

FY26/3 Q1 Financial Results Conference Call (Analyst Meeting) Q&A Session

Date and time: Tuesday, August 5, 2025, 17:00-18:00

Format: Web Conference

Presenters: Kenji Suzuki, Director, Senior Executive Officer, Chief Financial Officer

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<Overall Group>

[Progress against plan]

Q.I am guessing that the results for the Group as a whole for the first quarter probably fell short of the internal plan mainly in the Processed Foods Business. Please tell us how the actual results were.

A.Although we do not disclose quarterly plan figures, I will respond to your question to the extent possible. The Group's operating profit totaled 8.7 billion yen, which was approximately 0.3 billion yen short of the plan. The Processed Foods Business experienced a delay of about 0.6 billion yen, while the Marine, Meat and Poultry Products Business exceeded the plan by nearly 0.3 billion yen. The Temperature-controlled Logistics Business progressed generally according to the plan.

<Processed Foods Business>

[Domestic: Effects of price revisions]

Q.I understand there was a delay in passing on costs to prices for rice products. Can you elaborate on this, including the current status?

A.Conventionally, when we worked on price revisions, we were able to realize benefits relatively quickly, but this time there was a delay. One reason was the temporary price cuts in competitor products in April and May, which caused our sales volumes to decline. We also injected sales promotion expenses to secure volume, including covering for the aforesaid decline, which led to an overall decrease in earnings. In June, all main customers have completed price revisions, and the sales volumes are now recovering thanks in part to the sales promotion effects.

Q.I find that the pace of cost increases is quite fast relative to the plan. Is the currently planned price revision sufficient to address this? Do you feel that additional price revisions will be necessary in the future?

A.Our biggest concern about cost increases is the rising price of eggs and chicken. Assuming that these high prices will continue for some time, we are setting various plans in place. However, we recognize that we must take action as quickly as possible because we do not believe that the

measures we are implementing now will be enough to cover the cost hikes.

Meanwhile, for other raw materials, i.e., beef and pork, we do not expect notable changes from the initial plan.

Q.I suppose frozen foods have traditionally been less sensitive to price increases, but have you noticed a change in the trend toward price revisions? Please tell us what kinds of consumer behaviors you are seeing.

A.We think we need to assume that sensitivity to prices is heightening. The market is also experiencing a kind of price hike fatigue, and we do not expect to reap the benefits of price revisions easily. We feel that this trend is rather more pronounced in commercial-use delicatessen items.

Q.May I ask for a little more detailed explanation on the sales recovery since June?

A.Agricultural processed products tend to be influenced by market prices of fresh vegetables. Since the prices of fresh vegetables have recently been rising considerably, the sales volumes of agricultural processed frozen products, which serve as substitutes for fresh vegetables, are recovering. Also, we believe that the volume of rice products has shifted to a recovery trend since price revisions were completed including those of other companies.

Q.Did the production trouble faced at a plant in the fourth quarter of the previous fiscal year have any impact on this first quarter?

A.The production trouble at the Funabashi Plant at the end of the previous fiscal year caused a small portion of the fixed cost associated with the suspension of operation to be added to the unit price of inventory of commercial-use rice products that were produced on other lines at the Plant. However, since in terms of rice products, we handle a greater percentage of household-use, the quantitative impact was minimal.

[Overseas: Thailand]

Q.What risks does the Thailand-Cambodia border conflict pose on GFPT Nichirei (Thailand) Co., Ltd.?

A.Partly because the location is near the Cambodian border, there are many Cambodian workers at the plant, and some workers have returned to their home country. There are still many uncertainties, so if assuming that the conflict continues and the number of workers returning to their home country increases, restrictions may arise on the supply for Japan and related net sales.

Q.I believe there was also a discussion about exchange rates. Although the first quarter saw an increase in profit as the appreciation of the baht was absorbed by other factors, is there a risk that the situation

will become a little tougher in the second quarter and beyond?

A. That is correct.

As for the baht situation, the previous fiscal year started with a strong dollar and a weak baht, but the level is lower in the current fiscal year, and the profitability of exports in this part of the market has been getting worse.

In the first quarter, sales to the EU and Japan were strong, and chicken procurement prices remained stable at relatively low levels, offsetting the impact of the strong baht. Currently, however, with the baht further appreciating, we expect the negative impact will continue.

Q. Domestic chicken prices are rising, but is there anything that your company can do to demonstrate superiority in this type of environment, such as heightening the superiority of Thai chicken?

A. Due to the impact of the bird flu in Brazil, we are receiving active inquiries for Thai chicken for export to Europe. The need for Thai-chicken processed products may increase also in Japan if the price of domestic chicken continues to surge.

[Overseas: Operations in North America]

Q. You mentioned that the increase in sales promotion expenses for Latin-inspired brands will run its course to some extent, but can you tell us if there are any changes?

A. Looking at the U.S. frozen foods market, overall growth is sluggish, and conditions remain difficult. The Asian frozen foods market, in particular, performed lower in the first quarter than a year ago at 95%, but InnovAsian Cuisine Enterprises has done well at 102%.

In the first quarter, the cost of introducing Latin-inspired brands, which began to be introduced sequentially in March last year, as sales promotion cost, was a factor in the decline in profits. However, as the incurring of sales promotion cost will run its course, we will not incur such cost in the latter half of the fiscal year and beyond. For your reference, as an achievement up to the first quarter of this fiscal year, we have been able to keep the procurement costs of chicken products in this fiscal year relatively stable even in the midst of rising raw material prices by reviewing some of our contract methods. In the second half of the fiscal year and beyond, our initiatives will focus on cost control by launching new Asian products, including highly profitable commercial-use products, narrowing down the range of Latin-inspired brand products, and shifting some OEM products to Nichirei Sacramento Foods, which is our production base.

<Marine, Meat and Poultry Products Business>

[Progress against plan]

Q. You mentioned that the Marine, Meat and Poultry Products Business exceeded the plan by as much as 0.3 billion yen. Please tell us the main reasons for the upward swing and whether this trend may

continue in the second quarter and beyond.

A.The main reason for the upward swing was mainly in the marine products business, where the negative impact of salmon roe and other fish roe, which was present in the previous fiscal year, was eliminated. Normally, marine products demonstrate strong numbers in the third quarter, but products for sushi have been performing steadily, and if other value-added products and year-end products sell well, this will contribute positively.

<Temperature-controlled Logistics Business>

[Progress against plan]

Q.Operating profit for the overseas business was down 5% year on year, and it is stated that there was an impact of the delay in the operation of a newly established warehouse in Poland. Has this issue been resolved at the present time?

A.Regarding the newly established warehouse, the warehouse itself went into operation in March as scheduled, but there was a delay in connection with the delivery of equipment for the automated storage and retrieval system section of this warehouse. We will now catch up on the portion associated with the automated storage and retrieval system section where we were not able to conduct enough sales.

Q.Will the domestic business also be able to continue to remain strong?

A.In the current environment, we believe that we will be able to firmly expand our NL Link inter-base product transportation service in the retail business and our so-called " logistics platform for frozen foods," which is a joint storage and delivery business among multiple manufacturers.

End

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