

Kobe Rokko Distribution Center Tour – Main Q&A

Date & Time: January 10, 2024 (Wednesday) 13:30–15:10

Venue: Kyokurei Kobe Rokko Distribution Center

Presenters: Hirofumi Horiuchi, Executive Officer, Nichirei Logistics Group Inc.; Representative
Director and President, Kyokurei Corporation
Daiki Narita, Center Director, Kobe Rokko Distribution Center, Kyokurei
Corporation
Kenji Suzuki, Director, Senior Executive Officer, Nichirei Corporation
Yasushi Miyakoshi, General Manager, Public Relations & Investor Relations,
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Q. Have you already secured the amount of cargo to be stored at the Kobe Rokko Logistics Center as planned?

A. Some cargo has been restored with other companies in the Kansai area, so this will be transferred to the Kobe Rokko DC. In addition, some customers that handle products for the Kansai area are currently storing them in Yokohama where the existing distribution center is located, so going forward, cargo destined for the Kansai area will be unloaded directly at Kobe Port instead of Yokohama, and stored at the Kobe Rokko DC. Storage volume in the Yokohama area will decline as a result, but we plan to secure cargo volume by acquiring new customers, and bringing back restored cargo.

Q. It is my understanding that Kyokurei has been promoting labor savings and operational efficiency through the digitalization of warehouse operations. How has this changed on-site operations?

A. A good example is the handling of information on incoming and outgoing cargo. In the past, this was managed on paper, and information was exchanged between administrative offices and worksites in written form. With the use of tablet terminals and other forms of digitization, this paper handover is no longer necessary, reducing the workload for both the office and warehouse, and improving the accuracy of information management. Past data on cargo movements can also be matched against upcoming warehousing schedules when considering the number of personnel required on a particular day.

Q. The existing Daikoku DC has a capacity of about 56,000 tonnes for a site area of about 14,000 square meters, while the Kobe Rokko DC has a capacity of about 27,000 tonnes for a similar site area. Is there a possibility for expansion of the facility depending on future increases in demand?

A. A portion of the land has been left vacant. We plan to determine the need for expansion after assessing future demand and the amount of goods handled.

Q. What was the investment amount for the Kobe Rokko DC, and plan for return on investment?

A. The investment amount was approximately 9.3 billion yen. For the return on investment on a distribution center, it's necessary to take into account not only the income and expenditure of the new warehouse itself, but also the synergy effect with distribution centers in the same area. The Board of Directors makes a comprehensive determination.

End

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