

FY23/3 Q3 Conference Call Q&A Session

Date and time: February 7, 2023, 16:00–17:00

Presenters: Kenji Suzuki, Director, Executive Officer
Yasunori Sato, General Manager of Business Management

Group Overall

Q. Nichirei has set a target for the second year of its medium-term business plan of ¥34.0 billion in operating profit. At this time, what are the prospects for meeting that target?

A. We are currently formulating the plan for next year with the second-year target of ¥34.0 billion in operating profit. However, considering the results by business segment for the current fiscal year, we may need to revise the target slightly. However, we maintain our view that Processed Foods will be the driver for earnings gains in the next fiscal year.

Processed Foods

Q. What is your thinking regarding business performance in the next fiscal year?

A. We expect the main factors weighing on earnings will be the weak yen, higher food material and procurement costs, power and fuel prices, logistics expenses, and an increase in depreciation. The exchange rate has slightly improved recently, but prices for eggs and other food material is rising. In response, along with the continued boost from the price revisions implemented in the current period, we will aim to secure earnings gains from an increase in sales, improved productivity, and greater profitability from overseas businesses.

Q. Regarding overseas businesses, do you expect the growth in the U.S. and Thailand to continue?

A. In North America, for InnovAsian Cuisine we plan to increase earnings with the launch of new products. We also anticipate a boost from the integrated production and sales structure that will be established once Nichirei's production management and technological capabilities are applied to the rice products production company that was made a subsidiary in the previous fiscal year.
For GFPT Nichirei (Thailand), results may be down slightly next year as a rebound from the strong gains this period, but we anticipate improved operations at the second production plant, and expanded sales both within Thailand and to third countries.

Logistics

Q. Regarding the factors for increase and decrease in operating profit, you cited a slowdown in the movement of goods as a reason behind the increase in cargo collection costs. Do you expect this to continue in the next fiscal year?

A. Movement of goods has been slower than expected since Q3 and inventory turnover has decreased, but we expect the situation to gradually improve from start of the new year.

END

Note: This document is not a complete record of the Q&A session, and has been edited by Nichirei Corporation.