

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 aim 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 value Utilize digital technology to provide new services and information that make meals better Promote 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 suppliers Expand use of renewable energy Continue to strengthen corporate governance Introduce 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 business Promote the PDCA cycle by setting KPIs for profit margin and asset turnover Consider 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 strategies Improve capital efficiency of temperature-controlled logistics by increasing third-party logistics, transportation and delivery, and proactively utilizing assets held by other companies Restructure 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)

Financial Targets	FY2025 (Plan)	vs. FY2022	CAGR
Net sales	660.0	57.3	3.1%
Overseas sales	130.0	32.4	10.0%
Operating profit	37.0	5.6	5.6%
Operating profit/Net sales	5.6%	0.4%	—
Ordinary profit	37.8	6.1	6.1%
Profit attributable to owners of parent	24.5	1.1	1.6%
Profit per share	¥190 or more		
EBITDA	65.0	12.5	7.4%
EBITDA margin	9.8%	1.1%	—
ROIC	7% or higher		
ROE	10% or higher		

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

We are targeting compound annual growth rates (CAGR) of 5.6% for operating profit and 7.4% for EBITDA during the plan period. Although we expect ROIC to decline temporarily due to investment in growth and environmental measures, we will aim for improvement as we move toward FY2028.

Financial Targets (By Segment)

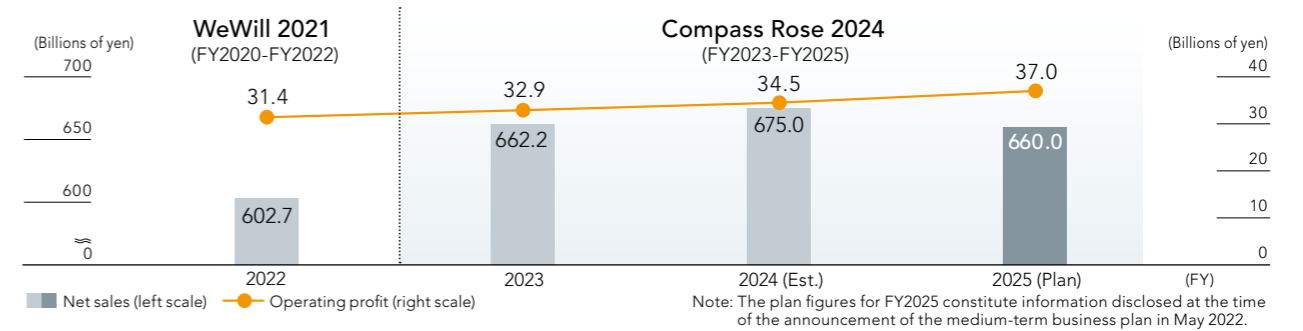
Net Sales	FY2022 (Results)	FY2025 (Plan)	vs. FY2022	CAGR
Processed foods	244.2	275.0	30.8	4.0%
Marine products	67.7	44.0	(23.7)	(13.4%)
Meat and poultry products	80.3	95.0	14.7	5.8%
Logistics	224.5	260.0	35.5	5.0%
Real estate	4.3	4.8	0.5	3.6%
Others	4.2	6.7	2.5	17.0%
Adjustment	(22.6)	(25.5)	(2.9)	—
Net sales	602.7	660.0	57.3	3.1%

Operating Profit	FY2022 (Results)	FY2025 (Plan)	vs. FY2022	CAGR
Processed foods	14.2	18.4	4.2	8.9%
Marine products	1.0	1.0	0	1.5%
Meat and poultry products	1.2	2.0	0.8	19.6%
Logistics	14.6	16.2	1.6	3.5%
Real estate	1.7	2.2	0.5	10.0%
Others	(0.3)	0.5	0.8	—
Adjustment	(0.9)	(3.3)	(2.4)	—
Operating profit	31.4	37.0	5.6	5.6%

Progress of Medium-term Business Plans

Earnings Results for FY2023 (Presentation Materials)
https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf_file/presentation/230509_e.pdf

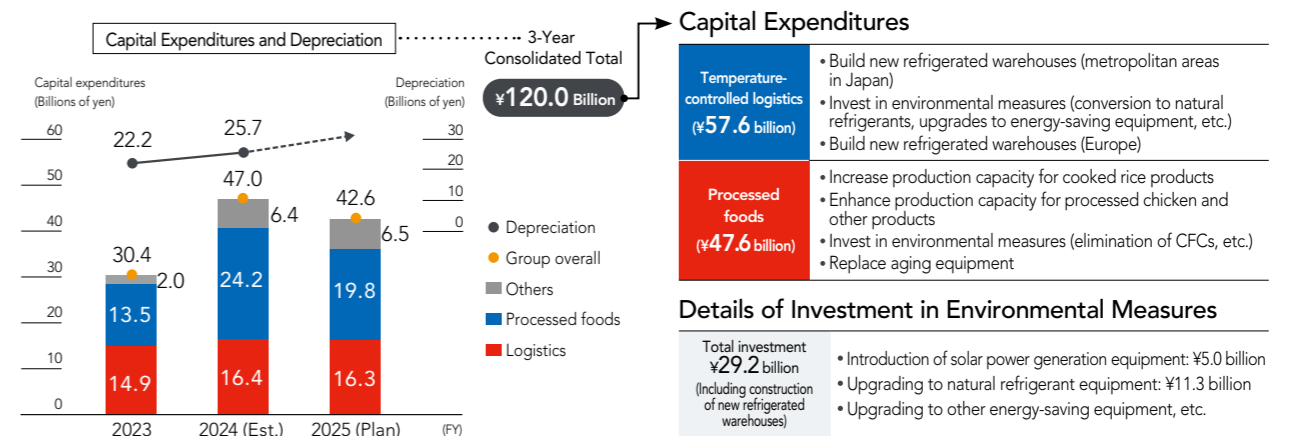
Consolidated Net Sales and Operating Profit



We aim to increase net sales and operating profit by offsetting increased costs for sustainability and other strategic purposes with business growth.

Capital Expenditures (Overview and Rough Breakdown)

We intend to strengthen our competitive advantages by continuing our concentrated 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.



In FY2023, capital expenditures fell short of the initial plan due to a delay in acquiring land for a large-scale warehouse in the temperature-controlled logistics business. Capital expenditures for the Nichirei Group in FY2024 are expected to be ¥47.0 billion, with approximately 30% allocated for overseas. The ¥47.0 billion total also includes approximately ¥15.0 billion in environmental, DX and information-related investments.

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, we have raised our target for dividend on equity (DOE) from 3% to 4%. We will continue to steadily increase dividends from FY2024 in line with this standard. 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.