

Earnings Results for FY23/3 Presentation Material

May 9, 2023
Nichirei Corporation

- **FY23/3 Results (Page 1–6)**
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Note: Figures shown in the graphs and charts in this document, if not otherwise indicated, have been rounded to the nearest unit. Certain figures have been rounded up or down to adjust for fractional amounts.

FY23/3 Results

- Net sales rose 10% from the previous fiscal year on continued steady performance in mainstay businesses, mainly overseas operations
- Operating profit increased 5% on earnings improvement in mainstay businesses, and positive performance in the Bioscience Business
- Profit attributable to owners of parent was down 8%, due mainly to a decrease in gain on sales of investment securities

(Billion yen)

	FY23/3				
	Results	YoY		Compared to Previous Plan	
		Variance	% Change	Previous Plan	Variance
Net Sales	662.2	59.5	10%	660.0	2.2
Overseas Sales	133.3	35.7	37%		
Operating Profit	32.9	1.5	5%	31.5	1.4
Ordinary Profit	33.4	1.8	6%	31.9	1.5
Profit attributable to owners of parent	21.6	-1.8	-8%	21.2	0.4
EPS	167.14 yen	-9.58 yen	-5%	163.73 yen	3.41 yen
EBITDA	55.1	2.6	5%	53.9	1.2
ROIC	6.9%				
ROE	9.9%				

Exchange Rates

	FY 23/3
USD/JPY	131.45
EUR/JPY	138.05
THB/JPY	3.75

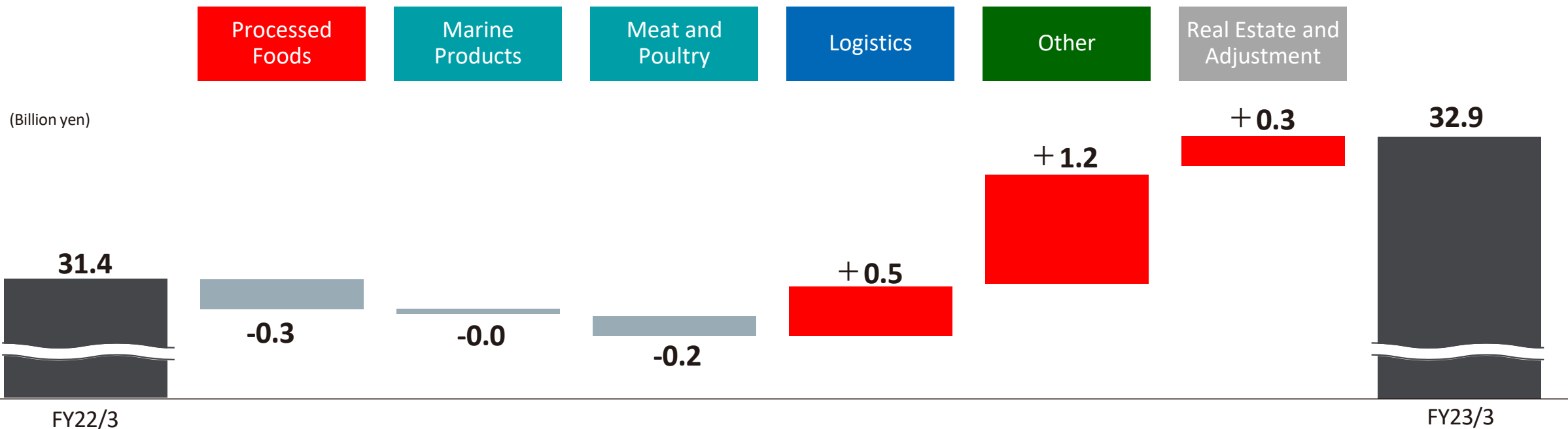
* Exchange rate figure is the average for the January-December period.

Consolidated Group Results by Segment

(Billion yen)

		FY23/3				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
	Processed Foods	275.7	31.5	13%	275.0	0.7
	Marine Products	69.0	1.3	2%	66.0	3.0
	Meat and Poultry	85.8	5.5	7%	85.0	0.8
	Logistics	244.2	19.7	9%	246.0	-1.8
	Real Estate	4.5	0.2	5%	4.6	-0.1
	Other	6.1	1.9	46%	6.1	-0.0
	Adjustment	-23.1	-0.5	—	-22.7	-0.4
	Net Sales	662.2	59.5	10%	660.0	2.2
	Processed Foods	14.0	-0.3	-2%	13.8	0.2
	Marine Products	1.0	-0.0	-1%	1.0	-0.0
	Meat and Poultry	1.0	-0.2	-18%	1.0	-0.0
	Logistics	15.1	0.5	4%	14.8	0.3
	Real Estate	1.8	0.1	9%	1.8	-0.0
	Other	0.8	1.2	—	0.8	0.0
	Adjustment	-0.7	0.2	—	-1.7	1.0
	Operating Profit	32.9	1.5	5%	31.5	1.4

Factors for Increase/Decrease in Operating Profit



Processed Foods Decrease of ¥0.3 billion, as higher food material costs outstripped price revisions.

Logistics Increase of ¥0.5 billion, as expanded cargo collections and improvements in operational efficiency offset higher electricity costs.

Other Increase of ¥1.2 billion, as the Bioscience Business expanded sales of antigen test kits to simultaneously test for covid-19 and influenza.

Real Estate and Adjustment Expenditures decreased with revision of content and timing for certain strategic expenditures for DX and sustainability measures.

- Operating profit was down 2% on cost increases, but exceeded the previous plan target

(Billion yen)

		FY23/3				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
Processed Food Business	Net Sales	275.7	31.5	13%	275.0	0.7
	Household-use Prepared Foods	81.4	4.6	6%	81.4	0.0
	Commercial-use Prepared Foods	100.1	7.4	8%	103.1	-3.0
	Processed Agricultural Products	20.4	0.5	2%	20.0	0.4
	Overseas	58.9	18.1	44%	55.9	3.0
	Other	14.9	0.9	7%	14.6	0.3
	Operating Profit	14.0	-0.3	-2%	13.8	0.2

Net Sales

Household-use Prepared Foods

Sales rose 6% on growth in sales volume for processed chicken, and expanded handling of hamburger and other processed meat products

Commercial-use Prepared Foods

Sales rose 8% as a result of focusing on expanding sales channels for processed chicken items in the restaurant and home meal replacement (HMR) market, along with positive sales in mainstay categories such as processed meat products, including hamburgers and cutlets

Overseas

Net sales rose 44% on strong sales of household-use items at U.S. subsidiary InnovAsian Cuisine, and expanded exports to Europe by Thailand subsidiary GFPT Nichirei

Operating Profit

Earnings declined 2% overall, as price revisions and earnings improvement at GFPT Nichirei were offset by the weak yen, along with higher costs for food material, and power and fuel.

- Operating profit rose 4% on measures to adapt to the changing business environment, mainly overseas, offsetting the impact from rising costs.

(Billion yen)

		FY23/3				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
Logistics Business	Net Sales	244.2	19.7	9%	246.0	-1.8
	Japan Subtotal	177.1	2.7	2%	177.6	-0.5
	Logistics Network	104.6	1.7	2%	105.1	-0.5
	Regional Storage	72.5	1.1	1%	72.5	-0.0
	Overseas	63.7	17.8	39%	63.4	0.3
	Other/Intersegment	3.4	-0.9	-21%	5.0	-1.6
	Operating Profit	15.1	0.5	4%	14.8	0.3
	Japan Subtotal	13.5	0.1	1%	13.4	0.1
	Logistics Network	5.4	-0.1	-2%	5.4	0.0
	Regional Storage	8.1	0.2	2%	8.0	0.1
	Overseas	2.4	0.3	16%	2.1	0.3
	Other/Intersegment	-0.8	0.1	—	-0.7	-0.1

(Japan)

Net Sales

Logistics Network

Revenue rose 2% on increased handling of commercial-use products in the third-party logistics (3PL) business, and steady growth in joint delivery services for frozen foods

Regional Storage

Revenue rose 1% on steady efforts to capture storage demand, mainly in major metropolitan areas

Operating Profit

Earnings were up 1% YoY as application of electricity and fuel surcharges partially lessened the impact from rising energy costs, and further boosted by sales gains and greater operational efficiency

(Overseas)

Net Sales

Europe: Revenue was up 39% on the benefits from acquisitions completed in the previous fiscal year, and expansion in customs clearance and cross-border transport services

Operating Profit

Europe: Earnings rose 16% on expanded cargo collections, along with application of surcharges and price revisions that mitigated the impact from rising energy costs

- Marine Products results were on a par with the previous fiscal year, while in Meat and Poultry operating profit was down 18% on inability to fully absorb cost increases

(Billion yen)

		FY23/3				
		Results	YoY		Compared to Plan	
			Variance	% Change	Plan	Variance
Marine Products	Net Sales	69.0	1.3	2%	66.0	3.0
	Operating Profit	1.0	-0.0	-1%	1.0	-0.0
Meat and Poultry	Net Sales	85.8	5.5	7%	85.0	0.8
	Operating Profit	1.0	-0.2	-18%	1.0	-0.0

Marine Products

- Sales rose 2% as a result of a focus on products for which Nichirei has an advantage, mainly shrimp, along with price revisions to reflect rising procurement costs
- Operating profit was on a par with the previous fiscal year, boosted by the overseas business

Meat and Poultry

- Sales rose 7% on growth in processed foods to the HMR and restaurant market, and imported frozen items
- Operating profit was down 18% on inability to absorb higher animal feed prices and other costs

FY24/3 Plan

- **Net sales:** Forecast increase of 2% YoY on continued steady performance in mainstay businesses
- **Operating profit:** Forecast increase of 5% YoY on earnings improvement for Processed Foods, and a 1% increase compared to the initial medium-term business plan

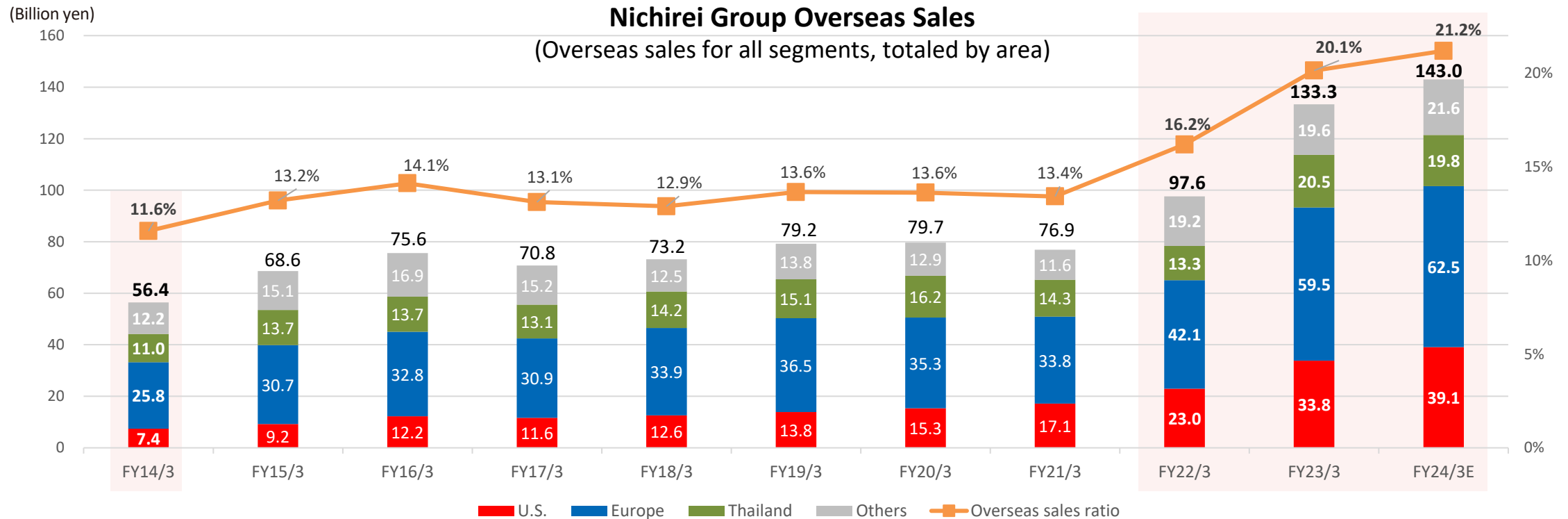
(Billion yen)

	FY24/3				
	Plan	YoY		Compared to Initial Plan	
		Variance	% Change	Initial Plan	Variance
Net Sales	675.0	12.8	2%	640.5	34.5
Overseas Sales	143.0	9.7	7%		
Operating Profit	34.5	1.6	5%	34.0	0.5
Ordinary Profit	34.8	1.4	4%	34.7	0.1
Profit attributable to owners of parent	22.4	0.8	4%	22.4	—
EPS	175.42 yen	8.28 yen	5%		
EBITDA	60.2	5.0	9%		

Exchange Rates Forecast

	FY 24/3
USD/JPY	135.00
EUR/JPY	145.00
THB/JPY	3.90

- The compound annual growth rate (CAGR) for overseas sales over the last decade is 14%
- Growth in the overseas business for Nishirei Group overall has been driven by Processed Foods in the U.S., and Logistics in Europe



Exchange rates	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	FY24/3E
USD/JPY	97.65	105.86	121.05	108.87	112.19	110.44	109.06	106.83	109.80	131.45	135.00
EUR/JPY	129.69	140.43	134.32	120.36	126.66	130.42	122.08	121.82	129.88	138.05	145.00

* Actual exchange rate figures are the average for the January–December period of each year.

Consolidated Group Forecast by Segment

(Billion yen)

		FY24/3				
		Plan	YoY		Compared to Initial Plan	
			Variance	% Change	Initial Plan	Variance
	Processed Foods	296.0	20.3	7%	267.0	29.0
	Marine Products	50.0	-19.0	-28%	48.9	1.1
	Meat and Poultry	85.0	-0.8	-1%	93.5	-8.5
	Logistics	255.0	10.8	4%	243.0	12.0
	Real Estate	4.5	-0.0	-1%	4.7	-0.2
	Other	6.4	0.3	5%	5.6	0.8
	Adjustment	-21.9	1.2	—	-22.2	0.3
	Net Sales	675.0	12.8	2%	640.5	34.5
	Processed Foods	15.6	1.6	12%	16.0	-0.4
	Marine Products	1.0	0.0	5%	1.0	0.0
	Meat and Poultry	1.6	0.6	67%	1.9	-0.3
	Logistics	15.3	0.2	1%	15.1	0.2
	Real Estate	1.7	-0.1	-5%	2.0	-0.3
	Other	0.4	-0.4	-52%	0.0	0.4
	Adjustment	-1.1	-0.4	—	-2.0	0.9
	Operating Profit	34.5	1.6	5%	34.0	0.5

Factors for Increase/Decrease in Operating Profit Forecast



Processed Foods

Up ¥1.6 billion—Despite continued increases in food material costs, price revisions implemented in the previous fiscal year will continue to have a positive effect.

Meat and Poultry

Up ¥0.6 billion—Positive effect of price revisions, along with expanded sales of processed products and differentiated items.

Logistics

Up ¥0.2 billion—Increase in one-time expenditures for startup of new facilities to be offset by expanded cargo collections and improvements in operational efficiency.

Real Estate and Adjustment

Increase in strategic expenditures for DX and sustainability measures.

Expansion in strategic categories

- Further growth in strategic categories where Nichirei has an advantage, such as rice products and chicken
- Expanded production capacity to handle robust demand, and establishment of an efficient supply structure

* Please refer to page 12 for details.

Market creation from new added value

- Expanded lineup of personal use (single serving) items and broadening of sales channels
- Utilization of proprietary technologies to develop and launch products that provide health benefits
- Provide “assembled meal ingredients”

* Please refer to page 12 for details.

Earnings growth for overseas business

- U.S.—Expand market share through growth in mainstay categories and entry into new categories
- Brazil—Strengthen sales of clean label Acerola Powder

* Please refer to page 13 for details.

Expansion in strategic categories

Rice products

- New production facility for rice products that began operating in April expands production capacity for fried rice products 1.5 times, facilitating response to robust demand
- Drive growth in the household-use frozen fried rice market, while strengthening development and sales of commercial-use products
- Enhance efficiency through automation of manual processes and switch to unmanned conveyance

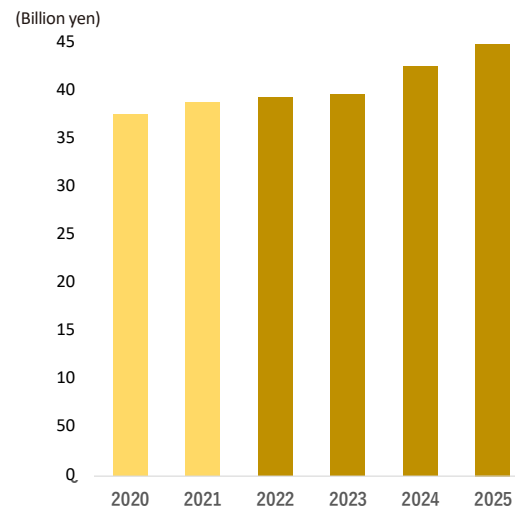
New production facility for rice products



Main automation and labor-saving technologies

- Automatic detection using AI
- Transport with unmanned conveyance system
- Automation of complex processing tasks

Household-use Frozen Fried Rice Market



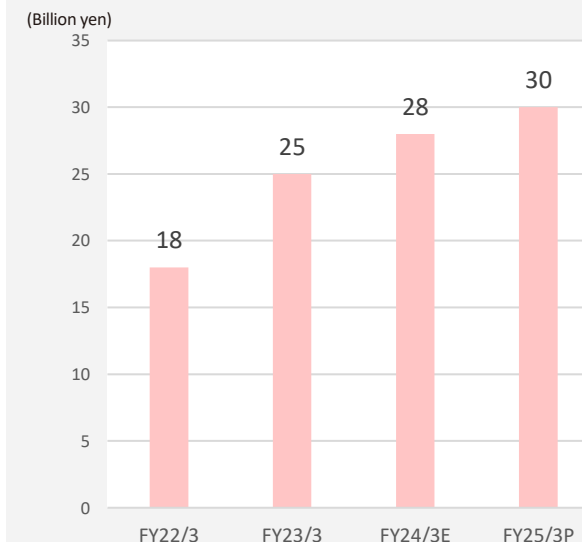
Source: Nichirei from INTAGE SCI data. Figures of 2022 to 2025 are estimates by Nichirei.

Market creation from new added value

Personal use (Single servings)

- Expand product lineup focusing on single-serve noodle dishes, and develop and provide items for a wide range of businesses.
- Generate demand for new types of single-serve dishes that are uniquely Nichirei, in order to expand and establish a position in the market.

Nichirei's Personal Use Products Sales



Household Use

Expand product lineup.



Commercial Use

Provide single plate dishes to address labor shortages and small lot needs.



Earnings growth for overseas business

U.S.

InnovAsian Cuisine

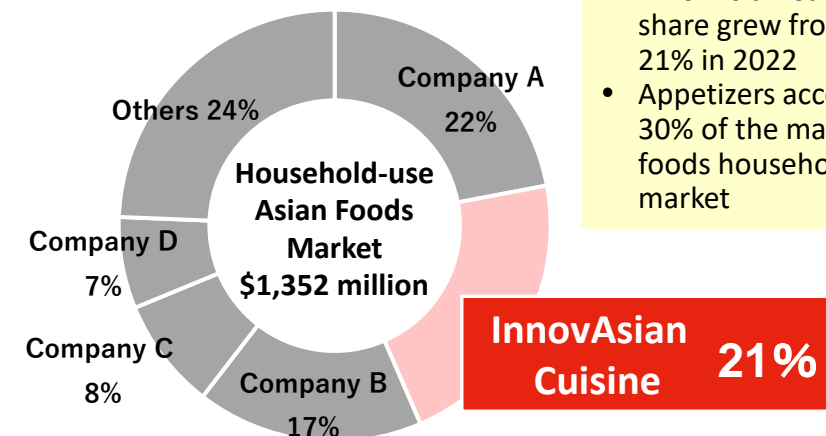
- Strengthen sales in the rice products category, where Nichirei has secured in-house production capacity, and in the mainstay chicken category
- Focus on expansion for household-use appetizers
- Launch new products and conduct effective promotions

Nichirei Sacramento Foods

- Made a subsidiary in July 2022 as an in-house production facility, utilizing technology and know-how from Japan to establish a stable supply structure for rice products
- Strengthen collaboration with InnovAsian Cuisine to accelerate growth through combined production and sales

InnovAsian Cuisine Net Sales and Operating Profit

		FY20/3	FY21/3	FY22/3	FY23/3	FY24/3		
		Results	Results	Results	Results	Plan	YoY	
							Variance	% Change
Net Sales	Reporting currency (JPY bn)	14.6	16.6	21.9	32.6	37.0	4.4	13%
	Local currency (USD mn)	133	155	199	248	274	26	10%
Operating Profit	Reporting currency (JPY bn)	0.6	1.4	1.4	1.8	1.9	0.1	6%
	Local currency (USD mn)	5.2	13.3	12.8	13.4	13.9	1	4%
Exchange Rate (USD/JPY)		109.06	106.83	109.80	131.45	135.00		



- InnovAsian Cuisine's market share grew from 19% in 2020 to 21% in 2022
- Appetizers accounts for around 30% of the market for the Asian foods household-use frozen market

Source: Calculated from Nielsen data on household-use Asian food brands (national brands only).
Period: January–December 2022.

- While costs continue to rise, Nishirei aims to offset this with selling price adjustments and increased revenue, for an operating profit gain of 12% year on year.

(Billion yen)

		FY24/3		
		Plan	YoY	
			Variance	% Change
Processed Foods	Net Sales	296.0	20.3	7%
	Household-use Prepared Foods	86.1	4.7	6%
	Commercial-use Prepared Foods	108.4	8.3	8%
	Processed Agricultural Products	21.5	1.1	5%
	Overseas	65.0	6.1	10%
	Other	15.0	0.1	1%
	Operating Profit	15.6	1.6	12%

Factors for Increase/Decrease in Operating Profit

(Billion yen)

	FY23/3 Results	FY24/3 Plan
FY22/3 Operating Profit	14.2	14.0
Factors for increase	14.3	12.5
Impact of selling price adjustments	11.4	11.5
Increased revenue	0.3	0.5
Impact of results at affiliated companies	2.3	0.2
Improved productivity	0.3	0.3
Factors for decrease	-14.5	-10.9
Increase/decrease in food material and procurement cost	-6.8	-4.2
Increase in raw material and purchasing costs due to yen depreciation	-4.1	-2.7
Increase/decrease in logistics costs	-1.3	-0.5
Increase/decrease in power and fuel costs	-1.6	-0.9
Increase in depreciation expense	-0.6	-2.3
Other	-0.1	-0.3
FY23/3 Operating Profit	14.0	15.6

Main Measures

- Impact of selling price adjustments
Steady implementation of price revisions from February.
- Impact of results at affiliated companies
Earnings decline anticipated in Thailand, but U.S. results expected to grow steadily.
- Increase/decrease in food material and procurement cost
Rise in procurement price for eggs and chicken, and increase in packaging material costs.
- Increase in depreciation expense
Increase resulting from start of operations at new rice products facility in Fukuoka Prefecture.

Japan—Establish a business foundation for the next era in logistics

- Solutions for the sweeping regulatory changes in 2024
 - Build a logistics platform for frozen foods
 - Expand the S&U Logistics System (SULS)
 - Expand business through stable operations at the Kobe Rokko Distribution Center as quickly as possible
- * Please refer to page 17 for details.

Measures for sustainable growth

- Establish a technical foundation (operational innovation, enhanced engineering)
 - Transition to natural refrigerants and other environmental measures
- * Please refer to page 17 for details.

Overseas—Achieve growth in both revenue and earnings

- Europe: Expand range of one-stop services combining customs clearance, storage, and transport
 - China: Recover from the impact of the COVID-19 lockdown, and develop business in the southern and southwestern areas of the country.
 - ASEAN: Establish a business foundation and expand sales.
- * Please refer to page 18 for details.

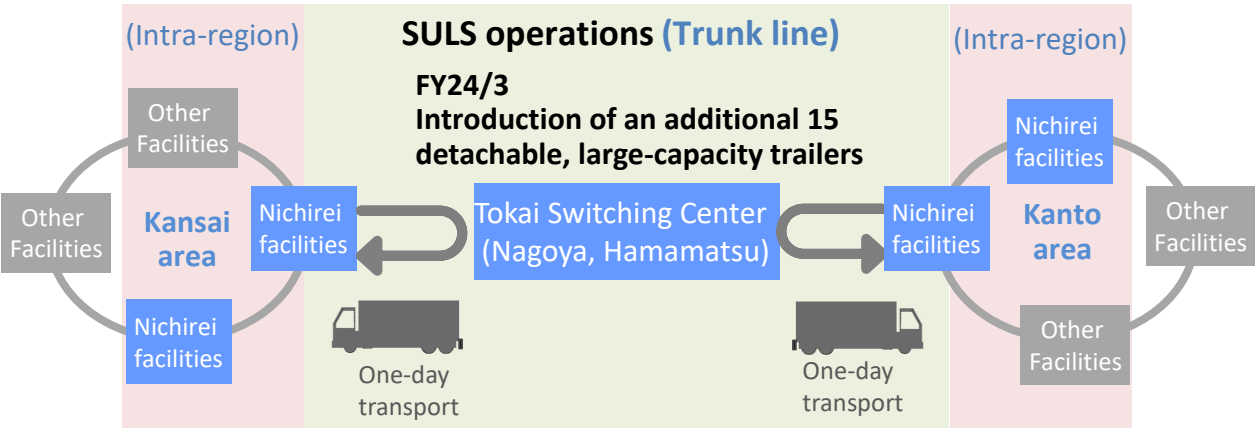
Establish a business foundation for the next era in logistics

- Utilize internal and external company assets to build a logistics platform for frozen foods, and expand share of product handling
- Expand the S&U Logistics System (SULS) for trunk line transport along the Tokyo, Nagoya, and Osaka area
- Establish stable operations at the Kobe Rokko Distribution Center as quickly as possible, and respond to needs for storage of fruit juice and dairy products in the Kansai region

Measures for sustainable growth

- Technology development and verification, including robots and automated conveyance systems currently in joint development.
- Transition to natural refrigerants according to plan.

SULS Operation Concept



Strengthen business foundation in Western Japan



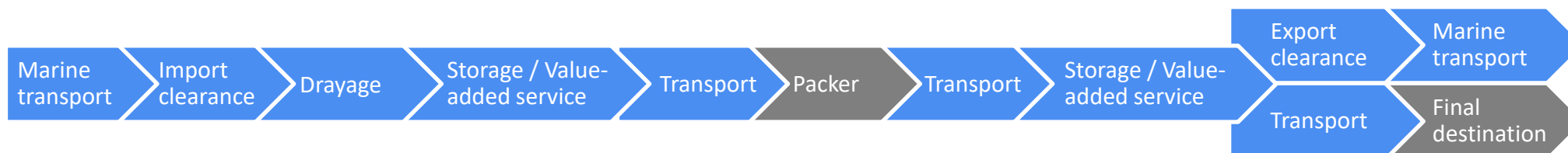
Kobe Rokko Distribution Center Overview	
Location	Higashinada-ku, Kobe City
Scheduled start of operations	January 2024
Total investment	¥9.3 billion
Capacity	24,100tonnes
Truck berths	12

Achieve growth in both revenue and earnings

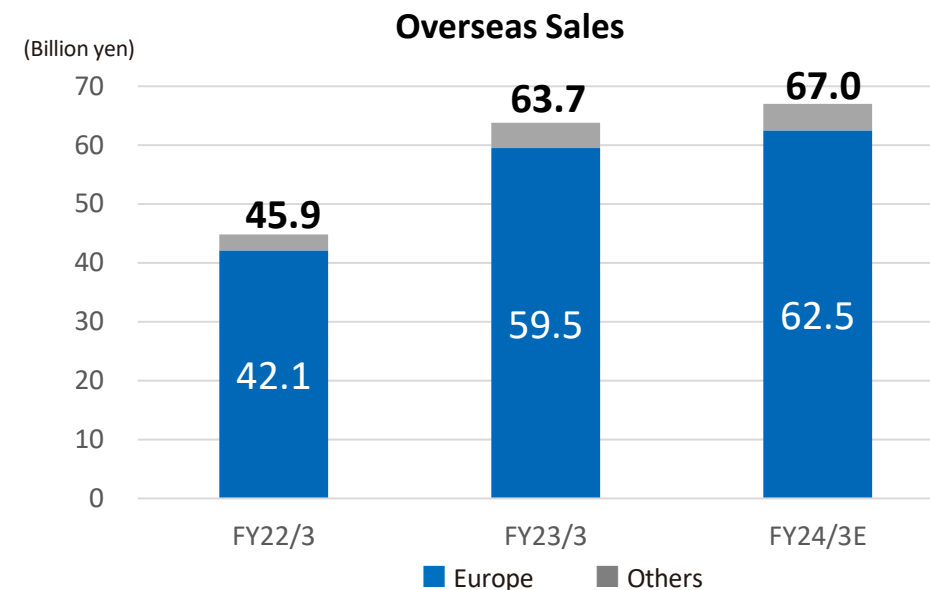
Europe

- While responding to cost increases, expand range of cross-border, one-stop services

One-stop service (Comprehensive service combining everything from marine transport to customs clearance, storage, value-added services, and transport to destination.)



- Expand earnings by taking import and export cargo through Rotterdam Port into the main logistics base in the Netherlands
- Strengthen services in the U.K. for combined storage and transport, establish a business foundation, and meet demand for export-related storage
- Increase transport earnings in France by utilizing expanded facilities
- Continue expansion of cross-border transport in Germany and other areas of continental Europe
- Build a transport network extending across the entirety of Poland



- Nichirei will absorb cost increases while continuing to build a business foundation in anticipation of growth from FY25/3 and beyond, with a forecast operating profit gain of ¥0.2 billion year on year

(Billion yen)

		FY24/3		
		Plan	YoY	
			Variance	% Change
Logistics Business	Net Sales	255.0	10.8	4%
	Japan Subtotal	183.0	5.9	3%
	Logistics Network	118.0	13.4	13%
	Regional Storage	65.0	-7.5	-10%
	Overseas	67.0	3.3	5%
	Other/Intersegment	5.0	1.6	49%
	Operating Profit	15.3	0.2	1%
	Japan Subtotal	13.7	0.2	1%
	Logistics Network	6.4	1.0	18%
	Regional Storage	7.3	-0.8	-10%
	Overseas	2.6	0.2	8%
	Other/Intersegment	-1.0	-0.2	—

* A portion of the Regional Storage business was transferred to the Logistics Network business as part of organizational restructuring in the Tokyo metropolitan area (April 2023).

Factors for Increase/Decrease in Operating Profit

(Billion yen)

	FY23/3 Results	FY24/3 Plan
FY22/3 Operating Profit	14.6	15.1
Factors for increase	2.5	1.1
Effect on results from increase in cargo collection costs	1.3	0.5
Operational improvements	0.5	0.2
Streamlining of transport business	0.4	0.2
Effect on overseas business	0.3	0.2
Factors for decrease	-2.0	-0.9
Increase in electricity charges (net)	-1.6	0.9
Increase in transport and delivery costs (net)	-0.4	-0.5
Increase in work outsourcing costs (net)	-0.1	-0.4
Startup costs for new locations	—	-0.7
Other	0.1	-0.2
FY23/3 Operating Profit	15.1	15.3

Main Measures

- Effect on results from increase in cargo collection costs
While cargo collections are expected to increase, mainly in port areas, the effect will be smaller compared to the previous fiscal year due to an increase in restorage expenditures resulting from sluggish cargo movements, and cargo reorganization expenditures stemming from organizational restructuring in the Tokyo metropolitan area.
- Effect on overseas business
Despite rising labor expenses and an increase in costs for infrastructure development, an increase in earnings is expected as a result of expanded cargo collections.
- Increase in electricity charges (net)
Power costs continue to increase, but the application of electricity surcharges will have a mitigating effect throughout the year.
- Increase in transport and delivery costs (net); Increase in work outsourcing costs (net)
Cost increase precedes application of fuel surcharges and work fee pricing revisions.
- Startup costs for new locations
Temporary expenditures for startup of the Kobe Rokko DC and other new facilities.

- **Marine Products:** Revenue decline of 28% from widespread reduction in low-margin items, but with operating profit on a par with the previous fiscal year from expanded handling of high-margin and certified items
- **Meat and Poultry:** Forecast ¥0.6 billion gain year on year from continued revisions to selling prices, and expanded sales of processed and differentiated products

(Billion yen)

		FY24/3		
		Plan	YoY	
			Variance	% Change
Marine Products	Net Sales	50.0	-19.0	-28%
	Operating Profit	1.0	0.0	5%
Meat and Poultry	Net Sales	85.0	-0.8	-1%
	Operating Profit	1.6	0.6	67%

Measures to Achieve the Medium-term Business Plan

- ROIC will decline in FY24/3 with the volume of capital expenditures, but measures are steadily being implemented to reach the target of 7% or higher in the final fiscal year of the business plan

Group total	FY23/3 Results	FY24/3 Plan	FY25/3 Targets
ROE	9.9%	10% or higher	
ROIC	6.9%	6.7%	7% or higher Consistently above 4.0% of WACC
NOPAT*	¥23.4 billion	¥24.1 billion	
Capital employed	¥339.1 billion	¥358.1 billion	
NOPAT ratio	3.5%	3.6%	
Capital employed turnover	2.0 times	1.9 times	

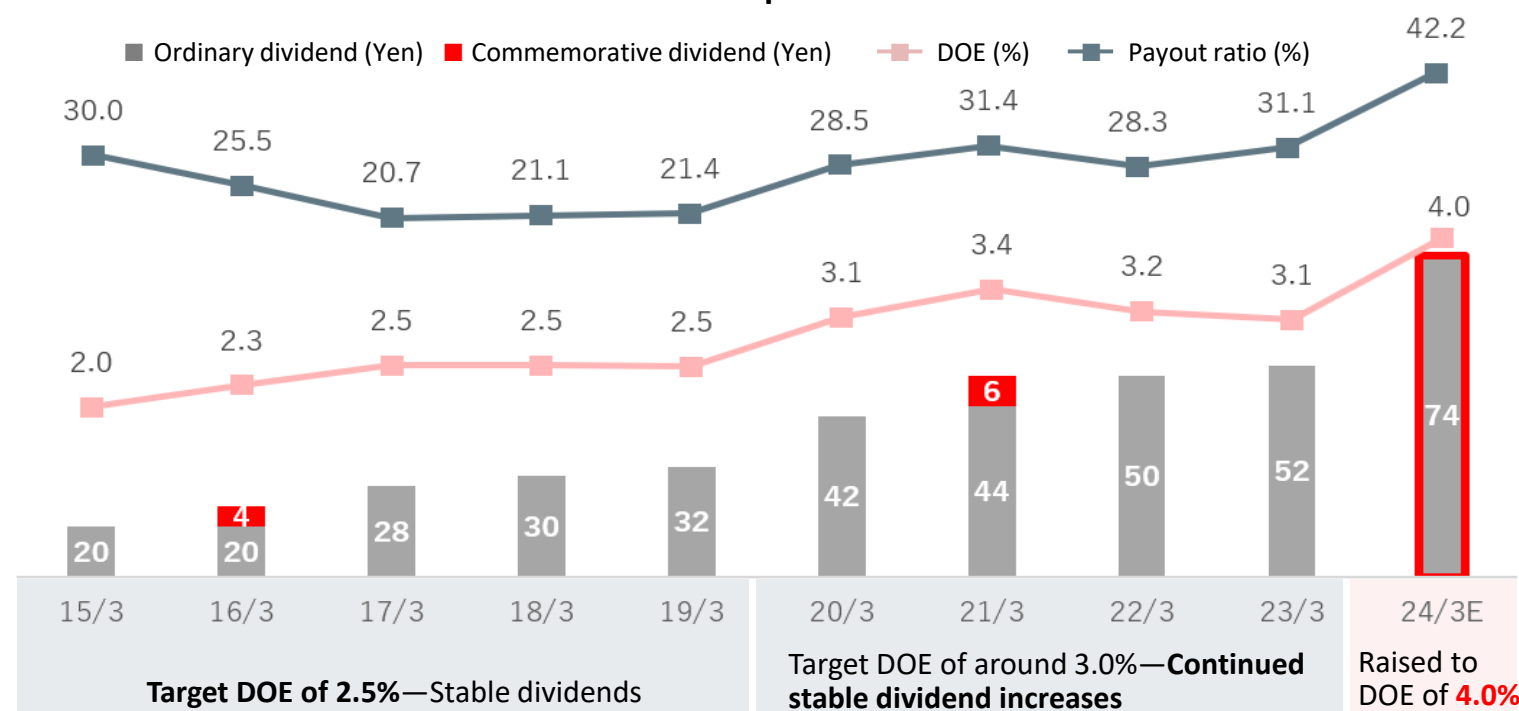
* Net Operating Profit After Tax (NOPAT) = Profit before income taxes excluding interest expense and share of profit/loss of entities accounted for using equity method x [1 - Effective tax rate] + Share of profit/loss of entities accounted for using equity method

	Simple ROIC*			Future Measures to Enhance ROIC
	FY23/3 Results	FY24/3 Plan	FY25/3 Targets	
Processed Foods	8.5%	9.3%	12% or higher	<ul style="list-style-type: none"> Improve profitability (Price revisions, strengthen sales in strategic categories and for new value-added products)
Logistics	7.7%	7.3%	7% or higher	<ul style="list-style-type: none"> Systematic capital investment and realization of tangible investment result Expansion of light-asset business, including 3PL, transportation and delivery
Marine Products	3.5%	5.7%	6% or higher	<ul style="list-style-type: none"> Reduction in handling volume for low-profitability categories Strengthen overseas sales
Meat and Poultry	13.8%	23.0%	25% or higher	<ul style="list-style-type: none"> Improved profitability from strengthened processing and product development function Expand sales of differentiated products
Bioscience	8.9%	5.1%	5% or higher	<ul style="list-style-type: none"> Concentrate resources in growing field of molecular diagnostic agents Stable growth for immunochromatographic diagnostic agents

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

- As a result of changes to dividend policy, the dividend on equity (DOE) ratio has been raised from 3.0% to 4.0%
- Dividend forecast for FY24/3 is 74 yen per share, an increase of 22 yen from the previous fiscal year (forecast increase in dividends on ordinary shares for an eighth consecutive year).
- Acquisition of own shares determined through comprehensive assessment of such factors as financial condition and outlook for free cash flow

Dividends per Share



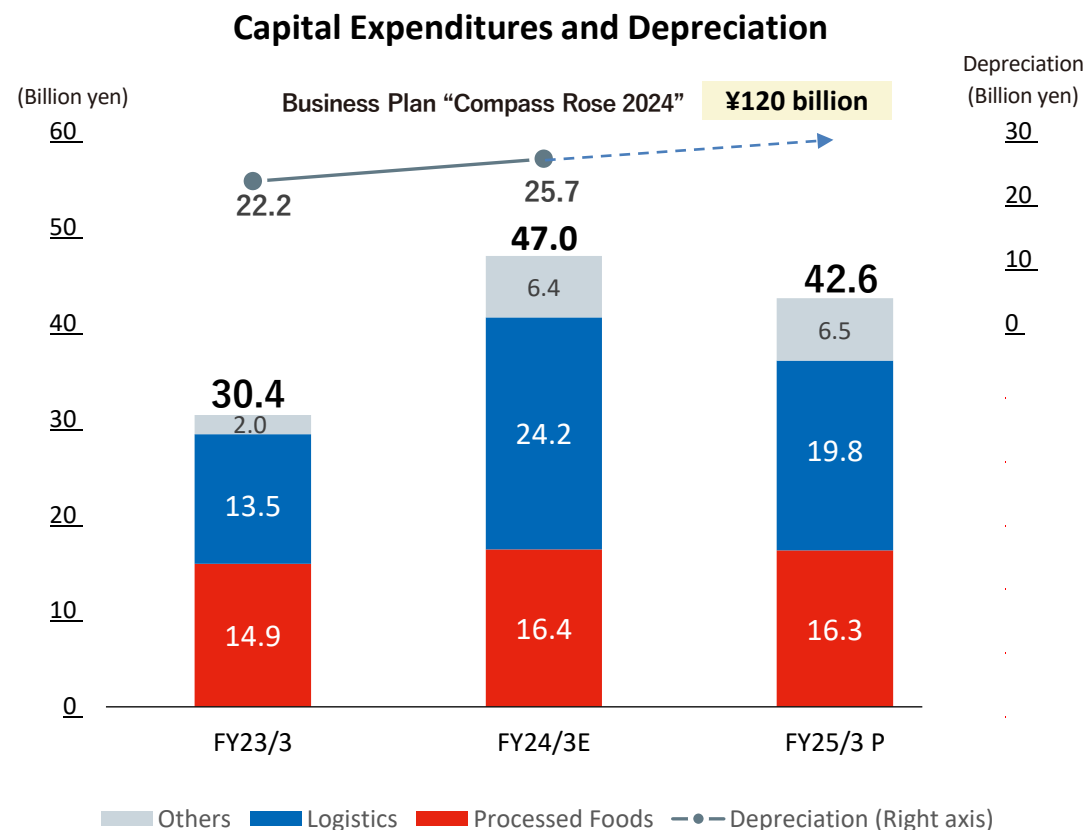
Status of Own Share Acquisition and Retirement

(1,000 shares)

	Acquisition	Retirement
FY11/3	2,350	—
FY12/3	5,150	—
FY13/3	4,420	7,500
FY16/3	570	—
FY17/3	4,720	—
FY18/3	4,330	8,000
FY22/3	3,810	6,030
FY23/3	1,820	—

Note: Figures adjusted to reflect consolidation of shares on October 1, 2016.

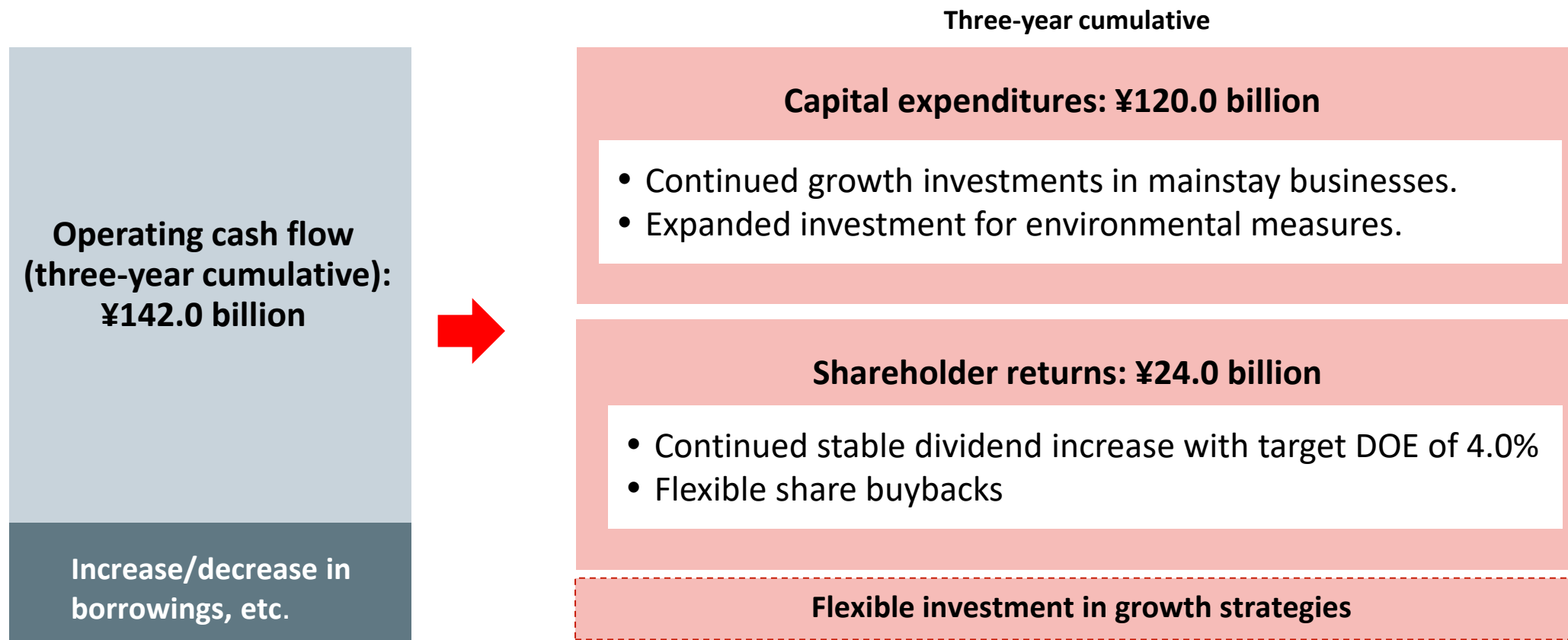
- Continue growth investments in mainstay businesses and for environmental measures
- Certain investments for Logistics were delayed in the previous fiscal year, but total planned spending of ¥120 billion over the three-year plan period is unchanged.



Content of Capital Expenditures (Billion yen)

	Major Breakdown Items	FY24/3 Plan
Processed Foods	<ul style="list-style-type: none"> Construction of new Kyurei frozen rice products production facility (Located in Munakata City, Fukuoka Prefecture) 	2.2 (9.3 already recorded)
Logistics	<ul style="list-style-type: none"> Construction of new Kobe Rokko Distribution Center 	5.2 (4.1 already recorded)
Group Total		47.0

- Operating cash flow will continue to be allocated for investment in mainstay businesses to support future growth, along with shareholder returns
- Target D/E ratio of 0.5 times from the standpoint of financial soundness and capital efficiency



Nichirei Group Materiality

Material Matters ¹	Group KPIs	FY23/3(Expected) ²	FY24/3 Plan	Target for FY25/3	Target for FY31/3
Creating value in food and health	• Sales related to this material matter	—	—	—	¥100 billion
	• Number of consumers and other external parties who receive information (total per year)	—	—	—	200 million people
Strengthening food processing and production technology capabilities; enhancing logistics services	• EBITDA margin	8%	9%	10%	12%
	• EBITDA CAGR	5%	7%	7%	7% or higher
	• Overseas sales ratio	20%	21%	20%	30%
Realizing sustainable food procurement and resources recycling	• Rate of procurement from suppliers and OEMs that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines	Support Rate 89% (Most important suppliers in Japan)	Support Rate 100% (Most important suppliers in Japan)	Support Rate 100% (Most important suppliers in Japan and overseas)	Procurement rate 100%
	• Rate of implementation of ESG due diligence for main raw materials and major suppliers	Domestic livestock rate 25% (Most important suppliers)	Domestic livestock rate 50% (Most important suppliers)	Domestic livestock and marine products rate 100% (Most important suppliers)	100%
	• Rate of attendance for the SDGs educational program aimed at realizing a circular economy	—	Implement educational programs	100% (All management)	100% (All employees)
	• Rate of waste recycling at all sites	99%	99%	99%	99%
	• Conduct water-related risk assessments at all sites	—	Conduct surveys with simple questionnaires	Conduct survey during FY24/3	Conduct regular assessments at all sites, as well as in conservation activities and BCP
	• In the Marine Products business, procurement ratio of marine products compliant with sustainable procurement guidelines	—	—	100%	100%
	• Of which, proportion of products with global certification for marine products, such as MSC/ASC certification	—	—	32%	50%
	• Procurement ratio of sustainable palm oil (RSPO certified palm oil)	100% (Book & Claim)	100% (Book & Claim)	100% (Book & Claim)	100% (Certified oil)
Climate change initiatives	• Reduction in CO2 emissions (Compared with FY2016; Scope 1 and 2 in Japan)	-22%	-27%	-30%	-50%
	• Rate of conversion to natural refrigerants Production equipment in Japan Logistics (Global)	56% 58%	69% 60%	80% 62%	100% 75%
Securing and developing a diverse array of human resources	• Ratio of female directors and female Audit & Supervisory Board members (HD ³): 30%	13%	13%	20% or higher	30% or higher
	• Ratio of female line managers (HD ³): 30%	15%	18%	20%	30%
	• Investment in human resources (Compared with the average annual investment in human resources in FY2019-FY2021)	1.2 times	1.5 times	1.7 times	2.0 times

Notes 1. Nichirei Group Materiality: [Nichirei Group materiality](#) | [Nichirei Group management philosophy](#) | [Nichirei Corporation](#)

2. Detailed disclosure to be made in the Nichirei Integrated Report 2023.

3. Nichirei Corporation (Holding Company)

Appendix

Results during Business Plan Periods

		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)		
		FY11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3 E	25/3 P
	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	275.7	296.0	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	69.0	50.0	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	85.8	85.0	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	244.2	255.0	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	4.5	4.5	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	6.1	6.4	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	-23.1	-21.9	-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	662.2	675.0	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	14.0	15.6	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	1.0	1.6	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	15.1	15.3	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	1.8	1.7	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	0.8	0.4	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	-0.7	-1.1	-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	32.9	34.5	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	33.4	34.8	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	21.6	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	457.3		
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	30.4	47.0	42.6
ROIC (%)													7.8	6.9	6.7	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	49.1		
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	5.0	5.1	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	9.9	10% or higher	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	167.14	175.42	
Dividends per Share (yen)		9	9	10	10	10	12	28	30	32	42	50	50	52	74	
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	2,684		

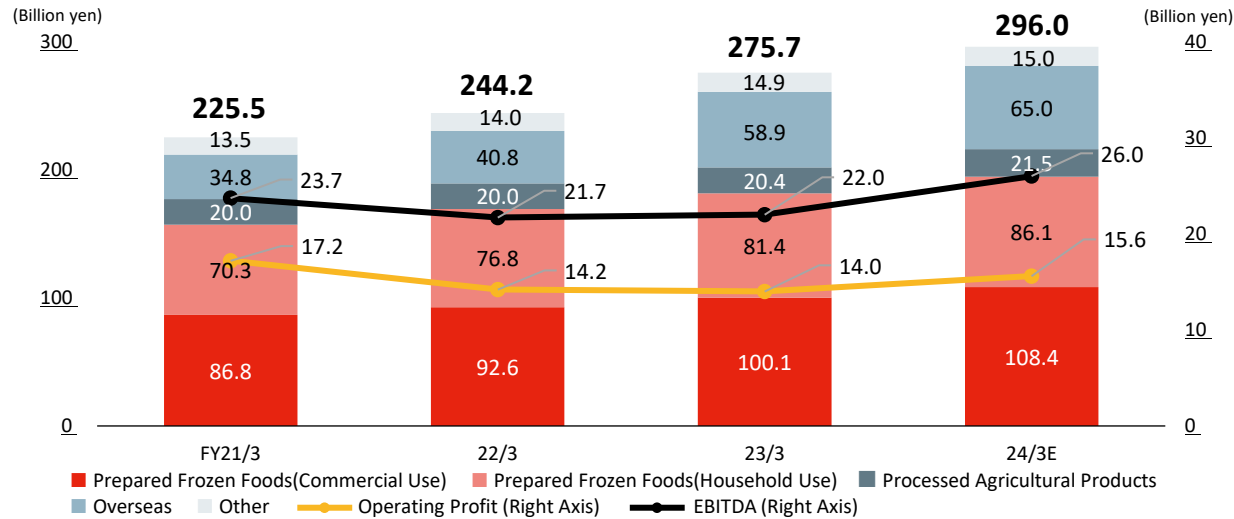
Notes 1. Capital expenditures include intangible fixed assets.

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.)

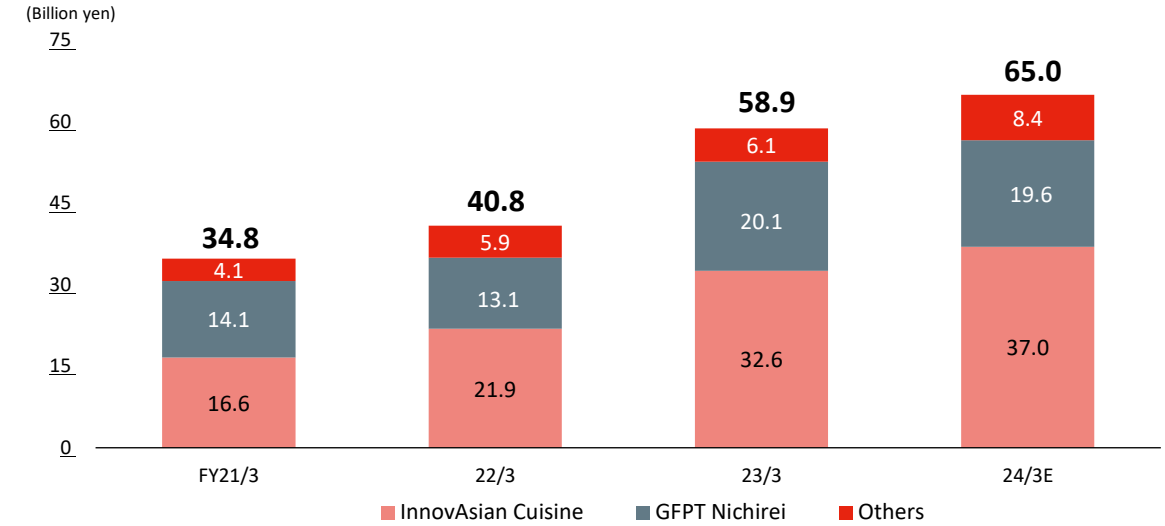
3. Figures from FY16/3 and earlier are prior to the share consolidation.

4. FY25/3 plan figures are information disclosed at the time of the announcement of the new business plan (May 2022).

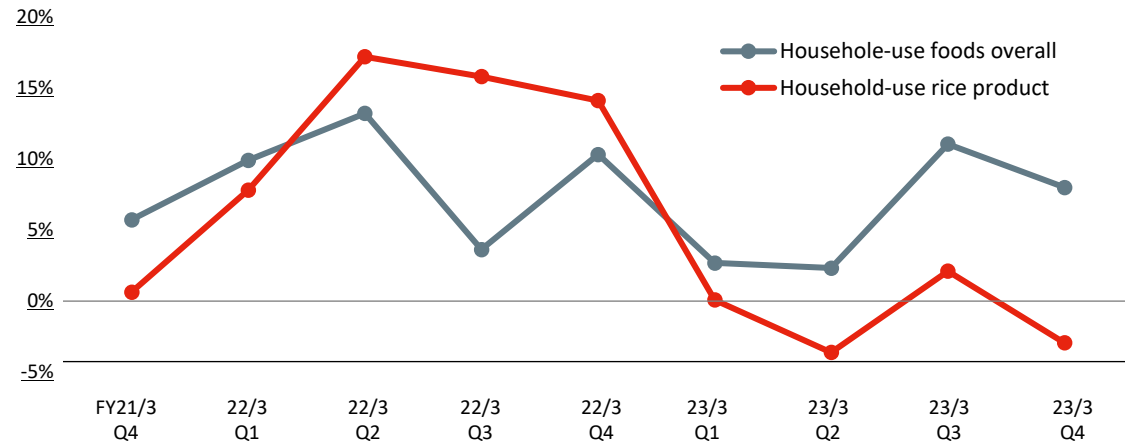
Net Sales, Operating Profit and EBITDA for Processed Foods



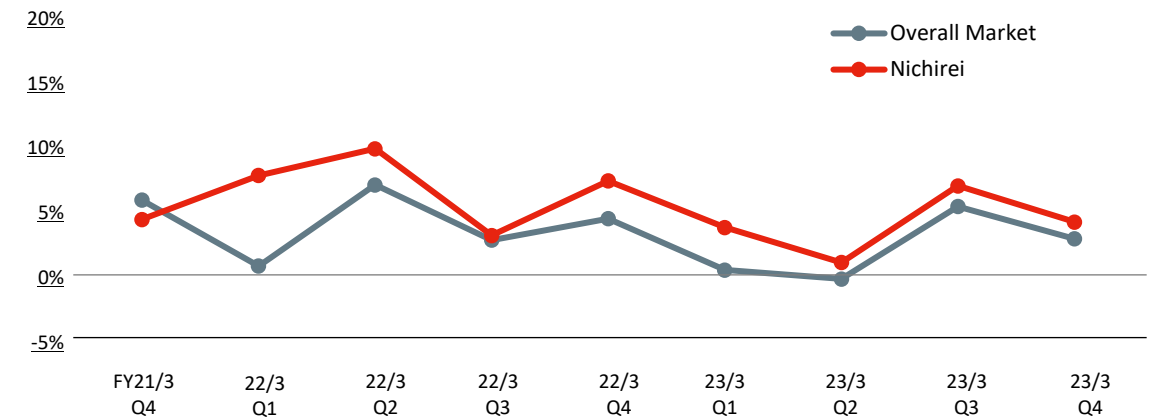
Overseas Sales for Processed Foods



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

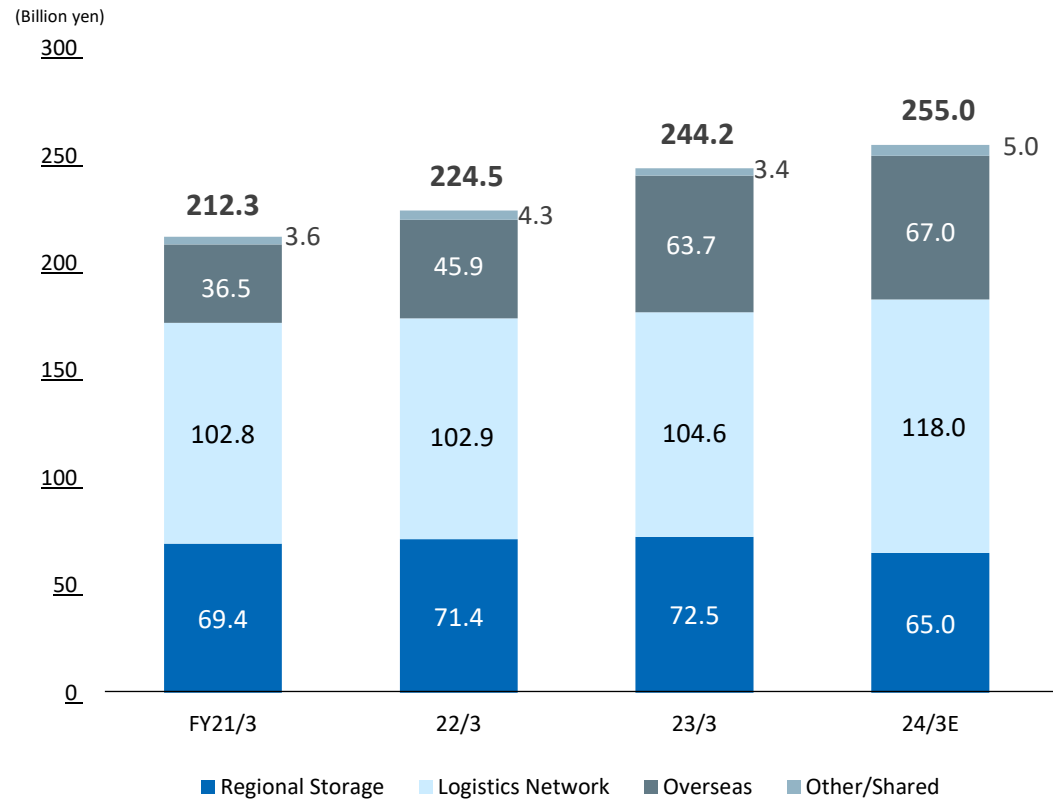


Consumer Panel for Household-use Prepared Frozen Foods YoY Change in Spending per 100 People

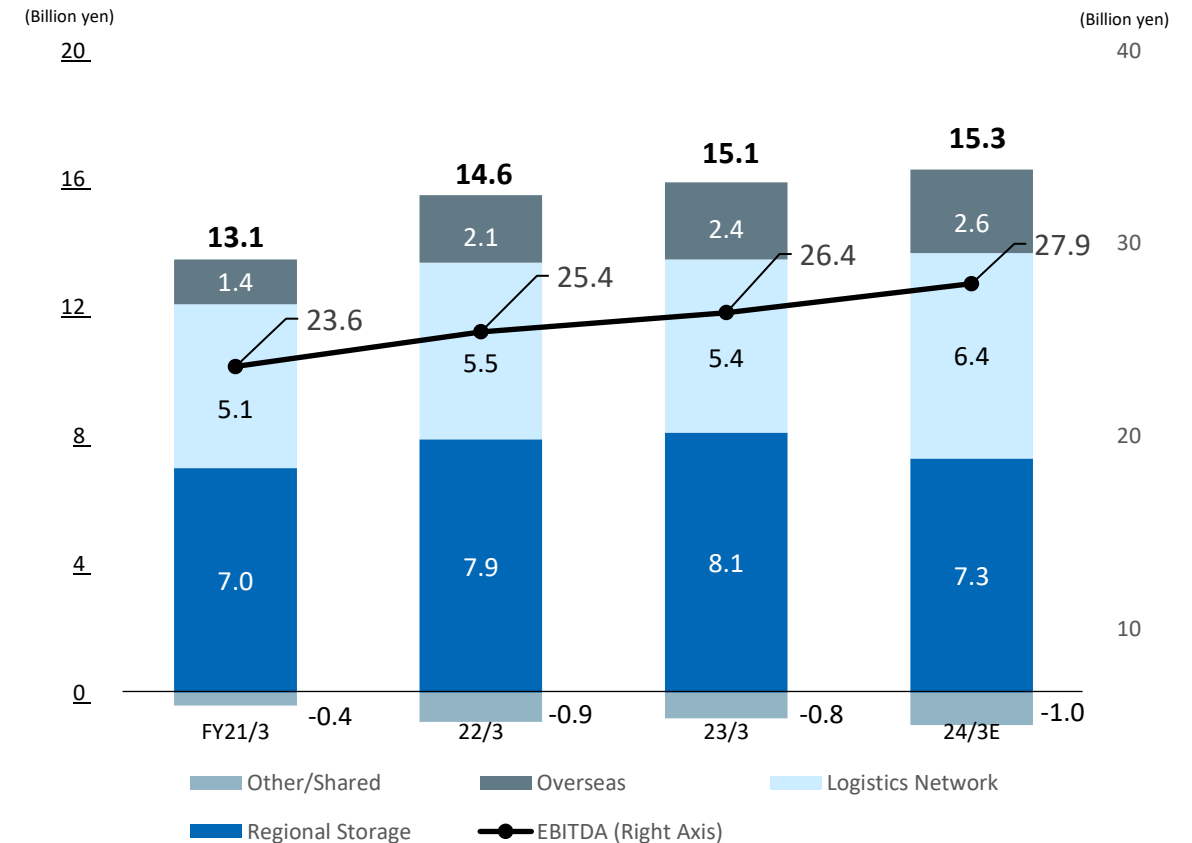


Source: INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Includes purchases through consumer cooperatives.)

Sales for Logistics Business

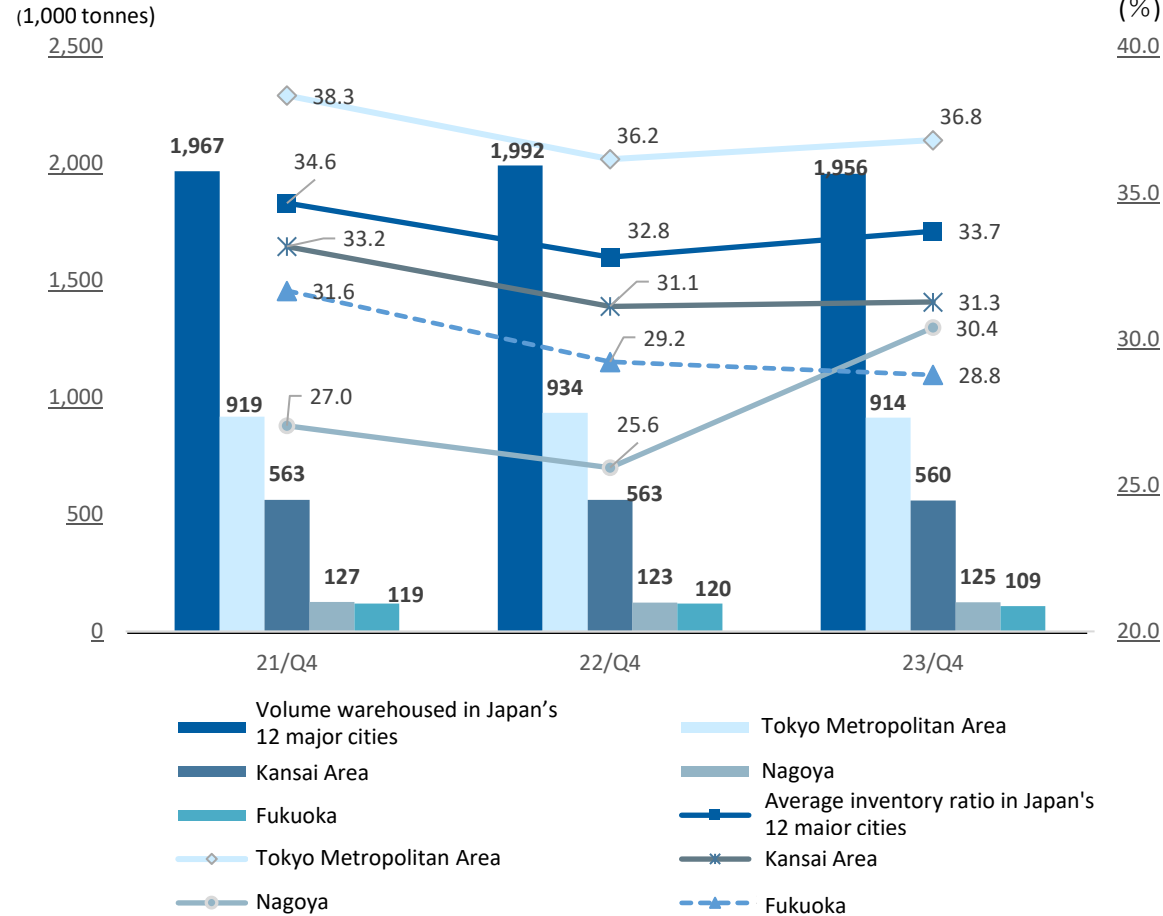


Operating Profit and EBITDA for Logistics Business

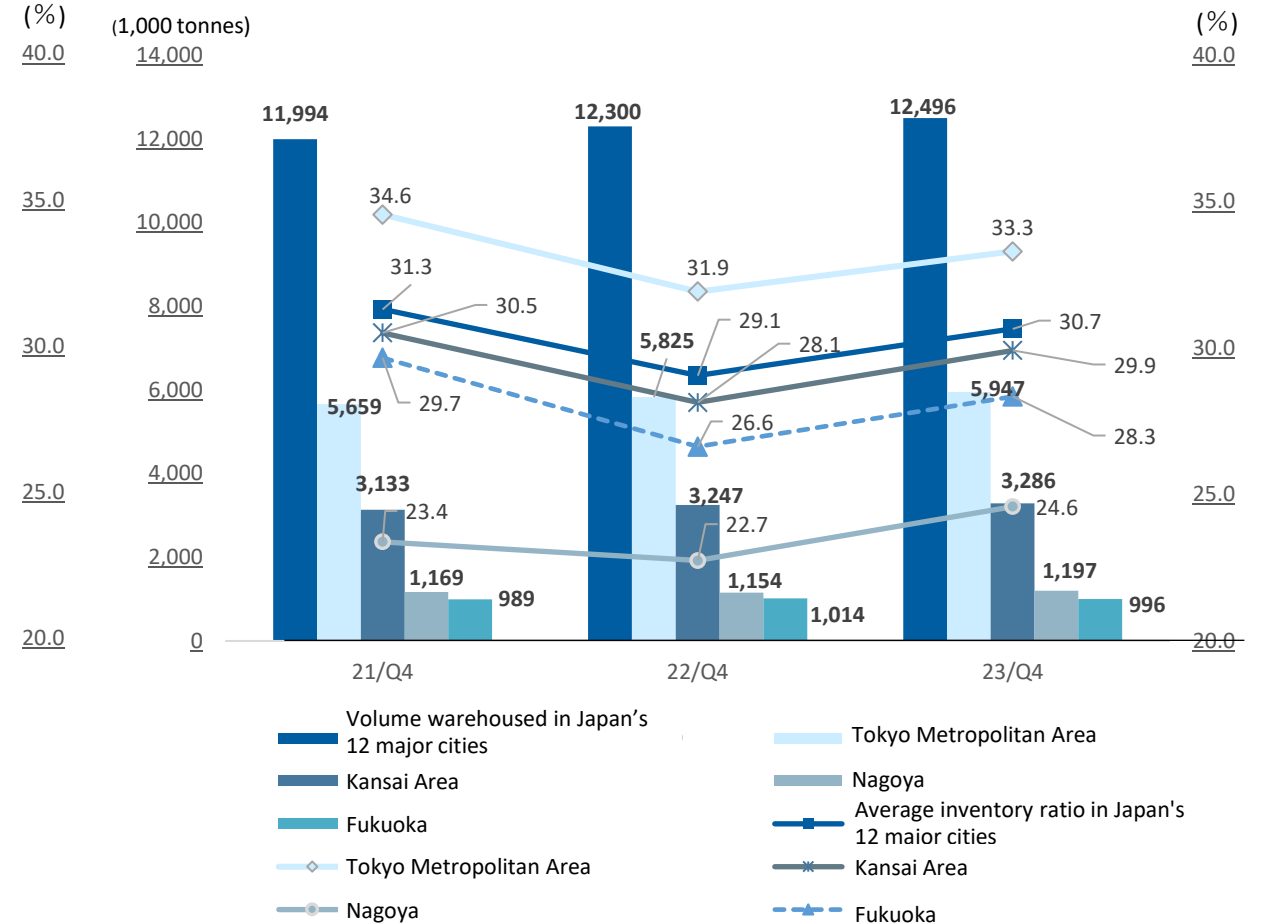


Note: Regarding FY24/3 estimates, a portion of the Regional Storage business was transferred to the Logistics Network business as part of organizational restructuring in the Tokyo metropolitan area (April 2023).

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.

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.

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