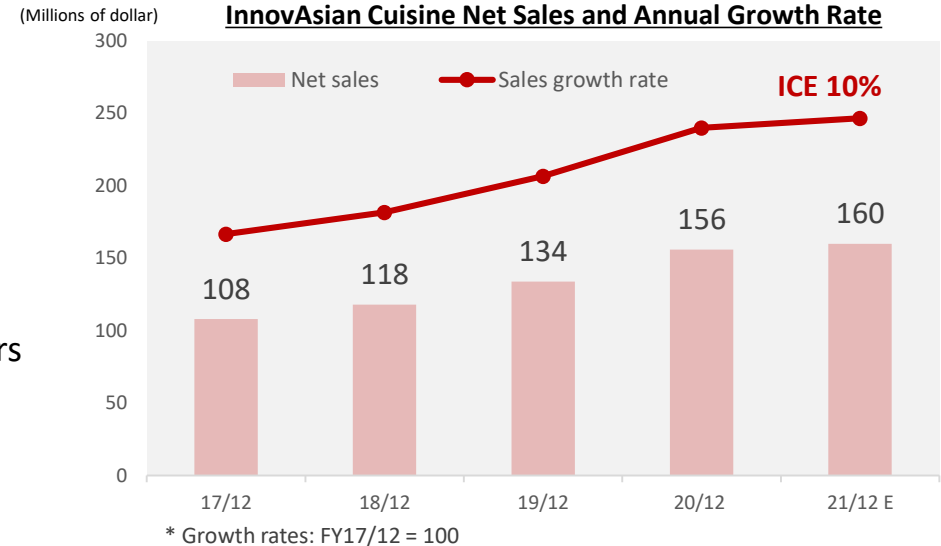
Further Expansion of U.S. Market Share, Enhanced Product Development Function in China

North America

- InnovAsian Cuisine aiming to enhance store turnover of major products and expand market share by launching new household-use products, and effective utilization of sales promotion expenditures
- Focus on recovery on sales of commercial-use products, mainly for delicatessen counters of major volume retailers
- Retain new production function, develop and produce differentiated products

China

- Strengthen product development function as part of growth strategy for internal sales
- Achieve differentiation from the product design stage through joint product development with customers by industry category

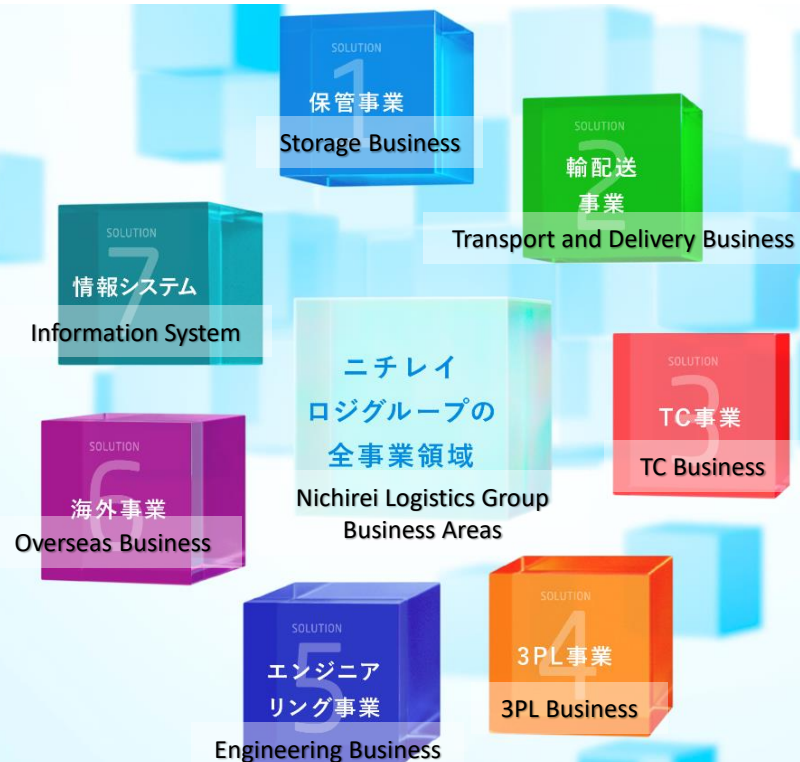


China (Shanghai) Product Development Center



Logistics Business

A broad range of services for optimal solutions in any circumstances.



A Broad Range of Logistics Services to Support Sustainable Revenue and Earnings Growth

(Billions of Yen)

	FY21/3			FY22/3		
	Result	Y o Y		Forecast	Y o Y	
		Variance	% Change		Variance	% Change
Net Sales	212.3	5.8	3%	224.0	11.7	6%
Japan Subtotal	172.2	6.8	4%	180.0	7.8	4%
Logistics Network	102.8	1.9	2%	104.0	1.2	1%
Regional Storage	69.4	4.9	8%	76.0	6.6	10%
Overseas	36.5	-1.0	-3%	39.5	3.0	8%
Other/Intersegment	3.6	0.0	1%	4.5	0.9	25%
Operating Profit	13.1	1.3	11%	13.5	0.4	3%
Japan Subtotal	12.1	1.2	11%	12.4	0.3	11%
Logistics Network	5.1	1.0	23%	5.1	0.0	0%
Regional Storage	7.0	0.2	3%	7.3	0.3	5%
Overseas	1.4	0.2	14%	1.5	0.1	5%
Other/Intersegment	-0.4	-0.1	—	-0.4	0.0	—

Note: Certain facilities are being shifted from Logistics Network to Regional Storage.

Effect on sales due to the shift

(Billions of Yen)

	FY21/3
Logistics Network	-6.0
Regional Storage	+6.0

FY21/3 Results

1. Japan

- (1) Revenue increased on expanded handling volume at transfer centers (TCs).
- (2) Earnings increased on the revenue gain and improved work efficiency, boosted by strict cost controls.

2. Overseas

In Europe, revenue declined due to slow movement of goods, but earnings rose on an increase in cargo volume to volume retailers, and curbs on transport and delivery costs.

FY22/3 Forecast

1. Japan

- (1) Revenue is expected to increase on improvement in inventory levels for regional storage, stemming from recovery in movement of goods.
- (2) Earnings gain anticipated from increase in sales, and improved profitability at new logistics centers opened in the previous fiscal year.

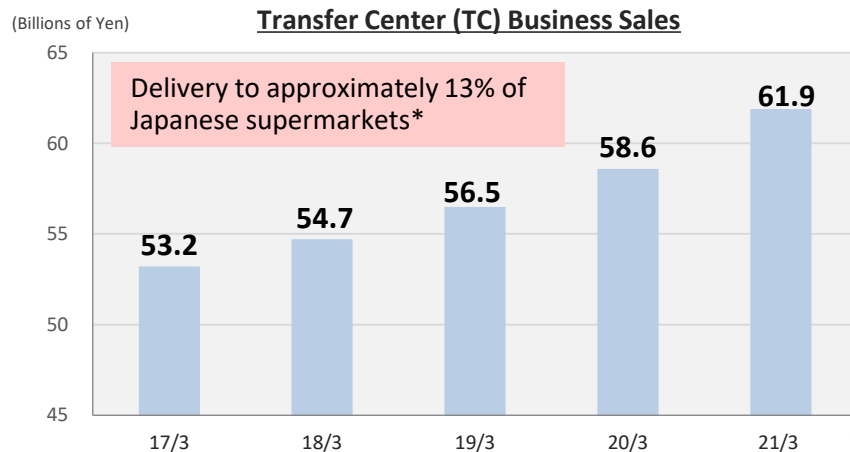
2. Overseas

In Europe, revenue and earnings gains anticipated from expanded cargo collections following the start of operations at newly expanded facilities.

Japan: Maximize Earnings from Existing Businesses and Strengthen Logistics Solutions Function

- Increase revenue by expanding cargo collections in major metropolitan areas, mainly at centers newly opened in the previous fiscal year

	Main Measure	Projected Revenue Increase
Logistics Network	<ul style="list-style-type: none"> For TCs, which had tremendous business growth in the previous fiscal year, operate new facilities and maintain positive performance For third-party logistics (3PL), capture needs for frozen food manufactures for logistics solutions, and focus on expanding the frozen foods logistics platform in the Kansai area 	¥1.2 billion
Regional Storage	<ul style="list-style-type: none"> With recovery in movement of commercial goods expected to continue into the second half, capture demand by offering more advanced, integrated storage and transport operations Enhance efficiency in facility operation by optimizing cargo placement Continue efforts to collect appropriate fees reflecting cost increases and service provided 	¥6.6 billion



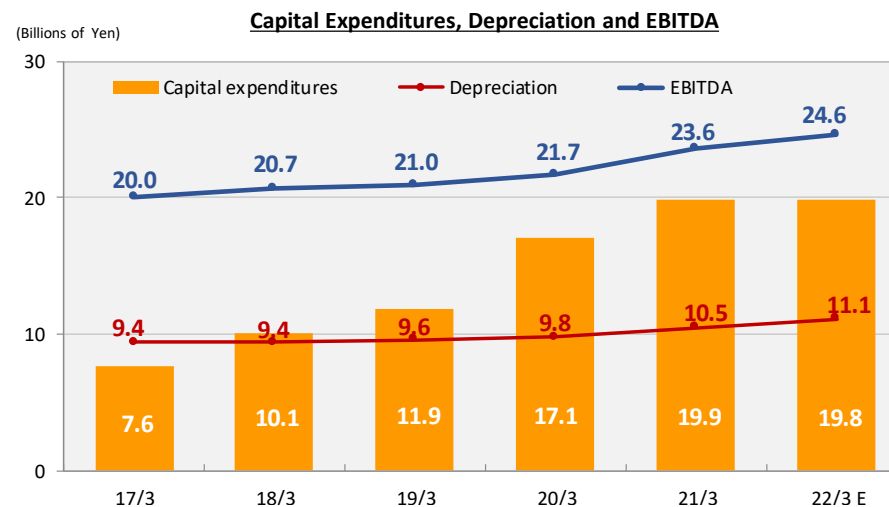
Regional Storage – Breakdown of Revenue Gains

Measure	Projected Revenue Increase
Recovery in volume in Kanto and Kansai regions	¥2.7 billion
Effect of increased storage capacity in the Nagoya region and reorganization of goods	¥1.0 billion
Recovery in volume at other regional storage companies	¥2.9 billion

* Number of stores, including drug stores but excluding convenience stores.

Achieve Stable Growth from Expanded Facility Capacity and Investments to Strengthen Foundation

- Projected EBITDA three-year average growth rate of 5%
- Along with growth investments, make investments to strengthen foundation, including long-term utilization of facilities and environmental measures
- During FY17/3 to FY21/3 period, facility capacity increased approximately 10% in Japan, and around 20% overseas

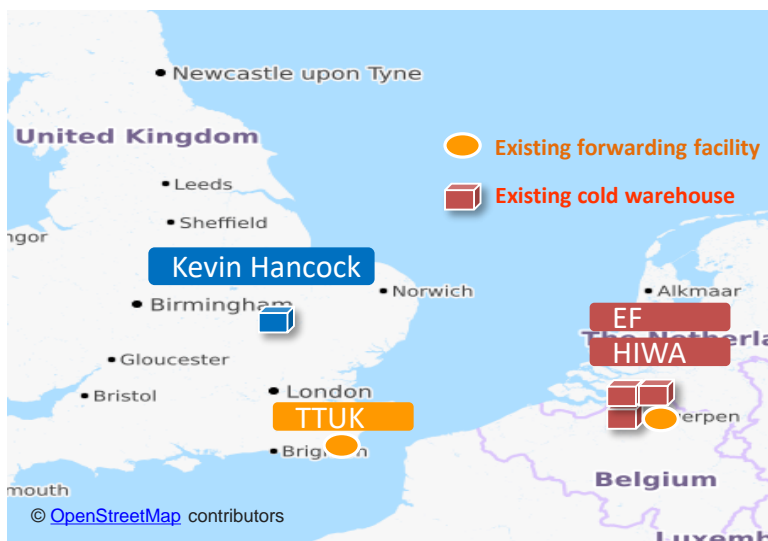


Breakdown of Growth Investment

	Medium-term Business Plan (FY17/3–19/3)			Medium-term Business Plan (FY20/3–22/3)		
	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3
Metropolitan areas	—	Heiwajima DC (lease)	—	—	Nagoya Minato DC Honmoku DC (rebuilding)	—
Regional areas	—	Kagoshima Soo DC (expansion) Sendai DC (expansion)	Naha-Shinko DC Tokachi (expansion)	—	—	—
Overseas	—	—	—	—	U.K. logistics company (acquisition)	Netherlands (expansion) France (expansion)

Overseas: Continue Investments for Growth in Europe and Expand Business Base

	Main Measure	Investment Plan
Netherlands	Utilize expanded facilities to further advance a one-stop service for customs clearance, storage, and transport in the Rotterdam port area.	Rotterdam facility expansion (scheduled to begin operation in July 2021)
Germany	Focus on cross-border logistics and expanding transport to volume retailers.	Consider investments to strengthen port functions.
England	Adapt to increase in demand for temperature-controlled logistics resulting from Brexit, and further expand port business through mutual cooperation with Rotterdam port.	
France	Newly expand storage facilities to capture robust storage demand, and strengthen business base together with transport business.	Expansion of distribution centers in Lyon (planned for October 2021) and Le Havre (planned for December 2021)



Expanded Refrigerated Warehouse in the Rotterdam Port District



Total investment	17 million euros
Scheduled to begin operations	July 2021
Capacity	14,000 pallets

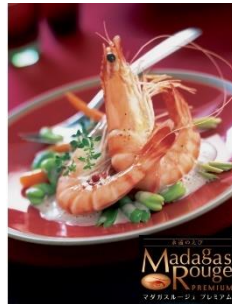
Operational Reform Measures

- Enhance efficiency and optimize warehouse operations through digitization
- Continue operational reforms, and pursue measures to utilize accumulated digital data

Main Measures

	Progress	Measure in FY22/3
Business process	Robotic process automation (RPA) reached 180,000 hours. * Annualized	Target RPA of 270,000 hours
Warehouse operations	<ul style="list-style-type: none"> • Introduction of tablet terminals <ul style="list-style-type: none"> ✓ Tablets introduced at 50 locations. ✓ Reductions in on-site working hours. <ul style="list-style-type: none"> Inspection work down 30%. Clerical work down 50% (estimation at major facilities). 	<ul style="list-style-type: none"> • Introduction and utilization of new functions. (Full-fledged use of AI-based best-before date management system, freight placement using two-dimensional code reader)
	<ul style="list-style-type: none"> • Installation of warehouse racks • Practical application of automated guided forklifts • Automated guided vehicles (AGVs) in use at five TCs (chilled zone) 	<ul style="list-style-type: none"> • Expand scope of utilization • Begin testing of AGVs in frozen zone
Vehicle management	Berth (truck) reservation system introduced at 30 locations.	Enhance coordination between berth reservation and AI automated vehicle allocation systems.

Marine Products, Meat and Poultry Business



5. Marine Products, Meat and Poultry Business

Increase Revenue and Earnings by Securing Stable Earnings in Marine Products, and Expanding Sales for Meat and Poultry

(Billions of Yen)

		FY21/3			FY22/3		
		Result	Y o Y		Forecast	Y o Y	
			Variance	% Change		Variance	% Change
Marine Products	Net Sales	63.1	-2.7	-4%	60.0	-3.1	-5%
	Operating Profit	0.5	0.1	18%	0.7	0.2	34%
Meat and Poultry	Net Sales	84.1	-4.2	-5%	90.5	6.4	8%
	Operating Profit	1.3	0.4	43%	1.6	0.3	23%

1. Marine Products: Improve profitability by focusing on more lucrative products, expanding sales of sushi and other processed items to the restaurant and HMR industries, and increasing the utilization rate of company-owned processing facilities.
2. Meat and Poultry: Increase revenue and earnings through efforts to recover sales to the HMR and restaurant industries, focusing on products with favorable sales to procurement cost, and select food material such as Junwakei Chicken* with consideration for sustainability.

* Junwakei Chicken is a rare type of poultry from a breed of chicken cultivated domestically entirely from Japanese stock. Implemented as a local livestock circulating model, Junwakei Chicken has been certified (October 2020) as conforming to Specific JAS for sustainable poultry by Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF).

Company-owned marine products processing facility Trans Pacific Seafood (Vietnam)



Product made using Junwakei Chicken



"Junwa Akadori Mune Shio Karaage" received the Gold Prize at the "12th Karaage Grand Prix®, Supermarket Daily Dish Division (Eastern Japan)" sponsored by the Japan Karaage Association.

Reference Material

Factors for Increase/Decrease in Operating Income (FY21/3-FY22/3)

Processed Foods

(Billions of Yen)

FY20/3 Operating Profit	16.7
Factors for increase	0.1
Decreased revenue	-1.7
Increase/decrease in food material/procurement cost (including effect of exchange rates)	0.0
Improved productivity	0.0
Impact of results at affiliated companies	1.4
Others	0.4
Factors for decrease	0.4
Increase in depreciation expense	-0.6
Increase/decrease in advertising and sale promotion expenses	1.0
FY21/3 Operating Profit	17.2
Factors for increase	3.7
Increased revenue	3.7
Improved productivity (including product mix)	0.4
Impact of results at affiliated companies	-0.4
Factors for decrease	-2.7
Increase/decrease in food material/procurement cost (including effect of exchange rates)	-0.4
Increase in depreciation expense	-1.5
Increase/decrease in advertising and sale promotion expenses	-0.6
Others	-0.2
FY22/3 Operating Profit Forecast	18.2

Logistics

(Billions of Yen)

FY20/3 Operating Profit	11.8
Factors for increase	2.4
Effect on results from increase in cargo collection cost (including TC)	1.4
Operational improvements	0.4
Streamlining of transport business	0.1
Others	0.5
Factors for decrease	-1.1
Increase in transport and delivery costs (net)	0.0
Increase in work outsourcing costs (net)	0.0
Increase in electricity charges (net)	0.2
Startup costs for new locations	-1.1
Others	-0.2
FY21/3 Operating Profit	13.1
Factors for increase	1.8
Effect on results from increase in cargo collection (including TC)	1.6
Operational improvements	0.1
Streamlining of transport business	0.1
Others	0.0
Factors for decrease	-1.4
Increase in transport and delivery costs (net)	0.0
Increase in work outsourcing costs (net)	-0.1
Increase in electricity charges (net)	-0.2
Startup costs for new locations	-0.3
Others	-0.8
FY22/3 Operating Profit Forecast	13.5

Non-operating Income and Expenses / Extraordinary Income of Loss

(Billions of Yen)

	FY21/3		FY22/3	
	Results	Y o Y	Forecast	Y o Y
		Variance		Variance
Non-operating Income and Expenses	0.5	-0.1	0.5	-0.0
(Main items)				
Financial account balance	0.1	0.0	-0.0	-0.2
Share of (profit) loss of entities accounted for using equity method	0.3	-0.0	0.2	-0.1
Extraordinary Income or Loss	-1.9	0.0	-1.1	0.8
(Main items)				
Gain on sales of non-current assets	0.0	-0.0	—	-0.0
Gain on sales of investment securities	0.1	-0.2	—	-0.1
Loss on sales of non-current assets and retirement of non-current assets	-1.3	0.2	-1.1	0.1
Impairment loss	-1.2	-0.7	-0.0	1.1

Results during Business Plan Periods

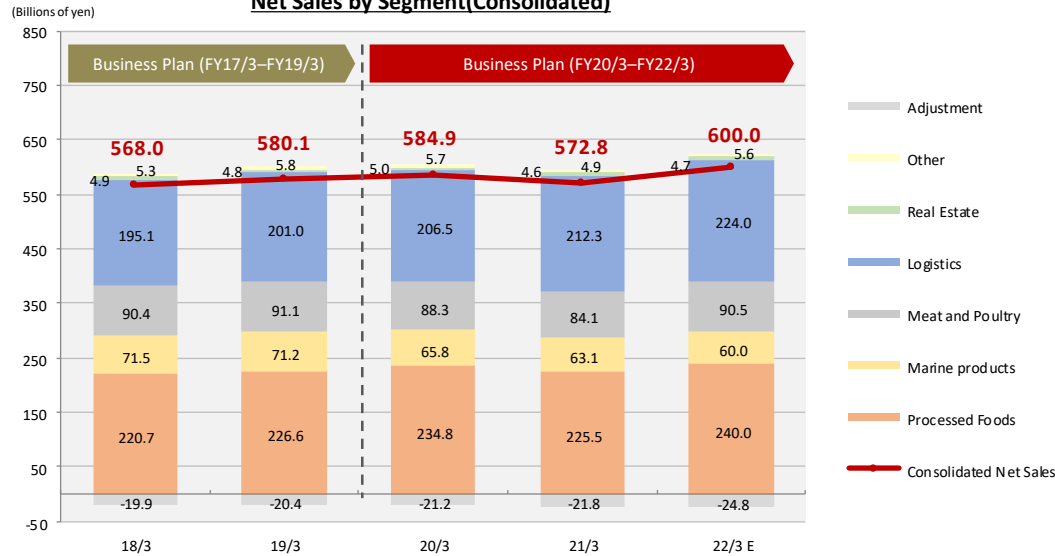
(Billions of Yen)

	Business Plan (FY11/3-FY13/3)			Business Plan (FY14/3-FY16/3)			Business Plan (FY17/3-FY19/3)			Business Plan (FY20/3-FY22/3)		
	11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3 E
Net Sales	437.8	454.9	447.7	487.4	520.0	535.4	539.7	568.0	580.1	584.9	572.8	600.0
Processed Foods	161.9	174.2	161.6	180.7	193.9	199.2	205.0	220.7	226.6	234.8	225.5	240.0
Marine Products	66.8	65.7	63.7	68.6	68.7	68.8	69.4	71.5	71.2	65.8	63.1	60.0
Meat and Poultry	78.3	75.6	75.5	80.1	89.5	92.0	88.1	90.4	91.1	88.3	84.1	90.5
Logistics	139.4	149.5	156.4	168.4	178.3	184.9	186.9	195.1	201.0	206.5	212.3	224.0
Real Estate	6.6	4.9	4.7	5.0	4.7	4.6	4.6	4.9	4.8	5.0	4.6	4.7
Other	6.2	6.0	5.8	3.7	4.4	5.2	4.5	5.3	5.8	5.7	4.9	5.6
Adjustment	-21.5	-21.0	-20.0	-19.1	-19.6	-19.4	-18.9	-19.9	-20.4	-21.2	-21.8	-24.8
Operating Profit	16.7	16.2	17.9	15.8	17.4	21.6	29.3	29.9	29.5	31.0	32.9	35.0
Processed Foods	4.6	5.2	6.0	3.4	5.4	8.0	13.9	14.6	14.6	16.7	17.2	18.2
Marine Products	0.6	0.2	0.1	0.4	0.2	0.7	0.8	0.3	0.2	0.4	0.5	0.7
Meat and Poultry	0.4	0.5	0.5	0.1	0.4	0.4	1.6	1.3	1.5	0.9	1.3	1.6
Logistics	7.3	7.4	8.6	8.9	8.7	10.0	10.6	11.3	11.4	11.8	13.1	13.5
Real Estate	3.6	2.4	2.3	2.4	2.1	2.2	2.1	2.2	2.1	2.0	2.0	1.8
Other	0.4	0.5	0.4	0.4	0.6	0.9	0.6	0.8	0.3	-0.3	-0.3	0.2
Adjustment	-0.2	0.0	0.0	0.1	0.0	-0.5	-0.3	-0.5	-0.6	-0.6	-0.8	-1.0
Ordinary Profit	16.1	15.3	17.2	14.4	16.9	21.4	29.1	30.7	29.9	31.8	33.5	35.5
Profit Attributable to Owners of Parent	4.0	7.9	9.8	8.9	9.5	13.5	18.8	19.1	19.9	19.6	21.2	23.0
Net Assets	284.6	290.5	297.9	318.5	342.0	338.5	346.2	367.3	377.3	390.0	405.7	
Capital Expenditures (including leased assets)	22.1	12.2	13.2	24.0	24.2	16.2	13.9	25.0	24.1	27.3	37.8	43.3
Interest-bearing Debt (including leased debt)	97.0	97.8	96.9	106.1	107.7	94.7	89.8	97.7	96.0	96.4	96.4	
Equity Ratio (%)	40.4	40.2	41.3	41.9	43.0	44.4	46.0	44.3	46.9	47.3	50.1	
Operating Profit / Net Sales (%)	3.8	3.6	3.8	3.1	3.3	4.0	5.4	5.3	5.1	5.3	5.8	5.8
Return on Equity (%)	3.4	6.8	8.2	6.9	6.8	9.1	12.1	11.9	11.7	10.9	10.9	10% or higher
Earnings per Share (yen)	13.08	26.35	33.40	31.12	33.29	94.30	135.11	142.23	149.65	147.16	159.19	172.59
Dividends per Share (yen)	9	9	10	10	10	12	28	30	32	42	50	50
Stock Price (yen, at fiscal year end)	355	388	561	436	674	916	2,754	2,940	2,728	3,055	2,849	

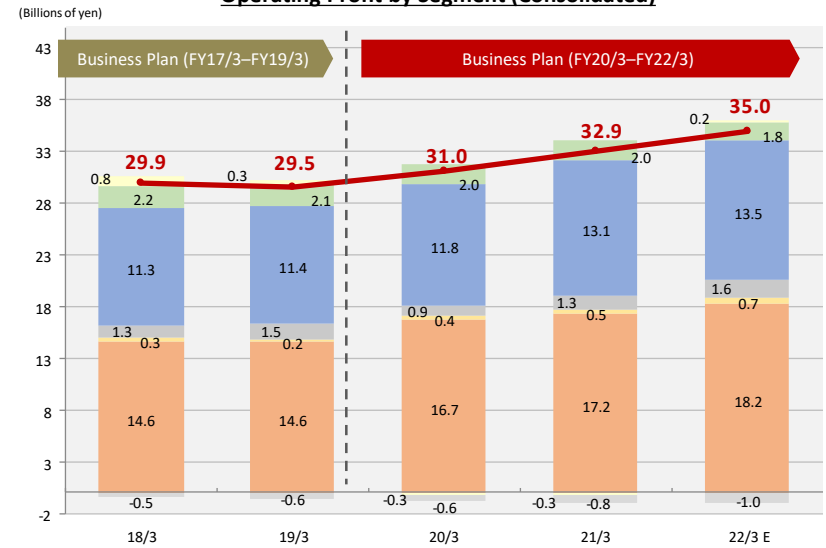
Notes:

- Capital expenditures include intangible fixed assets.
- Figures from FY13/3 reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)
- Figures from FY16/3 and earlier are prior to the share consolidation.

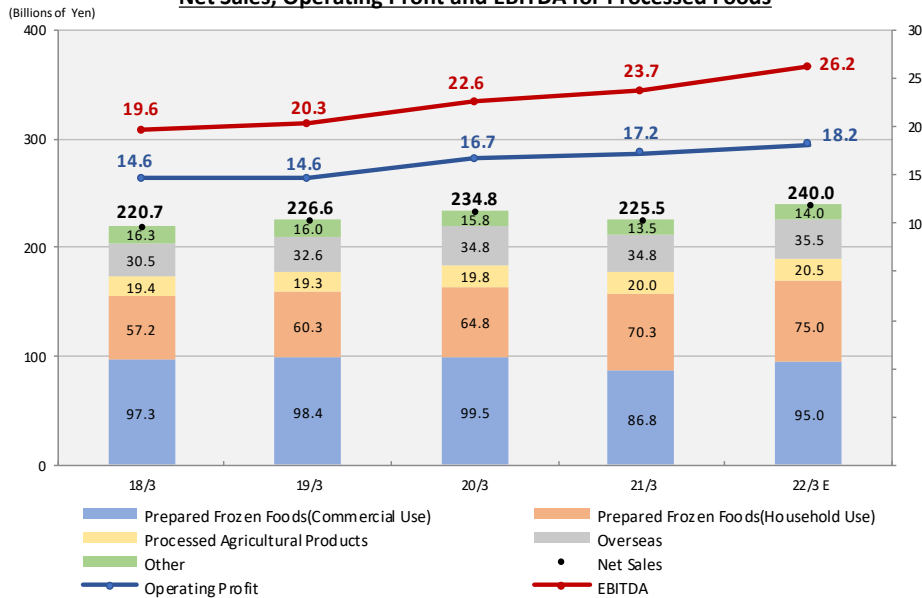
Net Sales by Segment(Consolidated)



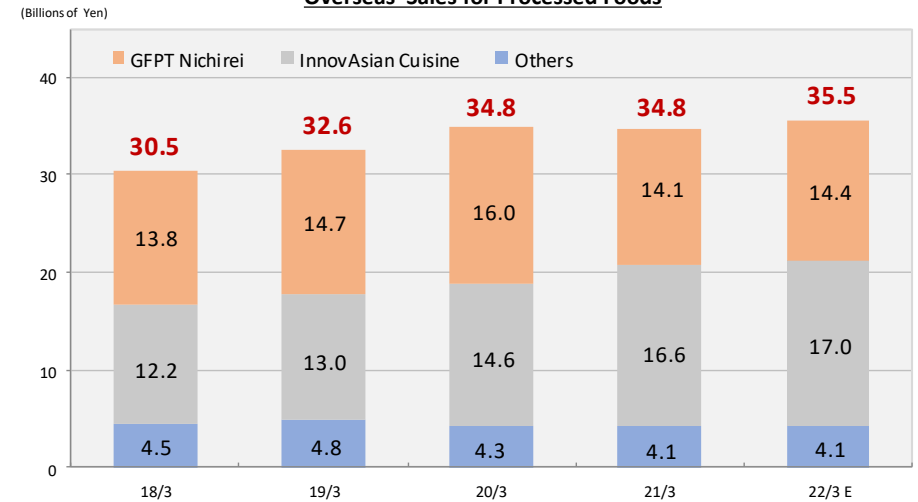
Operating Profit by Segment (Consolidated)



Net Sales, Operating Profit and EBITDA for Processed Foods



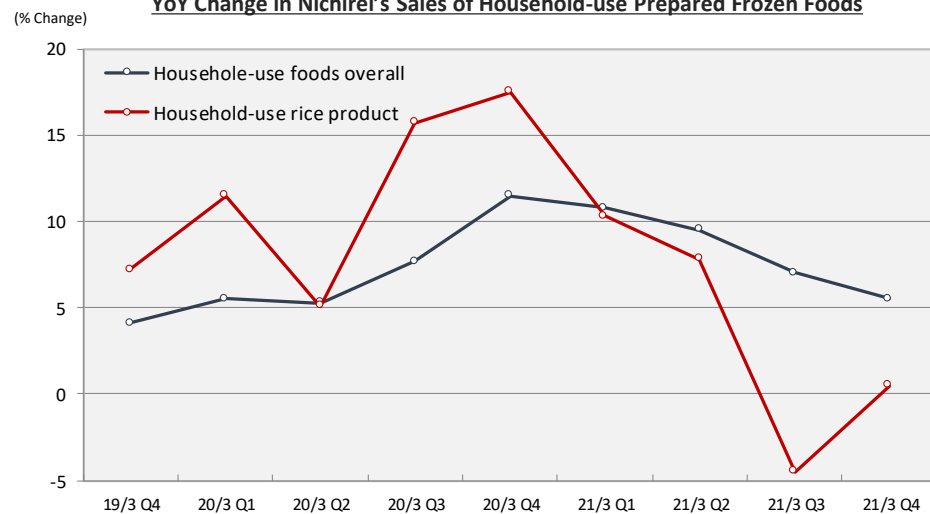
Overseas Sales for Processed Foods



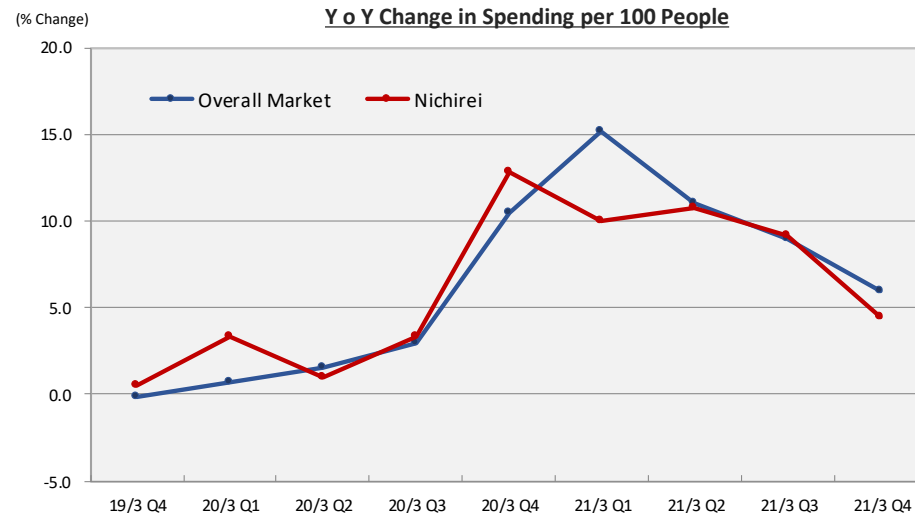
Note: GFPT Nichirei's sales are the total of sales to Europe and domestically within Thailand.

Reference Material 5

YoY Change in Nichirei's Sales of Household-use Prepared Frozen Foods

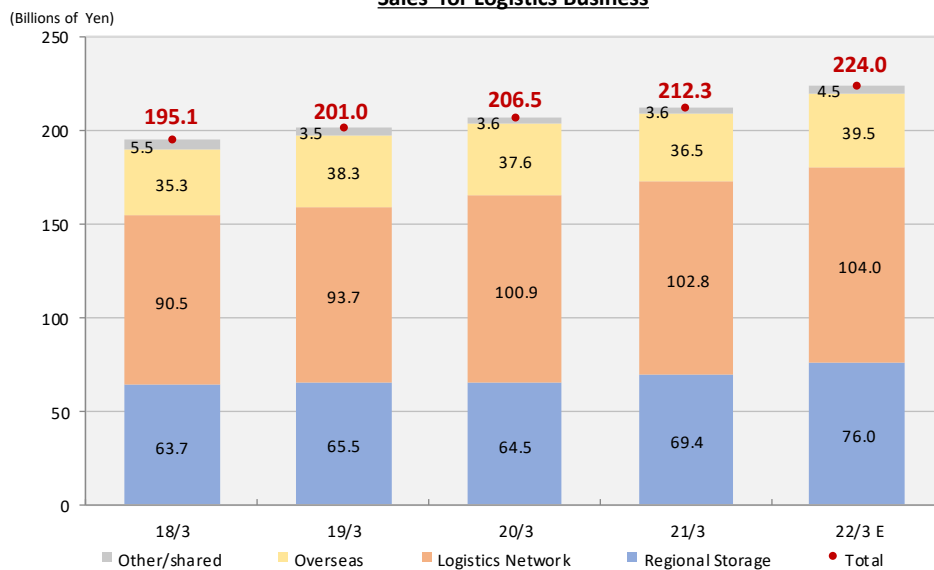


Consumer Panel for Household-use Prepared Frozen Foods

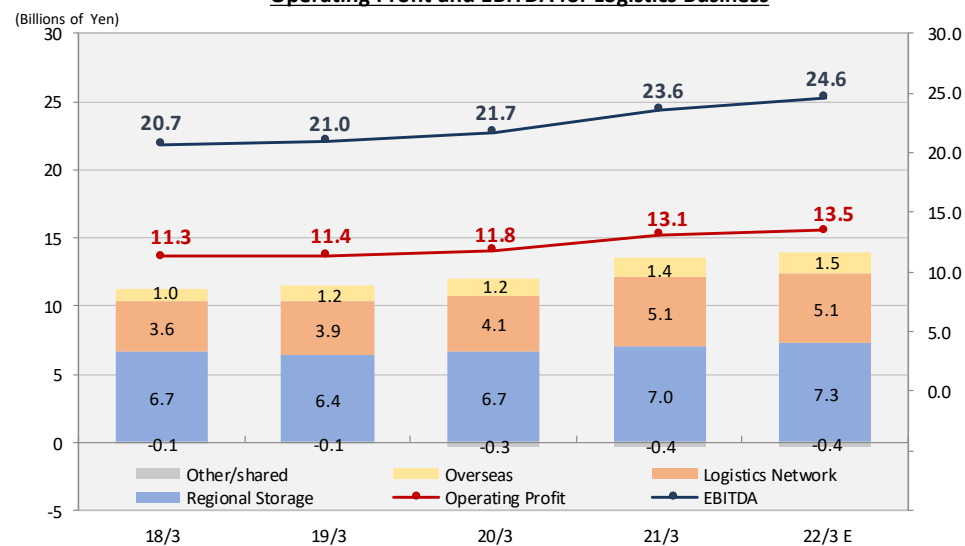


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

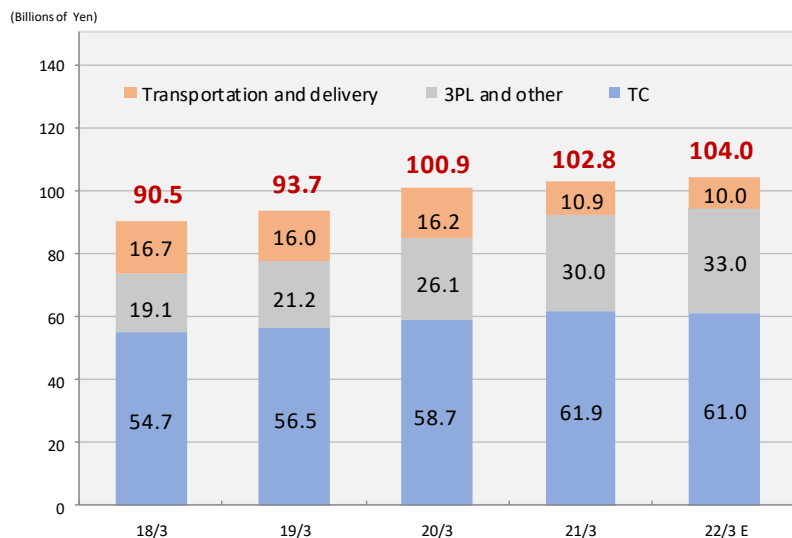
Sales for Logistics Business



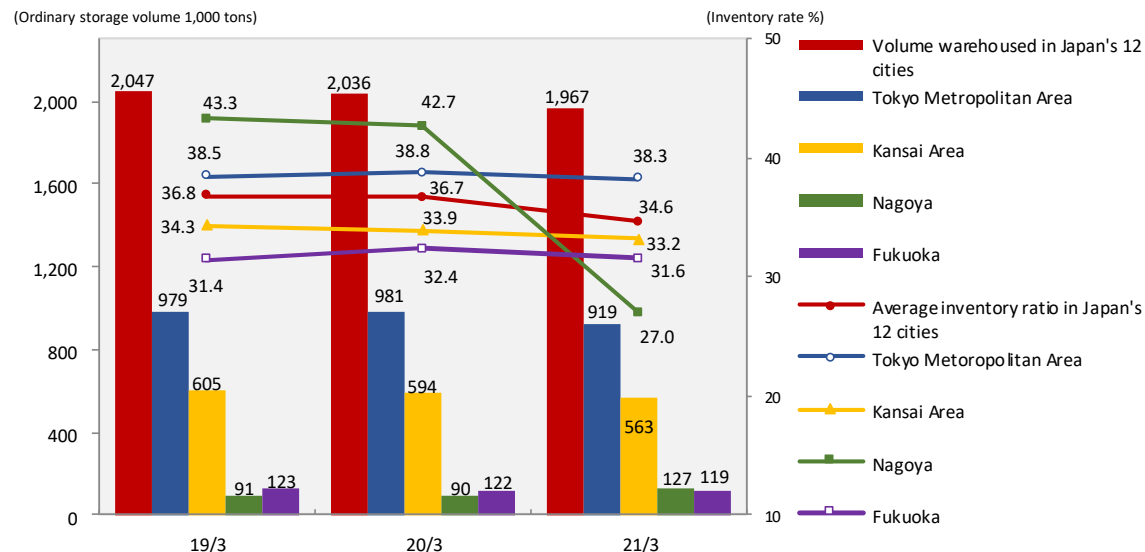
Operating Profit and EBITDA for Logistics Business



Breakdown of Logistics Network Sales



Nichirei Group's Cold Storage Capacity Utilization



Notes: 1. The inventory ratio is the proportion of stored goods to total cold storage space. Typically, around half of the total space is areas where goods cannot be stored, such as aisles and workspaces.
2. The operating ratio in the Nagoya District has declined as a result of the introduction of automated warehouses at new centers, and relocation of freight following closure of aging facilities. The ratio is expected to be around 30% going forward.

Top Five Japanese Companies in Terms of Cold Storage Capacity

Ranking	Name	Capacity (thousand of tons)	Variance from Apr. 2019	Share	Main Operating Region
1	Nichirei Group	1,490	0	9%	Nationwide
2	Yokohama Reito	880	0	5%	Nationwide
3	Maruha-Nichiro Holdings	630	-3	4%	Nationwide
4	Toyo Suisan Group	570	3	4%	Nationwide
5	Chilled & Frozen Logistics Holdings	500	1	3%	Nationwide

As of April 2020

Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents.

Note: Created with data from members of the association as well as non-members' data.

Top 10 Companies Worldwide in the Refrigerated Warehouse Industry by Capacity

Ranking	Company/Group Name	Capacity (thousand of tons)	Main Countries of Business
1	Lineage Logistics	20,260	USA, etc.
2	Americold Logistics	12,570	USA, etc.
3	United States Cold Storage	4,240	USA
4	AGRO Merchants Group, LLC	2,750	USA, etc.
5	NewCold Advanced Cold Logistics	2,200	USA, etc.
6	Nichirei Logistics Group, Inc.	2,070	Japan, etc.
7	Kloosterboer	1,940	Netherlands, etc.
8	VersaCold Logistics Services	1,390	Canada
9	Interstate Warehousing, Inc.	1,310	USA
10	Frialsa Frigorificos	1,160	Mexico

As of May by 2020

Source: Compiled by Nichirei based on International Association of Refrigerated Warehouses document "Global Top 25 List"

Forward-Looking Statements

Aside from historical facts, Nichirei's present plans, forecasts and strategies as outlined in this publication consist of forward-looking statements about future business performance. These forecasts of future business performance and explanations of future business activities may or may not include words such as "believe," "expect," "plan," "strategy," "estimate," "anticipate" or other similar expressions. These statements are based on the information available to Nichirei management at the time of publication. Actual results may differ significantly from these forecasts for a variety of reasons, and readers are therefore advised to refrain from making investment decisions based solely on these forward-looking statements. Nichirei will not necessarily revise its forward-looking statements in accordance with new information, future events, and other results. Risks and uncertainties that could affect Nichirei's actual business results include, but are not limited to:

- (1) Changes in the economic conditions and business environment that may affect the Nichirei Group's business activities.
- (2) Foreign exchange rate risks, especially as regards the US dollar and the euro.

- (3) Risks associated with the practicability of maintaining quality controls throughout the process from product development, procurement of raw materials, production, and sale.
- (4) Risks associated with the practicability of development of new products and services.
- (5) Risks associated with the practicability of growth strategies and implementation of low-cost systems.
- (6) Risks associated with the practicability of achieving benefits through alliances with outside companies.
- (7) Contingency risks.

However, factors that may affect the performance of the Nichirei Group are not limited to those listed above. Further, risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Group. This publication is provided for the sole purpose of enhancing the reader's understanding of the Nichirei Group, and should not be taken as a recommendation regarding investment decisions.

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