



We will increase corporate value by conducting management that is conscious of cost of capital and stock price and by further increasing the value of intangible assets.

Kenji Suzuki
Director, Senior Executive Officer, Chief Financial Officer, Executive General Manager of Corporate Management Headquarters; in charge of Accounting & Tax Division, Public Relations & Investor Relations Division, Human Resources Development Division, Corporate Internal Audit Division, Quality Assurance Division and Real Estate Division; General Manager of Finance Division

The Second Year of Medium-term Business Plan Compass Rose 2024 in Review

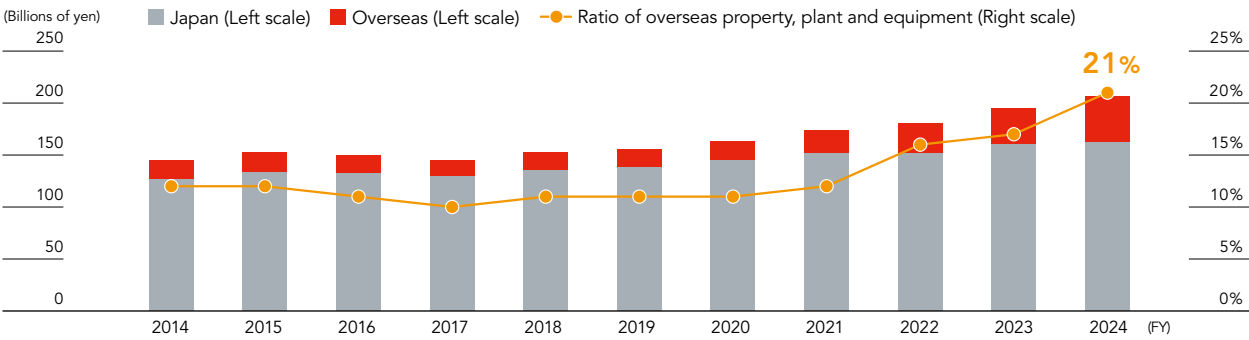
Our financial indicators show improvement in profitability, capital efficiency and financial soundness in FY2024. Our mainstay processed foods and temperature-controlled logistics businesses drove the Group to ¥36.9 billion in operating profit and ¥24.5 billion in profit attributable to owners of parent, both record highs. Profitability improved, with a ratio of operating profit to net sales of 5.4%, and we increased our ability to generate cash, as operating cash flow increased significantly from ¥37.9 billion to ¥62.4 billion.

ROIC increased from the previous fiscal year to 7.5% as a result of strengthening sales and recouping our investment in production facilities in strategic categories of the processed foods business, and utilizing the assets of other companies in the temperature-controlled logistics business. Net assets as of March 31, 2024 were ¥265.9 billion and the equity ratio was 52%, indicating that Nichirei is fully prepared for future growth investments and strategic investments. On the other hand, capital expenditures have fallen behind the medium-term business plan, totaling just under ¥62 billion over the past two years, compared with the planned ¥120 billion over its three-year period. Contributing factors to this shortfall, despite plans in the temperature-controlled logistics business for large-scale investments in the Tokyo

metropolitan area and Kansai region, have included the difficulty of acquiring land, as well as a labor shortage and restrictions on overtime in the construction industry. In FY2025, we intend to ramp up capital expenditures overseas, with plans to build warehouses in Vietnam, Poland, and the United Kingdom in the temperature-controlled logistics business. We expect the overseas capital expenditure ratio over the three-year period of the medium-term business plan to ultimately be around 26%.

We set targets of ¥130.0 billion for overseas sales and 20% for the overseas sales ratio in the final year of the current medium-term business plan, but we achieved these targets in the initial year of the plan. In FY2024, which was the second year of the plan, further growth drove overseas sales to ¥145.0 billion, and the overseas sales ratio exceeded 21%. The Nichirei Group has been viewed as vulnerable to a weak yen due to the large number of imported products and raw materials in our processed foods business, but we believe that increases in sales and operating profit in our overseas business will make us more resilient to exchange rate fluctuations. We have set a target of 30% for the overseas sales ratio in 2030, and consider M&A or capital alliances to be necessary to further strengthen our foundation.

Property, Plant and Equipment (Balance in Japan and Overseas)



Management Conscious of Cost of Capital and Stock Price

Starting from its current medium-term business plan, Nichirei has made ROIC a KPI for improvement in capital efficiency. We have set cost of capital and target ROIC for each business in conducting business portfolio management. We also incorporate ROIC into the evaluation indicators for directors' remuneration in order to increase their motivation to contribute to improving corporate value over the medium to long term and to create common interests with shareholders.

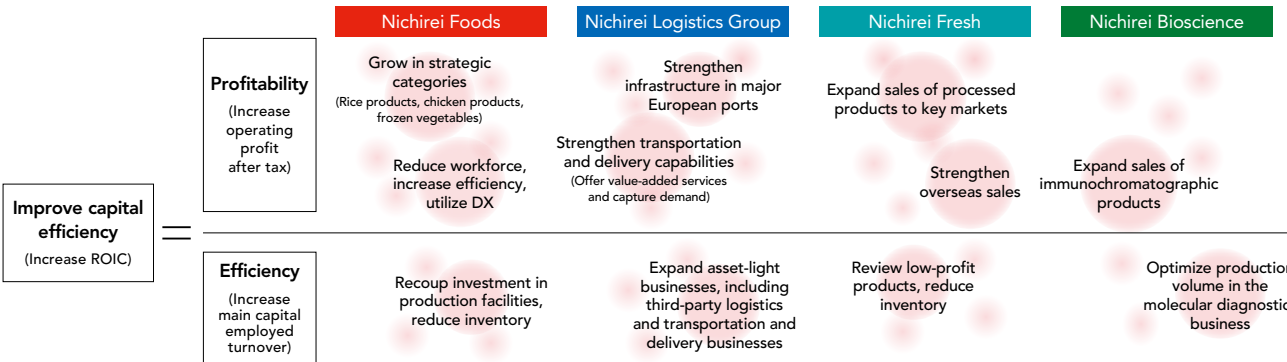
We review our weighted average cost of capital (WACC) when formulating our medium-term management plans. WACC is currently set at 4% on a consolidated basis. We calculate WACC in-house using a capital asset pricing model (CAPM), and before setting it we have five or more financial institutions calculate it for external confirmation of the required level.

In addition, a key point of discussion in managing the Group's business portfolio will be how to improve ROIC in a way that takes into account the characteristics of each business. However, we should avoid postponing investments simply to reduce the denominator in ROIC calculations in order to increase ROIC to achieve a target. Even if ROIC declines temporarily, making solid investments in businesses and priority areas that need to be strengthened will lead to future growth.

As for measures to improve ROIC, although we have traditionally held a strong belief in owning our own frozen and refrigerated warehouses in the temperature-controlled logistics business, we will enhance profitability by utilizing other companies' assets to help reduce invested capital. In the processed foods business, producing high value-added products and increasing utilization rates will be key for recouping investments in production facilities. By implementing measures to improve ROIC in each business and increasing capital efficiency across the entire Group, we aim to achieve ROIC of 9% or higher, as set forth in our long-term management goals toward 2030.

In addition, the stock price, analyst consensus, PBR, PER and other stock price-related indicators are reported to management and regularly discussed at meetings of the Monitoring Committee and the Board of Directors. While proactively engaging in dialogue with shareholders and investors, we will communicate our medium- to long-term growth strategy and disclose information related to ESG and other topics to gain the trust of capital markets. In this way, we aim to reduce the cost of capital and increase corporate value.

Measures to Increase ROIC

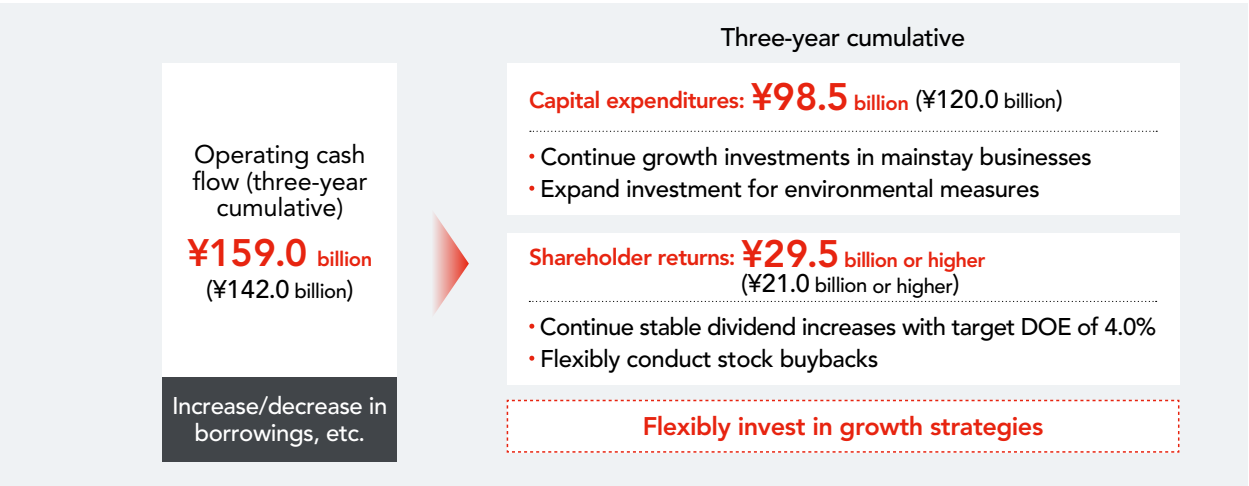


Capital Policy

We use the D/E ratio as a KPI from the perspective of balancing financial soundness and capital efficiency. Our benchmark is a D/E ratio of around 0.5 times, which will enable us to maintain our credit ratings and ensure the capacity to make large-scale investments and secure loans. From our dialogue with investors, we sense strong expectations for organic growth in our mainstay businesses, so we intend to allocate operating cash flow

to organic growth, dividends and M&A, in that order. If we do not conduct M&A, we will consider a stock buyback. The current three-year medium-term business plan projects operating cash flow of ¥159.0 billion, which we will continue to use for growth investments in mainstay businesses and for shareholder returns.

Allocation of Cash

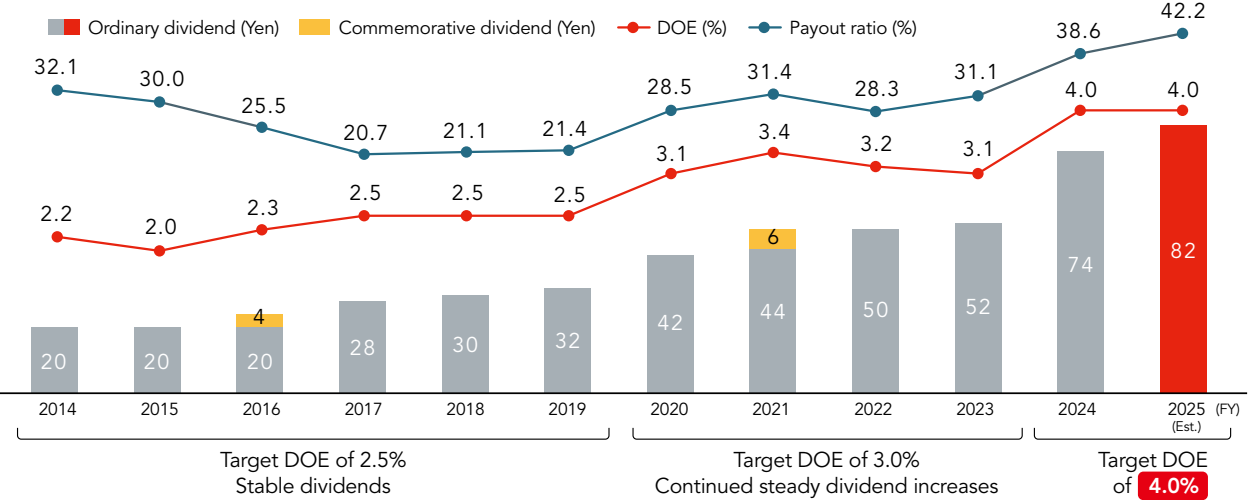


Note: Figures in parentheses indicate initial medium-term business plan.

Our basic policy on shareholder returns is to maintain stable dividends and to flexibly conduct stock buybacks. Since FY2007, we have used the dividend-on-equity (DOE) ratio as our criterion for dividends, and in FY2024 we raised the target DOE ratio from 3.0% to 4.0% to enhance shareholder returns and improve capital efficiency. In FY2025, we plan to increase our ordinary dividend for the ninth consecutive year (an ¥8 increase from the previous fiscal year to ¥82 per share).

Going forward, we will continue to steadily increase dividends toward the target DOE ratio of 4.0%. Shareholder composition is another important aspect of our capital policy, but the ratio of Nichirei's individual shareholders has consistently remained at a very low level. Because balanced shareholder composition also leads to lower cost of capital, we will ramp up our approach to individual investors.

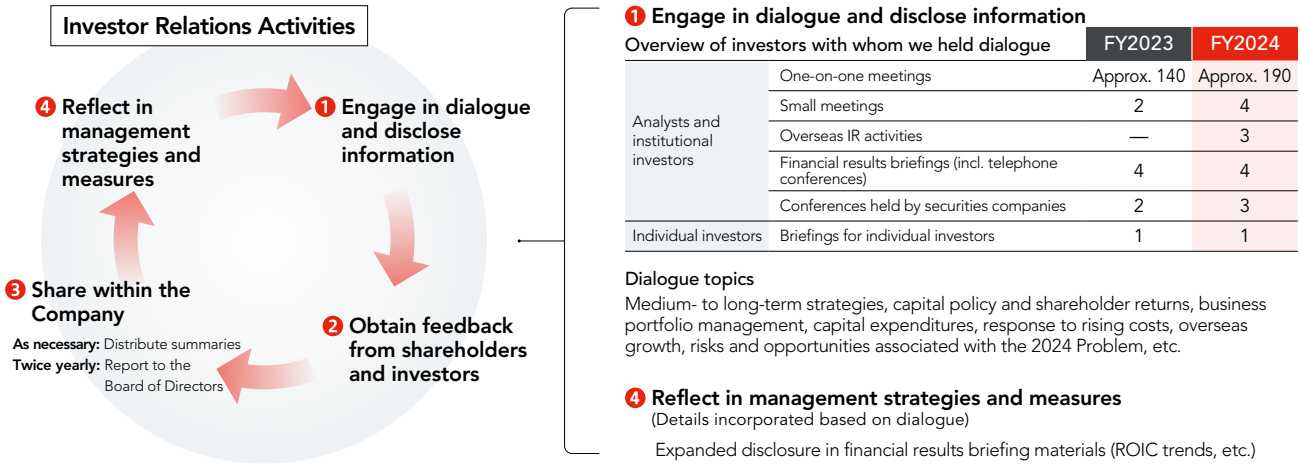
Shareholder Returns



Information Disclosure and Investor Relations Activities

Two years have passed since I was placed in charge of Investor Relations in FY2023, and the number of meetings with investors I have attended has increased substantially, from 11 in FY2023 to 41 in FY2024. One reason for the lower number of meetings in FY2023 was the lingering impact of COVID-19. I believe that actively meeting with investors, especially those with a long-term perspective, is important because it provides numerous insights for management. This belief is reflected in the number of meetings held in FY2024. Based on this dialogue, we have started disclosing new information

such as long-term trends in ROIC indicators. In addition, our FY2024 ranking in an assessment of disclosure by The Securities Analysts Association of Japan rose from the previous year, due to a strongly positive evaluation of our management team's approach to investor relations and our enhanced disclosure of financial results briefing materials, among other matters. Aiming for sustainable growth, we will continue to utilize investor relations activities and dialogue with stakeholders in formulating and implementing the Nichirei Group's strategies.

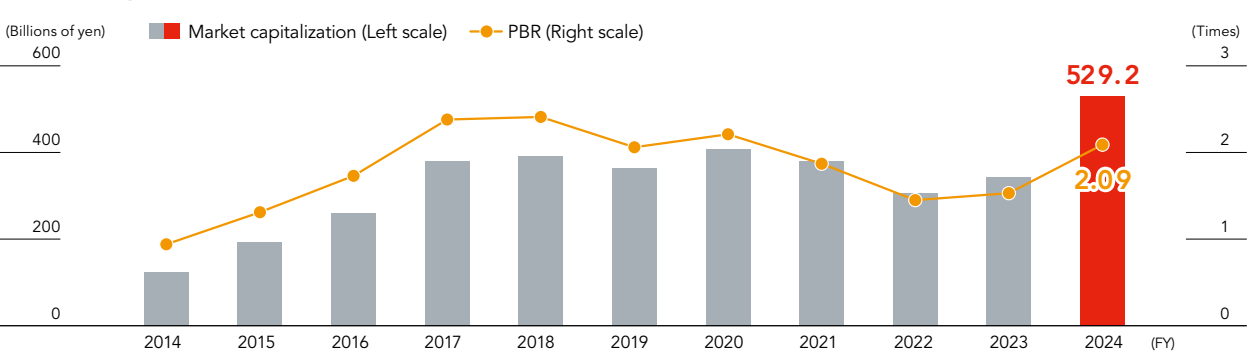


Intangible Assets and Overseas Infrastructure

Nichirei's top priorities for increasing corporate value are improving the value of its intangible assets and upgrading overseas infrastructure. Among our intangible assets, we consider our corporate brand and human capital to be particularly important. Highly loyal employees create brand value, so we will work to closely link improvement in employee engagement with the establishment of internal branding. We also want non-Japanese employees working overseas to have a strong awareness of being members of the Nichirei Group.

development in line with our business strategy, but the number of companies, degree of capital demand, amount of invested capital, rate of sales growth, complexity of capital relationships and other aspects vary by region. We intend to work with our operating companies to develop training and dispatch plans based on estimates of the number of people and capabilities we require considering the current and future state of the business we conduct in each region. Going forward, we will continue to strengthen our management base, allocate resources appropriately, and increase the value of our intangible assets to reduce cost of capital, achieve sustainable growth, and increase our corporate value.

Market Capitalization and PBR



Medium-term Business Plan Compass Rose 2024

https://www.nichirei.co.jp/ir/news/2022/t_in170.html
(Japanese only)

Basic Policy of the Medium-term Business Plan

Medium-term Business Plan Compass Rose 2024 is positioned as a period of transformation that will take us to the halfway point toward realizing the long-term management goal of our vision for 2030.

The basic policy of the plan is to fulfill our social responsibility as a company that supports good eating habits and health through business activities that encompass our Sustainability Policy, as we work to improve our social and economic value by ramping up sustainability management and pursuing capital efficiency.



Group Strategy Help to resolve social issues through our business; pursue capital efficiency

Priority Measures

1	Create new value	<ul style="list-style-type: none">Use cooling power to develop ingredients and provide products that offer new health valueUtilize digital technology to provide new services and information that make meals betterPromote innovation activities by creating frameworks for generating and cultivating new value
2	Strengthen ESG response	<ul style="list-style-type: none">Implement ESG due diligence for core suppliersExpand use of renewable energyContinue to strengthen corporate governanceIntroduce an ESG index target achievement system for executive compensation
3	Conduct business portfolio management	<ul style="list-style-type: none">Set cost of capital and target ROIC for each businessPromote the PDCA cycle by setting KPIs for profit margin and asset turnoverConsider business evaluation and resource allocation based on ROIC
4	Grow core businesses and improve low-profit businesses	<ul style="list-style-type: none">Improve profitability of processed foods through pricing strategiesImprove capital efficiency of temperature-controlled logistics by increasing third-party logistics, transportation and delivery, and proactively utilizing assets held by other companiesRestructure the marine products business and rebuild the earnings base of the bioscience business

Allocation of Management Resources

A	Growth investment	• ¥61.5 billion total Group growth investment (Processed foods: ¥16.5 billion; Temperature-controlled logistics: ¥43.5 billion)
B	Overseas business expansion	• ¥130.0 billion in overseas sales (Processed foods: ¥51.0 billion; Temperature-controlled logistics: ¥63.8 billion) • 20% overseas sales ratio
C	New business	• Allocate resources to R&D, DX and marketing to create new value
D	Environmental measures	• ¥29.2 billion investment in environmental measures (Installation of solar power generation equipment; investment in equipment upgrade for conversion to natural refrigerants)
E	Promotion of IT and DX	• ¥8.7 billion in information-related investment • Promote business innovation using digital technology
F	Human resources development	• Increase number of human resources with skills in digital technology, global operations, and sustainability • Conduct initiatives for reskilling

Financial/Non-financial Targets (Consolidated)

(Billions of yen, except where noted)

Financial Targets	FY2025 (Plan)	Initial Plan	Increase (Decrease)
Net sales	700.0	660.0	40.0
Overseas sales	168.3	130.0	38.3
Operating profit	40.5	37.0	3.5
Operating profit/Net sales	5.8%	5.6%	0.2%
Ordinary profit	41.2	37.8	3.4
Profit attributable to owners of parent	26.0	24.5	1.5
EBITDA	66.2	65.0	1.2
EBITDA margin	9.5%	9.8%	(0.3%)
ROIC	7.8%	7% or higher	
ROE	10% or higher	10% or higher	

Note: Financial targets were revised as part of the results announcement for the first quarter of FY2025

Non-financial Targets	
Creating new value	<ul style="list-style-type: none">Provide high-value-added productsCreate new businesses
Sustainable procurement	<ul style="list-style-type: none">Procurement rate in accordance with guidelinesImplementation rate of ESG due diligence
Climate change countermeasures	<ul style="list-style-type: none">30% reduction in CO₂ emissionsNatural refrigerant ratio
Securing and developing a diverse array of human resources	<ul style="list-style-type: none">Ratio of women managersInvestment in education/training

Financial Targets (By Segment)

(Billions of yen)

Net Sales	FY2025 (Plan)	Initial Plan	Increase (Decrease)
Processed foods	318.0	275.0	43.0
Logistics	276.0	260.0	16.0
Marine products	50.0	44.0	6.0
Meat and poultry products	68.0	95.0	(27.0)
Real estate	4.6	4.8	(0.2)
Others	6.4	6.7	(0.3)
Adjustment	(23.0)	(25.5)	2.5
Net sales	700.0	660.0	40.0

(Billions of yen)

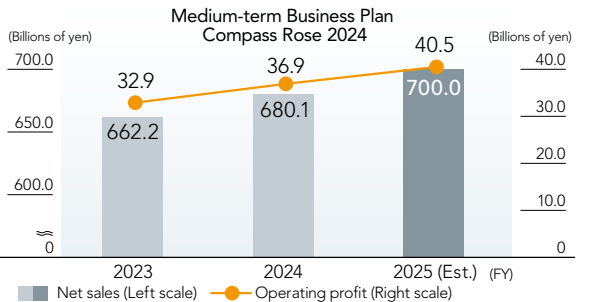
Operating Profit	FY2025 (Plan)	Initial Plan	Increase (Decrease)
Processed foods	21.0	18.4	2.6
Logistics	16.5	16.2	0.3
Marine products	1.3	1.0	0.3
Meat and poultry products	1.0	2.0	(1.0)
Real estate	1.9	2.2	(0.3)
Others	0.9	0.5	0.4
Adjustment	(2.1)	(3.3)	1.2
Operating profit	40.5	37.0	3.5

Progress of Medium-term Business Plans

FY2025 First Quarter Presentation Material

https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf_file/presentation/240806_e.pdf

Consolidated Net Sales and Operating Profit



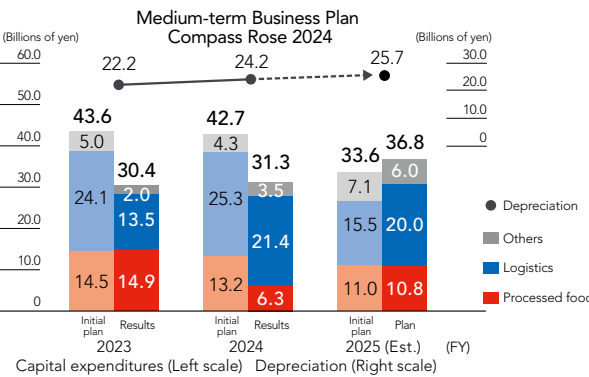
Simple ROIC

	Simple ROIC		
	FY2023 Results	FY2024 Results	FY2025 Plans
Processed foods	8.5%	10.8%	12.5%
Logistics	7.7%	7.2%	7.2%
Marine products	3.5%	2.9%	7.5%
Meat and poultry products	13.8%	12.4%	16.8%
Bioscience	8.9%	12.5%	9.2%

Overview of Capital Expenditures

We intend to strengthen our competitive advantages by continuing to concentrate investment in the processed foods and temperature-controlled logistics businesses to increase production capacity and the number of storage facilities. We will also increase investment in environmental measures to help achieve a sustainable society.

Capital Expenditures and Depreciation



Breakdown of Capital Expenditures by Segment

	Projected 3-Year Total			Initial Plan	Increase (Decrease)
	Projected 3-Year Total	Initial Plan	Increase (Decrease)		
Processed foods	32.0	38.7	(6.7)		
Logistics	55.0	64.9	(9.9)		
Others	11.5	16.4	(4.9)		

Breakdown of Capital Expenditures (Japan and Overseas)

	Projected 3-Year Total			Initial Plan	Increase (Decrease)
	Projected 3-Year Total	Initial Plan	Increase (Decrease)		
Japan	73.2	101.4	(28.2)	74%	85%
Overseas	25.2	18.6	6.6	26%	15%

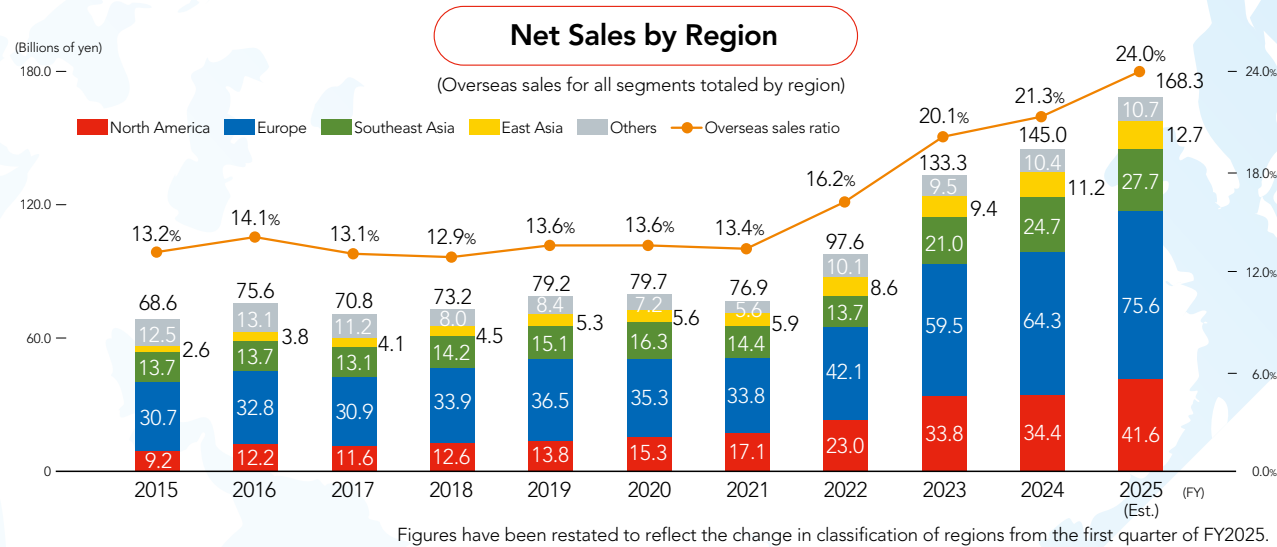
In FY2024, there were delays in the progress of investments to eliminate fluorocarbons at production plants and in the construction of refrigerated warehouses planned for the Tokyo and Kansai areas. As a result, total capital expenditures are expected to fall short of the initial target of ¥120.0 billion in the current medium-term business plan. On the other hand, because we are advancing the core Group strategy of expanding overseas business under the plan, the ratio of overseas capital expenditures is expected to be 26%, exceeding the initial plan target of 15%.

Financial Strategy

We allocate operating cash flow to investment in core businesses for future growth and returns to shareholders. Due to a change in our dividend standard in FY2024, we have raised our target for dividend on equity (DOE) from 3% to 4%. We will continue to steadily increase dividends in line with this standard in FY2025. In addition, we will conduct flexible share buybacks based on a comprehensive assessment of our financial condition and free cash flow outlook. The debt-to-equity (D/E) ratio has been set at 0.5 times as a yardstick from the viewpoint of financial soundness and capital efficiency.

▶ Overseas Strategy

The following section gives a region-by-region introduction of our operating companies' growth strategies and business activities for expanding overseas business, which is the core of the Nichirei Group's growth strategy.



▶ North America

Processed foods: 5 companies, **Marine products:** 1 company, **Bioscience:** 1 company

Nichirei Foods

United States

Integrating Production and Sales to Further Strengthen the Marketing-driven U.S. Business

Asian foods are becoming part of daily life in the United States due to the increasing Asian population, and the market continues to expand. With marketing capabilities that can anticipate local tastes and trends, InnovAsian Cuisine Enterprises Inc. (InnovAsian) has been outpacing market growth and building its presence as a driver of Nichirei Foods' overseas business.

InnovAsian's main categories are chicken, processed rice products, and appetizers, and easy access to Nichirei Foods' technologies and insights is a major advantage. The Latino population of the United States is projected to exceed 30% of the country's total population by 2050. Against this background, InnovAsian launched a Latin-inspired brand in the same three categories as its Asian foods. Sales began in spring 2024, and the company is working to create new demand. Meanwhile, in 2022 we established our own plant for

processed rice products in California. Utilizing Nichirei Foods' strengths in processing and cooking technologies, the facility has built a production system that recreates the delicious flavors that meet local consumer needs.

We aim to capitalize on the continuing brisk food market in the United States and further expand business in terms of both production and sales.



Members of Nichirei Sacramento Foods Corporation, our plant in California



Asian-inspired brand **InnovAsian**
<https://eatinnovasian.com/>

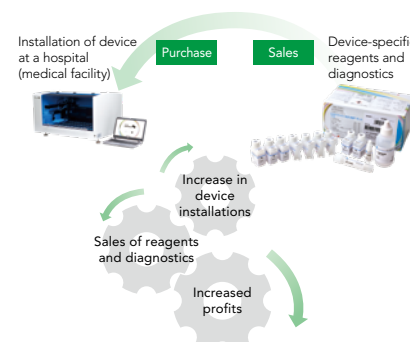
Latin-inspired brand **DEL CORAZÓN**
<https://www.eatdelcorazon.com/home>

Nichirei Bioscience

United States

Contributing to Optimal Patient Treatment through Cancer Diagnosis

In 2019, we acquired Pathcom Systems Corporation (Pathcom), a U.S.-based medical device company that mainly sells products for cancer diagnosis in the United States and Europe. The number of cancer patients is increasing worldwide in tandem with the global increase in the elderly population. This in turn is expanding the market for immunohistochemical staining used in diagnosing cancer. Going forward, we will use Pathcom's fully automated staining devices as a platform for the overseas rollout of a device-specific reagent sales model that integrates the development, production and sale of medical devices and diagnostic agents.



▶ Europe

Temperature-controlled logistics: 10 companies

Nichirei Logistics Group

Netherlands

Germany

Poland

France

United Kingdom

Business Expansion from an Intermediate Holding Company

Nichirei Logistics Group's European business began in 1988 with the acquisition of a cold storage company in Rotterdam, the Netherlands. From there, it expanded to Germany, Poland, France and the United Kingdom through mergers and acquisitions. Each European company is managed locally, and overseen by Nichirei Holding Holland B.V. (NHH), an intermediate holding company where Japanese employees from Nichirei Logistics Group have been stationed. While local management teams maintain their companies' pre-M&A customers, brands and hiring practices, NHH's responsibilities include monitoring the operations of European companies, formulating strategies, supporting their implementation, and strengthening governance. Through its years of experience, NHH has also developed the know-how and systems for M&A, including due diligence.

Ramping Up Expansion of Our Competitive One-stop Services and Strengthening Our Business Base in Poland

Our basic strategy for the temperature-controlled logistics business in Europe is to further expand our one-stop cross-border services that combine refrigerated storage functions at ports with services ranging from marine transport, drayage, customs clearance, and distribution processing to transportation and delivery. In January 2024, we reorganized our operations in the Netherlands and the United Kingdom. Objectives of the reorganization included ramping up the provision of one-stop services and sharing know-how across companies through an integration of the transportation and storage businesses, which had previously been run by separate companies. In

May 2024, we also acquired a forwarding company in the United Kingdom.

In Poland, we have grown to a dominant position in the refrigerated logistics business for mass retailers. We expanded our warehouse in Znin in July 2024, and are scheduled to commence operations at a new warehouse in Warsaw in the fourth quarter of 2024.

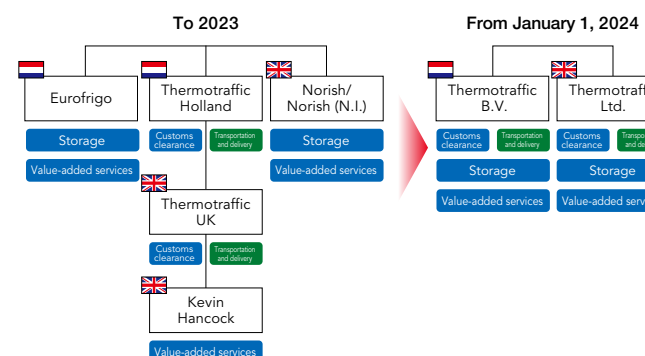
We will leverage this enhanced coordination between functions in our ongoing efforts to expand our one-stop services and strengthen our business base in Poland.



Leveraging Group Synergies to Increase Profits

Reorganization of Operations in the Netherlands and United Kingdom

- Further strengthen our foundation in the port business, which is central to our European operations
- Generate synergies that improve management efficiency and streamline operations
- Unify the company name as Thermotrafic to demonstrate our comprehensive capabilities at major European ports



Business Rollout in Western Europe



Aiming to further increase profits in the port business by generating synergies at major European ports

► Southeast Asia

Processed foods: 3 companies, Temperature-controlled logistics: 3 companies, Marine products: 2 companies

Nichirei Foods  Thailand

Adding More Value to Every Chicken Part and Further Expanding Global Sales Channels

GFPT Nichirei (Thailand) Co., Ltd. in Thailand has established a fully integrated system that takes in live chickens from joint venture poultry farms, slaughters and cuts them up into parts, then handles all steps from processing and cooking to freezing and packaging at directly connected processing plants. The company is able to stably procure and process safe and reliable raw materials, and makes various use of every part of the chicken.


Because preferences for chicken parts vary by country and region, we consider effective uses and sales channels to add value before sale. Sales channels extend worldwide. For example, thigh and breast meat are sent to Japan and Europe, where demand for these parts is high, wings are processed as feed for farmed fish, and feet are popular in China.

Currently, the company processes by-products such as organ meat and blood into poultry meal, and is stepping up sales to pet food manufacturers in Thailand. Because organ

meat and other by-products are easily affected by market prices, increasing the level of processing helps to stabilize profits.



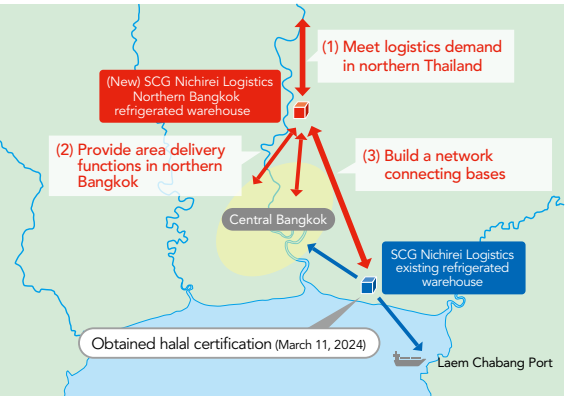
GFPT Nichirei (Thailand) Co., Ltd.

Nichirei Logistics Group  Thailand  Malaysia  Vietnam

A Focus on Establishing a Base and Expanding Sales in Each Country

We are focused on establishing a base and expanding sales in each country in the ASEAN region. In 2023, we made our affiliates in Thailand and Malaysia into consolidated subsidiaries, expanding both the area and scale of the businesses. In Vietnam, a new facility began operation near Ho Chi Minh City in July 2024. Located in a rapidly growing industrial park, it is aimed at steadily capturing robust demand for storage of raw materials and products for factories.

In Thailand, a new refrigerated warehouse is scheduled to start operation in spring 2025. It will target the brisk demand for temperature-controlled logistics in northern Bangkok, where food-related companies are concentrated. Our intention is to expand the business base in Thailand by increasing warehouse capacity and establishing a transportation and distribution network in the metropolitan area. Ultimately, we aim to develop operations linking Thailand, Malaysia and Vietnam.




Aiming to capture more storage and transportation demand by increasing warehouse capacity and establishing a transportation and distribution network in the metropolitan area



Aiming for stable operation of our new refrigerated warehouse by capturing growing demand for temperature-controlled logistics driven by Vietnam's economic development



Nichirei Fresh

 Vietnam

Meeting Customer Needs with Advanced Processing Technology

Global per capita consumption of seafood has doubled in the past 50 years, and is expected to continue increasing. In addition, market needs for seafood are diversifying, and we believe that precisely meeting those needs is our role, one that will ultimately lead to business growth.

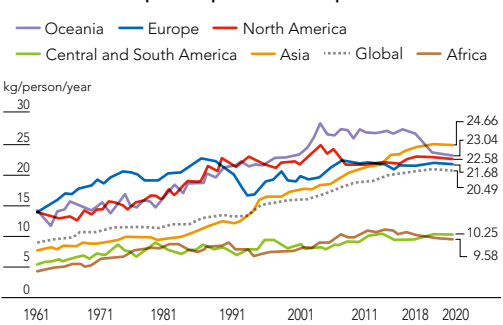
Established in Phan Thiet, Vietnam in July 2017, Trans Pacific Seafood Co., Ltd. (TPS) has continued to grow by processing raw materials procured using the capabilities we have been cultivating over the years into products that customers want. TPS currently has six production lines on a 20,000 m² site, processing 2,000 tons of seafood annually with over 500 employees. In June 2024, a new freezer with a 2,000-ton storage capacity was completed to further stabilize quality and supply.

We will expand sales from TPS, the production base of our marine products business, not just to Japan but worldwide.



A processing line at the TPS plant

Global Annual per Capita Consumption of Seafood



Source: Fisheries Agency of Japan website (https://www.jfa.maff.go.jp/j/kikaku/wpaper/r04_h/trend/1/t1_4_2.html)

► Other Areas (Central and South America)

Processed foods: 1 company

Nichirei Foods  Brazil

A "Clean Label" Business Using Acerola, a Natural Source of Vitamin C

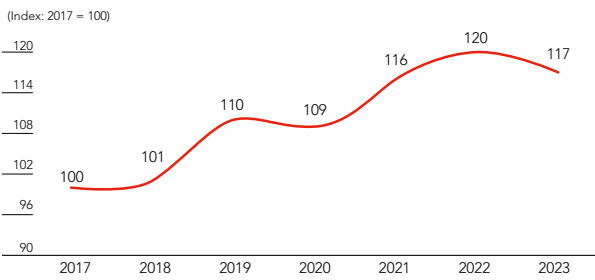


Acerola is rich in natural vitamin C and has a strong antioxidant effect. Nichirei was among the first to notice the potential of this ingredient, launching *Acerola Drink* in 1987. In 1991, we established Nichirei do Brasil Agricola Ltda. (Niagro) in Brazil, and successfully standardized the natural vitamin C content through independent research. As a result, products that contain Nichirei's acerola ingredients can display labels with claims such as "One cup contains the recommended daily amount of vitamin C."

To further expand this business, Niagro began producing *Acerola powder* in 2023. The "clean label" market, which calls for food prepared using simple raw materials and ingredients with easy-to-understand labeling, is growing

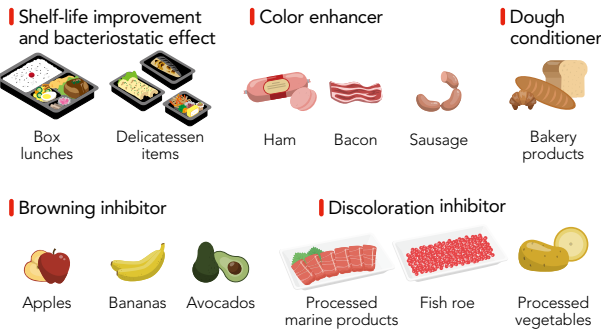
worldwide due to environmental concerns and increasing food safety awareness and health consciousness. Acerola is attracting attention in the clean label market as an ingredient that is effective in preventing oxidation and browning. *Acerola powder* can also be used in bakery products and processed meats, allowing us to propose its use in a variety of business categories. Niagro is working to expand its business by assigning new sales representatives to the high-demand areas of Europe and North America to drive growth centered on *Acerola powder*. We aim to further develop the acerola business by harvesting raw materials in cooperation with contract growers, building a stable production system and conducting sales activities globally.

Increase in Clean Label Products Launched in the Global Market



Source: Prepared by Nichirei Foods based on data from Innova Market Insights

Example Applications of Acerola Powder



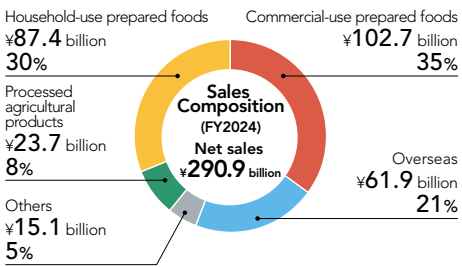
Business Portfolio

A Competitive Advantage Arising from Our Involvement in Wide-ranging Businesses throughout the Supply Chain

We have achieved solid results across our business portfolio in terms of growth, profitability and stability by concentrating resources on processed foods and temperature-controlled logistics. Our current business portfolio is broadly divided into two businesses: food and logistics, and also includes the marine products business and the meat and poultry business. Our competitive advantage arises from our involvement in a wide range of businesses throughout the supply chain, from food procurement to production, logistics and sales, enabling us to serve numerous customers and business categories over the long term. In addition, the main food factories of our processed foods business and the refrigerated warehouses of our temperature-controlled logistics business are located adjacent to each other, which improves operational efficiency and reduces costs for both businesses. These food products also comprise a certain amount of cargo for our temperature-controlled logistics business.

Processed Foods Business

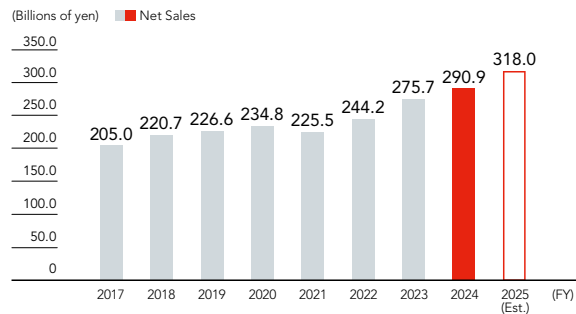
- A frozen foods pioneer with Japan's top market share
- Large lineup of household-use and commercial-use products



- Development and processing/production technology capabilities for reproducing the deliciousness of homemade meals or meals prepared by chefs
- Ability to make proposals tailored to diverse business types and consumer needs
- Quality assurance and traceability that support safety and reliability

Total assets	¥178.7 billion
Group companies	6 in Japan, 12 overseas
Employees (Consolidated)	9,942
Food factories	21 (15 in Japan, 6 overseas)
Main categories and products	• Rice products, processed chicken products, frozen vegetables

Net Sales



Temperature-controlled Logistics Business

- Has the largest share of total capacity in Japan, with 75 refrigerated warehouses nationwide, and the fifth largest share in the world, including overseas bases
- Provides total logistics services including transportation and delivery
- Over 90% of volume handled comes from outside the Nichirei Group

Domestic Refrigerated Warehouse Facility Capacity

Area	Number of Facilities	Capacity (Thousands of tons)
Hokkaido	7	94
Tohoku	4	64
Kanto	17	555
Chubu	10	221
Kansai	13	311
Chugoku/Shikoku	12	130
Kyushu	12	176
Total	75	1,551

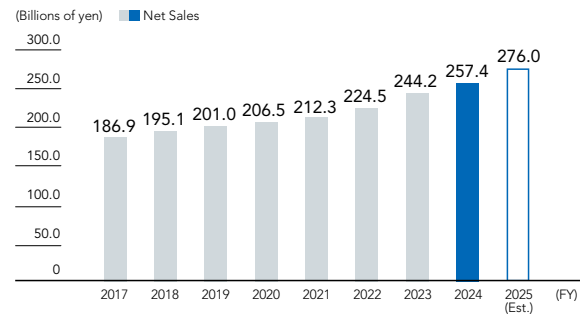
(As of March 31, 2024)

- Full utilization of storage capacity and transportation and delivery network, enabling optimal solutions that help resolve social and customer issues
- Operational capabilities at logistics sites that provide ongoing support for food based on increasing value through better user experience

Total assets	¥217.3 billion
Group companies	19 in Japan, 21 overseas
Employees (Consolidated)	4,893
Facilities	223 (Japan: 145, including 75 distribution centers (DC) and 36 cross-docking centers (XD); Overseas: 78 (Europe: 52, China: 13, Thailand: 2, Malaysia: 9, Vietnam: 2))
Main businesses	Storage, transportation and delivery, retail, ¹ overseas business, 3PL, ² and engineering services

1. Retail business: A general term for the operation of cross-docking centers (XD) for retailers and the transportation and delivery business that uses these centers
2. Third-party logistics

Net Sales

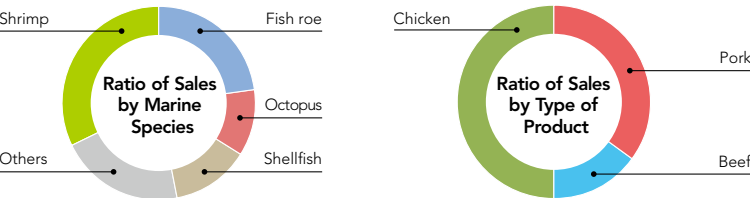


Characteristics of the Businesses

High volatility is an issue for the processed foods business because it is exposed to the risk of fluctuations in raw material prices and in exchange rates for imports, but due to our steady implementation of various measures, we expect further improvement in profitability. On the other hand, although the temperature-controlled logistics business generates stable earnings, it is characterized by substantial initial investment in refrigerated warehouses, which takes time to recover. As a result, it is difficult to make immediate post-investment improvements in capital efficiency. We therefore work to reduce the volatility of our overall business portfolio by combining our core processed foods and temperature-controlled logistics businesses.

Marine, Meat and Poultry Products Business

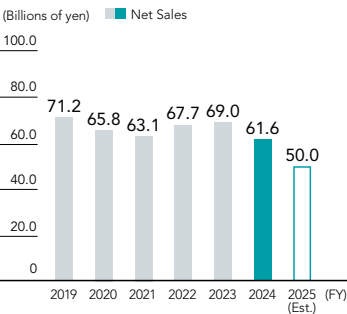
- Marine Products
 - Focus on expanding the handling of certified sustainable marine products and eco-friendly products
- Meat and Poultry Products
 - Expansion of sales of ingredients with future-oriented value, such as meat products with health value



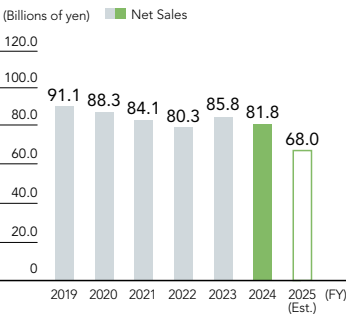
- Development capabilities for health- and sustainability-related ingredients with future-oriented value
- Capabilities that combine our trading company and manufacturer functions, enabling us to deliver on getting products to customers through optimal processing
- Quality assurance and a comprehensive production management system that support safety and security
- Procurement network based on long-term relationships of trust with suppliers

Total assets	Marine products: ¥23.1 billion	Meat and poultry products: ¥20.0 billion
Group companies	Marine products: 2 in Japan, 6 overseas	Meat and poultry products: 5 in Japan,
Employees (Consolidated)	Marine products: 690	Meat and poultry products: 403
Food factories	6 (5 in Japan, 1 overseas)	
Main categories and products	Marine products: Shrimp, octopus, fish roe, shellfish, and others Meat and poultry products: Domestic and imported chicken, pork, and beef	

Marine Products Business Net Sales



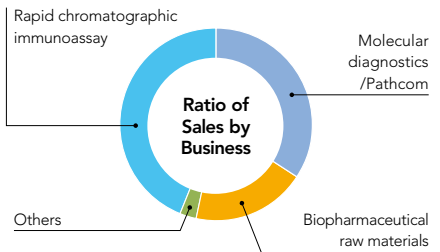
Meat and Poultry Products Business Net Sales



Note: Estimates presented here were disclosed in the first quarter of FY2025.

Bioscience Business

- Manufacture and sale of reagents and testing devices for identifying proteins present in cancer cells and finding appropriate treatments
- Manufacture and sale of diagnostic reagents, including diagnostic kits for influenza and COVID-19



- Accumulated technologies for development, production and quality evaluation of diagnostic agents that use antibodies
- A molecular diagnostics business model that combines the development and production of both diagnostic agents and immunostaining devices

Total assets	¥8.0 billion	Employees (Consolidated)	95
Main facilities	Nichirei Biosciences Global Innovation Center (production and R&D facilities), Pathcom Systems Corporation (California, United States)		
Main businesses	Molecular diagnostics, rapid chromatographic immunoassay, and biopharmaceutical raw materials		
Main products	[Images of diagnostic kits and equipment]		

Processed Foods

Nichirei Foods Inc.
https://www.nichireifoods.co.jp/en/corporate/

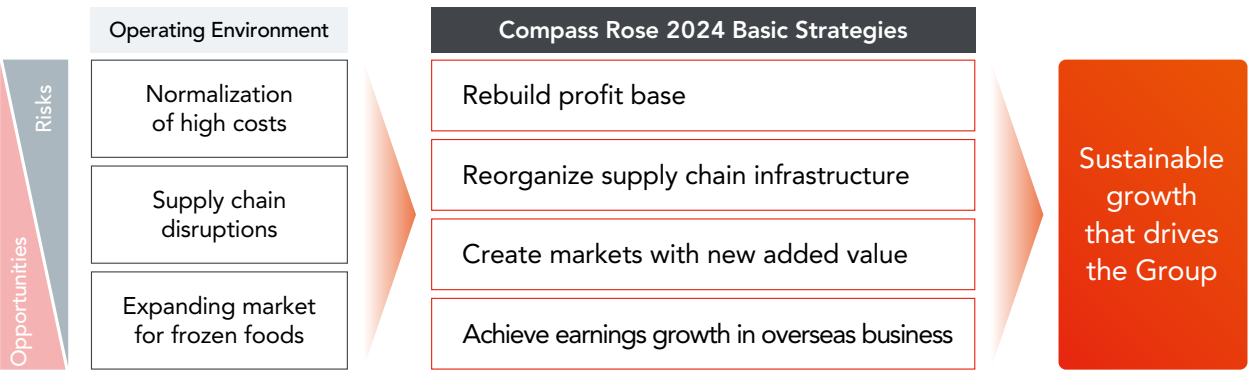
Masahiko Takenaga
Director, Senior Executive Officer, Nichirei Corporation
Representative Director, President, Nichirei Foods Inc.



Message from the President of Nichirei Foods Inc.

Nichirei Foods has adopted the new brand statement “Toward a world of sharing deliciousness and health—FoodJoy Equity.” By making full use of our strengths in reproducing delicious flavor and the social value of frozen foods, including their convenience and shelf life, we aim to achieve a better world of fairness for all through our efforts to offer value tailored to each individual—or in other words, sharing. To make our brand statement a reality, we intend to evolve our business so that everyone we interact with, and society as a whole, can enjoy the convenience of frozen foods.

Basic Strategies



Progress of Medium-term Business Plan Compass Rose 2024

In FY2024 (the fiscal year ended March 31, 2024), our operating environment remained unstable due to factors including the weak yen, soaring raw material and fuel costs, and an egg shortage caused by avian influenza. Despite these conditions, we achieved record high operating profit of ¥17.4 billion. In addition to prompt price adjustments and other countermeasures to address rising costs, we conducted various other measures, such as promotions, to help stimulate demand.

In Japan, the business grew, centered on mainstay categories such as rice products, processed chicken products and frozen vegetables. In particular, the new plant for rice products at Kyurei Inc., which began operating in April 2023, helped drive both sales and operating profit as it was able to rapidly stabilize its

operations through integration of production and sales. We also made progress in expanding the personal-use, single-serving business, which we have been focusing on in recent years. In the household-use category, we provided new value to the market with the launch of hit products such as *Kobashi-Men-no-Gomoku-Ankake-Yakisoba*.

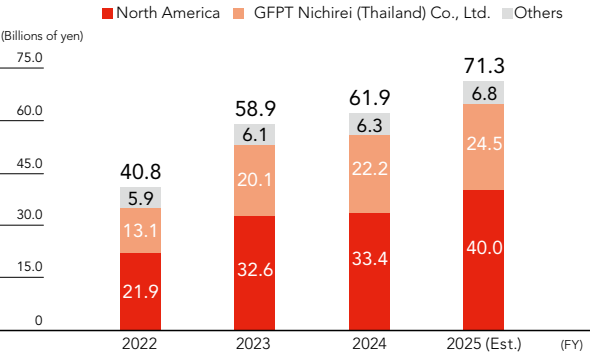
In FY2025, we aim for growth both in Japan and overseas, with an operating profit target of ¥21.0 billion. In Japan, we will focus on expanding business in areas that offer new value, such as health and personal-use, single-serving products, in addition to our mainstay categories such as rice products and processed chicken products. By doing so, we will establish the cornerstones of our next era of growth, which will serve as a foundation for our next medium-term business plan.

Progress of Overseas Business [Click here for "Overseas Strategy."](#) [Pages 26–29](#)

Our main overseas businesses are our operations in North America, the export sales business of GFPT Nichirei (Thailand) Co., Ltd., and the acerola business. In North America, we improved productivity at Nichirei Sacramento Foods, our production base for rice products, and established an integrated production and sales model similar to that in our domestic business. Moreover, aiming to expand sales through multi-branding, InnovAsian Cuisine is expanding beyond Asian foods from FY2025 with the rollout of the Latin-inspired

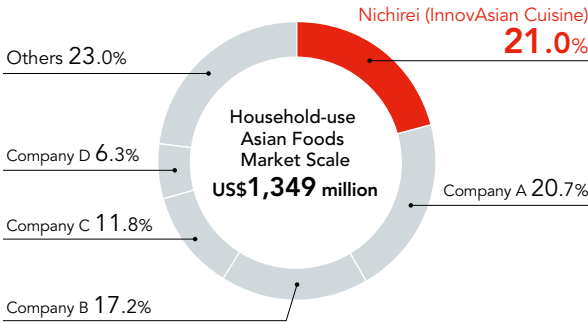
DEL CORAZÓN brand. GFPT Nichirei Thailand is stabilizing earnings from by-products that utilize every part of each chicken, and ramping up both production and domestic sales of poultry meal, which is a raw material for pet food. In the acerola business, we are working to expand by fully utilizing newly established sales bases in North America and Europe to step up sales of *Acerola powder*, which is produced by Nichirei do Brasil Agricola Ltda. in Brazil.

Overseas Sales



Note: For North America, sales up to FY2024 are for the sales company InnovAsian Cuisine only. From FY2025, they also include the sales of Nichirei Sacramento Foods, our production base for rice products.

Our Share of the Household-use Asian Foods Market in the United States



Source: Calculated from Nielsen data on household-use Asian food brands (national brands only) for January–December 2023.

ROIC Initiatives

	FY2023 Result	FY2024 Result	FY2025 Plan
Simple ROIC	8.5%	10.8%	12.5%

To increase overall business profitability, we are restructuring our category portfolio with a focus on progressively expanding high-profit categories such as rice products, processed chicken products, and frozen vegetables, while improving the profitability of low-profit categories or withdrawing from them. To promote this strategy, in FY2025 we established Product Line & Marketing Strategy, a new division for considering category strategies across business

formats. Based on the medium- to long-term category strategies considered by Product Line & Marketing Strategy, we will optimize our production bases to improve capital efficiency while addressing business risks such as labor shortages. To gauge the effectiveness of our measures, we are using digital technology to visualize ROIC for each business, and building a framework to increase internal momentum for driving the entire company forward.

Toward Our Vision for 2030

We expect the frozen food market to continue expanding globally. To accelerate growth, we will invest more of our resources in countries with growing populations. In Japan, there are concerns that the declining population will cause the food market to shrink, but we expect the frozen food market to continue expanding due to the shift away from home cooking to ready-made meals. For business growth, we will continue to invest in our mainstay businesses and in high-value-added areas such as health. Meanwhile,

factors presenting risks that significantly impact our business, such as labor shortages, raw material procurement, and global demands for consideration of the environment and human rights, are becoming more apparent. To address these risks and even turn them into opportunities, we intend to invest substantially in building up our intangible assets in areas such as branding, sustainability, R&D, DX, and human resource development, with the goal of establishing a sustainable competitive advantage.

Temperature-controlled Logistics

Nichirei Logistics Group Inc.
https://www.nichirei-logi.co.jp/english/index.html

Kazunori Shimamoto

Director, Senior Executive Officer, Nichirei Corporation
Representative Director, President, Nichirei Logistics Group Inc.



Message from the President of Nichirei Logistics Group Inc.

Nichirei Logistics Group is one of Japan’s largest temperature-controlled logistics companies, operating a network business that utilizes its strengths in nationwide transportation and delivery, a refrigerated warehouse business with the largest capacity in Japan, and a retail business that provides customized logistics services tailored to each customer’s needs. We also leverage the know-how we have cultivated over many years in Japan to provide high-quality temperature-controlled logistics in Europe and Asia. To offer our customers optimal solutions, we have a range of functions related to temperature-controlled logistics, including third-party logistics (3PL) and engineering services. We also have the know-how to deal with all cold chain situations, and human resources who create new added value. Amid significant changes in our operating environment, we will carry on our heritage of continuously creating new functions and services to make our advanced low-temperature logistics the world standard.

Basic Strategies

Risks

Operating Environment

Opportunities

Normaliza-tion of high costs

Supply chain disruptions

Needs for sustainable logistics

Compass Rose 2024 Basic Strategies

(Domestic) Strengthen the business foundation for the next generation

(Overseas) Achieve both sales and profit growth

Initiatives for sustainable growth

Improve profitability and capital efficiency

Progress of Medium-term Business Plan Compass Rose 2024

In FY2024 (the fiscal year ended March 31, 2024), the operating environment was challenging, with a persistent slowdown in the movement of domestic refrigerated and frozen cargo as imports decreased due to substantial yen depreciation, and demand decreased due to rising prices. Nevertheless, we increased sales and operating profit by steadily capturing storage, transportation and delivery demand both in Japan and overseas, ensuring appropriate collection of fees and improving operational efficiency, along with measures to mitigate the impact of high energy costs. As a result, we have achieved 14 consecutive years of increases in sales and nine consecutive years of record-high operating profit.

For years, we have been working on appropriate measures to address the logistics industry’s 2024 Problem. One is the expansion of *SULS*, our sustainable next-generation transportation and delivery system. By operating the Atsugi Gateway, which is one of our own assets, and the Kansai Gateway, which utilizes the assets of other companies, and by setting up the Hiroshima Switch Center (a relay hub) utilizing other companies’ assets, we have established a *SULS* network that extends from the Tokyo metropolitan area to Kyushu. In FY2025, we plan to open new routes connecting the Kanto region with the Tohoku region and Shizuoka and Niigata prefectures. We now have 34 trailers, which are key to expanding *SULS*, and plan to increase the fleet to 50 by the end of FY2025. Building a frozen food logistics platform is another area we are focusing on. Joint logistics operations with major frozen food manufacturers have progressed in the Kanto and Kansai regions. Going forward, we also plan to further expand volume of cargo handled in ways including joint transport on trunk lines from factories and central distribution centers.

In the retail business, we will proceed with the construction of a product supply network we call *NL+LiNk*¹ covering the areas originating from our cross-docking (XD) bases. We plan to start with the Tohoku region, and then progressively expand nationwide.

1. A new temperature-controlled logistics network based on the concepts of “connecting through Nichirei Logistics Group” and “connecting with customers.” Leveraging the transportation network connecting Nichirei Logistics Group’s facilities, we will build a system that enables products delivered to one facility to be delivered anywhere, including to facilities operated by other companies within the area.

Progress of Overseas Business [Click here for “Overseas Strategy.”](#) [Pages 26–29](#)

We are proactively investing management resources in our overseas business with the aim of achieving growth in both sales and operating profit. In Europe, sales decreased on a local currency basis due to the impact of an inflation-related decline in consumption and a drop in ocean freight rates following the resolution of a container shortage. However, operating profit increased substantially due to the smooth operation of bases newly established or expanded in the past few years, the stabilization of electricity prices and the efficient use of our own vehicles. In FY2025, we will further strengthen the foundation of our core port business through the integration and reorganization of our companies in the Netherlands and

Overseas Sales

Region	2022	2023	2024	2025 (Est.)
Europe	45.9	63.7	71.1	84.0
East Asia	3.9	4.3	1.6	2.7
Southeast Asia	42.1	59.5	64.3	75.6

2. NL COLD CHAIN NETWORK (M) SDN BHD in Malaysia and SCG Nichirei Logistics Co., Ltd. in Thailand became consolidated subsidiaries in February 2023 and June 2023, respectively.

ROIC Initiatives

	FY2023 Result	FY2024 Result	FY2025 Plan
Simple ROIC	7.7%	7.2%	7.2%

We expect ROIC of 7.2% for FY2025. Given the nature of our business as an operator of refrigerated warehouses and similar facilities, this figure is not likely to fluctuate significantly. That said, increasing it is difficult, but we consider this ROIC very high for a temperature-controlled logistics company in FY2025. While the figure is important, we will maintain our focus on the balance with investments without giving undue concern to short-term fluctuations. In particular, because of the heavy depreciation burden incurred by newer refrigeration equipment, we consider it important to maintain an equipment portfolio that balances

Toward Our Vision for 2030

With a severe labor shortage forecast for Japan, we aim to raise our presence not only by enhancing the quality of our services in delivering sustainable temperature-controlled logistics, but also by stepping up efforts to establish a flexible wage structure and to conduct inner and outer branding. By doing so, we will be able to secure the human resources to support our logistics sites, as well as talent for overseas management, digital transformation and engineering, to become a company where diverse human resources can thrive and are satisfied with their jobs. In Europe, CSRD³ will apply to Nichirei Logistics

3. The Corporate Sustainability Reporting Directive, an EU directive on corporate sustainability reporting.

the United Kingdom. We will deploy the comprehensive strength of our European business by unifying the companies under a single name to enhance branding, creating synergies and improving management efficiency.

In Asia, we made our equity-method affiliates in Thailand and Malaysia into consolidated subsidiaries² in 2023, and a new refrigerated warehouse began operations in Vietnam in July 2024. In ASEAN, an area poised for growth due to factors such as the increasing population and rising economic standards, we plan to leverage the knowledge and expertise in temperature-controlled logistics that we have cultivated in Japan.

Refrigerated Warehouse Companies’ Share of Total Facility Capacity: Global Top Ten

Ranking	Company Name	Capacity (Thousands of tons)	Main Country of Business
1	Lineage	33,527	United States
2	Americold Logistics	16,891	United States
3	United States Cold Storage, Inc.	4,594	United States
4	NewCold Cooperatief U.A.	2,891	United States
5	Nichirei Logistics Group Inc.	2,256	Japan
6	Emergent Cold Latin America	1,778	Brazil
7	Constellation Cold Logistics Sarl	1,645	Belgium
8	Frialsa Frigorificos S.A. De C.V.	1,424	Mexico
9	Interstate Warehousing, Inc.	1,374	United States
10	FreezPak Logistics	1,306	United States

Source: Prepared based on the Global Top 25 List, April 2024 materials from the International Association of Refrigerated Warehouses

new equipment with fully depreciated equipment that has been in operation for 40 to 50 years.

Looking ahead, as construction costs and land prices in Japan continue to rise, we must carefully assess whether to invest in new construction and expansion of domestic facilities on our own or use the assets of other companies, depending on the nature of the business and the outlook for income and expenses. In expanding our business base, including *SULS*, our frozen food logistics platform, and *NL+LiNk*, we intend to proactively utilize the assets of other companies to generate profits.

Group from FY2026, covering information disclosure in areas such as respect for human rights, responsible procurement and measures to address social issues, as well as strengthening system security and governance, so we will focus on enhancing our foundation for the next generation and realizing a sustainable society. We will also achieve the best mix of people and machinery, pioneer data-driven operations in the temperature-controlled logistics industry and create new business value as we make sustainable logistics a reality.

34

Nichirei Group Integrated Report 2024

Our Aims & Long-term Management Strategy

Operations Based on Our Long-term Strategy

Sustainability

Business Foundation to Achieve Our Aims

Results of Initiatives (Data)

35

Marine, Meat and Poultry Products

Nichirei Fresh Inc.
https://www.nichireifresh.co.jp/en/

Wataru Tanabe

Director, Senior Executive Officer, Nichirei Corporation
Representative Director, President, Nichirei Fresh Inc.

Message from the President of Nichirei Fresh Inc.



Nichirei Fresh has consistently embodied its company slogan, “Linking Sea, Land and People,” serving as an invaluable intermediary between producers worldwide and a constantly changing market, while continuing to grow alongside all of its stakeholders.

Dedicated to constantly tackling new possibilities to create value, we will continue to provide valuable products that lead to good eating habits, health, and sustainability as we head toward our next stage of growth.

Basic Strategies

Risks

Operating Environment

Opportunities

Compass Rose 2024 Basic Strategies

Normalization of high costs

Worsening procurement environment

Increased demand for high-value-added products

Restructure the business

Strengthen the supply chain

Cultivate growth areas

Achieve business growth while maintaining stable earnings

Progress of Medium-term Business Plan Compass Rose 2024

In FY2024 (the fiscal year ended March 31, 2024), sales in both the marine products business and the meat and poultry products business decreased as forecast due to structural reforms that prioritized profitability. In terms of profits, we improved the operating margin through measures to improve earnings, mainly price adjustments to counter rising costs caused by high resource prices worldwide and the rapid depreciation of the yen. However, operating profit ultimately decreased.

Going forward, we will improve profitability and social value by accelerating our shift from products where adding value is difficult to “ingredients with future-oriented value,” which contribute to the sustainability of the Earth and improved health value for consumers. In addition, we will focus on processed products tailored to consumer needs, with the aim of growing these materials into a profitable, value-added core business.

Specifically, in the marine products business, we will ramp up offerings of environmentally friendly products, including MSC- and ASC-certified products, which fall into the category of “ingredients with future-oriented value” mentioned earlier. We will also work to increase profit by shifting production to high-profit products at our processing plants and by increasing exports. In the meat and poultry products business, we will ensure stable profits by modifying or discontinuing low-profit products and shifting to processed products, as well as by making significant revisions to our existing sales and product strategies and implementing structural reforms linked to strategies for competitive advantage and growth.

Progress of Overseas Business [Click here for “Overseas Strategy.”](#) [Pages 26–29](#)

As a core strategy for our sustainable business growth and to contribute to the further spread of Japanese food globally, we will expand sales of marine, meat and poultry products overseas, rooted in our ambition to share the inherent deliciousness and healthiness of our ingredients with people around the world.

Our factory in Vietnam, Trans Pacific Seafood Co., Ltd., and major OEM partners have largely stabilized production, and we are promoting sales in North America, our highest priority market. We will continue making inroads into the market by selling shrimp, scallops, and processed meat and poultry products, mainly through Japanese food wholesalers.

In Greater China, despite the substantial risk of an embargo on seafood from Japan, we have been able to maintain a notable level of profit. However, considering geopolitical risks going forward, we aim to focus on a business model centered on local production for local consumption to secure stable profits in the country. We will also work together with other Group companies to develop sales channels and establish new sales schemes.

ROIC Initiatives

Simple ROIC	Marine Products			Meat and Poultry Products		
	FY2023 Result	FY2024 Result	FY2025 Plan	FY2023 Result	FY2024 Result	FY2025 Plan
	3.5%	2.9%	7.5%	13.8%	12.4%	16.8%

We have been focusing on ROIC-conscious business operations, and have had some success in improving capital efficiency, particularly in the marine products business. We are working to improve capital efficiency across all product categories. Measures include reviewing procurement methods, implementing selection and concentration in sales by modifying or discontinuing low-profit products, and reducing inventory.

To increase profitability, we are revising our product portfolio through measures such as withdrawing from low-profit product categories and expanding sales of processed products, and intend to increase our focus on highly profitable overseas markets. We will also continue to reexamine competitive business formats, and priority customers, among other topics.

We have increased awareness of ROIC within the company by regularly holding study sessions led by a management department. As a key performance indicator, ROIC will continue to be central to our initiatives.

Toward Our Vision for 2030

We aim to make ingredients with future-oriented value a pillar of our earnings going forward. Now that safety, reliability, deliciousness, and other forms of value traditionally expected from ingredients are taken for granted, we believe that addressing changing social issues is now what defines the value of an ingredients business, and the wellspring of its growth. In marine products, we will work to expand sales of shrimp products procured from the *Inochi-no-Mori-Project* and the *Inochi-no-Umi-Project*, two of our in-house initiatives. In meat and poultry products, we aim to increase sales by expanding sales channels for our *Amani-no-Megumi* series and other products, as well as by proactively developing processed products.

As another pillar of business growth, overseas sales expansion will mainly be driven by marine products, which face low barriers to trade, such as regulations and tariffs, making them easier to market across borders. We will lead the Nichirei Group in increasing the overseas sales ratio as we continue to create business and develop new customers outside Japan.

Number of MSC-labeled Products for Consumers Distributed Worldwide

(Number of items with sales reported)



Fiscal Year	Number of Products
2013	~7,000
2014	~8,000
2015	~9,000
2016	~10,000
2017	~11,000
2018	~13,000
2019	~15,000
2020	~17,000
2021	~18,000
2022	~19,000
2023	20,838

Source: Marine Stewardship Council (MSC)

ASC Marine Products Sold Worldwide by Weight

(Tons)



Fiscal Year	Weight (Tons)
2013	~10,000
2014	~15,000
2015	~20,000
2016	~30,000
2017	~50,000
2018	~70,000
2019	~100,000
2020	~150,000
2021	~200,000
2022	~220,000
2023	~240,000
2024	289,900

Source: Aquaculture Stewardship Council (ASC)

36

Nichirei Group Integrated Report 2024 37

Our Aims & Long-term Management Strategy
Operations Based on Our Long-term Strategy
Sustainability
Business Foundation to Achieve Our Aims
Results of Initiatives (Data)

Bioscience



Nichirei Biosciences Inc.
https://nichireibiosciences.com/

Hideo Yokoi

Senior Executive Officer, Nichirei Corporation
Representative Director, President, Nichirei Biosciences Inc.

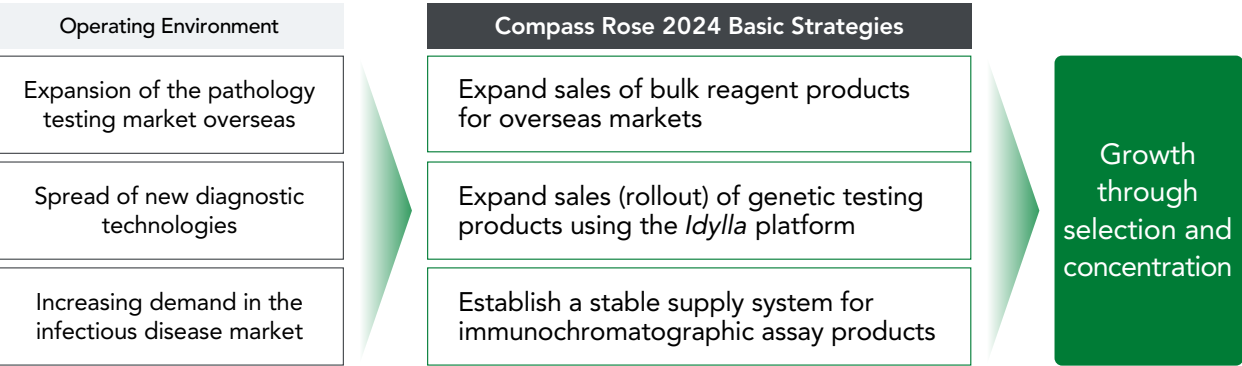


Message from the President of Nichirei Biosciences Inc.

Market expansion and technological innovation are ongoing in Nichirei Biosciences’ business fields due to the increasing number of cancer patients worldwide and advances in genetic technology. We see this trend as an opportunity to strengthen the competitiveness of our proprietary technologies. By honing the know-how and technologies generated at the Global Innovation Center, which is our R&D and production base, and at Pathcom Systems Corporation (Pathcom), our medical device manufacturing and sales subsidiary in the United States, we will create new value and provide high-quality products and services. Through these efforts, we will promote growth in the life science and healthcare fields in Japan and overseas.

We will continue to use the power of biotechnology to provide new value to people, and to support their health.

Basic Strategies



Progress of Medium-term Business Plan Compass Rose 2024

In FY2024 (the fiscal year ended March 31, 2024), sales and operating profit increased compared with the previous fiscal year in our three main businesses: molecular diagnostics, rapid chromatographic immunoassay, and biopharmaceutical raw materials.

In the molecular diagnostic business, overseas sales of bulk detection reagents grew. For the *Idylla* genetic testing platform, we have obtained manufacturing and marketing approval for two in vitro diagnostics to be used as companion diagnostics* for molecular targeted drugs in colorectal cancer treatment. We remain focused on developing immunohistochemical staining and genetic testing devices and device-specific reagents to expand our share in the pathology testing market.

In the rapid chromatographic immunoassay business,

our stable supply of simultaneous antigen test kits during the outbreaks of COVID-19 and influenza in FY2024 contributed to increased sales and operating profit. We will continue adapting to changing conditions in the infectious disease market, where demand fluctuates significantly. In addition, we see the change in status of the over-the-counter (OTC) market for antigen test kits as a new opportunity, and will proceed with regulatory approval and enhancement of sales routes.

In the biopharmaceutical raw materials business, sales of serum for industrial applications in vaccine production increased. We are also working to adjust serum in stock to a more appropriate level to reduce inventory. In FY2025, we will continue working to further improve capital efficiency.

* Diagnostic agents used for testing to determine whether patients are suitable candidates for specific drugs, enhancing the efficacy and safety of those drugs

Progress of Overseas Business [Click here for "Overseas Strategy."](#) [Pages 26-29](#)

In the molecular diagnostic business, demand is growing outside Japan for bulk detection reagents that use our core technologies. Our supply system was insufficient to meet this demand in FY2023. By improving our manufacturing process technologies, we achieved a stable supply, which substantially increased sales in FY2024. Going forward, we will continue to cultivate new customers based on our stable supply system. In addition, we will work with our U.S. subsidiary Pathcom to establish a business model that integrates automated immunostaining devices with device-specific reagents. By expanding this business overseas, we aim to achieve further growth.

ROIC Initiatives

	FY2023 Result	FY2024 Result	FY2025 Plan
Simple ROIC	8.9%	12.5%	9.2%

We hold study sessions for employees, breaking down the elements of ROIC into indicators that are easily understood in the workplace, in order to inform and guide employees to make actions.

In the molecular diagnostic business, we are reducing inventory by optimizing production volume while maintaining a balance between stable supply and inventory reduction.

In the rapid chromatographic immunoassay business, we responded to rapidly fluctuating demand in the infectious disease market by establishing a system capable of rapidly supplying the required quantities during peak infection periods.

In the biopharmaceutical raw materials business, which imports products, we are working to reduce inventory and then capital used by managing purchasing volume accurately in line with demand.

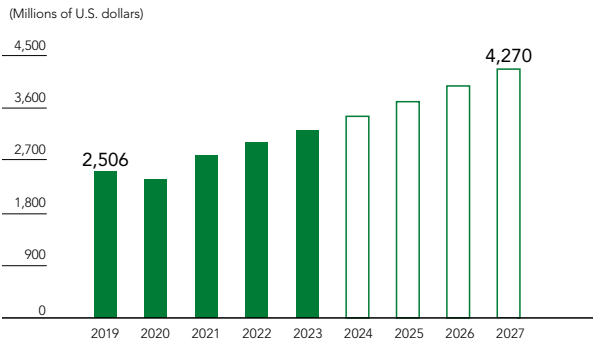
These initiatives are contributing to improvement in ROIC.

Toward Our Vision for 2030

In the molecular diagnostic business, which we have designated as a growth area, diagnostic and treatment methods are expected to further diversify as the number of cancer patients increases worldwide. In immunohistochemical staining, we will work to expand sales of device-specific reagents through sales of automated immunostaining devices. Moreover, we will take a multifaceted approach to the pathology testing market by developing products in new areas outside our existing lineup to further grow our business.

The bioscience business features a higher gross profit margin than other Nichirei Group businesses. We will continue transitioning to a business model with competitive advantages, strengthening profitability to achieve steady growth and both social and economic value.

Global Immunohistochemical Staining Market, Historical and Forecasts



Source: Prepared by Nichirei Biosciences based on *Tissue Diagnostics Market - Global Forecast to 2027*, MarketsandMarkets Research Private Ltd.

Number of New Cancer Patients Worldwide, Historical and Forecasts



Source: *Cancer Tomorrow*, International Agency for Research on Cancer (<https://gco.iarc.who.int/tomorrow>) Data version: Globocan 2022 (version 1.1)

Intangible Assets

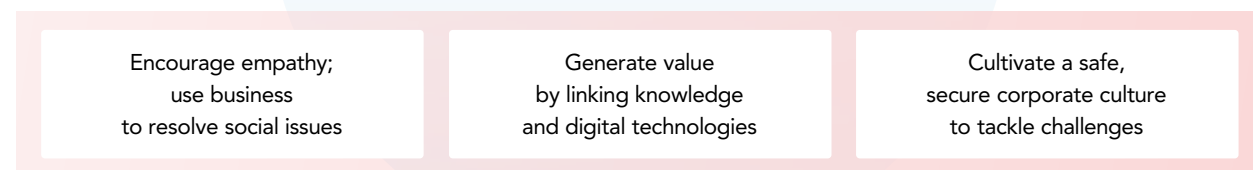
Human Resources Strategy

Overview of Human Resources Strategy

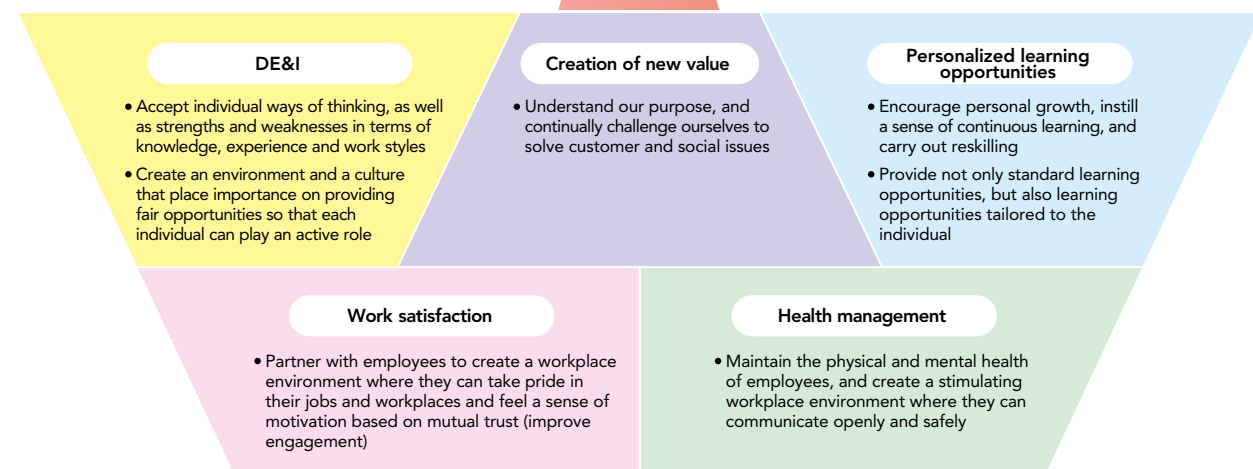
Because it is people who will carry out our management strategy, we believe that our human resources are the source of our growth as a company. We have established a Group Human Resources Policy that covers our aims and organization for the human resources issues we must address to achieve the Nichirei Group's long-term management goals toward 2030 and our targets for material matters (materiality). To address these issues, we have defined a five-perspective human resources strategy and set eight themes to steadily advance this strategy. We will continue working to ensure that each of our personnel measures is designed and implemented to increase corporate value.

Achieving Our Long-term Management Goals toward 2030

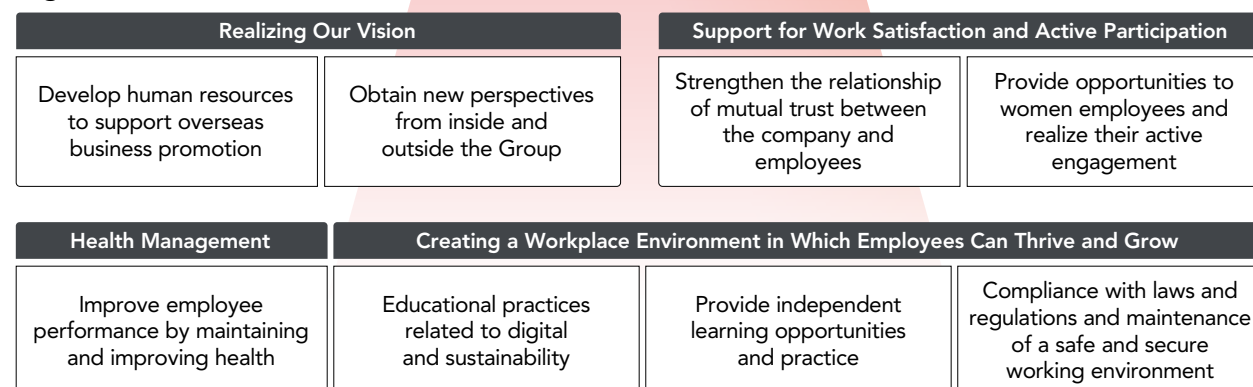
Group Human Resources Policy (The Kind of Human Resources We Need and the Organization That We Aim to Be)



Human Resources Strategy (Five Perspectives to Help Bridge the Gap between the Ideal Situation and Now)



Eight Themes



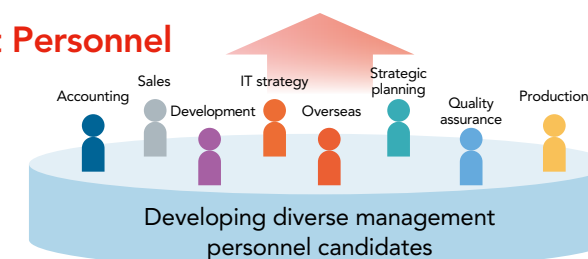
Realizing Our Vision

Securing and Developing Management Personnel

In order to ramp up sustainability management and achieve ongoing growth in corporate value, it is essential for the Nichirei Group to develop management personnel who can set its management targets and make decisions to promptly address changes in the operating environment. The entire Group is therefore working over the long term to systematically augment the ranks and develop its next generation of management candidates.

We identified the prerequisites for the required talent pool in FY2024, and based on these prerequisites, we are conducting a variety of initiatives, such as promoting acquisition of the knowledge necessary for management

Building A Management Team with Diverse Experience and Skills



through training and independent learning, developing the mindset of a manager through interviews with superiors, and transferring employees to other businesses or overseas to gain work experience that will complement experience in a single business over many years.

Securing and Developing Human Resources for Our Overseas Operations

An issue for accelerating business growth overseas is securing and developing the human resources who can promote and manage those businesses. We therefore began by identifying the traits required of human resources who can actively contribute overseas, such as English conversation ability, interest in and understanding of different cultures, and a spirit of challenge and initiative capable of overcoming adversity. We are systematically transferring and dispatching employees to positions overseas and elsewhere, based on their individual career goals as they align with the required traits. Meanwhile, we are also conducting training to develop human resources, mainly at Nichirei Corporation, with a rollout to some Group operating companies. Specifically, we offer language training tailored to different proficiency levels (by selection or open application) to improve basic English conversation, on-site training to give first-hand experience with overseas business, and dispatch to overseas universities to take MBA courses. From FY2025, we also

began training in cross-cultural understanding to equip employees with the skills necessary for intercultural collaboration.

Nichirei Corporation is also recruiting foreign students studying in Japan who will graduate from university in FY2026. The Company is holding various events with the aim of hiring three new employees capable of working overseas in the future.



Company information event for international students studying in Japan

Selection	MBA (dispatch to overseas universities)	Deepen understanding of management essentials, using English as needed, to acquire practical skills for working in a global business environment.
	Overseas on-site training	Gain firsthand experience with overseas operations for a deep understanding and real sense of the skills required through direct interaction with international business and employees dispatched from Japan.
	Cross-cultural mindset	Cultivate a mindset for cross-cultural understanding that enables appropriate action in an environment of diversity, and acquire collaborative skills through practical activities in an intercultural setting.
	Language training	Build necessary English proficiency for advancing our overseas operations, progressing to a business level at a pace suitable to each individual.
Open Application	Language learning support	Raise the overall Group level of English proficiency by providing online English conversation lessons and other learning opportunities, partly at the Company's expense, for employees who want to improve their English.

Support for Work Satisfaction and Active Participation

By bringing together the strengths of diverse individuals, we aim to help resolve social issues and increase corporate value.



Emi Kataoka
Executive Officer, General Manager of Diversity Promotion Division
Nichirei Corporation

For the Nichirei Group to continue growing, it must have a meaningful presence in society. That is why we must generate ongoing reform and innovation by respecting and incorporating diverse approaches, abilities and ideas. Promoting diversity, equity and inclusion (DE&I), which is one aspect of our human resources strategy, is crucial in this regard. Group companies previously conducted their own DE&I initiatives, but to promote such initiatives more vigorously throughout the Group, Nichirei Corporation established a new division, Diversity Promotion, in April 2024. By maximizing the diverse strengths of each employee and transforming them into organizational power, we hope to help resolve social issues and increase corporate value.

Becoming a Company Where Diverse Individuals Celebrate Each Other's Unique Efforts

DE&I initiatives generally tend to be considered as focusing on women. Although the Company is targeting a ratio of 30% for women employees in management positions, our ultimate objective in promoting DE&I is to enable a diverse range of people to participate in decision-making and create new value, regardless of their personal attributes. To achieve this objective, we begin by fostering a culture of mutual recognition through dialogue, nurturing individual

employees' capabilities so they can develop their own careers, and creating a framework for recognizing and rewarding efforts that contribute to increasing corporate value. These efforts underpin our aim for greater participation by women in decision-making. Management capabilities are key for the effective functioning of this framework, so we will provide education to management as the starting point for further promotion of DE&I.

Improving Employee Engagement by Fostering Organizational Culture

The Nichirei Group has made employee engagement¹ a key non-financial indicator, and checks engagement levels through surveys at the 15 main Group companies. The analysis of the engagement survey results is presented on page 43. We acknowledge that differences in results between men and women in terms of career paths and the way work is assigned to them clearly indicate a DE&I issue that needs our attention.

Based on the results of the survey analysis, we will work to improve our organizational culture by addressing issues and promoting DE&I at each operating company. We believe that the steady implementation of these employee engagement initiatives will lead to higher productivity and, in turn, greater corporate value.

1. Employee engagement: A measure of an employee's commitment to their organization, characterized by high motivation, a willingness to contribute to organizational goals, and a strong sense of belonging or loyalty, sustained by a supportive work environment that fosters productivity, motivation, and overall well-being, creating a positive impact on both personal and organizational success. (Based on a definition by Willis Towers Watson Public Company (WTW))

Initiatives to Promote DE&I

Advancement of Women Employees	<ul style="list-style-type: none">Group project to promote the advancement of women employees, led by members active at the front lines of each operating companyInitiatives to resolve issues at each operating company (training and networking meetings, etc. for women managers)
LGBTQ	<ul style="list-style-type: none">Establishment of a consultation center staffed by experts to ensure psychological safety for LGBTQ peopleTraining for executives and basic training for personnel staff to prepare for in-house consultations
Active Participation by Seniors	<ul style="list-style-type: none">Assigning responsibilities after reemployment according to individual skills and experience, utilizing know-how cultivated in each workplace
Employment of People with Disabilities	<ul style="list-style-type: none">At special Group subsidiary Nichirei Aura Inc., 35 staff members with disabilities are engaged in a wide range of duties including office cleaning at the Head Office, and at the food factories and distribution centers of operating companies.

FY2031 Targets
(Nichirei Corporation)

Ratio of women directors/
Audit & Supervisory
Board Members

30% or higher

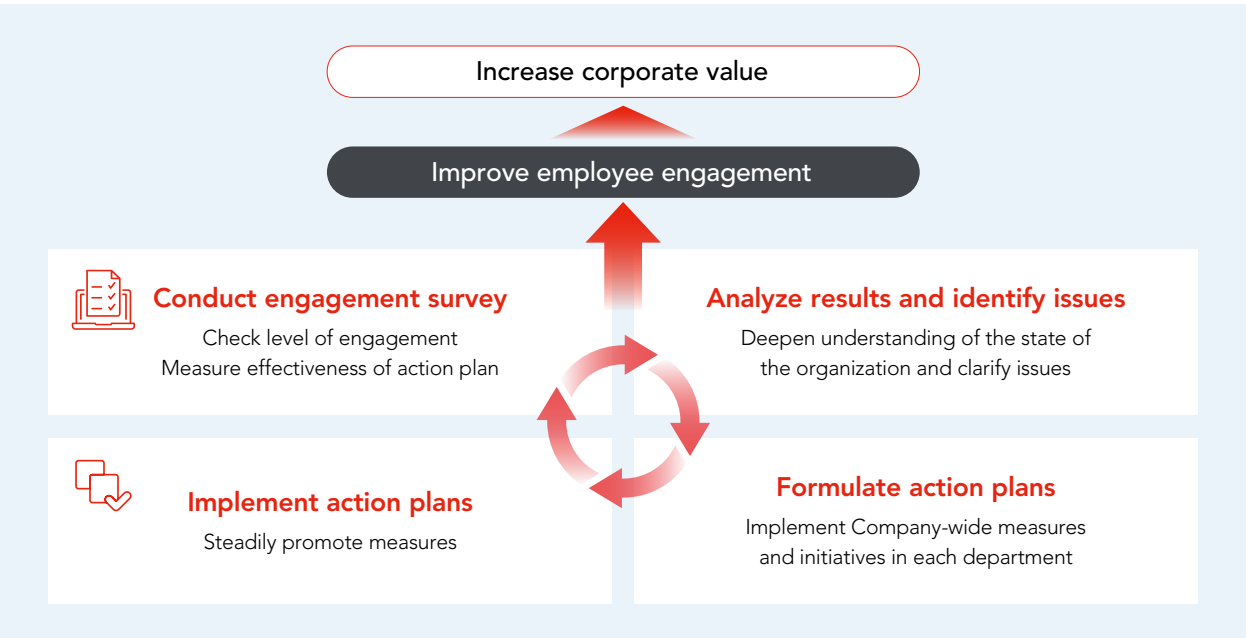
Ratio of women in
management positions

30%

Initiatives Centered on Employee Engagement

For the Nichirei Group to achieve sustainable growth, it is essential to foster mutual trust between each operating company and its employees, so that the company's mission and vision resonate with its diverse talent, who in turn will be motivated to contribute to their company and their jobs. As a result, the Company can continue to maximize its performance as an organization. The Company has therefore positioned improving employee engagement as a key management issue for helping to increase corporate value, and is focusing on maintaining a consistent, survey-based cycle.

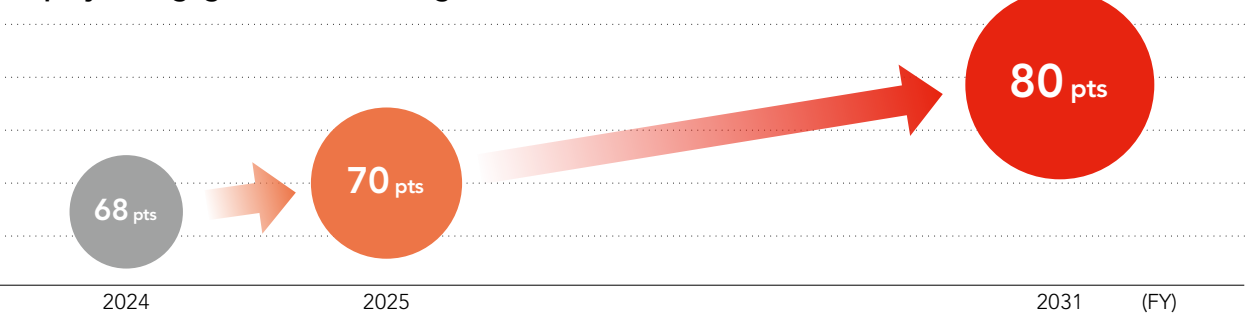
Cycle for Improving Employee Engagement



The overall employee engagement score for FY2024 was 68 points. The survey results confirmed support for sustainability management and a high level of awareness of compliance and honest corporate activities. However, they also revealed issues with establishing a smooth operational support system and in communication between management and employees. In addition, gender differences were observed in talent management² and performance management,³ and we will work to correct them.

Improving employee engagement requires not only commitment and leadership from management, but also the active involvement of each employee, seeing it as personally relevant. Group companies and their employees are therefore working to address these issues together.

Employee Engagement Score Targets



2. Talent management: A series of activities, including recruitment, development and dispatch, through which a company secures and cultivates the human resources necessary for its business
3. Performance management: A series of activities focused on maximizing individual work performance while supporting career development

Health Management

The Nichirei Group Health Declaration

“Creating Savory Moments.” With that core value deep in our hearts, every single person who works at the Nichirei Group will strive for good health maintenance.

Since FY2016, the Nichirei Group has set the maintenance and improvement of employee health as a management issue, and has been promoting initiatives based on the concept that the health and well-being of employees is fundamental to increasing their work satisfaction. In April 2024, a department specializing in this area was reorganized as the Well-being Management Promotion Office, and it is working to improve employee well-being by conducting measures for comfortable, satisfying work, in addition to occupational health and safety and health management.



A public health nurse lectures at a health-related event (held at a small workplace with full attendance)

Improving Employee Performance by Maintaining and Improving Health

As a company that supports good eating habits and health, we want our employees to always work with enthusiasm and in good physical and mental health, regardless of their age or gender. Our initiatives to reduce absenteeism and presenteeism include thorough follow-up after health checkups, including cancer screenings, as well as mental health education and measures to improve health literacy. In recognition of these efforts, Nichirei was chosen for inclusion in the Health and Productivity Stock Selection in FY2021, FY2022 and FY2024. We have also been recognized under the Certified Health and Productivity Management

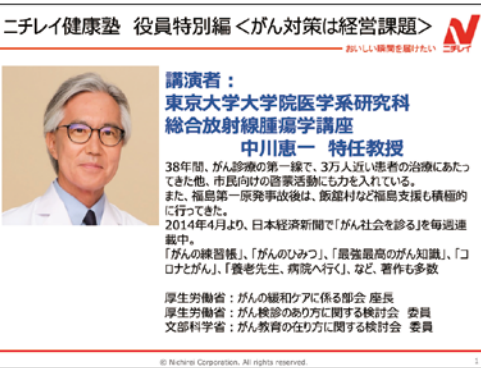
Organization Recognition Program in the large enterprise category for each of the eight years since the program was established.

	FY2024 Results	FY2025 Targets	FY2031 Targets
Absenteeism ¹	3.4 days	2.6 days	1.0 days
Presenteeism ²	79%	85%	90%

1. Lost workdays due to poor physical or mental health (average for Japanese companies announced by the Ministry of Economy, Trade and Industry is 2.6 days)
2. Actual performance level, compared with normal performance level set at 100% (average for the University of Tokyo Working Group's Single-Item Presenteeism Question (SPQ) is 85%)

Health-related Events to Create a Workplace and Organizational Culture Where Diverse Human Resources Can Work with Enthusiasm

To energize the organization by improving employees' physical and mental health and productivity through greater health literacy, we hold health-related events and seminars on topics that address the health issues employees face, such as preventing lifestyle-related diseases, women's health, sleep, muscle weakness and meals for late-night work. We also believe that management must take the initiative in creating a workplace and organizational culture where diverse human resources can work with enthusiasm. In February 2024, we invited Dr. Keiichi Nakagawa, an oncologist and project professor at the University of Tokyo, to give a lecture for our management entitled “Dealing with Cancer Is a Management Issue.” Approximately 130 people, including the president, management staff and employees, attended. To support good eating habits and health, communication is important with suppliers, local communities and other stakeholders as well as Group employees. As part of our health support for suppliers, we held a seminar on health management for six of our business partners in FY2024, raising interest among participating companies. Through these initiatives, we aim to contribute to the overall health of society, help to realize a sustainable society and increase our corporate value.



Introduction slide of the presentation by Dr. Nakagawa

Creating an Environment in Which Employees Can Thrive and Grow

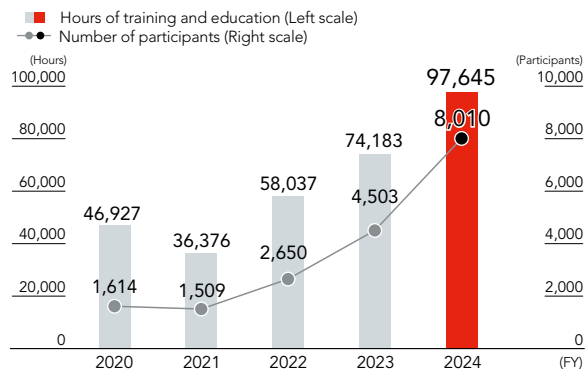
Providing Opportunities for Learning and Practice

We provide a variety of opportunities for learning so that employees can acquire the skills necessary to respond to the coming era and implement our management strategies. In addition, training attendance records and data on each individual's qualifications and foreign language abilities are collected in a talent management system. In this way, we have established a framework for implementing personnel measures according to the circumstances of our employees, such as conducting language training in tandem with the expansion of overseas business.

We develop specific training plans for the Group and for each operating company according to the characteristics of its business. For Company-wide training, we set a Group education and training policy every year and provide e-learning on a wide range of content such as governance, including compliance and protection of personal information, as well as on legal affairs and quality assurance. We are also implementing more in-depth training, such as DX training (see page 50) and position-based sustainability training, which we launched in FY2023.

At our operating companies, we provide annual training and separate programs for newly appointed managers, as well as offerings tailored to each company's area of specialization, such as overseas on-site sessions for production staff.

Hours of Training and Education, and Number of Participants



Flexible System Design

We design flexible personnel systems to create an environment where each individual can demonstrate their abilities and thrive. Creating a comfortable workplace and further improving the skills of diverse individuals will increase our corporate value.

For example, our childcare leave system was already in place before the October 2022 revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other

Family Members, and exceeded its statutory requirements. After the revision, we enhanced our system to provide more options, including the ability to divide childcare leave into installments until the child is one year old.

In FY2024, we introduced a new Company-wide in-house side job system. Our aim is to generate new value through the exchange of knowledge and human resources within the Company, and to help employees improve their skills and develop their careers.

Comment



Yuto Nagi

Accounting Services for Processed Foods Business, Accounting & Tax, Nichirei Corporation
Joined the Company in 2021

Company-wide In-house Side Job System

I have always been interested in HR work, so when there was an opening on new university graduate recruiting for a side job, I gave it a try. Now that my time in the job has ended, in retrospect I think I was generally able to improve two skills. The first was communication skills. In my main job, accounting, most of my interactions are within the Company, but recruiting required me to communicate with students, and it gave me time to think about how to get my point across to people whose underlying knowledge and thoughts are different. The second was planning. In balancing my main job and side job, I became able to make clear in advance what I had to do and by when, and came up with ways to get started on tasks that could be brought forward. In my career going forward, I would like to use the skills I have strengthened and the wider network of contacts I have gained through my side job to broaden the scope of my work.

Employee Interviews

INTERVIEW
01
Working Overseas

Differences in values and wide-ranging work experiences broaden the world.



Risako Yoshida
Nichirei Sacramento Foods Corporation

When I was working at a food production plant in Japan, I learned about differences in values by communicating with foreign co-workers, and I wanted to broaden my way of thinking through contact with various cultures, so I applied to work overseas. Now, I am at Nichirei Sacramento Foods, a food production plant in the United States, mainly in production planning, but also involved in accounting, quality assurance and other areas.

The respective characteristics of the two countries that I have noticed since coming here are how precise the production management system is in Japan, compared with the positive approach and motivation once people get started here in Sacramento. I feel that my role is to lead the plant in a positive direction by combining the best of both locations. What I find rewarding now is my sense that despite the differences in approach, making improvements little by little has improved productivity and reduced problems. In addition, my ability to get involved in a wide range of areas soon after joining the company was only possible because I was stationed at a rapidly growing overseas base, and I think that will be an asset in my life in the future.

In picturing my career going forward, I would like to go back to Japan to spend some time gaining specialized knowledge and then be posted overseas again to put it to good use.

INTERVIEW
02
Advancement of Women Employees

Support from others helped me get where I am, so I hope to encourage the next generation.

I am not exactly the type to put myself forward, but after being asked several times whether I would like to give it a try, I am now serving as a manager of my second base. My current workplace is a storage-type distribution center, which is different from the management department where I spent 15 years, so in my new position of leadership, I must navigate the daily challenges of many first-time experiences. Through it all, I feel the support of others. There are many people here who are well-versed in logistics in general, and they have been my mentors, kindly teaching me what they know about our work as well as more casual topics.

Through all this, I feel that one part of my role as a manager is to pass along the opinions of employees on the front lines. The front lines at a distribution center consist not just of administrative staff, but also people working in the warehouse and others involved in various tasks. During on-site discussions, new and innovative ideas have arisen from various perspectives. Thanks to the people around me who ordinarily speak up, we can have a lively exchange of opinions in discussions, and I feel that speaking up has made for a better workplace. Since I have received so much support from my colleagues, I would like to encourage others, including women who want to become managers.



Yasuyo Shiga
Manager, Komaki DC
Nichirei Logistics Tokai, Inc.

INTERVIEW
03
Paternity Leave

Childcare has given me a new perspective that enriches both my work and private life.



Kazuki Matsubara
Manager, Meat and Poultry Products Division,
Procurement and Production Headquarters
Nichirei Fresh

I took childcare leave in two installments for my first child and one for my second. Many of my acquaintances have taken childcare leave, so it was a natural choice when we found out we were having a baby. Honestly, now that I have actually been through it, it was much harder than I had imagined, but childcare is a major long-term undertaking for a family, and I feel that I gained a lot by taking personal responsibility and becoming able to discuss the joys and worries with my wife from the same perspective.

Meanwhile, to deal with my absence from work, because of the nature of my job as a researcher I do much of the work on my own. For that reason, I made an effort to consult with my colleagues at an early stage, share information on projects widely, and complete as much as possible before taking leave. I feel that being the first man to take childcare leave has contributed in no small way to the increase in the number of men in the company who do the same, and I am grateful to everyone who supported me.

Now that I have two children, the places I go on weekends have changed, and my circle of acquaintances at the daycare center and elsewhere has grown. Raising children has given me a different perspective, and by overcoming the daily challenges of childcare, which does not always go as planned, I think I have become more adaptable both at home and at work. I want to continue broadening my horizons and apply them to both my work and private life, so that it leads to my personal growth.

INTERVIEW
04
Opportunities for Seniors

I will establish links to the next generation while continuing my work.

I joined the company as a research and development employee, and later when the research institute was divided into foods and medical products, I was assigned to the medical products department. There I developed and commercialized an antigen test kit for new strains of influenza from scratch. Next, I was transferred to the Head Office and assigned to Quality Assurance, where I am today. For the past 10 years, I have been participating in diagnostic industry organizations, the first in the company to do so, and I have been a leader in some of their activities. For example, to help resolve issues with companion diagnostics, I participate in discussions on how the diagnostics should be used so there is no confusion in a medical setting. Through these discussions, I became involved in issuing notifications. Regarding regulation of clinical trials, I conduct discussions with government agencies, pharmaceutical associations, medical institutions and others, with the aim of achieving sound development of the industry and a better medical environment for patients.

I became eligible for retirement two years ago, but my role has not changed. During that time, I have become more aware of training my successor. I feel that my ability to establish a foundation for Nichirei Biosciences' activities in industry organizations will be a link to the next generation. I would like junior employees to broaden their network in the industry to get a sense of its current direction, and use this as an opportunity to think about what the company should be, as well as a chance for self-improvement.



Hirohisa Matsushita
General Manager, Quality Assurance
Nichirei Biosciences

Intangible Assets

Intellectual Capital

Technology, Know-how, and Intellectual Property Management

To carry out its Mission to “Focus on Lifestyles, and Provide True Satisfaction,” the Nichirei Group leverages its strengths—its capabilities as a food pioneer, its capabilities in food processing, production technology and temperature-controlled logistics services, and its comprehensive Group capabilities—in businesses that take advantage of these characteristics. We view intellectual property as an asset for growth that adds value to these business activities and helps to increase our corporate value. In addition to developing technologies that give us a competitive advantage, we conduct intellectual property management that includes the acquisition, utilization and protection of patents, trademarks and other rights that are linked to our business activities.

Nichirei Foods

Technology Development

We deliver delicious products to the world through mutual collaboration and repeated trial and error in research and development, product development, and equipment development.



R&D	The research department conducts research from a medium- to long-term perspective, exploring technologies not yet available in the market and applying cutting-edge technologies to food products. Through these and other efforts, the department creates unique technologies that will form the core of Nichirei Foods as it moves forward. We actively collaborate in-house, and with external research institutes, among others.
Analysis	We bring to light the unique qualities of our products and those under development by using sensory evaluation, which evaluates food quality and palatability through human perception, as well as physical and chemical analysis, which identifies ingredients and physical properties using analytical instruments. The direction of development is then set to achieve the targeted quality.
Product Development	Deploying the power of the technologies we have accumulated through research, analysis, and equipment development, we turn concepts from the our planning departments into products. Our organization for developing innovative technologies is structured around the Nichirei Group Technology Development Center, together with highly responsive development departments at each production facility. The ability to maintain consistently good flavor—to reproduce deliciousness—is our greatest strength in developing products that also meet market needs for ease of preparation, long-term storage, and health functions. Our process scales up from handmade prototypes to medium-sized test lines and finally to production lines, enabling us to consistently reproduce the targeted quality in our factories.
Equipment Development	To achieve the deliciousness it aims for, Nichirei Foods develops its own equipment for use in its production lines. Specifically, based on original new manufacturing methods from our product development departments, we create concepts and conduct repeated experimental verification to turn them into production models, then design and introduce the equipment. Safety is also a key consideration, including inspection and prevention of foreign matter contamination, and we incorporate cutting-edge technologies such as AI in our development process.

Intellectual Property Management

The Nichirei Group acquires, utilizes and protects patents, trademarks and other rights linked to its business activities. Specifically, we strive to ensure customer safety and security and protect our brand value through measures including acquiring patents to protect our proprietary technologies and build market entry barriers, as well as by obtaining trademark rights for product names and package designs in Japan and overseas and taking rigorous actions against imitations and unauthorized use of our brands. In addition, to instill an understanding of the importance of intellectual property, we also provide intellectual property education within the Company, including e-learning for all employees and information sharing via our portal site.

Case Study

Development of Frozen *Hiyashi-Chuka*

Leveraging Technological and Product Development Capabilities Built Over Many Years

Before we developed this product, *hiyashi-chuka* (chilled Chinese noodles) was available in the refrigerated food section of stores but not in the frozen food section. We thought we could provide new value if *hiyashi-chuka* could be kept in the freezer and prepared simply by microwaving. However, there was no such thing as frozen *hiyashi-chuka*—no other company had yet launched such a product. The appeal of frozen foods is their ease of preparation in a microwave. If the time and trouble of chilling the noodles in water had to be added to the preparation process, there would be no point in selling the product as frozen food. The clue to balancing convenience with chilling was in a technology we patented about 15 years ago.

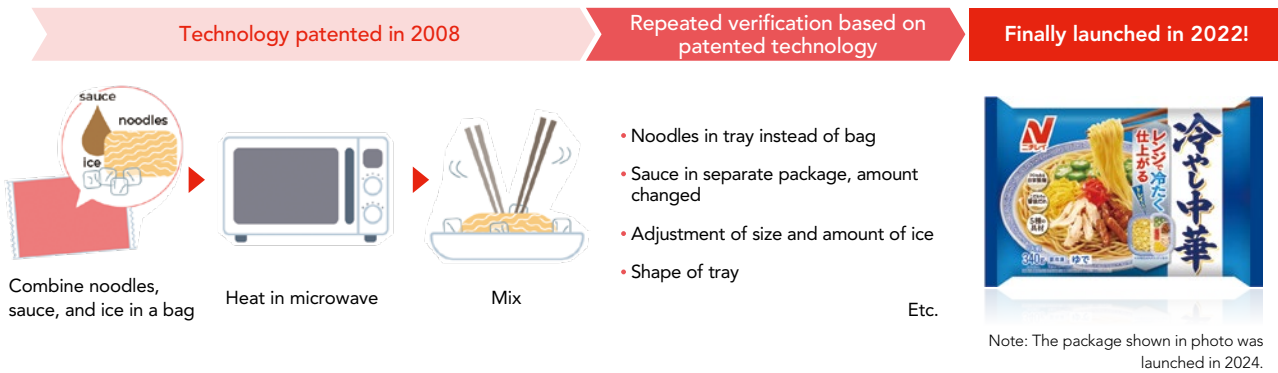
In 2008, Nichirei Foods obtained a patent for a technology in which noodles, sauce and ice are combined in a bag, heated in a microwave, and then mixed together. Ice is resistant to microwaves, so it does not melt easily when heated in a microwave oven. Therefore, when noodles and ice are microwaved together, only the noodles heat up, and the remaining ice cools them down afterward. However, the noodles would end up soaking in the sauce for an extended period in the bag, compromising both appearance and texture by the time the product reached the customer, so the product was not

Hisashi Okumura
Group Leader, Product Development Management Group
Product Development Department
Food Research Institute
Nichirei Foods Inc.



commercialized at that time. This time, development centered on two points: putting the noodles on a tray instead of in a bag, and putting the sauce in its own package to keep it separate. The initial trial did not result in improved appearance or texture, and we worried that we would never be able to commercialize the product. We repeatedly revised and tested every element, such as the size and amount of ice, the shape of the tray and the amount of sauce, and gradually worked our way toward a delicious product. For example, we intentionally adjusted the size of the ice so that some would remain frozen after microwaving, and then melt during the process of mixing the sauce with the noodles. For the sauce, we developed a formulation that resisted freezing just enough to make it easy to pour directly from the package.

In this way, Nichirei Foods was able to perfect a new method for preparing chilled food in a microwave oven, a first in the market, leveraging the technological and product development know-how it has accumulated over many years. We will continue to deploy our technological capabilities and the development know-how we have cultivated to create products that contribute to good eating habits.



Intangible Assets

DX Strategy

Overview of DX Strategy

For details, see the Nichirei Group DX strategy section of our website.
<https://www.nichirei.co.jp/english/dx>

The Nichirei Group has positioned various activities for business transformation using data and technology as DX, which stands for “digital transformation.” We have established Value Creation DX, Production/Logistics DX, Sustainability DX, Human Resources DX, and Management Base DX, all linked to the Group’s five material matters (materiality). Through DX activities in each of these areas, we will create new value and realize the Nichirei Group’s vision.

DX Strategy

Each employee should have a command of data technology to continue providing new value for the Earth and its people.

TOPICS Selection for DX Stocks 2024

For details, please see “About Our Selection for DX Stocks 2024” on our website.
<https://www.nichirei.co.jp/news/2024/457.html> (Japanese only)

Nichirei Corporation was selected for DX Stocks 2024 in recognition of its initiatives to change its existing business model, enhancing it through the use of digital technology. We will continue to fully leverage digital technology for corporate growth and new value creation.



Training Level and Hours of Study over Three Years

Training Level	FY2023 Result	FY2024 Result	FY2025 Plan	Three-year Total
DX Gold	—	—	100 people (2,000 hours)	100 people (2,000 hours)
DX Silver	About 50 people (800 hours)	About 550 people (9,300 hours)	350 people (5,800 hours)	950 people (15,900 hours)
DX Bronze	About 1,200 people (11,000 hours)	About 2,600 people (25,000 hours)	200 people (1,900 hours)	4,000 people (37,900 hours)

- For the Gold level, we revised the implementation schedule to provide training in line with the selection of human resources who will lead DX (Digital Leaders).
- For the Silver level, some employees proactively completed training ahead of schedule in FY2024.
- For the Bronze level, all employees targeted in FY2024 completed training, bringing the number of employees who have completed the Bronze level to more than 3,800.

Identifying an Issue through DX Training and Initiating Operational Improvements



DX Silver training led me to focus on the Nichirei Group’s unique data analysis-based human resources development program, addressing the practical issue of visualizing the time, number of cases, lead time and other factors required for all the stages from ordering to inspection work at each center. In streamlining duties to deal with the labor shortage and improve profitability, I deemed it imperative to start by visualizing the work to determine where the issues lie and what the best course of action is.

Feeling a sense of accomplishment from the results of the training program and recognizing the need to put what I had learned into practice, I proceeded with system development of a dashboard.* Launched in April 2024, this dashboard is now available to approximately 2,000 people with core system accounts, enabling them to use it for data analysis. This analysis has revealed bottlenecks at one center, such as the frequency of manual entries and same-day input tasks in registering incoming and outgoing goods. The Integrated Operations Management Division will continue to promote the use of the dashboard for analysis as it works to establish and support environments that enable logistics facilities to identify bottlenecks and make precise operational improvements.



* Dashboard: A screen created using a business intelligence tool that visually displays the results of data analysis in graphs and other easily understood formats.

Case Study Initiatives at Operating Companies

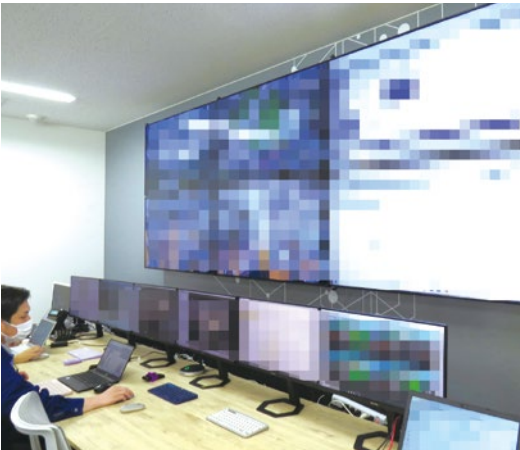
Nichirei Foods

Initiatives to Achieve Sustainability Management through a Smart Factory

The Nichirei Group aims to create social and economic value as it works to achieve sustainability management. As part of these efforts, Nichirei Foods and the new factory for rice products at Kyurei Inc. are promoting a “smart factory” initiative. The production site, production management and back-office departments are working together to the establish smart factory, which we consider to be factory that meet three conditions: reduction of headcount and waste through the use of AI and robotics, reduction of physical labor and dependence on individual skills through standardization and use of IT systems, and a faster improvement cycle through utilization of data. One specific example is the automation of an extensive amount of inspection work that was previously done manually (removal of burnt sections). By using AI and robots to do these tasks, we have reduced employee workload. Automation has enabled more precise removal of burnt sections, which has led to a reduction in food waste. Moreover, by promoting the visualization of environmental metrics, as well as effective utilization of waste heat, installation of solar panels, and utilization of renewable energy sources, we have been able to reduce CO₂ emissions by 50%.* In addition, we intend to further reduce dependence on personalized knowledge and skills by using AI to prepare production plans, and have introduced a cockpit system for real-time monitoring of the factory’s status from the office, enabling prompt detection of problems and swift instructions to the factory floor for improvement.

Going forward, we will continue rolling out these technologies to our other factories, enhancing production efficiency, driving operational reform to establish new ways of working and, in turn, improving job satisfaction.

* Comparison of the former production line in October 2022 with the new production line in October 2023



Nichirei Logistics Group

Improving Working Conditions at Nichirei Logistics Group: Results and Outlook for AGV Introduction

To help resolve labor shortages caused by the Logistics Industry’s 2024 Problem and reduce the burden on workers, in 2021 Nichirei Logistics Group introduced automated guided vehicles (AGVs) for transporting pallets at Sendai DC, Nichirei Logistics Tohoku Inc. As a result, the shift to on-site tasks that anyone can handle has progressed. Forklift operations that previously required about a year’s experience can now be done by new employees after about one month on the job. Productivity and work efficiency have

improved in the area where AGVs have been introduced, with the number of pallets transported per hour increasing by about 70%, and forklift operator person-hours decreasing by about 23%.* Further improvements are expected through continuous data collection and variation control.

Going forward, we plan to introduce AGVs at other bases. We aim to shift from operating AGVs as standalone units to linking them with existing equipment. We also plan to conduct demonstration tests aimed at reducing headcount in freezer operations. These initiatives are expected to significantly contribute to improving Nichirei Logistics Group’s operational efficiency and productivity.

* Comparison of May 29 to June 4, 2023 with June 5 to June 11, 2023. Effectiveness may vary depending on which workflow AGVs are used in.