

November 4, 2021

# FY22/3 Second Quarter Presentation Material



(Stock code: 2871)

# 1. Consolidated Group Results

## First Half Results: Operating Profit Declined, but Net Income Rose on Extraordinary Income

- Performance in Logistics and Marine Products exceeded plan, but earnings in Processed Foods declined, mainly because of a falloff in production in Thailand due to an upturn in cases of Covid-19, and rising prices for food material. Overall, the corporate group recorded an increase in revenue with a decline in operating profit

(Billions of Yen)

	Result	Q2 (Cumulative)	
		YoY	
		Variance	% Change
<b>Net Sales</b>	<b>294.6</b>	12.8	5 %
Processed Foods	120.8	8.1	7 %
Marine Products	31.7	2.3	8 %
Meat and Poultry Products	39.7	-1.5	-4 %
Logistics	109.6	4.9	5 %
Real Estate	2.1	-0.3	-11 %
Other	2.0	-0.4	-17 %
Adjustments	-11.4	-0.4	—
<b>Operating Profit</b>	<b>16.0</b>	-0.7	-4 %
Processed Foods	6.8	-1.8	-21 %
Marine Products	0.6	0.7	—
Meat and Poultry Products	0.6	0.0	3 %
Logistics	7.8	0.9	14 %
Real Estate	0.8	-0.3	-25 %
Other	-0.2	-0.1	—
Adjustments	-0.4	-0.2	—
<b>Ordinary Profit</b>	<b>16.2</b>	-0.8	-5 %
<b>Profit Attributable to Owners of Parent</b>	<b>11.1</b>	0.2	2 %

	Net Sales and Operating Profit
Processed Foods	Sales expanded, but earnings declined due to a falloff in production in Thailand, along with rising food material costs.
Logistics	Revenue and earnings increased on expanded volume overseas and efficiency improvements.
Marine Products	Revenue and earnings increased on positive sales to restaurants and for home meals.
Meat and Poultry Products	Earnings were on a par with the same period of previous fiscal year, due mainly to greater profitability from imported chicken.
Adjustments	Expenditures for new businesses were made in line with plan.

	Profit Attributable to Owners of Parent
Group Overall	Earnings increased due mainly to recording gain on sales of investment securities of ¥1.3 billion.

# 1. Consolidated Group Results

## Focus on Implementing Measures in the Medium-term Business Plan and Responding to Newly Emerged Issues

### Status of Main Measures and Response (1)

Measure	Status	Response
<b>Increase profitability by strengthening the management base and reforming the business structure</b>	Continued growth in Logistics from steady implementation of measures.	For Logistics, focus on increasing profitability in Japan, and expanding business overseas.
<b>Sales expansion using new approach</b>	Household-use prepared foods and U.S. market sales remain firm.	Strengthen development of products for the new normal, and invest in production facilities.
<b>Capital expenditures for sustainable growth</b>	Growth investments in Japan and overseas proceeding according to plan.	Investments for growth and to strengthen foundations proceeding as planned, but portion of investments for maintenance delayed until the next fiscal year.
<b>Enhance operational efficiency and generate value through IT and DX</b>	<ul style="list-style-type: none"><li>• AI being utilized in production division.</li><li>• Operational reforms in Logistics producing beneficial effects.</li></ul>	Aim to generate value through development of human assets for IT and DX.
<b>New business creation</b>	Integration of “conomeal kitchen” with previous “me:new” app to automatically generate menu ideas.	Continue supporting the “me:new” app, and pursue a data services business based on food preference analysis.

## Focus on Implementing Measures in the Medium-term Business Plan and Responding to Newly Emerged Issues

### Status of Main Measures and Response (2)

Measure	Status	Response
<b>Enhance capital efficiency and expand shareholder returns</b>	Stable dividend maintained with target dividends on equity (DOE) of 3.0%.	Decision made for share buyback to enhance shareholder returns.
<b>Strengthen ESG response</b>	<ul style="list-style-type: none"> <li>• Determine measures and KPI for the Group material matters (materiality).*</li> <li>• Raise environmental targets for the Group.*</li> <li>• Increase ratio of outside directors to greater than one-third.</li> <li>• Maintain high rating from ESG evaluation organizations.</li> </ul>	Specific measures for materiality to be incorporated in next medium-term business plan, and actions taken to achieve targets.

\* Please refer to *Nichirei Integrated Report 2021*

### Newly Emerged Issues

Measure	Content	Response
<b>Restore earnings in Processed Foods</b>	Performance diverging from plan due to production falloff in Thailand and rising food material costs.	Thoroughly implement measures to restore earnings <ul style="list-style-type: none"> <li>• Stabilize production in Thailand</li> <li>• Implement measures to offset cost increases</li> </ul>

# 1. Consolidated Group Results

## Full-year Operating Profit Forecast Revised Downward, with Focus on Securing Earnings Gain

(Billions of Yen)

	Q2 (Cumulative)				Q3 and Q4 (Cumulative)			Full Year				
	Result	Y o Y		Progress rate for full-year forecasts announced on August 3	Forecast	Y o Y		Forecast	Y o Y		Compared to Previous Forecast	
		Variance	% Change			Variance	% Change		Variance	% Change	Previous forecast	Variance
<b>Net Sales</b>	<b>294.6</b>	12.8	5%	49%	<b>305.4</b>	14.4	5%	<b>600.0</b>	27.2	5%	600.0	0
Processed Foods	120.8	8.1	7%	50%	120.2	7.4	7%	241.0	15.5	7%	243.0	-2.0
Marine Products	31.7	2.3	8%	53%	31.3	-2.4	-7 %	63.0	-0.1	-0%	60.0	3.0
Meat and Poultry	39.7	-1.5	-4%	45%	44.3	1.4	3%	84.0	-0.1	-0%	88.2	-4.2
Logistics	109.6	4.9	5%	49%	114.4	6.8	6%	224.0	11.7	6%	224.0	0.0
Real Estate	2.1	-0.3	-11%	46%	2.3	0.0	1%	4.4	-0.2	-5%	4.7	-0.3
Other	2.0	-0.4	-17%	42%	3.0	0.5	21%	5.0	0.1	2%	4.9	0.1
Adjustment	-11.4	-0.4	—	—	-10.0	0.7	—	-21.4	0.4	—	-24.8	3.4
<b>Operating Profit</b>	<b>16.0</b>	-0.7	-4%	46%	<b>17.0</b>	0.8	5%	<b>33.0</b>	0.1	0%	35.0	-2.0
Processed Foods	6.8	-1.8	-21%	38%	8.4	-0.1	-2%	15.2	-2.0	-11%	17.6	-2.4
Marine Products	0.6	0.7	—	89%	0.1	-0.5	-87%	0.7	0.2	34%	0.7	0.0
Meat and Poultry	0.6	0.0	3%	36%	1.0	0.3	38%	1.6	0.3	23%	1.6	0.0
Logistics	7.8	0.9	14%	55%	7.0	0.8	13%	14.8	1.7	13%	14.3	0.5
Real Estate	0.8	-0.3	-25%	46%	1.0	0.1	7%	1.8	-0.2	-11%	1.8	0.0
Other	-0.2	-0.1	—	—	0.1	0.3	—	-0.1	0.2	—	0.0	-0.1
Adjustment	-0.4	-0.2	—	—	-0.6	-0.0	—	-1.0	-0.2	—	-1.0	0.0
<b>Ordinary Profit</b>	<b>16.2</b>	-0.8	-5%	46%	<b>17.3</b>	0.8	5%	<b>33.5</b>	-0.0	-0%	35.5	-2.0
<b>Profit attributable to owners of parent</b>	<b>11.1</b>	0.2	2%	48%	<b>11.4</b>	1.0	10 %	<b>22.5</b>	1.3	6%	23.0	-0.5

### Exchange Rates

	FY 22/3 full year (forecast)	FY 22/3 first half (actual)*	FY 21/3 first half (actual)*
USD/JPY	109.00	107.70	108.30
EUR/JPY	130.00	129.82	119.32
THB/JPY	3.40	3.50	3.43

\* Exchange rate figure is the average for the January-June period.

### Full Year Forecast

Forecasts for overall operating profit and net income have been revised downward in response to Processed Foods results diverging from plan. During the second half (Q3 and Q4), the

Company will focus on achieving a turnaround with rising earnings led by Logistics and improvement in Processed Foods, and securing earnings gains for the full fiscal year.

# 1. Consolidated Group Results

## Bolstering Shareholder Returns through Stable Dividends and Decision for Stock Buyback

- Continue investments for sustainable growth in Japan and overseas
- Decision made to conduct share buyback, in consideration of progress of capital investments, and financial condition including D/E ratio

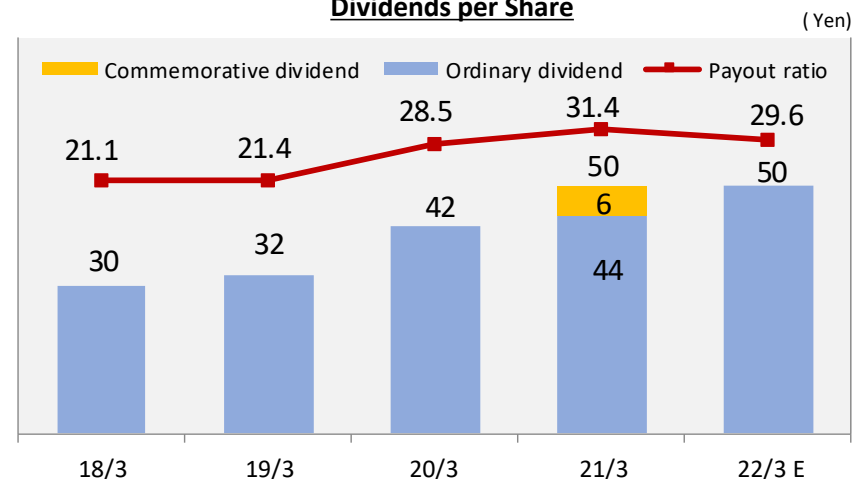
**Capital Expenditures in FY22/3**

	Full-year Forecast	Compared to Previous Forecast
Processed Foods	¥14.6 billion	-¥4.3 billion
Logistics	¥17.1 billion	-¥2.8 billion
Group Overall	¥35.9 billion	-¥7.3 billion

**Breakdown of Capital Expenditures in Medium-term Business Plan**

Three-year Forecast	Main Investment Target
Processed Foods ¥36.1 billion	<ul style="list-style-type: none"> <li>Expansion of production lines for rice products</li> <li>Expansion of GFPT Nichirei No. 2 Plant</li> <li>New production facilities for individual meal products</li> </ul>
Logistics ¥54.0 billion	<ul style="list-style-type: none"> <li>New construction of Nagoya Minato Distribution Center</li> <li>New construction (rebuilding) of Honmoku District Distribution Center</li> <li>Expansion of facilities in Europe</li> </ul>
Group Total ¥101.0 billion	

**Dividends per Share**



**Decision on Acquisition and Retirement of Treasury Stock**

Number of shares to be retired	6,033,600 shares
Scheduled date of retirement	November 10, 2021
Number of shares that can be acquired	4,000,000 shares (maximum)
Total acquisition cost	¥10 billion (maximum)
Acquisition period	From November 4, 2021 to April 28, 2022
Acquisition method	Purchase on market

## Processed Foods Business



## 2. Processed Foods Business

### Improve Results by Responding to Factors Causing Decline and Implementing Countermeasures

(Billions of Yen)

	Q2 (Cumulative)				Q3 and Q4 (Cumulative)			Full Year				
	Result	Y o Y		Progress rate for full-year forecasts announced on August 3	Forecast	Y o Y		Forecast	Y o Y		Compared to Previous Forecast	
		Variance	% Change			Variance	% Change		Variance	% Change	Previous forecast	Variance
<b>Net Sales</b>	<b>120.8</b>	8.1	7%	50%	<b>120.0</b>	7.4	7%	<b>241.0</b>	15.5	7%	243.0	-2.0
Household-use Prepared Foods	<b>38.4</b>	4.0	12%	50%	<b>38.1</b>	2.2	6%	<b>76.5</b>	6.2	9%	76.5	0.0
Commercial-use Prepared Foods	<b>43.7</b>	1.0	2%	46%	<b>49.3</b>	5.2	12%	<b>93.0</b>	6.2	7%	95.0	-2.0
Processed Agricultural Products	<b>10.3</b>	-0.0	-0%	50%	<b>10.2</b>	0.5	5%	<b>20.5</b>	0.5	3%	20.5	0.0
Overseas	<b>20.5</b>	3.0	17%	55%	<b>16.5</b>	-0.8	-5%	<b>37.0</b>	2.2	6%	37.0	0.0
Other	<b>7.9</b>	0.2	2%	57%	<b>6.1</b>	0.3	6%	<b>14.0</b>	0.5	4%	14.0	0.0
<b>Operating Profit</b>	<b>6.8</b>	-1.8	-21%	38%	<b>8.4</b>	-0.1	-2%	<b>15.2</b>	-2.0	-11%	17.6	-2.4

#### 1. First Half

- (1) Household-use Prepared Foods: The Company strengthened product development and promotions, focusing on rice products and main dishes. Revenue increased on positive sales of mainstay items *Honkaku Itame Cha-han* (authentic fried rice, now in its 20th year since launch) and *Tokukara* fried chicken, as well as steady sales of new items.
- (2) Commercial-use Prepared Foods: Despite a lag in recovery of sales to major users, revenue rose from the same period of the previous fiscal year on sales to restaurants and meal services.
- (3) Operating profit decreased as a result of a slowdown in operations at plants in Thailand due to a labor shortage stemming from the spread of Covid-19, as well as higher food material costs.

#### 2. Full Year

- (1) Household-use Prepared Foods: Maintain positive sales led by sales of new items tailored to meet continued stay-at-home demand, and growing demand for drinking at home.
- (2) Commercial-use Prepared Foods: Despite the impact from decline in the supply of chicken from Thailand, continue to expand the range of meal kits and other products for delicatessen, and introduce new products for major users.
- (3) Forecasts for full-year net sales and operating profit have been revised downward to reflect the production decline in Thailand and rising food material costs. The Company will make efforts to improve revenue and earnings with measures to offset these declines, and far-reaching cost controls.

### Response to Recently Emerged Issues and Future Outlook

Issue	Response							
<p>➤ <b>Shortage of processed chicken due to production falloff in Thailand</b></p> <p><u>Current status of Covid-19 in Thailand</u></p> <ul style="list-style-type: none"><li>• Infection rates have settled down in cities but are rising in rural areas. The shortage of foreign workers continues due to extension of restrictions on entry into the country</li><li>• Ongoing shortage of poultry due to outbreak among chicken packaging workers in Thailand</li></ul> <p><u>Impact on Nichirei</u></p> <ul style="list-style-type: none"><li>• Slowdown in operations at GFPT Nichirei and Surapon Nichirei Foods led to shortage in supply of products to Japan, forcing the Company to place restrictions on sales of certain items</li></ul> <p><u>Operational level in FY21/12 (Forecast)</u> Compared to the same period of the previous fiscal year</p> <table><tr><th></th><th>First Half</th><th>Second Half (Forecast)</th></tr><tr><td>GFPT Nichirei</td><td rowspan="2">Approx. 90%</td><td rowspan="2">Approx. 70%</td></tr><tr><td>Surapon Nichirei</td></tr></table>		First Half	Second Half (Forecast)	GFPT Nichirei	Approx. 90%	Approx. 70%	Surapon Nichirei	<p><b>1. Production and procurement aspects</b></p> <p>(1) Restore production levels at company-owned factories.</p> <p><u>GFPT Nichirei</u></p> <ul style="list-style-type: none"><li>• Secure workers in Thailand by offering expanded benefits</li><li>• Enhance production efficiency with labor savings (automation) of food material processing</li></ul> <p>→ Production expected to be restored to level of the same period of the previous year by fiscal 2022 Q1 (January-March period).</p> <p>Aim for normal operations* by fiscal 2022 Q3, and operation at full capacity by the next medium-term business plan, including the No. 2 Plant.</p> <p><u>Surapon Nichirei Foods</u></p> <ul style="list-style-type: none"><li>• Expand suppliers of poultry</li><li>• Introduce automated cutting machines to enhance capacity for internal production of chicken meat</li><li>• Establish blockade-type production structure in preparation for the next wave of infections</li></ul> <p>→ Restore production level to around 80% of normal by fiscal 2022 Q1, and return to normal operations in the second half.</p> <p>* Normal operations = Fiscal 2020 level</p> <p>(2) Utilize and equip alternative production facilities.</p> <ul style="list-style-type: none"><li>• Procure supply using alternative production facilities in Thailand and China (OEM)</li><li>• Revise product design to allow for flexible shift to production facilities in other countries (emergency response)</li></ul>
	First Half	Second Half (Forecast)						
GFPT Nichirei	Approx. 90%	Approx. 70%						
Surapon Nichirei								

(Continued)

### Response to Recently Emerged Issues and Future Outlook

Issue	Response						
	<b>2. Sales aspects</b> (1) Increase sales of products other than chicken from Thailand. <ul style="list-style-type: none"> <li>• Increase supply of alternative products and expand sales by maximizing operations at plants in Japan</li> </ul> (2) Expand sales with early establishment of new production lines. <ul style="list-style-type: none"> <li>• Nagasaki Plant: Light meals and snacks line</li> <li>• Yamagata Plant: Individual meal production line (see P9)</li> </ul>						
<b>➤ Increase in procurement costs due to global rise in food material prices</b> <u>Recent status of food material markets</u> <table> <tr> <td>Vegetable oil<sup>1</sup></td><td>Up approx. 40% YoY</td></tr> <tr> <td>Wheat flour<sup>2</sup></td><td>Up 19% YoY (April)</td></tr> <tr> <td>Beef<sup>3</sup></td><td>Up approx. 17% YoY</td></tr> </table>	Vegetable oil <sup>1</sup>	Up approx. 40% YoY	Wheat flour <sup>2</sup>	Up 19% YoY (April)	Beef <sup>3</sup>	Up approx. 17% YoY	(1) Implement measures to lower costs through productivity improvements. (2) Curbs on use of SG&A expenditures. (3) Revise product prices from November.
Vegetable oil <sup>1</sup>	Up approx. 40% YoY						
Wheat flour <sup>2</sup>	Up 19% YoY (April)						
Beef <sup>3</sup>	Up approx. 17% YoY						



Notes:

1. Vegetable oil (Average price of rapeseed and soybean oil, October 2021); Source: *Nikkei Shinbun* Market Rates (Refined Rapeseed / Soybean Oil in Bulk).
2. Wheat flour (Government selling price of imported flour, October 2021); Source: Ministry of Agriculture, Forestry and Fisheries, "Revision of Government Selling Price of Imported Flour".
3. Beef (Australian Cow Meat 85CL, September 2021); Source: Agriculture & Livestock Industries Corporation, "Wholesale Prices of Beef Carcasses by Standard (Tokyo market)".

## 2. Processed Foods Business

### Measures to Achieve Sustainable Growth

- Profitability has declined temporarily due to changes in the business environment, but sales remain positive. Demand for frozen food is expected to remain firm and continue to expand, even over the longer term. In addition to increasing sales of its mainstay products, Nichirei aims to lead the market by providing new levels of added value, and achieve sustainable growth

Measure	Content						
Expand sales of existing products	<div><p><b>Continue sales expansion in strategic categories</b> Top-selling products in their categories*</p><div><div><p>Honkaku Itame Cha-han</p></div><div><p>Tokukara fried chicken</p></div></div></div>	<div><p><b>Respond to diverse needs for household-use foods</b></p><ul style="list-style-type: none"><li>▶ Deep Fry Dishes series</li><li>▶ Drinking at Home Day series</li><li>▶ Soy Meat Dishes series</li></ul><p><b>Higher demand from restaurants and HMR market post-corona.</b></p></div>					
	<div><p><b>Products to meet personal use demand</b> <b>Develop menus that provide complete satisfaction in a single meal</b> (Deliciousness + Nutritional balance + Time savings)</p><ul style="list-style-type: none"><li>▶ Launch new products to meet growing personal use demand</li><li>▶ New production line planned (Q4)</li></ul></div> <div><table><tr><th colspan="2">Yamagata Plant</th></tr><tr><td>Total investment</td><td>Approx. ¥4.0 billion</td></tr><tr><td>Scheduled to begin operations</td><td>February 2022</td></tr></table></div>	Yamagata Plant		Total investment	Approx. ¥4.0 billion	Scheduled to begin operations	February 2022
Yamagata Plant							
Total investment	Approx. ¥4.0 billion						
Scheduled to begin operations	February 2022						
Provide new levels of added value							

\* Frozen Prepared Foods – Fried Rice Category Sales Value (Cumulative) Intage SRI (March 2001 – February 2021), frozen Prepared Foods – Fried Chicken Category Sales Value (Cumulative) Intage SRI (March 2018 – April 2020)

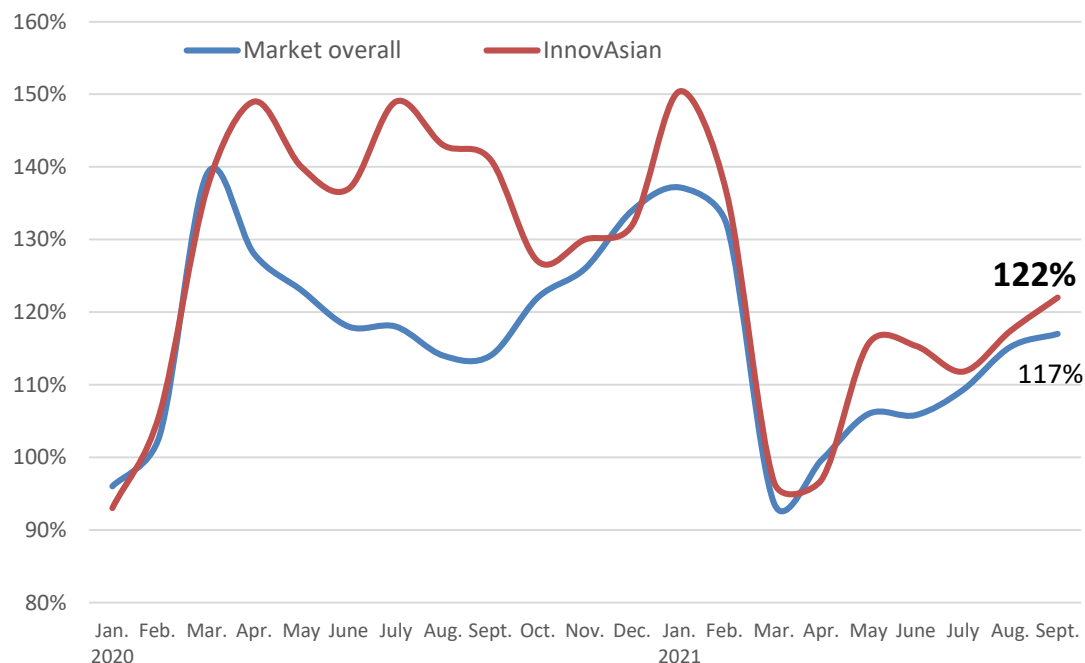
## 2. Processed Foods Business

### Overseas: Sales in U.S. Remain Strong

#### InnovAsian Cuisine (U.S.)

- Sales of household-use products such as chicken and rice items are positive on broadening of the customer base, with sales of commercial-use products also improving
- The Company will establish a product procurement structure, and focus on expanding sales with ongoing promotions. The Company anticipates a revenue gain for the full fiscal year

**U.S. Processed Frozen Foods Market\* and InnovAsian Cuisine's Sales for House-hold Products (YoY)**



\* Source: Compiled by Nichirei based on Nielsen U.S. frozen food market data (Includes items other than Asian foods).

**Reference: Overseas Sales in Processed Foods Business**

(Billions of Yen)

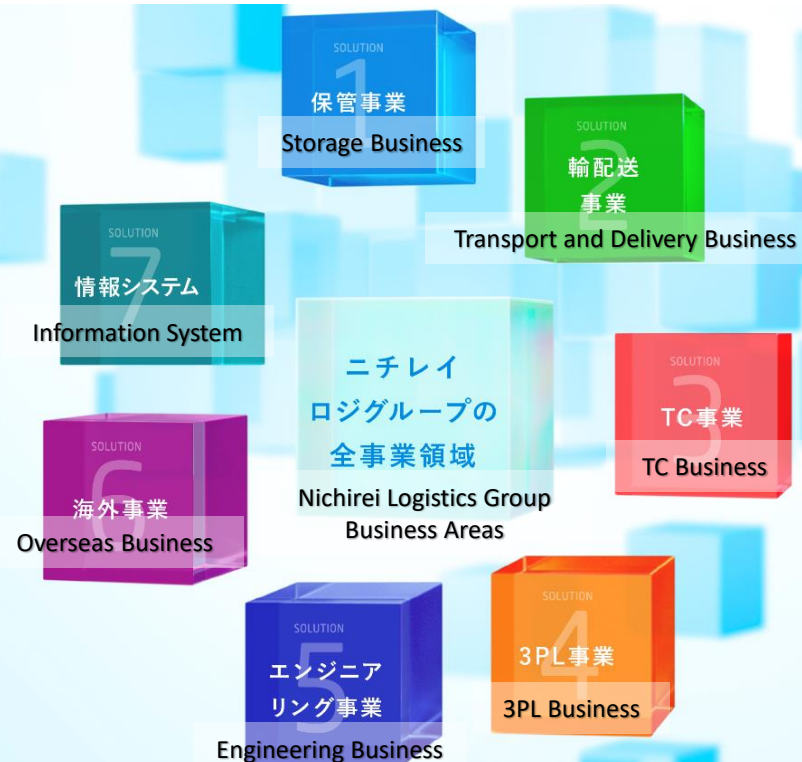
	Q2 (Cumulative)			Full-year		
	Result	Y o Y		Forecast	Y o Y	
		Variance	% Change		Variance	% Change
InnovAsian Cuisine	10.1	1.8	22%	21.0	4.4	26%
Others	10.4	1.2	13%	16.0	-2.2	-12%
Total	20.5	3.0	17%	37.0	2.2	6%

Processed chicken and rice products



# Logistics Business

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



## Revenue and Earnings Gains Expected from Overseas Expansion and Improved Profitability in Japan

(Billions of Yen)

	Q2 (Cumulative)				Q3 and Q4 (Cumulative)			Full Year				
	Result	Y o Y		Progress rate for full-year forecasts announced on August 4	Forecast	Y o Y		Forecast	Y o Y		Compared to Previous Forecast	
		Variance	% Change			Variance	% Change		Variance	% Change	Previous forecast	Variance
<b>Net Sales</b>	<b>109.6</b>	4.9	5%	49%	<b>114.4</b>	6.8	6%	<b>224.0</b>	11.7	6%	224.0	0.0
Japan Subtotal	<b>87.6</b>	1.2	1%	49%	<b>88.4</b>	2.6	3%	<b>176.0</b>	3.8	2%	180.0	-4.0
Logistics Network	<b>51.5</b>	0.2	0%	50%	<b>51.5</b>	-0.0	-0%	<b>103.0</b>	0.2	0%	104.0	-1.0
Regional Storage	<b>36.1</b>	1.0	3%	48%	<b>36.9</b>	2.6	8%	<b>73.0</b>	3.6	5%	76.0	-3.0
Overseas	<b>20.8</b>	3.4	20%	53%	<b>22.7</b>	3.5	18%	<b>43.5</b>	7.0	19%	39.5	4.0
Other/Intersegment	<b>1.1</b>	0.3	28%	25%	<b>3.4</b>	0.7	24%	<b>4.5</b>	0.9	25%	4.5	0.0
<b>Operating Profit</b>	<b>7.8</b>	0.9	14%	55%	<b>7.0</b>	0.8	13%	<b>14.8</b>	1.7	13%	14.3	0.5
Japan Subtotal	<b>7.4</b>	0.8	12%	56%	<b>6.1</b>	0.6	11%	<b>13.5</b>	1.4	12%	13.1	0.4
Logistics Network	<b>3.0</b>	0.3	11%	56%	<b>2.8</b>	0.4	16%	<b>5.8</b>	0.7	13%	5.4	0.4
Regional Storage	<b>4.4</b>	0.5	13%	57%	<b>3.3</b>	0.2	8%	<b>7.7</b>	0.7	11%	7.7	0.0
Overseas	<b>0.8</b>	0.2	36%	50%	<b>1.0</b>	0.2	22%	<b>1.8</b>	0.4	28%	1.6	0.2
Other/Intersegment	<b>-0.4</b>	-0.1	—	—	<b>-0.1</b>	0.0	—	<b>-0.5</b>	-0.1	—	-0.4	-0.1

### 1. First Half

- (1) Japan: Earnings increased on expanded handling of household-use cargo, and positive effects of operational improvements.
- (2) Overseas: Revenue and earnings in Europe increased on capturing increased demand, stemming from recovery from Covid-19, and Brexit.

### 2. Full Year

- (1) Japan: Despite an anticipated sharp rise in electricity rates, the Company is forecasting increases in revenue and earnings as a result of expanded cargo collections from integrated operations for storage and transport, along with firm handling volumes in the transfer center (TC) business, and improved profitability of the centers which started operations in the previous fiscal year.
- (2) Overseas: The Company expects to secure higher revenue and earnings in Europe from expanded business volume in port areas.

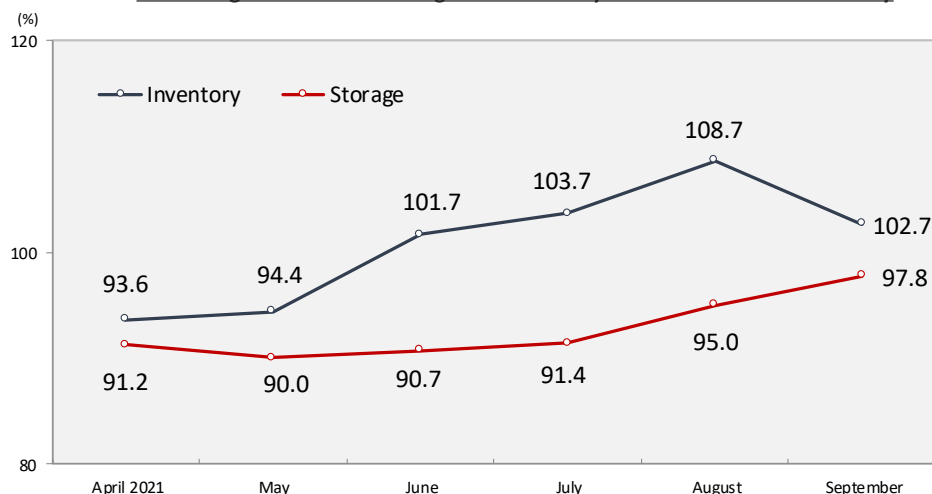
### 3. Logistics Business

## Japan: Implement Measures in Second Half to Respond to Recovery in Volume

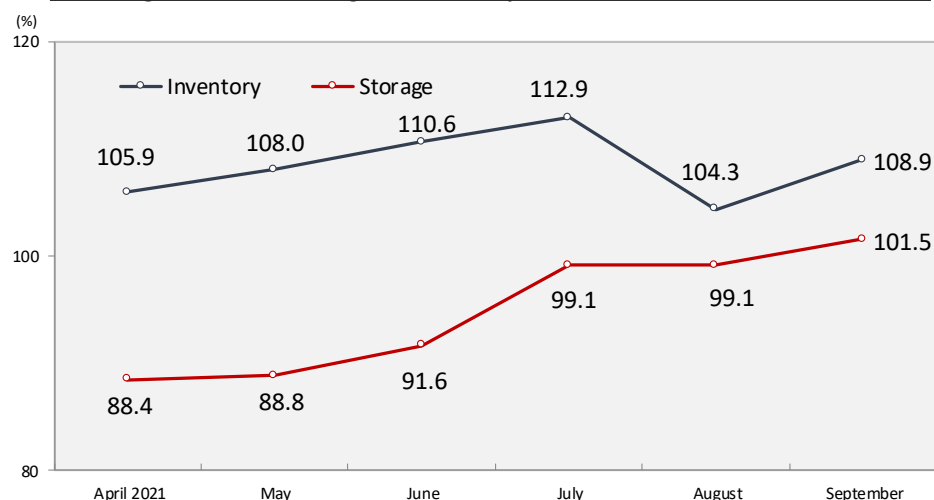
### Status of Main Measures and Forecast

	First Half Status	Second Half Forecast
<b>Logistics Network</b>	<ul style="list-style-type: none"> <li>The Transfer Center (TC) business maintained a high handling volume due to sustained stay-at-home consumption</li> <li>The Third-party Logistics (3PL) business benefited from recovery in business to restaurants and increased movement of frozen foods</li> </ul>	<ul style="list-style-type: none"> <li>TC business: Despite a gradual decline in demand, business is expected to remain firm in the near term</li> <li>3PL business: The Company will continue to focus on establishing a logistics platform for frozen foods</li> </ul>
<b>Regional Storage</b>	<ul style="list-style-type: none"> <li>Steady growth in household-use cargo in terms of both volume and turnover</li> <li>Decline in imported cargo that began in the second half of last year continued</li> </ul>	<ul style="list-style-type: none"> <li>Recovery in imports, particularly meat and poultry products, is slower than expected, but the Company will capture demand from expanded cargo collections for commercial-use cargo, and integrated operations for storage and transport</li> </ul>

YoY Change in Nichirei's Storage and Inventory Volume of Meat and Poultry



YoY Change in Nichirei's Storage and Inventory Volume of Commercial-use Frozen Foods



#### Steadily Implement Business Measures and Strengthen the Earnings Structure

- Steadily implement business measures including expanded sales, enhanced efficiency, and strict cost management, and increase profitability for both storage and transport

##### Status of Measures in Medium-term Business Plan

Increased revenue	<ul style="list-style-type: none"><li>• Diverse service lineup including the TC and 3PL businesses, and expanded cargo collections through integrated operations for storage and transport</li><li>• Set fees appropriate for costs and service quality</li></ul>	
Operational improvements (Storage)	<ul style="list-style-type: none"><li>• Use of tablet terminals in warehouses</li><li>• Increased use of robotic process automation (RPA)</li><li>• Introduction of movable racks</li></ul>	<u>Optimal cargo placement</u> Warehouse storage and retrieval using aggregation and arrangement methods based on the characteristics of the cargo and location (facility/location), and greater efficiency for storage operations.
Greater transport efficiency (Transport)	<ul style="list-style-type: none"><li>• Increased load factor</li><li>• Cooperative delivery system</li><li>• Selection of appropriate delivery vehicles and routes</li></ul>	
Strict cost management	Effective use of expenditures and cuts in overtime work.	

## Overseas: Focus on Capturing Demand Recovery and Expanding U.K. Business

- In the Netherlands, steadily capture business for the increasing cargo flow in the Rotterdam port area, and expand handling volume for fruit juice processing and storage.
- Vehicle procurement costs are rising, but the Company will pursue greater transport efficiency and other measures to offset costs, and focus on cross-border transport and deliveries to volume retailers.
- Nichirei acquired a refrigerated warehouse company in the U.K., where logistics demand has been firm as a result of Brexit. The strengthening of storage functions, combined with existing customs clearance and defrosting functions, will allow the Company to provide a one-stop service, and expand its customer base.

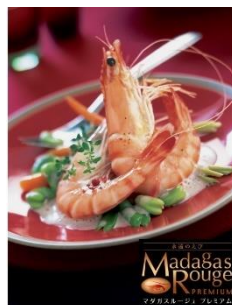
**Main Investments in Europe in FY22/3**

	Content
Facility expansion	<ul style="list-style-type: none"> <li>• Maasvlakte (Netherlands) Operations scheduled to commence in December 2021, additional 14,000 pallets</li> <li>• Lyon (France) Operations scheduled to commence in November 2021, additional 9,500 pallets</li> <li>• Le Havre (France) Operations scheduled to commence in January 2022, additional 5,000 pallets</li> </ul>
Acquisition	<ul style="list-style-type: none"> <li>• Norish Limited (England)</li> <li>• Armir Logistyka Sp. z o.o. (Poland)</li> </ul> <p>Shares in both companies acquired in October 2021.</p>

**Overview of the U.K. Refrigerated Warehouse Company  
Acquired by Nichirei**

Name	Norish Limited
Description of business	Temperature-controlled logistics business (storage, quick freezing service, etc.)
Main customers	Meat and processed foods companies
Storage capacity	Approx. 100,000 tonnes (total six facilities)
(Reference: Fiscal 2020 Business Results)	
Net sales	£14,605,000 (approx. ¥2.2 billion)
Operating profit	£3,008,000 (approx. ¥460 million)

## Marine Products, Meat and Poultry Business



## 4. Marine Products, Meat and Poultry Business

### Secure Stable Profits for both Marine Products and Meat and Poultry Businesses

(Billions of Yen)

		Q2 (Cumulative)				Q3 and Q4 (Cumulative)			Full Year				
		Result	Y o Y		Progress rate for full-year forecasts announced on August 4	Forecast	Y o Y		Forecast	Y o Y		Compared to Previous Forecast	
			Variance	% Change			Variance	% Change		Variance	% Change	Previous forecast	Variance
Marine Products	Net Sales	31.7	2.3	8%	53%	31.3	-2.4	-7%	63.0	-0.1	-0%	60.0	3.0
	Operating Profit	0.6	0.7	—	—	0.1	-0.5	-87%	0.7	0.2	34%	0.7	0.0
Meat and Poultry	Net Sales	39.7	-1.5	-4%	45%	44.3	1.4	3%	84.0	-0.1	-0%	88.2	-4.2
	Operating Profit	0.6	0.0	3%	36%	1.0	0.3	38%	1.6	0.3	23%	1.6	0.0

#### 1. Marine Products

- (1) First half revenue and earnings rose on positive sales to sushi restaurant chains of fish roe processed at company-owned facilities, along with an increase in the selling price of octopus.
- (2) In the second half, the Company anticipates an impact from a rise in procurement costs, but will aim for full-year earnings gains from appropriate procurement based on sales status, and strict adherence to sales emphasizing profitability.

#### 2. Meat and Poultry

- (1) In the first half, handling volume for fresh chicken and pork declined as a result of a cyclical downturn from the spike in home meal demand in the previous fiscal year, but the Company secured earnings on a par with the same period of the previous fiscal year from improved profit on imported frozen foods, along with cost reductions.
- (2) In the second half, Nichirei will continue to focus on sales of processed foods for the home meal and HMR markets, and expand its lineup of differentiated products. The company is forecasting an increase in earnings for the full year period.

## Reference Material

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

(Billions of Yen)

		Q2 (Cumulative)	Q3&Q4 (Cumulative)	Full Year	
		Result	Forecast	Forecast	Compared to Previous Forecast
Processed Foods	<b>FY21/3 Operating Profit</b>	8.6	8.6	17.2	—
	<b>Factors for increase</b>	1.1	2.1	3.2	-1.0
	Increased revenue	1.0	2.0	3.0	-0.7
	Improved productivity	0.1	0.1	0.2	-0.3
	<b>Factors for decrease</b>	-2.9	-2.3	-5.2	-1.4
	Increase/decrease in ingredient and products purchasing costs (including effect of exchange rates)	-1.0	-0.6	-1.6	-0.6
	Impact of results at affiliated companies	-0.5	-1.1	-1.6	-0.6
	Increased depreciation	-0.5	-0.6	-1.1	0.1
	Increase/decrease in advertising and sale promotion expenses	-0.3	0.1	-0.2	0.2
	Other	-0.6	-0.1	-0.7	-0.5
	<b>FY22/3 Operating Profit Forecast</b>	6.8	8.4	15.2	-2.4
Logistics	<b>FY21/3 Operating Profit</b>	6.9	6.2	13.1	—
	<b>Factors for increase</b>	1.3	1.5	2.8	0.4
	Effect on results from increase in cargo collection (including transfer centers handling)	0.8	0.9	1.7	0.1
	Operational improvements	0.1	0.2	0.3	0.0
	Streamlining of transport business	0.2	0.2	0.4	0.0
	Other	0.2	0.2	0.4	0.3
	<b>Factors for decrease</b>	-0.4	-0.7	-1.1	0.1
	Increase in transport and delivery costs (net)	0.0	-0.1	-0.1	-0.1
	Increase in work outsourcing costs (net)	0.0	-0.1	-0.1	0.0
	Increase in electricity charges (net)	0.0	-0.5	-0.5	-0.2
	Startup costs for new locations	-0.2	-0.1	-0.3	0.0
	Other	-0.2	0.1	-0.1	0.4
	<b>FY22/3 Operating Profit Forecast</b>	7.8	7.0	14.8	0.5

**Non-operating Income and Expenses / Extraordinary Income and Loss**

(Billions of Yen)

	FY21/3 Q2 (Cumulative)	FY22/3 Q2 (Cumulative)	Variance	FY21/3 Full year	FY22/3 Full year forecast	Variance
<b>Non-operating Income and Expenses</b>	0.2	0.1	-0.0	0.5	0.5	-0.0
(Main items)						
Financial account balance	0.1	0.2	0.1	0.1	-0.0	-0.2
Share of loss (profit) of entities accounted for using equity method	0.1	0.0	-0.1	0.3	0.2	-0.1
<b>Extraordinary Income and Loss</b>	-0.5	0.7	1.3	-1.9	-0.2	1.6
(Main items)						
Gain on sales of non-current assets	0.0	0.0	-0.0	0.0	0.0	-0.0
Loss on sales of investment securities	0.0	1.2	1.2	0.1	1.2	1.1
Loss on sales and retirement of non-current assets	-0.5	-0.5	0.0	-1.3	-1.1	0.2
Impairment loss	-0.0	-0.1	-0.0	-1.2	-0.1	1.1

## Results during Business Plan Periods

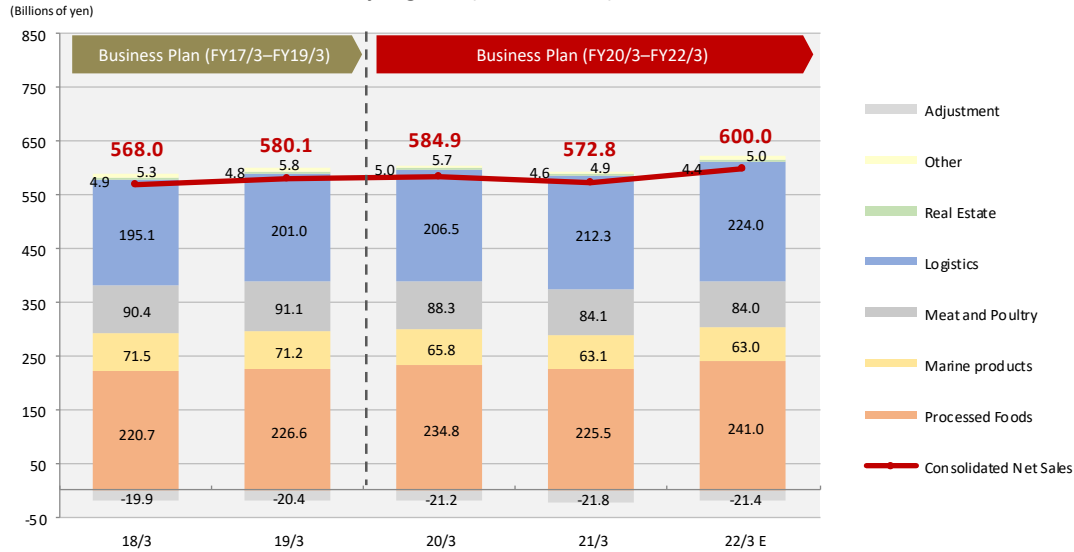
(Billions of Yen)

	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
<b>Net Sales</b>	<b>437.8</b>	<b>454.9</b>	<b>447.7</b>	<b>487.4</b>	<b>520.0</b>	<b>535.4</b>	<b>539.7</b>	<b>568.0</b>	<b>580.1</b>	<b>584.9</b>	<b>572.8</b>	<b>600.0</b>
Processed Foods	161.9	174.2	161.6	180.7	193.9	199.2	205.0	220.7	226.6	234.8	225.5	241.0
Marine Products	66.8	65.7	63.7	68.6	68.7	68.8	69.4	71.5	71.2	65.8	63.1	63.0
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	84.0
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	4.4
Other	6.2	6.0	5.8	3.7	4.4	5.2	4.5	5.3	5.8	5.7	4.9	5.0
Adjustment	-21.5	-21.0	-20.0	-19.1	-19.6	-19.4	-18.9	-19.9	-20.4	-21.2	-21.8	-21.4
<b>Operating Profit</b>	<b>16.7</b>	<b>16.2</b>	<b>17.9</b>	<b>15.8</b>	<b>17.4</b>	<b>21.6</b>	<b>29.3</b>	<b>29.9</b>	<b>29.5</b>	<b>31.0</b>	<b>32.9</b>	<b>33.0</b>
Processed Foods	4.6	5.2	6.0	3.4	5.4	8.0	13.9	14.6	14.6	16.7	17.2	15.2
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	14.8
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	-0.1
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
<b>Ordinary Profit</b>	<b>16.1</b>	<b>15.3</b>	<b>17.2</b>	<b>14.4</b>	<b>16.9</b>	<b>21.4</b>	<b>29.1</b>	<b>30.7</b>	<b>29.9</b>	<b>31.8</b>	<b>33.5</b>	<b>33.5</b>
<b>Profit Attributable to Owners of Parent</b>	<b>4.0</b>	<b>7.9</b>	<b>9.8</b>	<b>8.9</b>	<b>9.5</b>	<b>13.5</b>	<b>18.8</b>	<b>19.1</b>	<b>19.9</b>	<b>19.6</b>	<b>21.2</b>	<b>22.5</b>
<b>Net Assets</b>	284.6	290.5	297.9	318.5	342.0	338.5	346.2	367.3	377.3	390.0	405.7	
<b>Capital Expenditures (including leased assets)</b>	22.1	12.2	13.2	24.0	24.2	16.2	13.9	25.0	24.1	27.3	37.8	35.9
<b>Interest-bearing Debt (including leased debt)</b>	97.0	97.8	96.9	106.1	107.7	94.7	89.8	97.7	96.0	96.4	96.4	
<b>Equity Ratio (%)</b>	40.4	40.2	41.3	41.9	43.0	44.4	46.0	44.3	46.9	47.3	50.1	
<b>Operating Profit / Net Sales (%)</b>	3.8	3.6	3.8	3.1	3.3	4.0	5.4	5.3	5.1	5.3	5.8	5.5
<b>Return on Equity (%)</b>	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
<b>Earnings per Share (yen)</b>	13.08	26.35	33.40	31.12	33.29	94.30	135.11	142.23	149.65	147.16	159.19	168.82
<b>Dividends per Share (yen)</b>	9	9	10	10	10	12	28	30	32	42	50	50
<b>Stock Price (yen, at fiscal year end)</b>	355	388	561	436	674	916	2,754	2,940	2,728	3,055	2,849	

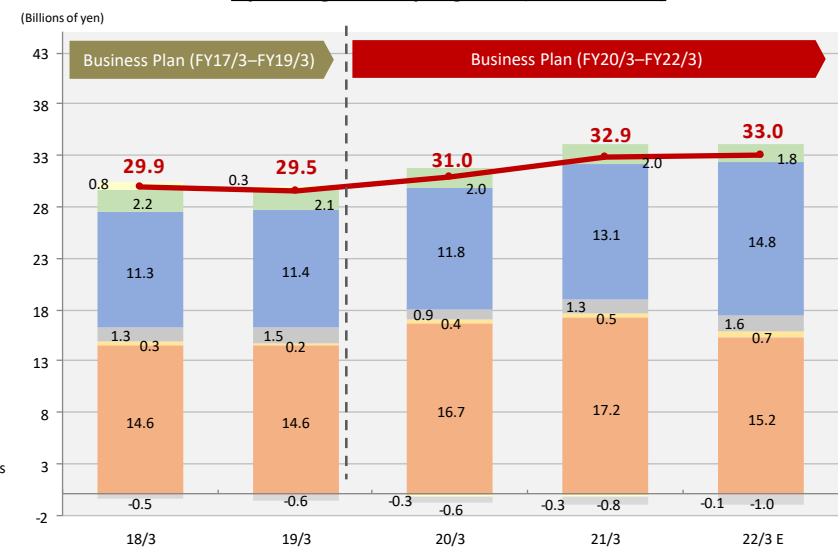
Notes:

- 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.

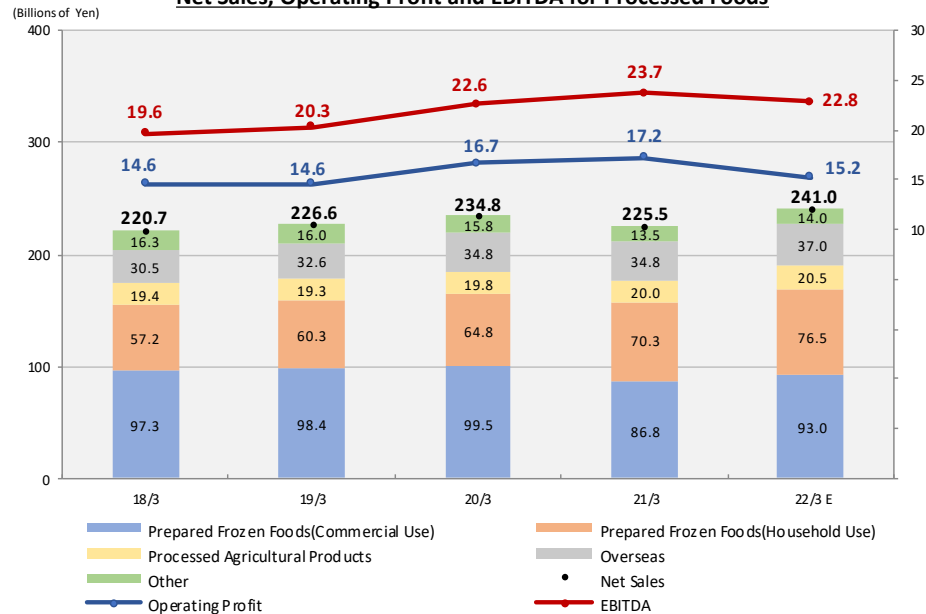
## Net Sales by Segment(Consolidated)



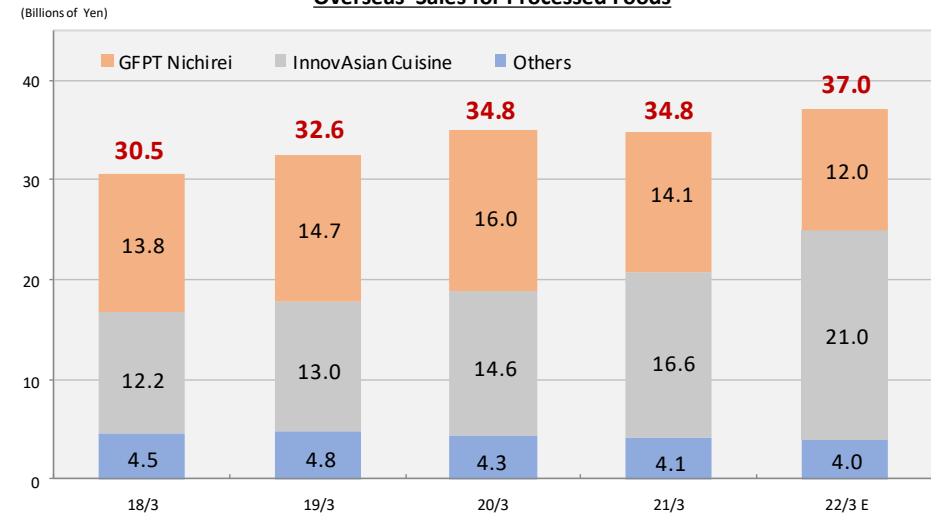
## Operating Profit by Segment (Consolidated)



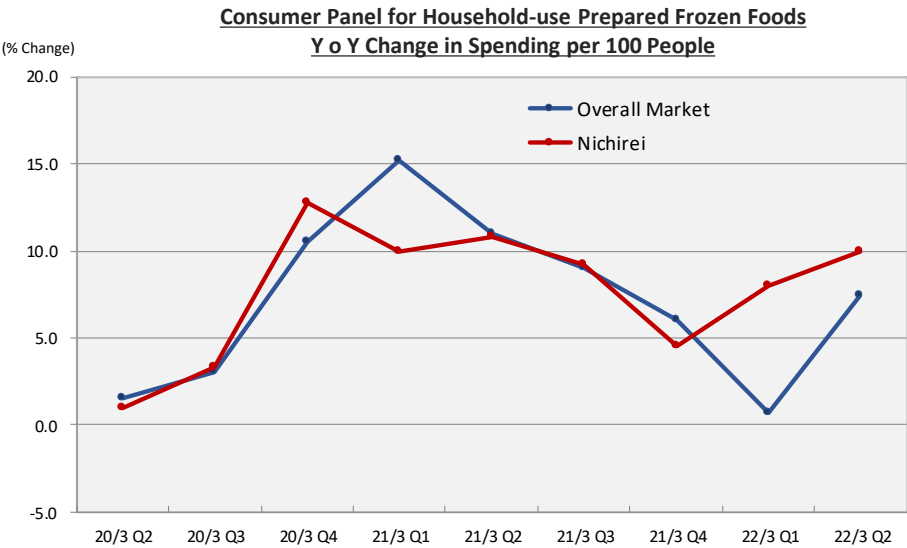
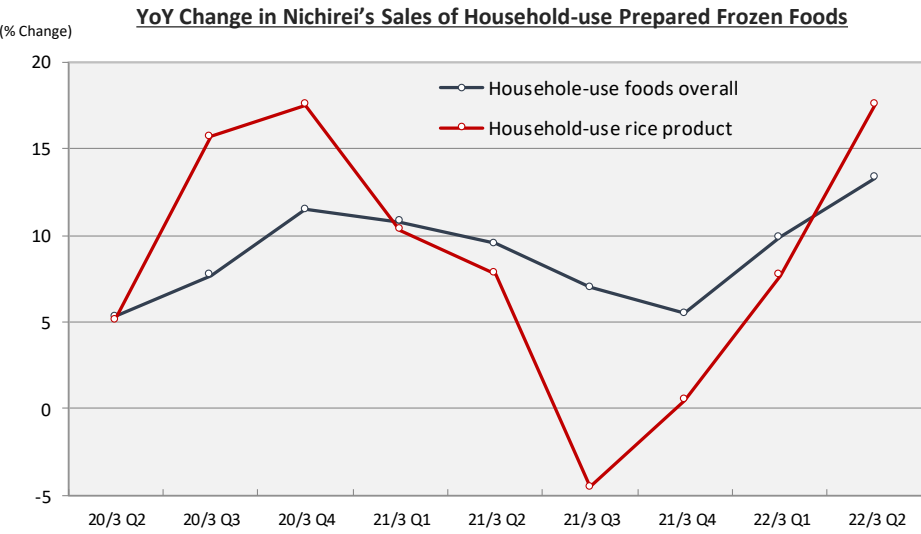
## Net Sales, Operating Profit and EBITDA for Processed Foods



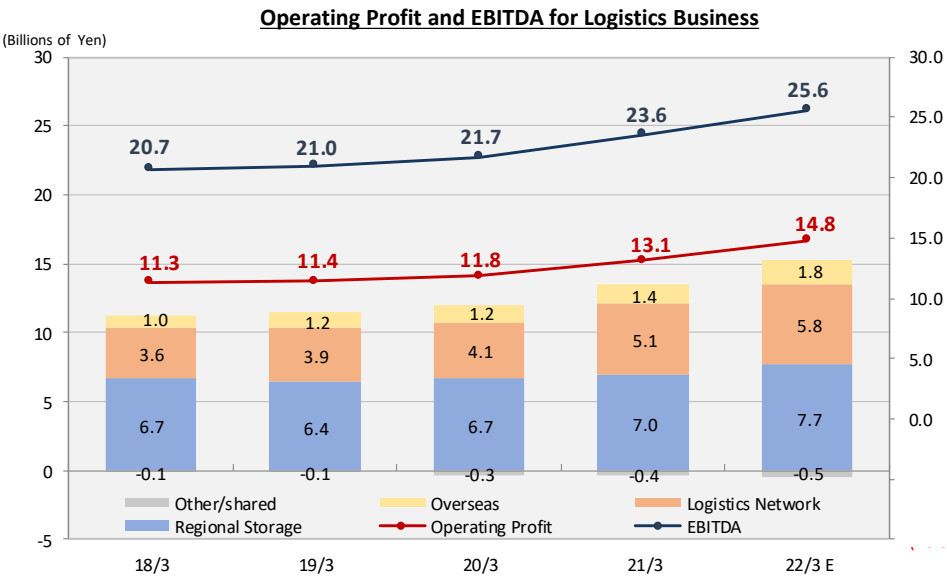
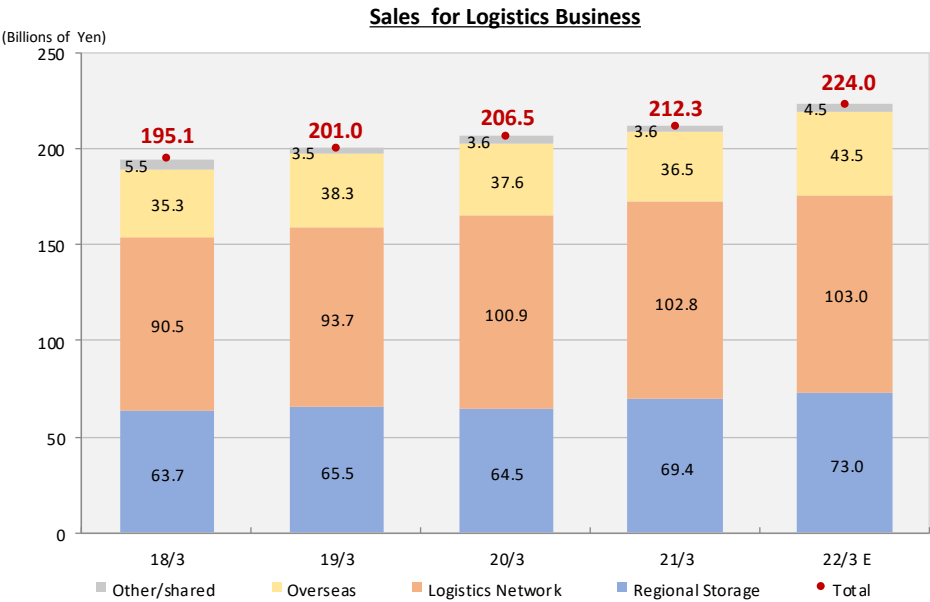
## Overseas Sales for Processed Foods



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



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



## 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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