FY23/3 Second Quarter Presentation Material

November 1, 2022
Nichirei Corporation

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Index

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

Consolidated Group 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

Net sales amounted to ¥321.8 billion, an increase of 9% from the same period of the previous fiscal year, on steady performance of mainstay businesses. Operating profit, despite higher results at overseas businesses, and the implementation of price revisions and other measures for the domestic business, declined 8% to ¥14.7 billion, due mainly to increases 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% to ¥9.8 billion, due mainly to a decrease in gain on sale of investment securities.

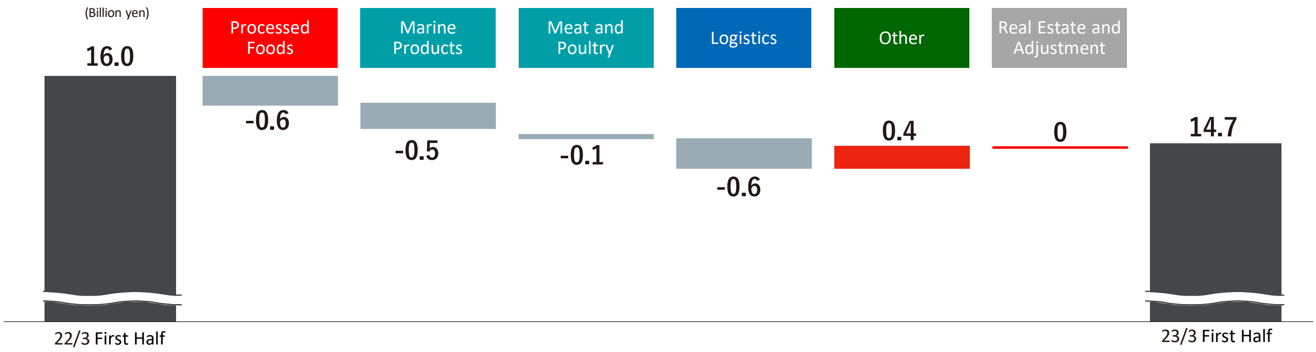
Consolidated Group Results by Segment

(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

This chart shows results by business segment.
The main factors for increase and decrease in operating profit are shown on the following page.

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.

These are the main factors for increase and decrease in operating profit in the first half.
In Processed Foods, despite a price hike for household-use products in August on the back of an increase in November the previous year, and two rounds of price revision for commercial-use foods in April and September, cost increases continued to outpace these measures, resulting in a decrease of ¥0.6 billion.
In Marine Products, profit declined ¥0.5 billion, due mainly to the rebound from strong performance in the first half of the previous fiscal year.
In Logistics, rising electricity costs led to a decrease of ¥0.6 billion.
In the Other segment, operating profit increased ¥0.4 billion on expanded sales of COVID-19 rapid antigen tests in the Bioscience Business.
As a result, operating profit in the first half amounted to ¥14.7 billion, a decrease of ¥1.3 billion from the same period of the previous fiscal year.

Processed Foods 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

Next, I'd like to explain the results by business segment. Let's start with Processed Foods.

For household-use products, while the overall market expanded 0.3%, Nichirei's revenue increased 2% over the corresponding period. This was due in part to the price revisions implemented in November 2021 and August this year, along with a boost from new items such as Imagawayaki cakes and Hiyashi Chuka (Chilled Chinese Noodles).
For commercial-use products, sales rose 16% over the corresponding period. This mainly reflected a series of price hikes, including once in November 2021 and twice during the current fiscal year, along with upward trends in the restaurant and home meal replacement (HMR) markets as social activity has increased, and resumption of production operations at Nichirei's plants in Thailand.
Overseas, operations at GFPT Nichirei in Thailand have recovered, and exports to Europe have increased. In the U.S., sales expanded as a result of measures to strengthen the supply structure for mainstay products to meet firm demand. Overall, revenue from overseas businesses increased 33%.
As a result, net sales in the Processed Foods Business amounted to ¥135.3 billion, an increase of 12% from the same period of the previous fiscal year.
Operating profit fell 8% to ¥6.2 billion, ¥0.4 billion behind the business plan. Despite price revisions and a significant improvement in results at GFPT Nichirei, gains were insufficient to offset higher costs, resulting in a decline.

Logistics Business

- **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

Next is the Logistics Business.
Net sales amounted to ¥119.2 billion, up of 9% from the same period of the previous fiscal year, on steady growth in Japan and a sharp increase overseas.
Operating profit was down 8% to ¥7.2 billion, ¥0.2 billion behind the business plan. Despite the boost from revenue gains, the conclusion of special procurements handled by the transfer center (TC) business, and rising electricity costs, had a major impact.

Marine Products, Meat and Poultry Business

- **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

In Marine Products Business, net sales amounted to ¥32.5 billion, an increase of 3% from the corresponding period, recovery in sales to restaurants, mainly for our mainstay product of shrimp, along with growth in the overseas business.
Operating profit fell ¥0.5 billion to ¥0.1 billion, but this was a rebound from a spike in handling volume for octopus and crab in the first half of the previous fiscal year.
In terms of the business plan, Nichirei secured profit in line with its business plan of ¥0.1 billion, countering rising procurement costs by scaling back low-earning categories and implementing price revisions.

In Meat and Poultry, net sales rose 6% on growth in processed items for the HMR and restaurant markets, as well as imported frozen foods.
Earnings, despite strong performance in sales for imported pork, declined ¥0.1 billion as a result of an increase in manufacturing costs, including rises in animal feed prices and power and fuel costs, along with delays in implementing price revisions.

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%**	—	—		

Next, let’s look at our forecasts for the full year period.
Nichirei has revised its net sales forecast upward by ¥27.0 billion to ¥660.0 billion, based on progress made during the first half, for an anticipated gain of 10% year on year or ¥57.3 billion.
We expect to manage a turnaround in operating profit with a 9% gain in the second half, mainly through measures to counter higher costs, focused on mainstay businesses. For the full-year forecast, segment figures have been adjusted from the previous plan, but the overall forecast of ¥31.5 billion is unchanged.
Profit forecast is also being maintained at ¥21.2 billion, with targets for earnings per share of 163.73 yen, and ROE of 10%.

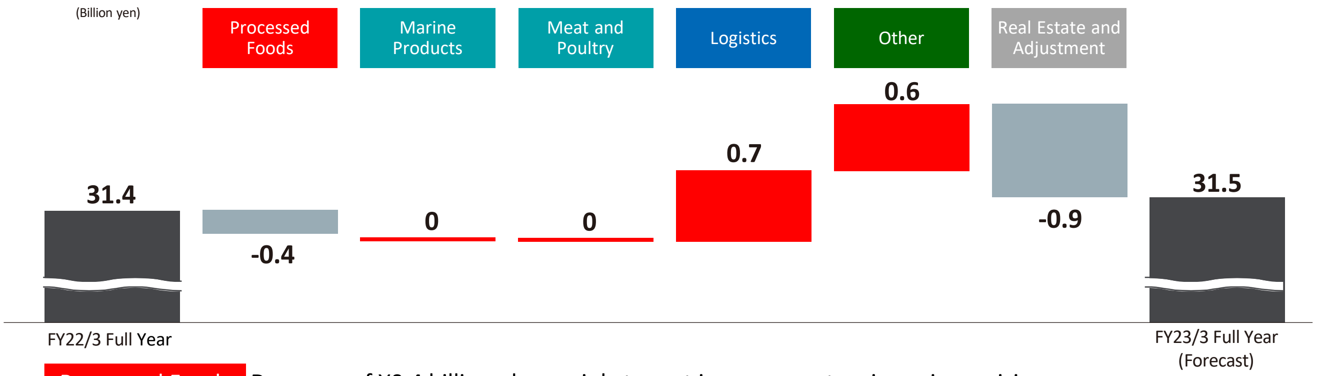
Consolidated Group Forecast by Segment

(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
Net Sales	**338.2**	30.0	10%	**660.0**	57.3	10%	633.0	27.0
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
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

This is the forecast broken down by business segment.
In terms of operating profit, the full year forecast for Processed Foods Business has been revised downward by ¥0.7 billion to ¥13.8 billion, representing a decline of 3% year on year.
The forecast for Meat and Poultry Business has been revised downward by ¥0.4 billion to ¥1.2 billion.
By contrast, the forecast for the Other segment has been revised upward by ¥0.6 billion to reflect the positive sales in the Bioscience Business, while the Adjustment has been revised upward by ¥0.5 billion following revision of the timing of strategic expenditures. The overall forecast for operating profit remains unchanged at ¥31.5 billion.

Factors for Increase/Decrease in Operating Profit 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.

These are the main factors for increase and decrease in the operating profit forecast.
In Processed Foods Business, despite price revisions and other measures to offset higher expenses, rising costs are expected to result in a decrease of ¥0.4 billion.
In Logistics Business, an increase of ¥0.7 billion is expected, with expanded cargo collection and greater operational efficiency offsetting rises in electricity costs and other expenses.
In Other, an increase of ¥0.6 billion is forecast on steady growth in sales of COVID-19 rapid antigen tests and molecular diagnostic agents in the Bioscience business, with operating profit positive for the first time since FY19/3.

I would next like to explain the year-on-year forecast for Adjustment and comparison with the previous business plan. At the initial stage of the business plan, to implement sustainability management for the corporate group, the holding company recorded around ¥1.5 billion as expenditures for new value creation, along with IT/DX and environmental measures. Of these, expenditures for research and development for new value creation and DX-related measures are expected to be deferred until the next fiscal year, resulting in an increase of ¥0.5 billion compared to the previous plan.

As a result, the full year forecast for operating profit is ¥31.5 billion.

Processed Foods Business

- 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

In this section, I will provide detailed explanations of our segment forecasts.

Starting with the Processed Foods business, considering the strong performance for commercial-use products and the overseas business, we have revised upward the full year sales forecast by ¥2.0 billion, to ¥275.0 billion.
We anticipate gains of 3% for household-use prepared foods, 16% for commercial-use prepared foods, and 32% in the overseas business, for a 13% increase in revenue overall.
The operating profit forecast has been revised downward ¥0.7 billion from the previous plan to ¥13.8 billion. However, we expect a 2% increase for the second half as a result of the additional round of price adjustments implemented in February 2023.

Processed Foods Business

NICHIREI

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
FY22/3 Operating Profit (Results)	**6.8**	**7.5**	**14.2**	**—**
Factors for increase	**5.3**	**9.3**	**14.6**	**1.3**
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
Factors for decrease	**-5.9**	**-9.1**	**-15.0**	**-2.0**
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
FY23/3 Operating Profit (Plan)	**6.2**	**7.6**	**13.8**	**-0.7**

These are our main measures from the second half of the subject fiscal year.
In terms of the business environment, while demand for frozen foods remains firm, results are being impacted by cost increases that have exceeded our initial expectations, including a fall in the exchange rate of the yen to beyond 145 yen to the U.S. dollar, hikes in power and fuel costs such as electricity and gas, and rising logistics expenses.
Nichirei is pursuing five main measures in response.
The first is additional price revisions. Because of a rise in costs exceeding our expectations, we have decided to implement additional price revisions in February 2023 for nearly all household-use and commercial-use products. Regarding progress in implementing price adjustments, as shown in the line item "Impact of selling price adjustments," we have revised upward our forecast by ¥0.7 billion from the previous plan to ¥11.1 billion. For the existing rounds of price revisions through August and September, we have completed revisions for national brand household-use and commercial-use products, and while revisions for certain private brand commercial-use items are behind schedule, we are continuing negotiations including revision or abolition, such as a change in specifications. We expect that the price revisions implemented up to now will bring us to more than 90% of the way toward meeting our plan targets, and these additional revisions will provide an added boost. Far-reaching price revisions will likely have a temporary impact on sales volume, but considering that demand is expected to remain firm, Nichirei will also implement measures to regain sales volume, including sales of new and value-added products, and strengthening sales promotions.
The second measure is expanding earnings at our overseas subsidiaries in the U.S. and Thailand, while I will discuss in detail later in this presentation.
The third measure is strategies to reduce Nichirei's costs. In addition to further efficiency gains at production plants through the use of digital technologies and AI, we are considering ways to reduce costs related to food material, such as diversification of suppliers or product specifications, premised of course on maintaining quality. We are also taking steps for the effective utilization of advertising and promotional expenditures.
The fourth item is expanding sales of mainstay products. For rice products, Nichirei began operations at a new plant in April, which along with the Funabashi plant increased supply by 20%, while also allowing for the launch of new value-added products alongside mainstay items. For processed chicken, the supply structure in Thailand has been restored to normal, which will support expanded sales during the high-demand Christmas season. For processed meats, we plan to launch new household-use and commercial-use products with added value provided by new technologies.
The final measure is strengthening development and sale of new value-added products. During the first half, in the household-use personal use category, sales of the new item Hiyashi Chuka (Chilled Chinese Noodles) contributed to revenue gains, and we will continue to develop new products, focusing on noodle dishes. For the commercial-use lineup, we will expand sales of assemblable products, which have sold well to the HMR market.

Processed Foods Business—Overseas

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%

In overseas businesses, Nichirei expects sales revenue to increase by more than 30% during the current fiscal year, mainly due to expanded sales by GFPT Nichirei in Thailand to countries other than Japan and sales of frozen foods in the United States, with an additional boost from the weak yen. The foreign sales ratio is expected to be around 20%.

GFPT Nichirei is expanding production of processed items for the Japanese market, while also forecasting sales to Europe and China to continue rising steadily. The company is increasing sales to external customers through efforts to enhance the value of byproducts and developing new products to expand exports. GFPT Nichirei expects sales to external customers to increase by more than 20% on a local currency basis during the subject fiscal year.

GFPT Nichirei has recovered from the difficult situation it faced last year, with earnings improving significantly during the current term. Going forward, the company will enhance the operating rate for its production lines, while at the same time lower costs through efficiency measures and manpower reductions, aiming to maximize earnings and achieve greater stability.

In the U.S., Nichirei is focusing on mainstay chicken items, as well as rice products, which we have recently begun producing in-house, and making appetizers, for which demand has been rising. In July, Nichirei acquired a production company for rice products, and going forward will utilize production know-how from Japan to develop and manufacture value-added products. As a result of these efforts, sales on a U.S. dollar basis are expected to increase by more than 20% during the subject fiscal year.

As a result, going back to the factors for increase and decrease in operating profit on Page 11, for the second half, despite the growing impact of the weak yen and higher power and fuel costs, because of such factors as a boost from price revisions even greater than that of the first half, we are anticipating a shift back to profit gains. At the same time, however, the full year forecast has been revised downward by ¥0.7 billion compared with the previous plan. The main reason for this is the negative factors due to increases in costs that have exceeded our expectations at the time of price revisions, including ¥1.0 billion from the weaking of the exchange rate for the yen to a level currently more than 145 yen to the U.S. dollar, and ¥0.9 billion from higher power, fuel, and logistics expenses. There are also positive factors such as ¥0.8 billion from higher results at GFPT Nichirei, and ¥1.3 billion from additional price revisions, but the recent negative factors I have just noted were greater than expected, and we expect that it will be difficult to offset all of these costs during the current term.

Despite the downward revision to the earnings forecast, sales remain firm. In terms of the extent to which this will translate into earnings, we expect the price revisions to diffuse through the market and the effects to continue into the next fiscal year. Business results from Thailand are also recovering rapidly, and we are beginning to see contributions from new value-added products.

Going forward, based on the premise of a continued weak yen and high costs, Nichirei will swiftly implement short-term measures to secure earnings gains during the second half, while continuing to implement medium-term measures that will lead to increased results from the next fiscal year.

Logistics Business

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

In the Logistics Business, the full year forecast for net sales has been revised upward by ¥12.0 billion from the previous plan to ¥234.0 billion, reflecting the significant expansion of the overseas business. We are anticipating a 4% gain in Japan and a 31% increase overseas, for a combined 10% total revenue increase. The operating profit forecast is unchanged at ¥15.3 billion.
During the second half, Nichirei expects to secure earnings gains of ¥1.3 billion by focusing on measures to improve profitability in the Japan business.

Logistics Business

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
FY22/3 Operating Profit	7.8	6.8	14.6	—
Factors for increase	0.9	1.5	2.4	0.2
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
Factors for decrease	-1.5	-0.2	-1.7	-0.2
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
FY23/3 Operating Profit (Plan)	7.2	8.1	15.3	0.0

In terms of the business environment, while movement of freight in Japan has remained firm, energy costs have risen as a result of the weak yen. Electricity prices are up 50-60% in general, with the impact in Japan as well as overseas greater than initially anticipated.
During the second half, Nichirei is focusing particularly on responding to the rising price of electricity, and implementing measures to offset the cost. These are shown on this page, along with the chart on the right with increasing and decreasing factors for operating profit.
The main point we are focusing on is applying an “electricity fee surcharge” both in Japan and overseas. As shown by the line item on the chart, Nichirei has raised its forecast for the impact from the increase in electricity charges by ¥0.5 billion from the previous plan to ¥1.5 billion for the full year period. This measure will be implemented from the second half, and as per the plan, we will focus on collecting the surcharge.
While rising electricity costs are the main factor affecting earnings, a surcharge alone will be insufficient to cover the entire cost, so Nichirei will combine this with other measures in order to increase earnings.
The first is to improve earnings by expanding cargo collections. Because inventory volume for frozen foods has been steady, and intakes of imported goods are recovering, we have increased the expected boost from these efforts by ¥0.2 billion from the previous plan.
The second measure is to implement business reforms such as digitalization and automation to improve warehouse operations and enhance transport efficiency.
The third is strict cost management. As a result of repairs conducted ahead of schedule at the end of the previous fiscal year to ensure safety and maintain logistics quality, and bulk purchases of equipment to reduce expenditures, we expect an improvement amounting to ¥0.4 billion.
The fourth measure is maximizing the effectiveness of overseas investments. We will extract to the greatest extent possible the benefits from investments in the European region prioritized in the previous business plan in order to realize revenue and earnings growth.

Logistics Business—Overseas

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
• Maasvlakte (Netherlands) Operations commenced in January. 2022, increase of 23,000 tonnes • Lyon (France) Operations commenced in December. 2021, increase of 16,000 tonnes • Le Havre (France) Operations commenced in January. 2022, increase of 8,000 tonnes	• Norish Ltd .(England) Stock acquisition in October. 2021, increase of 110,000 tonnes • Armir Logistyka Sp. z o.o. (Poland) Stock acquisition in October. 2021

Overseas, as shown in the chart on the lower right, Nichirei made investments in the previous fiscal year for facility expansion and acquisitions that increased facility capacity by 29%.
As a result of this expanded warehouse capacity, along with measures to coordinate functions among centers mainly in the Netherlands, Germany, and the U.K., we expect revenue gains in Europe of 20% for the subject fiscal year.
In the U.K., Nichirei is working to coordinate the refrigerated warehouses of the recently acquired Norish with two existing customs and transport firms, and is beginning to see benefits in such areas as customer acquisition.
Going forward, in addition to coordination among the three U.K. companies, Nichirei is strengthening ties with companies in the Netherlands to provide a one-stop service for customs clearance, storage, and transport that will maximize synergies in the European region.
In Poland, through coordination between the recently acquired Armir Logistyka and existing companies, Nichirei is strengthening its transport base and expanding its customer network, as well as aiming to acquire new customers, mainly major volume retailers.

Marine Products, Meat and Poultry Business

- **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

In the Marine Products Business, Nichirei has revised upward its sales forecast based on recent performance, but is still anticipating a revenue decline as a result of efforts to reduce handling volume for low-margin products, one of the measures for structural reform implemented from the subject fiscal year.
In terms of earnings, we expect to secure operating profit of ¥1.0 billion in line with plan as a result of continued price revisions, along with a focus on increasing the ratio of sales in high-margin categories, and expanding overseas sales.
This segment posted a loss in the fourth quarter of the previous fiscal year on unprofitable products, but by reducing handling volume for low-profit categories we have been able to secure stable earnings, and during the second half expect an earnings gain of ¥0.5 billion from the same period of the previous fiscal year.

In the Meat and Poultry Business, the 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 and other differentiated products in order to secure earnings on a par with the previous fiscal year.

Capital Investment Plan

- **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	• Construction of new Kyurei frozen rice products production facility • Environment-related investments (CFC elimination, etc.) • Renovation of aging facilities	14.2	-0.3
Logistics Business	• Construction of Kobe Rokko Distribution Center • Environment-related investments (conversion to natural refrigerants, renovation with energy-efficient equipment, etc.)	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

For capital investment in the subject fiscal year, Nichirei plans to spend ¥27.1 billion across the corporate group. This is a decrease of ¥16.4 billion from the previous plan. Spending for the Processed Foods business is roughly in line with plan, but investment in the Logistics business is forecast to decline by ¥15.9 billion.

Under the current business plan, Nichirei is planning to build new large-scale warehouses in major metropolitan areas. However, because of delays in acquiring business sites, we are still considering locations.

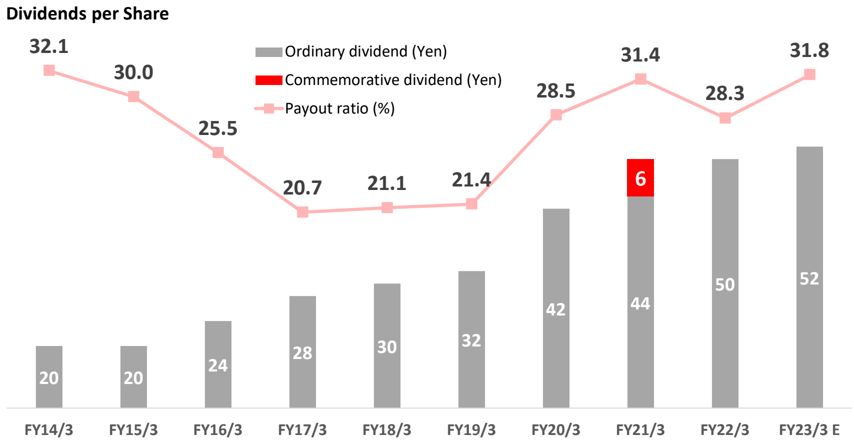
Growth and environment-related investments are proceeding in line with plan. In the Processed Foods business, we plan to spend ¥14.2 billion, including a large-scale investment for a frozen rice products production facility scheduled to begin operations in spring 2023, along with environment-related investments such as CFC elimination.

Currently, Nichirei produces fried rice products exclusively at its Funabashi Plant in Chiba Prefecture, but going forward, we plan to add a plant in Fukuoka Prefecture, giving us a dual production structure with facilities in east and west Japan, and increasing production capacity by 20%.

For the Logistics business, Nichirei is making investments for the new Kobe Rokko Distribution Center scheduled to begin operations in January 2024, along with environment-related investments, specifically installation of solar power systems, and conversion to natural refrigerants.

Shareholder Returns

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



Nichirei continues to steadily increase dividends with a target 3% dividend on equity ratio (DOE) on a consolidated basis. For the current fiscal year, we plan an increase of 2 yen, for a full-year dividend of 52 yen per share, representing a payout ratio of 31.8%.
Of note, we also conduct share buybacks in a flexible manner, based on an overall determination that takes into account such factors as financial condition and the outlook for 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
ROIC (group total)	7.8 %	**7% or higher** 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	

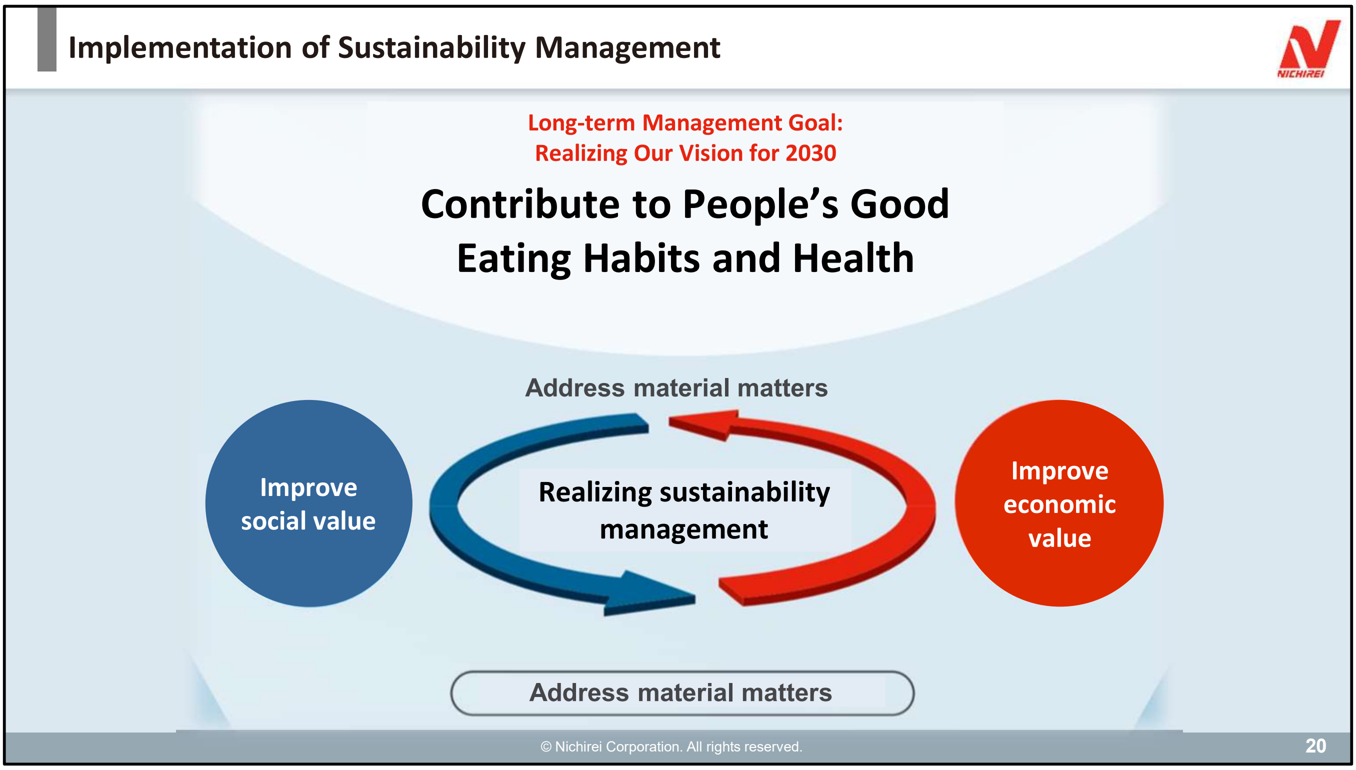
* Net Operating Profit After Tax (NOPAT) = Profit before income taxes excluding interest expense and share of profit/loss of entities accounted for using equity method x [1 - Effective tax rate] + Share of profit/loss of entities accounted for using equity method

	Simple ROIC*		Future Measures to Enhance ROIC
	FY22/3 Results	FY25/3 Targets	
Processed Foods	10.3%	12% or higher	• Improve profitability (Price revisions, strengthen sales in strategic categories and for new value-added products)
Logistics	7.8%	7% or higher	• Systematic capital investment and realization of tangible investment result • Expansion of light-asset business, including 3PL, transportation and delivery
Marine Products	3.3%	6% or higher	• Reduction in handling volume for low-profitability categories • Strengthen overseas sales
Meat and Poultry	20.2%	25% or higher	• Improve profitability through price revisions • Expand sales of differentiated products
Bioscience	—	5% or higher	• Sales of immunochromatography diagnostic agents have increased in the current fiscal year, with significant improvement in earnings. • Focus on the growth sector of molecular diagnostic agents

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

Next is our plan for business portfolio management using ROIC (return on invested capital), one of the measures in the current medium-term business plan.
As outlined in the business plan, Nichirei will:
1) Set a target ROIC for each business;
2) Improve ROIC by setting KPIs and pursuing a PDCA cycle; and
3) Ultimately, evaluate businesses using ROIC as one of the factors for quantitative evaluation, and allocate management assets accordingly.
For the corporate group overall, our aim is for ROIC of 7% or higher by the end of the business plan period, compared to 7.8% in the previous fiscal year.
Of note, in the previous fiscal year, Nichirei recorded extraordinary gains of ¥5.2 billion including gain on sales of investment securities, which inflated net operating profit after tax (NOPAT), pushing up ROIC.
The chart on the right shows simply calculated ROIC results and targets for each business segment. Nichirei will implement a PDCA cycle for KPI following this breakdown, and improve ROIC.

Initiatives for Sustainability Management



Finally, I would like to discuss one of our medium- to long-term initiatives, sustainability management.

In the current medium-term business plan Compass Rose 2024, to realize its long-term vision for 2030, Nichirei aims to "accelerate sustainability management and pursue capital efficiency with the aim of enhancing social and economic value." Meeting our targets for material matters (materiality) will be key to achieving this goal.

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
Creating value in food and health	• Target theme sales • Number of information provided to consumers and outside the company (total number of people per year)	— —	— —	¥100 billion 200 million people
Strengthening food processing and production technology capabilities; enhancing logistics services	• EBITDA margin: 12% • EBITDA CAGR: 7%	9% 4%	10% 7%	12% 7% or higher
	• Overseas sales ratio: 30%	16%	20%	30%
Realizing sustainable food procurement and resources recycling	• Rate of procurement from suppliers and OEMs that comply with the Group CSR Procurement Guidelines: 100% • Rate of implementation of ESG due diligence for main raw materials and major suppliers: 100%	— —	Under review Under review	100% 100%
	• Rate of attendance for the SDGs educational program aimed at realizing a circular economy: 100% • Rate of waste recycling at all sites: 99%	— 99%	100% (all management) 99%	100% (all employees) 99%
	• Conduct regular water-related risk assessments at all sites, as well as in conservation activities and BCP	Conducted flood risk survey at sites in Japan	Conduct survey during FY24/3	Conduct regular assessments at all sites, as well as in conservation activities and BCP
Climate change initiatives	• Reduction in CO_2 emissions: 50% (Compared with FY2016; Scope 1 and 2 in Japan)	Reduce 20%	Reduce 30%	Reduce 50%
	• Rate of conversion to natural refrigerants Production equipment (Japan): 100% Logistics (Global): 75%	58% 53%	80% 63%	100% 75%
Securing and developing a diverse array of human resources	• Ratio of female directors and female Audit & Supervisory Board members (HD*): 30% • Ratio of female line managers (HD*): 30% * HD: Nichirei Corporation (Holding Company)	20% 12%	20% or higher 20%	30% or higher 30%
	• Double investment in human resources by 2030	0.8 times	1.7 times	2.0 times

* Nichirei Group Materiality: Nichirei Group materiality | Nichirei Group management philosophy | Nichirei Corporation

As detailed in this chart, Nichirei has set targets for fiscal 2024 (FY25/3) and the final year of the business plan, as milestones for achieving the 2030 targets for Group Materiality.

Implementation of Sustainability Management

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

This page shows the progress of measures implemented for the Group Materiality.
For the first item, "Creating value in food and health," Nichirei has invested in TAKEO Inc., a start-up firm for insect-based foods, and is exploring ways to combine TAKEO's expertise with Nichirei's processing technologies to expand possibilities for insect-based foods.
For the second item, "Strengthening food processing and production technology capabilities; enhancing logistics services," Nichirei is steadily increasing its foreign sales ratio, which has been adopted as a KPI. Also, in the Logistics business, to address the issues of labor shortage and reduce workloads, we are pursuing measures for manpower savings and greater efficiency through business innovation. As these efforts have begun to produce results, we will further expand measures and enhance our competitiveness.
I would like to discuss the third item "Realizing sustainable food procurement and resources recycling" and the fourth item "Climate change initiatives" together as a set. From the subject fiscal year, Nichirei established the Group Sustainability Committee as an advisory body to the Board of Directors. This committee discusses measures for sustainability management with a particular focus on the supply chain, environment, and human rights, aiming to enhance both social and economic value. During the first half of this fiscal year, deliberations included the portfolio guideline for renewable energy, the status of Task Force on Climate-Related Financial Disclosures (TCFD) measures, and human rights. In addition, the committee decided to install solar panels on the grounds of food production plants and roofs of warehouses as a means of increasing the amount of private power generation. The committee is also considering securing additional sources of natural energy through such means as an offsite Power Purchase Agreement (PPA).
For the fifth item, "Securing and developing a diverse array of human resources," Nichirei successively conducted DX training for all employees, held five sessions of sustainability study meetings for managers and executives, and utilized the corporate intranet to inculcate and raise awareness among employees regarding sustainability. We also designated health maintenance and promotion as a priority matter, and promoted health-conscious management. In particular, we strengthened measures to ensure an active role for women, and launched an initiative for women's health.

In this presentation, we have sought to explain the status of the company during the first half and the outlook for the full fiscal year, as well as sustainability measures from a medium to long-term perspective. Nichirei is facing a business environment impacted by unprecedented cost increases, and while we have focused on implementing short-term price revisions for each business segment, there have also been indications of structural reform, such as initiatives in growing overseas markets, and expansion of new value and services.
By addressing short-term issues while at the same time pursuing longer-term strategies, Nichirei will achieve earnings recovery in the second half and beyond.

Appendix

Non-operating Income and Expenses / Extraordinary Income and Loss

(Billion yen)

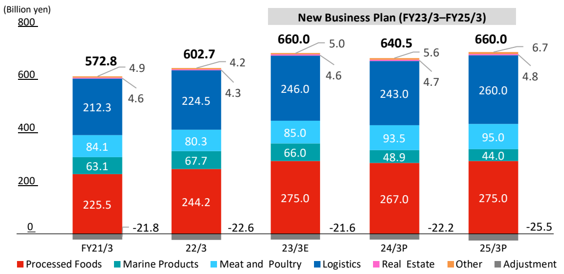
	First Half Results			Full-year Forecast		
	FY22/3	FY23/3	Variance	FY22/3	FY23/3	Variance
Non-operating Income and Expenses	0.1	0.2	0.1	0.2	0.4	0.1
(Main items)						
Financial account balance	0.2	0.2	0.0	0.2	0.2	0.0
Share of profit of entities accounted for using equity method	0.0	0.0	0.0	0.1	0.2	0.0
Extraordinary Income and Loss	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

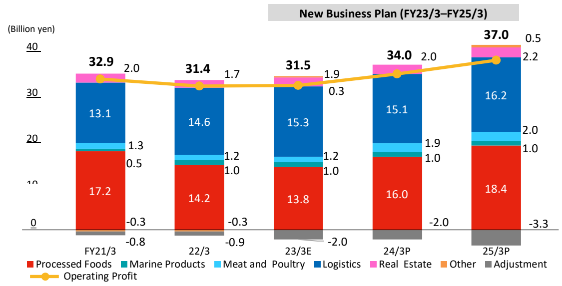
(Billion yen)		Business Plan (FY11/3–FY13/3)			Business Plan (FY14/3–FY16/3)			Business Plan (FY17/3–FY19/3)			Business Plan (FY20/3–FY22/3)			New Business Plan (FY23/3–FY25/3)		
		11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3E	24/3P	25/3P
	Processed Foods	161.9	174.2	161.6	180.7	193.9	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.

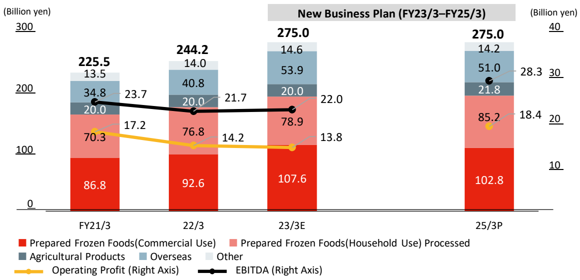
Net Sales by Segment (Consolidated)



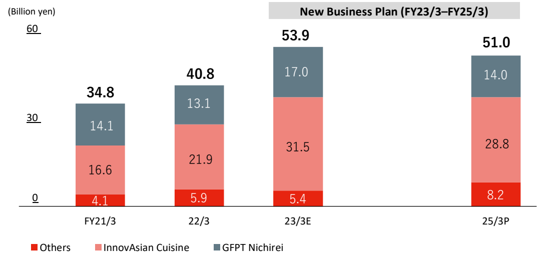
Operating Profit by Segment (Consolidated)



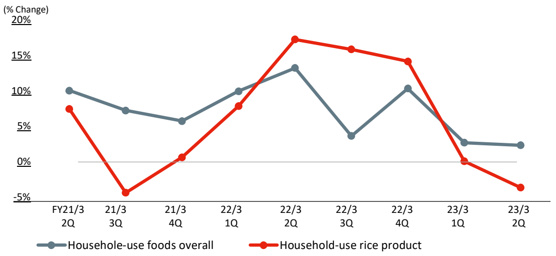
Net Sales, Operating Profit and EBITDA for Processed Foods



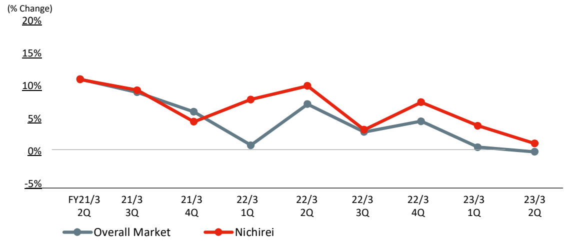
Overseas Sales for Processed Foods



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

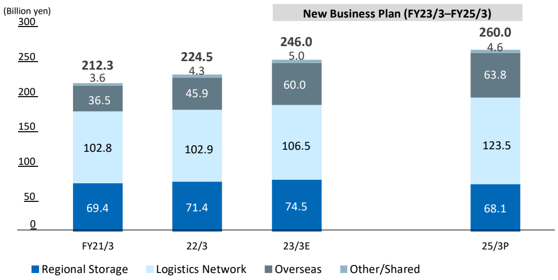


Consumer Panel for Household-use Prepared Frozen Foods Y o Y Change in Spending per 100 People

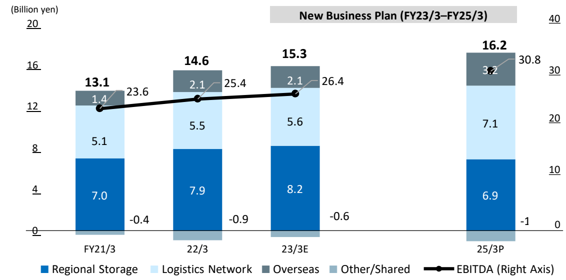


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Includes purchases through consumer cooperatives.)

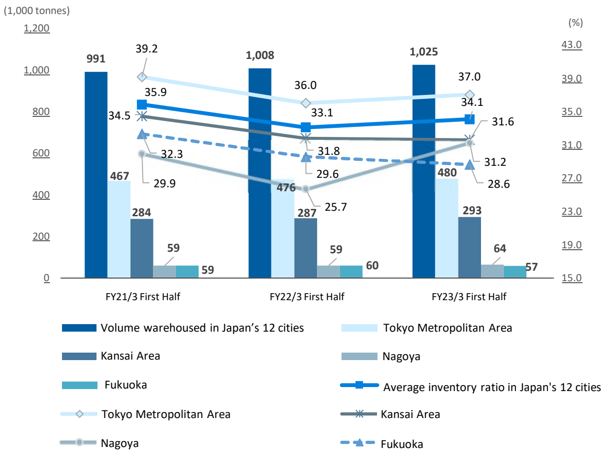
Sales for Logistics Business



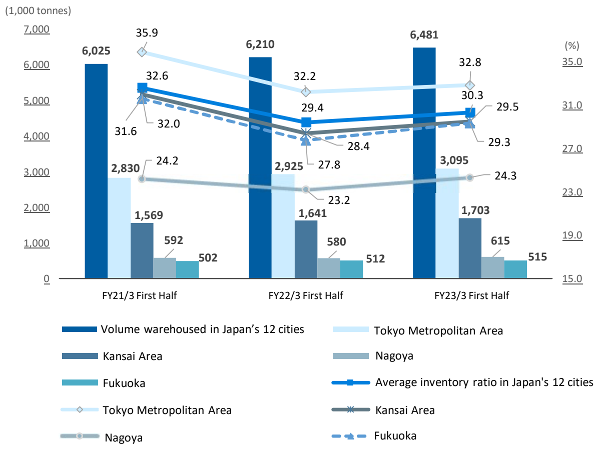
Operating Profit and EBITDA for Logistics Business



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)

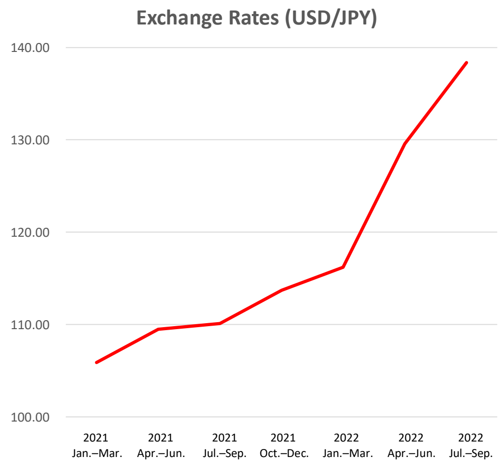
	FY 23/3 Full Year (Forecast)	FY 23/3 First Half (Actual)*	FY 22/3 First Half (Actual)
USD/JPY	**130.00**	**122.89**	**107.70**
EUR/JPY	**136.00**	**134.25**	**129.82**
THB/JPY	**3.7**	**3.65**	**3.50**

* 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



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.