

# **FY23/3 Second Quarter Presentation Material**

November 1, 2022  
Nichirei Corporation

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Note: Figures shown in the graphs and charts in this document, if not otherwise indicated, have been rounded to the nearest unit. Certain figures have been rounded up or down to adjust for fractional amounts.

# First Half Results

- Net sales rose 9% on steady performance of mainstay businesses
- Operating profit declined 8% despite price revisions and other measures, due mainly to an increase in procurement costs resulting from the weak yen, and higher food material and energy costs
- Overall results were mostly in line with plan, due to such factors as improvement in the Bioscience Business
- Profit was down 12%, due mainly to a decrease in gain on sale of investment securities

(Billion yen)

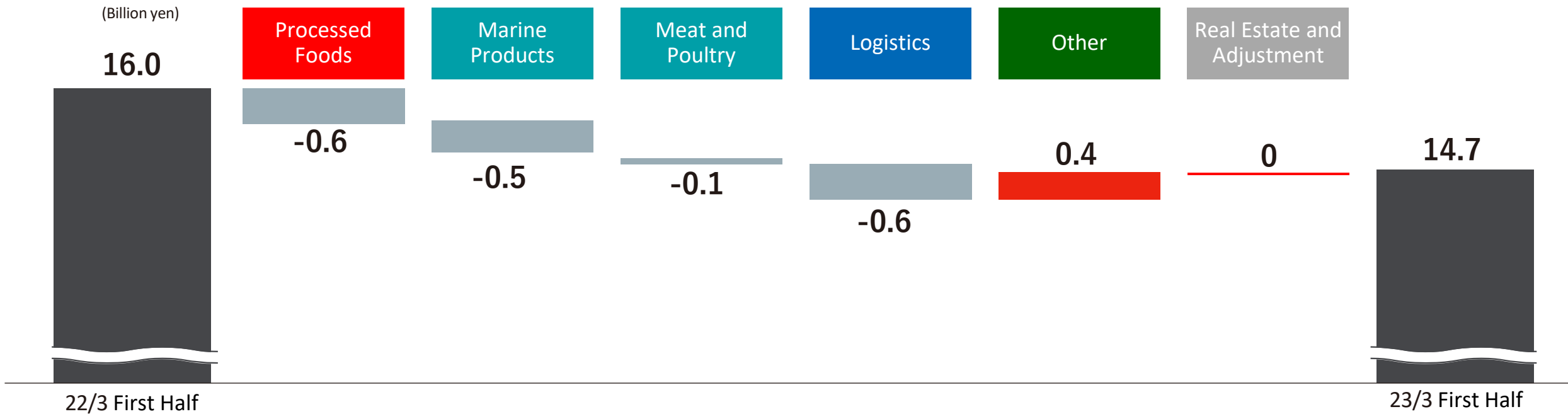
	First Half				
	Results	YoY		Compared to Plan	
		Variance	% Change	Plan	Variance
Net Sales	321.8	27.3	9%	309.0	12.8
Operating Profit	14.7	-1.3	-8%	14.8	-0.1
Ordinary Profit	15.0	-1.2	-7%	15.1	-0.1
Profit attributable to owners of parent	9.8	-1.3	-12%	10.0	-0.2

# Consolidated Group Results by Segment

(Billion yen)

		First Half				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
	Processed Foods	135.3	14.6	12%	135.0	0.3
	Marine Products	32.5	0.8	3%	24.5	8.0
	Meat and Poultry	42.0	2.3	6%	41.7	0.3
	Logistics	119.2	9.5	9%	114.9	4.3
	Real Estate	2.3	0.1	5%	2.2	0.1
	Other	2.5	0.4	21%	2.2	0.3
	Adjustment	-11.9	-0.5	—	-11.5	-0.4
Net Sales		321.8	27.3	9%	309.0	12.8
	Processed Foods	6.2	-0.6	-8%	6.6	-0.4
	Marine Products	0.1	-0.5	-77%	0.1	0.0
	Meat and Poultry	0.5	-0.1	-10%	0.7	-0.2
	Logistics	7.2	-0.6	-8%	7.4	-0.2
	Real Estate	0.9	0.1	9%	0.9	0.0
	Other	0.2	0.4	—	-0.2	0.4
	Adjustment	-0.5	-0.1	—	-0.7	0.2
Operating Profit		14.7	-1.3	-8%	14.8	-0.1
Ordinary Profit		15.0	-1.2	-7%	15.1	-0.1
Profit attributable to owners of parent		9.8	-1.3	-12%	10.0	-0.2

# Factors for Increase/Decrease in Operating Profit



**Processed Foods** Decrease of ¥0.6 billion, as cost increases outpaced price revisions and other measures.

**Marine Products** Decrease of ¥0.5 billion, due mainly to the rebound from strong performance in the first half of the previous fiscal year.

**Logistics** Decrease of ¥0.6 billion on rising electricity costs.

**Other** Increase of ¥0.4 billion on greater sales of COVID-19 rapid antigen tests in the Bioscience business.

- Steady increase in revenue from commercial-use products and overseas sales, but segment operating profit declined 8% due to rising costs

(Billion yen)

		First Half				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
Processed Food Business	Net Sales	135.3	14.6	12%	135.0	0.3
	Household-use Prepared Foods	39.3	0.9	2%	—	—
	Commercial-use Prepared Foods	50.5	6.8	16%	—	—
	Processed Agricultural Products	9.7	-0.6	-6%	—	—
	Overseas	27.3	6.8	33%	—	—
	Other	8.5	0.6	7%	—	—
	Operating Profit	6.2	-0.6	-8%	6.6	-0.4

## Household-use Prepared Foods

- Continued positive performance on increase in handling volume for *Imagawayaki* cakes following adjustment of supply structure, and boost from *Hiyashi Chuka* (Chilled Chinese noodles) and other new items

## Commercial-use Prepared Foods

- Following restoration of operations at Nichirei's production plants in Thailand, handling volume increased sharply by focusing on expanding sales of processed chicken items to the restaurant and home meal replacement (HMR) markets
- Steady sales in mainstay categories such as processed meat items, including cutlets and hamburger steak, as well as *harumaki* (spring rolls)

## Overseas

- Positive sales of household-use products through U.S. subsidiary InnovAsian Cuisine
- GFPT Nichirei (Thailand) expanded exports to Europe

## Operating Profit

- Despite price revisions and improved results at GFPT Nichirei, operating profit declined 8% on the weakening yen, higher power and fuel expenses, and other cost increases

- European business contributed to revenue gain, while operating profit declined 8% on higher electricity costs

(Billion yen)

		First Half				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
Logistics Business	Net Sales	119.2	9.5	9%	114.9	4.3
	Japan Subtotal	89.0	1.3	2%	—	—
	Logistics Network	52.2	0.7	1%	—	—
	Regional Storage	36.7	0.6	2%	—	—
	Overseas	28.8	8.0	38%	—	—
	Other/Intersegment	1.4	0.2	20%	—	—
	Operating Profit	7.2	-0.6	-8%	7.4	-0.2
	Japan Subtotal	6.9	-0.5	-7%	—	—
	Logistics Network	2.7	-0.3	-10%	—	—
	Regional Storage	4.2	-0.2	-4%	—	—
	Overseas	0.9	0.1	15%	—	—
	Other/Intersegment	-0.6	-0.2	—	—	—

(Japan)

## Logistics Network

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

## Regional Storage

- Movement of goods rose steadily for both household-use and commercial-use products

## Operating Profit

- Earnings declined 8% 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



- Earnings in Marine Products declined sharply in line with plan, while earnings for Meat and Poultry fell 10% on inability to fully absorb cost increases

(Billion yen)

		First Half				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
Marine Products	Net Sales	32.5	0.8	3%	24.5	8.0
	Operating Profit	0.1	-0.5	-77%	0.1	0
Meat and Poultry	Net Sales	42.0	2.3	6%	41.7	0.3
	Operating Profit	0.5	-0.1	-10%	0.7	-0.2

## Marine Products

- Revenue increased on positive sales to restaurants, mainly for mainstay shrimp, along with growth in the overseas business
- Operating profit declined sharply on the rebound from positive performance in the first half of the previous fiscal year, but earnings were secured in line with plan on steady implementation of price revisions, and the contribution from the overseas business

## Meat and Poultry

- Revenue increased on growth in processed items for the HMR and restaurant markets, and imported frozen foods
- Earnings declined 10% on an increase in manufacturing costs for affiliated companies, including rises in animal feed prices, and power and fuel costs

# Full-year Forecast

# Consolidated Group Forecast



- Net sales forecast revised upward ¥27.0 billion based on progress made during the first half
- Measures to counter cost increases to be implemented, mainly in mainstay businesses, with turnaround to 9% gain in operating profit during the second half
- Segment operating profit adjusted from previous plan, but overall forecast for ¥31.5 billion remains unchanged
- Profit expected to decline 9% on decrease in gain on sale of investment securities

(Billion yen)

	Q3 and Q4 (Second Half)			Full Year				
	Plan	YoY		Plan	YoY		Compared to Previous Plan	
		Variance	% Change		Variance	% Change	Previous Plan	Variance
Net Sales	338.2	30.0	10%	660.0	57.3	10%	633.0	27.0
Operating Profit	16.8	1.4	9%	31.5	0.1	0%	31.5	0.0
Ordinary Profit	16.9	1.4	9%	31.9	0.2	1%	31.9	0.0
Profit attributable to owners of parent	11.4	-0.9	-7%	21.2	-2.2	-9%	21.2	0.0
EPS				163.73 yen				
EBITDA				53.9	1.4	3%		
ROIC				7%	—	—		
ROE				10%	—	—		

# Consolidated Group Forecast by Segment

(Billion yen)

	Q3 and Q4 (Second Half)			Full Year				
	Plan	YoY		Plan	YoY		Compared to Previous Plan	
		Variance	% Change		Variance	% Change	Previous Plan	Variance
Processed Foods	139.7	16.2	13%	275.0	30.8	13%	273.0	2.0
Marine Products	33.5	-2.6	-7%	66.0	-1.7	-3%	53.1	12.9
Meat and Poultry	43.0	2.4	6%	85.0	4.7	6%	85.0	0.0
Logistics	126.8	11.9	10%	246.0	21.5	10%	234.0	12.0
Real Estate	2.3	0.2	8%	4.6	0.3	7%	4.6	0.0
Other	2.5	0.4	19%	5.0	0.8	20%	4.9	0.1
Adjustment	-9.7	1.6	—	-21.6	1.0	—	-21.6	0.0
<b>Net Sales</b>	<b>338.2</b>	<b>30.0</b>	<b>10%</b>	<b>660.0</b>	<b>57.3</b>	<b>10%</b>	<b>633.0</b>	<b>27.0</b>
Processed Foods	7.6	0.1	2%	13.8	-0.4	-3%	14.5	-0.7
Marine Products	0.9	0.5	158%	1.0	0.0	4%	1.0	0.0
Meat and Poultry	0.7	0.1	15%	1.2	0.0	3%	1.6	-0.4
Logistics	8.1	1.3	19%	15.3	0.7	5%	15.3	0.0
Real Estate	1.0	0.2	21%	1.9	0.2	15%	1.9	0.0
Other	0.1	0.3	—	0.3	0.6	—	-0.3	0.6
Adjustment	-1.5	-1.0	—	-2.0	-1.1	—	-2.5	0.5
<b>Operating Profit</b>	<b>16.8</b>	<b>1.4</b>	<b>9%</b>	<b>31.5</b>	<b>0.1</b>	<b>0%</b>	<b>31.5</b>	<b>0.0</b>
<b>Ordinary Profit</b>	<b>16.9</b>	<b>1.4</b>	<b>9%</b>	<b>31.9</b>	<b>0.2</b>	<b>1%</b>	<b>31.9</b>	<b>0.0</b>
<b>Profit attributable to owners of parent</b>	<b>11.4</b>	<b>-0.9</b>	<b>-7%</b>	<b>21.2</b>	<b>-2.2</b>	<b>-9%</b>	<b>21.2</b>	<b>0.0</b>

# Factors for Increase/Decrease in Operating Profit Forecast

(Billion yen)



31.4

-0.4

0

0

0.7

0.6

-0.9

31.5

FY22/3 Full Year

FY23/3 Full Year  
(Forecast)

## Processed Foods

Decrease of ¥0.4 billion, due mainly to cost increases outpacing price revisions.

## Logistics

Increase of ¥0.7 billion, with expanded cargo collection and greater operational efficiency offsetting rises in electricity costs and other expenses.

## Other

Increase of ¥0.6 billion on steady growth in sales of COVID-19 rapid antigen tests and molecular diagnostic agents in the Bioscience business.

## Real Estate and Adjustment

Decrease due to increase in strategic expenditures for digital transformation (DX) and sustainability.

- Continued steady increase in sales for commercial-use products and overseas business
- Turnaround to 2% increase in second half through additional price revisions and strengthened cost controls

(Billion yen)

		Q3 and Q4 (Second Half)			Full Year				
		Plan	YoY		Plan	YoY		Compared to Previous Plan	
			Variance	% Change		Variance	% Change	Previous Plan	Variance
Processed Food	Net Sales	139.7	16.2	13%	275.0	30.8	13%	273.0	2.0
	Household-use Prepared Foods	39.6	1.1	3%	78.9	2.1	3%	80.4	-1.5
	Commercial-use Prepared Foods	57.1	8.2	17%	107.6	15.0	16%	105.1	2.5
	Processed Agricultural Products	10.3	0.6	6%	20.0	0.0	0%	20.0	0.0
	Overseas	26.6	6.2	31%	53.9	13.1	32%	53.4	0.5
	Other	6.1	0.1	1%	14.6	0.6	5%	14.1	0.5
	Operating Profit	7.6	0.1	2%	13.8	-0.4	-3%	14.5	-0.7

## Main Measures from the Second Half

### Implement additional price revisions

(Including household-use and commercial-use normal temperature foods)

### Increase earnings at overseas subsidiaries (Thailand, U.S.)

### Implement cost reduction measures

(Greater production efficiency, replacement of food material, curbs on use of advertising expenditures)

### Expand sales of mainstay products based on sales channel strategies

(Rice products, processed chicken, processed meat, *Imagawayaki* cakes, etc.)

### Continue development and strengthen sales of new value-added products

(Personal use/assemblable products, etc.)

## Factors for Increase/Decrease in Operating Profit

(Billion yen)

	First Half Results	Q3 and Q4 (Second Half) Plan	Full-year Plan	Compared to Forecast during Q1
<b>FY22/3 Operating Profit (Results)</b>	<b>6.8</b>	<b>7.5</b>	<b>14.2</b>	<b>—</b>
<b>Factors for increase</b>	<b>5.3</b>	<b>9.3</b>	<b>14.6</b>	<b>1.3</b>
Impact of selling price adjustments	3.5	7.6	11.1	0.7
Increased revenue	0.8	0.8	1.6	-0.2
Impact of results at affiliated companies	0.8	0.8	1.6	0.8
Improved productivity	0.2	0.1	0.3	0.0
<b>Factors for decrease</b>	<b>-5.9</b>	<b>-9.1</b>	<b>-15.0</b>	<b>-2.0</b>
Increase/decrease in food material/procurement cost	-2.9	-3.5	-6.4	-0.3
Increase in raw material and purchasing costs due to yen depreciation	-2.1	-3.3	-5.4	-1.0
Increase/decrease in logistics costs	-0.5	-0.7	-1.2	-0.3
Increase/decrease in advertising and sale promotion expenses	0.4	-0.4	0.0	0.5
Increase in depreciation expense	-0.4	-0.2	-0.6	0.0
Increase/decrease in power and fuel costs	-0.4	-1.0	-1.4	-0.6
Other	0.0	0.0	0.0	-0.3
<b>FY23/3 Operating Profit (Plan)</b>	<b>6.2</b>	<b>7.6</b>	<b>13.8</b>	<b>-0.7</b>

## Earnings Growth for Overseas Business

### GFPT Nichirei (Thailand)

- Demand to Europe is dampening, but sales are expected to remain firm during the second half.
- Convert byproducts into high value-added goods (Processing of chicken oil into pet food material)
- Continue to secure high profitability in sales to China through increases in unit sales prices.
- Introduce automated deboning and chicken cutting machines to provide labor savings.
- Conduct product development and sales strategies to support full operation of existing production lines.

#### Net Sales Forecast

	First Half Results	Variance	Full-year Plan	Variance
Reporting currency (JPY bn)	9.4	24%	17.0	30%
Local currency (THB bn)	2.6	19%	4.6	21%

### InnovAsian Cuisine (U.S.)

- Strengthen the rice products category by integrating production and sales.
- Going forward, focus on household-use appetizers, the driver for the Asian foods market.
- Conduct effective promotions utilizing various approaches in order to foster brand loyalty.

#### Nichirei Sacramento Foods Corporation



- Made a subsidiary in July 2022
- Personnel assigned from Japan to transfer skills and know-how
- Certified as a manufacturer of cooked rice with meat as required by the U.S. Department of Agriculture (USDA)

#### Net Sales Forecast

	First Half Results	Variance	Full-year Plan	Variance
Reporting currency (JPY bn)	15.1	50%	31.5	44%
Local currency (USD mn)	123	31%	242	21%



- Based on first half performance, full-year net sales forecast revised upward by ¥12.0 billion
- From the second half, Nichirei will focus on improving profitability in the domestic business, and achieving the full-year operating profit target of ¥15.3 billion

(Billion yen)

		Q3 and Q4 (Second Half)			Full Year				
		Plan	YoY		Plan	YoY		Compared to Previous Plan	
			Variance	% Change		Variance	% Change	Previous Plan	Variance
Logistics Business	<b>Net sales</b>	<b>126.8</b>	11.9	10%	<b>246.0</b>	21.5	10%	234.0	12.0
	Japan Subtotal	<b>92.0</b>	5.3	6%	<b>181.0</b>	6.6	4%	180.0	1.0
	Logistics Network	<b>54.3</b>	2.8	5%	<b>106.5</b>	3.6	3%	106.0	0.5
	Regional Storage	<b>37.8</b>	2.5	7%	<b>74.5</b>	3.1	4%	74.0	0.5
	Overseas	<b>31.2</b>	6.1	24%	<b>60.0</b>	14.1	31%	49.6	10.4
	Other/Intersegment	<b>3.6</b>	0.5	16%	<b>5.0</b>	0.7	17%	4.4	0.6
	<b>Operating Profit</b>	<b>8.1</b>	1.3	19%	<b>15.3</b>	0.7	5%	15.3	0.0
	Japan Subtotal	<b>6.9</b>	0.8	14%	<b>13.8</b>	0.4	3%	14.0	-0.2
	Logistics Network	<b>2.9</b>	0.4	16%	<b>5.6</b>	0.1	1%	5.7	-0.1
	Regional Storage	<b>4.0</b>	0.5	13%	<b>8.2</b>	0.3	3%	8.3	-0.1
	Overseas	<b>1.2</b>	-0.1	-7%	<b>2.1</b>	0.0	1%	2.3	-0.2
	Other/Intersegment	<b>0.0</b>	0.5	—	<b>-0.6</b>	0.3	—	-1.0	0.4

## Main Measures from the Second Half

**Apply electricity fee surcharge (Japan and overseas)**

**Improve earnings by expanding cargo collections**

(Expand cargo collections for household-use and commercial-use products, and imported goods)

**Implement business reforms to improve operations and enhance transport efficiency**

(Digitalization, proactively implement automation and labor-saving systems)

**Strict cost management**

(Effectively utilize policy expenditures)

**Maximize effectiveness of overseas investments (Newly expanded warehouse/acquired company)**

## Factors for Increase/Decrease in Operating Profit

(Billion yen)

	First Half Results	Q3 and Q4 (Second Half) Plan	Full-year Plan	Compared to Forecast during Q1
<b>FY22/3 Operating Profit</b>	<b>7.8</b>	<b>6.8</b>	<b>14.6</b>	<b>—</b>
<b>Factors for increase</b>	<b>0.9</b>	<b>1.5</b>	<b>2.4</b>	<b>0.2</b>
Effect on results from increase in cargo collection costs (including cross docking)	0.5	1.1	1.6	0.2
Operational improvements	0.2	0.2	0.4	0.1
Streamlining of transport business	0.1	0.3	0.4	0.1
Effect on overseas business	0.1	-0.1	0.0	-0.2
<b>Factors for decrease</b>	<b>-1.5</b>	<b>-0.2</b>	<b>-1.7</b>	<b>-0.2</b>
Increase in electricity charges (net)	-1.0	-0.5	-1.5	-0.5
Increase in transport and delivery costs (net)	-0.3	-0.1	-0.4	-0.1
Increase in work outsourcing costs (net)	0.0	-0.1	-0.1	0.0
Other	-0.2	0.5	0.3	0.4
<b>FY23/3 Operating Profit (Plan)</b>	<b>7.2</b>	<b>8.1</b>	<b>15.3</b>	<b>0.0</b>

## Initiatives for Sales and Earnings Growth

- Significantly expand sales by making the most of investments made through the previous period (warehouse expansion, function linkage, etc.)

## Main Measures

### Netherlands

- Strengthen the revenue base through stable operation of the expanded Maasvlakte facility
- Increase handling volume for fruit juice processing and storage operations

### Germany

- Expand cross-border transport
- Increase handling volume to major retailers

### England

- Strengthen integrated service provision of storage facilities owned by Norish and existing facilities

### Poland

- Strengthen transport network by linking Armir with existing functions

## Net Sales Forecast for Europe

(Million euros)

	First Half Results	Variance	Full Year Plan	Variance
Europe net sales	202	37%	400	20%
Of which, sales from acquired company	19			

## Principal Investments in Europe Made in the Previous Fiscal Year

Expansion of facility capacity – Approx. 160,000 tonnes (+29%)	
Facility expansion	Acquisition
<ul style="list-style-type: none"> <li>• Maasvlakte (Netherlands) Operations commenced in January. 2022, increase of 23,000 tonnes</li> <li>• Lyon (France) Operations commenced in December. 2021, increase of 16,000 tonnes</li> <li>• Le Havre (France) Operations commenced in January. 2022, increase of 8,000 tonnes</li> </ul>	<ul style="list-style-type: none"> <li>• Norish Ltd .(England) Stock acquisition in October. 2021, increase of 110,000 tonnes</li> <li>• Armir Logistyka Sp. z o.o. (Poland) Stock acquisition in October. 2021</li> </ul>

- **Marine Products**—Focus on structural reforms and expanding overseas sales
- **Meat and Poultry**—Implement price revisions, and expand sales of differentiated products

(Billion yen)

		Q3 and Q4 (Second Half)			Full Year				
		Plan	YoY		Plan	YoY		Compared to Previous Plan	
			Variance	% Change		Variance	% Change	Previous Plan	Variance
Marine Products	Net Sales	33.5	-2.6	-7%	66.0	-1.7	-3%	53.1	12.9
	Operating Profit	0.9	0.5	158%	1.0	0.0	4%	1.0	0.0
Meat and Poultry	Net Sales	43.0	2.4	6%	85.0	4.7	6%	85.0	0.0
	Operating Profit	0.7	0.1	15%	1.2	0.0	3%	1.6	-0.4

## Marine Products

- Aim to increase earnings by expanding handling volume to high-profitability products and strengthening overseas sales, while stabilizing earnings through reduction in low-profitability items

## Meat and Poultry

- Operating profit forecast has been revised downward by ¥0.4 billion in response to higher manufacturing costs at domestic affiliates, but we will continue to implement price revisions and focus on expanding sales of premium items in order to secure earnings on a par with the previous fiscal year

- Continue growth investments in mainstay businesses and for environmental measures
- Certain investments in the Logistics business are behind schedule, but will be implement during the current business plan period

## Content of Capital Expenditures

(Billion yen)

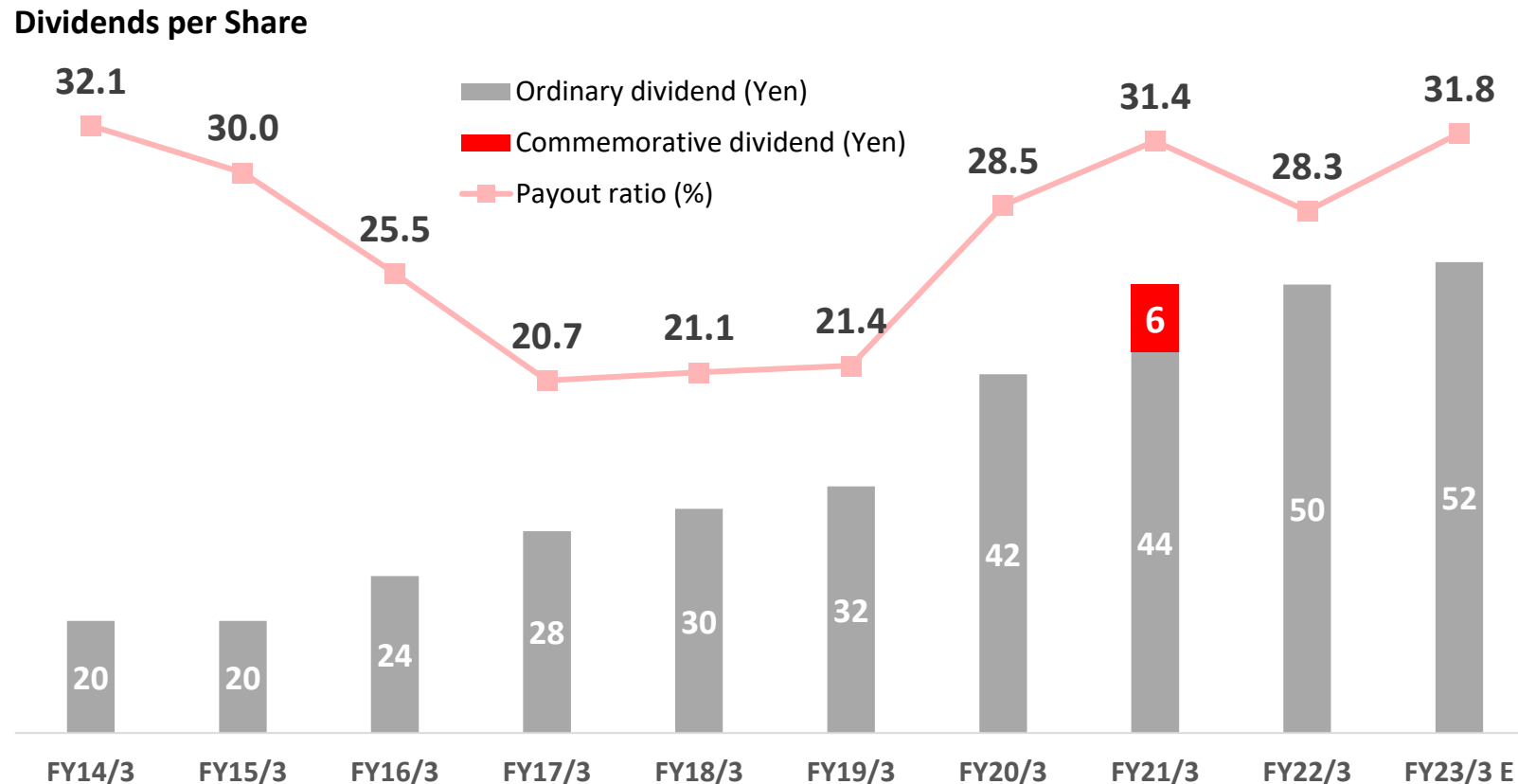
	Major Breakdown Items	FY23/3 Plan	Compared to Previous Plan
Processed Foods Business	<ul style="list-style-type: none"> <li>Construction of new Kyurei frozen rice products production facility</li> <li>Environment-related investments (CFC elimination, etc.)</li> <li>Renovation of aging facilities</li> </ul>	14.2	-0.3
Logistics Business	<ul style="list-style-type: none"> <li>Construction of Kobe Rokko Distribution Center</li> <li>Environment-related investments (conversion to natural refrigerants, renovation with energy-efficient equipment, etc.)</li> </ul>	8.1	-15.9
Group Total		27.1	-16.4

## New Kyurei Frozen Rice Products Production Facility



- Investment amount: Approx. ¥11.5 billion (using existing owned land)
- Production capacity: Approx. 70 tonnes per day
- Commencement of operations: April 2023 (planned)
- Product line: Household-use and commercial-use rice products, mainly fried rice

- Nichirei continues to steadily increase dividends with a target 3% dividend on equity ratio (DOE). In FY23/3, we plan an increase of 2 yen, for a full-year dividend of 52 yen per share
- We also conduct share buybacks in a flexible manner, based on an overall determination that takes into account such factors as financial condition and free cash flow



# Start of Business Portfolio Management Using Return on Invested Capital (ROIC)

## Medium-term Business Plan Measures

- Set cost of capital and target ROIC for each business
- Promote the PDCA cycle by setting KPIs for profit margin and asset turnover
- Consider business evaluation and resource allocation based on ROIC

	FY22/3 Results	FY25/3 Targets
<b>ROIC (group total)</b>	7.8 %	<b>7% or higher</b> Consistently above 4.0% of WACC
NOPAT*	¥24.7 billion	
Capital employed	¥315.9 billion	
NOPAT ratio	4.1 %	
Capital employed turnover	1.9 times	

\* Net Operating Profit After Tax (NOPAT) = Profit before income taxes excluding interest expense and share of profit/loss of entities accounted for using equity method x [1 - Effective tax rate] + Share of profit/loss of entities accounted for using equity method

	Simple ROIC*		Future Measures to Enhance ROIC
	FY22/3 Results	FY25/3 Targets	
<b>Processed Foods</b>	10.3%	12% or higher	<ul style="list-style-type: none"> <li>• Improve profitability (Price revisions, strengthen sales in strategic categories and for new value-added products)</li> </ul>
<b>Logistics</b>	7.8%	7% or higher	<ul style="list-style-type: none"> <li>• Systematic capital investment and realization of tangible investment result</li> <li>• Expansion of light-asset business, including 3PL, transportation and delivery</li> </ul>
<b>Marine Products</b>	3.3%	6% or higher	<ul style="list-style-type: none"> <li>• Reduction in handling volume for low-profitability categories</li> <li>• Strengthen overseas sales</li> </ul>
<b>Meat and Poultry</b>	20.2%	25% or higher	<ul style="list-style-type: none"> <li>• Improve profitability through price revisions</li> <li>• Expand sales of differentiated products</li> </ul>
<b>Bioscience</b>	—	5% or higher	<ul style="list-style-type: none"> <li>• Sales of immunochromatography diagnostic agents have increased in the current fiscal year, with significant improvement in earnings.</li> <li>• Focus on the growth sector of molecular diagnostic agents</li> </ul>

\* Simple ROIC= Operating profit after tax ÷ Main capital employed (Operating fund + Non-current assets)

# Initiatives for Sustainability Management



**Long-term Management Goal:  
Realizing Our Vision for 2030**

## **Contribute to People's Good Eating Habits and Health**



# Implementation of Sustainability Management

## ■ Nichirei has set new fiscal 2024 (FY25/3) targets for Group Materiality

Material Matters	Group KPIs	Performance for FY22/3	Targets for FY25/3	Targets for FY31/3
<b>Creating value in food and health</b>	<ul style="list-style-type: none"> <li>Target theme sales</li> <li>Number of information provided to consumers and outside the company (total number of people per year)</li> </ul>	— —	— —	¥100 billion 200 million people
<b>Strengthening food processing and production technology capabilities; enhancing logistics services</b>	<ul style="list-style-type: none"> <li>EBITDA margin: 12%</li> <li>EBITDA CAGR: 7%</li> <li>Overseas sales ratio: 30%</li> </ul>	9% 4% 16%	10% 7% 20%	12% 7% or higher 30%
<b>Realizing sustainable food procurement and resources recycling</b>	<ul style="list-style-type: none"> <li>Rate of procurement from suppliers and OEMs that comply with the Group CSR Procurement Guidelines: 100%</li> <li>Rate of implementation of ESG due diligence for main raw materials and major suppliers: 100%</li> <li>Rate of attendance for the SDGs educational program aimed at realizing a circular economy: 100%</li> <li>Rate of waste recycling at all sites: 99%</li> <li>Conduct regular water-related risk assessments at all sites, as well as in conservation activities and BCP</li> </ul>	— — — 99% Conducted flood risk survey at sites in Japan	Under review Under review 100% (all management) 99% Conduct survey during FY24/3	100% 100% 100% (all employees) 99% Conduct regular assessments at all sites, as well as in conservation activities and BCP
<b>Climate change initiatives</b>	<ul style="list-style-type: none"> <li>Reduction in CO<sub>2</sub> emissions: 50% (Compared with FY2016; Scope 1 and 2 in Japan)</li> <li>Rate of conversion to natural refrigerants Production equipment (Japan): 100% Logistics (Global): 75%</li> </ul>	Reduce 20% 58% 53%	Reduce 30% 80% 63%	Reduce 50% 100% 75%
<b>Securing and developing a diverse array of human resources</b>	<ul style="list-style-type: none"> <li>Ratio of female directors and female Audit &amp; Supervisory Board members (HD*): 30%</li> <li>Ratio of female line managers (HD*): 30%</li> <li>* HD: Nichirei Corporation (Holding Company)</li> <li>Double investment in human resources by 2030</li> </ul>	20% 12% 0.8 times	20% or higher 20% 1.7 times	30% or higher 30% 2.0 times

\* Nichirei Group Materiality: [Nichirei Group materiality](#) | [Nichirei Group management philosophy](#) | [Nichirei Corporation](#)

## Progress of Material Matters

### Creating value in food and health

- Investment in TAKEO Inc., combining TAKEO's expertise with Nichirei's processing technologies to expand possibilities for insect-based foods

### Strengthening food processing and production technology capabilities; enhancing logistics services

- Overseas net sales in first half of ¥61.1 billion (Processed Foods ¥27.2 billion, Logistics ¥28.8 billion).
- Introduction and practical application of automated forklifts and conveyance machines able to operate in freezing zone, and expanded use of tablets in warehouses.

### Realizing sustainable food procurement and resources recycling

- Group Sustainability Committee, established to deliberate initiatives aimed at realizing a sustainable society, convened in July and October. (Scheduled to meet three times or more annually)
- As part of ESG due diligence, list created of major suppliers in Japan and overseas, and ESG surveys begun.

### Climate change initiatives

- Decision made to install solar power systems on grounds of food plants and rooftops of refrigerated warehouses.

### Securing and developing a diverse array of human resources

- DX training successively conducted for all employees, and sustainability study meetings held for managers and executives.
- Maintaining and improving of employee health designated as a priority matter, with health-conscious management conducted

# Appendix

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

(Billion yen)

	First Half Results			Full-year Forecast		
	FY22/3	FY23/3	Variance	FY22/3	FY23/3	Variance
<b>Non-operating Income and Expenses</b>	0.1	0.2	0.1	0.2	0.4	0.1
(Main items)						
Financial account balance	0.2	0.2	0.0	0.2	0.2	0.0
Share of profit of entities accounted for using equity method	0.0	0.0	0.0	0.1	0.2	0.0
<b>Extraordinary Income and Loss</b>	0.7	0.0	-0.8	3.4	-0.5	-3.9
(Main items)						
Gain on sales of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Gain on sales of investment securities	1.2	0.0	-1.2	3.9	0.0	-3.8
Gain on bargain purchase	0.0	0.5	0.5	0.0	0.5	0.5
Loss on sales and retirement of non-current assets	-0.5	-0.3	0.1	-1.2	-0.7	0.5
Impairment loss	-0.1	-0.2	0.0	-0.1	-0.2	0.0

# Results during Business Plan Periods

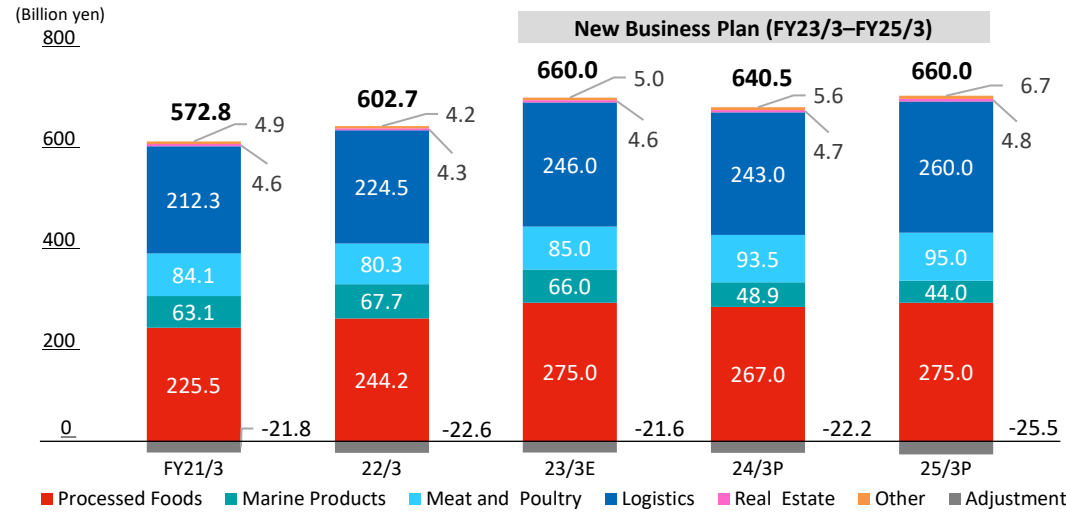
(Billion yen)		Business Plan (FY11/3–FY13/3)			Business Plan (FY14/3–FY16/3)			Business Plan (FY17/3–FY19/3)			Business Plan (FY20/3–FY22/3)			New Business Plan (FY23/3–FY25/3)		
		11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3E	24/3P	25/3P
	Processed Foods	161.9	174.2	161.6	180.7	193.9	199.2	205.0	220.7	226.6	234.8	225.5	244.2	275.0	267.0	275.0
	Marine Products	66.8	65.7	63.7	68.6	68.7	68.8	69.4	71.5	71.2	65.8	63.1	67.7	66.0	48.9	44.0
	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	80.3	85.0	93.5	95.0
	Logistics	139.4	149.5	156.4	168.4	178.3	184.9	186.9	195.1	201.0	206.5	212.3	224.5	246.0	243.0	260.0
	Real Estate	6.6	4.9	4.7	5.0	4.7	4.6	4.6	4.9	4.8	5.0	4.6	4.3	4.6	4.7	4.8
	Other	6.2	6.0	5.8	3.7	4.4	5.2	4.5	5.3	5.8	5.7	4.9	4.2	5.0	5.6	6.7
	Adjustment	-21.5	-21.0	-20.0	-19.1	-19.6	-19.4	-18.9	-19.9	-20.4	-21.2	-21.8	-22.6	-21.6	-22.2	-25.5
Net Sales		437.8	454.9	447.7	487.4	520.0	535.4	539.7	568.0	580.1	584.9	572.8	602.7	660.0	640.5	660.0
	Processed Foods	4.6	5.2	6.0	3.4	5.4	8.0	13.9	14.6	14.6	16.7	17.2	14.2	13.8	16.0	18.4
	Marine Products	0.6	0.2	0.1	0.4	0.2	0.7	0.8	0.3	0.2	0.4	0.5	1.0	1.0	1.0	1.0
	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	1.2	1.2	1.9	2.0
	Logistics	7.3	7.4	8.6	8.9	8.7	10.0	10.6	11.3	11.4	11.8	13.1	14.6	15.3	15.1	16.2
	Real Estate	3.6	2.4	2.3	2.4	2.1	2.2	2.1	2.2	2.1	2.0	2.0	1.7	1.9	2.0	2.2
	Other	0.4	0.5	0.4	0.4	0.6	0.9	0.6	0.8	0.3	-0.3	-0.3	-0.3	0.3	0.0	0.5
	Adjustment	-0.2	0.0	0.0	0.1	0.0	-0.5	-0.3	-0.5	-0.6	-0.6	-0.8	-0.9	-2.0	-2.0	-3.3
Operating Profit		16.7	16.2	17.9	15.8	17.4	21.6	29.3	29.9	29.5	31.0	32.9	31.4	31.5	34.0	37.0
Ordinary Profit		16.1	15.3	17.2	14.4	16.9	21.4	29.1	30.7	29.9	31.8	33.5	31.7	31.9	34.7	37.8
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	23.4	21.2	22.4	24.5
Net Assets		284.6	290.5	297.9	318.5	342.0	338.5	346.2	367.3	377.3	390.0	405.7	427.6			
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	27.9	27.1	42.7	33.6
ROIC (%)														7% or higher		7% or higher
Equity Ratio (%)		40.4	40.2	41.3	41.9	43.0	44.4	46.0	44.3	46.9	47.3	50.1	49.4			
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	5.2	4.7	5.3	5.6
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	11.3	10.0		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	176.72	163.73		
Dividends per Share (yen)		9	9	10	10	10	12	28	30	32	42	50	50	52		
Stock Price (yen, at fiscal year end)		355	388	561	436	674	916	2,754	2,940	2,728	3,055	2,849	2,369			

Notes 1. Capital expenditures include intangible fixed assets.

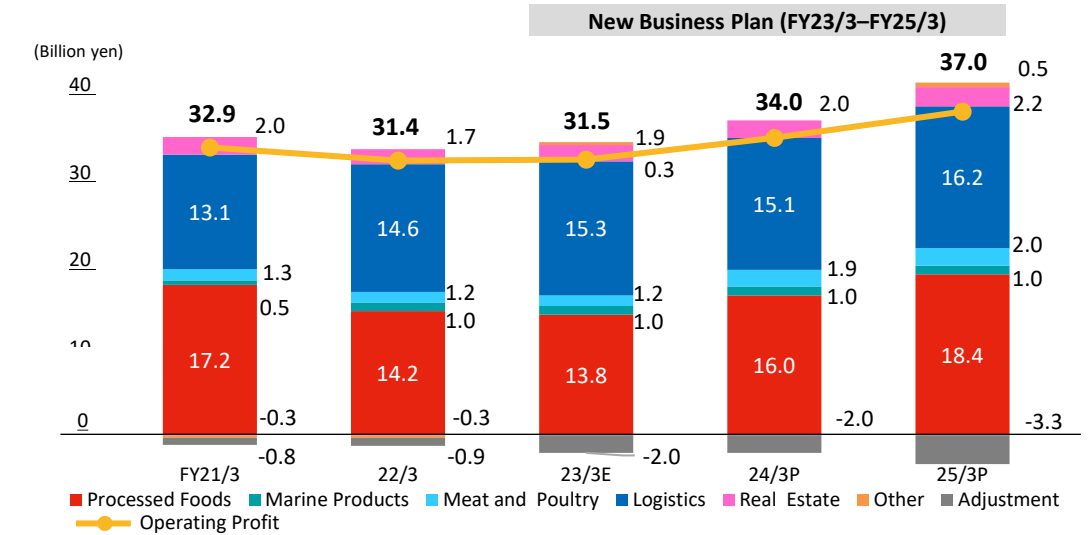
2. Figures from FY13/3 reflect a change in the basis for recording sales in the Processed Foods business. (The portion that had previously been recorded as promotional expenses has been excluded from net sales.)

3. Figures from FY16/3 and earlier are prior to the share consolidation.

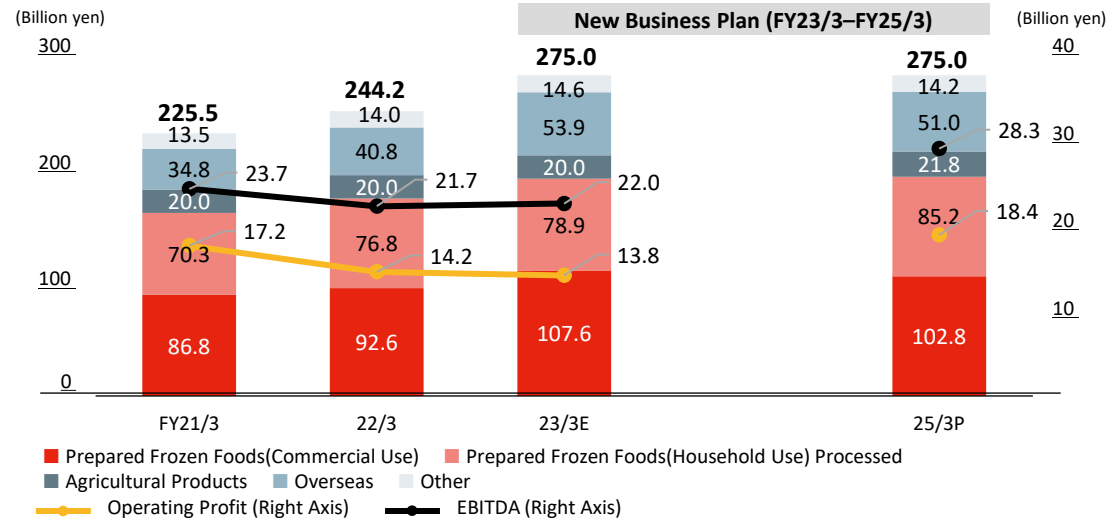
## Net Sales by Segment (Consolidated)



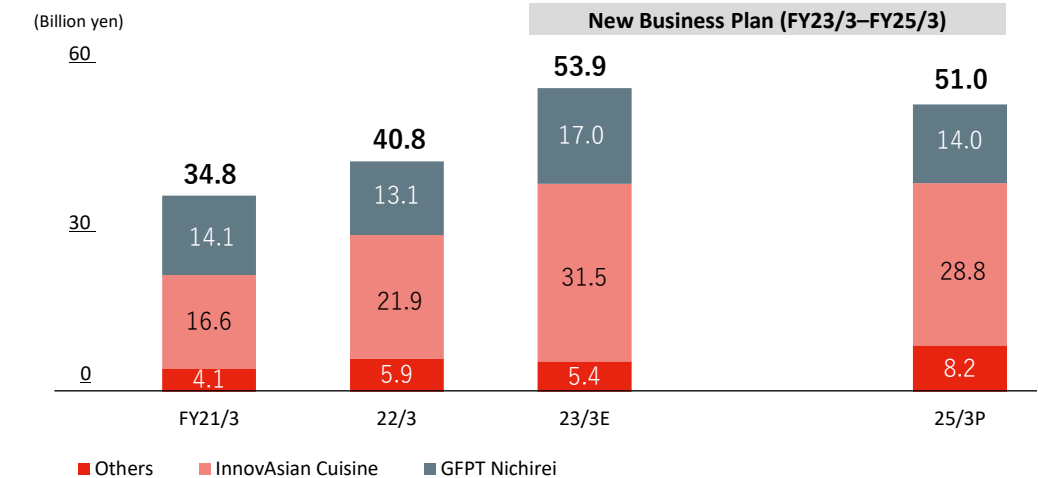
## Operating Profit by Segment (Consolidated)



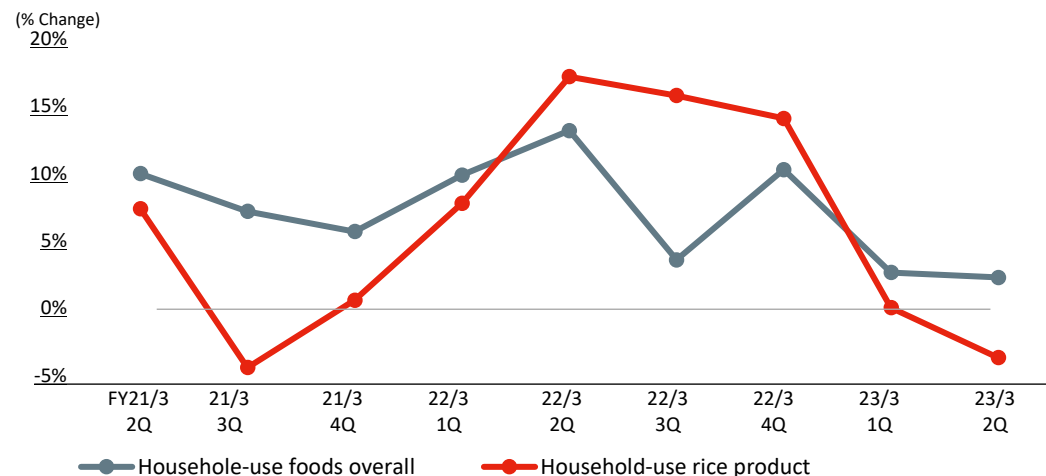
## Net Sales, Operating Profit and EBITDA for Processed Foods



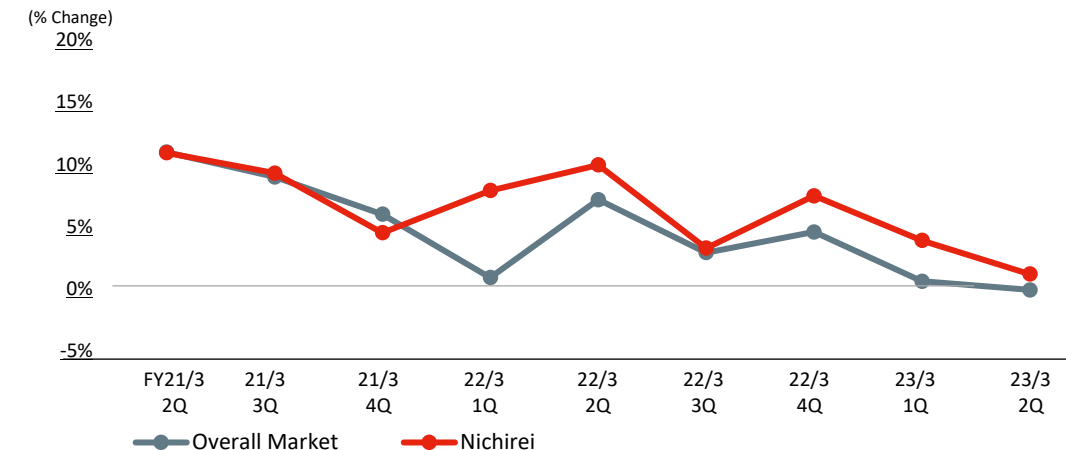
## Overseas Sales for Processed Foods



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

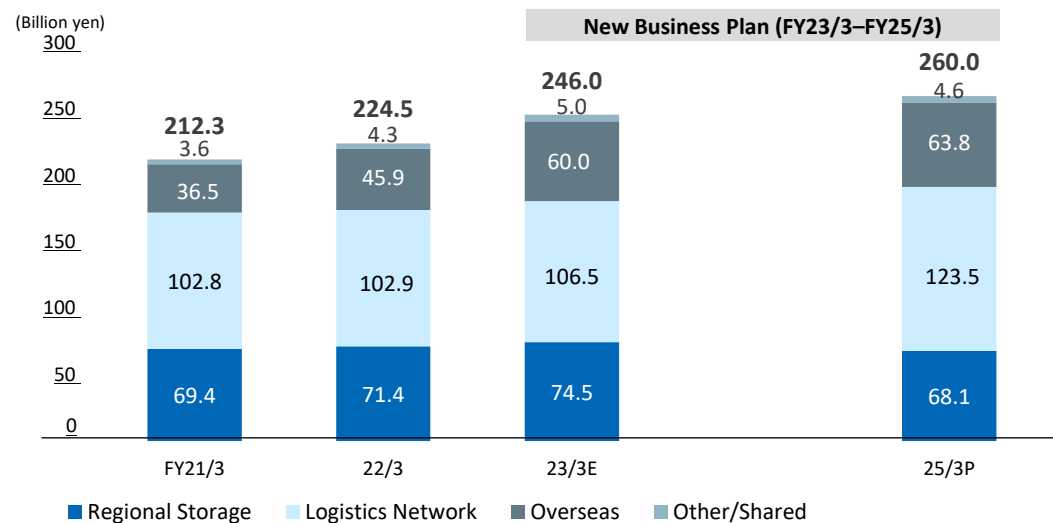


## Consumer Panel for Household-use Prepared Frozen Foods Y o Y Change in Spending per 100 People

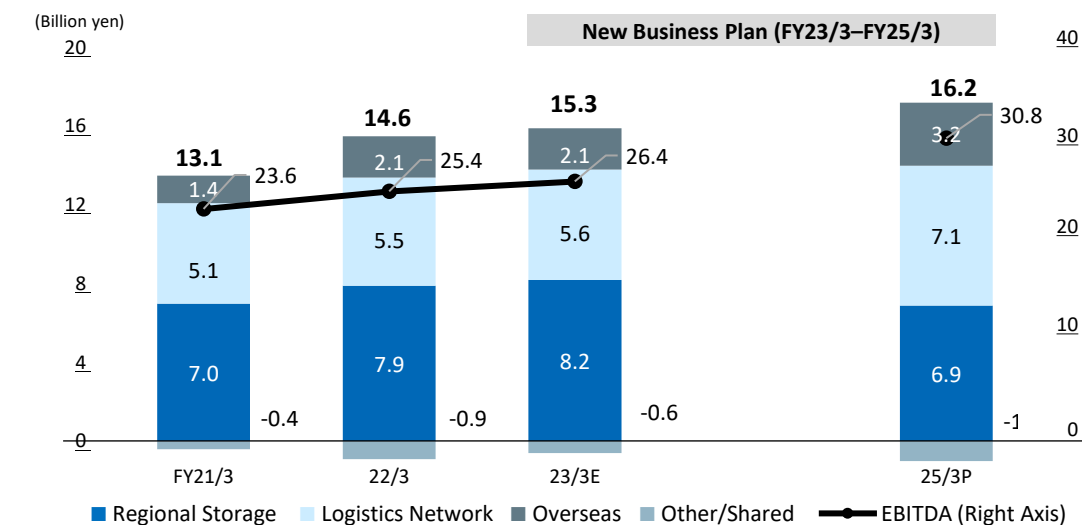


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Includes purchases through consumer cooperatives.)

## Sales for Logistics Business

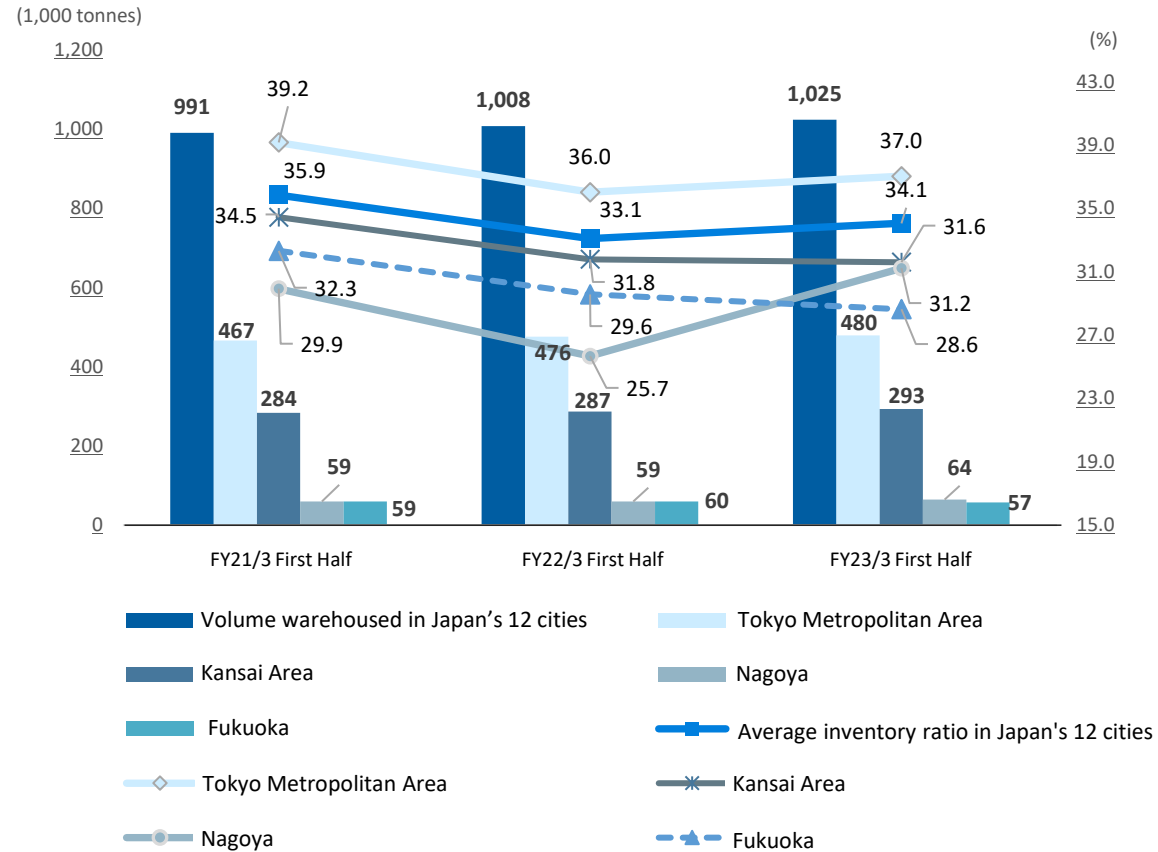


## Operating Profit and EBITDA for Logistics Business

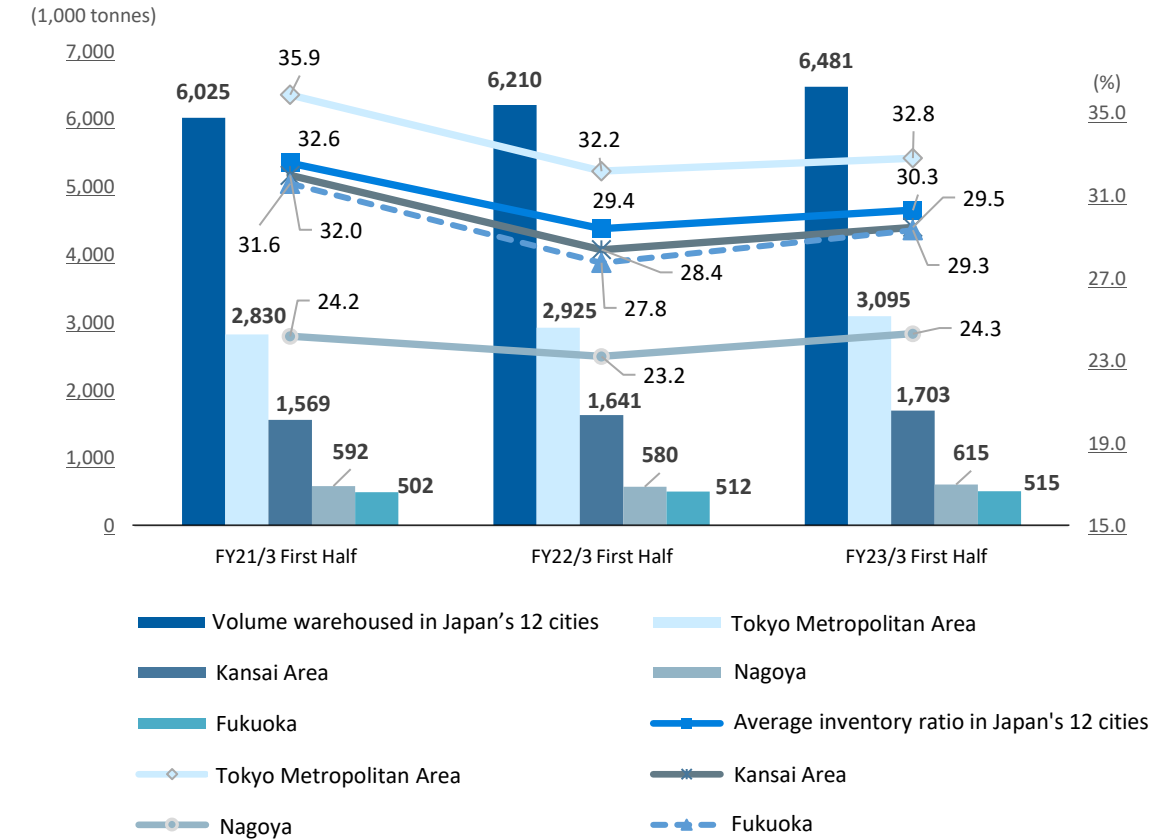




## Nichirei Group's Cold Storage Capacity Utilization



## Industry-Wide Cold Storage Capacity Utilization



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

# Major Exchange Rates

## Exchange Rates

(Yen)

	FY 23/3 Full Year (Forecast)	FY 23/3 First Half (Actual)*	FY 22/3 First Half (Actual)
USD/JPY	130.00	122.89	107.70
EUR/JPY	136.00	134.25	129.82
THB/JPY	3.7	3.65	3.50

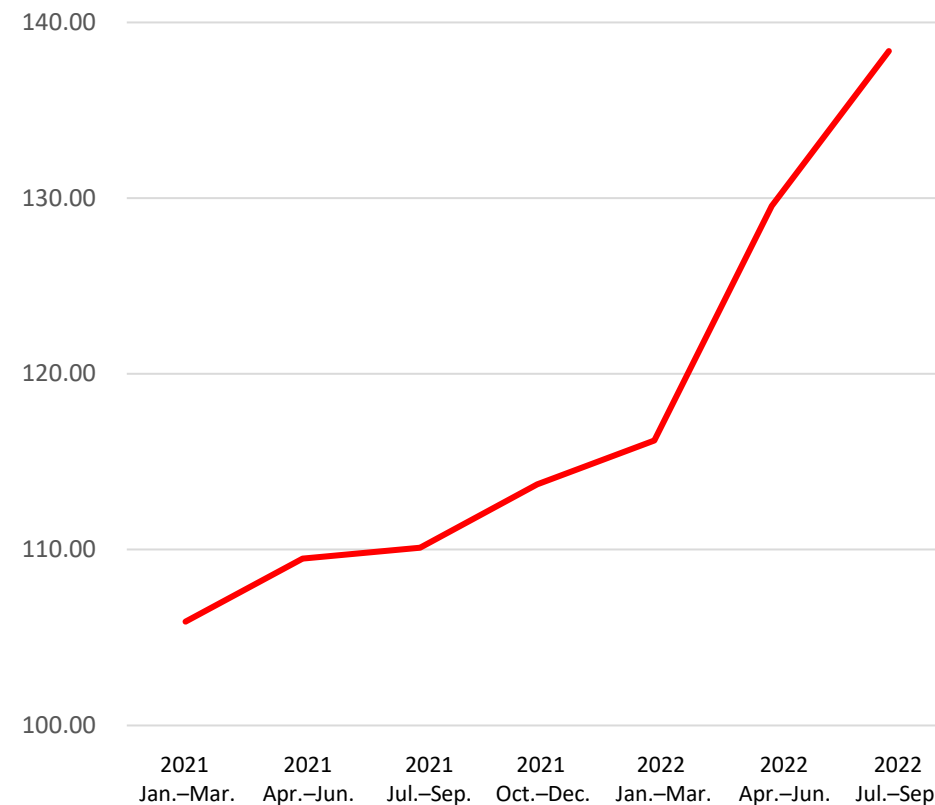
\* Exchange rate figure is the average for the January-June period.

## Average Exchange Rates

(Yen)

	2021 Jan.–Mar.	2021 Apr.–Jun.	2021 Jul.–Sep.	2021 Oct.–Dec.	2022 Jan.–Mar.	2022 Apr.–Jun.	2022 Jul.–Sep.
USD/JPY	105.90	109.49	110.11	113.71	116.21	129.57	138.38
EUR/JPY	127.68	131.95	129.83	130.07	130.40	138.10	139.34
THB/JPY	3.50	3.50	3.35	3.41	3.52	3.77	3.80

## Exchange Rates (USD/JPY)



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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