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Nichirei Corporation

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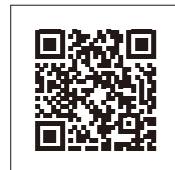


The Nichirei
Website

INTEGRATED REPORT

Nichirei Group
Integrated Report

2022

Overview of Nichirei Communication

	Financial Information	Non-financial Information
Engagement	<ul style="list-style-type: none"> • Announcements of financial results • Presentation meetings for medium-term business plans • Business briefings • Teleconferences with securities analysts and institutional investors • General Meeting of Shareholders 	<ul style="list-style-type: none"> • Stakeholder Engagement
Reports	<ul style="list-style-type: none"> • Annual securities report (Japanese only) • HOPPE report for shareholders and individual investors (Japanese only) 	<ul style="list-style-type: none"> • CSR Reports  <ul style="list-style-type: none"> • Integrated Report Integrates important financial and non-financial information
Website	<ul style="list-style-type: none"> • IR Information  <p>Scan here for IR information</p>	<ul style="list-style-type: none"> • ESG Information • Information on Sustainability  <p>Scan here for ESG information</p>  <p>Scan here for information on sustainability</p>

Editorial Policy

The Nichirei Group considers the Nichirei Group Integrated Report 2022 to be an important tool for communicating with shareholders, investors and all other stakeholders. We aim to communicate financial information, non-financial information and business strategies in an easily understandable way in order to facilitate a clear understanding of Nichirei's corporate value and vision.

We would also like readers to know about our efforts toward achieving sustainable growth, enhancing corporate value and resolving social issues through our business activities.

Notes: 1. Amounts and percentages are rounded to the nearest whole unit.
2. We have omitted trademark (™) and registered mark (®) symbols where applicable.
3. Fiscal years begin on April 1 of the previous year, and end on March 31.

Note on Forward-looking Statements

Statements in this report pertaining to the future, such as forecasts of business performance, are rational judgments based on currently available information and contain a degree of uncertainty. Actual business performance may differ due to a variety of factors.

Reporting Companies

Nichirei Corporation and its consolidated subsidiaries in Japan and overseas (As of March 31, 2022)

Reporting Period

April 1, 2021 to March 31, 2022
(Some information from before and after this period is included.)

Referenced Guidelines

- GRI Standards
- IFRS Foundation (formerly VRF)
* International Integrated Reporting Framework
- Task Force on Climate-related Financial Disclosures (TCFD)

Issue Date

November 2022

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■ Mission

Focus on Lifestyles, and Provide True Satisfaction

■ Sustainability Policy

Good corporate governance



We are committed to employing highly transparent and fair management practices through stakeholder dialogue and information disclosure, while striving for appropriate resource allocation and swift management decisions.

Cooperative relationship with communities



We work to develop our communities and resolve social issues as a responsible corporate citizen by engaging in dialogue and close cooperation with our stakeholders.

Thorough compliance



We engage only in honest corporate activities that comply with the laws and regulations of each country in which we operate, respecting international norms of behavior and ensuring sound corporate ethics.

Diversity and decent work



We respect the diversity of our employees, and strive to ensure occupational health and safety, provide fair treatment and opportunities for personal development, and continuously improve the workplace to enable every employee to thrive.

■ Vision

We will continue to support good eating habits and health by leveraging our state-of-the-art manufacturing practices that optimize nature's bounty, along with our leading-edge logistics services.

■ Guiding Principles

1. Prioritize customers, safety, and quality
2. Ethical operations
3. Transparent management
4. Sustainable communities
5. Value creation

Sustainable supply chain and circular economy



We aim to realize an ethical and sustainable supply chain as well as a circular economy by building enduring and positive partnerships, while considering the environment, human rights and working conditions.

Creating new value



We constantly strive to create new products and services, while pursuing business activities that help solve issues faced by our customers and communities.

Climate change initiatives and biodiversity conservation



We strive to preserve the global environment and biodiversity by reducing greenhouse gas emissions and managing food and water resources appropriately.

Safe, high-quality products and services



We continuously work to earn the trust of our customers and communities by meeting diverse demands as well as offering safe, stable, and high-quality supply.

The Nichirei Pledge

- Making Our Communities More Sustainable -

The Nichirei Group is committed to resolve social issues and create new value through its business activities, which include the procurement, production, logistics and sale of food, while considering the impact of those activities on the global environment and local communities and respect for human rights. We publicly disclose the details of these activities to promote stakeholder dialogue and increase transparency. Furthermore, we work to create more sustainable communities by fulfilling our responsibilities as a company that supports good eating habits and health.



We will pursue sustainability management that grows our business as we help to resolve social issues.

A handwritten signature in black ink that reads "Kenya Okushi".

Kenya Okushi
Representative Director, President
Nichirei Corporation

Review of the Previous Medium-term Business Plan WeWill 2021

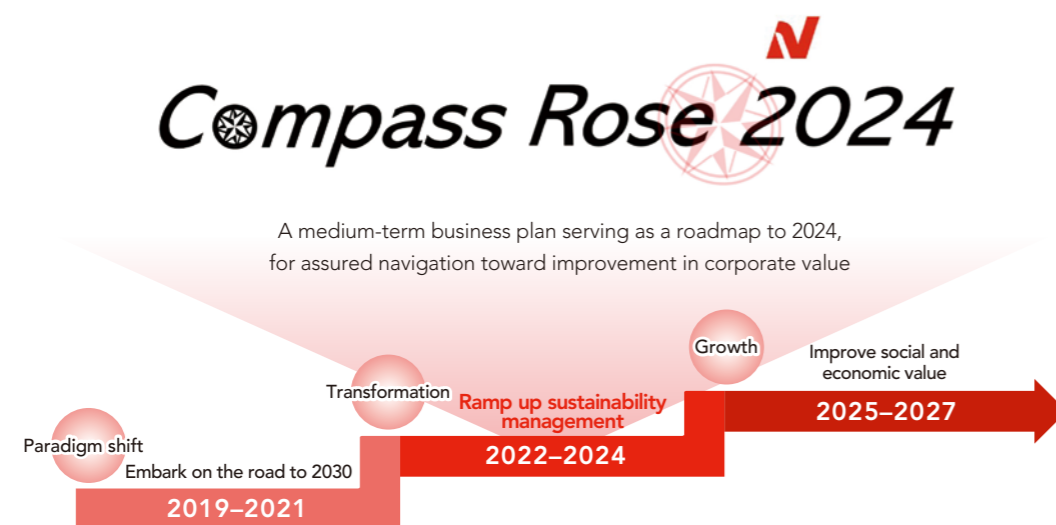
Challenges in a Changing Operating Environment

Under its previous medium-term management plan, WeWill 2021 (FY2020-FY2022), Nichirei aimed to strengthen its foundation for growth by making capital expenditures, mainly in the processed foods and temperature-controlled logistics businesses. We also conducted initiatives to realize sustainable growth throughout the Nichirei Group with the aim of improving capital efficiency, expanding shareholder returns, and creating new value that supports good eating habits and health. Although we made a good start in terms of our business results, the impact of abrupt changes in our operating environment caused operating profit in the final year to fall substantially short of the plan.

By business, we increased net sales and profits in the processed foods business up to the second year of the plan through concentrated investment in mainstay product categories, but the business was impacted by the COVID-19 pandemic and the sudden jump in prices for raw materials in the plan's final year. On the other hand, we achieved stable growth and improved profitability in the temperature-controlled logistics business by strengthening its foundation for quickly adapting to changes in the operating environment. Expansion of the overseas business progressed steadily through corporate acquisitions in Europe and other measures.

As a Group-wide initiative, we clearly identified five material matters (materiality) for which we set targets consisting of measures and KPIs. These material matters cover areas including creating new value that helps to resolve social issues from the perspective of the SDGs, sustainable procurement, and initiatives to address climate change. In the new medium-term business plan, we will maintain our focus on achieving these targets while ramping up our ESG initiatives.

Concept behind New Medium-Term Business Plan Compass Rose 2024



Our new medium-term business plan for FY2023-2025 is called Compass Rose 2024. A compass rose is the figure on maps and nautical charts that indicates north, south, east and west. The concept behind the plan is that the entire Nichirei Group will use it to navigate forward with assurance, even as

the business environment undergoes major change. Nichirei's logo is positioned as the "N" for north. Our destination is the achievement of our Management Principles and our long-term management goals toward 2030, which we established in 2019.

Our operating environment has changed significantly in recent years. In addition to the prolonged disruption caused by the COVID-19 pandemic, climate change is causing problems in supply chains and geopolitical risks such as the war in Ukraine have emerged. I believe that dealing with these abrupt changes requires us to fundamentally reconsider our assumptions about the nature of our business.

Sustainability Management at Nichirei and the Growth Strategies of Compass Rose 2024

Establishment of the Nichirei Group Sustainability Policy

In Compass Rose 2024, we have revised our former Basic CSR Policy as the Nichirei Group Sustainability Policy: The Nichirei Pledge. Through business activities based on this policy, we will ramp up sustainability management to improve both social and economic value as we fulfill our responsibilities as a company that supports good eating habits and health. Because it deals with food, the Nichirei Group cannot avoid addressing the issues of climate change countermeasures and sustainable procurement of raw materials and other products. These issues were included in the material matters we identified in FY2021, but we have updated the material matters in line with the times and reiterated them in a policy that will form the basis of our management.

■ Processed Foods

The COVID-19 pandemic has changed our eating habits. The growth in home cooking has increased the need to save time and trouble, and in turn has strengthened demand for frozen foods. In order to keep growing as lifestyles change, we must develop high-value-added products that meet these new needs and deliver them to customers. In FY2022, we invested in equipment at the Yamagata Plant and began operation of a production line that can handle personal-use¹ single-serving products. Demand for such products is growing, backed by the prevalence of telework and the increasing number of elderly single-person households, among other factors. In addition, single-serving frozen foods that offer a complete meal for one person and can be prepared with only a microwave, are not limited to household use. Restaurants and other businesses where there is a shortage of labor are also expected to use them, thus helping to resolve a social issue. On the other hand, the pandemic, climate change and the war in Ukraine have made stable procurement of raw materials difficult. The processed foods business has production bases in Japan and overseas, including a factory in Thailand for our mainstay chicken products. However, operations at that factory were substantially reduced in FY2022 as the COVID-19 pandemic dragged on. Many of the factory's employees are from Cambodia or other neighboring countries, and restrictions on cross-border movement made it difficult to maintain an adequate workforce. This resulted in delays in supply to Japan, which was a factor in reduced sales and profits.

The experience brought home the urgent need to rethink our production network and systems for sustainable procurement of raw materials. From the perspective of sustainability, human rights issues in the supply chain are also a high priority. Under Compass Rose 2024, we will restructure our supply chain. This will include considering a shift of some of our production network to Japan and stepping up domestic procurement of raw materials for which we are highly dependent on overseas markets. By accomplishing these measures, we intend to get back on a growth track. Another priority will be to appropriately adjust our selling prices to reflect soaring raw material prices and other rising costs. Failing to do so will result in a drop in cash flow that will make it impossible for us to sustain the business.

1. Personal-use products: Single-serving meals (one-person meals), and foods meant to be eaten on the go, with one hand

Temperature-controlled Logistics

Maritime transport was significantly disrupted during the COVID-19 pandemic due to vessel delays and container shortages. Meanwhile, various needs for temperature-controlled logistics increased in overland transport. However, the logistics industry is experiencing a chronic shortage of drivers that is expected to worsen from 2024 onward, when the so-called Work Style Reform Act² goes into effect for truck drivers in Japan. The amount of cargo is expected to continue increasing, so the question of whether all these goods can be transported has become a major social issue.

We have been working to strengthen trunk-route transport since the previous medium-term business plan, and have established a large-scale logistics facility in Nagoya, which is located halfway between Tokyo and Osaka. Under Compass Rose 2024, we will continue to make proactive capital expenditures to complete our truck-route infrastructure as soon as possible. Moreover, by combining a review of labor practices in the logistics industry with various measures such as our truck loading dock reservation system, we will reduce drivers' on-duty hours, thus helping to resolve a social issue and generating new business opportunities. This strategy leverages Nichirei's advantages of having bases in key locations and its capabilities for handling a large volume of cargo and for combining various types of cargo.

In Japan, we will further expand our frozen food logistics platform, which handles domestic distribution of products from the Nichirei Group and other companies, and utilize digital technology to improve process innovation and raise the efficiency of onsite work. Overseas, we are steadily expanding business through proactive investment in the port business in Europe and other growth areas. We will make the capital expenditures required to make full use of port facilities and coordinate functions across the organization with the aim of maximizing earnings from our businesses in Europe.

2. Formal name: the Act on the Arrangement of Related Acts to Promote Work Style Reform

Investing in Infrastructure

We plan to invest ¥120 billion over the three years of Compass Rose 2024. Half of that, approximately ¥60 billion, will be the investments for growth I mentioned above, mainly in the processed foods and temperature-controlled logistics businesses. The remainder will be focused on investment for the environment. Reducing our environmental impact is an urgent matter, and our initiatives include

installing solar power generation equipment, using natural refrigerants at new facilities and converting equipment at existing main bases, and reducing power consumption by introducing high-efficiency freezing and refrigeration equipment. We are also taking concrete steps to address growing demands from investors and other stakeholders for the elimination of chlorofluorocarbons. This will be a large investment that entails a trade-off with profit from a short-term perspective, but we will maintain control of the balance between investment and profit in our medium- to long-term planning.

Another area of focus for investment is digital technology. We have been working to upgrade our core systems and strengthen information security, but achieving sustainable business growth will require business process improvements and restructuring driven by digital technology. We will bring together initiatives from both inside and outside the Group to advance technologically and enhance our competitive advantages in the market.

Managing Our Business Portfolio

We have adopted ROIC as a KPI for capital efficiency in Compass Rose 2024. Although we have planned for a slight decline in ROIC due to the increase in new investments, we intend to maintain ROIC at 7% or higher to avoid an excessive decrease in capital efficiency, then to increase it to 9% or higher by 2030. Doing so will require targets for each business in accordance with our portfolio. In Compass Rose 2024 we have set weighted average cost of capital (WACC) and ROIC targets for each business. We will break down ROIC to a level that enables management within each business, and monitor those KPIs.

Investment decisions must also consider non-financial aspects. Discussions of potential investments at Board of Directors meetings encompass CO₂ emissions and water risks. We are considering introducing internal carbon pricing,³ which will help us visualize non-financial value. Given that a thorough response in the area of ESG could lower the cost of capital, we will allocate resources while balancing factors such as a business's evaluation based on ROIC and WACC and its growth potential.

3. A mechanism to promote low-carbon investments and measures, by which an organization sets its own carbon pricing to convert its CO₂ emissions into costs. This mechanism is used in reducing emissions, creating incentives to promote energy conservation, changing awareness inside the organization, and decision-making guidelines for investments.

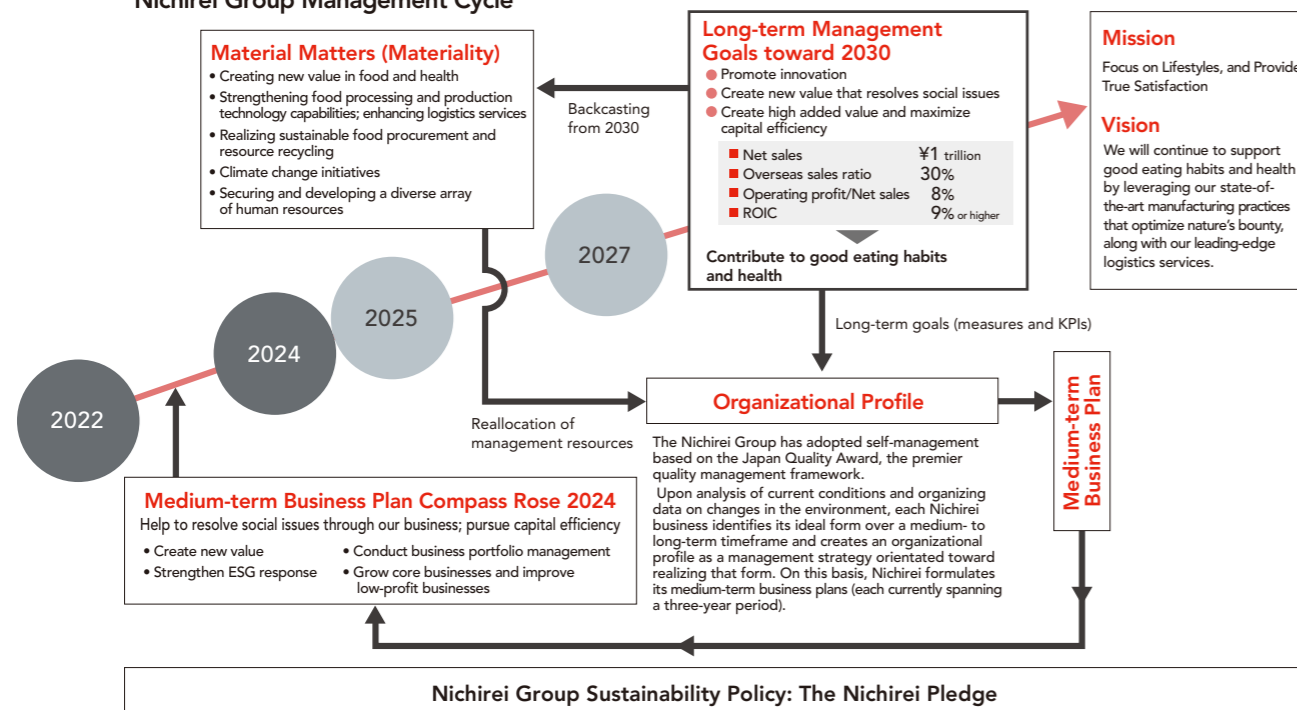
Creating New Value in Food and Health

We take a dual approach to creating new value, both within each operating company and under the leadership of the holding company. New value is difficult to define, but I believe it is created by addressing customer needs through business activities in areas close to our existing businesses. At the same time, our holding company should address latent needs to create value that exceeds the expectations of current consumers and customers. The resulting products and services will not be far outside of our current business areas; rather, I believe that generating some sort of synergy with our existing businesses will ultimately enable us to provide new kinds of value unique to the Nichirei Group.

One of the Nichirei Group's advantages is the supply chain it has created that extends from food procurement to production, distribution and sales. However, the pandemic has exposed vulnerabilities in our procurement, driving home the need to strengthen the upstream part of our food supply chain. We looked back over Nichirei's history to consider how we can help resolve social issues using our technologies and advantages. Potential areas included health, nutrition, and food ingredients that take those factors into account, such as acerola. Focusing once again on these areas, we then reviewed the measures and KPIs of our material matters. In the meat and poultry products business, we are working to develop new products with health value. We have been conducting research of animal feed that uses ingredients derived from flaxseed to improve the quality, taste and nutritional value of meat. We are communicating the value of these products to consumers with the aim of expanding sales by FY2025.

Food prices are projected to rise as the growth of the global population increases demand. For stable procurement 10 or 20 years from now, we must consider expanding our focus to new foods and ingredients. Some initiatives are already under way, and we will also allocate resources to research

Nichirei Group Management Cycle



and development of ingredients, including new protein sources such as plant-based meat analogues, cell-cultured meat and edible insects.

Establishing Sustainability Management in Practice and in Employee Mindsets

In addition to formulating the Nichirei Group Sustainability Policy, we reviewed our governance system and established an advisory body to the Board of Directors in the form of the Group Sustainability Committee, which deliberates on long-term sustainability initiatives. We concurrently established a department in our holding company for promoting sustainability and assigned persons in charge of sustainability at each operating company.

We have dealt with sustainability issues before, but I think our officers and employees tended to focus on financial value. Compass Rose 2024 therefore has a greater emphasis on sustainability management.

Our goal is to ensure that every employee is fully aware of sustainability in current or new work. Without that perspective, those employees will not come up with new ideas, and I think it will be difficult for them to make on-the-spot decisions. There is a limit to what I can communicate to employees on my own, so in FY2023 we began holding study sessions for Company officers to deepen their basic understanding of sustainability and its historical context. More than 100 people have participated, including those from related departments. We need every officer to understand the relevance of sustainability in their work, and to support and be fully conversant in our approach, so they can discuss sustainability in their own words.

We also intend to use the Company intranet to enable all employees to access the latest information and updates on the Company's activities in order to promote dialogue and establish a sustainability mindset among employees.

FY2023 Launch of Three Portal Sites Accessible by All Employees to Communicate and Exchange Information



Digital transformation (DX) portal site



Innovation portal site



Sustainability portal site

Nichirei Three Years from Now: A Corporate Group Where All Can Succeed by Displaying Their Individuality

Strategic initiatives over the next three years will be crucial to attaining our long-term management goals toward 2030. Our human resources are the key to achieving these goals. One of our material matters is securing and developing a diverse array of human resources, and the development of the Nichirei Group depends on whether our diverse human resources are motivated and able to play an active role and grow. Naturally, we will promote the advancement of female employees and health management among all employees. We will also allocate management resources to developing talent in the field of digital technology. I fear that Nichirei may be falling behind in utilizing digital technology for business innovation. It is therefore imperative that our employees acquire the necessary digital skills. To me, the word "reskilling" means adding the skills society will require in the coming era, not re-learning what one already knows.

The same can be said for sustainability. The study session for Company officers drove home one point to me: Even if people have seen or heard about sustainability in the media, unless they understand



the background and content of the issues being presented, they will not be able to choose the specific issues they must deal with or carry out their plans if they do.

We are establishing conditions that support the development of our human resources in the areas of digital technology and sustainability. I want to set up a system that not only raises all employees to a higher level, but also allows motivated people to go even further. There are various approaches to human resource development, but I think individuality will be key going forward. In other words, we need to consider development that suits each individual, so employees can succeed by displaying their individuality. That is why is essential that our vision for Nichirei defines and invests in the human resources we require. Our human resources departments are also creating mechanisms that incorporate DX to focus on individuals. In FY2022, we replaced our core personnel information system with a new system that integrates management of all our human resource data for use in everything from training to job assignments. I also intend to use the human resource development system and integrated personnel information system for our succession plan in the future.

Toward Our Transformation

We have positioned the term of Compass Rose 2024 as a period of transformation that will take us to the midpoint of our drive toward 2030. Moving forward with sustainability initiatives, restructuring, and upgrading and strengthening our business foundation will advance us to a new stage. To reiterate, in order to do so it will be crucial for each employee to recognize how their own work relates to sustainability. Constant attention by all of us in the Nichirei Group to social issues, thinking about how we can contribute, and then acting on our own initiative will generate change.

The Nichirei Group will continue to value dialogue with its stakeholders as it fulfills its responsibilities to society as a company that supports good eating habits and health through business activities, based on its Management Principles and the Group Sustainability Policy. We will also continue working for sustainability management and capital efficiency to improve social and economic value. As we do so, we look forward to your ongoing support.

TOWARD 2030

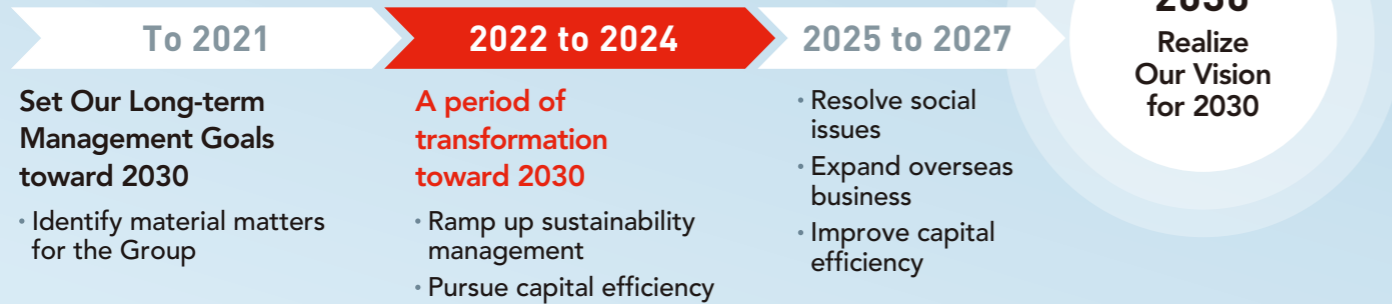
Achieving Our Long-term Management Goals toward 2030

Net sales	Overseas sales ratio	Operating profit/Net sales	ROIC
¥1 trillion	30%	8%	9% or higher

Promoting innovation to contribute to good eating habits and health for all people by creating new value that helps to resolve the issues of customers and society

Create high added value and maximize capital efficiency

The Path to Realizing Our Vision for 2030



Long-term Management Goal:
Realize Our Vision for 2030

Contribute to good eating habits and health



FY2023-FY2025 Medium-term Business Plan
Compass Rose 2024 [Details \(Page 50\)](#)

Help to resolve social issues through our business; pursue capital efficiency

<p>Create new value</p> <p>Commentary (Page 42)</p>	<p>Strengthen ESG response</p> <p>Commentary (Page 16)</p>	<p>Conduct business portfolio management</p> <p>Commentary (Page 14)</p>	<p>Grow core businesses and improve low-profit businesses</p> <p>Details (Page 46)</p>
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Allocation of Management Resources

Growth investment	Overseas business expansion	New business
<p>Environmental measures</p> <p>Details (Page 68)</p>	<p>Promotion of IT and DX</p> <p>Details (Pages 21, 67)</p>	<p>Human resource development</p> <p>Commentary (Page 78)</p>



We will increase corporate value by emphasizing capital efficiency in resource allocation and maintaining the optimal capital structure.

Kenji Suzuki

Director, Executive Officer;
in charge of Accounting & Tax,
Business Management and Real Estate Division,
General Manager of Finance

Summary of the Financial Aspects of Medium-term Business Plan WeWill 2021

During the three-year period of the previous medium-term business plan, cash flows from operating activities were largely in line with the plan at ¥119.6 billion, and capital expenditures totaled ¥93 billion, far exceeding any medium-term business plans in the past. These were not only expenditures for growth; we also allocated funds for investments from a medium- to long-term perspective, such as business process innovation and environmental countermeasures, to strengthen the management base. However, some issues remained in terms of asset efficiency and return on our investments.

Overseas sales in FY2022 totaled ¥97.6 billion. Although we did not reach our target of ¥100 billion, we laid the groundwork for future earnings by making multiple corporate acquisitions and expanding refrigerated warehouse space in the logistics business in Europe.

To improve capital efficiency and expand shareholder returns, we steadily increased dividends and conducted stock buybacks totaling ¥10 billion, maintaining ROE at 10% or higher. Profit attributable to owners of parent in the final year of the plan was ¥23.4 billion and profit per share was ¥176, both exceeding the initial target.

Priority Measures of Medium-term Business Plan Compass Rose 2024

Helping to resolve social issues and pursuing capital efficiency are the core tenets of our current medium-term business plan, further increasing the importance of appropriately allocating management resources. Business portfolio management is a priority strategy. To promote greater awareness of efficiency, we have introduced ROIC targets in addition to EBITDA and REP,* which we were already using as KPIs, and will conduct logic tree analysis according to the characteristics of each business and monitor profitability and efficiency. The ROIC targets will also be used as KPIs for determining officer remuneration,

and we intend to improve capital efficiency throughout the Group by using ROIC-based business evaluations to decide allocation of resources. We aim to increase ROIC to about 7.5% in the final year of Compass Rose 2024, and to 9% or higher as we head toward 2030.

The importance of intangible assets continues to increase. Compass Rose 2024 calls for proactive investment in environmental measures and allocation of management resources to areas such as human resource development, promotion of digital transformation and brand building. We have also set quantitative targets for

non-financial matters such as creating new value, sustainable procurement and climate change countermeasures, and it is crucial that these investments lead to concrete results.

To improve economic value, we must also be strongly focused on lowering the cost of capital. Good financial results are important, but we will also endeavor to

communicate our growth story, investment approach, sustainability initiatives and other matters to our stakeholders in a way that is easily understood.

* Retained Economic Profit. Our original indicator showing profit after deduction of capital costs.

Cash Flows

	Business Plan (Period)		
	POWER UP 2018 (FY2017-FY2019)	WeWill 2021 (FY2020-FY2022)	Compass Rose 2024 (FY2023-FY2025) Plan
Cash flows from operating activities	102.0	119.6	142.0
Cash flows from investing activities	(49.6)	(82.5)	(109.0)
Free cash flow	52.4	37.0	33.0

(Billions of yen)

Financial Strategy and Capital Policy

In managing the balance sheet for the Group as a whole, I am responsible for ascertaining the external environment as well as internal financial conditions and demand for funds. Nichirei uses the debt-to-equity (D/E) ratio as a KPI for assessing the balance between financial soundness and capital efficiency. As such, we have a target D/E ratio of approximately 0.5 times to enable us to maintain our credit rating and capacity to take on leverage, and in so doing secure funding for flexible strategic investments.

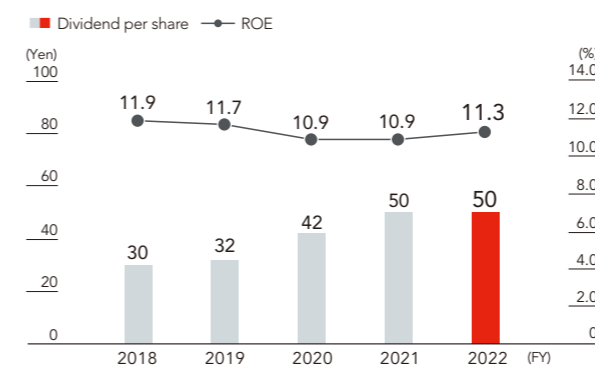
We plan to invest approximately ¥120 billion under Compass Rose 2024, a significantly higher amount than during the previous medium-term business plan, but we should be able to keep operating cash flow above ¥140 billion and maintain the D/E ratio and equity ratio at their current levels.

Dividends are our primary method of returning profits to shareholders. We will continuously increase dividends

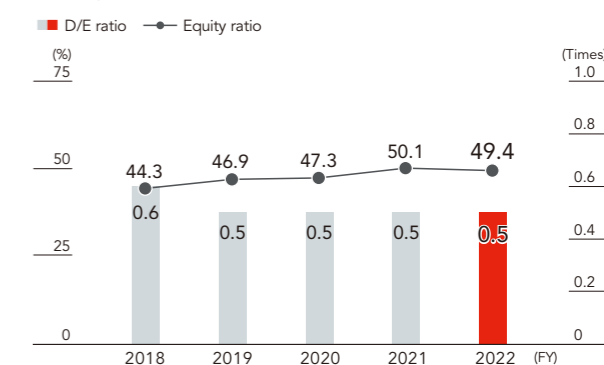
with a dividend-on-equity (DOE) ratio of 3% as our criterion, and flexibly conduct stock buybacks after considering our capital requirements, the progress of our investment plans, and our share price level.

Keeping in mind a balance between economic rationality and stability in fund procurement, we have set standards for both the short-term to long-term ratio and the direct to indirect financing ratio. In this way, we endeavor to diversify funding sources and methods, including corporate bonds, borrowings and commercial paper, so we can respond to sudden changes in the financial environment. We also intend to consider sustainable finance, which has been attracting attention as a mechanism that facilitates the resolution of environmental and social issues from a financial perspective.

Dividend per Share and ROE



Equity Ratio and D/E Ratio (Including lease obligations)*



* Interest-bearing debt ÷ Net assets



We will integrate our business and sustainability strategies to achieve sustainable growth.

Yuichi Takaku

Executive Officer;
in charge of IT Strategy,
General Manager of Strategic Planning,
General Manager of Sustainability Management

Enhancing Our Structure for Promoting Sustainability

To achieve our long-term management goals toward 2030, we identified five material matters for the Nichirei Group, including climate change initiatives and sustainable procurement. For each, we set Group targets, consisting of measures and KPIs. In FY2023, we established the Group Sustainability Committee as a consultative body to the Board of Directors. It deliberates on strategies related to the material matters, the Group's initiatives to realize a sustainable society, and similar issues. Concurrently, the holding company has been reorganized into a dual-headquarters structure consisting of the Strategy Headquarters and the Corporate Management Headquarters. This will expedite decision-making and

execution. Moreover, by consolidating Sustainability Management, Strategic Planning, IT Strategy, Innovation Planning & Development and Technology Management into the Strategy Headquarters, we intend to strengthen the link between management strategy and our SDG and ESG initiatives.

We have also incorporated third-party ESG evaluations into the KPIs for determining officer remuneration. This creates a mechanism that links remuneration to the achievement of non-financial as well as financial targets, thereby strengthening our response to sustainability-related issues.

Environmental and Procurement Initiatives

We are giving particular priority to addressing issues related to the environment and procurement. Due to the substantial impact of climate change on Nichirei as a food and logistics company, we are stepping up our environmental measures. We have set Group targets for reducing CO₂ emissions with the aim of becoming carbon neutral by 2050, and have been disclosing information based on the TCFD recommendations. We are reducing electricity consumption by installing high-efficiency

freezing and refrigeration equipment, utilizing renewable energy including the introduction of solar power generation equipment, using natural refrigerants in newly constructed facilities, and converting to natural refrigerants at existing core sites. We believe that responsible initiatives for the environment will improve our corporate value and lead to higher economic value, and as such we are proactively conducting such initiatives Group-wide.

Sustainability Promotion Structure



Sustainable food procurement is another urgent issue for us. The emergence of geopolitical and climate change risks has significantly impacted raw material procurement throughout the food industry, so we need to take action from a medium- to-long-term perspective. In addition, we are conducting initiatives to build sustainable procurement

infrastructure that takes the environment and human rights into account. Initiatives include risk analysis covering the entire supply chain and procurement that complies with the Nichirei Group Supplier Code of Conduct and Guidelines.



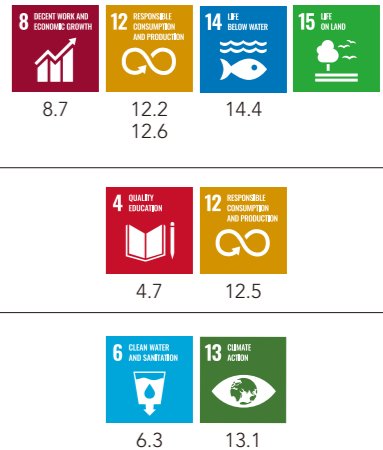
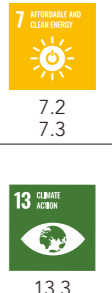

Integrating Our Business and Sustainability Strategies

The Nichirei Group has grown with a business portfolio based on frozen foods and ingredients that support people's diets, and our logistics infrastructure. The environment and society are the foundation of our economic activities, so we must continue to fulfill our social responsibilities as a company that supports good eating habits and health. With a clear understanding of this premise, we are implementing management strategies to improve our social and economic value under Medium-term Business Plan Compass Rose 2024. I believe my role is to adopt a medium- to-long-term perspective in devising strategies for helping to resolve social issues through our business activities and formulating specific measures to link those strategies to organizational management.

Sustainability-related targets are incorporated in the management plans of our operating companies as

single-year targets and action plans centered on our material matters. The Group Sustainability Committee will monitor progress and work with each operating company to steadily promote initiatives to achieve the targets.

I have witnessed how the importance of sustainability has been widely shared within the Company. In addition to the material matters, the Nichirei Group Sustainability Policy: The Nichirei Pledge, which we established in April 2022, has become a part of the Company's common language. We intend to extend this focus on sustainability further, until it permeates the entire Group. At the same time, our officers and employees will work together to resolve social issues and create new value. In this way, Nichirei will gain a competitive advantage and achieve sustainable growth.

Nichirei Group Material Matters	Vision for 2030	Group Measures	Group KPIs for FY2031	Applicable SDGs
Creating new value in food and health	Create new markets and customer value by taking on challenges outside existing business areas in both food and health	Discovering new potential for the health value and cooling properties of materials, and using digital technologies to contribute to good eating habits and longer healthy life expectancy.	<ul style="list-style-type: none"> Step up R&D to develop new eco-friendly food resources and ingredients with health value Allocate resources to marketing and DX to develop delicious, healthy products and provide services for better eating habits Establish mechanisms to create and cultivate value in new fields and conduct innovation activities 	<ul style="list-style-type: none"> Sales of ingredients that explore new potential and products and services for delicious taste and high health value: ¥100 billion Total number of people who receive information for good eating habits and health: 200 million per year 
Strengthening food processing and production technology capabilities; enhancing logistics services	Further refine core competencies in food processing, production and logistics to resolve social issues and improve profitability through competitive advantages in global markets	Ability to generate cash improved by concentrating management resources on core businesses Overseas business has become a new pillar of earnings	Promote capacity expansion, work process innovation, reduction of environmental impact and development of business foundations through proactive capital expenditures in the processed foods and temperature-controlled logistics businesses Accelerate overseas expansion by securing and training global human resources, cultivating partner companies, conducting M&A and other means	<ul style="list-style-type: none"> EBITDA margin: 12% EBITDA CAGR: 7% or higher Overseas sales ratio: 30% 
Realizing sustainable food procurement and resources recycling	Resolving various social issues related to the supply chain, which is the foundation of our business, and contribute to sustainable food procurement and the realization of a recycling-based society	All raw materials and ingredients are procured from suppliers and partner companies that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines. Promoting a circular economy by creating new business models Improving resilience of water resources through an understanding of water-related risks	Establish a supply chain with consideration for human rights and the environment and conduct due diligence Work to conduct sustainable resource procurement and help to realize a circular economy Identify water-related risks through risk assessments at all sites and conserve water	<ul style="list-style-type: none"> Rate of procurement from suppliers and OEMs that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines: 100% Rate of implementation of ESG due diligence for main raw materials and major suppliers: 100% Rate of attendance for the SDGs educational program aimed at realizing a circular economy: 100% (all employees) Rate of waste recycling at all sites: 99% Conduct regular water-related risk assessments at all sites, as well as in conservation activities and the BCP Reduction in CO₂ emissions: 50% (Compared with FY2016; Scope 1 and 2 in Japan) Rate of conversion to natural refrigerants Production equipment (Japan): 100% Logistics (Global): 75% 
Climate change initiatives	As a food and logistics company that is greatly affected by climate change, we will work with stakeholders to counter global warming and reduce energy consumption throughout the supply chain	Efforts underway to reduce CO ₂ emissions both inside and outside the Group toward the goal of becoming carbon neutral by 2050 Elimination of CFCs progressing at production and logistics facilities as a global warming countermeasure	Reduce CO ₂ emissions per unit of production and utilize renewable energy at food factories and logistics centers, and disclose information based on the TCFD recommendations Replace all refrigerants used in freezing and refrigerating equipment in Japan with natural refrigerants Switch to natural refrigerants overseas as necessary, based on on-site confirmation	
Securing and developing a diverse array of human resources	Secure and develop a diverse human resources and foster an inclusive corporate culture to achieve sustainable growth	Diverse human resources with various characteristics and skills, maximizing their potential to improve their job satisfaction and support the sustainable growth of the Group	<ul style="list-style-type: none"> Introduce a Group-wide engagement survey* to monitor the effectiveness of measures Establish a personnel system that enables Group employees to choose work styles according to their career outlook and contributes to productivity improvement Establish and provide support for application of rules Promote communication activities and impartially provide learning opportunities in order to create a work environment and corporate culture in which employees are healthy, lively and satisfied with their jobs <p>* Engagement survey: A survey that shows degree of understanding of and resonance with the Management Philosophy and independent involvement in the organization (job satisfaction)</p>	<ul style="list-style-type: none"> Ratio of female directors and female Audit & Supervisory Board members (HD*): 30% or higher Ratio of female line managers (HD*): 30% Double investment in human resources by 2030* <p>* HD: Nichirei Corporation (Holding Company) * Compared with the average annual investment in human resources in FY2019-FY2021</p> 

Management Strategy

Value Creation Story

Business Portfolio
 Medium-term Business Plan

Business Strategy

Sustainability

Corporate Governance

Data

KPIs for Material Matters

In 2021, we set Group targets for 2030, consisting of measures and KPIs for initiatives for the Group's material matters.

Medium-term Business Plan Compass Rose 2024, which began in FY2023, sets Group KPIs for FY2025 as milestones on the road to 2030, as well as measures and quantitative targets for the holding company and each operating company. We aim to achieve our targets by continuously monitoring KPIs and carrying out the plan-do-check-act (PDCA) cycle.

Nichirei Group Material Matters	Group Targets (KPIs)	FY2022 Results	FY2025 Targets	FY2031 Targets	Main Operating Companies Involved
Creating new value in food and health	Sales related to this material matter	—	—	¥100 billion	■ Nichirei Foods Pages 52-55 ■ Nichirei Fresh Pages 60-63
	Number of consumers and other external parties who receive information (total per year)	—	—	200 million people	■ Nichirei (Holding Company) Pages 44-45 Group-wide initiatives Pages 42-43
Strengthening food processing and production technology capabilities; enhancing logistics services	EBITDA margin	9%	10%	12%	
	EBITDA CAGR <small>Note: FY2022 figure is CAGR for FY2020-FY2022. FY2025 figure is CAGR for FY2023-FY2025. FY2031 figure is CAGR for FY2026-FY2031.</small>	4%	7%	7% or higher	■ Nichirei Foods ■ Nichirei Logistics Group Pages 56-59
	Overseas sales ratio	16%	20%	30%	
Realizing sustainable food procurement and resources recycling	Rate of procurement from suppliers and OEMs that comply with the Nichirei Group Supplier Code of Conduct and Supplier Guidelines	—	Under consideration	100%	
	Rate of implementation of ESG due diligence for main raw materials and major suppliers	—	Under consideration	100%	■ Nichirei Foods ■ Nichirei Logistics Group
	Rate of attendance for the SDGs educational program aimed at realizing a circular economy	—	100% (Executives)	100% (All employees)	■ Nichirei Fresh Pages 60-63 ■ Nichirei Biosciences Pages 64-65 Group-wide initiatives Pages 74-77
	Rate of waste recycling at all sites	99%	99%	99%	
	Conduct water-related risk assessments at all sites	Flood risk survey of all sites in Japan	Conduct in FY2024	Conduct regular water-related risk assessments at all sites, as well as in conservation activities and the BCP	
	Climate change initiatives	Reduction in CO ₂ emissions (Compared with FY2016; Scope 1 and 2 in Japan)	-20%	-30%	-50%
Rate of conversion to natural refrigerants Production equipment in Japan		58%	80%	100%	Group-wide initiatives Pages 68-73
Rate of conversion to natural refrigerants Logistics (Global)		53%	63%	75%	
Securing and developing a diverse array of human resources	• Ratio of female directors and female Audit & Supervisory Board members (HD*) <small>* HD: Nichirei Corporation (Holding Company)</small>	20%	20% or higher	30% or higher	■ Nichirei Foods Pages 52-55 ■ Nichirei Logistics Group
	Ratio of female line managers (HD*)	12%	20%	30%	■ Nichirei Fresh ■ Nichirei (Holding Company)
	Investment in human resources (Compared with the average annual investment in human resources in FY2019-FY2021)	0.8 times	1.7 times	2.0 times	Group-wide initiatives Pages 78-81

DX Strategy

For the Nichirei Group, digital transformation (DX) consists of data technology-driven business transformation activities linked to its five material matters, with the aim of creating new value.

DX Strategy

Each employee should have a command of data technology to continue providing new value for the Earth and its people.

Overview of DX Strategy

To raise the awareness of employees, we will launch a new portal site focusing on our DX activities and conduct DX training for each Group employee to acquire digital literacy. By promoting DX throughout the Group, we will help to innovate existing work, generate new work and resolve supply chain issues, among other benefits. Through these measures, we aim to realize the Nichirei Group Vision.

Rollout of DX Training (Page 81)



Value Creation DX

We will utilize data and digital technology to create new businesses that contribute to good eating habits and a longer healthy life expectancy, and to offer improved experience value for customers. Through initiatives that go beyond our own industry, we also aim to build new ecosystems and work to monetize them.

Production/Logistics DX

We will work for automation using IoT, AI, robotics and other methods, and for overall optimization to link factories and warehouses in areas such as ascertaining production volume at factories and incoming, outgoing and storage volume at refrigerated warehouses. We will also work to achieve optimal equipment operation and maintenance that mobilizes our factory and warehouse management know-how, and to conduct all-inclusive control of multiple sites.

Sustainability DX

We will work to create a sustainable supply chain by collecting, managing and analyzing information on the sustainability of our suppliers and all other parties throughout the chain.

Human Resources DX

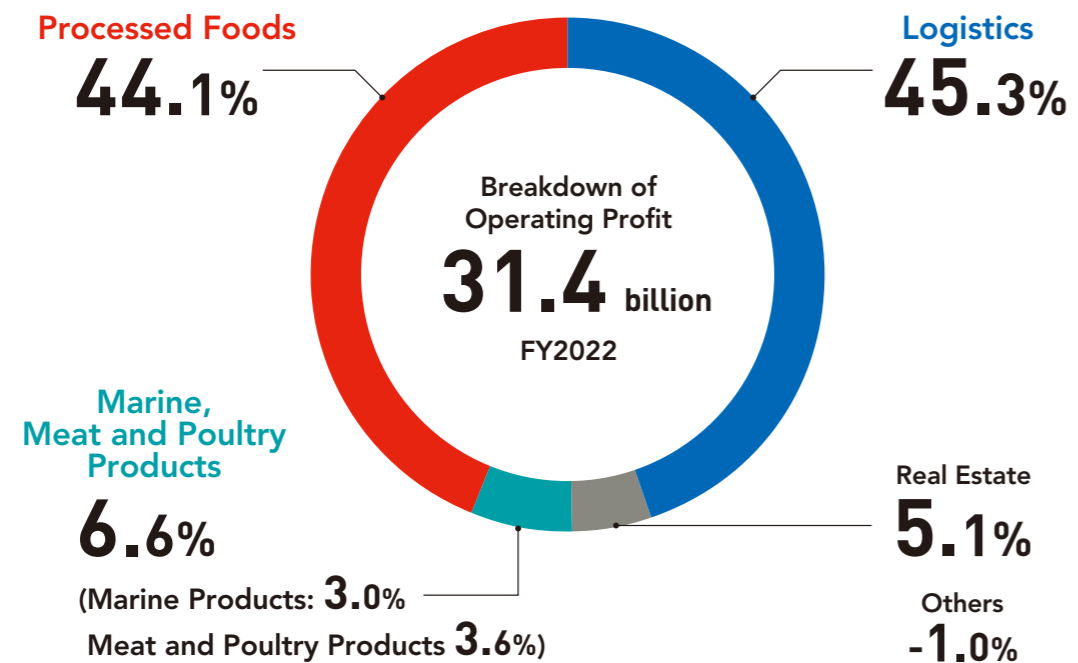
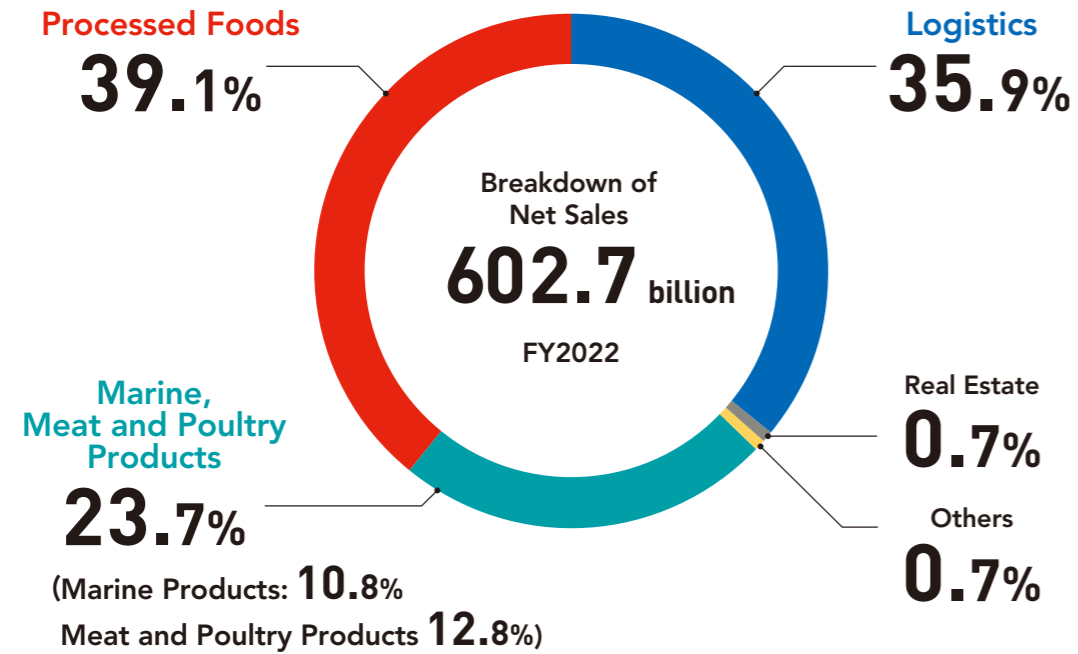
We will deploy the right human resources to the right places in the Company. At the same time, we will improve work efficiency by promoting cooperation with external human resources.

Management Base DX

We will collect, manage and analyze internal and external data to be converted into valuable information and provided to management in a timely manner for speedy decision-making.

Business Overview

The Nichirei Group conducts business in areas including marine, meat and poultry products; bioscience; and real estate. Its main focus, however, is on processed foods and temperature-controlled logistics. Under a holding company responsible for overall Group strategy, each operating company aims to create new value for customers through flexible business operations in order to raise corporate value over the medium to long term.



Note: Amounts are rounded to the nearest hundred million yen, and percentages are rounded to the first decimal place.

Processed Foods

■ Nichirei Foods Inc.

By intimately following the way people live, we contribute to the realization of a healthy and abundant society through food that is characterized by seven basic values: delicious; healthy; enjoyable to eat; safe; simple and convenient to prepare; readily available; and reasonably priced. We will continue to refine our distinctive abilities and create superb value through frozen foods, retort pouch foods and wellness foods, in order to become the most trusted food company in the world.



Temperature-controlled Logistics

■ Nichirei Logistics Group Inc.

We are the largest domestic logistics group. Our business comprises a logistics network, focused on third-party logistics, transportation and delivery; regional storage businesses providing storage and delivery services that are deeply rooted in their local areas; an overseas business that handles operations in Europe, China, Thailand and Malaysia; and engineering services, which handle matters from logistics facility planning and design to maintenance management. Throughout our supply chain we provide high-quality service.



Marine, Meat and Poultry Products

■ Nichirei Fresh Inc.

In promoting the development of premium marine, meat and poultry products we utilize our global procurement abilities and emphasize freshness, deliciousness, safety, security, health and eco-friendliness. We also keep sustainability in mind, paying attention to resources and the environment while aiming to create better value for consumers.



Bioscience

■ Nichirei Biosciences Inc.

By making the best use of biotechnologies to conduct business in the three fields of molecular diagnostics, biomedical materials and immunochromatographic diagnostic reagents, we are able to contribute to the physical and mental health of a large number of people. We provide high-quality products and services with the aim of becoming a technology-oriented company with outstanding expertise.



■ Nichirei Corporation (Holding Company)

Real Estate

As the holding company for the Nichirei Group, Nichirei Corporation aims to maximize corporate value by promoting organizational management. It carries out the functions of management planning, monitoring and fund procurement for the entire Group, as well as management support for each operating company. It also operates a real estate business to make effective use of Group-owned land and other assets.

Nichirei by the Numbers

Our core business is built on cooling power: the ability to ensure the long-term storage of food and, at the same time, preserve the original quality of the raw ingredients used. This enables us to improve eating habits, and to meet the expectations and earn the trust of society as we seek further growth.



Processed Foods

▶ Sales of Frozen Foods

No.1 in Japan

Sales Ranking of Frozen Food Manufacturers (FY2022)

Ranking	Company	Net Sales (Billions of yen)
1	Nichirei	238.6
2	Company A	221.7
3	Company B	183.3
4	Company C	173.6
5	Company D	96.3

Source: From an August 12, 2022 article in *Reishoku Nippo*, which is published by Shokuhin Sangyo Shimbussha Co., Ltd.

▶ Long-selling Household-use Frozen Foods

53 years



Obento-ni-Good!
Mini Hamburg
(hamburger steak)

34 years



Obento-ni-Good!
Karaage Chicken
(fried chicken)

21 years



Honkaku-Itame-
Chahan
(fried rice)



Temperature-controlled Logistics

▶ Refrigerated Warehouse Capacity

No.1 Share in Japan

No.5 Global Share

Refrigerated Warehouse Companies' Share of Total Facility Capacity: Top Five in Japan

Ranking	Company/Group Name	Capacity (Thousands of tons)	Share of Total Capacity (%)
1	Nichirei Logistics Group Inc.	155	9.1%
2	YOKOREI Co., Ltd.	94	5.5%
3	Maruha-Nichiro Logistics, Inc.	66	3.9%
4	Toyo Suisan Kaisha, Ltd.	61	3.6%
5	Chilled & Frozen Logistics Holdings Co. Ltd.	52	3.1%

Source: Prepared based on "Refrigerated Warehouse Statistics," November 2021 materials from the Japan Association of Refrigerated Warehouses

Refrigerated Warehouse Companies' Share of Total Facility Capacity: Global Top Ten

Ranking	Company Name	Capacity (Thousands of tons)	Main Country of Business
1	Lineage Logistics	2,940	USA
2	Americold Logistics	1,599	USA
3	United States Cold Storage	479	USA
4	NewCold Advanced Cold Logistics	244	USA
5	Nichirei Logistics Group Inc.	226	Japan
6	Interstate Warehousing, Inc.	131	USA
7	Frialsa Frigorificos S.A. De C.V.	123	Mexico
8	VersaCold Logistics Services	120	Canada
9	VX Cold Chain Logistics	111	China
10	Constellation Cold Logistics	99	Belgium

Source: Prepared based on the "Global Top 25 List," March 2022 materials from the International Association of Refrigerated Warehouses

▶ Domestic and Overseas Vehicles in Operation

Approximately
8,000 (per day)

Marine, Meat and Poultry Products

▶ Number of Countries for Food Procurement

More than **30**



History of the Nichirei Group

Creating Value to Provide True Satisfaction

We have provided true satisfaction by identifying the needs of individuals and society, enabling us to create the products and services required in each era. The Nichirei Group will continue to support eating habits through business activities covering a wide range of foods.

1940s to 1950s

Launch of the Nichirei Group to rebuild the postwar food supply system and respond to rising consumption



Antarctic expedition
Nippon Reizo was established to take over the marine products, refrigeration and ice-making businesses. With a mission to provide a stable food supply after World War II, we diversified our businesses as consumption rose rapidly in the 1950s.

- 1942 Established Teikoku Marine Products Control Company
- 1945 Reorganized as Nippon Reizo Inc., a private company
- 1946 Launched *Reika* fruit juice popsicle
- 1952 Launched frozen prepackaged *tempura* set
- 1955 Started offshore exporting of marine products
- 1956 Launched meat and poultry products business
- Provided frozen food to Antarctic expedition
- 1959 Developed Hayabusa, a long-distance frozen cargo vehicle

1960s to 1970s

The spread of electric refrigerators changes eating habits. Expanding into the broiler and processed marine products businesses



Rotating poultry house in Kamagaya
Terrace Nichirei cafeteria at the Japan World Exposition in Osaka
With brisk economic growth, electric refrigerators became common household appliances and household-use frozen foods began to be accepted. We contributed to the government-led creation of a cold chain logistics network to maintain food freshness during transport from producing areas to stores.

- 1960 Established Kamagaya Laboratory (establishment of a rotating poultry house)
Launched *Tender Tuna* (cooked canned tuna)
- 1964 Provided frozen foods to the athletes' village at the Tokyo Olympics
- 1968 Ranked No. 1 in share of African octopus and Central and South American shrimp handled
- 1970 Opened a cafeteria at the Japan World Exposition (Osaka)
- 1977 Established a subsidiary to handle transport
- 1979 Established a subsidiary to collect and sell agricultural, marine, meat and poultry products in the United States

1980s to 1990s

Increasing interest in frozen foods as more women began working outside the home.

Actively developing new businesses



Acerola Drink
Newspaper announcement of the change in the company name
A management crisis led to Tomorrow's Nichirei, a bottom-up in-house campaign soliciting employee proposals for innovation and improvement, which led to a series of new businesses. In addition, rising numbers of women working outside the home spurred growth in demand for highly convenient frozen foods. From the latter half of the 1980s, we started full-scale overseas expansion in the fields of processed foods and temperature-controlled logistics.

- 1980 Started Tomorrow's Nichirei
- 1982 Expanded into the biotechnology field
- 1985 Changed company name to Nichirei Corporation
- 1987 Launched *Acerola Drink*
- 1988 Started European logistics business in the Netherlands
- 1993 Full-scale launch of cross-docking operations (XD)
- 1997 Established the Nichirei Technology Development Center

2000s

Addressing diversifying eating habits and consumer concerns about food safety. Accelerating business operations by converting to a holding company structure



Junwakei chickens
GFPT Nichirei (Thailand) Company Limited
We fundamentally revised the structure of our traceability system to enhance quality assurance so we could provide safer, more reliable products. We also converted to a holding company structure and started new initiatives in each business.

- 2004 Started a logistics business in China (Shanghai)
- 2005 Converted to a holding company structure
Established Jinzhu (Yantai) Food Research and Development Co., Ltd. in China for food analysis, inspection, and research and development
- 2006 Started the *Inochi-no-Mori-Project* in Indonesia (sustainable shrimp procurement using extensive aquaculture and mangrove tree planting)
- 2007 Started *Junwakei* chicken business
- 2008 Established GFPT Nichirei (Thailand) Company Limited, a Thai production subsidiary, for stable supply of processed poultry products

2010s

Conducting management with a medium- to long-term perspective that addresses simplifying food preparation, increasing health consciousness, Japan's labor shortage and globalization



Global Innovation Center
By strengthening our earnings base and improving asset efficiency, we promoted profit growth and expansion of the scale of our overseas business. We also stepped up our ESG initiatives to increase corporate value.

- 2011 Established Higashi-ogishima DC (Kawasaki City) and added a second building in 2013 to meet strong demand for logistics
- 2012 Started sales of Asian food in the United States
- 2013 Launched Southeast Asian logistics business starting in Thailand
- 2014 Established Nichirei Foods Funabashi No. 2 Plant
- 2017 CSR Basic Policy revised as The Nichirei Pledge
- 2018 Opened the *MIRA* terrace company day care center
- 2019 Established the Global Innovation Center as a bioscience business base for research, development and production
Established the Nichirei Group Human Rights Policy

2020 onward

Becoming a company that creates new customer value and helps resolve social issues to achieve a sustainable society

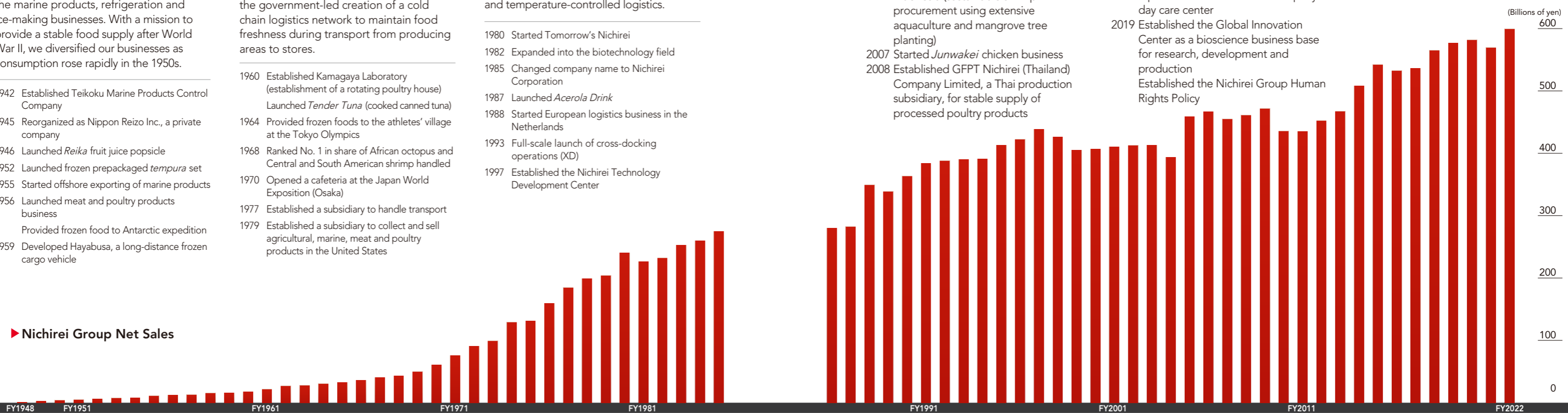


Nagoya Minato DC
We will forge a strong link between sustainable corporate growth and the achievement of a sustainable society, dealing openly with the public as we continue to support eating habits.

- 2020 Established Nagoya Minato DC, a model center for business innovation
Junwakei chicken became the first poultry product in Japan to acquire Specific Japanese Agricultural Standards (JAS) certification for sustainability for eggs and chicken meat
- 2021 Joined the United Nations Global Compact
Launched *Immunofine SARS-CoV-2* antigen test kit for the SARS coronavirus
- 2022 Established Sustainability Policy: The Nichirei Pledge
Launched *Inochi-no-Umi-Project* to regenerate *Zostera* (eelgrass) beds

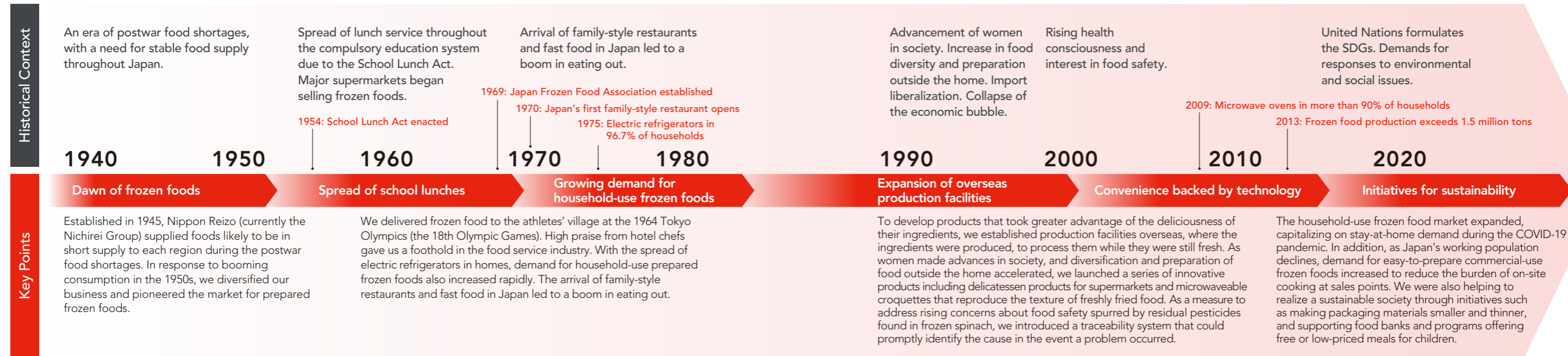
► Nichirei Group Net Sales

Note: Consolidated net sales from FY2005



Our Path for Creating Value: Nichirei's History in Frozen Foods

Since developing frozen foods more than 70 years ago, the Nichirei Group has solved the various issues of each era to support more diverse diets. We will use the technological development capabilities we have cultivated to continue to provide new value.



Nichirei's Products and Technology Solutions

Partly because a cold chain network had not yet been established in Japan, there were no permanent frozen food sales sections in stores. In 1952, we opened frozen food sections at the Fujiya and Toyoko department stores. Most sales at first were of frozen fish, but as we gradually raised the level of our processing, our lineup expanded to include prepared frozen foods such as *Shumai* (Chinese dumplings) and fried foods. At the time, an electric refrigerator was not yet common in ordinary households, so a full-scale rollout required time.

Chawan-Mushi (savory egg custard), which we launched in 1954 as Japan's first heat-and-eat prepared frozen food, was made by adding chicken, ginkgo nuts and other ingredients to soup stock containing beaten eggs, and then freezing. It had to be thawed, then put in a container and steamed, but it was revolutionary at a time when there were no microwave ovens. As nuclear families increased in number, the difficulty of preparing the multiple ingredients required in small quantities also helped to make the product popular.

Commercial-use prepared frozen foods caught on at once in the food service industry. Our easy-to-eat fish sticks made from fish paste and offering uniform quality and standards were delivered pre-breaded and frozen. The convenience of being able to deep-fry a large quantity on-site helped to make it a major hit in meals at schools, hospitals and Self-Defense Forces mess halls.

At the 1964 Tokyo Olympics, meals had to be provided to a large number of people, including about 7,500 participating athletes and officials from 94 countries, as well as the press. To prevent a spike in prices for domestic perishables, the decision was made to use frozen foods. We repeatedly considered the most serviceable standards and portion sizes to deliver high-quality frozen food to the athletes' village. Praise from hotel chefs who had gathered from all over Japan to work in the athletes' village gained attention for frozen food from the hotel and food service industries.

As the variety of its household-use prepared frozen food products increased, in 1974 Nichirei integrated all the different brands that had come into being under the *Green Belt* brand. In 1978, we launched the *White Pack* series of household-use versions of the commercial-use products in our *Restaurant Pack* series. We catered to a variety of dining situations with a lineup that ranged from products for boxed lunches to premium-priced dinner items.

In 1994, we launched *Koromo-ga-Sakusaku Gyuniku-croquette* as part of our *Shin-Renji-Seikatsu* series. It took three years of research and development to succeed in creating freshly-fried crispiness even when cooked in a microwave oven. In addition, we insisted on using Danshaku potatoes from Hokkaido to recreate the proper croquette flavor. Our technology enabled a significant reduction in cooking time, thus responding to changes in lifestyles such as the increase in double-income households.

In 2001, we introduced *Honkaku-Itame-Chahan* (fried rice), the first household-use frozen fried rice, made by frying rice in large volumes on a continuous production line. By capturing demand as a substitute for fried rice made from scratch, this product changed the concept of frozen rice products. In 2004, we launched the mail-order-only *Kikubari-Gozen*, a meal set of nutritionally controlled frozen dishes for people whose diets tend to be nutritionally unbalanced.

Initiatives for Eco-friendly Packaging

- FY2007** *Imagawa-Yaki* (Japanese waffles): Elimination of trays
- FY2010** *Yaki-Onigiri* (grilled rice balls) 10-pack: Elimination of trays
- FY2012** *Honkaku-Itame-Chahan* (fried rice): Thinner packaging
- FY2015** *Yaki-Onigiri* (grilled rice balls) 10-pack: Thinner packaging
- FY2016** *Honkaku-Itame-Chahan* (fried rice): Thinner packaging (second reduction)
- FY2019** *Ebi-Pilaf* (shrimp pilaf) and *Chicken Rice*: Thinner packaging
- FY2021** *Ebi-to-Cheese-no-Gratin* (shrimp gratin) and *Ebi-to-Cheese-no-Doria* (shrimp rice gratin): Thinner trays, reduced tray handle width
- FY2022** *Yaki-Onigiri* (grilled rice balls): Elimination of trays for entire lineup

Since 2006, Nichirei Foods and Nichirei Logistics Group have supported the activities of Second Harvest Japan. So far, they have donated a total of more than 20,000 cases of frozen foods to various welfare facilities, including foster homes, mother and child support centers, and disability support facilities. In addition to the products, they also provide logistical support for frozen foods to maintain their quality.

In 2019, we launched the commercial-use *Boil-de-Sakutto* series for croquettes and other fried foods that can be prepared by boiling. In 2020, we launched the *Vege-delica* series of products for delicatessens. These meal kits containing multiple ingredients and seasonings help to resolve the problem of worker shortages and insufficient cooking facilities.

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Value Creation Process

External Environment

Opportunities

- Stable procurement of sustainable raw materials
- Enhanced food traceability
- Higher expectations for frozen storage, supply and control functions for food
- Rising demand for frozen foods
- Rising demand for health-conscious products
- Promotion of personalized diets and medical care
- Providing new products and services in response to labor shortages and legal regulations
- Providing value through resource-recycling products and services

Risks

- Depletion of food and water resources due to climate change
- Labor shortage
- Disruption in passing down know-how
- Disruption or difficulty in maintaining a sustainable supply chain
- Increase in raw material procurement costs
- Increase in environmental investment due to shift to renewable energy
- Market changes spurred by demographics
- Stricter regulations on imports and exports in each country

Nichirei Group Material Matters

Creating new value in food and health

Strengthening food processing and production technology capabilities; enhancing logistics services

Realizing sustainable food procurement and resources-recycling society

Climate change initiatives

Securing and developing a diverse array of human resources

INPUT

Note: Data as of March 31, 2022, except where noted

Financial Capital

- Total assets **¥427.6 billion**
- Equity ratio **49.4%**
- Free cash flow (before dividends) **¥8.6 billion**

Manufactured Capital

- Production facilities **22 in Japan, 6 overseas**
- Refrigerated warehouse storage capacity **1,550 thousand tons in Japan, 710 thousand tons overseas**

Intellectual Capital

- Production expertise
- Technological strengths in cooking and processing
- Logistics expertise
- Brand strength

Human Capital

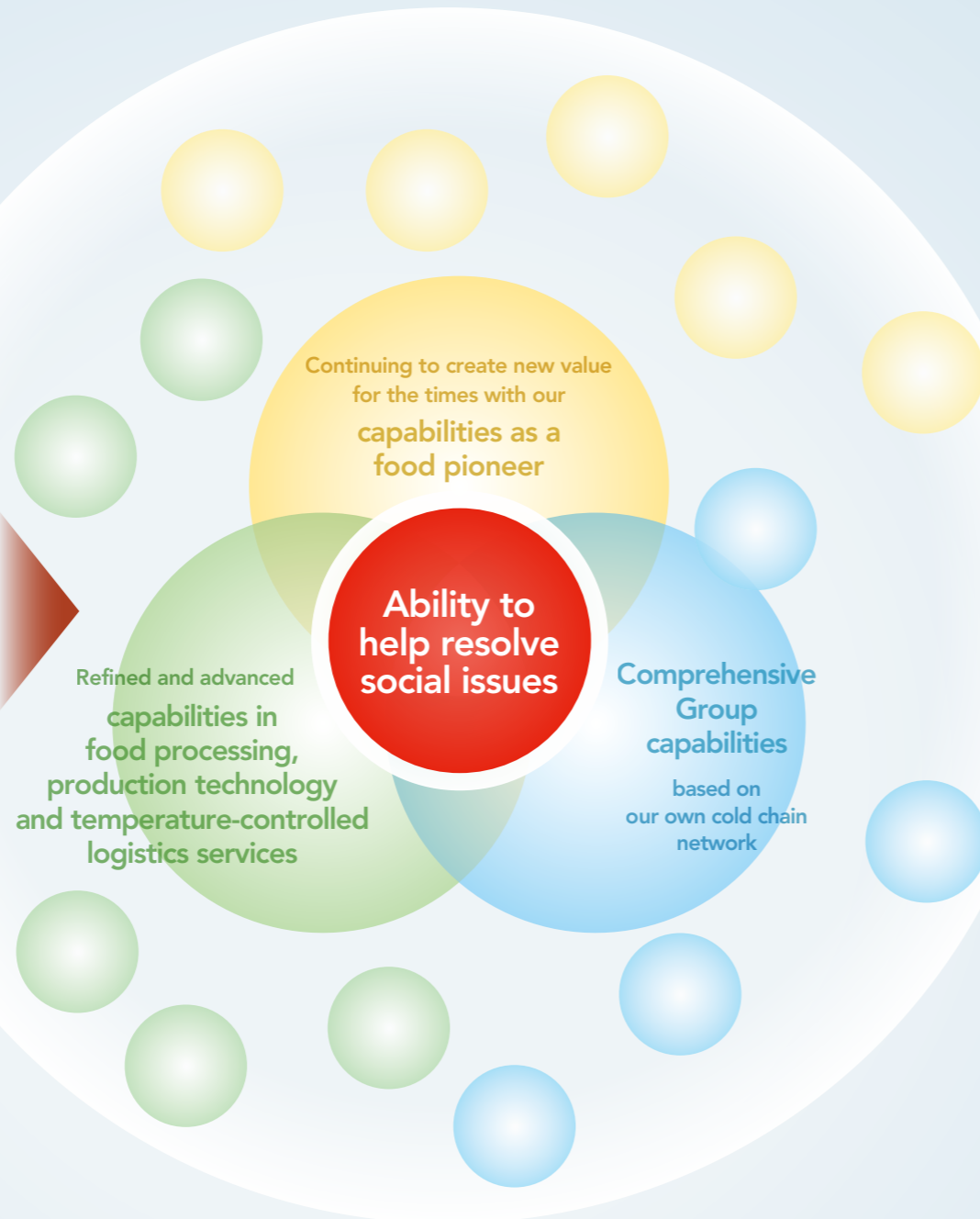
- Number of employees (consolidated) **15,296**
- Expert human resources
- Average length of service (males) **17.5 years** (females) **15.4 years**

Social and Relationship Capital

- Sales network
- Logistics network
- Donations to social causes **¥350 million**

Natural Capital

- Global procurement network for agricultural, meat, poultry and marine products **More than 30 countries**



OUTPUT

Economic Value

	FY2025 Targets	FY2031 Targets
Net sales	¥660.0 billion	¥1 trillion
Overseas sales ratio	20%	30%
Operating profit/Net sales	5.6%	8%
ROIC	7% or higher	9% or higher
EBITDA margin	10%	12%

Social Value

Realizing sustainable food procurement and resource-recycling society

Group KPIs	FY2025 Targets	FY2031 Targets
Rate of attendance for the SDGs educational program aimed at realizing a circular economy: 100%	100% (executives)	100% (all employees)
Rate of waste recycling at all sites: 99%	99%	99%
Conduct regular water-related risk assessments at all sites, as well as in conservation activities and the BCP	Conduct in FY2024	Conduct regular water-related risk assessments at all sites, as well as in conservation activities and BCP

Climate change initiatives

Group KPIs	FY2025 Targets	FY2031 Targets
Reduction in CO ₂ emissions: 50% (Compared with FY2016; Scope 1 and 2 in Japan)	-30%	-50%
Rate of conversion to natural refrigerants Production equipment in Japan: 100%	80%	100%
Logistics (Global): 75%	63%	75%

Securing and developing a diverse array of human resources

Group KPIs	FY2025 Targets	FY2031 Targets
Ratio of female directors and female Audit & Supervisory Board members (HD): 30% or higher	20% or higher	30% or higher
Ratio of female line managers (HD): 30%	20%	30%
Double investment in human resources by 2030 ²	1.7 times	2.0 times

1. HD: Nichirei Corporation (Holding Company)
2. Compared with average annual investment in human resources during FY2019-FY2021

OUTCOME

Achieve our long-term management goals toward 2030

Contribute to good eating habits and health

Realize a Sustainable Society

Sustainability Policy

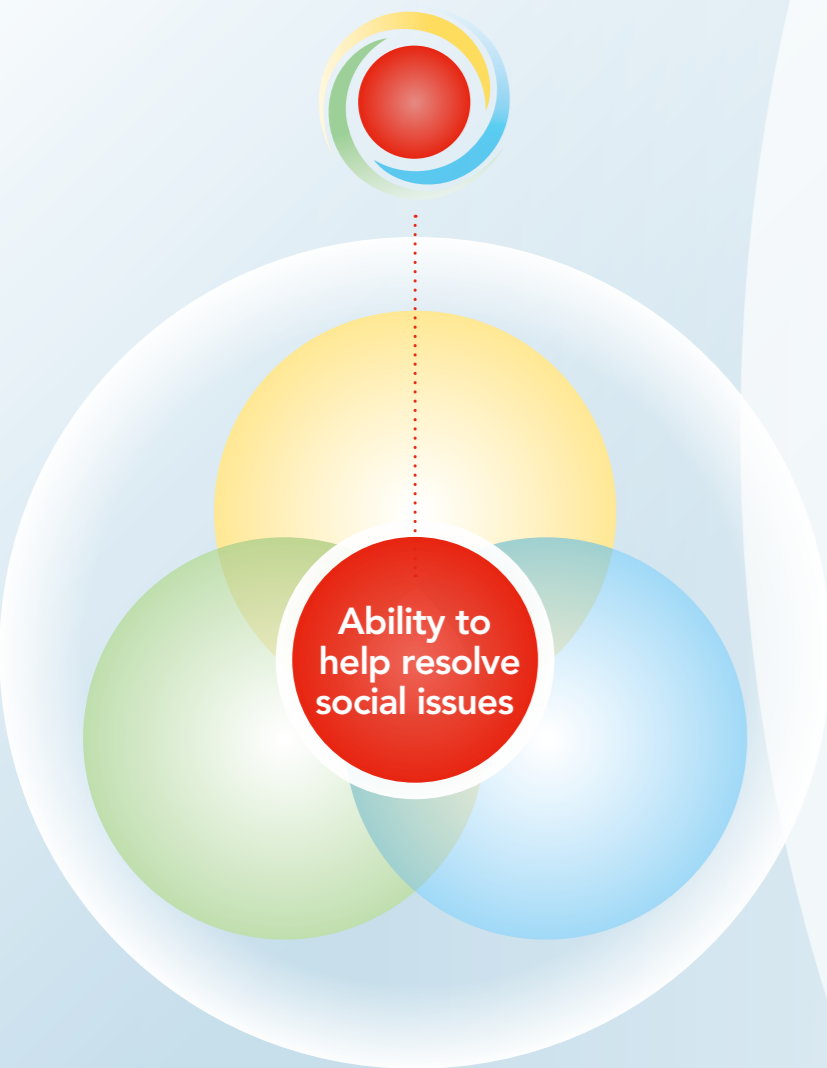
Management Principles

Nichirei's Business Model and Advantages

Synergy among Our Three Advantages Generates

The Ability to Help Resolve Social Issues

The Nichirei Group leverages the advantages and functions arising from pushing the frontiers of food, its comprehensive Group strengths and its capabilities in food processing, production technology and temperature-controlled logistics services. Helping to resolve social issues has in turn led to the growth of the Group's businesses. In collaboration with our stakeholders, we will continue to create both social and economic value as we aim to further improve our corporate value.



Case studies of helping to resolve social issues through our business (Pages 34-41)

Continuing to create new value for the times with our capabilities as a food pioneer

Our Heritage

Seventy-six years of creating unprecedented meal options and new food cultures by continuing to provide products and services with new value for society

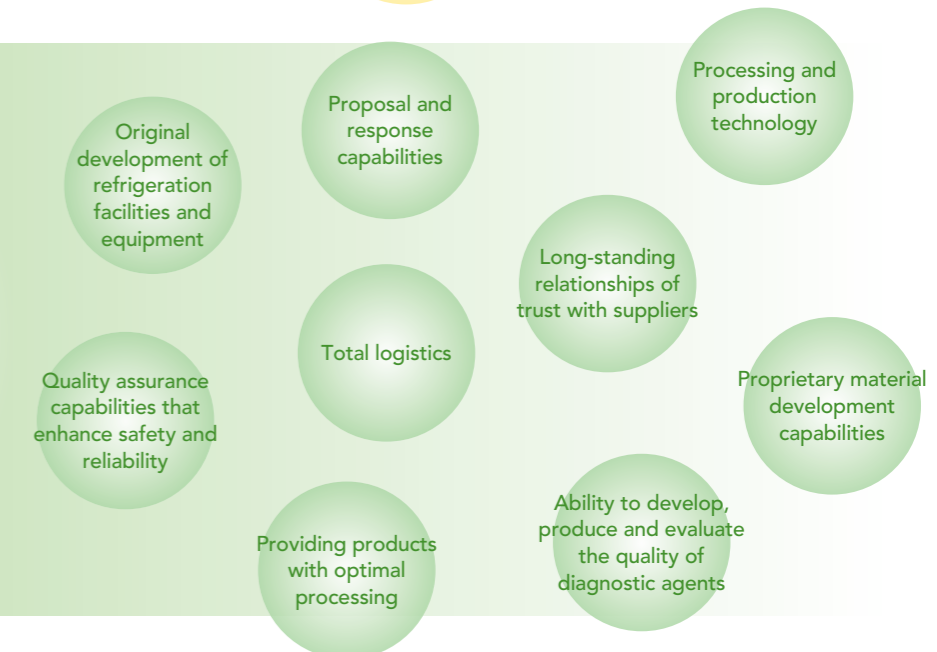


* Specific Japanese Agricultural Standards (JAS) certification for sustainability for eggs and chicken meat

Refined and advanced capabilities in food processing, production technology and temperature-controlled logistics services

Our Uniqueness

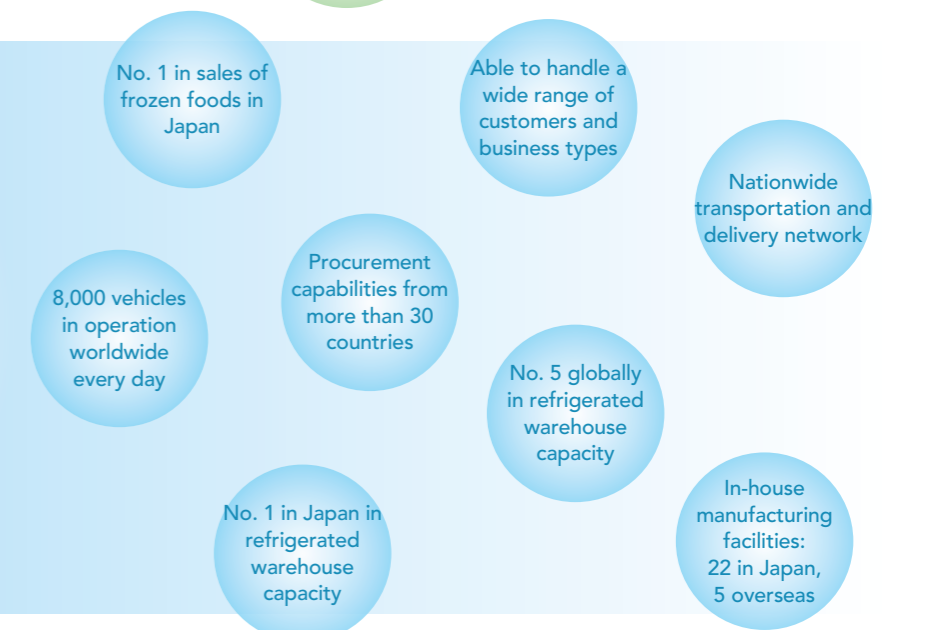
- Unique ingredients procurement network
- Japan's leading advanced temperature-controlled logistics
- Development and production technology capabilities for reproducing deliciousness
- Human resources with high-level expertise and experience



Comprehensive Group capabilities based on our own cold chain network

Our Fields

Providing consistent value with a cold chain network from food procurement to processing, distribution and sales using the comprehensive strengths of the Nichirei Group's functions



Nichirei Foods

CASE 1 A Chicken Processing Factory That Uses the Entire Chicken (Thailand)



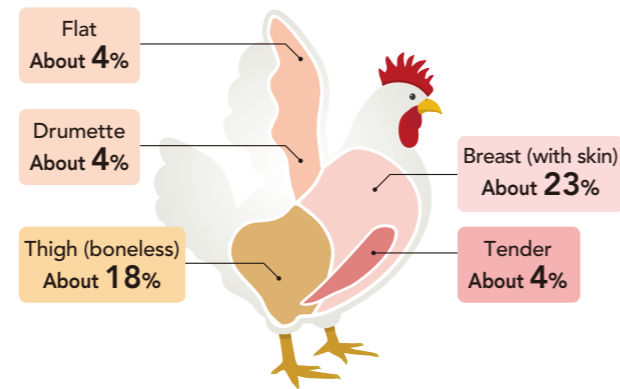
Social Issue

Food Waste: Thigh and Breast Meat Are Only About 40% of Total Weight

Fried, sauteed or prepared in various other ways, chicken is ubiquitous in daily dining. Thigh meat is the most popular part of the chicken in Japan, but it only accounts for about 20% of the whole bird by weight. Breast meat, which is popular in the United States and Europe, also only accounts for about 20%.

On the other hand, non-meat parts such as bones and feathers account for more than 40%, and become waste if they cannot be utilized. Devising processing and sales channels for well-balanced use of the entire bird is necessary to avoid food waste from carefully raised chickens.

Breakdown of Chicken Parts by Percentage of Total Weight*



* Weight may differ among individual chickens

Initiatives to Resolve the Issue

1 Establishment of a Joint Venture with a Major Poultry Processing Company in Thailand (2008)

Demand for chicken continues to increase worldwide, and Japan is one of the world's leading chicken importers, with consumption far exceeding domestic production.

Aiming for stable procurement of raw materials, in 2008 Nichirei Foods established GFPT Nichirei (Thailand) Company Limited (GFN), a joint venture with a major Thai poultry processing company (GFPT Group). As a joint venture, GFN utilizes the functions of the GFPT Group for fully integrated processing from raw materials to finished products. Under the system, live chickens from poultry farms that use only the best feed and breeding stock are brought in, slaughtered and cut, then cooked, frozen and packaged at a directly connected processing plant.



2 Systematic, Effective Use of the Entire Chicken

In addition to facilitating stable procurement and production of safe and reliable raw materials, GFN essentially eliminates food waste by using the entire chicken in various ways. GFN considers effective uses and sales channels for each part, from the meat to the head, feathers and blood, then adds value and sells those parts (see the figure below). For example, feathers are processed and sold for use in feed for farmed fish; bones, intestines and heads are processed and sold as raw materials for pet food; and feet are sold in China, where demand for this part is strong.

Aside from product quality, consideration for the environment and human rights is also important, especially in Europe, to which breast products are exported. GFN focuses on initiatives such as creating a comfortable working environment and animal welfare, and has acquired ISO 14001 and other international certifications.



Our integrated measures for safety and reliability, from utilizing GFN Group functions to raise chickens from breeding stock to production at GFN, have earned a positive response from customers in Japan and elsewhere. The factory has no concept of waste when it comes to raw materials. Fully using all resources reduces not only food waste but also environmental impact. Moreover, expanding business by increasing the number of value-added products leads to returns to the local community and provides employment. GFN will continue working to address a variety of social issues through a sustainable chicken business.

Social Value

- Reducing food waste and environmental impact by using the entire chicken
- Improving employee engagement
- Providing returns to the local community and employment

Economic Value

- Expanding business by selling all parts of the chicken
- Improving profitability by adding value
- Continuing safe, reliable and stable procurement



CASE 2 Nichirei Logistics Group SULS Next-generation Transportation and Delivery System

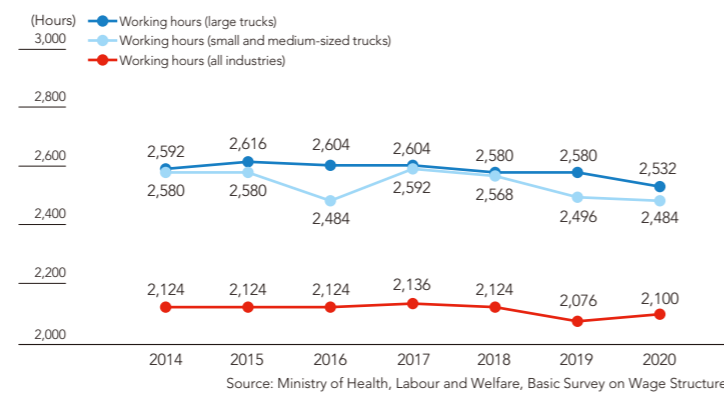


Social Issue

The Logistics Industry's 2024 Problem: A Shortage of Truck Drivers and Long Working Hours

Long hours have become the norm for truck drivers. In addition to long distances, drivers must contend with factors such as dwell time at logistics facilities and incidental non-driving work that they have been subcontracted to do, which has become standard business practice in the industry. The 2024 Problem for logistics refers to issues such as those that the shipping and logistics industry must address from April 1, 2024, when Japan's Work Style Reform Act imposes a mandatory limit of 960 hours of driver overtime per year to improve the working environment.

Annual Working Hours for Truck Drivers



Initiatives to Resolve the Issue

1 SULS Next-generation Transportation and Delivery System

SULS is an acronym for S&U Logistics System, in which "S" stands for speedy, sustainable and solution, and "U" stands for utility, usability and user experience. By synergizing the advantages of Nichirei Logistics Group, we will generate speedy, sustainable logistics solutions and provide utility, usability and superior user experience to our customers and society.

Increasing the Sophistication of the Services We Provide

The Three "S"s
Provided by Nichirei Logistics Group

Speedy
Sustainable
Solution

The Three "U"s
of Customer Value

Utility
Usability
User Experience

Japan's No. 1 temperature-controlled logistics network for food

One of Japan's largest base cargo volumes

SULS
S&U Logistics System

About 80 self-operated distribution centers nationwide

Robust transportation and delivery network

(Collaborative partnerships with approx. 100 companies)

2 Using SULS to Build a New Transportation and Delivery Infrastructure for Temperature-controlled Logistics

SULS was initially introduced for transportation and delivery among the Nichirei Logistics Group's facilities in Tokyo, Nagoya and Osaka, with plans for a nationwide rollout in stages. We will continue to support our customers' supply chains through the evolution of our temperature-controlled logistics' transportation and delivery operations into higher-quality, more sustainable formats.

Using low-temperature trailers with detachable cargo beds enables return trips from relay points

Reduction of long-distance transport

Loading, unloading and related work are performed by the Nichirei Logistics Group facility rather than the truck drivers

Help truck drivers devote their time to driving

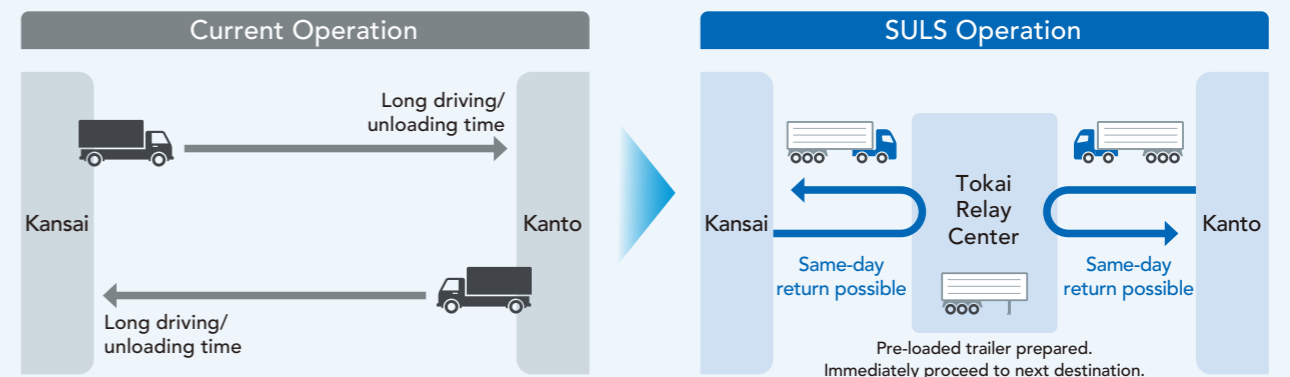
Nichirei Logistics Group-owned trailers at relay points that are loaded and ready to go at all times allow drivers to proceed to their next destination immediately after arrival

Reduction of dwell time at logistics facilities

Introduction of Japan's largest-capacity trailer, able to carry a 24-pallet load

Detachable

Trailer Tractor



Expected Effect

A conventional large truck with 16 pallets can transport 32 pallets with a single driver taking a total of about 48 hours to make one return trip. SULS has demonstrated the capability of transporting 48 pallets, taking a total of about 10 hours for one return trip.

Why Nichirei Logistics Group Is Uniquely Capable

1. Nichirei Logistics Group-owned logistics facilities in approximately 80 locations throughout Japan
2. Dominant lead in volume of storage consignors' products handled as base cargo
3. Collaborative partnerships spanning more than 30 years with about 100 companies nationwide

Social Value

- Achieving stable and sustainable transportation and delivery
- Reducing truck drivers' work load by shortening their on-duty work hours
- Reducing environmental impact
- Reducing risk of inability to transport cargo

Economic Value

- Significantly reducing total driving time
- Creating an efficient and sustainable transportation infrastructure
- Significantly expanding transportation capacity

CASE 3 Nichirei Logistics Group
Truck Loading Dock Reservation System



Social Issue

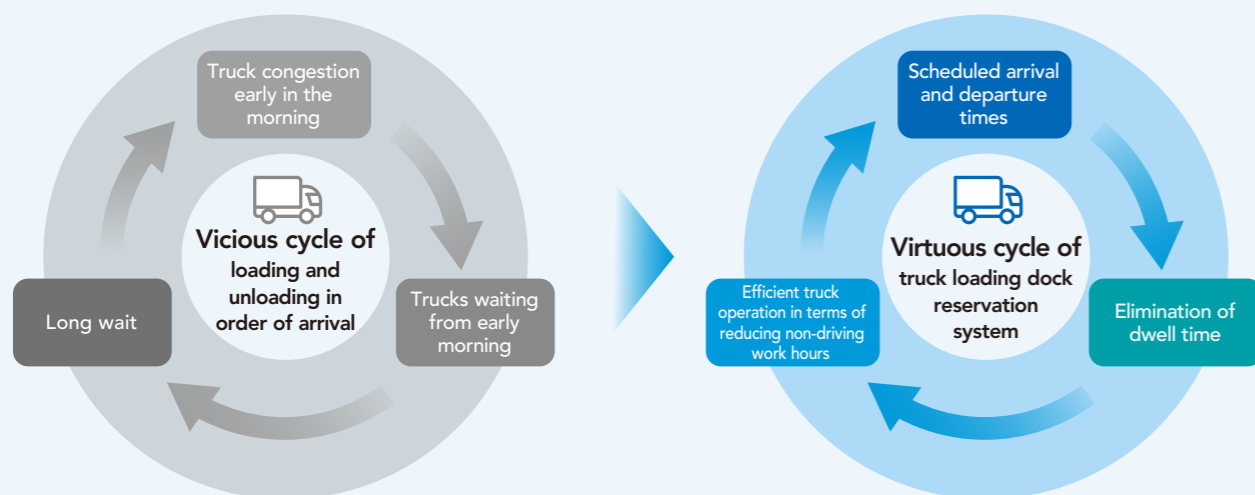
Truck Dwell Time at Distribution Centers

Truck drivers are forced to wait for long periods of time at distribution centers due to the inability to unload and load cargo smoothly. This dwell time has become a social issue. The main reason for the long dwell time and on-duty work hours is that, especially during busy periods, there are periods during the day when the distribution centers' processing capacity cannot keep up with the numerous vehicles entering and leaving due to the bottleneck created by the limited number of loading docks. In addition, it is burdensome for distribution centers to keep track of when each vehicle will be unloading or loading, because trucks from many shippers come and go, making it difficult for the center to coordinate operations with drivers in advance.

Initiatives to Resolve the Issue

1 Truck Loading Dock Reservation System to Alleviate or Eliminate Dwell Time

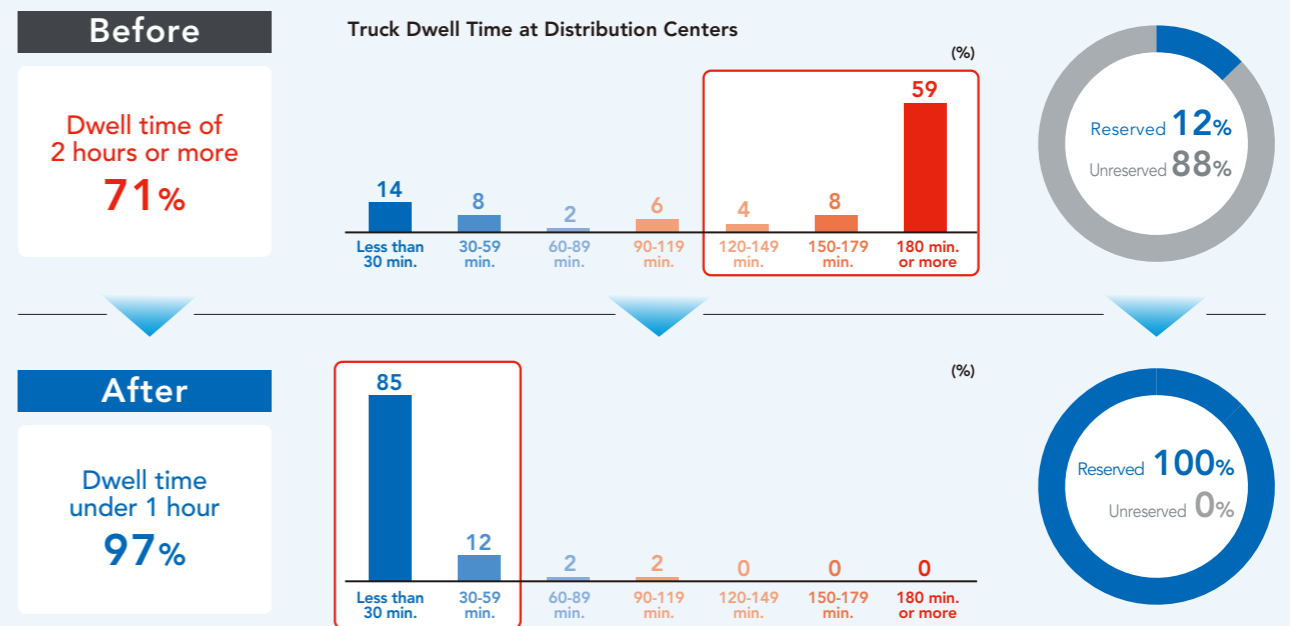
In October 2017, Nichirei Logistics Group began operating a truck loading dock reservation system to alleviate dwell time or eliminate it entirely. The system allows truck operators (the shipper or shipping company) to reserve a desired time for loading or unloading trucks, in line with the loading and unloading time slot framework at each distribution center. As a result, it is no longer necessary to line up and wait.



2 Introduction at 30 Locations throughout Japan

Confirmation of shipping companies and orders was previously performed by distribution centers after the truck arrived. However, the truck loading dock reservation system enables shipping companies to send the bill of lading, invoice and other details about the cargo to distribution centers ahead of time. Advance confirmation allows smooth assignment of trucks to loading docks upon arrival. In FY2021, we introduced this system at 30 locations nationwide.

For distribution centers where the reservation system has been steadily operating, dwell time, which had been two hours or more for about 70% of trucks before complete introduction of the system, was reduced to less than one hour for 97% of trucks. Meanwhile, the system has reduced both the number of trucks waiting late at night and early in the morning and the number of trucks parked around the distribution center. It has also alleviated the burden of reception duties by reducing the frequency of calls to confirm loading dock arrival time.



Social Value

- Alleviating traffic congestion and noise by reducing the number of trucks waiting
- Reducing truck drivers' work load by shortening time on duty
- Reducing environmental impact (CO₂ reduction)

Economic Value

- Reducing economic loss due to truck non-operational hours, etc.
- Increasing the number of employed truck drivers and curbing driver turnover
- Creating efficient and sustainable transportation infrastructure



Notable reduction in number of trucks waiting

CASE Nichirei Fresh 4 Inochi-no-Mori-Project



Social Issue

Environmental Disruption and Impact on Biodiversity from Intensive Shrimp Aquaculture

Shrimp farming requires large plots of land. In many Asian countries, wide areas of mangrove forests, which buffer the effects of tsunamis and strong winds, have been cut down to make way for artificial ponds for shrimp farming, a practice called intensive aquaculture.

In addition to affecting the ecosystems of birds, fish and small animals, this practice results in contamination of soil, local rivers and the sea by runoff containing the antibiotics and drugs in formula feed. Such marine pollution has become a social issue.

Initiatives to Resolve the Issue

Inochi-no-Mori-Project

The *Inochi-no-Mori-Project* is a joint mangrove planting project started in 2006 by Nichirei Fresh, a local shrimp supplier, and Tarakan City in Kalimantan, Indonesia to reduce environmental impact from local shrimp farming and enable sustainable procurement of safe and reliable shrimp.

A portion of the proceeds from this extensive shrimp aquaculture, which has been practiced in Indonesia for hundreds of years, is donated to a fund for systematic mangrove planting in ponds that have been abandoned after intensive aquaculture, in local parks, and elsewhere. We are currently expanding our activities into Java and Sumatra in cooperation with local suppliers.



Sign commemorating the project's 10th anniversary



Mangrove planting in coastal areas

1 Extensive Shrimp Aquaculture

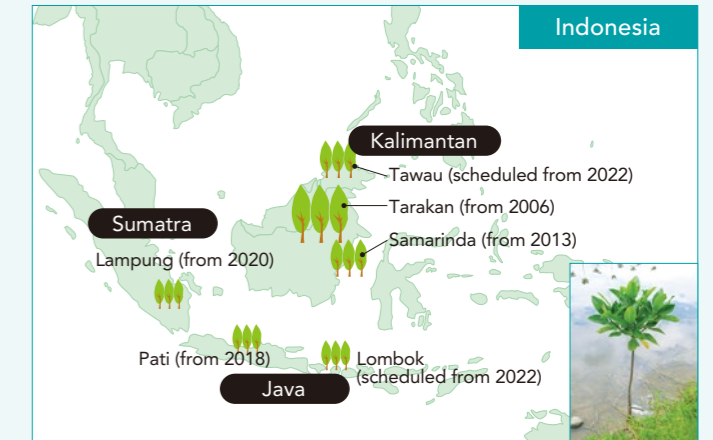
A traditional shrimp farming method in Indonesia, extensive aquaculture makes use of the natural topography. A small number of juvenile shrimp are released into a pond larger than 10 hectares that is surrounded by berms and mangroves. No feed is given, and the shrimp grow by eating plankton from the sea. As a result, impact on the soil is low, diseases peculiar to shrimp are less likely to spread, the shrimp grow larger, and electricity is not used during the cultivation period.



2 Mangrove Planting

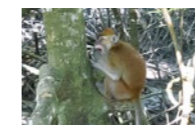
The mangrove planting that started in Tarakan City, Kalimantan in 2006 has expanded to the islands of Java and Sumatra. We have been planting for 15 years, reaching a total of approximately 380,000 mangrove trees in 2021. The soil and ecosystem in and around Tarakan City have been recovering as planting has spread.

Inochi-no-Mori-Project activity reports
<https://www.nichireifresh.co.jp/inochinomori/> (Japanese only)



Social Value

- Contributing to the restoration of local natural ecosystems
- Reducing energy usage
- Increasing CO₂ absorption through larger mangrove forests
- Coexisting with local communities



Economic Value

- Providing high-quality, safe and reliable shrimp
- Improving product brand value
- Providing sustainable shrimp





Based on the understanding that achieving both social and economic value will be impossible unless we create new value, we are working to foster a corporate culture of taking on challenges.

Junji Kawasaki

Director, Executive Officer;
in charge of Innovation Planning & Development
and Quality Assurance,
General Manager of Technology Management

The New Value the Nichirei Group Aims to Create

Under its Mission to “Focus on Lifestyles, and Provide True Satisfaction,” Nichirei has grown along with society. Our Sustainability Policy: The Nichirei Pledge, which we established in April 2022, states that “We constantly strive to create new products and services, while pursuing business activities that help solve issues faced by our customers and communities.” These issues are inadequacies—inconveniences, impossibilities, insufficiencies and dissatisfactions—and resolving them is the way to create new value.

Society is undergoing major changes, including pandemic-driven changes in consumer lifestyles and those caused by abnormal weather due to climate change. A company’s reason for existing and the roles expected of it have changed as well. Food must be considered on a global level: even as Japan’s population shrinks, the world’s population continues to grow, and is eventually expected to exceed 10 billion. Along with the many inadequacies to be resolved in the domain of food, as we see them now, new needs are also sure to arise. These are the areas we must address.

Initiatives for Achieving Our Long-term Management Goals and Realizing Our Vision for 2030

In drawing up Compass Rose 2024, our current medium-term business plan, we had a series of discussions about the new value Nichirei aims for in the domain of food. Ultimately, we decided to focus on three kinds of value: health, enjoyment and eco-friendliness. We consider food tech and digital transformation (DX) to be key concepts for creating this value. By allocating more resources to these two areas in addition to our existing core competencies in the areas of deliciousness and stable supply, we will promote the development of healthy and sustainable ingredients, products and services worthy of the Nichirei brand.

Revision of Group KPIs

To realize our Vision for 2030, we reexamined the specific meaning of “creating new value in food and health” as stated in the Nichirei Group material matters, and the Group measures required to do so. This led us to a target of a total of ¥100 billion in sales from the new ingredients we develop and delicious products and services with a higher level of health value, as mentioned above. We will also work to provide a range of

Taking on New Challenges beyond Our Current Domains of Food and Health to Create New Markets and Value for Customers



information for good eating habits and health, in the hope of reaching a total of 200 million people annually.

Initiatives to Create New Value under Medium-term Business Plan Compass Rose 2024

During WeWill 2021, our previous medium-term business plan, we launched the *Gohan-no-Mirai* project to offer new staple foods with health functions. We also took our first step in providing services via an app by acquiring *me:new*, a startup that operates the AI-based app of the same name that generates menu ideas. In addition, we established an innovation management system (IMS) based on ISO 56002 to systematically conduct activities for innovation.

In addition to *Gohan-no-Mirai* and *me:new*, under Compass Rose 2024 we have started dealing with edible insects, which are attracting attention as a new protein source along with plant-based and cell-cultured meat. Among our existing products in areas with strong potential, we will enhance our *Amani-no-Megumi* series and other meat products with health value and conduct further research on new functions for acerola, which is rich in natural vitamin C. In addition, we consider initiatives to promote nutrition to be key to forming good, healthy

eating habits. We will therefore focus on an initiative to eliminate the contemporary health problem of malnutrition brought on by the double threat of concurrent overnutrition and undernutrition.

We will work to establish our IMS more firmly within Nichirei Corporation and to roll it out throughout the entire Group. This will help us foster a corporate culture of taking on challenges, thus facilitating the creation of value worthy of the Nichirei brand.

Over the past four or five years, each of our organizations has been separately promoting and building frameworks for these new business themes and creating mechanisms to carry them out. To ramp up our efforts to create new value, we combined the two functions of the IMS and new business development to establish Innovation Planning & Development.

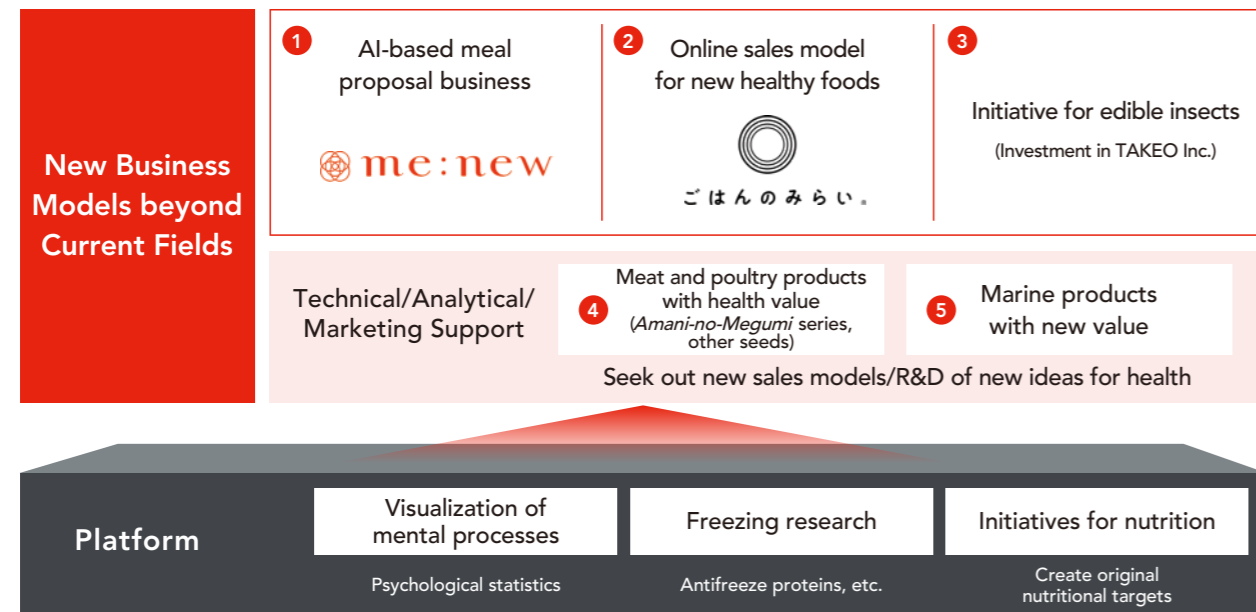
This is a critical moment in terms of sustainability and other major changes society faces. I believe it is comparable in scope to the food shortages Japan faced after the Second World War. We realize that creating both economic and social value is a prerequisite for corporate success and growth going forward, thus we will continue to promote innovation worthy of the Nichirei brand.

Nichirei's New Businesses: Challenges beyond Current Fields

To create new value in food and health, which is one of its material matters, the Nichirei Group will step up development of original new healthy and sustainable ingredients, products and services that are worthy of the Nichirei brand, as well as initiatives for nutrition. We select priority themes for our initiatives from three perspectives: helping to resolve health issues; new food resources and ingredients that are sustainable and eco-friendly; and taking on the challenge of new business models.

Out of a total of five themes, three are being carried out by Nichirei Corporation and two are being conducted in collaboration with operating companies. We will focus our resources on the visualization of consumers' mental processes using our unique psychological statistics, research to discover new value in freezing, and initiatives to create our own nutritional targets.

New Business Models for Health and Sustainable Foods



■ A Data Service Business Based on Food Preference Analysis:

me:new Automatic Menu Generator App <https://info.menew.jp> (Japanese only)

Due to factors including changes in work styles, advances made by women in the workplace and the development of a super-aging society, the need to reduce meal preparation time at home is growing among Japanese consumers. Likewise, needs are rising for meals that take health factors into account, such as nutritional balance and food allergies. Many consumers are finding it difficult to plan daily menus because of these issues. To help resolve them, in August 2021 Nichirei entered the AI-based menu proposal service business by acquiring all the shares of me:new, a startup that operates an automatic menu generator app of the same name, and created a new business by integrating me:new's services with the conomeal kitchen app and services Nichirei developed in-house. The me:new app creates up to a week's worth of menus. Mainly geared toward families with young children, it suggests recipes



that parents and children can eat together, as well as allergy-friendly recipes. Needs for such services are rising in the BtoB as well as the BtoC market. Going forward, we will work to provide new value in the form of a data service business based on our research into food preferences and deliciousness.

■ New Healthy Food: Gohan-no-Mirai <https://gohannomirai.jp> (Japanese only)

In Japan, the consumption of rice, which is the bedrock of the country's food culture, has fallen by half over the past 50 years. Current health fads have led people to avoid carbohydrates, with a tendency to go to extremes in limiting intake. There is also the recent health issue of new types of malnutrition caused by unbalanced diets. Moreover, given the time and trouble required to cook rice, consumption looks likely to continue falling. Nichirei wanted to create an opportunity for Japan to rediscover its rice-based food culture by offering simple and functional new staple foods made from rice, while



eliminating concerns about carbohydrate intake. Gohan-no-Mirai is a new staple food made from rice flour and rice-derived dietary fiber using our original restructuring technology. It contains a full day's recommended allowance of fiber with about half the carbohydrates, and nutrients such as iron and calcium can be added according to the health condition of the person eating it. Because it uses ingredients derived from rice, it reproduces rice's familiar texture and flavor. Furthermore it can be prepared by simply adding hot water, making it a stress-free healthy staple food that can be eaten regularly. We also offer personalized health support by providing nutritionally balanced recipes and consultation services with a registered dietitian. We will use customer data obtained through direct sales and communication on our Gohan-no-Mirai website to improve our products and services, ensuring that our services consistently match needs.

■ Investment in Edible Insect Startup TAKEO <https://about.takeo.tokyo> (Japanese only)

Providing new foods is an important subject for Nichirei, which has an obligation to maintain a stable and sustainable supply to meet potential future food shortages.

Insects have a low environmental impact and excellent nutritional value and production efficiency. As such, they are expected to be a sustainable food resource and have therefore been attracting attention as a new food ingredient over the past several years.

TAKEO Inc., a trailblazer in Japan's edible insect market, has developed a diverse range of products and services for meals in which insects can be enjoyed as

ingredients like vegetables, fish or meat. By investing in TAKEO and combining its know-how with our processing technologies, we will broaden the potential of edible insects to create a new culinary domain.

As a new challenge, Nichirei aims to develop products and provide services that are eco-friendly, good for people, and help make edible insects a more familiar ingredient in meals.



■ Platform

Visualization of Mental Processes

Psychological statistics is the science of quantifying mental processes to visualize them in numerical data and models. It is possible to intuitively identify a consumer's train of thought through quantification and visualization using sophisticated statistical methods such as carefully designed questionnaire surveys, multivariate analysis and structural equation modeling to provide numerical substantiation. Through its joint research with the University, Nichirei is applying and deploying unique psychological statistics techniques in its surveys of employee satisfaction, corporate image and other topics. Going forward, we intend to also use these techniques for original consumer marketing.

Freezing Research

Nichirei is conducting ongoing research on antifreeze proteins (AFPs) for a wide range of practical applications.

AFPs bind to ice crystals, inhibiting their growth. Other effects of AFPs include inhibiting recrystallization, promoting uniform dispersion of solutes and protecting cells in low-temperature environments above the freezing point. Applications are expected in a wide range of fields from food to medicine, cosmetics, reagents and industry. Nichirei will combine the results of this research with its freezing technologies to create new products and services.

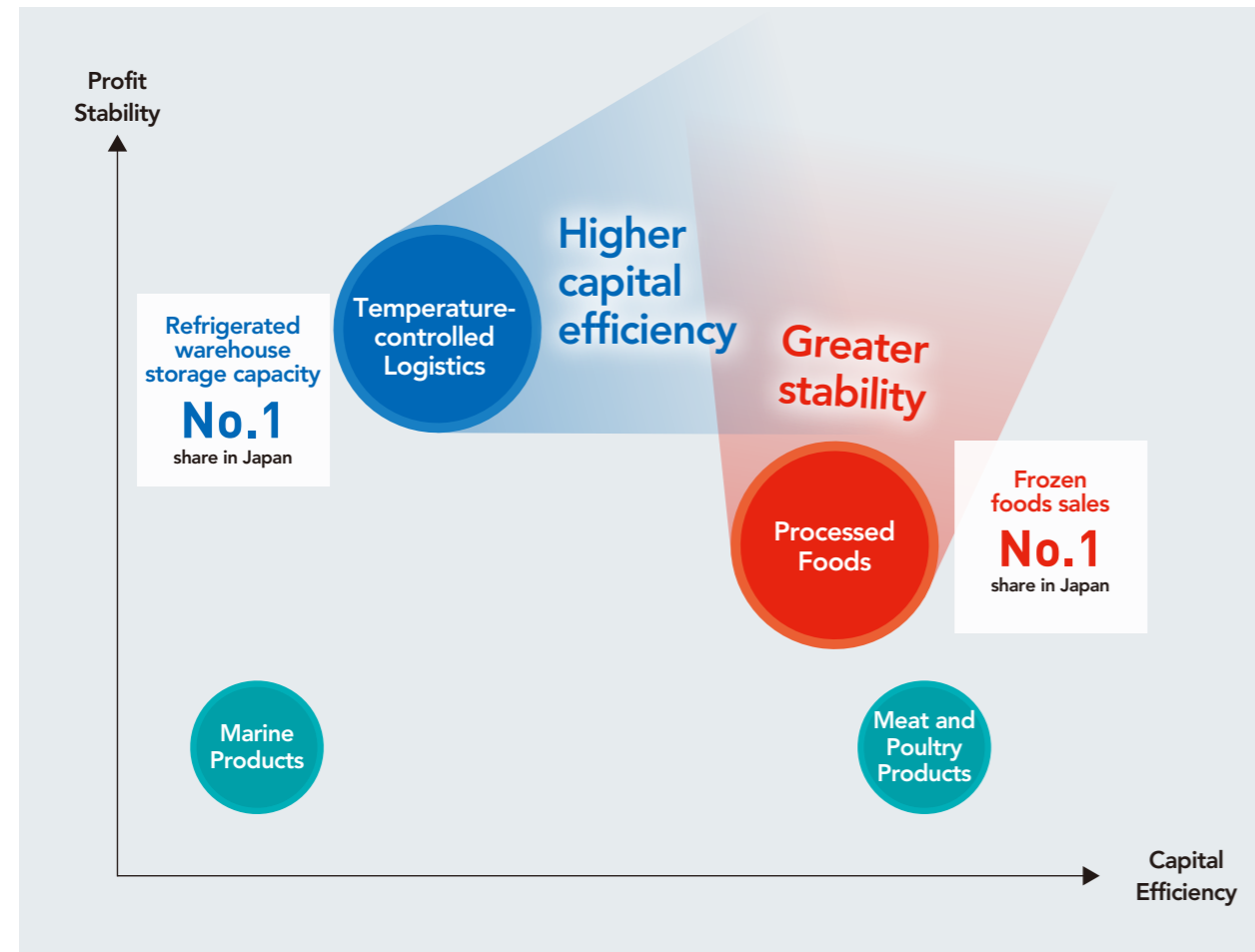
Initiatives for Nutrition

We will step up our initiatives for nutrition to help resolve the health problem of the double threat of concurrent overnutrition and undernutrition. Initiatives will include participation in the Ministry of Health, Labour and Welfare's Strategic Initiative for a Healthy and Sustainable Food Environment with the aim of being able to set targets that ensure intake in recommended amounts while avoiding excessive intake of substances of concern.

Business Portfolio

The Nichirei Group's Business Portfolio

We have achieved results from our business portfolio in terms of growth, profitability and stability by concentrating resources on processed foods and temperature-controlled logistics. The current portfolio is broadly divided into the two businesses of foods and logistics. Our full range of frozen food categories, encompassing marine, meat and poultry products as well as prepared foods and vegetables, gives us the advantage of being able to respond to numerous customers and business categories over the long term. These food products are the base cargo for our temperature-controlled logistics business, and have been indispensable to its growth.



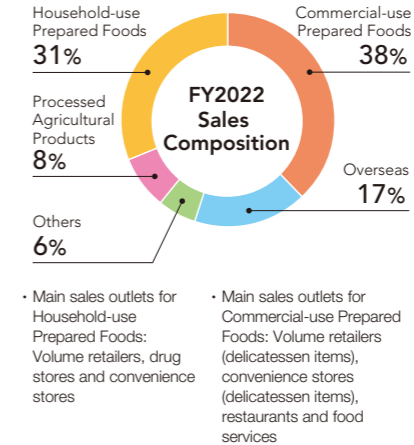
Although the processed foods business has the advantages of high sales growth and capital efficiency, the recent decline in profitability has made its high volatility an issue. In addition, although temperature-controlled logistics can be expected to generate stable earnings, the business is characterized by heavy initial investment burdens that take time to recover, making immediate post-investment improvements in capital efficiency difficult.

	Advantages	Issues
Processed Foods	<p>Sales Growth and High Capital Efficiency</p> <ul style="list-style-type: none"> Sustainable growth is expected in a market with strong demand Differentiated product development capabilities High capital efficiency 	<p>Volatility</p> <ul style="list-style-type: none"> High ratio of overseas production and purchasing necessitates sensitivity to the external environment
Temperature-controlled Logistics	<p>Profit Stability</p> <ul style="list-style-type: none"> Ongoing stable growth with fixed volumes in Japan and overseas Capital equipment is the source of competitive advantage and barriers to entry are high Low ratio of variable costs 	<p>Capital Efficiency and Immediate Return on Investment</p> <ul style="list-style-type: none"> Large initial investment, long recovery period

Processed Foods Business

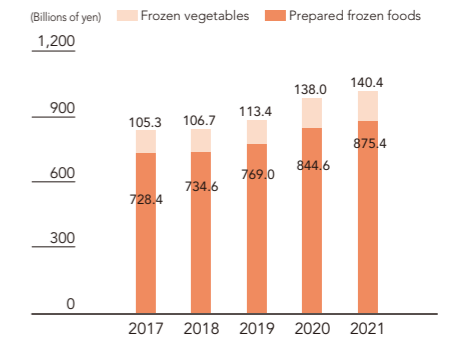
Business Details

Nichirei Foods provides frozen foods (household-use and commercial-use), retort pouch foods and wellness foods that utilize the company's unique capabilities in product development and quality assurance. Our frozen foods business in Japan is characterized by high market share for chicken, processed rice products, frozen vegetables, and spring rolls in both the household-use and commercial-use categories, and the large number of commercial-use products handled for the home meal replacement (HMR) and delicatessen categories. Our overseas business is focusing on the development and sale of Asian food products in North America.



Market Environment in Japan

Household-use Frozen Foods Market Scale



Source: Market scale calculated by INTAGE Inc. SCI consumer panel (Spending per 100 people (age 79 and under); all industry categories)

Temperature-controlled Logistics Business

Business Details

Nichirei Logistics Group is the largest logistics group in Japan, consisting of a logistics network business focused on transportation, XD, LLP and 3PL businesses; a regional storage business that operates logistics facilities; an overseas business that has operations in Europe, China and the ASEAN region; and engineering services for all stages from planning and design to maintenance and management of logistics facilities.

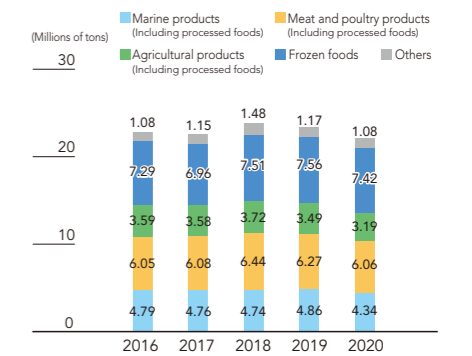
We provide the value of universal, one-stop service through high-performance facilities that have the leading capacity in Japan and that offer meticulous services.

Domestic Refrigerated Warehouse Facility Capacity (As of March 31, 2022)

Area	Number of Facilities	Capacity (Thousands of tons)
Hokkaido	7	94
Tohoku	4	64
Kanto	18	563
Chubu	11	221
Kansai	12	274
Chugoku/Shikoku	12	130
Kyushu	12	175
Total	76	1,523

Market Environment in Japan

Quantity of Goods Stored by Product Category in the Refrigerated Warehousing Industry

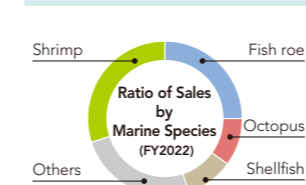


Source: Compiled by Nichirei based on Japan Association of Refrigerated Warehouses documents

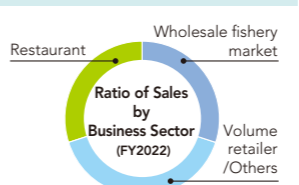
Marine, Meat and Poultry Products Business

Business Details

Marine Products Business



Meat and Poultry Products Business



Market Environment

Amid ongoing high demand for marine products worldwide, procurement conditions remain challenging due to soaring prices in production areas and rising distribution costs, as well as the impact of the weaker yen. In Japan, consumption continues to decline due to consumers' deep-rooted and unchanging inclination toward low prices.

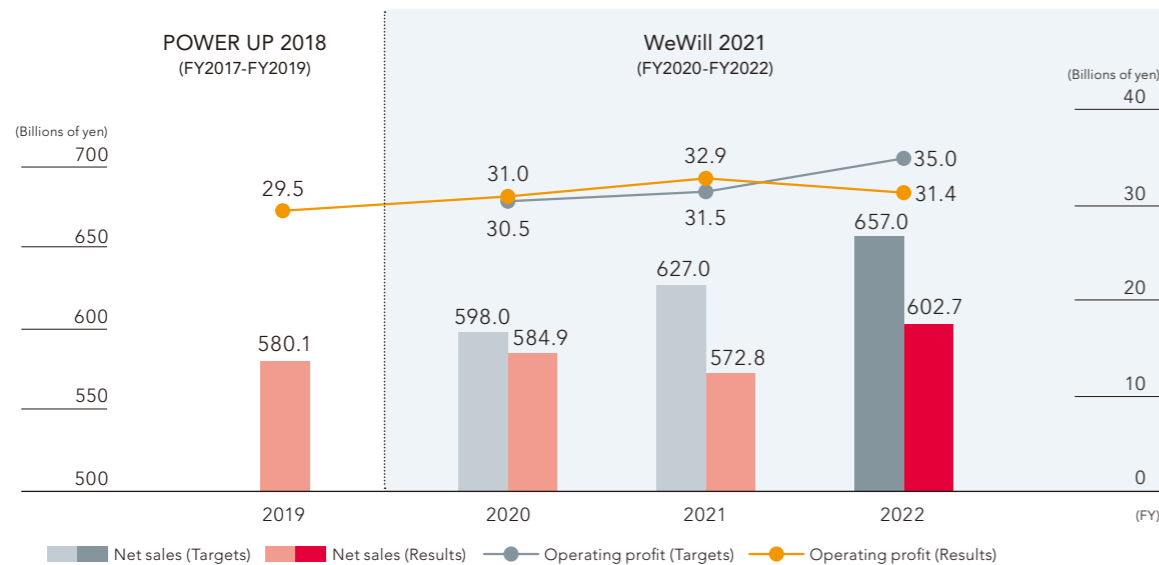
Market Environment

Ongoing increases in feed prices have had an impact on procurement prices for meat and poultry products in general. Concerns in Japan about procurement of imported poultry products, and about the supply of pork due to an outbreak of disease overseas have led to higher domestic market prices for both.

Overall Review

Under our previous medium-term business plan WeWill 2021, we aimed to strengthen our foundation for growth by making capital expenditures, mainly in the processed foods and temperature-controlled logistics businesses. In addition, we conducted initiatives to realize sustainable growth throughout the Group, to improve capital efficiency and expand shareholder returns, and to create new value that supports good eating habits and health. The processed foods business increased sales through concentrated investment in mainstay categories, and the temperature-controlled logistics business achieved stable business growth and improved profitability by strengthening its foundation for adapting to changes in its operating environment. However, we fell short of the consolidated targets for FY2022, the final year of the plan, due to pandemic-related cutbacks in operation at production bases and the rapid rise in raw material prices and other costs.

Consolidated Net Sales and Operating Profit



Priority Measures	Results	Issues
1 Realize sustainable profit growth: Raise profitability by strengthening the management foundation and transforming the business structure	<ul style="list-style-type: none"> Net sales reached record highs from responding to changes in the operating environment caused by COVID-19. Processed foods increased sales of household-use products by capturing demand for eating at home. Temperature-controlled logistics enhanced its operating condition by ensuring the appropriate collection of payments due and promoting business innovation, and achieved profit growth exceeding the plan. Systematically allocated resources to core businesses. 	<ul style="list-style-type: none"> Decrease in profit (and profit margin) of processed foods Delay in responding to soaring raw material prices and yen depreciation Reduced operation at production factories in Thailand Delay in reform of marine products business structure Deterioration of the earnings base in the bioscience business due to delay in responding to changes in the operating environment
2 Improve capital efficiency and expand shareholder returns	<ul style="list-style-type: none"> Maintained ROE of 10% or higher; continuously increased dividends. 	<ul style="list-style-type: none"> Decline in capital efficiency of processed foods and meat and poultry products
3 Create new value that supports good eating habits and health	<ul style="list-style-type: none"> Conducted initiatives to create new value. Improved external evaluation by upgrading infrastructure for sustainability and ramping up ESG initiatives. 	

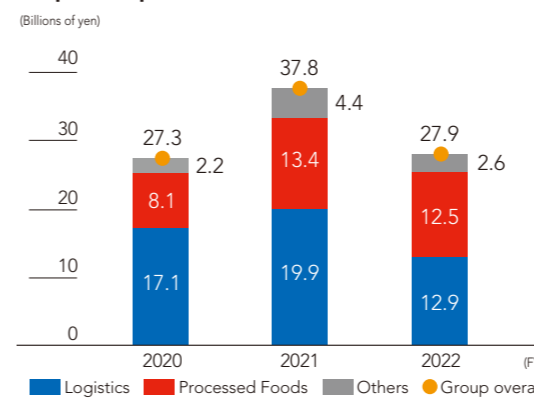
Geopolitical risks and other factors are expected to make the procurement environment increasingly challenging going forward. Under these conditions, we consider conducting profit structure reforms, including appropriate price adjustments and cost reductions, and establishing a sustainable supply chain to be priority issues.

Review of Investment Strategy

During the three years of WeWill 2021, capital expenditures totaled ¥93.0 billion out of a planned ¥100.8 billion, as we invested for growth and strengthened our foundation, mainly in the processed foods and the temperature-controlled logistics businesses.



Capital Expenditures in Each Business



Capital Expenditures

Business	FY	Capital Expenditures
Processed foods	FY2021	Expanded production line at Funabashi Plant Opened second plant at GFPT Nichirei (Thailand) Company Limited
	FY2022	Expanded production line at Yamagata Plant
Temperature-controlled logistics	FY2021	Established Nagoya Minato Logistics Center Established Honmoku Logistics Center
	FY2022	Expanded Lyon Center of Entrepots Godfroy S.A.S. (France) Expanded Maasvlakte Center of Eurofrigo B.V. (Netherlands) Expanded Le Havre Center of Entrepots Godfroy S.A.S (France)
Investments	FY2021	Kevin Hancock Limited (U.K.)
	FY2022	Norish Limited (U.K.) Armir Logistyka Sp. z o.o. (Poland)

Financial Condition and Cash Flow

WeWill 2021	Cash flows from investing activities	Cash flows from financing activities	Free cash flow	Dividends paid	Share buybacks	Total return ratio	D/E ratio (Including leased debt)
	¥119.6 billion	(¥82.5 billion)	¥37.0 billion	¥17.7 billion	¥10.0 billion	43%	0.5 times

Review by Segment

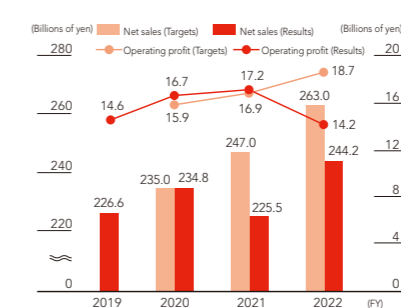
Operating profit from temperature-controlled logistics was strong throughout the three years of the medium-term business plan, but a decline in operating profit from processed foods in the final year (FY2022) caused the Group as a whole to fall short of the plan. Profit exceeded the plan due to recording extraordinary income.*

* Details of extraordinary income (FY2022 results)
Gain on sale of investment securities ¥3.9 billion
Mainly gain on sales of shares of the startup company in India in which the Company had invested

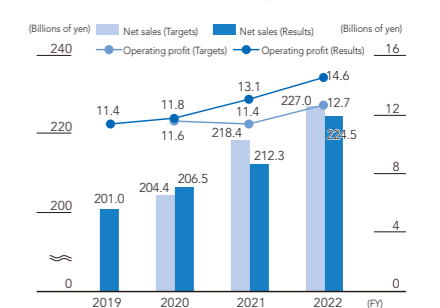
FY2022 Operating and Other Levels of Profit

	FY2022 (Results)	vs. Plan
Operating profit	31.4	(3.6)
Ordinary profit	31.7	(3.5)
Profit attributable to owners of parent	23.4	1.4

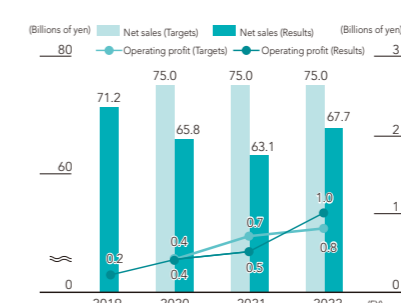
Processed Foods Business



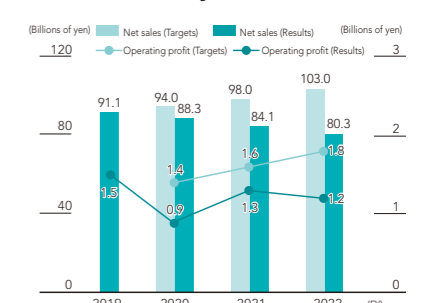
Temperature-controlled Logistics Business



Marine Products Business



Meat and Poultry Products Business



Medium-term Business Plan Compass Rose 2024

https://www.nichirei.co.jp/sites/default/files/inline-images/english/ir/pdf_file/presentation/220510_e.pdf

Basic Policy of the Medium-term Business Plan

The 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 based on 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 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 resource 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		

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.

Non-financial Targets	Details
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 female managers Investment in education/training

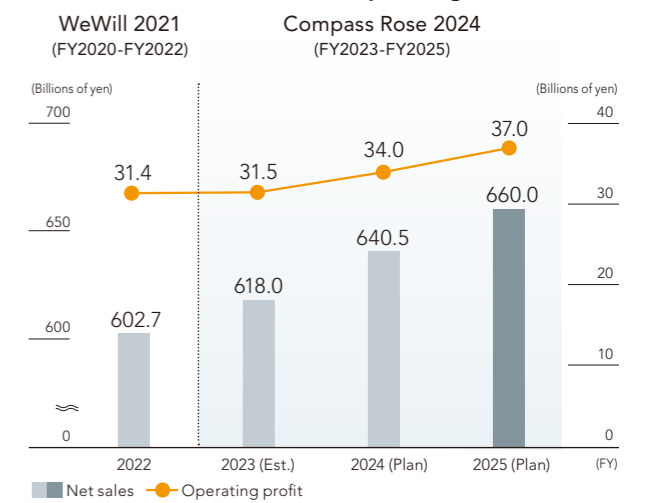
Financial Targets (By Segment)

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	10.0	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%

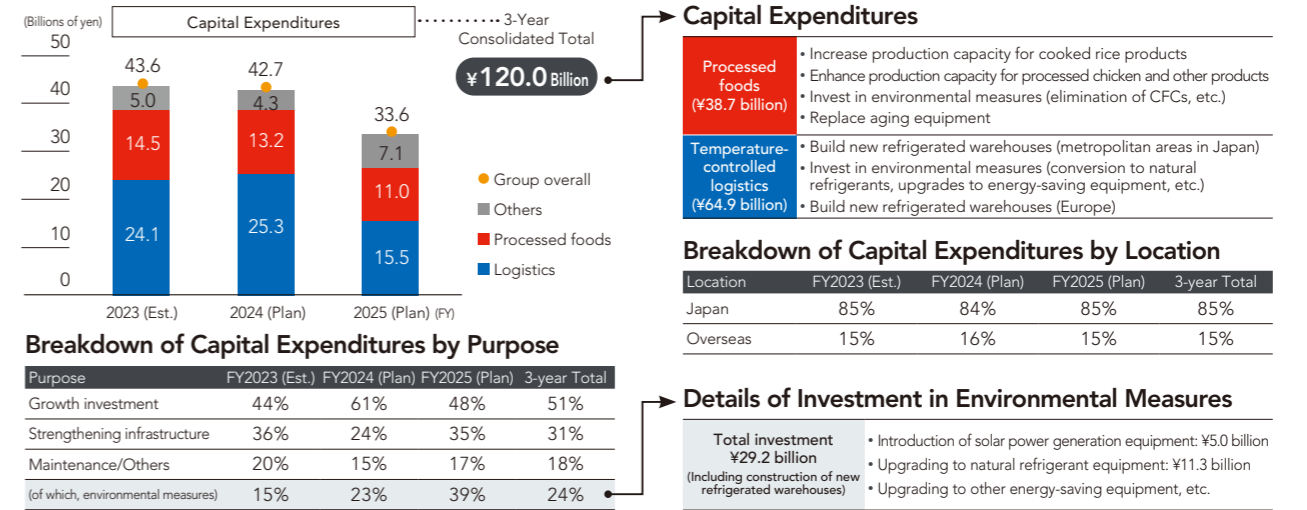
We aim to increase net sales and operating profit by offsetting increased costs for sustainability and other strategic purposes with business growth.

Consolidated Net Sales and Operating Profit



Capital Expenditures (Overview and Rough Breakdown)

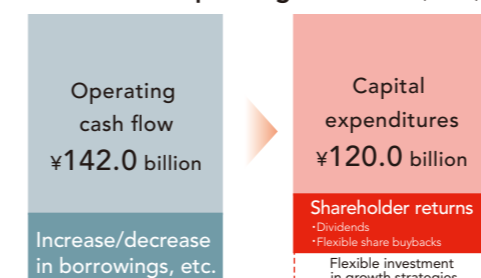
We intend to strengthen our competitive advantages by continuing our concentrated investment in the processed foods and temperature-controlled logistics businesses to increase production capacity and the number of storage facilities. We will also increase investment in environmental measures to help achieve a sustainable society.



Financial Strategy

We will allocate operating cash flow to investment in core businesses for future growth and returns to shareholders. In addition to providing ongoing, steady dividend increases with a target dividend on equity (DOE) of 3%, we will conduct flexible share buybacks based on a comprehensive assessment of our financial condition and free cash flow outlook. We have set a debt-to-equity (D/E) ratio of 0.5 times as a yardstick from the viewpoint of financial soundness and capital efficiency.

Allocation of Operating Cash Flow (Plan)



Financial Condition and Cash Flow

	POWER UP 2018	WeWill 2021	Compass Rose 2024 (Plan)
Cash flows from operating activities	102.0	119.6	142.0
Cash flows from investing activities	(49.6)	(82.5)	(109.0)
Free cash flow	52.4	37.0	33.0
Dividends paid	11.7	17.7	21.0
Share buybacks	23.0	10.0	
Total return ratio	60%	43%	
D/E ratio (including leased debt)	0.5 times	0.5 times	

Management Strategy

Value Creation Story

Business Portfolio
Medium-term Business Plan

Business Strategy

Sustainability

Corporate Governance

Data

Review of Medium-term Business Plan WeWill 2021

Major changes have occurred over the past three years.

Due to the impact of factors related to the COVID-19 pandemic from the end of FY2020, such as restrictions on movement, a slump in sales of commercial-use frozen foods led to a short-term decline in net sales, but business conditions at restaurants and other establishments have been recovering. Net sales increased over the three years of the plan due to contributions from household-use product and e-commerce sectors, which continue to grow as a result of changing lifestyles, and from our overseas business, mainly in North America.

On the other hand, two issues led to an unavoidable decline in operating profit, especially in the final year of the plan. First was disruptions in our network of suppliers for products and raw materials due to substantial pandemic-related curtailment of operations at our chicken processing factory in Thailand, as well as sea freight delays, among other factors. The second issue was high resource prices, which were brought about by the post-COVID restart of the global economy, resulting in higher product costs and reduced profitability. Reorganizing our supply chain and rebuilding our profit base will be urgent issues for business continuity going forward.



Masahiko Takenaga

Director, Executive Officer, Nichirei Corporation
 President, Nichirei Foods Inc.

Business Scale

Total assets	¥150,150 million
Group companies	6 in Japan, 11 overseas
Employees (consolidated)	9,013
Food production factories	20 (15 in Japan, 5 overseas)
Main production facilities	Mori Plant, Shiroishi Plant, Yamagata Plant, Funabashi Plant, Kansai Plant, Kyurei Inc., CHUREI Co., Ltd., GFPT Nichirei (Thailand) Company Limited, Surapon Nichirei Foods Co., Ltd.
Main products	

Advantages

A frozen foods pioneer with Japan's top market share

- Development and processing/production technology capabilities for reproducing the deliciousness of homemade meals or meals prepared by chefs
- Ability to make proposals tailored to diverse business types and consumer needs
- Quality assurance and traceability that support safety and reliability

Policies of Medium-term Business Plan Compass Rose 2024

We believe that Japan's frozen food market will continue to grow, even amid challenging business conditions. Due to the COVID-19 pandemic, the numbers of households using frozen foods and eating opportunities have expanded, and frozen foods have started to become established among consumers as an everyday meal option. Against the backdrop of a chronic labor shortage, there are high expectations for the special qualities of commercial-use frozen foods to meet the market needs of delicatessens, hospitals and senior care facilities in all stages of preparation, from raw materials to finished products. Under these circumstances, we will leverage our advantages—technologies for reproducing deliciousness, and a broad customer base—to further revitalize the market as we grow our business.

Compass Rose 2024 gives top priority to the two above-mentioned issues of reorganizing the supply chain and rebuilding the profit base. For our mainstay category of chicken products, we will strengthen our supply system by promoting mechanization and labor saving at our processing factory in Thailand, and begin diversifying potential risks by producing some products in Japan for a model that is mutually complementary with operations overseas, including in China. For cooked rice products, our other mainstay category, we will bolster our supply chain with a renewed emphasis on domestic rice, a main ingredient that is not affected by the overseas procurement environment or exchange rates. Demand for cooked rice products has grown significantly due to the COVID-19 pandemic and is expected to remain strong. To ensure a more stable supply, we plan to start operation of a new production facility in Munakata City, Fukuoka Prefecture at the beginning of FY2024. From the perspective of our business continuity plan (BCP), this will also help to improve the distribution of our production facilities, which have been concentrated in Funabashi City, Chiba Prefecture. We will also work to improve rice varieties for more efficient harvesting and stable quality, thus contributing to improving Japan's overall food self-sufficiency through the cooked rice products category.

Procurement costs are rising due to soaring raw material and energy prices in addition to the depreciation of the yen. In response, we will cut costs by improving production efficiency and reviewing procurement methods, and make appropriate selling price adjustments with customer understanding.

In addition to the above measures, we will focus on personal-use, single-serving products, cooking ingredients and health to increase added value for our products and enhance brand power, thus building new sources of

profitability. In February 2022, we added a production line at the Yamagata Plant for personal-use, single-serving products. The first product off the new line was *Hiyashi-Chuka*, which offers the new value and enjoyment of a delicious chilled dish that can simply be prepared using a microwave oven. We will also develop and produce commercial-use products that help resolve the social issue of labor shortages, and provide a high level of value for consumers. For cooking ingredients, we are enhancing meal kits, which include vegetables, meat, sauces and other ingredients and frozen vegetables, which have been attracting renewed attention due to the COVID-19 pandemic. As for health, our number one consideration is to provide deliciousness, the universal value of food. Predicated on that, we will utilize the unique formulation and cooking technologies that our R&D and product development departments have refined to contribute to good eating habits through a diverse product lineup.

In the overseas business, the market for Asian foods is expanding rapidly in North America, with ongoing strong sales centered on household-use products. In addition to expanding our mainstay categories of chicken products and cooked rice products, we will enter new categories with the aim of achieving the top share in the Asian foods market. In the acerola business, the strong antioxidant effect of natural vitamin C derived from acerola is gaining renewed recognition in the growing "clean label" market, mainly in Europe and the United States. This winter, production of acerola powder will begin at a new facility at our acerola raw materials subsidiary in Brazil, ramping up our efforts to globally provide the value we have identified through years of research.

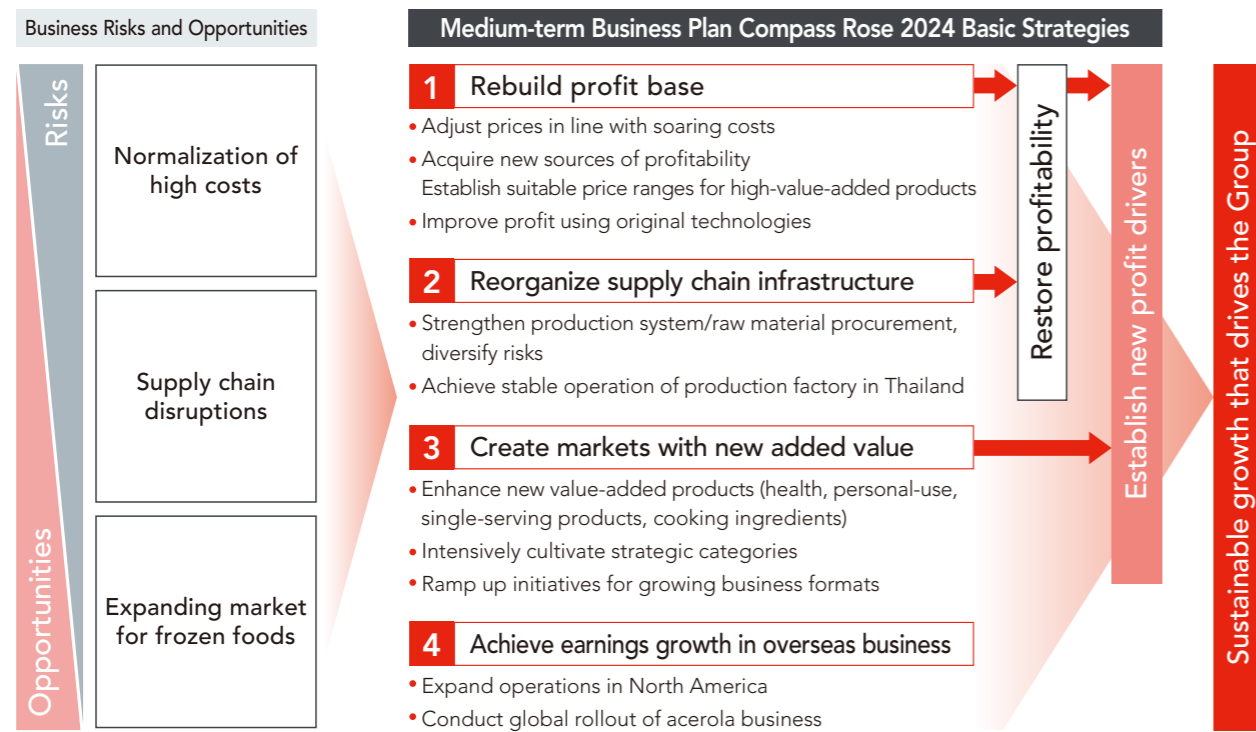
Material Matters for the Group

We consider the five material matters Nichirei has identified to be crucial for medium- to long-term growth and business continuity. For the material matter of "creating new value in food and health," we will use Nichirei's strengths in reproducing deliciousness and superior processing technologies as the basis to develop and utilize new ingredients that address health and environmental concerns, provide new products and services, and offer value unique to frozen products.



Basic Strategy

Achieve sustainable growth by restoring profitability and establishing new profit drivers



- 1 Rebuild profit base**
- ▶ **Adjust prices in line with soaring costs**
 - Adjust selling prices to reflect the impact of high raw material prices and currency translation
 - ▶ **Acquire new sources of profitability**
 - Further enhance brand power and added value through digital marketing and product development to establish higher price ranges
 - ▶ **Improve profit using original technologies**
 - Develop original equipment to achieve differentiation based on quality, and reduce costs
 - Use AI, automation and other advanced technologies to improve production efficiency

- 2 Reorganize supply chain infrastructure**
- ▶ **Strengthen production system/raw material procurement, diversify risks**
 - Cooked rice products: Work with producers to build a sustainable raw material procurement system
 - Achieve both increased production capacity to meet brisk demand and BCP support
 - Chicken products: Establish a mutually complementary model by increasing the proportion of overseas chicken products that are shifted to production in Japan
 - Raw materials: Shift to domestic in-house production of raw materials originally imported for use in main products
 - ▶ **Achieve stable operation of production factory in Thailand**
 - Improve efficiency by automating raw material processing and avoid labor shortages by securing staff
 - Increase production at GFPT Nichirei (Thailand) No. 2 Factory (expanded in 2020) by developing products using new technologies

- 3 Create markets with new added value**
- ▶ **Enhance new value-added products (health, personal-use, single-serving products, cooking ingredients)**
 - Develop products with health value based on our original freezing technologies
 - Provide new value in the household-use and commercial-use categories (welfare meal services, etc.) with personal-use, single-serving products that capture expanding individual demand
 - Conduct a further rollout of meal kits for labor-saving freshly cooked meals
 - ▶ **Intensively cultivate strategic categories**
 - Develop high-value-added products that span strategic categories where Nichirei is strong, such as cooked rice products and chicken products
 - ▶ **Ramp up initiatives for growing business formats**
 - Expand lineup of products with enhanced functionality for the rapidly growing e-commerce and welfare meal business formats

- 4 Achieve earnings growth in overseas business**
- ▶ **Expand operations in North America**
 - Expand the cooked rice product lineup for the vibrant Asian foods market and ensure supply by stabilizing the procurement and production system
 - Enter new categories to increase share in the North American market
 - ▶ **Conduct global rollout of acerola business**
 - Ramp up pace of new value offerings for the “clean label” market that leverage the strong antioxidant effect of acerola

Processed Foods Business Financial Targets (Billions of yen)

	FY2022 (Results)	FY2025 (Plan)	Increase (Decrease)	CAGR
Net sales	244.2	275.0	30.8	4.0%
Household-use prepared foods	76.8	85.2	8.4	3.5%
Commercial-use prepared foods	92.6	102.8	10.2	3.5%
Processed agricultural products	20.0	21.8	1.8	3.0%
Overseas	40.8	51.0	10.2	7.7%
Others	14.0	14.2	0.2	0.6%
Operating profit	14.2	18.4	4.2	8.9%

Material Matter Creating New Value in Food and Health

Creating Markets Based on the Three Areas of Personal-use, Single-serving Products, Health and Acerola

The new production line for personal-use, single-serving products at the Yamagata Plant can flexibly meet diverse needs, allowing us to offer a wide range of meals and container formats. With a commitment to deliciousness that encompasses aroma and appearance, we will create a new market for personal-use, single-serving frozen foods.



New individual-serving production line at the Yamagata Plant

In the area of health, our focus is on developing new technologies that fully utilize the characteristics of freezing. We currently sell calorie-, sodium- and other content-controlled wellness foods online and through other channels, and are developing products with a high level of health value, such as low-sugar and high-protein foods, for use in a wide range of meal options, including restaurants and delicatessens.



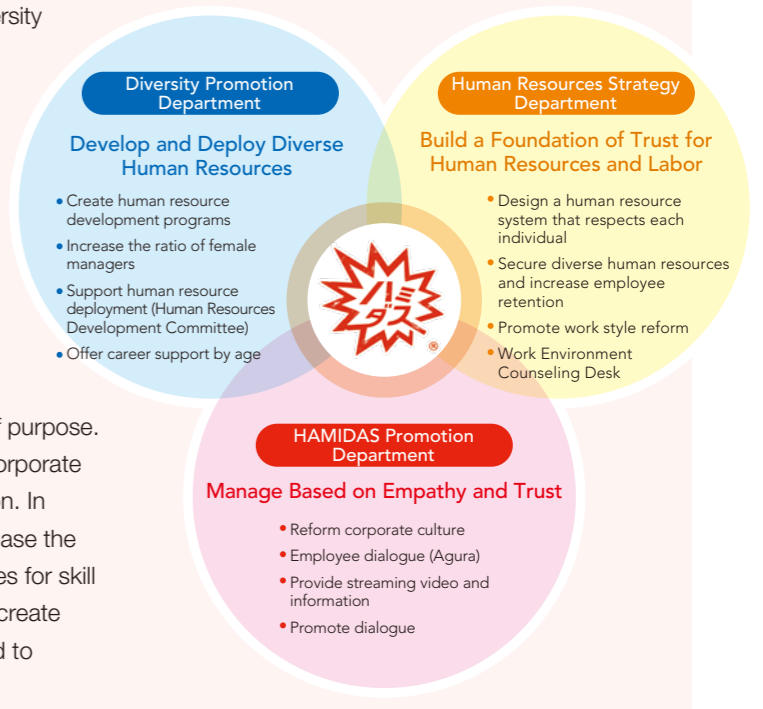
Rich in natural vitamin C and with a strong antioxidant effect, acerola has in recent years been used in a widening range of non-food applications, such as cosmetics. We will further advance research and development to discover and utilize new functionalities.

Material Matter Securing and Developing a Diverse Array of Human Resources

Establishing a New Department and Promotion System to Increase Diversity

In April 2022, Nichirei Foods established the Diversity Promotion Department. The new department will cooperate with the Human Resources Strategy Department and the HAMIDAS Promotion Department in organizational management to promote diversity and inclusion and improve job satisfaction.

We will develop and utilize diverse human resources who respect values that differ from their own and foster a corporate culture and environment in which everyone can make the most of their strengths and work with a sense of purpose. By doing so, we aim for individual growth and corporate growth that creates new value through innovation. In particular, we are focusing on measures to increase the ratio of female managers, to provide opportunities for skill development in response to changing times, to create appropriate training and evaluation systems, and to promote more dialogue within the organization.





Kazuhiko Umezawa

Director, Executive Officer, Nichirei Corporation
 President, Nichirei Logistics Group Inc.

Review of Medium-term Business Plan WeWill 2021

Although our operating environment has changed significantly, the temperature-controlled logistics business achieved record-high consolidated net sales and operating profit in FY2022. In Japan, household-use products remained strong, and we made progress in improving operational efficiency, resulting in steady performance. In the European logistics business, growth in results was driven by capturing Brexit-related demand for customs clearance, together with a recovery in consumption. Altogether, sales of our overseas logistics business exceeded ¥40 billion.

Under WeWill 2021, we strengthened our business structure as we were able to implement business process innovation and receive appropriate payments that reflect higher costs. We also made progress in joint logistics initiatives with frozen food manufacturers and others. As we generated business results, we were also able to make steady investments for growth, including the construction of a new large-scale distribution center in Japan, and M&A and expansion of warehouse capacity overseas.

Policies of Medium-term Business Plan Compass Rose 2024

In addition to having to deal with a labor shortage, Japan's logistics industry is about to enter a period of major change with the imminent "2024 Problem," when penalties will be imposed on trucking companies for exceeding the ceiling on working hours for truck drivers. Viewing this as both a significant challenge and a business opportunity, Nichirei has designated the three years of Compass Rose 2024 as a period for strengthening the business foundation for dramatic growth, and efforts are under way. In response to the 2024 Problem, we have begun developing the next-generation S&U Logistics System (SULS) with the aim of building new transportation and delivery infrastructure. We plan to start with trailer switching operations in Tokyo, Nagoya and Osaka, and then gradually expand to other areas. Because the 2024 Problem is a major issue, we believe it requires an integrated approach that includes a review of the frequency of individual operations and lead times. In one of our initiatives to reduce vehicle waiting time, we generated results during WeWill 2021 by introducing a truck loading dock reservation system and rolling it out to 30 facilities nationwide. Through similar ongoing initiatives, we aim to become an indispensable partner for our customers and to secure predominance in the industry.

SULS (Pages 36-37)

Truck Loading Dock Reservation System (Pages 38-39)

We will also continue working to strengthen our infrastructure in metropolitan areas. In addition to networking our facilities in the Kanto region, in the second half of 2023 we will start operations at a new facility in the Rokko district of Kobe that will mainly handle fruit juice and dairy products.

Moreover, as we continue our efforts from the previous medium-term business plan to promote business process innovation, we will further refine our measures for data-driven operations, automation and labor-saving, and upgrade our technical infrastructure with enhanced engineering. At the same time, we will work to accumulate intangible assets by improving job satisfaction, promoting diversity and conducting internal as well as external branding.

In our overseas business, we will work to grow both sales and profit. During WeWill 2021, we expanded facilities at three bases in the Netherlands and France and acquired temperature-controlled logistics companies in the United Kingdom and Poland. These

moves increased the total storage capacity of our operations in Europe by approximately 160,000 tons and enabled us to enhance the services they provide. Under Compass Rose 2024, we will generate synergies from these investments. By region, we will expand cargo collection in port areas in the Netherlands, offer one-stop services based on full-line functions in the United Kingdom, and use the networks of our enhanced infrastructure to improve transportation and delivery efficiency in France, Poland and Germany.

In Asia, we will continue our efforts from WeWill 2021 to steadfastly respond to the business expansion of our existing customers in China, where the need for temperature-controlled logistics is increasing, while further expanding our own business by rolling out our expertise to other areas. In the ASEAN region, we will ramp up cargo collection by providing support for multiple temperature ranges and value-added services at our newly expanded facility in Thailand. In Malaysia, we will work to expand business by strengthening collaboration between our Group company NL Cold Chain Network (M) SDN BHD, which has strengths in storage, and NL Litt Tatt Group Sdn Bhd, a company with strengths in transportation in which we have acquired an equity interest.

Material Matters for the Group

As stated in Compass Rose 2024, we will work to help resolve social issues with a business strategy centered on enhancing logistics services. Another material matter is climate change initiatives. We will meet social demand by steadily converting our own assets to natural refrigerants. Through capital investment and various measures to improve efficiency, we have reduced CO₂ emissions while growing our business. Going forward, we will also promote the use of renewable energy, including the installation of solar power generation equipment.



Business Scale

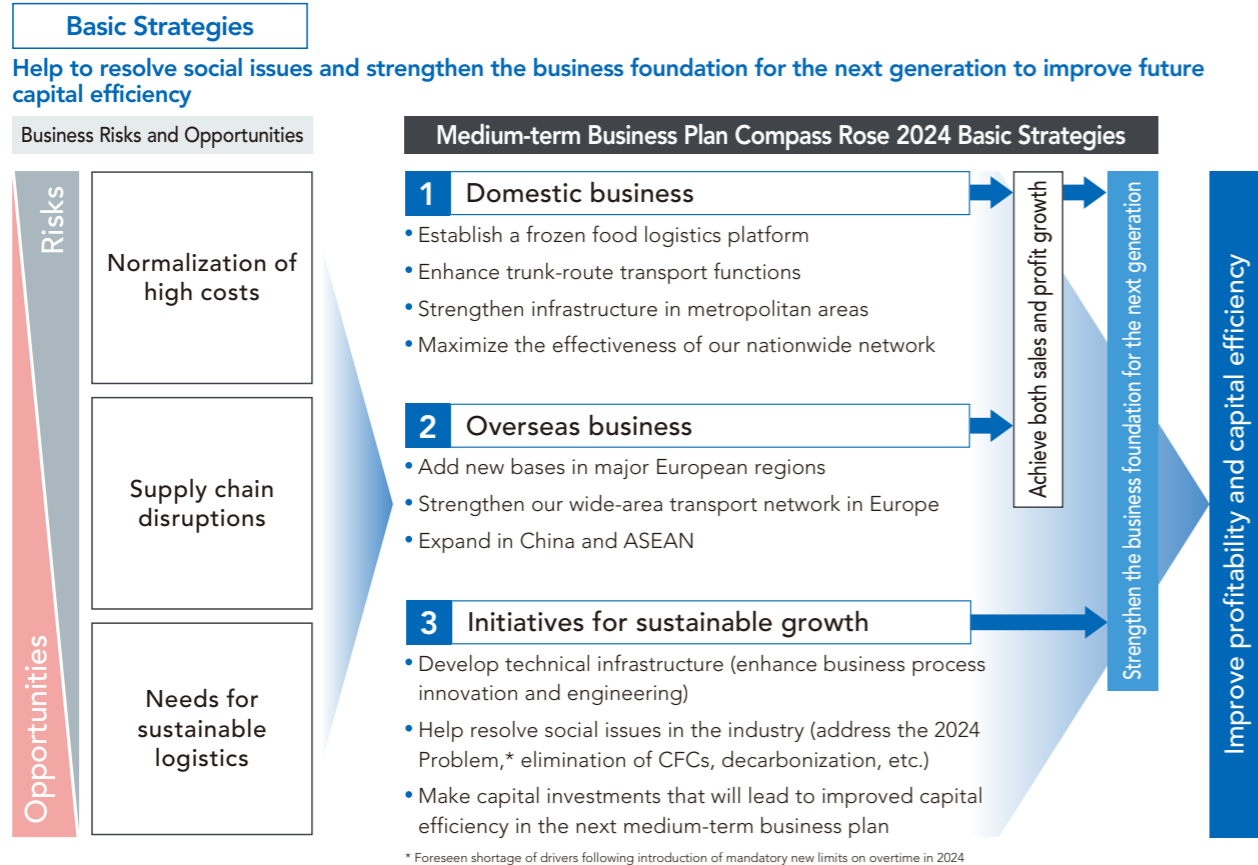
Total assets	¥194,503 million
Group companies	20 in Japan, 17 overseas (affiliates: 6 in Japan and 2 overseas)
Employees (consolidated)	4,609
Facilities	206 (Japan: 148, overseas: 58 46 in Europe, 8 in China, 1 in Thailand and 3 in Malaysia)
Main facilities	Distribution centers: Funabashi DC, Higashi-ogishima DC, Heiwajima DC, Daikoku DC, Nagoya Minato DC, Osaka Futo DC, Osaka Shinnanko DC Cross-docking centers: Kawasaki FAZ XD, Kansai XD
Main businesses	<ul style="list-style-type: none"> • Storage • Overseas business • Transportation • Third-party logistics (3PL) • Cross-docking (XD) • Engineering services

Advantages

Japan's leading advanced temperature-controlled logistics

- Full utilization of storage capacity and transportation and delivery network, enabling optimal solutions that help resolve social and customer issues
- Operational capabilities at logistics sites that provide ongoing support for food based on increasing value through better user experience

Temperature-controlled Logistics Business



1 (Domestic) Strengthen the business foundation for the next generation

- ▶ Establish a frozen food logistics platform
 - Achieve high-level utilization of warehouse storage capacity by increasing the amount of frozen foods and processed products handled
- ▶ Enhance trunk-route transport functions
 - Invest in increasing capacity in metropolitan areas and develop gateway functions
- ▶ Strengthen infrastructure in metropolitan areas
 - Grow asset-light businesses such as lead logistics provider (LLP), transport and cross-docking businesses
- ▶ Maximize the effectiveness of our nationwide network
 - Expand warehouse storage capacity under management by proactively utilizing assets held by other companies

2 (Overseas) Achieve both sales and profit growth

- ▶ Add new bases in major European regions
 - Netherlands: Expand port business in tandem with port warehouse capacity expansion
- ▶ Strengthen our wide-area transport network in Europe
 - UK: Leverage the effects of the acquisition of Norish Limited and expand business through further capital investment
 - Expand our regional transportation and delivery network through high-level cooperation across Germany and Poland
- ▶ Expand in China and ASEAN
 - China: Expand business outside East China
 - ASEAN: Expand integrated logistics services by enhancing coordination between storage and transportation functions

3 Initiatives for sustainable growth

- ▶ Develop technical infrastructure (enhance business process innovation and engineering)
 - Gain a competitive advantage by establishing business infrastructure that addresses the 2024 Problem
- ▶ Help resolve social issues in the industry
 - Promote environmental measures such as reducing CO₂ emissions and converting to natural refrigerants
 - Accelerate digitalization and proactively introduce automation and labor-saving technology
- Address the 2024 Problem
 - Implement measures for elimination of CFCs and decarbonization

Temperature-controlled Logistics Business Financial Targets

	FY2022 (Results)	FY2025 (Plan)	Increase (Decrease)	CAGR
Net sales	224.5	260.0	35.5	5.0%
In Japan	174.4	191.6	17.2	3.2%
Overseas	45.9	63.8	17.9	11.6%
Others/Intersegment	4.3	4.6	0.3	2.6%
Operating profit	14.6	16.2	1.6	3.5%
In Japan	13.4	14.0	0.6	1.4%
Overseas	2.1	3.2	1.1	15.5%
Others/Intersegment	(0.9)	(1.0)	(0.1)	—

(Billions of yen)

Material Matter Enhancing Logistics Services

Making Our Advanced Logistics the Global Standard

Nichirei Logistics Group's European operations started with the acquisition of a cold storage company in Rotterdam, the Netherlands, in 1988. For more than 30 years, we have provided high-quality temperature-controlled logistics services, mainly to local companies in various parts of Europe, contributing to improvements throughout the supply chain in a wide area. Current sales are 3.5 times those of 20 years ago (FY2022 vs. FY2003). Including branches and sales offices, we have expanded to nine countries, and our refrigerated warehouse capacity has grown to the fifth largest in Europe. We will continue working to further deepen and expand our business, both qualitatively and quantitatively, as we strive to become an indispensable partner for our customers on a global scale.

Maximizing Investment Synergies in the European Business



Material Matter Climate Change Initiatives

Initiatives to Convert to Natural Refrigerants and Reduce CO₂ Emissions



Solar panels installed at the Honmoku Distribution Center of Kyokurei Inc. in February 2022

Nichirei Logistics Group is engaged in various initiatives to reduce its environmental impact. We are promoting the use of natural refrigerants in our domestic and overseas facilities, and plan to reach a conversion rate of 75% by 2030. Over the past 10 years, we have grown our business while reducing electric power usage through various ongoing initiatives, from introducing energy-saving equipment to improving efficiency through a review of work operations. We are also proactively implementing and planning to expand measures to use renewable energy, including the installation of solar power generation equipment.

Review of Medium-term Business Plan WeWill 2021

Operating profit for FY2022 in the marine, meat and poultry products business increased compared with the previous fiscal year.

In the marine products business, although our operations for restaurants faced difficulties due to the COVID-19 pandemic, profit increased as we responded flexibly to a wide range of business formats and channels. Sales that captured new needs in e-commerce and other business formats, and sales of ingredients such as crab in North America and China were particularly strong.





In the meat and poultry products business, changing social conditions and other factors led to a downturn in sales of perishables produced in Japan for home cooking. Pandemic-related delays in overseas production and shipping of processed chicken for import to Japan and increased global market prices of imported pork and beef also had a significant impact on business performance. On the other hand, we made steady progress in developing new markets for meat products with health value.



Wataru Tanabe

Director, Executive Officer, Nichirei Corporation
President, Nichirei Fresh Inc.

Business Scale

Total assets	Marine products: ¥28,029 million Meat and poultry products: ¥19,793 million
Group companies	Marine products: 2 companies in Japan, 6 companies overseas Meat and poultry products: 5 companies in Japan
Employees (consolidated)	Marine products: 771 Meat and poultry products: 457
Food production factories	8 (7 in Japan, 1 overseas)
Main production facilities	Marine products: Fresh Maruichi Corporation, Trans Pacific Seafood Co., Ltd. Meat and poultry products: Fresh Chicken Karumai Inc., Nichirei Fresh Process Inc.
Main businesses	   

Advantages

Procurement of premium ingredients from around the world

- Premium ingredient development capabilities that consider health and sustainability
- Capabilities for getting products to customers through optimal processing that combine our trading company and manufacturer functions
- Quality assurance and a thorough production management system that support safety and security
- Procurement network based on long-term relationships of trust with suppliers

Policies of Medium-term Business Plan Compass Rose 2024

Under Compass Rose 2024, with a focus on maintaining healthy lifestyles we will work for stable procurement of food by promoting selection and concentration based on capital efficiency and by ramping up our efforts for sustainability.

The business environment will require flexible responses to the post-COVID resumption of economic activity, supply chain disruptions due to changes in the international situation, and rising costs for grain, energy and other commodities.

While keeping in mind environmental and social issues in our production areas and logistics, we will build a sustainable cycle of production, procurement and sales, and increase profitability by using premium ingredients and optimal processing to improve added value.

■ Marine Products Business

Under Compass Rose 2024, we will promote selection and concentration of the product categories we handle. To improve capital efficiency, we will concentrate management resources on products such as fish roe, for which we have advantages in procurement, and shrimp, for which we have long-standing good business relationships with producers. As an initiative for sustainable procurement in light of the global depletion of marine resources, we will also work to expand sales of our own eco-friendly products (*Inochi-no-Mori-Project* and others) and MSC¹ and ASC² certified products.

In addition, we will build a system at our own factories that continuously generates added value, establishing processing capabilities to meet consumer needs and improving production efficiency.

1. Marine Stewardship Council (MSC) certification requires that wild seafood used has been caught using methods that do not deplete the natural supply.
2. Aquaculture Stewardship Council (ASC) certification requires that marine products used have been cultivated in a sustainable manner.

■ Meat and Poultry Products Business

Under Compass Rose 2024, we will work to strengthen the domestic fresh product supply chain that links production areas and customers. We will strengthen our own factories to build a system for end-to-end handling of everything from the development of premium ingredients from the consumer's viewpoint to production and sales, and work to increase logistics efficiency. We will also work to expand sales of premium ingredients produced with sustainability in mind, such as *Junwakei* chicken, and aim to become a leader in the new market for

meat products with health value such as the *Amani-no-Megumi* series.

From the perspective of capital efficiency, we aim to improve profit margins by optimizing our portfolio of product categories, including strengthening the lineup of processed meat and poultry products, and by increasing added value through optimal processing.

■ Overseas Sales

We will work to expand overseas sales of marine products, which we have set as a growth area. We intend to increase sales of shrimp, crab, processed foods and other products in the booming North American market, and products such as scallops and frozen fish in the Chinese market. The market for Japanese food is growing globally, and Japanese *kaiten-zushi* (conveyor-belt sushi) shop chains and other stores selling Japanese food are opening in rapid succession overseas. We will also utilize the functions of Trans Pacific Seafood Co., Ltd., our processing base in Vietnam, to expand sales through procurement that leverages our advantages.

Although overseas sales of our meat and poultry products are still small, we will expand them by exporting domestic products such as *Junwakei* chicken and Japanese beef in coordination with our overseas bases.

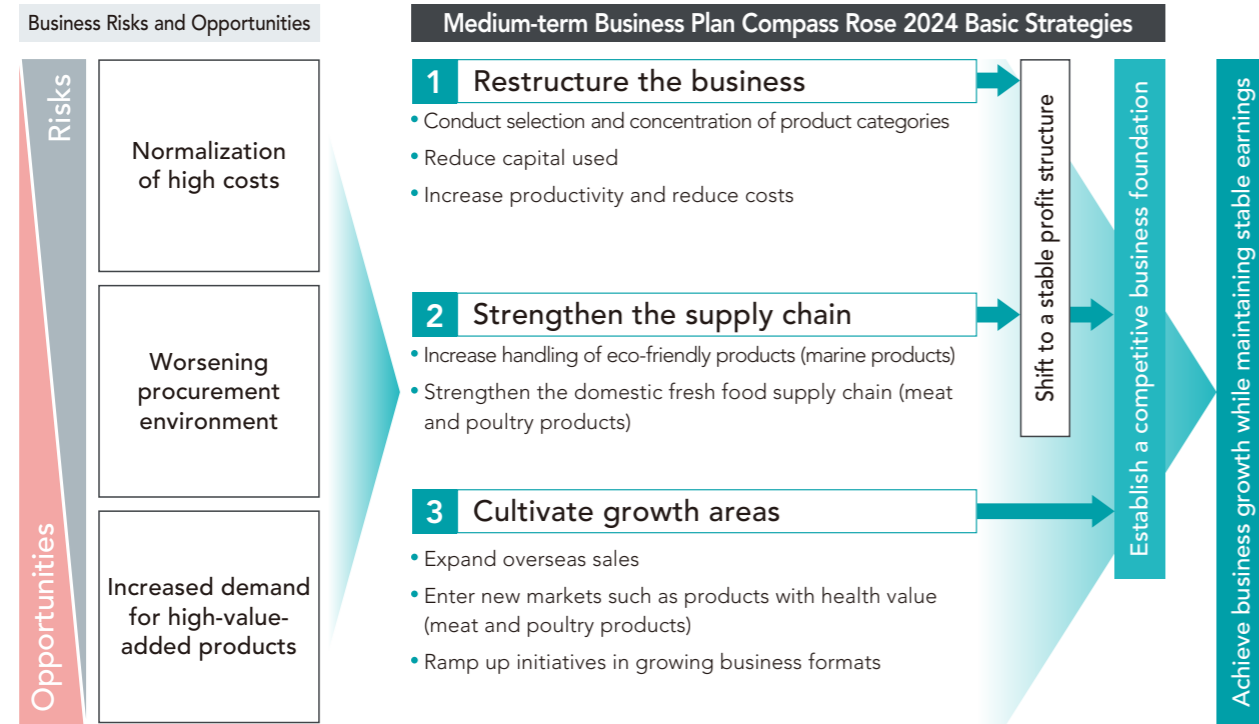
Material Matters for the Group

For creating new value in food and health, we will work to expand sales of the *Amani-no-Megumi* series and other meat products with health value. For realizing sustainable food procurement and resource recycling, we will promote harmonious coexistence with the environment through the *Inochi-no-Mori-Project* and *Inochi-no-Umi-Project* in the marine products business, and take measures to counter global warming by reducing methane emissions from cattle belches. We will also work to address human rights and environmental issues in the supply chain and to expand regional recycling models.



Basic Strategies

Shift to a stable profit structure and establish a competitive business foundation to proceed to the next stage



1 Restructure the business

- ▶ **Conduct selection and concentration of product categories**
 - Increase handling of high-profit products and review low-profit products: Concentrate management resources on products with advantages in procurement, processing and sales, and use less capital
- ▶ **Reduce capital used**
 - Reduce inventories by reviewing procurement methods
- ▶ **Increase productivity and reduce costs**
 - Utilize Trans Pacific Seafood (Vietnam) and improve its productivity (marine products)
 - Increase logistics efficiency (meat and poultry products)

2 Strengthen the supply chain

- ▶ **Increase handling of eco-friendly products (marine products)**
 - Achieve harmonious coexistence with the environment by promoting the *Inochi-no-Mori-Project* and *Inochi-no-Umi-Project*
 - Increase the proportion of MSC/ASC-certified products handled and ramp up sustainable procurement initiatives
- ▶ **Strengthen the domestic fresh food supply chain (meat and poultry products)**
 - Strengthen in-house factories
 - Build a system for end-to-end handling of everything from the development of premium ingredients from the consumer's viewpoint to production and sales

3 Cultivate growth areas

- ▶ **Expand overseas sales**
 - Expand overseas sales in North America and China based on increased demand in the global Japanese food market (shrimp, crab, scallops, frozen fish, sushi ingredients, etc.) (marine products)
 - Coordinate with overseas bases to expand sales locally by exporting products from Japan (meat and poultry products)
- ▶ **Enter new markets such as meat products with health value (meat and poultry products)**
 - Expand sales of *Amani-no-Megumi* series products with health value and *Junwakei* chicken, which is produced using a sustainable regional agricultural and livestock cycle (meat and poultry products)
 - Create meat products that offer new health value from various aspects including functionality, sustainability and animal welfare (meat and poultry products)
- ▶ **Ramp up initiatives in growing business formats**
 - Ramp up initiatives in the growing business formats of e-commerce, mail order, home delivery and gift markets

Marine, Meat and Poultry Products Business Financial Targets

	FY2022 Results	FY2025 Plan	Increase (Decrease)	CAGR
Net sales (total)	148.0	139.0	(9.0)	(2.1%)
Marine products	67.7	44.0	(23.7)	(13.4%)
Meat and poultry products	80.3	95.0	14.7	5.8%
Operating profit (total)	2.2	3.0	0.8	10.9%
Marine products	1.0	1.0	0	1.5%
Meat and poultry products	1.2	2.0	0.8	19.6%

Material Matter Creating New Value in Food and Health

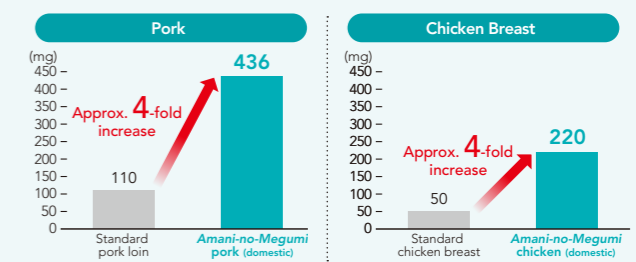
Aiming to Lead the Industry in the New Market for Meat Products with Health Value

Nichirei Fresh conducts research and development of meat products with enhanced health value, and produces and sells meat with a focus on omega-3 fatty acids. Omega-3 fatty acids are called essential fatty acids because the human body cannot synthesize them, so they must be ingested in food or through other sources. However, they tend to be lacking in the diet of today's Japanese people, so finding a way to achieve a balanced intake is considered important. One omega-3 fatty acid, α -linolenic acid, is abundant in blue-backed fish, flaxseed oil and perilla oil. Nichirei Fresh gives chickens, pigs and cattle* a formula feed that uses flaxseeds as an ingredient. This results in tender and juicy meat that is abundant in omega-3 fatty acid (α -linolenic acid), which it sells as the *Amani-no-Megumi* series.

The *Amani-no-Megumi* series was the first product in the meat products category to be recognized by physicians on the AskDoctors medical advice website. Nichirei Fresh will continue to offer support for health management and balanced diets through meat products for everyday meals.

* There are individual differences among cattle.

Comparison of Amount of Omega-3 Fatty Acid (α -linolenic Acid) That the Body Can Absorb from 100 Grams of Meat



Amani-no-Megumi
http://www.goodbalancemeat.jp/ (Japanese only)

Source: Nichirei Fresh study

Material Matter Realizing Sustainable Food Procurement and Resource Recycling

Promoting Sustainable Food Procurement with Stakeholders

Nichirei Fresh works with local governments, suppliers and business partners in production areas to realize sustainable procurement of the foods that underpin its business. In the marine products business, Nichirei Fresh has been working with local suppliers in Kalimantan, Indonesia since 2006 to promote a shrimp farming method called extensive aquaculture, which does not use electricity or feed. The company has also jointly launched a mangrove tree planting fund called the *Inochi-no-Mori-Project*, and uses the profits from the shrimp it raises through extensive aquaculture to plant trees in local coastal areas. In addition, the company is increasing the proportion of MSC/ASC-certified marine products it procures from outside Japan.

Nichirei Fresh Products That Have Obtained MSC/ASC Certification (As of June 2022)

Certification	Products
ASC Certification Number: ASC-C-01632	Giant tiger prawn, Whiteleg shrimp, Pacific oyster, Atlantic salmon, Coho salmon, Rainbow trout
MSC Certification Number: MSC-C-52165	Arctic surf clam, Arrow-tooth flounder, Flathead sole, etc., Atka mackerel, Capelin, Chinook salmon, Silver salmon, Pink salmon, Herring, Japanese carpet shell, Longfin inshore squid, Pacific cod, Pacific oyster, Chum salmon, Red king crab, Snow crab, Sockeye-red salmon, Walleye pollock, Yesso scallop



Shio Sujiko (salted *sujiko*), processed roe from MSC-certified Alaskan sockeye-red salmon

純国産鶏種
純和鶏
持続可能
エコデザイン
First Specific Japanese Agricultural Standards (JAS) certification given to a poultry product for sustainability

In the meat and poultry products business, since 2009 Nichirei Fresh has been implementing a sustainable regional agricultural and livestock cycle in Hirono, Iwate Prefecture through the production of the *Junwakei* breed of chicken (a crossbreed of two native Japanese species). In 2020, *Junwakei* chicken became the first poultry product in Japan to acquire Specific Japanese Agricultural Standards (JAS) certification for sustainability.

Nichirei Fresh will continue to work with its stakeholders to help resolve social issues through its business.

Inochi-no-Mori-Project (▶Pages 40-41) *Junwakei* Chicken (▶Page 77)



Hideo Yokoi
 Representative Director, Executive Officer, Nichirei Corporation
 President, Nichirei Biosciences Inc.

Transformation of the Bioscience Business

Nichirei launched its bioscience business in the 1980s as part of a drive to create new businesses. In addition to the import and sale of fetal bovine serum required for cell culture, we expanded our business through the manufacture and sale of cow placenta extract, which is a raw material for cosmetics.

Since the 1990s, we have also been conducting a biomedical materials business (involving the import and sale of growth media used for cell culture), a functional materials business¹ (involving the sale of powders and other products made from acerola), a molecular diagnostics business (involving the development, manufacture and sale of diagnostic agents using antibodies produced from cultured cells), and an immunochromatographic assay business.²

1. The functional materials business was transferred to Nichirei Foods in June 2021.
 2. The rapid diagnostics business changed its name to the immunochromatographic assay business in April 2022.

Review of Medium-term Business Plan WeWill 2021

In the molecular diagnostics business, sales were weak due to a decline in the number of pathological examinations as people tended to refrain from visiting medical institutions during the COVID-19 pandemic. On the other hand, we launched two types of diagnostic agents for automated immunostaining devices in FY2022, and we expect to expand sales during Compass Rose 2024. Although it took time to integrate the medical instrument manufacturing subsidiary in the United States that we acquired in 2019, as a growth

business it has steadily increased sales.

The impact of COVID-19 was greatest in the immunochromatographic assay business, where there was a decrease in sales volume of influenza antigen test kits, which had accounted for about 80% of sales. Although we increased sales of antigen test kits for COVID-19, it was not enough to compensate, due in part to the smaller overall number of test kits in the market in comparison with those for influenza.

Thus the COVID-19 pandemic led to substantial changes in the market, resulting in decreases in sales and profit during WeWill 2021. Selection and concentration to rebuild our businesses in line with these changes in our operating environment is an issue to address in Compass Rose 2024.

Policies of Medium-term Business Plan Compass Rose 2024

Under Compass Rose 2024, we will redirect management resources to the molecular diagnostics business, which is a growth area. *Histofine ALK iAEP[®] Kit*, our mainstay companion diagnostic,³ is representative of our diagnostic agents that use antibodies to detect biomarkers in oncology tests. The number of cancer patients is rising globally, including in Japan, where the population is aging. Given this, the need for diagnostic reagents in selecting optimal treatment methods is expected to continue increasing. In addition to developing, producing and selling diagnostic reagents, we sell automated immunostaining devices for immunohistochemical staining tests. A business model that integrates these product areas is not one that other companies can immediately copy. In addition to antibody-based diagnostics, we are also moving forward with an application for regulatory approval for a molecular diagnostic product from

Biocartis SA, a Belgian company with which we formed a business alliance in 2019, with plans for a launch during Compass Rose 2024.

In the biomedical materials business, given expectations of growth in the biopharmaceutical development and regenerative medicine markets, we will work to maintain and expand sales of serum, which has been an area of strength for us.

Sales of the immunochromatographic assay business are dependent on the state of the COVID-19 pandemic. However, once influenza becomes prevalent again, we foresee increased needs for simultaneous testing for influenza and COVID-19. We therefore intend to provide the necessary test kits in line with market needs to help resolve social issues and generate economic value.

3. In-vitro diagnostics for testing one's biomarkers or genes, enabling patients to receive appropriate drugs or therapies. They are used to improve the efficacy and safety of certain drugs, and now several companion diagnostics are used to assess whether patients are eligible for molecular targeted cancer therapies.

Material Matters for the Group

Nichirei Biosciences' vision is to offer ongoing support for health by providing new value. Consequently, the Nichirei Group's material matter of "creating new value in food and health" is not so much a focus area for us as the very essence of our business. We also work for "realizing sustainable food procurement and resource recycling" as a common theme throughout the Nichirei Group. In the FY2022 sustainability assessment by EcoVadis, we received a silver rating,⁴ an evaluation we intend to maintain and improve.

4. EcoVadis, which provides comprehensive assessments of corporate sustainability, has rated approximately 80,000 companies in 200 industries in 160 countries in the areas of the environment, labor and human rights, ethics, and sustainable procurement. The silver rating is awarded to only the top 25% of all companies that undergo the assessment.



Business Scale

Total assets	¥7,847 million	Employees (non-consolidated)	96
Main facilities	Nichirei Biosciences Global Innovation Center (production and R&D facilities) Pathcom Systems Corporation (California, U.S.A.)		
Main products	Molecular diagnostics, biomedical materials and immunochromatographic diagnostic reagents		



Histofine ALK iAEP[®] Kit companion diagnostic



Histostainer-AT automated immunostaining device

Advantages

- Accumulated technologies for development, production, and quality evaluation of diagnostic agents that use antibodies
- A molecular diagnostics business model that combines the development and production of both diagnostic agents and immunostaining devices

Close Up

Letter of Appreciation from the Ministry of Health, Labour and Welfare and the Ministry of Economy, Trade and Industry for the Supply of COVID-19 Antigen Test Kits

As the Omicron variant of COVID-19 spread rapidly in January 2022, the Ministry of Health, Labour and Welfare asked manufacturers to increase production of antigen test kits. We received a message of gratitude from the ministry for fulfilling our corporate responsibility of providing a stable supply of such kits.



Development of New Technologies

Needs relating to good eating habits have been growing and diversifying among customers and within society at large. In the drive to further strengthen its core competencies and proactively resolve social issues, Nichirei will leverage its production technologies and logistics expertise, while drawing on new developments including those in AI, IoT, autonomous driving, and robotics.

■ Launch of Single-serving Noodles Using Original Technology That Keeps Noodles Cold When Prepared in a Microwave

https://www.nichireifoods.co.jp/news/2022/info_id13305 (Japanese only)

In March 2022, Nichirei Foods launched *Hiyashi-Chuka* (chilled Chinese noodles), a household-use frozen food product it developed as the first in a series of single-serving noodle products that can be prepared in a microwave. A microwave oven heats food by causing the water molecules in food to vibrate. The bonded hydrogen molecules in ice are less affected by microwaves, so they are harder to melt, while the molecules of the frozen noodles are further apart, making them easier to warm. We put these different characteristics of each food product to use in developing an original technology* for producing chilled noodles that remain cold even after they have been prepared in a microwave. This product took about five years to bring to market from the initial concept, with about three of those years for commercialization. With our many years of research into frozen foods, we take pride in the concept behind this unique product, which is the first in the industry to utilize the characteristics of ice in a microwave.

*Patent pending



Three Features

1. Patented technology for maintaining coldness of noodles once prepared
2. Frozen noodles that retain a chewy texture



3. Two-level tray that attractively displays the ingredients

In fall 2022, we will launch the second product in this series, *Gokubuto-Tsukemen* (chilled thick Chinese noodles served with a dipping sauce). This product also applies our original technology that uses ice to keep the noodles cold while enabling the broth to warm. It features homemade-style extra-thick noodles made with whole



wheat flour and a rich broth with a seafood and pork flavor.

The development of these products was driven by the move toward lifestyles that rely on cooking and eating outside the home, as well as an increase in single-person households that has in turn increased demand for personal-use, single-serving meals containing a staple food and a main dish, as well as snacks that can be eaten with one hand. In response to this situation, Nichirei Foods' Yamagata Plant in Tendo City, Yamagata Prefecture invested approximately ¥4 billion in a production line for personal-use, single-serving frozen foods. It began operating in February 2022. This will help us meet personal-use product demand, which is expected to grow, and capture stay-at-home consumption.

■ Expiration Date Reader AI Solution for Tablet Inspections*

Following field tests, in FY2021 Nichirei Logistics Group began introducing an AI solution for automatically reading expiration dates from image data at 50 bases nationwide. As part of its efforts to fully digitalize warehouse operations, the Group has adopted tablet devices and is using AI solutions to enhance their functionality. Previously input manually, expiration date input can now be completed hands-free using AI, enabling highly accurate readings of 93% or higher and fast processing speeds of about two seconds. This has further improved quality control as it enables us to capture expiration date images and to then convert those images into data records, simplifying overall operations so that they can be performed by anyone, thus facilitating stress-free work.



* Automated expiration date reader AI solution: Preprocessing technologies that use AI-OCR (Optical Character Recognition/Reader) and image recognition to identify the characters of the expiration date from the image and cross-reference the recognized expiration date with information in the cloud, thereby achieving higher reading accuracy.

■ Autonomous Driving Forklifts

In January 2018, Nichirei Logistics Group began conducting field tests of autonomous driving forklifts at refrigerated warehouses. In 2021, they were introduced at the Daikoku Distribution Center of Group company Kyokurei. A distinctive characteristic of autonomous driving forklifts is that they can be given instructions using a tablet device, thereby making safe operation possible for employees who might otherwise lack the physical strength or operating skills to manually operate a forklift. Going forward, we will steadily increase the number of facilities with autonomous driving forklifts and tie that measure into reducing working hours, economizing on manpower for on-site work, and improving occupational health and safety at our warehouses.



An autonomous driving forklift featured in OriOri, an in-house Group publication

■ Automated Guided Vehicles (AGVs)

In 2021, Nichirei Logistics Group introduced automated guided vehicles (AGVs) at the Sendai Distribution Center of Nichirei Logistics Tohoku. AGVs are used for transporting pallets supplied by Phoxter Corporation (Headquarters: Toyonaka City, Osaka; President & CEO: Junichi Sonoda), which develops image processing technology and AGVs. AGVs for transporting roll pallets have also been introduced at five transfer centers.

The Group is focused on process innovation to address labor shortages, reduce the load on workers, and revolutionize on-site work so that anyone can do it. We will continue to work on building an optimal labor environment and system leveraging the characteristics of both humans and machines.



AGV for transporting pallets

AGV for transporting roll pallets

■ Start of Proof-of-Concept for Introduction of New Robot

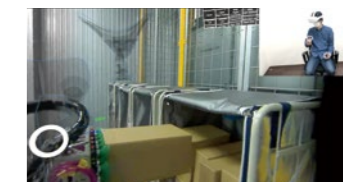
Nichirei Logistics Group Inc. collaborated with Telexistence Inc. to conduct a demonstration test in which Telexistence's remote-controlled robot loaded mixed cargo on basket carts in the refrigerated area of a logistics facility.

The test confirmed the feasibility of creating a remote, stress-free work environment in logistics centers in which an operator in an office remotely controls a robot in a refrigerated area. The work involved the operator visually confirming each piece of cargo and its place of loading, them moving the robot and its arm by remote control.

We will continue to proactively introduce cutting-edge technology and digitalize operations in working to achieve sustainable logistics that support the supply chain.



Robot loading cargo on a basket cart



Robot operator using goggles to check the cockpit view for remote control operation