

FY23/3 First Quarter Presentation Material

August 2, 2022
Nichirei Corporation

■ Nichirei is taking action to counter increased costs, aiming to achieve full-year plan

(Billions of yen)

		Q1				Full Year				
		Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to previous forecast	
			Variance	% Change			Variance	% Change	Previous forecast	Variance
	Processed Foods	65.8	7.0	12%	26%	273.0	28.8	12%	258.0	15.0
	Marine Products	16.0	1.1	7%	30%	53.1	-14.6	-22%	53.1	0
	Meat and Poultry	20.7	0.6	3%	24%	85.0	4.7	6%	85.0	0
	Logistics	57.3	4.0	8%	24%	234.0	9.5	4%	234.0	0
	Real Estate	1.1	0	2%	24%	4.6	0.3	7%	4.6	0
	Other	1.0	-0	-3%	20%	4.9	0.7	17%	4.9	0
	Adjustment	-5.8	-0.3	—	—	-21.6	1.0	—	-21.6	0
	Net Sales	156.1	12.4	9%	25%	633.0	30.3	5%	618.0	15.0
	Processed Foods	3.0	0.2	8%	21%	14.5	0.3	2%	14.5	0
	Marine Products	0.1	-0.1	-56%	10%	1.0	0	4%	1.0	0
	Meat and Poultry	0.2	-0.1	-35%	15%	1.6	0.4	37%	1.6	0
	Logistics	3.4	-0.4	-9%	22%	15.3	0.7	5%	15.3	0
	Real Estate	0.4	-0	-4%	23%	1.9	0.2	15%	1.9	0
	Other	-0.0	0.1	—	—	-0.3	0	—	-0.3	0
	Adjustment	-0.5	-0	—	—	-2.5	-1.6	—	-2.5	0
	Operating Profit	6.7	-0.4	-5%	21%	31.5	0.1	0%	31.5	0
	Ordinary Profit	7.0	-0.3	-4%	22%	31.9	0.2	1%	31.9	0
	Profit attributable to owners of parent	4.3	-0.1	-3%	20%	21.2	-2.2	-9%	21.2	0

- Net sales rose on strong performance for mainstay Processed Foods and Logistics
- Operating profit was down 5% from the same period of the previous fiscal year on decreased earnings in Logistics
- Full-year net sales forecast has been revised upward based on progress during Q1

Exchange Rates		(yen)		
	FY 23/3 full year (forecast)	FY 23/3 first quarter (actual)*	FY 22/3 first quarter (actual)*	
USD/JPY	129.00	116.21	105.90	
EUR/JPY	139.00	130.40	127.68	
THB/JPY	3.70	3.52	3.50	

* Exchange rate figures are the average for the January–March period.

■ Wide-ranging price revisions and cost controls implemented to achieve full-year earnings plan

(Billions of yen)

		Q1				Full Year				
		Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to previous forecast	
			Variance	% Change			Variance	% Change	Previous forecast	Variance
Processed Food	Net Sales	65.8	7.0	12%	26%	273.0	28.8	12%	258.0	15.0
	Household-use Prepared Foods	19.3	0.5	3%	24%	80.4	3.6	5%	80.4	0
	Commercial-use Prepared Foods	25.0	3.3	15%	26%	105.1	12.5	13%	97.3	7.8
	Processed Agricultural Products	4.6	-0.4	-8%	22%	20.0	0	0%	20.8	-0.8
	Overseas	13.1	3.4	35%	29%	53.4	12.6	31%	45.4	8.0
	Other	3.7	0.2	6%	26%	14.1	0.1	1%	14.1	0
	Operating Profit	3.0	0.2	8%	21%	14.5	0.3	2%	14.5	0

First Quarter

Household-use Prepared Foods

- Demand has remained at a high level since rising sharply during the covid-19 crisis, with positive sales for *Imagawayaki* cakes and other snack items

Commercial-use Prepared Foods

- Sales to restaurants have recovered with the easing of restrictions, along with increased sales to the home meal replacement (HMR) market
- Sales were positive for mainstay products such as processed chicken and hamburg steaks

Overseas

- Sales of household-use products from U.S. subsidiary InnovAsian Cuisine remained positive

Operating Profit

- Along with the weak yen, higher food material costs and logistics expenses had a significant impact on earnings
- Nichirei responded with cost controls and price revisions, and received a boost from improved earnings at GFPT Nichirei (Thailand)

Full-year Forecast

Household-use Prepared Foods

- Sales increase anticipated for processed chicken products from Thailand as production returns to normal, as well as for single-serving meals such as *Gokubuto Tsukemen* (extra thick noodles with dipping sauce), a new product for fall

Commercial-use Prepared Foods

- Nichirei will continue to concentrate on expanding sales volume to major users, focusing mainly on processed chicken items
- Net sales forecast revised upward in anticipation of continued increases in demand

Overseas

- Steady sales in the U.S. expected to continue, along with an increase in sales in Thailand to meet firm demand in Europe.

Operating Profit

- Impact of cost increases to become increasingly manifest from the second half of the fiscal year.
- Nichirei expects to secure earnings gains from continued cost controls, and wide-ranging price increases to be implemented in the second half.

- Despite the impact from cost increases, Nichirei is steadily implementing measures for revenue and earnings gains

(Billions of yen)

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		Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to previous forecast	
			Variance	% Change			Variance	% Change	Previous forecast	Variance
Logistics	Net Sales	57.3	4.0	8%	24%	234.0	9.5	4%	234.0	0
	Japan Subtotal	43.7	0.6	1%	24%	180.0	5.6	3%	180.0	0
	Logistics Network	25.8	0.4	1%	24%	106.0	3.1	3%	106.0	0
	Regional Storage	17.9	0.2	1%	24%	74.0	2.6	4%	74.0	0
	Overseas	12.8	3.3	35%	26%	49.6	3.7	8%	49.6	0
	Other/Intersegment	0.7	0.1	18%	17%	4.4	0.1	3%	4.4	0
	Operating Profit	3.4	-0.4	-9%	22%	15.3	0.7	5%	15.3	0
	Japan Subtotal	3.4	-0.2	-7%	24%	14.0	0.6	4%	14.0	0
	Logistics Network	1.3	-0.2	-13%	23%	5.7	0.2	3%	5.7	0
	Regional Storage	2.0	-0	-2%	25%	8.3	0.4	5%	8.3	0
	Overseas	0.4	0.1	26%	15%	2.3	0.2	11%	2.3	0
	Other/Intersegment	-0.3	-0.2	—	—	-1.0	-0.1	—	-1.0	0

First Quarter

(Japan)

Logistics Network

- Third-party logistics (3PL) business increased trading volume to restaurants, and expanded joint delivery services for frozen foods

Regional Storage

- Business grew steadily for household-use goods, with recovery in movement for commercial-use goods

Operating Profit

- Earnings declined with the conclusion of special procurements handled by the transfer center (TC) business, and the impact from rising electricity costs

(Overseas)

Europe

- The increase in electricity costs and other expenses has become manifest
- Revenue and earnings rose on the boost from acquisitions in the previous fiscal year, and expansion of delivery services to major volume retailers

Full-year Forecast

(Japan)

Logistics Network

- Nichirei will expand the logistics platform for frozen foods and trunk transport

Regional Storage

- Along with household-use and commercial-use goods, the Company will focus on cargo collections for imports, which are forecast to recover

Operating Profit

- While electricity costs are expected to increase further, Nichirei will pursue greater operational efficiency, and receipts of electricity rate surcharges

(Overseas)

- Nichirei will expand the storage business in its mainstay markets of the Netherlands and Germany, as well as the U.K., while also implementing measures to counter cost increases
- Business in China has been impacted by the Shanghai lockdown, but the Company will focus on a rapid recovery

■ Measures to offset increased costs implemented in both the Marine Products and Meat and Poultry businesses to secure earnings

(Billions of yen)

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Marine Products	Net Sales	16.0	1.1	7%	30%	53.1	-14.6	-22%	53.1	0
	Operating Profit	0.1	-0.1	-56%	10%	1.0	0	4%	1.0	0
Meat and Poultry	Net Sales	20.7	0.6	3%	24%	85.0	4.7	6%	85.0	0
	Operating Profit	0.2	-0.1	-35%	15%	1.6	0.4	37%	1.6	0

First Quarter

Marine Products

- Sales positive for shrimp to restaurants, and shellfish for overseas markets
- Earnings declined as a result of inability to absorb higher procurement costs due to the weak yen

Meat and Poultry

- Sales to volume retailers declined, but sales to restaurants recovered
- Earnings declined on rise in procurement costs for imports and higher feed prices

Full-year Forecast

Marine Products

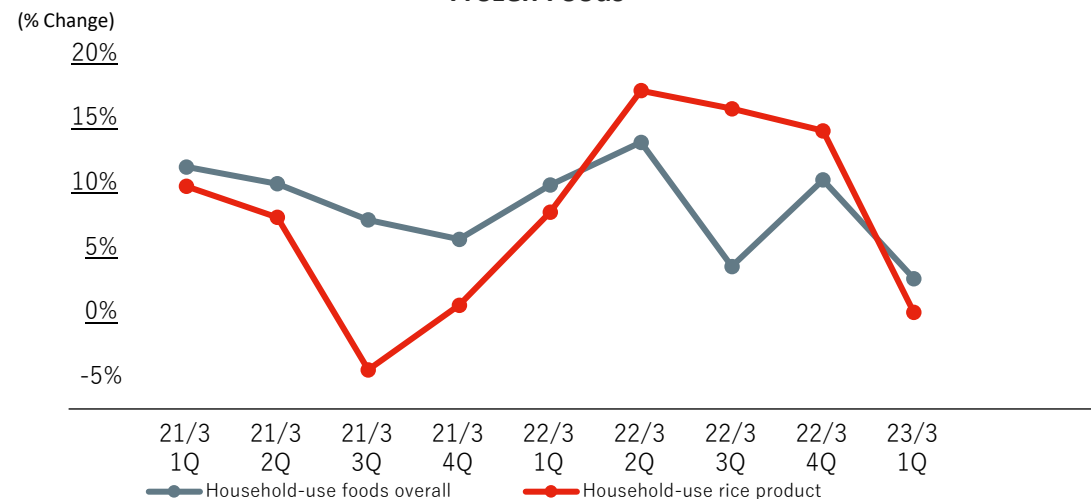
- Nichirei will concentrate resources on strong-selling items and continue expanding sales
- The Company will reflect the higher procurement cost in the sales price, and aim to achieve full-year business plan

Meat and Poultry

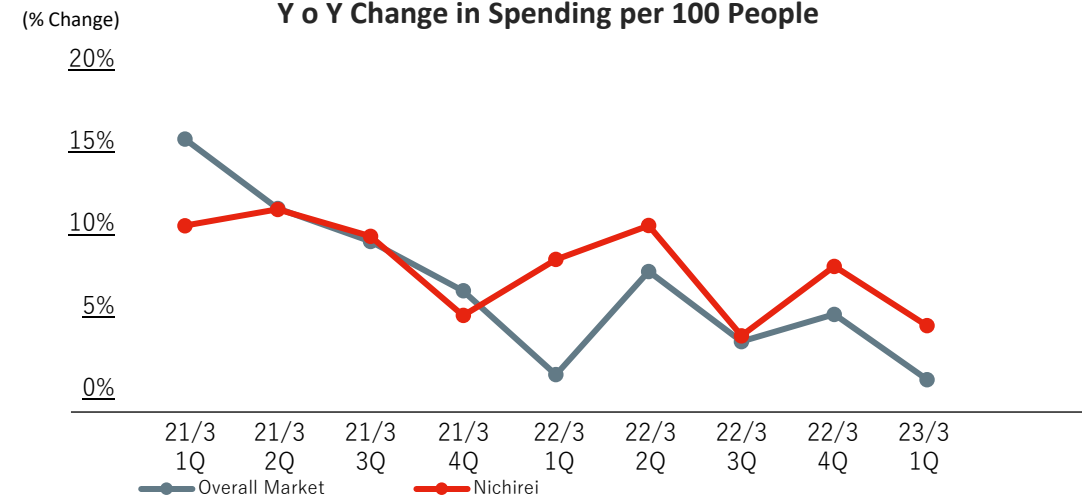
- Focus on expanding sales of select ingredients
- Implement price revisions to secure earnings

Appendix

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



Consumer Panel for Household-use Prepared Frozen Foods Y o Y Change in Spending per 100 People



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

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.

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