

August 4, 2020

FY21/3 First Quarter Presentation Material



(Stock code: 2871)

1. Consolidated Group Results

Business conditions remain uncertain, but we aim to achieve initial targets for operating income.

(Billions of yen)

	Q1				Full Year				
	Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to previous forecast	
		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	138.1	-4.7	-3%	24%	585.0	0.1	0%	590.0	-5.0
Processed Foods	56.2	-2.0	-3%	24%	232.8	-2.0	-1%	238.0	-5.2
Marine Products	12.4	-3.1	-20%	21%	59.0	-6.8	-10%	63.0	-4.0
Meat and Poultry	20.4	-1.6	-7%	22%	91.0	2.7	3%	91.0	0.0
Logistics	52.0	2.0	4%	24%	213.1	6.6	3%	209.5	3.6
Real Estate	1.2	-0.0	-2%	26%	4.6	-0.4	-7%	4.6	0.0
Other	1.3	0.1	10%	22%	5.8	0.1	2%	6.3	-0.5
Adjustment	-5.4	-0.2	-	-	-21.3	-0.1	-	-22.4	1.1
Operating Income	7.9	1.0	14%	25%	31.5	0.5	1%	31.5	0.0
Processed Foods	4.3	0.3	7%	25%	17.0	0.3	2%	17.0	0.0
Marine Products	-0.2	-0.1	-	-	0.0	-0.4	-100%	0.4	-0.4
Meat and Poultry	0.3	-0.0	-2%	20%	1.3	0.4	44%	1.3	0.0
Logistics	3.2	0.6	21%	27%	12.1	0.3	2%	11.6	0.5
Real Estate	0.6	0.0	2%	30%	1.9	-0.1	-4%	1.9	0.0
Other	-0.0	0.3	-	-	0.0	0.3	-	0.1	-0.1
Adjustment	-0.3	0.0	-	-	-0.8	-0.2	-	-0.8	0.0
Ordinary Income	8.1	1.0	14%	26%	31.5	-0.3	-1%	31.5	0.0
Profit attributable to owners of parent	5.4	0.9	20%	27%	20.0	0.4	2%	20.0	0.0

Exchange Rates

	FY 21/3 full year (forecast)	FY 21/3 first quarter (actual)*	FY 20/3 first quarter (actual)*
USD/JPY	107.00	108.97	110.21
EUR/JPY	115.00	120.16	125.16
THB/JPY	3.50	3.49	3.49

* Exchange rate figures are the average for the January–March period.

1. First Quarter

- (1) The Logistics business performed strongly, but net sales were down for the Group overall on declines in sales to restaurants.
- (2) Operating income rose overall, as declines due to the impact from the coronavirus were offset by higher sales for at-home meals and home meal replacement (HMR), expanded handling volume at transfer centers (TC), and reductions in overhead expenses.

2. Full Year (forecast)

Sales forecasts have been revised downward, as the impact from the coronavirus is expected to continue during the second half.

Operating income has been revised downward in the Marine Products and Other segments, but this is expected to be offset by gains in the Logistics segment, so the forecast for the Group overall is unchanged.

2. Processed Foods Business

Recovery for commercial-use products is slow, but we are aiming for increases in operating income overall

(Billions of yen)

	Results	Q1			Forecast	Full Year			
		Y o Y		Progress rate for full-year forecasts		Y o Y		Compared to previous forecast	
		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	56.2	-2.0	-3%	24%	232.8	-2.0	-1%	238.0	-5.2
Household-use Prepared Foods	17.1	1.8	12%	24%	71.5	6.7	10%	71.5	0.0
Commercial-use Prepared Foods	21.5	-3.0	-12%	24%	90.3	-9.2	-9%	94.5	-4.2
Processed Agricultural Products	5.0	0.0	0%	25%	20.2	0.4	2%	20.2	0.0
Overseas	9.2	0.0	0%	25%	36.3	1.5	4%	35.8	0.5
Other	3.4	-0.9	-20%	23%	14.5	-1.3	-8%	16.0	-1.5
Operating Income	4.3	0.3	7%	25%	17.0	0.3	2%	17.0	0.0

1. First Quarter

- (1) Household-use Prepared Foods: Revenue increased as a result of a focus on expanding sales of *Honkaku Itame Chahan* (Authentic Fried Rice) and the *Tokukara* series to meet increased demand as people spent more time at home, along with positive sales of the new *Prime Pork Cutlet* launched this spring.
- (2) Commercial-use Prepared Foods: Revenue declined amid difficult business conditions, but we are developing products to meet changing needs, expanding our lineup, and strengthening measures with major customers.

- (3) Overseas: Sales at U.S. subsidiary InnovAsian Cuisine rose steadily, and profit margins increased.
- (4) Operating income increased on an improved product mix for household-use products, and cost controls.

2. Full Year (forecast)

Sales forecasts have been revised downward as a result of the slow recovery in commercial-use products, but we aim to meet our full-year operating income target through expanded sales of household-use products, performance improvements at overseas affiliates, cost reductions and other measures.

Full-year operating results increasing on expanded transfer center business and cost reductions

(Billions of yen)

	Q1				Full Year				
	Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to previous forecast	
		Variance	% Change			Variance	% Change	Previous forecast	Variance
Net Sales	52.0	2.0	4%	24%	213.1	6.6	3%	209.5	3.6
Japan Subtotal	42.7	2.2	6%	24%	174.5	9.1	6%	170.9	3.6
Logistics Network	25.3	0.8	3%	25%	100.3	-0.6	-1%	96.7	3.6
Regional Storage	17.3	1.4	9%	23%	74.2	9.7	15%	74.2	0.0
Overseas	8.9	-0.1	-1%	26%	34.4	-3.2	-8%	34.4	0.0
Other/Intersegment	0.4	-0.1	-21%	10%	4.2	0.6	18%	4.2	0.0
Operating Income	3.2	0.6	21%	27%	12.1	0.3	2%	11.6	0.5
Japan Subtotal	3.2	0.5	18%	27%	11.7	0.8	7%	11.2	0.5
Logistics Network	1.3	0.3	26%	28%	4.5	0.3	7%	4.2	0.3
Regional Storage	1.9	0.2	13%	27%	7.2	0.5	7%	7.0	0.2
Overseas	0.3	0.1	36%	30%	0.9	-0.3	-27%	0.9	0.0
Other/Intersegment	-0.2	-0.0	-	-	-0.5	-0.2	-	-0.5	0.0

Note: Certain facilities are being shifted from Regional Storage to Logistics Network.

Effect on sales due to the shift

(Billions of Yen)

	FY21/3
Logistics Network	-9.0
Regional Storage	+9.0

1. First Quarter

Revenue and earnings rose on expanded handling volume and high inventory levels at transfer centers (TC), along with improvements in operational efficiency. The new Nagoya Minato DC is operating smoothly.

2. Full Year (forecast)

- (1) Full-year forecasts for net sales and operating income have been revised upward to reflect expectations for steady growth going forward, due to successful measures to increase revenue, strict cost controls, and systematic measures to set appropriate rates.
- (2) In Europe, we expect the negative impact from the coronavirus to become manifest from the second quarter.

4. Marine Products, Meat and Poultry Business

Marine Products revised downward, Meat and Poultry progressing according to plan

(Billions of yen)

		Q1				Full Year				
		Results	Y o Y		Progress rate for full-year forecasts	Forecast	Y o Y		Compared to Previous Forecast	
			Variance	% Change			Variance	% Change	Previous forecast	Variance
Marine Products	Net Sales	12.4	-3.1	-20%	21%	59.0	-6.8	-10%	63.0	-4.0
	Operating Income	-0.2	-0.1	—	—	0.0	-0.4	-100%	0.4	-0.4
Meat and Poultry	Net Sales	20.4	-1.6	-7%	22%	91.0	2.7	3%	91.0	0.0
	Operating Income	0.3	-0.0	-2%	20%	1.3	0.4	44%	1.3	0.0

1. Marine Products: Revenue and earnings declined on a slowdown in sales to restaurants and overseas sales, due to the impact from the coronavirus.

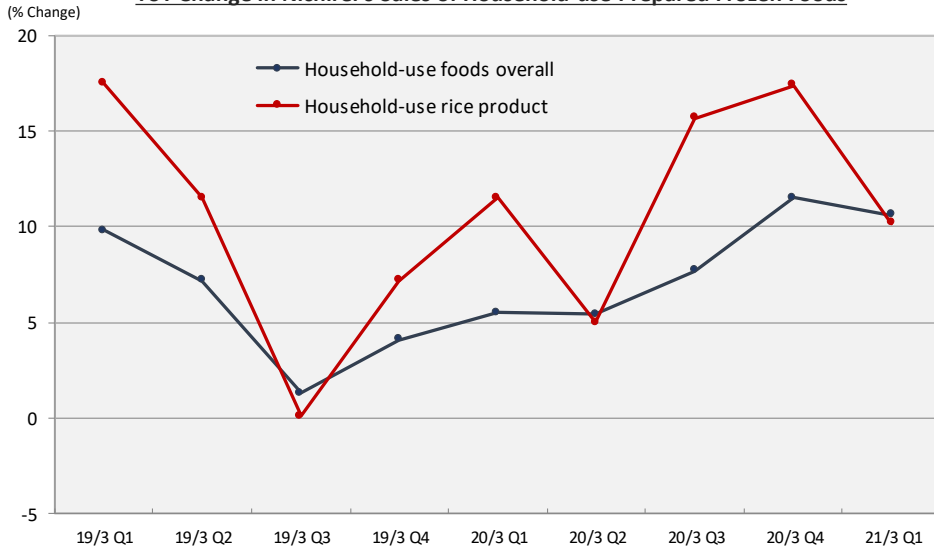
Full-year forecasts for net sales and operating income have been revised downward, as efforts to strengthen sales for at-home meals and HMR, along with cost reductions, will be insufficient to cover the slump in sales to restaurants.

2. Meat and Poultry: Revenue was down slightly on lower sales to restaurants, mainly of imported foods, but operating income exceeded plan on steady efforts to capture at-home meals and HMR demand.

For the full year, we are aiming for higher revenue and earnings by continuing to focus on sales of fresh and processed chicken and pork products for the at-home meals and HMR markets.

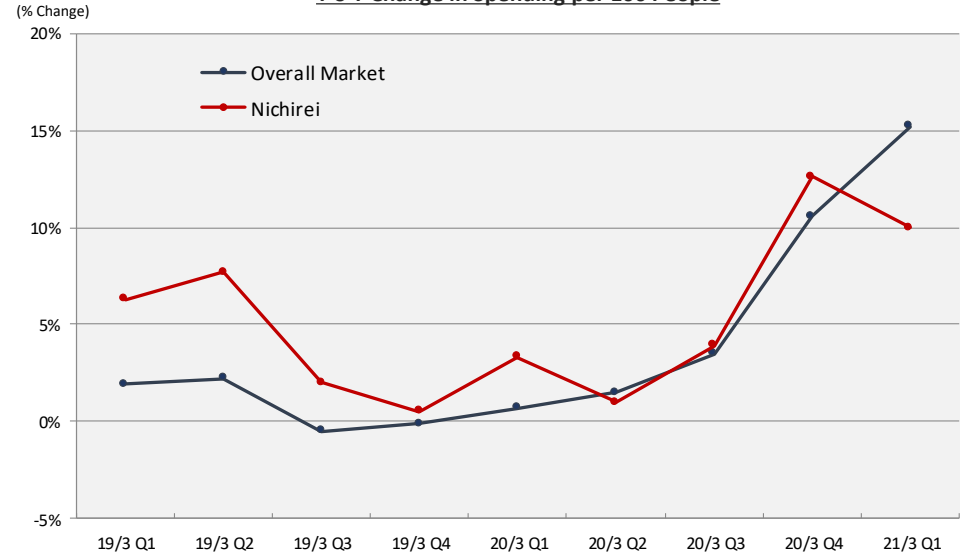
Reference Material

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



Consumer Panel for Household-use Prepared Frozen Foods

Y o Y Change in Spending per 100 People



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

Forward-Looking Statements

Aside from historical facts, Nichirei's present plans, forecasts and strategies as outlined in this publication consist of forward-looking statements about future business performance. These forecasts of future business performance and explanations of future business activities may or may not include words such as "believe," "expect," "plan," "strategy," "estimate," "anticipate" or other similar expressions. These statements are based on the information available to Nichirei management at the time of publication. Actual results may differ significantly from these forecasts for a variety of reasons, and readers are therefore advised to refrain from making investment decisions based solely on these forward-looking statements. Nichirei will not necessarily revise its forward-looking statements in accordance with new information, future events, and other results. Risks and uncertainties that could affect Nichirei's actual business results include, but are not limited to:

- (1) Changes in the economic conditions and business environment that may affect the Nichirei Group's business activities.
- (2) Foreign exchange rate risks, especially as regards the US dollar and the euro.

- (3) Risks associated with the practicability of maintaining quality controls throughout the process from product development, procurement of raw materials, production, and sale.
- (4) Risks associated with the practicability of development of new products and services.
- (5) Risks associated with the practicability of growth strategies and implementation of low-cost systems.
- (6) Risks associated with the practicability of achieving benefits through alliances with outside companies.
- (7) Contingency risks.

However, factors that may affect the performance of the Nichirei Group are not limited to those listed above. Further, risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Group.

This publication is provided for the sole purpose of enhancing the reader's understanding of the Nichirei Group, and should not be taken as a recommendation regarding investment decisions.

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