

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

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Nichirei Corporation

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I will now present an overview of third quarter results using the presentation material released today.

# Third Quarter Results

## ■ Measures implemented in response to higher costs yielded a turnaround in earnings with gains in Q3.

(Billions of yen)

	Q3			Q3 (cumulative)			
	Results	Y o Y		Results	Y o Y		Progress rate for full-year forecasts
		Variance	% Change		Variance	% Change	
Processed Foods	71.4	10.3	17%	206.7	24.9	14%	75%
Marine Products	22.3	0.2	1%	54.8	1.0	2%	83%
Meat and Poultry	23.5	2.1	10%	65.5	4.5	7%	77%
Logistics	64.8	6.4	11%	183.9	15.9	9%	75%
Real Estate	1.1	0.1	7%	3.4	0.2	5%	74%
Other	2.0	1.1	126%	4.4	1.5	52%	89%
Adjustment	-5.8	-0.1	—	-17.7	-0.6	—	—
Net Sales	179.3	20.1	13%	501.1	47.3	10%	76%
Processed Foods	4.2	0.2	5%	10.4	-0.4	-3%	76%
Marine Products	0.8	-0.1	-6%	0.9	-0.5	-37%	90%
Meat and Poultry	0.4	0	9%	0.9	-0	-2%	77%
Logistics	4.3	-0.1	-2%	11.5	-0.7	-6%	75%
Real Estate	0.5	0.1	17%	1.4	0.1	12%	72%
Other	0.4	0.6	—	0.6	1.0	—	—
Adjustment	-0	0.1	—	-0.5	0	—	—
Operating Profit	10.6	0.9	9%	25.3	-0.5	-2%	80%
Ordinary Profit	10.8	1.0	10%	25.8	-0.2	-1%	81%
Profit attributable to owners of parent	7.0	-0	-0%	16.8	-1.3	-7%	79%

- Net sales rose 10% from the same period of the previous fiscal year on continued steady performance in mainstay businesses, mainly overseas operations.
- Operating profit declined 2% for the nine-month period overall, but rose in the Q3 period, driven by improved profitability for Processed Foods and the Bioscience Business.
- Profit attributable to owners of parent was down 7%, due mainly to a decrease in gain on sales of investment securities.

This page shows Nichirei's consolidated business results. Let's begin with the three-month Q3 period.

Net sales in Q3 amounted to ¥179.3 billion, an increase of ¥20.1 billion, or 13%, from the same period of the previous fiscal year. The mainstay segments of Processed Foods and Logistics had revenue gains of ¥10.3 billion and ¥6.4 billion, respectively. Operating profit amounted to ¥10.6 billion, up ¥0.9 billion, or 9% from a year earlier. Processed Foods posted a gain of ¥0.2 billion, or 5%, following measures to respond to cost increases, while the Bioscience business in the Other segment recorded an increase of ¥0.6 billion on expanded sales of COVID-19 rapid antigen tests. For the corporate group overall, although operating profit declined ¥0.4 billion in Q1 and ¥0.9 billion in Q2, this trend reversed in Q3 for a gain of ¥0.9 billion. I will provide additional information on the positive factors in the Bioscience business later in the section on full-year earnings forecasts.

For the Q3 cumulative period, consolidated group net sales amounted to ¥501.1 billion, an increase of ¥47.3 billion, or 10% from the same period of the previous fiscal year. Earnings improved in Q3 and the decline narrowed from the first half, but ultimately operating profit amounted to ¥25.3 billion, down ¥0.5 billion, or 2% from a year earlier.

Profit attributable to owners of parent amounted to ¥16.8 billion, a decline of ¥1.3 billion, or 7% from the same period of the previous fiscal year, due mainly to a decrease in gain on sales of investment securities.

## ■ Profit improvement measures steadily implemented, operating profit in line with plan.

(Billions of yen)								
		Q3			Q3 (cumulative)			
		Results	Y o Y		Results	Y o Y		Progress rate for full-year plan
			Variance	% Change		Variance	% Change	
Processed Food	Net Sales	71.4	10.3	17%	206.7	24.9	14%	75%
	Household-use Prepared Foods	20.6	2.0	11%	59.9	2.9	5%	76%
	Commercial-use Prepared Foods	26.4	1.7	7%	76.9	8.5	12%	71%
	Processed Agricultural Products	5.6	0.6	12%	15.3	0	0%	76%
	Overseas	15.3	5.9	63%	42.6	12.7	43%	79%
	Other	3.4	0.1	2%	11.9	0.7	6%	82%
	Operating Profit	4.2	0.2	5%	10.4	-0.4	-3%	76%

### Household-use Prepared Foods

- Revenue rose on recovery in sales volume for processed chicken, and sales of new items such as *Gokubuto Tsukemen* (Thick Dipping Noodles) and other single-serving noodle dishes.

### Commercial-use Prepared Foods

- Sales to the restaurant and home meal replacement (HMR) markets continued to increase with the easing of social restrictions.
- Revenue was boosted by mainstay categories such as processed chicken, along with processed meat items including hamburger steak and pork cutlets, and *harumaki* (spring rolls).

### Overseas

- U.S. subsidiary InnovAsianCuisine continued to record positive sales of household-use products.
- GFPT Nichirei (Thailand) contributed to revenue gains with expanded exports to Europe and domestic sales in Thailand.

### Operating Profit

- Cost increases continued to have an impact, but price revisions and performance improvements at overseas subsidiaries yielded a gain in operating profit for the Q3 period.

Next, I'd like to explain the results by business segment. First is Processed Foods.

For the three-month Q3 period, net sales amounted to ¥71.4 billion, an increase of ¥10.3 billion, or 17% from the same period of the previous fiscal year.

In household-use prepared foods, net sales were ¥20.6 billion, an increase of ¥2.0 billion, or 11% from the corresponding period. According to INTAGE market research, the household-use prepared foods market grew by around 5% in the Oct-Dec quarter, mainly as a result of price increases. In terms of volume, the impact of price revisions has led to continued year-on-year declines since August, but sales have recently been recovering, and in December exceeded the figures for the previous year. Nichirei posted gains that exceeded the market overall, with recovery in sales volume for mainstay processed chicken such as Wakadori Tarezuake Karaage (Fried Chicken), and a boost from sales of new items such as Gokubuto Tsukemen (Thick Dipping Noodles) and other single-serving noodle dishes. Analyzing the 11% increase in revenue, 3% was due to greater sales volume and 8% to unit prices, indicating the penetration of the price revisions implemented in August.

In commercial-use products, net sales amounted to ¥26.4 billion, an increase of ¥1.7 billion, or 7% from a year earlier. Despite the 8th wave of COVID-19 infections, the movement of people was brisk, with continued firm increases in the home meal replacement (HMR) and restaurant markets. With the labor shortage and resulting greater load on kitchen staff becoming increasingly serious issues, Nichirei expanded sales of assemblable items and other products that meet needs for labor savings. Analyzing the 7% increase in revenue for commercial-use prepared foods, while sales volume was down slightly, unit prices provided an 8% gain. Revenue from private brands lagged in some areas, but overall, we have been able to confirm that the impact from the price revisions implemented in September have proceeded according to plan. While sales volume was down slightly from a year earlier, this was due mainly to a rebound decline from strong demand for certain items to major customers the previous year. Overall, commercial-use demand has remained firm even following the price revisions.

For the cumulative Q3 period, net sales amounted to ¥206.7 billion, an increase of ¥24.9 billion, or 14% from the same period of the previous fiscal year.

In household-use prepared foods, net sales were ¥59.9 billion, an increase of ¥2.9 billion, or 5% from the corresponding period. Along with an increase in sales of Imagawayaki cakes and other snack items, handling volume for processed chicken increased following recovery at production centers in Thailand. Commercial-use sales amounted to ¥76.9 billion, an increase of ¥8.5 billion, or 12% from a year earlier. Revenue was boosted by steady sales in mainstay categories such as processed chicken, processed meat items including hamburger steak and pork cutlets, and Chinese-style items such as harumaki (spring rolls). Overseas sales amounted to ¥42.6 billion, a gain of ¥12.7 billion, or 43% from the corresponding period. Nichirei's U.S. subsidiary InnovAsianCuisine posted strong sales of household-use products such as chicken and rice items to major retailers.

Operating profit for Processed Foods was ¥4.2 billion in the three-month Q3 period, an increase of ¥0.2 billion, or 5% from the same period of the previous fiscal year. The weak yen, along with rising food material and logistics costs, and higher electricity, gas, and other power and fuel expenses has had a considerable impact, but we were able to restore earnings gains with price revisions, and improved performance at GFPT Nichirei (Thailand). For the cumulative Q3 period, operating profit amounted to ¥10.4 billion, a decline of ¥0.4 billion, or 3% from the corresponding period, but we are implementing measures to improve earnings, and the results are in line with plan.

- European business drove revenue gain, while operating profit declined as a result of higher costs in Japan and overseas.

(Billions of yen)

		Q3			Q3 (cumulative)			
		Results	Y o Y		Results	Y o		Progress rate for full-year plan
			Variance	% Change		Variance	% Change	
Logistics Business	Net Sales	64.8	6.4	11%	183.9	15.9	9%	75%
	Japan Subtotal	46.3	0.8	2%	135.3	2.1	2%	75%
	Logistics Network	27.3	0.6	2%	79.5	1.4	2%	75%
	Regional Storage	19.0	0.1	1%	55.7	0.7	1%	75%
	Overseas	18.0	6.1	51%	46.9	14.1	43%	78%
	Other/Intersegment	0.4	-0.5	-54%	1.8	-0.3	-13%	36%
	Operating Profit	4.3	-0.1	-2%	11.5	-0.7	-6%	75%
	Japan Subtotal	4.3	0.2	6%	11.2	-0.2	-2%	81%
	Logistics Network	1.7	0.2	15%	4.5	-0.1	-2%	80%
	Regional Storage	2.6	0	1%	6.7	-0.2	-2%	82%
	Overseas	0.3	-0.3	-48%	1.2	-0.2	-12%	57%
	Other/Intersegment	-0.3	-0.1	—	-0.9	-0.3	—	—

(Japan)

## Logistics Network

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

## Regional Storage

- Revenue rose steadily on robust storage demand, mainly in major metropolitan areas.

## Operating Profit

- Earnings fell sharply as a result of rising electricity costs, outstripping the benefits from operational improvements, greater transport efficiency, and application of electricity and fuel surcharges.

(Overseas)

## Europe

- Earnings were down as a result of higher electricity charges and other costs, offsetting the benefits from acquisitions completed in the previous fiscal year, and expansion of delivery services to retailers.

Next is the Logistics business.

Net sales in the three-month Q3 period amounted to ¥64.8 billion, an increase of ¥6.4 billion, or 11% from the same period of the previous fiscal year, with operating profit down 2% to ¥4.3 billion.

For the cumulative Q3 period, new sales were ¥183.9 billion, an increase of ¥15.9 billion, or 9% from the corresponding period, with operating profit of ¥11.5 billion, a decrease of ¥0.7 billion, or 6%.

Let's look first at the situation in Japan. The Logistics Network business posted an increase of ¥1.4 billion on a cumulative basis, led by the third-party logistics (3PL) business on expanded trading volume to restaurants and joint delivery services for frozen foods. The Regional Storage business had a revenue gain of ¥0.7 billion for the cumulative period on high inventory levels for cargo storage, the result of steadily capturing robust demand in major metropolitan areas. Earnings, however, declined sharply as a result of rising electricity costs, outpacing measures for operational improvements, greater transport efficiency, and application of electricity and fuel surcharges.

Overseas, revenue increased as a result of acquisitions completed in the previous fiscal year and expansion in delivery services to retailers, but earnings were down on higher electricity charges and other costs.

- **Marine Products results were in line with plan, while earnings for Meat and Poultry fell on inability to fully absorb cost increases.**

(Billions of yen)

		Q3			Q3 (cumulative)			
		Results	Y o Y		Results	Y o Y		Progress rate for full-year plan
			Variance	% Change		Variance	% Change	
Marine Products	Net Sales	22.3	0.2	1%	54.8	1.0	2%	83%
	Operating Profit	0.8	-0.1	-6%	0.9	-0.5	-37%	90%
Meat and Poultry	Net Sales	23.5	2.1	10%	65.5	4.5	7%	77%
	Operating Profit	0.4	0	9%	0.9	-0	-2%	77%

## Marine Products

- Operating profit was in line with plan, as a rebound decline from the high handling volume for octopus in the previous fiscal year was offset by firm sales to the restaurant industry and price revisions.

## Meat and Poultry

- Earnings declined as expanded sales of processed items and price revisions were insufficient to absorb higher animal feed prices and other costs.

Next, the Marine Products, and Meat and Poultry Business

In Marine Products, for the three-month Q3 period, earnings decreased ¥0.1 billion due to extremely positive performance in the same period of the previous fiscal year. However, we managed to secure earnings in line with plan as a result of well-executed strategies during the year-end sales season when demand peaks, along with an increase in sales to restaurants, and price revisions.

In Meat and Poultry, despite expanded sales of processed items and price revisions, operating profit in the cumulative Q3 period declined ¥0.9 billion, or 2% from the corresponding period, as the revenue gains were insufficient to offset higher animal feed prices and other costs.

# Full-year Forecast

- Segment figures have been adjusted, but overall the forecast for net sales and operating profit is unchanged from previous plan.

(Billions of yen)

	Full Year				
	Plan	YoY		Compared to Previous Plan	
		Variance	% Change	Previous Plan	Variance
Processed Foods	275.0	30.8	13%	275.0	0
Marine Products	66.0	-1.7	-3%	66.0	0
Meat and Poultry	85.0	4.7	6%	85.0	0
Logistics	246.0	21.5	10%	246.0	0
Real Estate	4.6	0.3	7%	4.6	0
Other	6.1	1.9	46%	5.0	1.1
Adjustment	-22.7	-0.1	—	-21.6	-1.1
<b>Net Sales</b>	<b>660.0</b>	<b>57.3</b>	<b>10%</b>	<b>660.0</b>	<b>0</b>
Processed Foods	13.8	-0.4	-3%	13.8	0
Marine Products	1.0	0	4%	1.0	0
Meat and Poultry	1.0	-0.2	-14%	1.2	-0.2
Logistics	14.8	0.2	1%	15.3	-0.5
Real Estate	1.8	0.1	9%	1.9	-0.1
Other	0.8	1.1	—	0.3	0.5
Adjustment	-1.7	-0.8	—	-2.0	0.3
<b>Operating Profit</b>	<b>31.5</b>	<b>0.1</b>	<b>0%</b>	<b>31.5</b>	<b>0</b>
<b>Ordinary Profit</b>	<b>31.9</b>	<b>0.2</b>	<b>1%</b>	<b>31.9</b>	<b>0</b>
<b>Profit attributable to owners of parent</b>	<b>21.2</b>	<b>-2.2</b>	<b>-9%</b>	<b>21.2</b>	<b>0</b>

- Net sales: The steady increase is expected to continue as a result of price revisions in response to cost rises, and steady performance at overseas businesses.
- Operating profit: Despite a downward revision in the Logistics segment, the Bioscience Business is positive, and overall Nichirei expects to secure an increase to ¥31.5 billion in line with plan.
- Ordinary profit is expected to increase. Profit attributable to owners of parent is forecast to decline due to a decrease in gain on sale of investment securities, but remain in line with the previous plan at ¥21.2 billion.

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Let's turn now to our full-year forecasts.

Looking first at sales, we have adjusted the segment figures from the previous plan, but the overall forecast is unchanged at ¥660.0 billion. We anticipate sales of ¥275.0 billion in Processed Foods for a 13% gain, and ¥246.0 billion in Logistics for a 10% increase.

In terms of operating profit, considering the progress through Q3, the forecast for Logistics has been revised downward, while the forecast for the Other segment has been revised upward in light of the continued positive performance in the Bioscience business. For the corporate group overall, the forecast is unchanged from the initial announcement of ¥31.5 billion.

Profit attributable to owners of parent is expected to decline due to a decrease in gain on sale of investment securities, but here again the forecast is unchanged from the initial announcement of ¥21.2 billion.

In terms of operating profit, I would like to provide some additional information regarding the Bioscience business.

We revised the forecast upward in Q2, and are now raising it by a further ¥0.5 billion to ¥0.8 billion. The considerable improvement in earnings this term is due to sharp growth in sales of COVID-19 rapid antigen tests, which stems broadly from three main factors.

The first is a major shift in testing methods from PCR to antigen tests. The second is that the annual influenza outbreak started early this year, and the 8th wave of the COVID-19 pandemic occurred sooner than expected, so sales of antigen test kits were higher than anticipated.

The third factor is that Nichirei has managed to put in place a supply structure for antigen test kits. Prior to this fiscal year, even if Nichirei received a large order, we were unable to fill it with our current production capacity. This year, however, we are now able to procure antigen test kits from a major overseas OEM supplier with which we had previously conducted business for influenza test kits.



■ Full-year targets to be achieved through further price revisions and improved performance of overseas subsidiaries.

(Billions of yen)

		Full Year				
		Plan	YoY		Compared to Previous Plan	
			Variance	% Change	Previous Plan	Variance
Processed Food	Net Sales	275.0	30.8	13%	275.0	0
	Household-use Prepared Foods	81.4	4.6	6%	78.9	2.5
	Commercial-use Prepared Foods	103.1	10.5	11%	107.6	-4.5
	Processed Agricultural Products	20.0	0	0%	20.0	0
	Overseas	55.9	15.1	37%	53.9	2.0
	Other	14.6	0.6	5%	14.6	0
	Operating Profit	13.8	-0.4	-3%	13.8	0

## Household-use Prepared Foods

- Expand sales of mainstay rice products and processed chicken, and launch new value-added items such as *Curry Udon Using Only Microwave*.

## Commercial-use Prepared Foods

- Continue to focus on expanding business to major users, mainly for processed chicken.
- Continue to strengthen sales of assemblable products to cope with kitchen personnel shortages, as well as new products to meet demand for single-serving meals.

## Overseas

- U.S.: Launch new items in mainstay categories, and strengthen promotions to expand business volume.
- Thailand: Focus on exports to markets other than Japan, as well as domestic sales of byproducts as material for pet food.

## Operating Profit

- Forecast unchanged from ¥13.8 billion in line with the previous plan in consideration of price revisions implemented in February and improved results at overseas subsidiaries.

Next, let's look at the forecasts by business segment, starting with Processed Foods.

In net sales, based on the results through Q3, we have revised upward the forecast household-use prepared foods by ¥2.5 billion, and the overseas business by ¥2.0 billion. However, we also revised downward by ¥4.5 billion the forecast for commercial-use prepared foods, so the overall figure is unchanged.

For household-use prepared foods, we anticipate expanded sales of mainstay rice items and processed chicken, and a boost from the launch of new value-added items such as Curry Udon Using Only Microwave.

For commercial-use prepared foods, Nichirei will continue to focus on expanding business to major customers, mainly for processed chicken. We will also continue to strengthen sales of assemblable products that help address the issue of kitchen personnel shortages, as well as new products to meet demand for single-serving meals.

Overseas, in the U.S., Nichirei will launch new items in mainstay categories, and strengthen sales promotions to expand business volume. In Thailand, we will focus on exports to markets other than Japan, as well as domestic sales within Thailand of byproducts as material for pet food.

In terms of operating profit in the Processed Foods business overall, despite the continued challenges in the business environment, as a result further price revisions implemented this month and improved results at overseas subsidiaries, we expect to achieve our previous plan target of ¥13.8 billion.

## Factors for Increase/Decrease in Operating Profit

(Billions of yen)

	Q3 Results (cumulative)	Full-year Plan	Compared to Previous Plan
FY22/3 Operating Profit	10.8	14.2	—
<b>Factors for increase</b>	<b>9.7</b>	<b>14.7</b>	<b>0.1</b>
Impact of selling price adjustments	6.7	11.1	0
Increased revenue	1.0	1.0	-0.6
Impact of results at affiliated companies	1.7	2.3	0.7
Improved productivity	0.3	0.3	0
<b>Factors for decrease</b>	<b>-10.1</b>	<b>-15.1</b>	<b>-0.1</b>
Increase/decrease in food material/procurement cost	-4.8	-6.8	-0.4
Increase in raw material and purchasing costs due to yen depreciation	-3.3	-4.5	0.9
Increase/decrease in logistics costs	-0.8	-1.3	-0.1
Increase/decrease in advertising and sale promotion expenses	0.3	-0.1	-0.1
Increase in depreciation expense	-0.5	-0.6	0
Increase/decrease in power and fuel costs	-0.9	-1.6	-0.2
Other	-0.1	-0.2	-0.2
FY23/3 Operating Profit	10.4	13.8	0

### Main Measures

- Impact of selling price adjustments  
Steady implementation of additional price revisions from February.
- Increased revenue  
Revised downward as sales of commercial-use prepared foods are expected to be below previous plan.
- Impact of results at affiliated companies  
Increased ¥0.7 billion on better-than-expected U.S. sales and upturn at GFPT Nichirei (Thailand).
- Increase in raw material and purchasing costs due to yen depreciation  
Forecast improvement of ¥0.9 billion due to turnaround to stronger yen from December.

These are the factors for increase and decrease in full-year operating profit. I would like to explain the main items.

Starting with “impact of selling price adjustments,” the forecast is unchanged from ¥11.1 billion. The additional round of price revisions to be implemented from this month is proceeding mostly in line with plan.

Next, for “increased revenue,” we have revised the forecast downward by ¥0.6 billion, as sales of commercial-use prepared foods are expected to be below previous plan. The main factor behind this is that the timing of delivery for certain products to a major customer, which had been scheduled for the fourth quarter, has been pushed back to the next fiscal year.

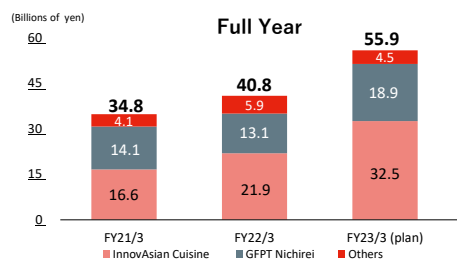
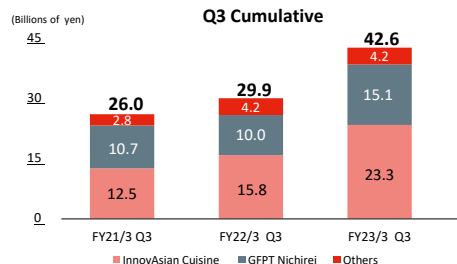
For “impact of results at affiliated companies,” the forecast has been increased by ¥0.7 billion, as sales in the U.S. and improvements at GFPT Nichirei (Thailand) exceeded expectations.

For “increase in raw material and purchasing costs due to yen depreciation,” the outlook has improved by ¥0.9 billion due to turnaround to stronger yen from December.

For “food material and procurement cost,” the forecast has been lowered ¥0.4 billion due to an outbreak of bird flu in Japan that has led to an increase in the prices of eggs and chicken.

## Overseas Business

### Net Sales



### InnovAsian Cuisine (U.S.) Net Sales and Operating Profit

#### FY23/3 Q3 Cumulative

		Q3 Cumulative		
		Results	YoY	
			Variance	% Change
Net Sales	Reporting currency (JPY bn)	23.3	7.5	48%
	Local currency (USD mn)	181	36.0	25%
Operating Profit	Reporting currency (JPY bn)	1.1	-0	-1%
	Local currency (USD mn)	8.5	-1.6	-16%

#### Full Year

		FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	
		Results	Results	Results	Results	Plan	YoY
							Variance % Change
Net Sales	Reporting currency (JPY bn)	13.0	14.6	16.6	21.9	32.5	10.6 48%
	Local currency (USD mn)	118	133	155	199	246	47 23%
Operating Profit	Reporting currency (JPY bn)	0.5	0.6	1.4	1.4	1.8	0.4 25%
	Local currency (USD mn)	4.2	5.2	13.3	12.8	13.4	0.6 5%

Next is the overseas business for Processed Foods.

The bar graph on the left shows overseas sales amounts in the Processed Foods business through Q3. The graph below shows the full-year forecast of ¥55.9 billion, an increase of ¥15.1 billion from the previous fiscal year.

GFPT Nichirei (Thailand) increased sales by ¥5.1 billion, or 52% in Q3 from the corresponding period of the previous fiscal year as a result of continued growth in exports to Europe and domestic sales within Thailand. This represents a 41% increase on a local currency basis.

The chart on the right is the current status of InnovAsian Cuisine, which handles the North American business. Net sales in the Q3 cumulative period amounted to ¥23.3 billion, an increase of ¥7.5 billion, or 48% from the same period of the previous fiscal year. On a local currency basis, net sales were US\$181 million, for growth of 25%. Earnings, however, were significantly impacted by increases in food material costs, mainly for chicken, and higher logistics expenses. Operating profit decreased 1% from the corresponding period, and 16% on a local currency basis.

Total operating profit from overseas businesses is difficult to present because our production companies in Thailand, Surapon Nichirei Foods and GFPT Nichirei (Thailand), do not use a system that makes a sharp distinction between profit from production for Japan and earnings from sales to outside customers. Going forward, however, we will consider ways to provide earnings information in some format.

■ Full-year operating profit forecast revised downward, while still focused on securing earnings gain.

(Billions of yen)

		Full Year				
		Plan	YoY		Compared to Previous Plan	
			Variance	% Change	Previous Plan	Variance
Logistics Business	Net Sales	246.0	21.5	10%	246.0	0
	Japan Subtotal	177.6	3.2	2%	181.0	-3.4
	Logistics Network	105.1	2.2	2%	106.5	-1.4
	Regional Storage	72.5	1.1	2%	74.5	-2.0
	Overseas	63.4	17.5	38%	60.0	3.4
	Other/Intersegment	5.0	0.7	17%	5.0	0
	Operating Profit	14.8	0.2	1%	15.3	-0.5
	Japan Subtotal	13.4	-0	-0%	13.8	-0.4
	Logistics Network	5.4	-0.1	-2%	5.6	-0.2
	Regional Storage	8.0	0.1	1%	8.2	-0.2
	Overseas	2.1	0	1%	2.1	0
	Other/Intersegment	-0.7	0.2	—	-0.6	-0.1

(Japan)

**Logistics Network**

- Expand frozen foods distribution platform, transportation and delivery.

**Regional Storage**

- Focus on cargo collections for imports while utilizing assets of other companies, and expand business volume.

**Operating Profit**

- Focus on securing earnings gains from revenue boost and greater operational efficiency.
- Lessen impact from rising energy costs by applying electricity and fuel surcharges.

(Overseas)

**Europe**

- Revise fees in response to cost increases, and secure operating profit on a par with the previous fiscal year.

Next is the Logistics business.

The overall forecast for net sales of ¥246.0 billion is unchanged, but the figures for Japan and overseas have been adjusted based on the results through Q3 and the outlook for Q4.

For operating profit, although the rate of earnings decline narrowed in Q3, since results fell short of the initial target, the forecast has been revised downward by ¥0.5 billion to ¥14.8 billion. However, we are steadily implementing measures, and expect to achieve an earnings gain for the period.

In Japan, for the Logistics Network business, we expect a 3% year-on-year increase in revenue in Q4 from expansion in the frozen foods distribution platform, and transportation and delivery. For the Regional Storage business, we anticipate a 2% year-on-year increase in revenue in Q4 by expanding business volume through a focus on cargo collections for imports, including utilizing assets of other companies, mainly in the port areas of the greater Tokyo metropolitan area.

In terms of operating profit, Nichirei will focus on securing earnings gains from the revenue boost and improved operational efficiency. We will also take steps to lessen the impact from rising energy costs by applying electricity and fuel surcharges.

Overseas, in Europe we plan to revise fees in response to cost increases, and secure operating profit on a par with the previous fiscal year.

## Factors for Increase/Decrease in Operating Profit

(Billions of yen)

	Q3 Results (cumulative)	Full-year Plan	Compared to Previous Plan
<b>FY22/3 Operating Profit</b>	<b>12.2</b>	<b>14.6</b>	<b>—</b>
<b>Factors for increase</b>	<b>1.4</b>	<b>2.1</b>	<b>-0.3</b>
Effect on results from increase in cargo collection costs (including cross docking)	0.9	1.3	-0.3
Operational improvements	0.3	0.4	0
Streamlining of transport business	0.3	0.4	0
Effect on overseas business	-0.2	0	0
<b>Factors for decrease</b>	<b>-2.0</b>	<b>-1.9</b>	<b>-0.2</b>
Increase in electricity charges (net)	-1.5	-1.6	-0.1
Increase in transport and delivery costs (net)	-0.3	-0.4	0
Increase in work outsourcing costs (net)	0	-0.1	0
Other	-0.2	0.2	-0.1
<b>FY23/3 Operating Profit</b>	<b>11.5</b>	<b>14.8</b>	<b>-0.5</b>

## Main Measures

- Effect on results from increase in cargo collection costs  
Revised downward, as while cargo collections are firm, restorage costs have risen as movement of goods has been slower than expected.
- Increase in electricity charges (net)  
Application of electricity fee surcharges proceeding as planned.
- Other  
Expected decrease in policy expenditures in Q4.

These are the factors for increase and decrease in full-year operating profit. I will explain the main items.

For “effect on results from increase in cargo collection costs,” the forecast has been lowered by ¥0.3 billion to reflect slower than expected movement of goods, and an increase in restorage costs.

For “increase in electricity charges (net),” although the application of electricity fee surcharges is proceeding as planned, the forecast has been revised downward by ¥0.1 billion in response to the rise in electricity rates from Q2 due to the weak yen.

Of note, the revision to “other” reflects a decrease in repairs completed ahead of schedule for safety measures and maintaining logistics quality, along with a decrease in policy expenditures such as the bulk purchase of equipment.

- **Marine Products results expected to be in line with plan, while operating profit forecast for Meat and Poultry revised downward.**

(Billions of yen)

		Full Year				
		Plan	YoY		Compared to Previous Plan	
			Variance	% Change	Previous Plan	Variance
Marine Products	Net Sales	66.0	-1.7	-3%	66.0	0
	Operating Profit	1.0	0	4%	1.0	0
Meat and Poultry	Net Sales	85.0	4.7	6%	85.0	0
	Operating Profit	1.0	-0.2	-14%	1.2	-0.2

### Marine Products

- Nichirei expects to meet plan targets through expanded sales of mainstay items, and expansion in overseas sales.

### Meat and Poultry

- Earnings from domestic products has improved, but operating profit forecast has been revised downward on deterioration in market conditions for imported frozen foods.

For the Marine Products business, Nichirei expects to achieve its plan targets of ¥66.0 billion in net sales and ¥1.0 billion in operating profit through expanded sales of mainstay items, and an increase in overseas sales.

For the Meat and Poultry business, while Nichirei managed to improve earnings, mainly for domestic products, because of the deterioration in market conditions for imported frozen foods, the forecast for operating profit has been revised downward by ¥0.2 billion to ¥1.0 billion. The forecast for net sales is unchanged at ¥85.0 billion.

The final section presents reference material that you can review at your convenience.

That concludes this presentation. Thank you for your attention.

# Appendix

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

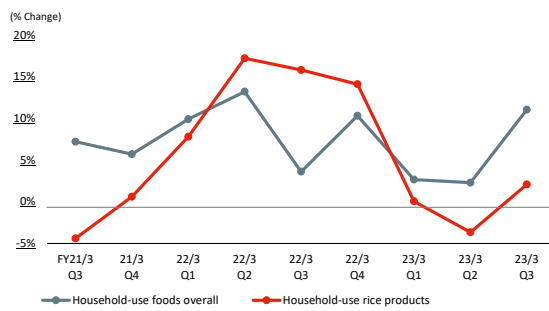


(Billions of yen)

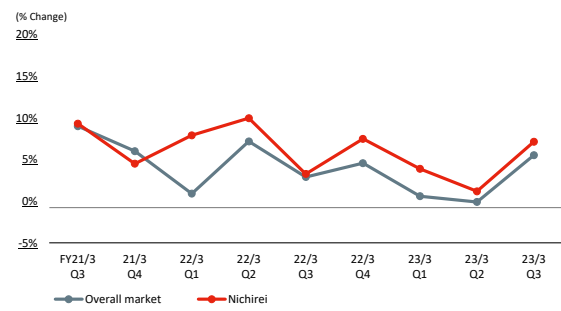
	FY23/3 Q3 (Cumulative)		Full Year	
	Results	Variance	Plan	Variance
<b>Non-operating Income and Expenses</b>	0.4	0.2	0.3	0
Main items				
Financial account balance	0.3	-0	0.2	0
Share of profit of entities accounted for using equity method	0.2	0.1	0.3	0.1
<b>Extraordinary Income and Loss</b>	-0.1	-1.5	-0.3	-3.8
Main items				
Gain on sales of non-current assets	0	0	0	0
Gain on sales of investment securities	0.5	-0.7	0.6	-3.2
Gain on bargain purchase	0.5	0.5	0.5	0.5
Compensation for expropriation	0	-1.2	0	-1.2
Loss on sales and retirement of non-current assets	-0.6	0.2	-0.7	0.4
Impairment loss	-0.4	-0.3	-0.5	-0.3



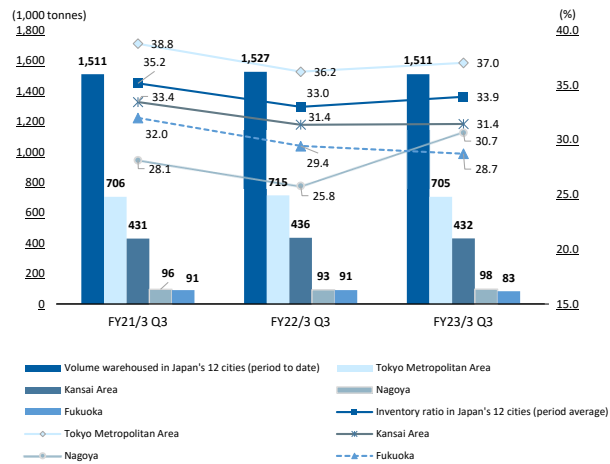
YoY Change in Nichirei's Sales of Household-use Prepared Frozen Foods



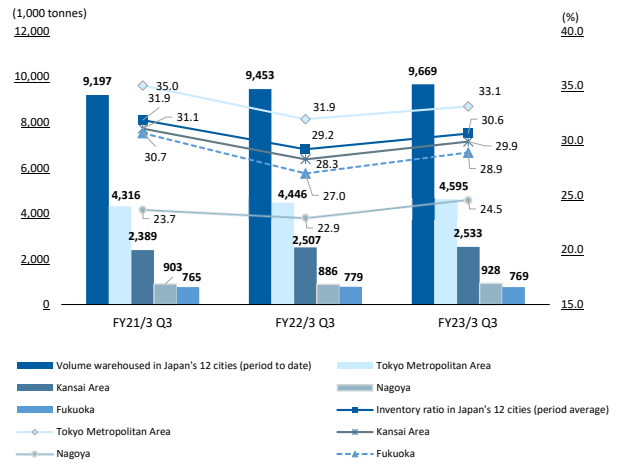
Consumer Panel for Household-use Prepared Frozen Foods YoY Change in Spending per 100 People



## 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

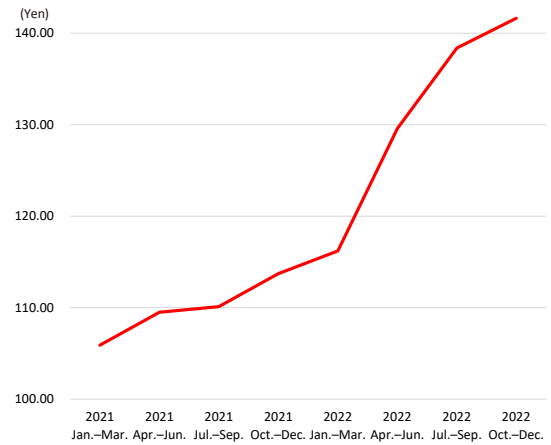
(Yen)

	FY 23/3 Q3 (Forecast)	FY 23/3 Q3 (Actual)*	FY 22/3 Q3 (Actual) )*
USD/JPY	132.00	128.05	108.50
EUR/JPY	138.00	135.95	129.82
THB/JPY	3.80	3.70	3.45

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

## Average Exchange Rates (USD/JPY)

(Yen)



## 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.	2022 Oct.-Dec.
USD/JPY	105.90	109.49	110.11	113.71	116.21	129.57	138.38	141.64
EUR/JPY	127.68	131.95	129.83	130.07	130.40	138.10	139.34	144.35
THB/JPY	3.50	3.50	3.35	3.41	3.52	3.77	3.80	3.89

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- (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.

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