

Processed Foods Business Briefing Q&A Session

Date and time: Wednesday, September 7, 2022; Online/Conference Call

Presenters: Masahiko Takenaga, Representative Director, President, Nichirei Foods Inc.

Q. What do you think are the important points for raising operating margins in the Processed Foods Business going forward?

A. To boost profitability, it will be important to increase the rate of operation for production, and to bring out differentiated products unlike those offered by competitors. For example, *Hiyashi Chuka* (Chilled Chinese noodles), a household-use product launched this last spring, incorporates patent pending technologies, with added value and a higher product unit price that increases profitability.

Q. Why do you think the market for household-use frozen fried rice continues to expand? Do you expect this trend to continue going forward?

A. Along with such factors as a change in lifestyles, we see the main reason as an increase in opportunities to make use of frozen fried rice, which is easier to prepare and more economical than fried rice made at home. In addition, we think that the improvements in taste and quality made possible by advancements in production technologies have prompted customers to reassess the value of household-use frozen fried rice, and that demand will continue to grow going forward.

Q. Nichirei's market share seems to have steadily increased. Why do you think you've been able to gain market share in the frozen foods market overall? What are your advantages over the competition?

A. We think our advantage is our ability to use processing technologies to reproduce delicious taste, along with the production techniques, product development, and quality assurance that makes this possible.

Q. What are your growth strategies for single-serving meals (personal-use products)? Also, if the sales target for high-value-added products is elderly and health care facilities, there is a lot of competition. What are Nichirei's advantages?

A. There are many business categories that make use of commercial-use foods, and elderly and health care facilities is one where demand is rising especially quickly. One of Nichirei's strengths is its varied lineup of commercial-use products, and by offering both delicious taste and variety, we are able to provide complete meals as frozen food.

In addition, from the standpoint of the value provided by frozen food, along with personal use, healthfulness is essential. Nichirei already sells calorie-controlled *bentos*, but making meals that are

delicious to eat when prepared using a microwave is extremely difficult. We will draw on our knowledge for managing nutrition, acquired over many years of research, to expand our lineup of products for personal use.

Q. Please describe the strengths of your U.S. subsidiary InnovAsian Cuisine.

A. There are three main strengths. The first is marketing. We have analyzed the trends in the Asian foods market over many years, and utilize this knowledge in our product development and sales strategies. The second is product development. We have many years of experience in how to design and develop products to match local tastes, and have accumulated a capacity for product development. The third strength is our sales capabilities. We have presented major volume retailers with a variety of products and sales promotions. These have been well received, delivering growth that exceeds the market.

Q. Once Nichirei has its own production facilities in the U.S., what sort of changes do you expect in terms of marketing and profitability?

A. The input of technologies and expertise from Japan (Nichirei Foods) will provide us with the ability to further develop products that match local tastes. In terms of profitability, we plan to disclose this once the data is available.

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