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Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the
Financial Instruments and Exchange Act)

Fiscal year (The 105th Term) (From April 1, 2022
to March 31, 2023)

Nichirei Corporation (E00446)

6-19-20 Tsukiji, Chuo-ku, Tokyo

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[Independent Auditor’s Report]

[Cover]

[Documents Filed]	Annual Securities Report
[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director of the Kanto Local Finance Bureau
[Filing Date]	June 27, 2023
[Fiscal year]	The 105th Term (from April 1, 2022 to March 31, 2023)
[Company Name]	Kabushikigaisha Nichirei
[Company Name in English]	NICHIREI CORPORATION
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[Location of Registered Office]	6-19-20 Tsukiji, Chuo-ku, Tokyo
[Phone No.]	03 (3248) 2165
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[Contact Person]	Tatsuya Tanaka Group leader, Corporate accounting group, Accounting & Tax division
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)

- In this report, NICHIREI CORPORATION is hereinafter referred to as the “Company” and together with its consolidated subsidiaries as the “Nichirei Group” or the “Group.”
- The term “FY” preceding a year means the twelve-month period ended March 31 of that year. For example, “FY2023” refers to the twelve-month period ended March 31, 2023. All other references to years refer to the applicable calendar year.
- Negative balance or amount is presented with “△.”
- “¥” or “yen” means Japanese yen.

Part I Corporate Information

I. Group Overview

1. Trends of Major Management Indicators

(1) Consolidated Management Indicators

Fiscal year		101st term	102nd term	103rd term	104th term	105th term
Year end		March 2019	March 2020	March 2021	March 2022	March 2023
Net sales	(Millions of yen)	580,141	584,858	572,757	602,696	662,204
Operating profit	(Millions of yen)	29,511	31,035	32,949	31,410	32,935
Ordinary profit	(Millions of yen)	29,864	31,777	33,532	31,667	33,448
Profit attributable to owners of parent	(Millions of yen)	19,943	19,609	21,212	23,382	21,568
Comprehensive income	(Millions of yen)	18,956	16,100	25,609	26,792	27,664
Net assets	(Millions of yen)	183,805	191,388	210,426	217,903	233,513
Total assets	(Millions of yen)	377,257	390,004	405,719	427,606	457,333
Net assets per share	(Yen)	1,326.81	1,384.90	1,525.76	1,630.84	1,757.70
Profit per share	(Yen)	149.65	147.16	159.19	176.72	167.14
Diluted profit per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	46.9	47.3	50.1	49.4	49.1
Return on equity	(%)	11.7	10.9	10.9	11.3	9.9
Price-earnings ratio	(Times)	18.2	20.8	17.9	13.4	16.1
Cash flows from operating activities	(Millions of yen)	31,311	39,441	45,453	34,660	37,865
Cash flows from investing activities	(Millions of yen)	△17,918	△24,300	△32,213	△26,016	△26,844
Cash flows from financing activities	(Millions of yen)	△9,088	△10,225	△10,709	△14,179	△8,591
Cash and cash equivalents at end of period	(Millions of yen)	20,668	25,434	28,011	23,340	27,767
Number of employees (Average number of temporary employees during period not included in above)	(Persons)	15,710 (2,918)	15,824 (2,922)	15,383 (2,708)	15,296 (2,692)	15,766 (2,656)
Equity ratio based on fair value	(%)	96.4	104.4	93.6	71.7	74.9
Interest-bearing liabilities (Amounts excluding lease liabilities)	(Millions of yen)	95,951 (78,923)	96,351 (80,669)	96,423 (80,757)	104,718 (90,172)	114,580 (100,064)
Interest-bearing liabilities to cash flow ratio	(Year)	2.6	2.7	2.1	2.2	2.3
Financial balance	(Millions of yen)	1	105	170	289	281
Interest coverage ratio	(Times)	42.8	45.3	64.0	72.2	62.9
Amount of capital investments, etc.	(Millions of yen)	24,132	27,287	37,776	27,913	30,416
Depreciation	(Millions of yen)	17,481	18,355	19,669	21,089	22,198
Number of treasury shares	(Shares)	6,658,466	6,739,790	6,741,928	4,522,808	6,351,246
Number of consolidated subsidiaries	(Companies)	69	72	73	77	80
Number of affiliates accounted for by equity method	(Companies)	15	16	16	16	18

Notes

1. “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards have been applied from the beginning of the 104th term fiscal year, and the major management indicators, etc. for the 104th and subsequent fiscal years are those after the application of these accounting standards.
2. “Diluted profit per share” is not disclosed since there are no diluted shares.
3. Calculation method of each indicator from “Equity ratio based on fair value” to “Interest coverage ratio” is as follows.
 - Equity ratio based on fair value: Total market capitalization divided by Total assets
Total market capitalization is calculated as follows.
Closing stock price at end of period (Tokyo Stock Exchange Prime Market) multiplied by
Number of shares outstanding at end of period (after deducting treasury shares)
 - Interest-bearing liabilities
Short and Long-term borrowings + Commercial papers + Bonds payable + Lease liabilities
 - Interest-bearing liabilities to cash flow ratio
Interest-bearing liabilities ((Beginning of period + End of period) divided by 2) divided by Operating cash flows
 - Financial balance
(Interest income + Dividend income) — (Interest expenses + Interest on commercial papers)
 - Interest coverage ratio
Operating cash flows divided by Interest payments
Interest payments are Interest expenses disclosed in the consolidated statement of cash flows.
 - In calculating “Interest-bearing liabilities to cash flow ratio” and “Interest coverage ratio,” Operating cash flows are cash flows from operating activities disclosed in the consolidated statement of cash flows, adjusted by changes in operating funds (trade receivables, inventories, and trade payables).

(2) Management Indicators of the Company

Fiscal year		101st term	102nd term	103rd term	104th term	105th term
Year end		March 2019	March 2020	March 2021	March 2022	March 2023
Operating revenue	(Millions of yen)	13,305	50,208	18,464	18,906	19,003
Operating profit	(Millions of yen)	4,390	40,759	8,903	8,972	8,818
Ordinary profit	(Millions of yen)	5,177	41,850	10,191	10,226	9,964
Profit	(Millions of yen)	5,034	41,088	9,496	12,433	9,341
Share capital	(Millions of yen)	30,307	30,359	30,418	30,472	30,512
Total number of shares issued and outstanding	(Shares)	139,925,532	139,965,587	140,003,877	134,007,795	134,042,599
Number of treasury shares	(Shares)	6,658,466	6,739,790	6,741,928	4,522,808	6,351,246
Average number of shares during period	(Shares)	133,269,131	133,251,330	133,251,575	132,317,386	129,046,180
Net assets	(Millions of yen)	73,912	106,154	112,017	107,058	105,147
Total assets	(Millions of yen)	173,409	203,549	207,643	205,028	211,227
Net assets per share	(Yen)	554.62	796.80	840.58	826.81	823.45
Dividend per share (of which interim dividend per share)	(Yen)	32 (16)	42 (21)	50 (22)	50 (25)	52 (26)
Profit per share	(Yen)	37.78	308.35	71.27	93.97	72.39
Diluted profit per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	42.6	52.2	53.9	52.2	49.8
Return on equity	(%)	6.8	45.6	8.7	11.4	8.8
Price-earnings ratio	(Times)	72.2	9.9	40.0	25.2	37.1
Dividend payout ratio	(%)	84.7	13.6	70.2	53.2	71.8
Number of employees (Average number of temporary employees during period not included in above)	(Persons)	205 (4)	202 (2)	198 (2)	213 (2)	221 (3)
Stock price at end of period	(Yen)	2,728	3,055	2,849	2,369	2,684
Total shareholder return (Comparison index: TOPIX including dividends)	(%)	93.9 (95.0)	106.4 (85.9)	101.1 (122.1)	86.5 (124.6)	99.0 (131.8)
Highest stock price	(Yen)	3,300	3,155	3,190	3,080	2,904
Lowest stock price	(Yen)	2,485	2,281	2,600	2,367	2,171

Notes

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related accounting standards have been applied from the beginning of the 104th term fiscal year, and the major management indicators, etc. for the 104th and subsequent fiscal years are those after the application of these accounting standards.
- “Dividend per share” for the 103rd term includes a commemorative dividend of 6 yen per share for the 75th anniversary of the Company’s foundation (year-end only).
- “Diluted profit per share” is not disclosed since there are no diluted shares.
- “Stock price at end of period,” “Highest stock price” and “Lowest stock price” are those quoted on the Tokyo Stock Exchange Prime Market since April 4, 2022, and those quoted on the First Section of the Tokyo Stock Exchange before that date.

2. Corporate History

(History of the Company's foundation)

Based on the Fisheries Control Order promulgated on May 19, 1942, Teikoku Marine Products Control Company was established on December 24, 1942 with share capital of 50 million yen by 18 companies, mostly fisheries companies, as a central control organization for sales of marine products, ice making, refrigeration, and other businesses associated with marine fisheries. Subsequently, following the repeal of the Fisheries Control Order on November 30, 1945, the Company was reorganized as a limited company under the Commercial Code of Japan on December 1, 1945, and changed its name to Nippon Reizo Inc.

Month and Year	History
December 1942	Establishment of Teikoku Marine Products Control Company.
April 1943	Began purchasing and sales of marine products, as well as ice making, refrigeration, and freezing business.
December 1945	Changed its name to Nippon Reizo Inc.
March 1946	Established a food sales subsidiary.
December 1948	Added to its business purposes the manufacturing, trading and import and export of canned foods, fertilizers, feeds and oils and fats, and the import and export of marine products.
May 1949	Shares listed on the Tokyo, Osaka (delisted in June 2010), and Nagoya (delisted in June 2003) stock exchanges.
August 1951	Established a canning factory and started the food production business.
October 1952	Began sales of cooked frozen foods.
May 1956	Started the meat and poultry business.
March 1977	Established a subsidiary to handle transportation. (currently Logistics Network Inc., a consolidated subsidiary.)
January 1979	Established a subsidiary to collect and sell agricultural, marine, and meat and poultry products in the U.S.A. (currently Nichirei Seafoods, Inc. and Nichirei Foods U.S.A., Inc., consolidated subsidiaries took over the business.)
June 1982	Entered the biotechnology field.
April 1984	Added to its business purposes the manufacturing and trading of medicines, quasi-drugs and reagents, and the production and trading of seeds and seedlings.
February 1985	Changed its name to Nichirei Corporation.
April 1988	Released an acerola drink in earnest.
September 1988	Acquired a Dutch refrigeration company and entered the refrigeration business in the Netherlands. (currently Eurofrigo B.V., a consolidated subsidiary)
December 1988	Construction of the Nichirei Corporation Akashi-cho Building was completed and started the office building leasing business in earnest.
April 1989	Released a combination food for diabetic diet preparation, a special-use food approved by the Ministry of Health and Welfare.
April 1990	Started the logistics business in earnest.
February 1991	Construction of the Nichirei Corporation Higashi-Ginza Building was completed. Head office relocated to the building in April of the same year.
March 1997	Established a Technology Development Center to consolidate its R&D functions.
April 1998	Entered the third party logistics business. (currently Logistics Network Inc., a consolidated subsidiary took over the business.)
June 2000	Added to the business purposes the management of hotels and Japanese style hotels.
January 2003	Spun off its information systems division and established an outsourcing company for information processing operations (an affiliate) through joint investment with Hitachi, Ltd.
April 2004	Conducted corporate split of the domestic logistics business. (Split off to one logistics network company and seven companies in the regional storage business, consolidated subsidiaries.)
April 2005	The processed foods, marine products, meat and poultry products, logistics, bioscience, and shared services businesses were divested, and the Company transitioned to a holding company.
November 2005	Established Jinzhu (Yantai) Food Research and Development Co., Ltd. (an affiliate) in China (Shandong province) as a joint venture with Nisshin Seifun Group Inc. and started operation in October 2006.
November 2006	Acquired a production base in Thailand as a subsidiary. (Surapon Nichirei Foods Co., Ltd., a consolidated subsidiary)
July 2010	Acquired a French logistics company and entered into the logistics business in France. (Now Transports Godfroy S.A.S. and one other company, consolidated subsidiaries)
October 2010	Production base established in Thailand started operation. (GFPT Nichirei (Thailand) Co., Ltd., a consolidated subsidiary)
June 2012	Acquired an American food company and expanded its business in the U.S. market. (InnovAsian Cuisine Enterprises, Inc., a consolidated subsidiary)
March 2019	Established a Global Innovation Center as a R&D and production base for the Bioscience business.
April 2022	Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market due to the revision of the market classification of the Tokyo Stock Exchange.

3. Description of Business

The Group consists of the Company, 80 subsidiaries and 18 affiliates, and is engaged in the Processed foods, Marine products, Meat and poultry products, Logistics, Real estate, and Other businesses, as well as operations related the businesses.

As the Company falls under the category of Specified Listed Company, etc., the immateriality standards for a material fact under the insider trading regulations is judged based on the figures on a consolidated basis.

(1) Principal Businesses and Positions of the Company, Subsidiaries and Affiliates by Segment, as well as Names of Subsidiaries and Affiliates, and Number of Subsidiaries and Affiliates

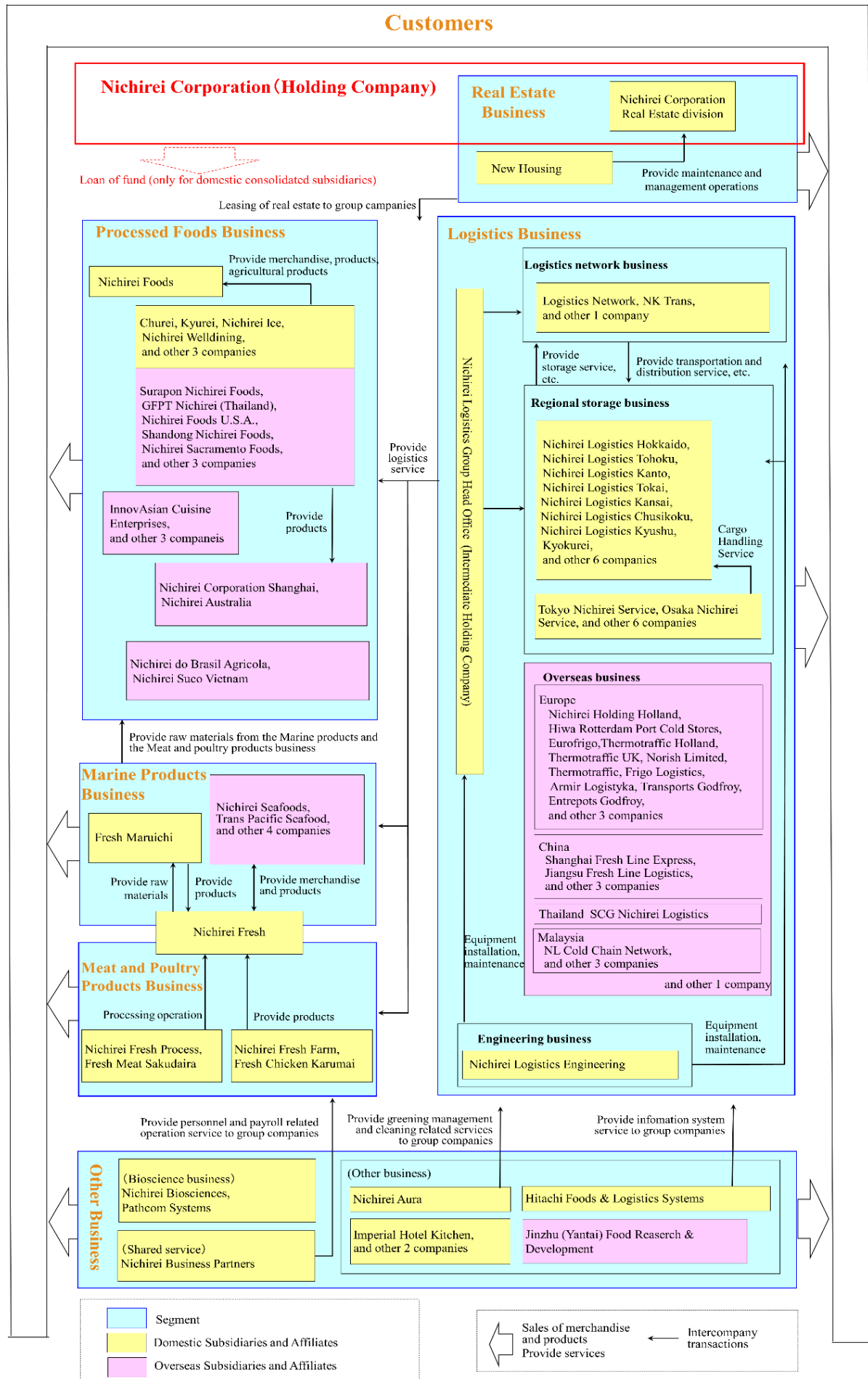
All subsidiaries are consolidated by the Company.

(As of March 31, 2023)

Segment		Names of subsidiaries and affiliates Number of subsidiaries and affiliates		
	Principal businesses of the Company, subsidiaries and affiliates (Main services and products handled) and positions			
Processed foods business	Subsidiaries: ① Manufacturing, processing and sales of processed foods ② Sales of processed foods, Trading agricultural products ③ Processing and sales of agricultural products Affiliates: ④ Manufacturing and sales of processed foods [Items handled] Cooked frozen foods (chicken, processed meat product, rice, croquettes, Chinese side dishes, snacks, etc.), Agricultural processed foods, Retort foods, and Wellness foods, Acerola, Packaged ice	① Nichirei Foods, CHUREI, Kyurei, Nichirei Ice, NICHIREI WELLDINING, Surapon Nichirei Foods, GFPT Nichirei (Thailand), Shandong Nichirei Foods, Nichirei do Brasil Agricola, Nichirei Sacramento Foods ② Nichirei Foods U.S.A, InnovAsian Cuisine Enterprises, Nichirei Corporation Shanghai, Nichirei Australia, Nichirei Suco Vietnam, and 4 other companies ③ NICHIREI AGRICULTURE	20 subsidiaries	
		④ SHIN SUNFOOD INDUSTRY, Taian Jiayu Foodstuff, and 2 other companies	4 affiliates	
Marine products business	Subsidiaries: ① Processing and sales of marine products ② Trading of marine products [Items handled] Shrimp, Octopus, Salmon/trout, Crab, Shellfish, Fish roe and other fishery products, Processed fishery materials	① Nichirei Fresh (*), Fresh Maruichi, Trans Pacific Seafood ② Nichirei Seafoods, RIZHAO MAI LENG FOOD TRADING COMPANY, NICHIREI Fresh Hong Kong, and 2 other companies	8 subsidiaries	
Meat and poultry products business	Subsidiaries: ① Processing and sales of meat and poultry products ② Processing operations of meat and poultry products ③ Breeding and sales of chickens for meat [Items handled] Chicken, Beef, Pork, Processed and Packaged meat and poultry materials	① Nichirei Fresh (*), Fresh Chicken Karumai ② Nichirei Fresh Process, FRESH MEAT SAKUDAIRA ③ Nichirei Fresh Farm	5 subsidiaries	
Logistics business	Logistics business management, Leasing facilities	Nichirei Logistics Group	1 subsidiary	
	Logistics net work business	Subsidiaries: Providing transportation and distribution services, and distribution center functions, logistics consulting (3PL), logistics center operation business (Note: 3PL is Abbreviation for Third Party Logistics)	Logistics Network, NK Trans, and one other company 3 subsidiaries	
	Regional storage business	Subsidiaries: ① Providing storage services, production and sales of frozen ice ② Providing cargo handling services Affiliates: ③ Leasing refrigerated warehouses, providing storage services, and production and sales of frozen ice [Main storage services] Storage, Inventory control, Import customs clearance agent, Freezing and Thawing	① Nichirei Logistics Hokkaido, Nichirei Logistics Tohoku, Nichirei Logistics Kanto, Nichirei Logistics Tokai, Nichirei Logistics Kansai, Nichirei Logistics Chushikoku, Nichirei Logistics Kyushu, Kyokurei ② Tokyo Nichirei Service, Osaka Nichirei Service, and 6 other companies	16 subsidiaries
			③ Tokyo Industrial Complex Storage and 5 other companies	6 affiliates
	Overseas business	Subsidiaries: Providing logistics services in the Netherlands, Germany, Poland, France, UK, China and Malaysia Affiliates: Providing logistics services in Thailand and Malaysia	Nichirei Holding Holland, Hiwa Rotterdam Port Cold Stores, Eurofrigo, Thermotrafic Holland, Thermotrafic UK, Norish Limited, Thermotrafic, Frigo Logistics, Armir Logistyka, Transports Godfroy, Entrepots Godfroy, Shanghai Fresh Line Express, Jiangsu Freshline Logistics, NL Cold Chain Network, and 6 other companies SCG Nichirei Logistics and 4 other companies	20 subsidiaries 5 affiliates
Engineering business	Subsidiary: Building construction and design, Maintenance	Nichirei Logistics Engineering	1 subsidiary	
Real estate business	The Company: Leasing office buildings and parking lots Subsidiary: Leasing and management of real estate	New Housing	1 subsidiary	
Other business	Subsidiaries: ① Manufacturing and trading of diagnostic pharmaceuticals and medical devices, etc. ② Personnel and payroll related operation services ③ Greening management and cleaning related services Affiliates: ④ Manufacture and sales of processed foods ⑤ Information system services ⑥ Analytical evaluation and research and development of food products	① Nichirei Biosciences, Pathcom Systems ② Nichirei Business Partners ③ Nichirei Aura and 2 other companies ④ Imperial Hotel Kitchen ⑤ Hitachi Foods & Logistics Systems ⑥ Jinzhu (Yantai) Food Research and Development	6 subsidiaries	
			3 affiliates	

(Note) *Nichirei Fresh is engaged in the marine products business and the meat and poultry products business. Therefore, it is included in the number of subsidiaries of each business segment.

(2) Group Business Chart (as of March 31, 2023)



4. Subsidiaries and Affiliates

Name	Address	Share capital or Investments in capital (Millions of yen)	Principal Business	Voting rights ownership [Owned by] Ratio (%)	Relation details		Notes
					Concurrent directors (Persons)	Other	
(Consolidated subsidiary)							
Nichirei Foods Inc.	Chuo-ku, Tokyo	15,000	Processed foods	100.0	2	Management guidance, Lease of office spaces	*1, 3
CHUREI Co., Ltd.	Shimonoseki City, Yamaguchi Prefecture	200	"	100.0 (100.0)	—	—	
Kyurei Inc.	Munakata City, Fukuoka Prefecture	10	"	100.0 (100.0)	—	—	
Nichirei Ice Inc.	Chuo-ku, Tokyo	20	"	100.0 (100.0)	—	—	
NICHIREI WELLDINING Inc.	Toyoyama Town, Nishi-Kasugai-gun, Aichi Prefecture	100	"	100.0 (100.0)	—	—	
NICHIREI AGRICULTURE Inc.	Kagoshima City, Kagoshima Prefecture	25	"	100.0 (100.0)	—	—	
Surapon Nichirei Foods Co., Ltd.	Samut Prakan Province, Thailand	100,000,000 Thai baht	"	51.0 (51.0)	—	—	
GFPT Nichirei (Thailand) Co., Ltd.	Chonburi Province, Thailand	3,014,000,000 Thai baht	"	51.0 (51.0)	—	—	*1
Nichirei Foods U.S.A., Inc.	Washington State, U.S.A.	2,300,000 US dollar	"	100.0 (100.0)	—	—	
InnovAsian Cuisine Enterprises Inc.	Washington State, U.S.A.	2,200,000 US dollar	"	100.0 (100.0)	—	—	
Nichirei Foods Acquisition Inc.	Washington State, U.S.A.	22,490,000 US dollar	"	100.0 (100.0)	—	—	
Nichirei Sacramento Foods Corporation	California State, U.S.A.,	30,610,000 US dollar	"	100.0 (100.0)	—	—	*1
Shandong Nichirei (Yantai) Foods Co., Ltd.	Shandong Province, China	21,416,000 Chinese Yuan	"	65.0 (65.0)	—	—	
Nichirei Corporation Shanghai Ltd.	Shanghai City, China	7,100,000 US dollar	"	100.0 (100.0)	—	—	
Nichirei Australia Pty. Ltd.	New South Wales State, Australia	1,000,000 Australian dollar	"	100.0 (100.0)	—	—	
Nichirei do Brasil Agricola Ltda.	Pernambuco State, Brazil	27,283,000 real (Brazilian currency)	"	100.0 (100.0)	—	—	
Nichirei Suco Vietnam Co., Ltd.	Tien Giang Province, Vietnam	4,500,000 US dollar	"	100.0 (100.0)	—	—	
Nichirei Fresh Inc.	Chuo-ku, Tokyo	8,000	Marine products, Meat and poultry products	100.0	2	Management guidance, Lease of office spaces	*1, 2
Fresh Maruichi Corporation	Iwaki City, Fukushima Prefecture	100	Marine products	100.0 (100.0)	—	—	
Nichirei Seafoods, Inc.	Washington State, U.S.A.	700,000 US dollar	"	100.0 (100.0)	—	—	
RIZHAO MAI LENG FOOD TRADING COMPANY LIMITED	Shandong Province, China	600,000 US dollar	"	51.0 (51.0)	—	—	
NICHIREI Fresh Hong Kong, Limited	Hong Kong Special Economic Zone, China	5,000,000 Hong Kong dollar	"	100.0 (100.0)	—	—	
Trans Pacific Seafood Co., Ltd.	Binh Thuan Province, Vietnam	147.55 billion Vietnamese Dong	"	84.6 (84.6)	—	—	
Nichirei Fresh Farm Inc.	Hirono Town, Kunohe-gun, Iwate Prefecture	100	Meat and poultry products	85.0 (85.0)	—	—	
Fresh Chicken Karumai Inc.	Karumai Town, Kunohe-gun, Iwate Prefecture	100	"	100.0 (100.0)	—	—	
Nichirei Fresh Process Inc.	Kanazawa-ku, Yokohama City	30	"	100.0 (100.0)	—	—	
FRESH MEAT SAKUDAIRA Inc.	Saku City, Nagano Prefecture	80	"	100.0 (100.0)	—	—	
Nichirei Logistics Group Inc.	Chiyoda-ku, Tokyo	20,000	Logistics	100.0	3	Management guidance, Lease of office spaces	*1

Name	Address	Share capital or Investments in capital (Millions of yen)	Principal Business	Voting rights ownership [Owned by] Ratio (%)	Relation details		Notes
					Concurrent directors (Persons)	Other	
Logistics Network Inc.	Chiyoda-ku, Tokyo	100	"	100.0 (100.0)	2	—	*4
NK Trans Inc.	Chiyoda-ku, Tokyo	60	"	100.0 (100.0)	—	—	
Nichirei Logistics Hokkaido, Inc.	Nishi-ku, Sapporo City	50	"	100.0 (100.0)	1	—	
Nichirei Logistics Tohoku, Inc.	Aoba-ku, Sendai City	50	"	100.0 (100.0)	1	—	
Nichirei Logistics Kanto, Inc.	Chiyoda-ku, Tokyo	100	"	100.0 (100.0)	1	—	*4
Nichirei Logistics Tokai, Inc.	Atsuta-ku, Nagoya City	100	"	100.0 (100.0)	1	—	
Nichirei Logistics Kansai, Inc.	Kita-ku, Osaka City	100	"	100.0 (100.0)	1	Lease of office spaces	
Nichirei Logistics Chushikoku, Inc.	Nishi-ku, Hiroshima City	50	"	100.0 (100.0)	1	—	
Nichirei Logistics Kyushu, Inc.	Higashi-ku, Fukuoka City	100	"	100.0 (100.0)	1	—	
Kyokurei Inc.	Naka-ku, Yokohama City	298	"	100.0 (100.0)	1	—	
Tokyo Nichirei Service Inc.	Chiyoda-ku, Tokyo	60	"	100.0 (100.0)	—	—	
Osaka Nichirei Service Inc.	Kita-ku, Osaka City	30	"	100.0 (100.0)	—	—	
Nichirei Logistics Engineering Inc.	Chiyoda-ku, Tokyo	60	"	100.0 (100.0)	1	—	
Nichirei Holding Holland B.V.	Rotterdam City, The Netherlands	11,350,000 Euro	"	100.0 (100.0)	—	—	
Hiwa Rotterdam Port Cold Stores B.V.	Rotterdam City, The Netherlands	2,270,000 Euro	"	100.0 (100.0)	—	—	
Eurofrigo B.V.	Rotterdam City, The Netherlands	4,910,000 Euro	"	100.0 (100.0)	—	—	
Thermotrafic Holland B.V.	Rotterdam City, The Netherlands	500,000 Euro	"	100.0 (100.0)	—	—	
Thermotrafic UK Ltd.	Essex State, United Kingdom	500,000 pound sterling	"	100.0 (100.0)	—	—	
Norish Limited	Suffolk State, United Kingdom	60,000 pound sterling	"	100.0 (100.0)	—	—	
Thermotrafic GmbH	Felsmolt City, Germany	1,200,000 Euro	"	100.0 (100.0)	—	—	
Friigo Logistics Sp. z o.o.	Zunin City, Poland	11,800,000 zloty (Polish currency)	"	100.0 (100.0)	—	—	
Armir Logistyka Sp. z o.o.	Ruda Shilonska City, Poland	20,000 zloty (Polish currency)	"	100.0 (100.0)	—	—	
Transports Godfroy S.A.S.	Calpique City, France	152,000 Euro	"	100.0 (100.0)	—	—	
Entrepots Godfroy S.A.S.	Calpique City, France	7,000 Euro	"	100.0 (100.0)	—	—	
NL Cold Chain Network (M) SDN BHD	Puchon City, Malaysia	62,380,000 ringgit	"	100.0 (100.0)	—	—	
Shanghai Fresh Line Express Co., Ltd.	Shanghai City, China	3,930,000 US dollar	"	82.4 (82.4)	—	—	
Jiangsu Freshline Logistics Co., Ltd.	Jiangyin City, China	15,000,000 Chinese Yuan	"	53.6 (53.6)	—	—	
New Housing Inc.	Chuo-ku, Tokyo	120	Real estate	100.0	—	Outsourcing of maintenance and management of assets for lease	
Nichirei Biosciences Inc.	Chuo-ku, Tokyo	450	Other	100.0	1	Management guidance	
Nichirei Business Partners Inc.	Chuo-ku, Tokyo	30	"	100.0	1	Outsourcing of shared services operations, Lease of office spaces	
Nichirei Aura Inc.	Funabashi City, Chiba Prefecture	20	"	100.0 (25.0)	1	Outsourcing of cleaning services	
Pathcom Systems Corporation	California State, U.S.A.	16,510,000 US dollar	"	100.0 (100.0)	1	—	
Other 20 companies	—	—	—	—	—	—	

Name	Address	Share capital or Investments in capital (Millions of yen)	Principal Business	Voting rights ownership [Owned by] Ratio (%)	Relation details		Notes
					Concurrent directors (Persons)	Other	
(Affiliates accounted for by the equity method)							
SHIN SUNFOOD INDUSTRY Co., Ltd.	Miyazaki City, Miyazaki Prefecture	30	Manufacturing and sales of processed foods	20.0 (20.0)	—	—	
TAIAN JIAYU FOODSTUFF CO., LTD.	Shandong Province, China	25,810,000 Chinese Yuan	Production and sales of frozen processed agricultural products	30.0 (30.0)	—	—	
Tokyo Industrial Complex Storage Inc.	Ota-ku, Tokyo	100	Leasing of refrigeration facilities and cold storage business	28.6 (28.6)	—	—	
SCG Nichirei Logistics Co., Ltd.	Samut Prakan Province, Thailand	770 million Thai baht	Logistics	49.0 (49.0)	—	—	
Imperial Hotel Kitchen Corporation	Chiyoda-ku, Tokyo	100	Manufacturing, processing and trading of prepared foods	50.0	3	—	
Hitachi Foods & Logistics Systems Inc.	Chuo-ku, Tokyo	300	Information system services	44.0	1	Outsourcing of information system operations	
Jinzhu (Yantai) Food Research and Development Co., Ltd.	Shandong Province, China	240	Analytical evaluation and research and development of food products	50.0	1	—	
11 other companies	—	—	—	—	—	—	

(Notes)

- Description stated on “Principal Business” is as follows.
Consolidated subsidiaries: Names listed in the segment information
Affiliates accounted for by the equity method: Business
- Figures in parentheses under “Voting rights ownership [Owned by] ratio (%)” indicate the percentage of indirect ownership included in above ratio.
- “Concurrent directors” under “Relation details” indicates the status of concurrent positions held by directors (including executive officers) of the Company.
- The Company has introduced a cash management system (CMS) at its major domestic consolidated subsidiaries to centrally manage the lending of funds and the receipt of surplus funds.
- *1 Specified subsidiaries.
*2 Net sales (excluding inter-company sales among consolidated companies) exceed 10% of consolidated net sales, but the percentage against net sales (including inter-segment sales or transfers) in the Marine products and Meat and poultry products segment in the current fiscal year exceeds 90%. Therefore, major profit and loss information is omitted.
*3 Major profit and loss information of the consolidated subsidiaries that net sales (excluding inter-company sales among consolidated companies) exceed 10% of consolidated net sales is as follows.

(Millions of yen)

Segment	Company Name	Net sales	Ordinary profit	Profit	Net assets	Total assets
Processed Foods	Nichirei Foods Inc.	214,893	8,303	5,840	50,055	126,975
Logistics	Logistics Network Inc.	101,338	4,564	2,896	8,207	20,837

- *4 On April 1, 2023, an absorption-type merger was conducted with Logistics Network Inc. as the surviving company and Nichirei Logistics Kanto, Inc. as the absorbed company.

5. Employees

(1) Consolidated Companies

(As of March 31, 2023)

Name of segment	Number of employees (Persons)			Change from end of previous period (Persons)
	Domestic	Overseas	Total	
Processed foods	1,905 (1,845)	7,591 (—)	9,496 (1,845)	483 (6)
Marine products	227 (68)	537 (—)	764 (68)	△7 (△17)
Meat and poultry products	400 (74)	— (—)	400 (74)	△57 (△1)
Logistics	2,921 (631)	1,738 (—)	4,659 (631)	50 (△27)
Real estate	13 (1)	— (—)	13 (1)	△3 (—)
Other	198 (34)	10 (—)	208 (34)	△10 (2)
Corporate (common)	226 (3)	— (—)	226 (3)	14 (1)
Total	5,890 (2,656)	9,876 (—)	15,766 (2,656)	470 (△36)

(Notes)

1. “Number of employees” is the number of employees, excluding those seconded from the Group to outside the Group and including those seconded from outside the Group to the Group.
2. Figures in parentheses under “Number of employees” are the annual average number of temporary employees (including part-time and albite employees and excluding temporary staffs) not included in the above figures.
3. Number of employees listed in “Corporate (common)” is the number of employees belonging to the planning and administrative department and quality assurance department that cannot be classified into other segments.

(2) Status of Filing Company

(As of March 31, 2023)

Number of employees (Persons)	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
221	45.2	16.2	7,024,257

Name of segment	Number of employees (Persons)
Real estate	5
Corporate (common)	216
Total	221

(Notes)

1. “Number of employees” is the number of employees, excluding those seconded from the Group to outside the Group and including those seconded from outside the Group to the Group.
2. “Average annual salary” includes bonuses and extra wages.
3. Number of employees listed in “Corporate (common)” is the number of employees belonging to the planning and administrative department and quality assurance department that cannot be classified into other segments.

(3) Status of Labor Unions

There is nothing special to be noted regarding labor-management relations.

(4) Percentage of Women workers in Management positions, Percentage of Men workers taking Childcare leave, and Pay gap between Men and Women workers.

① Filing company

		Current fiscal year		
Percentage of women workers in management positions (%) (Note1)	Percentage of men workers taking childcare leave (%) (Note2)	Pay gap between men and women workers (%) (Note1)		
		All workers	Regular worker	Non-regular worker
15.0	100.0	69.3	72.1	43.6

② Consolidated subsidiaries

Current fiscal year					
Name	Percentage of women workers in management positions (%) (Note1)	Percentage of men workers taking childcare leave (%) (Note2)	Pay gap between men and women workers (%) (Note1)		
			All workers	Regular worker	Non-regular worker
Nichirei Foods Inc.	5.3	64.9	60.5	73.4	76.5
Nichirei Fresh Inc.	4.5	100.0	74.0	75.4	101.0
Nichirei Logistics Group Inc.	5.9	—	79.7	80.2	—
Nichirei Biosciences Inc.	30.0	75.0	63.5	86.2	63.4
Logistics Network Inc. (Note 3)	3.5	82.4	58.0	76.6	50.1
Nichirei Logistics Kanto, Inc. (Note 3)	0.0	33.3	69.9	67.1	77.1
Nichirei Logistics Tokai, Inc.	20.0	100.0	81.0	85.5	82.7
Nichirei Logistics Kansai, Inc.	0.0	100.0	76.1	72.8	77.6
Nichirei Logistics Kyushu, Inc.	0.0	100.0	78.1	79.2	60.5
Nichirei Logistics Engineering Inc.	0.0	100.0	81.7	79.0	—
Kyurei Inc.	16.7	(Note 4)	68.4	78.9	88.1
NK Trans Inc.	0.0	(Note 4)	54.9	86.4	93.6
Kyushu Nichirei Service Inc.	0.0	(Note 4)	64.7	71.1	82.8

(Notes)

1. The percentage is calculated in accordance with the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64, 2015).
2. The percentage represents the percentage of childcare leave and time off for childcare purposes stipulated in Article 71-4, item 2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of Ministry of Labor No. 25, 1991) based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76, 1991).
3. On April 1, 2023, an absorption-type merger was conducted with Logistics Network Inc. as the surviving company and Nichirei Logistics Kanto, Inc. as the absorbed company.
4. Omitted as it is not publicly disclosed.

③ Supplementary explanation of pay gap between men and women workers (common to all Nichirei Group companies)

Although there is no difference in the wage system by gender in all employment categories, there is a pay gap. The Group has analyzed the gap by each employment category.

(a) Regular workers

The analysis of regular workers showed that wage differences were small for general employees and large for those in management positions. We understand it is because of the smaller number of women in management positions compared to men.

The Group has established “Securing and Developing a Diverse Array of Human Resources” as one of the Group’s material matters (materiality) to achieve its long-term management goal “Vision for 2030,” and has also set DE&I (Diversity, Equity and Inclusion) as one of the strategies in its human resources strategy (*). As part of these efforts to promote women’s active engagement, for example, we have developed measures to draw out the abilities of our employees, such as study sessions and round-table discussions for women executives, and women employee networking events to encourage them to aim for future management positions.

As a result of these efforts, there has been a steady increase in the number of women being promoted to management positions at the holding company and to positions such as general manager at the operating companies, and the pay gap is expected to narrow in the future.

(*) For more detail information, please refer to “II. Business Overview, 2. Approach and Initiatives Concerning Sustainability (4) Strategies, Indicators and Targets by Theme ③ Human capital.”

(b) Non-regular workers

As for the differences among non-regular workers, women are more likely to be contract workers or part-time workers, while men are more likely to be rehired after retirement or other non-regular workers, and these differences in contract types are reflected in the gap in non-regular workers.

In addition, as mentioned earlier, there is no difference in the wage system by gender for each employment type. However, for example, among part-time workers, men tend to work full-time while women tend to work shorter hours, resulting in differences in wages due to working hours.

④ Supplementary explanation of percentage of men taking childcare leave (common to all Nichirei Group companies)

As a foundation for women’s active engagement, we have set a target value of leave and time off for childcare as “Men workers taking 3 or more days: 100% (*)” from October 2022.

With the aim of expanding the opportunities for women to play an active role in the workplace by men’s participation in childcare, and thereby achieving a work-life balance during the child-rearing period for both men and women, labor and management are promoting the use of childcare leave and time off for childcare by men.

(*) “Leave and time off for childcare”: Condolence leave (wife’s childbirth), Accumulated annual paid leave (transfer of childcare leave)

II. Business Overview

1. Management Policy, Business Environment and Issues to be Addressed

The management policy, business environment, and issues to be addressed by the Group are as follows.

Forward-looking statements in the following section are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Management Principles

[Mission (Mission and Raison d'être)]

Focus on Lifestyles, and Provide True Satisfaction

[Vision (Our Aim)]

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 (Our Value and Criteria for daily actions and decision-making)]

① Prioritize customers, safety, and quality

The cornerstone of our business activities involves putting customers first and earning their long-lasting trust by ensuring safe, high-quality products and services, and safety at every stage of our operations.

② Ethical operations

We are committed to ensuring fair competition.

Unethical practices make it difficult to do business and can threaten the Group's existence, given the time needed to regain trust once it has been lost.

③ Transparent management

Our operations are transparent and we are beholden to our stakeholders to accurately and impartially disclose management-related information in order to enhance our corporate value and continue to earn stakeholders' trust.

④ Sustainable communities

As a food-and health-related enterprise, we strive to help communities deal with issues they face by understanding their members' livelihoods and future prospects.

We aim to make communities more sustainable by ensuring our business initiatives reflect their economic, social, and environmental situation.

⑤ Value creation

We will continue to create new value by drawing from our open, innovative organizational culture and business practices.

[Sustainability Policy: The Nichirei Pledge]

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.

Sustainability Policy: The Nichirei Pledge

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.
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.
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.
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.
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.
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.
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.
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.

(2) Medium-term Management Strategies, Target Management Indicators, Business Environment and Issues to be Addressed

[Overall strategy, financial strategy and business plan by segment]

① Overall strategy

Under the “Compass Rose 2024,” medium-term management plan (FY2023-FY2025), through business activities based on the sustainability policy, we aim to increase both social and economic value by pursuing capital efficiency while fulfilling our social responsibility as a company that supports good eating habits and health.

To achieve this, we will establish business portfolio management based on return on invested capital (ROIC), and prioritize the allocation of management resources to capital expenditures in growth areas, overseas business expansion, environmental measures, new businesses, business innovation through the use of digital technology, and human resource investment. We will also strengthen our ESG initiatives while focusing on achieving the targets of the Group’s material matters (materiality), such as the creation of new value to solve social issues, sustainable procurement, and climate change initiatives.

In FY2023, both net sales and operating profit exceeded our consolidated target figures due to price revisions in our core businesses and strong performance in our overseas businesses, while prices continued to rise significantly worldwide. However, challenges remained in building a revenue base that can respond quickly to changes in the environment.

In FY2024, we expect to face a challenging business environment due to rising personnel expenses, logistics costs, and other costs associated with raw materials and labor shortages, as well as geopolitical risks, but we will aim for sustainable growth by flexibly and promptly implementing measures and strengthening profitability.

For FY2024, we aim to achieve net sales of 675 billion yen and operating profit of 34.5 billion yen on a consolidated basis.

Nichirei Group Material Matters (Materiality)

Group Material Matters (Materiality)		Vision for 2030	Group Measures
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.	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
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	Promoting capacity expansion, operational innovation, reduction of environmental impact, and infrastructure development through active capital investments in the processed foods and the logistics business.
			Securing and developing global human resources and cultivate partner companies, accelerate overseas expansion through M&A, etc.
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
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 confirmations
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	Introduce a Group-wide engagement survey* to monitor the effectiveness of measures * Engagement survey: A survey that shows degree of understanding of and resonance with the management philosophy and independent involvement in the organization (job satisfaction)
			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

Nichirei Group Material Matters (Materiality)
(KPI)

Group Material Matters (Materiality)	Group Targets (KPIs)	FY2025 Targets	FY2031 Targets	
Creating new value in food and health	Sales related to this material matter	—	¥100 billion	
	Number of consumers and other external parties who receive information (total per year)	—	200 million people	
Strengthening food processing and production technology capabilities; enhancing logistics services	EBITDA margin	10%	12%	
	EBITDA CAGR	7% *1	7% or more *2	
	Overseas sales ratio	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	100% approval rate (Most important domestic and overseas destinations)	100% procurement rate	
	Rate of implementation of ESG due diligence for main raw materials and major suppliers	100% Domestic Marine products, Meat and poultry products (Most important destination)	100%	
	Rate of attendance for the SDGs educational program aimed at realizing a circular economy	100% (Executives)	100% (All employees)	
	Rate of waste recycling at all sites	99%	99%	
	Conduct water-related risk assessments at all sites	Conduct in FY2024	Conduct regular water-related risk assessments at all sites, as well as in conservation activities and the BCP	
	Rate of procurement of marine products in the fisheries business in accordance with the Guidelines for the Sustainable Procurement of Marine Products	100%	100%	
	Rate of MSC- and ASC- certified products and other globally certified marine products included on above	32%	50%	
	Rate of procurement of sustainable palm oil (certified roundtable on sustainable palm oil)	100% (Book and Claim)	100% (Certified oil)	
Climate change initiatives	Reduction in CO ₂ emissions (Compared with FY2016; Scope 1 and 2 in Japan)	△30%	△50%	
	Natural refrigerant ratio	Production facilities (Japan)	80%	100%
		Logistics (including overseas)	62%	75%
Securing and developing a diverse array of human resources	Ratio of women directors and women Audit & Supervisory Board members (HD*3)	20% or more	30% or more	
	Ratio of women line managers (HD*3)	20%	30%	
	Investment in human resources (Compared with the average annual investment in human resources in FY2019-FY2021)	1.7 times	2.0 times	

*1 Annual growth rate for FY2023 - FY2025

*2 Annual growth rate for FY2026 - FY2031

*3 HD: Nichirei Corporation (holding company)

Details of KPI of Materiality are disclosed on the Company's website. <https://nichirei.disclosure.site/ja/themes/219>

② Financial strategy

Cash flows from operating activities and asset liquidation will be used to invest in maintaining and increasing corporate value and to return profits to shareholders through dividends and the purchase of treasury shares.

The Company's basic policy for shareholder return is to maintain stable dividends based on the consolidated dividend on equity ratio (DOE), and to flexibly purchase treasury shares, taking into consideration capital efficiency and market conditions.

- Maintain a consolidated return on equity (ROE) of 10% at least.
- Dividend on equity ratio (DOE) of 4.0% is the target for dividend payments.

Regarding capital efficiency, we set ROIC targets for each business, evaluate and allocate resources, and reduce the cost of capital in order to improve the corporate value of the entire group.

<Planned figures by segment for FY2024>

Group - wide	FY2023 Results	FY2024 Plan	FY2025 Target	Simplified ROIC*			Future measures to improve ROIC		
				FY2023 Results	FY2024 Plan	FY2025 Target			
ROE	9.9%	More than 10%		More than 7% > WACC 4.0%	Processed Foods	8.5%	9.3%	12% or more	<ul style="list-style-type: none"> • Improvement of profit margins (Price revisions, Strengthening sales of strategic categories and new value-added merchandise, etc.)
ROIC	6.9%	6.7%	Logistics		7.7%	7.3%	7% or more	<ul style="list-style-type: none"> • Systematic implementation of capital investments and Realization of investment results • Expansion of asset-light businesses such as 3PL and transport and delivery 	
NOPAT*	¥ 23.4 billion	¥ 24.1 billion	Marine Products		3.5%	5.7%	6% or more	<ul style="list-style-type: none"> • Reduce handling of low-margin categories • Strengthening overseas sales 	
Working capital	¥ 339.1 billion	¥ 358.1 billion	Meat and Poultry Products		13.8%	23.0%	25% or more	<ul style="list-style-type: none"> • Improve profitability by strengthening processing and development functions • Expand sales of distinctive merchandise 	
NOPAT (Rate)	3.5%	3.6%	Bioscience		8.9%	5.1%	5% or more	<ul style="list-style-type: none"> • Focus resources on the growing field of molecular diagnostics • Stable growth in rapid chromatographic immunoassay business 	
Working capital turnover	2.0 times	1.9 times							

*NOPAT=Profit before income tax excluding Interest expenses and Share of profit(loss) of entities accounted for using equity method x (1 - effective tax rate) + Share of profit(loss) of entities accounted for using equity method.

*Simplified ROIC = Operating profit after income tax divided by Major use of Capital (Funds from Operations + Property, plant and equipment + Intangible assets)

③ Business plan by segment

(a) Processed foods business

- Focus on further value-added improvements in highly profitable and efficient categories in response to the continuing sharp rise in costs, and build a flexible system by establishing a framework for appropriate price revisions and profit improvement.
- Create new value in response to growing demand for personal use and health consciousness.
- Build a sustainable supply chain by strengthening our production system and diversifying risks in procuring raw materials.
- Strengthen our efforts to capture Asian foods category demand by establishing a production and supply system in North America.

(b) Marine products, Meat and poultry products business

- Improve capital efficiency and profitability through category selection and concentration.
- Expand sales of highly unique and particular materials.
- Expand its handling of marine products made from environmentally certified materials and strengthen its efforts to promote a recycling-oriented agricultural-livestock cycle.

(c) Logistics business

- Expand its trunk line transportation capabilities and frozen food logistics platform, including compliance with 2024 labor laws and regulations.
- Expand the national and regional transportation and delivery network by enhancing the integrated operation of storage and transportation.
- Realize the sophistication and efficiency of on-site work through the use of business innovation and cutting-edge technology.
- Make capital investments to improve future capital efficiency.
- Expand our business in Europe by utilizing our port bases and cross-organizational functional cooperation.

(d) Bioscience business

- Strengthen our management base by concentrating resources on the growing field of molecular diagnostics.
- Expand sales of molecular diagnostics that integrate immunostaining systems and test reagents.

2. Approach and Initiatives Concerning Sustainability

The Group’s approach and initiatives concerning sustainability are as follows.

Forward-looking statements in the following section are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Promotion of Sustainability Management

In order to realize our long-term management goals “Vision for 2030”, we have identified five material matters (materiality) for the Group in 2020. In the process of identification of the material matters, we identified stakeholders and extracted social issues (risks and opportunities). We then assessed materiality from the perspective of both issues that will achieve business growth and issues that will prevent damage to corporate value, and finalized the issues after categorizing and integrating them. All directors, including outside directors, participated in this identification process, and opinions from outside experts were reflected in the results.

Each of the five materiality has its own group targets (measures and KPI). The medium-term management plan “Compass Rose 2024” is positioned as a period for accelerating sustainability management toward 2030, and business-specific targets are set along with Group targets to integrate the business strategy and sustainability strategy.

(2) Governance

The Group has established a Group Sustainability Committee to formulate entire sustainability strategies and manage the progress of materiality. The committee is chaired by representative director and president of the Company, with the Sustainability Management Division as the secretariat under the supervision of the director in charge of sustainability. The committee members include all directors, including outside directors and outside Audit & Supervisory Board members, and members from the strategic planning department and sustainability department of operating companies. Risks and opportunities, strategies, targets, and other information related to sustainability are discussed and examined at the committee, and the director in charge reports back to the Board of Directors, revising strategies, targets, and plans as appropriate. The content of the climate change scenario analysis, which has been conducted since 2019, is also discussed at the committee (*) and leads to its disclosure.

Regarding human capital, the Group has identified “securing and developing diverse human resources” as one of its materiality, which is discussed and examined at the Group Human Resources Committee, an advisory body to the president. Risks and opportunities, strategies, and targets related to human capital are reported to the Board of Directors by the director in charge, and strategies, targets, and plans are reviewed as appropriate.

In the remuneration system for directors (and other officers), for the purpose to appropriately manage ESG-related risks and opportunities and to strengthen our response to climate change, ESG third-party assessments was introduced as an evaluation indicator for performance-based remuneration in FY2023, thereby enhancing our response to issues surrounding sustainability.

(*) Group Environmental Protection Committee before FY2022

Activities of the Group Sustainability Committee in FY2023 are as follows.

Achievements	Four times
Main Agenda	<ul style="list-style-type: none"> ● Renewable Energy Portfolio Guidelines ● Status of Scope 3 CO₂ emissions ● Materiality KPI and TCFD disclosures in the FY2023 Integrated Report ● Human rights issues ● Supply chain management for realization of the sustainable procurement ● Establishment of new guidelines for the sustainable procurement of marine products and palm oil ● Initiatives to the materiality “Securing and Developing a Diverse array of Human resources” and disclosure of human capital ● Progress of the materiality KPI and targets for FY2024

(3) Risk Management

Various risks involved in the Group’s business activities are managed from an overall perspective in a rational and optimal department and method, and are discussed and examined at the Group Risk Management Committee, which is chaired by the representative director and president.

Risks and opportunities related to ESG and sustainability are managed and discussed at the Group Sustainability Committee. At the committee, the Company’s sustainability department, together with the strategic planning department and sustainability department of operating companies, identifies ESG-related issues, risks, and opportunities that are important to our group, and the most important themes are discussed at the committee. In particular, risks associated with climate change scenarios are positioned as one of the key risks, and responses to business risks and opportunities obtained through scenario analysis are discussed and managed by the committee.

Risks and opportunities related to human capital are managed and specifically discussed by the Group Human Resources Committee. At the Group Human Resources Committee, the Company’s human resources department, together with the human resources departments of operating companies, identifies themes related to human capital-related risks and opportunities that are important to the Group, and the most important themes are discussed at the committee.

(4) Strategies, Indicators and Targets by Theme

① Responding to climate change (TCFD)

In June 2020, the Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and announced its participation in the TCFD Consortium. The Group has positioned climate change initiatives as one of the material matters it identified for achieving its vision for 2030. As such, we are actively promoting initiatives to help resolve social issues related to climate change.

In addition to appropriately responding to risks posed by shifts in the external environment caused by climate change, we will consider numerous scenarios in which climate change could give rise to business opportunities and conduct timely disclosure.

(a) Strategy (FY2021)

After assessing the significance of risks and opportunities for the entire Group based on two climate change scenarios, we identified “overall low-carbon policy (CO₂ emissions reduction)” as the most important risk common to the Group, set a long-term target for CO₂ emissions reduction and started working on it.

■ Material Risks and Opportunities by Business and Scenarios Identified in 2020

Business		Risks		Business		Opportunities			
Foods Business	Chicken	General abnormal weather	<ul style="list-style-type: none"> Soaring prices due to shrinking agricultural production Deterioration in the quality of raw materials Difficulty in obtaining raw materials and production delays due to logistics network disruptions 	Foods Business	Baseline scenario	Changes in weather patterns	<ul style="list-style-type: none"> Increased demand for frozen and processed foods 		
	Rice				Flooding, rising sea levels	<ul style="list-style-type: none"> Submerged agriculture farms, aquafarms and processing factories Difficulty in obtaining raw materials and production delays due to supply chain disruptions 	1.5°C scenario	Strengthening of environmental countermeasures within the supply chain	<ul style="list-style-type: none"> Increased demand for ethical products that are compliant with the Sedex platform and are created using globally certified raw materials Increased demand for the curtailment of food loss within the supply chain through the development of eco-friendly products and technological development
	Shrimp	<ul style="list-style-type: none"> Reductions in production efficiency and volume and submerged aquafarms 	Increased environmental awareness						<ul style="list-style-type: none"> Development and expansion of demand for products created using sustainable raw materials
	Vegetables, Marine products, and Meat and poultry products								
	Logistics Business	Baseline scenario	General abnormal weather		<ul style="list-style-type: none"> Increased cost for measures for converting to renewable energy and equipment electrification, elimination of emissions 	Baseline scenario	General abnormal weather	<ul style="list-style-type: none"> Increase in sales resulting from expanding customer base through strengthened disaster countermeasures and greater resilience 	
									1.5°C scenario
Logistics Business	Baseline scenario	General abnormal weather	<ul style="list-style-type: none"> Damage to refrigerated warehouses and logistics centers Difficulty securing human resources in disaster risk areas 	Baseline scenario	General abnormal weather	<ul style="list-style-type: none"> Increase in sales resulting from expanding customer base through strengthened disaster countermeasures and greater resilience 			
							1.5°C scenario	Low-carbon policies	<ul style="list-style-type: none"> Increase of investment in natural refrigerants and opportunity loss caused by the slow adoption of technological platforms such as electrical and low-carbon vehicles

(FY2022)

We selected “water risk due to abnormal weather conditions” as a common risk for the food and logistics business, and conducted a survey on flood risk and storm surge risk of rivers in our domestic base regions.

For more information, please refer to pages 59 to 61 of the Nichirei Corporation Group Integrated Report 2021.

<https://www.nichirei.co.jp/ir/library/integrated.html>

(FY2023)

The impact of future climate change on yields of rice and chicken, important raw materials in the food business, was investigated. In the case of the global warming scenario, yields of rice were found to increase in the current sourcing areas. In the case of chicken, yields decreased in some areas due to the predicted future rise in temperature, but the current poultry farms are air-conditioned, so the impact on yields is expected to be minimal.

For more information, please refer to pages 69 to 70 of the Nichirei Corporation Group Integrated Report 2022.

<https://www.nichirei.co.jp/ir/library/integrated.html>

■ Efforts to reduce CO₂ emissions

The Group is actively introducing renewable energy sources in order to achieve its long-term targets of CO₂ emission reduction.

- Installation of on-site solar power generation equipment
- Promote renewable energy power supply through off-site PPAs
- Switching to CO₂-free menus from electric power companies
- Utilization of Tradable Green Certificates and Non-Fossil Certificates

■ Efforts to elimination of CFCs

Switching to natural refrigerants

By 2030, 100% of the freezers at domestic production facilities (self-operated food factories and invested factories) of the processed foods business and 75% (on a tonnage basis excluding loaned facilities), including overseas sites, of those of the logistics business, will be converted to natural refrigerants.

(b) Indicators and targets

<Group long-term environmental targets and low carbon policy>

Having endorsed the TCFD recommendations, the Nichirei Group is promoting the following low-carbon policies

Pillar of low-carbon policy	Overview	Target scope
1 The establishment of long-term CO ₂ reduction goals	<ul style="list-style-type: none"> • 50% reduction in Scope 1 and 2 CO₂ emissions (compared with FY 2016) in Japan in 2030 	In Japan Scope 1 and 2
2 The promotion of CO ₂ reduction countermeasures overseas	<ul style="list-style-type: none"> • Start data collection and other efforts at overseas worksites • Review and promote CO₂ reduction countermeasures at overseas worksites 	Overseas Scope 1 and 2
3 The promotion of Scope 3 CO ₂ reduction countermeasures	<ul style="list-style-type: none"> • Promote Scope 3 data collection and other efforts • Review and promote Scope 3 CO₂ reduction countermeasures 	Scope 3

<FY2031 target>

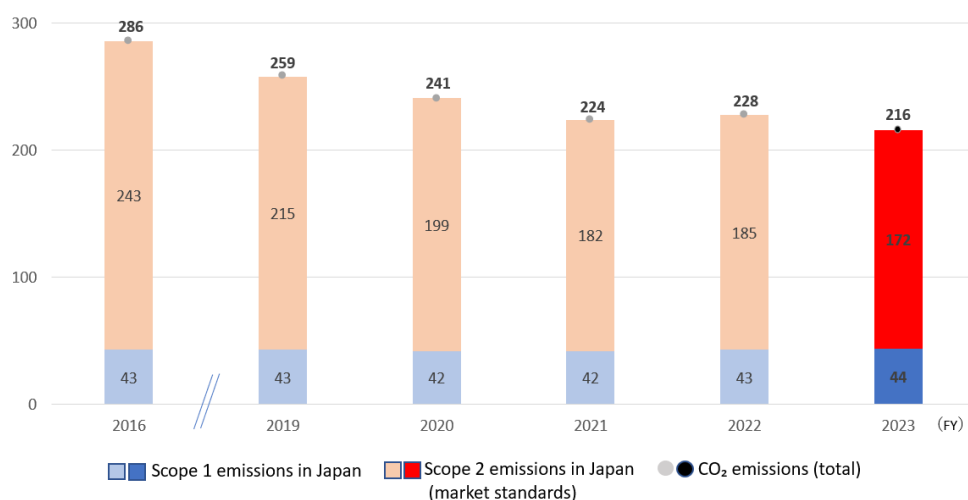
CO₂ emission reduction by 50% (FY2016 ratio, domestic Scope1,2)

<FY2023 CO₂ emission performance (Scope1+2)>

Domestic CO₂ emissions 216 thousand tons CO₂ reduction 24.6% from FY2016

Overseas CO₂ emissions 123 thousand tons

(Thousand tons of CO₂)



※ The CO₂ emission coefficient for power is the adjusted emission coefficient used by power companies (Ministry of the Environment)

② Building a sustainable supply chain

(a) Strategy

For the Group, whose vision is “manufacturing by optimizing nature’s bounty” we recognize that sustainable food procurement with consideration for the environment and human rights is fundamental to our business and directly linked to the provision of customer value and the growth of our Group. We are promoting initiatives based on the Nichirei Group Sustainable Procurement Policy and the Nichirei Group Supplier Code of Conduct and Guidelines (*).

“Realizing Sustainable Food Procurement and Resources Recycling” has been set as one of the materiality, the holding company and operating companies each have their own targets, which are discussed and examined at the Group Sustainability Committee while making efforts to disclose them appropriately.

(*) Guidelines for the sustainable procurement of marine products and palm oil have been established. Each guideline is disclosed on our website.

- Nichirei Group Sustainable Marine Product Procurement Guideline
https://www.nichirei.co.jp/sustainability/social/supplychain/marine_products_guideline.html
- Nichirei Group Sustainable Palm Oil Procurement Guideline
https://www.nichirei.co.jp/sustainability/social/supplychain/palm_oil_guideline.html

■ Initiatives toward sustainable procurement

- Conducting internal education of human rights and sustainability study sessions for executives.
- Promoting awareness and endorsement of the Supplier Code of Conduct and Guidelines among suppliers, and conducting ESG surveys.
- Conducting human rights due diligence with suppliers.
- Expanding the use of the Sustainability Platform (Sedex (*1)) in the processed foods business.
- Expanding the handling of MSC- and ASC-certified marine products in the marine products business.
- Undertaking our own activities (Forest of Life Project, Sea of Life Project, etc.) aimed at improving local ecosystems and maintaining and conserving marine resources.
- Purchasing RSPO (*2) certified oil credits (book-and-claim method)
- Conducting the poultry farming business with a recycling-oriented agricultural-livestock.

(*1) Supplier Ethical Data Exchange: a non-profit organization established in the UK in 2004 to provide a platform for managing and sharing corporate ethical information with the aim of realizing responsible business practices in the supply chain.

(*2) Roundtable on Sustainable Palm Oil: Roundtable for the sustainable palm oil.

(b) Indicators and targets

The Group has set materiality indicators and targets and is working to achieve them.

For details, please refer to “Nichirei Group Material Matters (Materiality) (KPI)” in “1. Management Policy, Business Environment and Issues to be Addressed (2) Medium-term Management Strategies, Target Management Indicators, Business Environment and Issues to be Addressed.”

③ Human capital

(a) Strategy

Based on the sustainability policy, in order to realize the “Vision for 2030” it is necessary to clarify the foundation regarding human resources, and therefore, the Nichirei Group’s philosophy regarding human resources and a human resources policy based on this concept were newly established in July 2022.

The Group Human Resources Policies are;

1. Encourage empathy; use business to resolve social issues
2. Generate value by linking knowledge, digital technologies
3. Cultivate a safe, secure corporate culture to tackle challenges

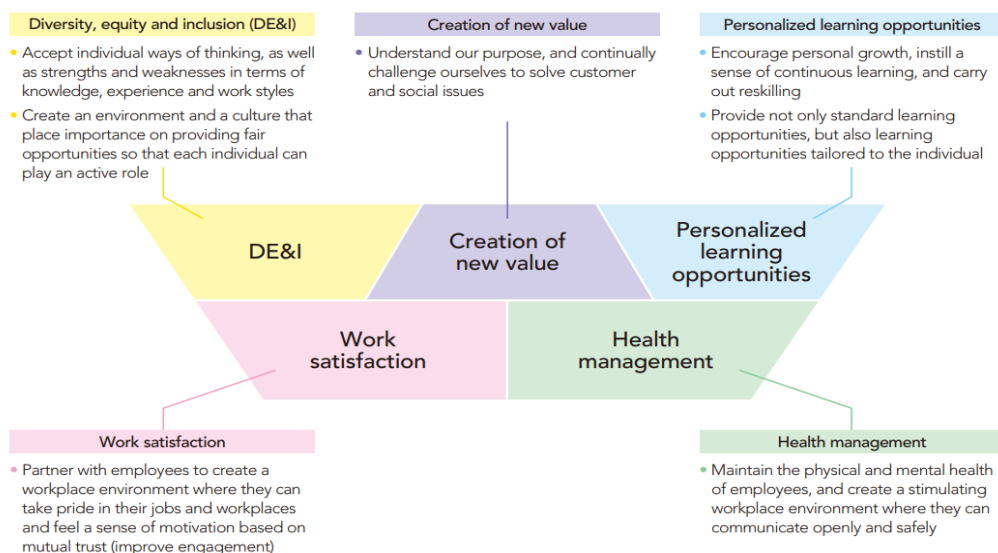
These are a summary of the human resource issues that must be addressed in order to achieve the “Vision for 2030” and the “Five Material Matters.”

We have set forth five human resources strategies as concrete steps to implement these human resources policies. First, based on the belief that the most important prerequisite for business promotion is for employees to work vigorously, we have established “Work satisfaction” and “Health management” as the foundation of our human resources policy, and then we have set forth strategies to enhance corporate value: “DE&I (Diversity, Equity, and Inclusion),” “Creation of New Value,” and “Personalized learning opportunities.”

We will implement these human resource strategies as one that both solves management issues and realizes the ideal human resources and organization we aspire to be.

- Group human resource policy (Human resources and organization that we aim for)
 - Encourage empathy; use business to resolve social issues
Develop proactive human resources by aligning employee aspirations with the Group’s targeted social impact, based on the idea that food connects people.
 - Generate value by linking knowledge, digital technologies
Create an organization that contributes to good eating habits and health by incorporating a range of perspectives, as well as using data and digital technologies in response to environmental change.
 - Cultivate a safe, secure corporate culture to tackle challenges
Communicate work-related ideas, develop mutual trust, and cultivate a corporate culture that can tackle challenges without fear of failure.

■ Human Resources Strategies (Five Perspectives to Help Bridge the Gap between the Ideal Situation and Now)



(b) Indicators and Targets

In order to steadily promote the aforementioned five human resource strategies, we have established eight themes related to human resources at the Company and major domestic subsidiaries.

(i) Improve employee performance through health maintenance and promotion

As a company that supports food and health, we consider it our mission to ensure that our employees, regardless of age or gender, are always physically and mentally healthy and working vigorously. As part of efforts to reduce presenteeism and absenteeism, which lead to poor employee performance, we are promoting the development of an occupational health system, health literacy education, and support for balancing treatment and work. As a result, we were awarded the Health & Productivity Stock Selection 2023.

	FY2023 Results	FY2025 Target	FY2031 Target
Absenteeism (*1)	3.6 days	2.6 days	1 day
Presenteeism (*2)	79%	85%	90%

(*1) Number of days in which work itself cannot be performed due to physical or mental illness.

(*2) Current level of performance, assuming the level of performance that can normally be demonstrated is 100%.

(ii) Strengthen the relationship of mutual trust between a company and its employees

We will emphasize the relationship of mutual trust between a company and its employees and will create and implement departmental action plans based on the results of the engagement survey starting from FY2024.

(iii) Provide opportunities to women employees and realize their active engagement

In response to the increase in the percentage of women employees in management and executive positions and the diversification of work values, we are creating opportunities for women employees to play an active role regardless of their attributes, and developing measures to draw out the abilities of employees, such as study sessions for women executives, round-table discussion, and women employee networking events.

	FY2022 Results	FY2023 Results	FY2025 Target	FY2031 Target
Ratio of women directors and corporate auditors	20%	13%	20% or more	30% or more
Ratio of women in management positions	12%	15%	20%	30%

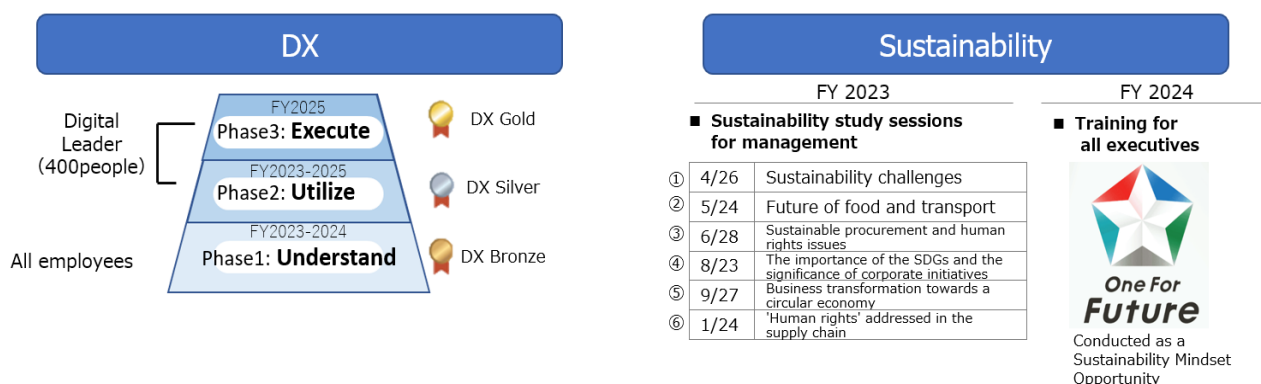
(Note) Percentage of Nichirei (holding company) only

(iv) Develop human resources to support overseas business promotion

Since the growth of overseas business is essential to achieving management goals, we provide opportunities to acquire skills necessary to promote and support overseas business, opportunities to study languages, career paths including overseas business experience, and short-term experience at overseas locations.

(v) Educational practices related to digital sustainability

Digital sustainability initiatives are essential for the new era and society to come. To this end, we are providing educational opportunities for all employees to raise their understanding of digital sustainability issues. In addition, we have introduced a certification system to promote digital initiatives and are working to increase the number of certified employees.



(vi) Provide independent learning opportunities and practices

While the Group provides opportunities for necessary skills and experience, it is also essential for employees to learn independently. As learning opportunities for each and every employee, in addition to mandatory e-learning education, we will provide correspondence courses and expand training opportunities to enable employees to learn on their own initiative, thereby doubling (*) our investment in human resources in FY2031 compared to the previous medium-term management plan.

(*) Multiplier to average human capital investment for FY2019-2021

	FY2022 Results	FY2023 Results	FY2025 Target	FY2031 Target
Group human capital investment	0.8 times	1.2 times	1.7 times	2.0 times

(vii) Obtain new perspectives from inside and outside the Group

In order to revitalize the organization and promote the acquisition of new knowledge, it is essential to promote the exchange of human resources and knowledge within and outside the Group. To this end, we will introduce and utilize a sideline system from FY2024, and promote the systematic hiring of mid-career employees as well.

(viii) Compliance with laws and regulations and maintenance of a safe and secure working environment

In addition to compliance with laws and regulations, we are working with labor and management to maintain and improve workplace environments and systems that allow employees to work safely and with peace of mind, through such means as cooperative labor-management study sessions, education on occupational accidents, and awareness and exchange of opinions at Safety and Health Committee meetings.

3. Business and Other Risks

The following is a list of major risks that management recognizes as having the potential to materially affect the financial position, operating results, and cash flows of the consolidated companies, among the matters related to business overview and financial information, etc., as described in the Annual Securities Report.

Forward-looking statements in the following section are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Economic Conditions and Business Environment

<Risk>

In the domestic market, new demand is expected to be generated by such factors as the growing need for shorter hours and the trend toward diversification of consumption patterns against the backdrop of changes in household composition and lifestyles. At the same time, however, there are concerns that overall demand will shrink over the long term as the population declines on a full scale. In overseas markets, we expect to see an expansion of various food- and health-related needs that differ from region to region, backed by economic growth and changes in the business environment. In addition, social expectations and demands on companies are becoming even more diverse and sophisticated in order to realize a sustainable society.

<Countermeasures and Initiatives>

In response to these changes in the environment, our group aims to contribute to people's good eating habits and health by creating new value that solves the issues faced by our customers and communities through innovation in a wide range of businesses that support food and health.

(2) Food Quality Problems

<Risks>

The Group manufactures and sells food products, and quality problems related to food products may occur, including exceedances of hygiene standards and standards for residues of agricultural chemicals and veterinary drugs, contamination by foreign substances, and specific livestock infectious diseases (such as avian influenza, African swine fever, and foot-and-mouth disease).

In the event of a quality problem with merchandise sold by our Group, we will take appropriate measures based on a comprehensive assessment of the hazardousness and diffusion of the problem. However, a large-scale recall of merchandise beyond our expectations could damage our Group's social reputation and have a significant impact on our business performance.

In addition, a serious quality problem with a food product outside of our Group could also hinder the stable procurement and sales of merchandise and raw materials in the processed foods, marine products and meat and poultry products business, and could reduce the utilization rate of logistics centers in the logistics business due to a significant decrease in food product imports.

<Countermeasures and Initiatives>

Aiming to provide reliable products and services to our customers, our Group is striving to maintain and improve a consistent quality assurance system from merchandise development to raw materials procurement, production, and sales, including the introduction of a food safety management system. We place the highest priority on ensuring food "safety and security" through appropriate quality and production control of raw materials and merchandise, establishment of traceability systems, food defense initiatives, and training and proper assignment of personnel.

(3) Securing and Developing a Diverse Array of Human Resources

<Risks>

In order for our Group to achieve sustainable growth, it is important to secure and develop diverse and talented human resources and to maximize their abilities. In Japan, however, the challenge is to respond to the labor shortage caused by the declining birthrate and aging population. If we are unable to secure and train the necessary human resources as planned due to changes in the employment situation, including labor shortages, or the mobility of human resources, our Group's business operations may be affected.

<Countermeasures and Initiatives>

The Group is working to improve the working environment and productivity by realizing diverse work styles, promoting health management, and automating, labor-saving, and manpower-saving operations in offices, production plants, and logistics centers. In the area of health management, the Nichirei Corporation Health Promotion Center has taken the lead in implementing thorough post-measures for health checkups, including cancer screening, and measures to improve health literacy, and was selected as a "Health & Productivity Stock Selection 2023" following FY2021 and FY2022. In addition, the Ministry of Economy, Trade and Industry (METI) has recognized us as one of the Certified Health and Productivity Management Organization Recognition Program under the large enterprise category (White 500) for seven consecutive years since the program was established. In the area of human resource development, we strive to invest in human capital by providing opportunities for employees to understand and instill our corporate management philosophy and to develop and demonstrate their abilities.

(4) Information Security

<Risks>

The Group uses various systems and handles a great deal of important information in the course of its business operations, and there is a risk that these systems may be shut down or important information may be tampered with due to operational problems or cyber attacks, which could hinder business operations, or that important information may be leaked outside the Group due to computer viruses or inadequate management of information terminals. In the event of such system trouble or information leakage, the Group's business performance could be severely affected by response costs and loss of public trust.

<Countermeasures and Initiatives>

In addition to implementing technical measures such as firewalls, intrusion detection systems, and appropriate authentication systems against external attacks, the Group is working to establish an appropriate management system for information system by preparing rules and regulations on information security and educating employees through e-learning and other means.

(5) Price Fluctuations of Merchandise and Raw materials

<Risks>

Merchandise and raw materials handled by our Group include livestock products (poultry, etc.) and marine products, the prices of which fluctuate widely depending on market conditions, crop patterns and fish catches, etc. If cost increases cannot be absorbed by cost reduction measures or if price revisions do not proceed due to intensifying competition or other factors, the Group's business performance may be severely affected.

<Countermeasures and Initiatives>

In the processed foods business, we are striving to continuously reduce manufacturing costs by improving formulation technology and production efficiency and developing merchandise with higher value, while in the marine products, meat and poultry products business, we are striving to procure and sell in line with the supply-demand balance, and to expand the handling of processed products that are less susceptible to market fluctuations and strengthen sales of differentiated products.

(6) Fluctuations in Crude oil Prices, etc.

<Risks>

Soaring crude oil and other prices lead to increases in our Group's costs for electricity, procurement of fuels such as diesel fuel and heavy oil, and procurement costs for merchandise and raw materials. If these price hikes cannot be absorbed by cost reductions or if price revisions do not proceed, the Group's business results may be severely affected.

<Countermeasures and Initiatives>

The Group strives to continuously reduce costs by introducing new technologies and improving operations.

(7) Impact of Exchange rate Fluctuations

<Risks>

Since the Group procures some of its merchandise and raw materials from overseas in its main business operations and owns subsidiaries overseas, it is subject to the effects of currency fluctuations. Currencies that affect our Group's performance include the U.S. dollar, the Thai baht, and the euro. Any sudden fluctuations in exchange rates that exceed expectations could have a significant impact on the Group's business performance.

<Countermeasures and Initiatives>

Forward exchange contracts are entered into in an effort to minimize the impact of exchange rate fluctuations on the Company's business performance.

(8) Changes in Laws and Regulations, etc.

<Risks>

In conducting its business in Japan, the Group is subject to various laws and regulations, including the Food Sanitation Law, the Warehousing Business Law, the Freight Forwarding Business Law, the Pharmaceuticals and Medical Devices Law, the Antimonopoly Law, the Personal Information Protection Law, labor laws, and environmental laws, as well as laws and regulations in the relevant countries for its overseas business.

If our business activities are restricted due to unforeseen revisions or establishment of new laws and regulations or strengthening of regulations by soft law in the future, and if we incur expenses to cope with such restrictions, our Group's business performance may be severely affected.

<Countermeasures and Initiatives>

In accordance with the Sustainability Policy "The Nichirei Pledge" the Group is committed to thorough compliance, pays sufficient attention to the trends of laws and regulations in each country and region and gathers the information. In particular, we examine and respond to changes in environmental and social laws and regulations from the perspective of both risk and opportunity.

(9) Sustainable Food Procurement

<Risks>

Consideration for human rights and the labor environment in the supply chain, management of natural marine resources, reduction of food loss, and resolution of the marine plastic problem are becoming increasingly important social demands, and there is a possibility that laws and regulations will be revised, newly established, or soft-law regulations will be strengthened in the future. Insufficient efforts or deemed insufficient could not only hinder the stable procurement of raw materials, but also cause damage to social credibility and incur response costs, which could have a significant impact on our Group's business performance.

<Countermeasures and Initiatives>

The Group has established the "Nichirei Corporation Group Sustainable Procurement Policy" in 2022 for sustainable food procurement. In accordance with this policy, we have formulated the Nichirei Group Supplier Code of Conduct and Nichirei Group Supplier Guidelines for our suppliers. In addition to conducting ESG surveys, etc., for our suppliers, we are handling MSC- and ASC- certified marine products, procuring sustainable palm oil, and engaging in the poultry business with a recycling-oriented agricultural and livestock farming.

(10) Climate Change

<Risks>

As the transition to a decarbonized society accelerates, companies are expected to take steps to significantly reduce greenhouse gas emissions and decarbonize their operations, and policies and regulations are expected to be strengthened to facilitate this, such as the imposition of a carbon tax. For our group, which is based on freezing and refrigeration technology and consumes energy mainly in the form of electricity, there is a possibility of an increase in costs if efforts to reduce CO₂ and other emissions are delayed. In addition, if the supply chain, including raw material procurement, production, and logistics, is affected by rising temperatures and extreme weather events associated with global warming, the Group's business performance could be severely impacted.

<Countermeasures and Initiatives>

As part of our efforts to address climate change, we are switching from CFCs refrigerants to natural refrigerants, etc., as well as installing renewable energy sources that do not emit CO₂, such as installing photovoltaic power generation equipment and using Tradable Green Certificates. In addition, we will continuously assess the impact of climate change and disclose information in accordance with the recommendations of the TCFD.

(11) Large-scale Natural Disasters

<Risks>

In the event of extensive damage to roads, ports, railroads, etc. in our Group's bases and neighborhoods due to a major earthquake or localized storms, which have been on the increase in recent years, or in the event of market contraction, supply chain disruption, or restriction of business activities, our business activities may be suspended for a long time before restoration, and our Group's business performance may be severely affected.

<Countermeasures and Initiatives>

As countermeasures against large-scale natural disasters, the Group is proceeding with seismic reinforcement work and deployment of emergency power generators, while the Group as a whole is developing an employee safety confirmation system, disaster prevention manuals and business continuity plans (BCP) and establishing multiple data centers.

(12) International Situation

<Risks>

If geopolitical risks such as the situation in Ukraine were to cause prolonged increases in energy and raw materials prices, impact financial markets, or affect supply chains, the Group's business performance could be affected.

<Countermeasures and Initiatives>

We will continue to monitor the situation closely, strive to minimize the impact on our business activities, and take appropriate measures as needed.

(13) Technological Innovation

<Risks>

If the Group's technologies or the competitiveness of the merchandise and services it provides were to decline due to unpredictable changes in the business environment caused by technological innovation, such as rapid advances in digital technology and food tech, the Group's business performance could be severely affected.

<Countermeasures and Initiatives>

In the field of food and health, our Group is working on business process transformation and various innovations through the use of digital technology and data. We have established and are operating an innovation management system (IMS) based on ISO 56002.

(14) Holding of Non-current Assets

<Risks>

The Group owns a number of logistics centers and production plants in Japan and abroad. In addition, the Group may hold Goodwill and Investment securities as a result of investments in overseas operations or the development of new businesses. In the future, if the location conditions of our logistics centers deteriorate due to the relocation of shippers or changes in the road transportation network, if our production plants are restructured due to aging or obsolescence of facilities or sluggish sales, or if goodwill or investment securities deviate from the business plan at the time of investment, in addition to the impact of deterioration in gain on investments, the Group's performance may be seriously affected by impairment or write-down of non-current assets, or by disposal of those assets. In such cases, the Group's business performance may be severely affected due to impairment, devaluation, or disposal of non-current assets, in addition to deteriorated earnings.

<Countermeasures and Initiatives >

The Group has introduced a PDCA cycle for each investment project and has clarified the items to be considered at the time of investment proposal and the rules for post-approval verification, and is appropriately operating the cycle.

(15) Strategic-Holding Securities

<Risks>

The Group has strategic-holding securities, but if the market value of such security or the financial condition of the issuing company changes significantly due to future trends in the economic environment or corporate earnings, shareholders' equity may be damaged and the Group's business performance may be severely affected.

< Countermeasures and Initiatives >

The Company verifies the medium- to long-term economic rationale for each individual security, and sells securities that it deems to be of little significance. In addition, the Company makes a comprehensive judgment based on a qualitative evaluation of the strategic importance of the security.

4. Management's Discussion and Analysis of Financial Condition, Operating Results and Cash Flows

Forward-looking statements in the following section are based on the judgment of the Group as of the end of the current consolidated fiscal year.

(1) Summary of Operating Results and Management's Discussion and Analysis of Operating Results

① Operating results and analysis, etc.

During the current fiscal year, the global economy is experiencing a slowdown in growth due to soaring energy and raw materials prices, and monetary tightening in the U.S. and Europe, although the impact of the new coronavirus is declining and normalization is progressing.

In the Japanese economy, the economy is on a gradual recovery path due to the resumption of socioeconomic activities and expectations for inbound consumption, but there are concerns about the impact of global inflation and geopolitical risks on price increases and supply-side effects.

In the food-related industry, the market for Frozen food is expanding due to changes in lifestyles and a recovery in demand for eating out. On the other hand, the industry continues to face severe conditions such as rapid exchange rate fluctuations and soaring raw materials prices, making it necessary to revise prices and restructure supply chains to ensure profitability. In addition, social demands for sustainability are further increasing as social issues such as climate change and human rights become more apparent.

In the first year of its medium-term management plan "Compass Rose 2024" (FY2023-FY2025), the Group has been working on measures aimed at improving its social and economic value by fulfilling its social responsibility as a company that supports good eating habits and health through business activities based on the "Sustainability Policy - The Nichirei Pledge" and pursuing capital efficiency.

As a result, net sales of the Group totaled ¥662,204 million (up 9.9% from the previous fiscal year), thanks to strong sales in the mainstay the processed foods and the logistics businesses. On the profit front, despite the impact of foreign exchange rate fluctuations and soaring raw materials and energy costs, operating profit increased to ¥32,935 million (up 4.9% from the previous fiscal year) and ordinary profit increased to ¥33,448 million (up 5.6% from the previous fiscal year) due to the Company's efforts to address cost increases mainly in its core businesses and strong performance by the bioscience business.

Extraordinary income totaled ¥1,653 million, including gain on sale of investment securities, while extraordinary losses totaled ¥2,113 million.

As a result of the above, profit attributable to owners of parent amounted to ¥21,568 million (down 7.8% from the previous fiscal year).

[Consolidated operating results]

(Millions of yen)

	Current fiscal year	Compared to Previous fiscal year	Percentage change (%)
Net sales	662,204	59,508	9.9
Operating profit	32,935	1,525	4.9
Ordinary profit	33,448	1,781	5.6
Profit attributable to owners of parent	21,568	△1,813	△7.8

Operating results by segment are as follows.

(Millions of yen)

(Segment)	Net sales			Operating profit		
	Current fiscal year	Compared to Previous fiscal year	Percentage change (%)	Current fiscal year	Compared to Previous fiscal year	Percentage change (%)
Processed foods	275,697	31,460	12.9	13,962	△281	△2.0
Marine products	68,995	1,253	1.9	951	△5	△0.6
Meat and poultry products	85,755	5,457	6.8	959	△208	△17.8
Logistics	244,207	19,660	8.8	15,147	521	3.6
Real estate	4,532	217	5.0	1,798	145	8.8
Others	6,092	1,912	45.8	829	1,158	—
Adjustment	△23,075	△454	—	△713	196	—
Total	662,204	59,508	9.9	32,935	1,525	4.9

(a) Processed foods business

[Industry Topics]

In the processed foods industry, demand for home and home-cooked meals remained strong and demand for restaurant meals also recovered as consumers eased restrictions on their behavior. On the other hand, the industry as a whole saw a series of price revisions due to rising raw materials and energy costs and the impact of the yen's depreciation.

[Key Performance Indicators]

Net sales of goods increased due to price revisions, expanded sales of mainstay merchandise and new value-added products, and growth in overseas sales. Operating profit decreased due to cost increases in raw materials, procurement costs, and power and fuel costs, despite the effect of price revisions and an improvement in the performance of a subsidiary in Thailand.

(Millions of yen)

	Current fiscal year	Compared to Previous fiscal year	Percentage change (%)
Net sales	275,697	31,460	12.9
Household-use Prepared Foods	81,405	4,582	6.0
Commercial-use Prepared Foods	100,054	7,409	8.0
Processed agricultural products	20,430	461	2.3
Overseas	58,902	18,068	44.2
Other	14,904	939	6.7
Operating profit	13,962	△281	△2.0

(Note) Overseas: Cumulative period from January 2022 to December 2022

Household-use Prepared Foods

Sales of mainstay processed chicken products grew due to the recovery of the production base in Thailand, and processed meat products including “Gokujo Hamburger Steak” performed well. Merchandise for personal use, including snacks such as “Imagawa-Yaki (Japanese waffle)” and noodles such as “Chilled Chinese noodles” and “Curry Udon” also contributed to sales growth.

Commercial-use Prepared Foods

Merchandise development that met the needs of different business categories and other efforts resulted in strong sales of main categories such as processed chicken products, processed meat products including hamburgers and cutlets, and Harumaki (spring rolls) for the restaurant and home meal service market.

Processed agricultural products

Sales of broccoli for home use decreased significantly, but sales of eggplant, corn, spinach, etc. for commercial use increased due to growth in sales to restaurants, which have recovered.

Overseas

U.S. subsidiary InnovAsian Cuisine Enterprises, Inc. reported an increase in sales, mainly due to its efforts to strengthen the supply system for its mainstay merchandise in response to strong household demand. In addition, GFPT Nichirei, a subsidiary in Thailand, reported an increase in revenue due to strong sales to Europe and value-added chicken by-products.

(b) Marine Products

[Industry Topics]

While global demand for marine products remained high, the tightness of marine resources and the rapid depreciation of the yen caused production area prices and logistics costs to rise, affecting procurement prices.

[Key Performance Indicators]

Operating profit remained at the same level as the previous fiscal year, mainly due to the contribution of the overseas business by focusing on its strong commercial products, especially “shrimps” and increasing revenue by revising selling prices in response to increased procurement costs.

(c) Meat and Poultry Products

[Industry Topics]

Soaring feed and fuel costs affected the procurement prices of livestock products. In addition, the market price of domestically produced chicken meat trended upward due to the outbreak of avian influenza in Japan.

[Key Performance Indicators]

Although sales increased due to growth in processed products and imported frozen products for the lunch and restaurant market, operating profit decreased as it was not possible to absorb increased procurement costs due to soaring feed prices and other factors.

(d) Logistics

[Industry Topics]

While warehousing capacity was tight due to strong storage demand, especially in metropolitan port areas, electricity rates and cargo handling and transportation/distribution costs continued to rise due to rising energy prices and labor shortages.

[Key Performance Indicators]

In addition to solid sales in the logistics network and regional storage businesses, overseas business also performed well, resulting in an increase in revenues. Operating profit increased, despite higher energy costs, due to the effect of increased revenues and the promotion of measures to improve operations and transportation efficiency.

(Millions of yen)

	Net sales			Operating profit		
	Current fiscal year	Compared to Previous fiscal year	Percentage change (%)	Current fiscal year	Compared to Previous fiscal year	Percentage change (%)
Domestic Subtotal	177,098	2,736	1.6	13,530	86	0.6
Logistics Network	104,631	1,683	1.6	5,418	△99	△1.8
Regional Storage	72,466	1,053	1.5	8,111	186	2.3
Overseas	63,745	17,825	38.8	2,406	329	15.8
Other/Common	3,363	△901	△21.1	△789	105	—
Total	244,207	19,660	8.8	15,147	521	3.6

(Note: Overseas is the cumulative period from January 2022 to December 2022)

Domestic

Sales increased due to a high level of stored cargo inventory in the regional storage business as a result of steadily capturing strong storage demand mainly in metropolitan areas, as well as steady cargo movement of frozen food in the 3PL business. Operating profit increased due to the receipt of electricity and fuel surcharges to mitigate part of the impact of soaring energy costs, as well as to expanded cargo collection in the Tokyo metropolitan area and improved operational efficiency.

Overseas

In Europe, both sales and operating profit increased due to the effect of corporate acquisitions made in the previous fiscal year, as well as strong handling of customs clearance cargo and steady demand for transportation such as cross-border transportation.

(e) Real Estate

[Key Performance Indicators]

Sales and operating profit of the mainstay leasing business increased due to efforts to secure stable earnings by systematically implementing renovation work and energy conservation measures.

(f) Other

[Key Performance Indicators]

Among other businesses, the bioscience business posted increases in both sales and operating profit due to a significant increase in the handling of new coronavirus antigen test kits, as well as strong sales of molecular diagnostics and biopharmaceutical raw materials.

② Financial position and cash flows, analysis, etc.

(a) Financial Condition and Analysis, etc.

(Millions of yen)

	At end of Previous fiscal year	At end of Current fiscal year	Comparative increase/△decrease
Assets			
Current assets	180,299	196,695	16,396
Non-current assets	247,307	260,637	13,330
Total assets	427,606	457,333	29,726
Liabilities and Net Assets			
Current liabilities	120,775	130,086	9,310
Non-current liabilities	88,928	93,733	4,805
Total liabilities	209,703	223,819	14,115
Of which, interest-bearing liabilities (excluding lease liabilities)	104,718 (90,172)	114,580 (100,064)	9,862 (9,892)
Total net assets (of which equity)	217,903 (211,169)	233,513 (224,443)	15,610 (13,273)
D/E ratio (times) (excluding lease liabilities)	0.5 (0.4)	0.5 (0.4)	0.0 (0.0)

(Note) D/E ratio calculation method: Interest-bearing liabilities divided by Net assets

Total assets at the end of the current consolidated fiscal year were ¥457.3 billion, up ¥29.7 billion from the end of the previous consolidated fiscal year. Current assets increased ¥16.3 billion to ¥196.6 billion, mainly due to an increase in trade receivables resulting from strong sales. Non-current assets increased by ¥13.3 billion to ¥260.6 billion due to an increase in property, plant and equipment resulting from capital investments to expand the gain on investments base of core businesses.

Total liabilities amounted to ¥223.8 billion, up ¥14.1 billion from the end of the previous consolidated fiscal year. Interest-bearing liabilities increased ¥9.8 billion to ¥114.5 billion due to increases in short-term borrowings and commercial papers.

Total net assets increased ¥15.6 billion from the end of the previous consolidated fiscal year to ¥233.5 billion. Shareholders' equity increased by ¥13.2 billion to ¥224.4 billion, due to the posting of ¥21.5 billion in profit attributable to owners of parent, the payment of ¥6.6 billion in dividends, the purchase of treasury shares of 1,826 thousand shares for ¥4.9 billion to enhance shareholder returns and improve capital efficiency, and an increase in accumulated other comprehensive income of ¥3.2 billion.

(b) Status and Analysis of Cash Flows, etc.

(Millions of yen)

	At end of Previous fiscal year	At end of Current fiscal year	Comparative increase/△decrease
Cash flows from operating activities	34,660	37,865	3,205
Cash flows from investing activities	△26,016	△26,844	△827
Cash flows from financing activities	△14,179	△8,591	5,587
Free cash flows	8,643	11,021	2,377

Cash flows from operating activities increased by ¥3.2 billion from the same period last year to ¥37.8 billion. Ordinary profit was ¥33.4 billion, and depreciation was ¥22.1 billion, while outlays for operating funds (trade receivables, inventories, and trade accounts payable) were ¥9.6 billion, and income taxes paid was ¥9.5 billion.

Cash flows from investing activities decreased by ¥0.8 billion from the same period last year to ¥26.8 billion. This was due mainly to the ¥23.8 billion purchase of property, plant and equipment and ¥1.5 billion purchase of investment securities.

Cash flows from financing activities increased by ¥5.5 billion from the same period last year to ¥8.5 billion. While short-term borrowings and commercial papers increased by ¥6.7 billion, dividend payments of ¥6.5 billion, purchase of treasury shares of ¥5.0 billion, and repayments of lease liabilities of ¥3.6 billion were the main factors.

As a result of the above, cash and cash equivalents at the end of current period amounted to ¥27.7 billion, up ¥4.4 billion from the end of previous period.

③ Significant accounting estimates and assumptions used in making such estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan. In preparing the consolidated financial statements, the major accounting estimates that affect the reported values of assets and liabilities at the balance sheet date and the reported values of revenues and costs during the reporting period are as follows, which are evaluated on an ongoing basis on a rational basis.

Estimates, judgments and assessments are based on past performance and factors considered reasonable under the circumstances, but actual results may differ due to uncertainties inherent in estimates.

(a) Inventories

For the valuation basis and method of assets, please refer to the note “V. Financial Information, [Notes to Consolidated Financial Statements] (Significant Matters serving as the Basis for Preparation of the Consolidated Financial Statements) 4. Accounting policies.”

(b) Property, plant and equipment and Intangible assets

Property, plant and equipment, and intangible assets are rationally grouped based on management accounting categories, units used in making investment decisions, and the complementary nature of their businesses, and any indication of impairment is recognized for each such asset group. Impairment losses are recognized for an asset group for which there is an indication of impairment if the total amount of undiscounted future cash flows to be derived from the asset group is less than the carrying amount of the asset. The method uses a number of estimates and assumptions, including future cash flows and discount rates. Future cash flows are estimated based on reasonable and explainable assumptions and projections that reflect circumstances specific to the entity. The discount rate is estimated based on a combination of factors including the risks inherent in the asset group, the cost of capital required of the Group and a reasonable rate of return that is considered to be a market average reflecting the inherent risks similar to those of the asset group.

(c) Securities

Investment securities other than equity securities, etc. without market prices, are stated at fair value based on market value, while securities, etc. without market prices are stated at cost. For investment securities other than equity securities, etc. without market prices, impairment loss is recognized when the market value as of the balance sheet date has declined by 40% or more compared to the acquisition cost, except in cases where the possibility of recovery is evident, and when the possibility of recovery is not recognized in cases where the decline is 30% or more but less than 40%. For equity securities, etc. without market prices, impairment loss is recognized when the actual value has declined by 50% or more compared to the acquisition cost due to deterioration of the issuing company's financial condition, except in cases where the possibility of recovery is evident.

(d) Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that the deferred tax assets will be available against future taxable income to reduce the tax burden. Deferred tax assets are reviewed each period, and when it is determined that all or part of the future deductible temporary differences, Tax loss carryforwards, and Tax credit carryforward are no longer effective in reducing future taxable income, the amount of unrecoverable deferred tax assets is reversed.

(e) Allowance for doubtful accounts and other provisions

Allowance for doubtful accounts and other significant provisions are discussed in the note “V. Financial Information, [Notes to Consolidated Financial Statements] (Significant Matters serving as the Basis for Preparation of the Consolidated Financial Statements) 4. Accounting policies.”

(f) Asset retirement obligations

For the criteria for recognizing asset retirement obligations, please refer to the note “V. Financial Information, (Asset Retirement Obligations).”

(g) Sales promotion expenses, etc.

With respect to a portion of the expenses incurred by the Company to its suppliers for the purpose of promoting the sale of products (hereinafter referred to as “sales promotion expenses, etc.”), since sales promotion expenses, etc. are taken into account when determining transaction terms and are regarded as a substantial part of the sales price, the Company makes a reasonable estimate based on actual payments of sales promotion expenses, etc. and deducts them from net sales at the time sales.

④ Factors that have a significant impact on operating results

For details, please refer to “3. Business and Other Risks.”

⑤ Analysis of capital resources and liquidity of funds

(a) Basic policy for resource allocation

In addition to proactively investing in growth and strengthening our business base while addressing various issues, we will also allocate funds to initiatives aimed at realizing a sustainable society. In order to efficiently and stably procure the necessary funds for these purposes, we will maintain a balanced capital structure, taking into consideration capital efficiency, growth potential, and soundness. We have set management targets for ROE and ROIC for capital efficiency, Net sales and EBITDA for growth, and D/E ratio for soundness, and monitor changes in the external environment and the progress of our business plan on a quarterly basis.

Our basic policy for returning profits to shareholders is to pay stable and continuous dividends based on the consolidated dividend on equity ratio (DOE) while taking into consideration the consolidated business performance and cash flows for each fiscal year, and to purchase treasury shares in consideration of capital efficiency and the market environment.

(b) Financing needs and financing methods

Working capital requirements are mainly for operating expenses such as merchandise and raw materials purchases, manufacturing expenses, operating expenses for the logistics center, and selling, general and administrative expenses, and while capital investments requirements are mainly for the purchase food production facilities and cold storage and construction of logistics centers.

The Company and its domestic consolidated subsidiaries have introduced a cash management system (CMS), and working capital and capital investments are financed mainly by the Company’s borrowings and the issuance of bonds payable and internal funds through the concentration of the cash flows from operating activities of Group companies.

(c) Financial policy

Aiming to sustainably increase the group's corporate value, we will invest not only for growth and to strengthen our business foundation, but also for meeting social needs such as food safety and environmental preservation. We will achieve a well-balanced capital structure, taking into consideration capital efficiency, growth potential, and soundness, so that we can efficiently and stably procure the funds necessary for the execution of these businesses.

Funds generated from operating cash flow and asset liquidation will be used for investments to maintain and increase corporate value and for shareholder returns through dividends and purchase of treasury shares.

⑥ Analysis of business performance in light of medium- and long-term goals

For details, please refer to “1. Management Policy, Business Environment and Issues to be Addressed (2) Medium-term Management Strategies, Target Management Indicators, Business Environment and Issues to be Addressed.”

(2) Production, Orders and Sales

① Production results

(Millions of yen)

Name of segment	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)	Percentage change (%)
Processed foods	113,013	132,051	16.8
Marine products	9,617	9,308	△3.2
Meat and poultry products	2,513	2,975	18.4
Logistics	301	294	△2.4
Real estate	—	—	—
Other	1,540	2,521	63.6
Total	126,986	147,150	15.9

(Note) Production results are based on gross manufacturing costs before offsetting and elimination.

② Purchase results

(Millions of yen)

Name of segment	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)	Percentage change (%)
Processed foods	74,845	86,912	16.1
Marine products	57,641	57,327	△0.5
Meat and poultry products	69,885	74,589	6.7
Logistics	138	161	16.5
Real estate	—	—	—
Other	1,108	1,348	21.7
Total	203,619	220,339	8.2

(Notes)

1. Inter-segment transactions are offset and eliminated.
2. Purchase results of “Processed foods,” “Marine products,” “Meat and poultry products,” “Logistics” and “Others” are the total amount of purchase price of merchandise and various handling costs.
3. Purchase results of “Real estate” is the purchase price of merchandise, etc.

③ Orders received

Orders received by the logistics segment (Nichirei Logistics Engineering Inc.) were as follows.

The Company does not manufacture products on a made-to-order basis except for the logistics segment.

(Millions of yen)

Orders received			Outstanding Orders		
Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)	Percentage change (%)	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)	Percentage change (%)
3,124	2,164	△30.7	951	225	△76.3

(Note) Inter-segment transactions are offset and eliminated.

④ Sales results

(Millions of yen)

Name of segment	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)	Percentage change (%)
Processed foods	243,963	275,398	12.9
Marine products	67,663	68,903	1.8
Meat and poultry products	77,646	82,975	6.9
Logistics	207,242	226,710	9.4
Real estate	2,901	3,043	4.9
Other	3,279	5,174	57.8
Total	602,696	662,204	9.9

(Notes)

1. Inter-segment transactions are offset and eliminated.
2. Sales results to major customers and percentage to total sales results are as follows.

Customers Name	Previous fiscal year (from April 1, 2021 to March 31, 2022)		Current fiscal year (from April 1, 2022 to March 31, 2023)	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)
Mitsubishi Shokuhin Co., Ltd.	74,412	12.3	75,363	11.4

5. Material Business Agreements

Asset lease agreements

Contracting company	Name of leased party	Address	Contents of contract	Contract period
The Company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	General fixed-term leasehold (Land located in Tsukiji, Chuo-ku, Tokyo)	from June 30, 2003 to November 30, 2052

6. Research and Development Activities

The Group conducts research and development activities with the aim of developing new merchandise and new technologies in response to market changes and fostering new businesses.

Research and development expenses for the current fiscal year totaled ¥1,892 million, a decrease of ¥46 million from the previous fiscal year. By segment, processed foods business accounted for ¥1,164 million, logistics business accounted for ¥211 million, other business accounted for ¥259 million, and Corporate (common) accounted for ¥257 million.

Research and development activities by segment are as follows.

(1) Processed foods business

In the current consolidated fiscal year, the Company launched “Chilled Chinese Noodles,” a frozen food for home use, as its first individual noodle product that can be cooked in a microwave oven. Microwave ovens heat food by vibrating the water molecules contained in the food with microwaves. Ice is less likely to melt because it is made up of water molecules that are less affected by microwaves, while frozen noodles have the property of being easier to warm because their water molecules are scattered more than those of ice. By applying these differences in characteristics between different foods, we have developed a proprietary technology (patent applied) for “microwavable cold noodles.” This merchandise took about five years from conception to commercialization and about three years to materialize. The idea of utilizing the characteristics of ice, an industry first, is something that only our group, which has been researching frozen foods for many years.

(2) Logistics business

As a measure to address labor shortages in the logistics business, we are working on technological verification and system development that contributes to labor saving and simplification of work.

In the area of labor-saving operations, we are conducting demonstration tests of unmanned forklift trucks working in the warehouse under refrigerated (+7°C) and frozen (-25°C) conditions, moving between the refrigerated and frozen zones, and coexisting with manned forklift trucks. We have also introduced the most suitable automatic guided vehicle (AGV) for various applications and are verifying its effectiveness in actual operations.

In the area of work simplification, we have implemented a tablet-based receiving/shipping operation and an artificial intelligence-based expiration date management function, and are promoting research and development of a work task management system that uses data to provide optimal work suggestions and instructions, while also conducting verification experiments of new logistics operations using wearable devices such as smart glasses and remote robots.

(3) Other business (Bioscience business)

We develop molecular diagnostics and rapid chromatographic immunoassay products. In molecular diagnostic products, six products including N-Histofine® Simple Stain™ MAX PO (MULTI) received CE Mark under the European In Vitro Diagnostic Medical Devices Regulation (IVDR), and Idylla™ MSI Test “Nichirei Bio” for the detection of high frequency microsatellite instability (MSI-High) in genomic DNA extracted from cancer tissue was launched as an in vitro diagnostic product.

In rapid chromatographic immunoassay products, a new rapid diagnostic kit to detect novel coronavirus (SARS-CoV-2) antigen in a single test package from an overseas manufacturer was launched as an in-vitro diagnostics product to provide the market with flexibility and speed in the event of an outbreak of novel coronavirus infection.

(4) Corporate (common)

With the aim of contributing to the profitability of each business, we provide technical support for technical issues faced by operating companies and conduct research and development that contributes to the creation of new merchandise, new services, and new businesses from a medium- to long-term perspective.

With regard to technical support, we provide a wide range of assistance such as analytical evaluation and provision of technical information for the development of new products and services to create merchandise and services for new business development and new product development. In medium- to long-term R&D, we are promoting initiatives to deepen and create fundamental technologies that will be the source of our competitive advantage, and to promote open innovation that fuses internal and external technologies and knowledge. Examples include: “Cold Power Research,” which develops preservation technology to prevent food quality deterioration and develops technology for business development utilizing the characteristics of refrigeration; “Deliciousness Research,” which evaluates and analyzes deliciousness and promotes its application to business; “Health Research,” which develops business and conducts nutritional research to extend healthy life expectancy; and “Human Science Research,” which conducts research that leads to human happiness expressed as comfort, amenity, and health. We conduct these researches in collaboration with external research institutions and private companies.

III. Equipment and Facilities

1. Overview of Capital Investments

The Group continuously makes capital investments to enhance its refrigeration and production facilities, to rationalize, maintain, and preserve its facilities, to upgrade its information technology, and to enhance its research and development system.

There were no disposals or sales of significant facilities.

Capital investments by segment

(Millions of yen)

Name of segment	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)	Compared to previous period
Processed foods	12,460	14,852	2,392
Marine products	188	144	△43
Meat and poultry products	255	227	△28
Logistics	12,857	13,512	655
Real estate	1,164	560	△603
Other	58	46	△11
Adjustment	928	1,071	142
Total	27,913	30,416	2,503

(Notes)

- The segment “Adjustment” represents the elimination of carrying amount and unrealized gains/losses on non-current assets related to the holding company (the company filing the consolidated financial statements), which are not allocated to reportable segments.
- Amount of capital investments, etc. includes the amount of intangible assets.
- Major capital investments during the current fiscal year are as follows.

(Millions of yen)

Year and month of completion	Company name	Location	Segment name	Facilities	Total capital investments	Amount recorded in the current period (Amount already recorded)	Incremental capacity after completion
April 2023	Kyurei Inc.	Munakata City, Fukuoka Prefecture	Processed Foods	Establishment of new factory	11,529	8,744 (9,337)	productive capacity Approx. 70t/day
June 2023 (planned)	Nichirei do Brasil Agricola Ltda.	Pernambuco Province, Brazil	Processed Foods	Establishment of new factory	1,213	644 (1,213)	productive capacity Approx. 560t/year
January 2024 (planned)	Kyokurei Inc. Kobe Rokko logistics center	Kobe City, Hyogo Prefecture	Logistics	Establishment of new logistics center	9,253	1,474 (4,070)	Facility capacity 24,100t

(Notes)

- “Total capital investments” is the planned figure.
- New factory of Kyurei Inc. is planned to begin its operations in April 2023, with all construction to be completed in December 2023.
- Total capital investments in local currency for Nichirei do Brasil Agricola Ltda. amounted to Real 47,735 thousand.

2. Major Facilities

The status at the end of the current consolidated fiscal year is as follows.

(1) By Segment

Name of segment	Carrying amount (Millions of yen)					
	Buildings and structures	Machinery, equipment and vehicles	Land	Leased assets	Other (Note 2)	Total
			Area (m ²)			
Processed foods	26,333	23,888	5,938	287	5,308	61,756
			705,402			
Marine products	517	442	33	2	50	1,045
			7,545			
Meat and poultry products	683	550	28	13	34	1,309
			150,113			
Logistics	47,270	16,058	34,239	12,886	2,973	113,429
			989,421			
Real estate	12,063	150	654	196	73	13,138
			69,163			
Other	2,152	100	514	1	77	2,848
			3,893			
Adjustment (Note 1)	1,095	1	25	7	415	1,545
			3,439			
Total	90,118	41,192	41,433	13,394	8,934	195,073
			1,928,978			

(Notes)

1. The segment "Adjustment" represents the elimination of carrying amount and unrealized gains/losses on non-current assets related to the holding company (the company filing the consolidated financial statements), which are not allocated to reportable segments.
2. "Other" in column is the total amount of tools, furniture and fixtures and construction in progress.

(2) Status of the Company

Name of business or property (Location)	Segment name (Note1)	Contents of facilities	Carrying amount (Millions of yen)						Number of Employees (Temporary) (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land	Leased assets	Other (Note3)	Total	
					Area (m ²)				
Nichirei Higashi-Ginza Building (Chuo-ku, Tokyo)	Real estate	Office buildings for lease	5,700	2	44	—	23	5,771	—
					4,619				
Nichirei Akashi-cho Building (Chuo-ku, Tokyo)	"	"	3,247	—	6	—	25	3,278	—
					4,163				
Nichirei Suidobashi Building (Chiyoda-ku, Tokyo)	"	"	1,095	16	1	—	17	1,130	—
					2,926				
Nichirei Suidobashi Building annex (Chiyoda-ku, Tokyo)	"	"	1,243	0	0	—	0	1,243	—
					1,424				
Head office (Chuo-ku, Tokyo)	Corporate (Common)	Other facility	631	1	(Note2)	7	198	837	221 (3)
					—				

(Notes)

1. The segment "Corporate (common)" refers to facilities at the head office that cannot be classified into other segments.
2. Land is described in "Nichirei Higashi-Ginza Building."
3. "Other" in column is the total amount of tools, furniture and fixtures and construction in progress.
4. "Number of employees" is the number of full-time employees, and "(Temporary)" is the annual average number of temporary employees not included in above number.

(3) Status of Domestic Subsidiaries

Company name, Name of business or property (Location)	Segment name	Contents of facilities	Carrying amount (Millions of yen)						Number of employees (Temporary) (Persons) (Note 4)
			Buildings and structures	Machinery, equipment and vehicles	Land	Leased assets	Other (Note 3)	Total	
					Area (㎡) (Note 2)				
Nichirei Foods Inc. Funabashi Plant (Funabashi City, Chiba Prefecture)	Processed Foods	Processed Foods Production facilities	2,359	2,869	1,025	—	56	6,310	135 (215)
					30,839				
Nichirei Foods Inc. Funabashi Plant No.2 (Funabashi City, Chiba Prefecture)	"	"	978	845	1,819	—	116	3,759	63 (110)
					39,299				
Nichirei Foods Inc. Funabashi Plant No.3 (Funabashi City, Chiba Prefecture)	"	"	935	1,592	233	—	33	2,793	71 (111)
					7,004				
Nichirei Foods Inc. Kansai Plant (Takatsuki-ku, Osaka)	"	"	2,215	2,325	126	—	64	4,732	115 (304)
					23,691				
Nichirei Foods Inc. Shiroishi Plant (Shiraishi City, Miyagi Prefecture)	"	"	1,375	1,164	360	2	28	2,931	107 (229)
					23,152				
Logistics Network Inc. Funabashi Distribution Center (Funabashi City, Chiba Prefecture) Refrigerated 100,678t	Logistics	Frozen Refrigeratio n equipment	3,202	687	1,724	155	169	5,939	61 (4)
					47,036				
Logistics Network Inc. Higashi-Ogishima Distribution Center (Kawasaki-ku, Kawasaki City, Kanagawa Prefecture) Refrigerated 81,716t	"	"	4,668	280	(Note 1) —	297	9	5,256	46 (—)
					(42,345)				
Nichirei Logistics Kanto Inc. Ohi Distribution Center (Ota-ku, Tokyo) Refrigerated 52,117t	"	"	632	279	(Note 1) —	98	22	1,033	24 (—)
					(10,000)				
Nichirei Logistics Kansai Inc. Osaka Shin-Nanko Distribution Center (Suminoe-ku, Osaka City) Refrigerated 55,480t	"	"	536	268	2,176	390	35	3,408	33 (1)
					16,392				
Nichirei Logistics Kansai Inc. Osaka Terminal Distribution Center (Suminoe-ku, Osaka City) Refrigerated 56,602t	"	"	916	280	999	168	13	2,378	28 (—)
					19,923				

(Notes)

1. Land is leased.
2. Figures in parentheses in the lower row of "Area" are leased space not included in above.
3. "Other" in column is the total amount of Tools, furniture and fixtures and Construction in progress.
4. "Number of employees" is the number of full-time employees, and "(Temporary)" is the annual average number of temporary employees.
5. In addition to the above, major facility leased under lease contracts are as follows.

Name	Volume	Contract period	Leased assets (Millions of yen)
Logistics center	14 buildings	10-20 years	5,258

(4) Status of Overseas Subsidiaries

Company name Office name (Location)	Segment name	Contents of facilities	Carrying amount (Millions of yen)						Number of Employees (Temporary) (Persons) (Note 4)
			Buildings and structures	Machinery, equipment and vehicles	Land	Leased assets	Other (Note 3)	Total	
					Area (㎡) (Note 2)				
Surapon Nichirei Foods Co., Ltd. (Samut Prakan Province, Thailand)	Processed Foods	Processed foods production facilities	1,044	927	564	76	100	2,713	1,952 (-)
					68,540				
GFPT Nichirei (Thailand) Co., Ltd. (Chonburi Province, Thailand)	"	"	3,116	2,977	(Note 1) -	-	331	6,426	4,741 (-)
					(244,408)				
Hiwa Rotterdam Port Cold Stores B.V. Food Port (Rotterdam, The Netherlands) Refrigerated 147,443t	Logistics	Frozen refrigerating facilities	1,540	498	(Note 1) -	-	79	2,117	116 (-)
					(88,990)				
Eurofrigo B.V. Maasvlakte (Rotterdam, The Netherlands) Refrigerated 62,000t	"	"	216	56	(Note 1) -	-	6	280	42 (-)
					(38,885)				

(Notes)

1. Land is leased.
2. Figures in parentheses in the lower row of "Area" are leased space not included in above.
3. "Other" in column is the total amount of Tools, furniture and fixtures and Construction in progress.
4. "Number of employees" is the number of full-time employees, and "(Temporary)" is the annual average number of temporary employees.

3. Plan for New Construction and Disposals of Facilities

Capital investments and other plans of the Group are formulated based on comprehensive consideration of production plans, demand forecasts, investment as a percentage of profits, cash flow, and other factors.

Plans for new construction and disposals of significant capital investments are described in "1. Overview of Capital Investments." The breakdown by segment is as follows.

(Millions of yen)

Name of segment	Planned capital investments for next fiscal year
Processed foods	16,400
Marine products	618
Meat and poultry products	776
Logistics	24,240
Real estate	1,230
Other	235
Adjustment	3,501
Total	47,000

(Notes)

1. The segment "Adjustment" represents the amount of planned capital investments for the next fiscal year related to the holding company (the company filing the consolidated financial statements), which is not allocated to the reportable segments.
2. Amount of capital investments includes the amount of intangible assets.

IV. Information on the Filing Company

1. Information about Shares

(1) Total Number of Shares

① Total number of shares

Type	Total number of shares authorized to be issued (shares)
Common stock	360,000,000
Total	360,000,000

② Issued shares

Type	Number of shares issued As of the end of the fiscal year (March 31, 2023)	Number of shares issued As of the date of filing (June 27, 2023)	Name of listed financial instruments exchange or Name of registered and licensed financial instruments dealers association	Contents
Common stock	134,042,599	134,042,599	Tokyo Stock Exchange, Inc. Prime Market	Number of shares per unit 100 shares
Total	134,042,599	134,042,599	—	—

(2) Information of Share Acquisition Rights

① Details of stock option plan

Not applicable

② Contents of rights plan

Not applicable

③ Status of other share acquisition rights

Not applicable

(3) Status of Exercise of Bonds with Share Acquisition Rights with Exercise Price Revision Clause

Not applicable

(4) Changes in Total Number of Shares Issued and Share Capital, etc.

Date	Total number of shares issued increase/ Δ decrease (Shares)	Total shares issued balance (Shares)	Share capital increase/ Δ decrease (Millions of yen)	Share capital balance (Millions of yen)	Legal capital surplus increase/ Δ decrease (Millions of yen)	Legal capital surplus balance (Millions of yen)
July 24, 2019 (Note1)	40,055	139,965,587	51	30,359	51	7,656
July 22, 2020 (Note2)	38,290	140,003,877	59	30,418	59	7,715
July 21, 2021 (Note3)	37,518	140,041,395	53	30,472	53	7,769
November 10, 2021 (Note4)	Δ 6,033,600	134,007,795	—	30,472	—	7,769
July 22, 2022 (Note5)	34,804	134,042,599	39	30,512	39	7,808

(Notes)

- Increase due to a paid-in third-party allotment of shares with compensation as restricted stock compensation.
Issue price: 2,572 yen, Paid-in capital: 1,286 yen
Allottees: 7 directors (excluding outside directors) and 4 executive officers
- Increase due to a paid-in third-party allotment of shares with compensation as restricted stock compensation.
Issue price: 3,115 yen, Paid-in capital: 1,557.5 yen
Allottees: 7 directors (excluding outside directors) and 4 executive officers
- Increase due to a paid-in third-party allotment of shares with compensation as restricted stock compensation.
Issue price: 2,841 yen, Paid-in capital: 1,420.5 yen
Allottees: 7 directors (excluding outside directors) and 4 executive officers
- Decrease due to cancellation of treasury shares based on the resolution of the Board of Directors held on November 2, 2021.
- Increase due to a paid-in third-party allotment of shares with compensation as restricted stock compensation.
Issue price: 2,292 yen, Paid-in capital: 1,146 yen
Allottees: 6 directors (excluding outside directors) and 3 executive officers

(5) Shares by Type of Owner

(As of March 31, 2023)

Classification	Status of Shares (Number of Shares per Unit: 100 shares)								Status of odd-lot stock (Shares)
	Government and local governments	Financial institutions	Financial instruments dealers	Other corporations	Foreign corporations		Individual and other	Total	
					Non-Individual	Individual			
Number of shareholders (Persons)	—	78	35	276	284	19	18,405	19,097	—
Number of shares held (Unit)	—	692,212	31,209	124,461	285,740	140	204,971	1,338,733	169,299
Number of shares held Percentage (%)	—	51.71	2.33	9.30	21.34	0.01	15.31	100.00	—

(Note) 6,351,246 shares of treasury shares are included in “Individuals and other” (63,512 units) and “Status of odd-lot stock” (46 shares).

(6) Status of Major Shareholders

(As of March 31, 2023)

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to total number of shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	25,715	20.14
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	13,793	10.80
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo Within Nippon Life Securities Administration Department	5,744	4.50
Mizuho Bank, Ltd	1-5-5 Otemachi, Chiyoda-ku, Tokyo	3,813	2.99
Nisshin Seifun Group Inc.	1-25 Kanda Nishiki-cho, Chiyoda-ku, Tokyo	2,719	2.13
The Norinchukin Bank	1-2-1 Otemachi, Chiyoda-ku, Tokyo	2,675	2.10
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	2,554	2.00
Fukoku Mutual Life Insurance Company	2-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo	2,050	1.61
Government of Norway (Standing proxy: Citibank)	Norway Oslo Bankplassen (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	1,884	1.48
SUMITOMO LIFE INSURANCE COMPANY	2-2-1 Yaesu, Chuo-ku, Tokyo	1,855	1.45
Total	—	62,806	49.19

(Notes)

- In addition to the above, the Company owns 6,351 thousand shares of treasury shares (4.74% of the total number of shares issued).
- Of the above number of shares held, the number of shares related to trust business is as follows.
The Master Trust Bank of Japan, Ltd. (Trust Account): 25,434 thousand shares
Custody Bank of Japan, Ltd. (Trust Account): 13,618 thousand shares

3. Contents of the Large Shareholding Report (Change Report), in which the number of shares held cannot be confirmed as of March 31, 2023

- (1) Mizuho Bank, Ltd. submitted a large shareholding report (change report) on March 7, 2023, naming Asset Management One Co., Ltd. as a joint holder. However, the Company is unable to confirm the number of shares actually held by the company as of March 31, 2023, and therefore these shares are not taken into account in the “Status of Major Shareholders” above.

The contents of the large shareholding report are as follows.

Name	Address	Number of share certificates held (Thousands of shares)	Percentage of share certificates held (%)
Mizuho Bank, Ltd	1-5-5 Otemachi, Chiyoda-ku, Tokyo	3,813	2.85
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	4,367	3.26
Total	—	8,181	6.10

- (2) Mitsubishi UFJ Financial Group, Inc. submitted a large shareholding report (change report) on March 6, 2023, naming MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ Kokusai Asset Management Co., Ltd as a joint holder. However, the Company is unable to confirm the number of shares actually held by the company as of March 31, 2023, and therefore these shares are not taken into account in the “Status of Major Shareholders” above.

The contents of the large shareholding report are as follows.

Name	Address	Number of share certificates held (Thousands of shares)	Percentage of share certificates held (%)
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	2,554	1.91
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	3,630	2.71
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	1,989	1.48
Total	—	8,174	6.10

- (3) Sumitomo Mitsui Trust Bank, Limited submitted a large shareholding report (change report) on November 21, 2022, naming Sumitomo Mitsui Trust Asset Management Company Co., Ltd and Nikko Asset Management Co., Ltd as a joint holder. However, the Company is unable to confirm the number of shares actually held by the company as of March 31, 2023, and therefore, these shares are not taken into account in the “Status of Major Shareholders” above.

The contents of the large shareholding report are as follows.

Name	Address	Number of share certificates held (Thousands of shares)	Percentage of share certificates held (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	375	0.28
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1 Shiba-Koen, Minato-ku, Tokyo	3,909	2.92
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	3,799	2.83
Total	—	8,083	6.03

- (4) Nomura Securities Co., Ltd. submitted a large shareholding report (change report) on March 3, 2022, naming NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd as a joint holder. However, the Company is unable to confirm the number of shares actually held by the company as of March 31, 2023, and therefore, these shares are not taken into account in the “Status of Major Shareholders” above.

The contents of the large shareholding report are as follows.

Name	Address	Number of share certificates held (Thousands of shares)	Percentage of share certificates held (%)
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	272	0.20
Nomura Asset Management Co., Ltd	2-2-1 Toyosu, Koto-ku, Tokyo	10,637	7.94
Total	—	10,909	8.14

(7) Information on Voting Rights

① Issued shares

(As of March 31, 2023)

Classification	Number of shares (Shares)	Number of voting rights (Numbers)	Contents
Non-voting stock	—	—	—
Stock with restricted voting rights (Treasury shares, etc.)	—	—	—
Stock with restricted voting rights (Other)	—	—	—
Stock with full voting rights (Treasury shares, etc.)	(Treasury shares) Common stock 6,351,200	—	—
Stock with full voting rights (Other)	Common stock 127,522,100	1,275,221	—
Odd-lot stock	Common stock 169,299	—	Less than one unit (100 shares)
Total number of shares issued	134,042,599	—	—
Voting rights of all shareholders	—	1,275,221	—

(Note) "Odd-lot stock" includes 46 treasury shares held by the Company.

② Treasury shares

(As of March 31, 2023)

Name of owner	Owner's address	Number of shares held in one's own name (shares)	Number of shares held in the name of others (shares)	Total number of shares held (shares)	Percentage of number of shares held to total shares issued (%)
(Treasury shares) Nichirei Corporation	6-19-20 Tsukiji, Chuo-ku, Tokyo	6,351,200	—	6,351,200	4.74
Total	—	6,351,200	—	6,351,200	4.74

2. Information on Acquisition of Treasury shares

[Type of Stock] Acquisition of shares of common stock that falls under Article 155, Item 3 of the Companies Act and acquisition of shares of common stock that falls under Article 155, Item 7 of the Companies Act.

(1) Status of Acquisition by Resolution of the General Shareholders' Meeting

Not applicable

(2) Status of Acquisition by Resolution of the Board of Directors

Classification	Number of shares (Shares)	Total value (Yen)
Resolutions at the Board of Directors (held on November 15, 2022). (Acquisition period from November 16, 2022 to February 28, 2023)	2,500,000	5,000,000,000
Treasury shares acquired prior to the current fiscal year	—	—
Treasury shares acquired during the current fiscal year	1,826,400	4,999,938,481
Total number and value of remaining shares resolved	673,600	61,519
Unexercised ratio as of the end of the current fiscal year (%)	26.94	0.0
Treasury shares acquired during the period	—	—
Unexercised ratio as of the date of filing (%)	26.94	0.0

(3) Details of Items not based on Resolutions of the General Shareholders' Meeting or Board of Directors

Classification	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the current fiscal year	2,101	5,611,133
Treasury shares acquired during the period	225	634,925

(Note) "Treasury shares acquired during the period" does not include the number of odd-lot shares purchased from June 1, 2023 to the date of filing of this Annual Securities Report.

(4) Status of Disposal and Holding of Treasury Shares Acquired

Classification	Current fiscal year		Current period	
	Number of shares (Shares)	Total amount of disposal value (Yen)	Number of shares (Shares)	Total amount of disposal value (Yen)
Treasury shares acquired for which subscribers were solicited	—	—	—	—
Treasury shares acquired that were disposed of	—	—	—	—
Treasury shares acquired that were transferred due to merger, share exchange, share delivery or corporate split	—	—	—	—
Other (requests for additional purchase of odd-lot stock)	63	156,044	—	—
Number of treasury shares held	6,351,246	—	6,351,471	—

(Notes)

1. "Other (requests for additional purchase of odd-lot stock)" for the current period does not include the number of odd-lot shares additional purchase requested from June 1, 2023 to the date of filing of this Annual Securities Report.
2. "Number of treasury shares held" for the current period does not include the number of shares purchased from June 1, 2023 to the date of filing of this Annual Securities Report, or odd-lot stock purchased or additional purchase requested from June 1, 2023 to the date of filing of this Annual Securities Report.

3. Dividend Policy

The Company's basic policy is to maintain stable dividends based on the consolidated dividend on equity ratio (DOE), while taking into consideration consolidated business performance and cash flow for each fiscal year. For the current fiscal year, the Company declared a year-end dividend of 26 yen per share, which together with the interim dividend of 26 yen per share makes a total of 52 yen per share.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends as stipulated in Article 454, Paragraph 5 of the Companies Act, and that it will pay dividends from surplus twice a year, an interim dividend and a year-end dividend. The decision-making bodies for these dividends are the Board of Directors for the interim dividend and the General Shareholders' Meeting for the year-end dividend. The Articles of Incorporation also stipulate that the Company may pay year-end dividends by resolution of the Board of Directors only when the Board of Directors determines that it is difficult to hold a General Shareholders' Meeting due to unforeseen circumstances such as disasters or epidemics.

(Note) Dividends of surplus whose record date belongs to the current fiscal year are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
November 1, 2022 Board of Directors resolution	3,367	26
June 27, 2023 Resolution of the Ordinary General Shareholders' Meeting	3,319	26

4. Corporate Governance

(1) Overview of Corporate Governance

Please also refer to the “Corporate Governance Policy” posted on the Company’s website, which sets forth the Company’s basic policy on corporate governance.

https://www.nichirei.co.jp/corpo/governance/governance_policy.html

① Basic Approach to Corporate Governance and Corporate Governance Structure

(a) Overview of basic approach to corporate governance and corporate governance structure

(i) Basic approach to corporate governance

Under the holding company structure, our group’s operating companies are engaged in a wide range of businesses, including processed foods, marine products, meat and poultry products, logistics, and bioscience. We will adopt a structure in which our Board of Directors formulates the Group’s strategies and supervises the business execution of our operating companies, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term.

Recognizing the realization of fair and transparent management as an important management issue, the Company, under the supervision of its Board of Directors, will strive to enhance corporate governance by promoting appropriate resource allocation, speedy decision-making, and thorough compliance.

The Company has adopted the corporate governance structure of a company with an Audit & Supervisory Board, pursuant to the Companies Act.

(ii) Board of Directors and Directors

(Roles and Responsibilities of the Board of Directors)

The Board of Directors promotes the appropriate allocation of group resources, speedy decision-making, and thorough compliance through the formulation of group strategies and supervision of business execution by operating companies. The Group’s strategies are formulated and approved after deliberation at the Group Strategy Meetings held twice a year, and the status of implementation of each Group business is checked quarterly, while highly effective supervision of the executive directors and executive officers is carried out.

(Summary of the Scope of Matters delegated to the Board of Directors)

The Board of Directors limits the scope of its decision-making to the most important matters, such as resolutions under the Companies Act, decisions on management principles, medium-term management plans, management policies and budgets, revision or abolition of various policies, policies and important regulations, and important personnel changes of officers. For important matters other than the above, authority is delegated to the Executive Committee, which is composed of executive officers, and the functions of business execution and management monitoring are separated so that executive officers can tackle urgent and future management issues.

(Term of Office of Directors)

In order to increase mobility in response to changes in the business environment, the Company sets the term of office for directors at one year as stipulated in the Articles of Incorporation, and the maximum term of office for outside directors is six years from the perspective of ensuring their independence.

(Composition of Board of Directors)

The Company has set the number of directors at 11 or less, with independent outside directors accounting for at least one-third of the total number of directors. The Board of Directors is composed in a manner that balances diversity and optimal size, taking into consideration the overall balance of each director’s knowledge and experience.

(Operation of the Board of Directors and Roles of its Chairperson)

Except as otherwise provided by law, meetings of the Board of Directors are convened and chaired by a director previously appointed by the Board of Directors in accordance with the Articles of Incorporation and the Board of Directors regulations.

(Activities of the Board of Directors)

During the current fiscal year, the Company held 19 Board of Directors meetings, and the attendance of individual Directors was as follows.

Name	Position	Attendance at the meetings of the Board of Directors
Kenya Okushi	Representative Director, President	100% (19 times / 19 times)
Junji Kawasaki	Director, Executive Officer	100% (19 times / 19 times)
Kazuhiko Umezawa	Director, Executive Officer	100% (19 times / 19 times)
Masahiko Takenaga	Director, Executive Officer	100% (19 times / 19 times)
Wataru Tanabe	Director, Executive Officer	100% (19 times / 19 times)
Kenji Suzuki	Director, Executive Officer	100% (15 times / 15 times)
Kuniko Shoji	Outside Director	100% (19 times / 19 times)
Mana Nabeshima	Outside Director	100% (19 times / 19 times)
Itsuo Hama	Outside Director	93.3% (14 times/15 times)
Kenji Hamashima	Outside Director	100% (15 times / 15 times)

(Note)

Kenji Suzuki, Itsuo Hama and Kenji Hamashima were newly elected and assumed office at the 104th Ordinary General Shareholders' Meeting held on June 24, 2022, and their attendance at the Board of Directors meetings held after their assumption of office is shown.

The specific deliberations of the Board of Directors meetings during the current fiscal year are as follows.

• Management strategy	: Establishment of KPIs for “Nichirei Corporation Group Material Matters (Materiality)” and tasks to achieve them
• Medium-term management plan	: Progress and challenges of the medium-term management plan “Compass Rose 2024”
• Sustainability	: Establishment of the Group Human Resources Policy and the Nichirei Group Guidelines for Sustainable Procurement of Marine Products and Palm Oil, and their Promotion and Challenges
• Governance	: Review of Board of Directors regulations and agenda criteria toward the realization of a monitoring model-oriented Board of Directors
• Business strategy	: Strategic management issues in important domestic and overseas investment projects

(iii) Audit & Supervisory Board and Audit & Supervisory Board members

(Roles and Responsibilities of Audit & Supervisory Board and Audit & Supervisory Board members)

Audit & Supervisory Board and Audit & Supervisory Board members, as an independent structures of the Board of Directors, communicate with directors, internal audit department and other employees etc., in accordance with the audit policy and audit plan for each fiscal year, and endeavor to collect information and improve the audit environment. The members also attend meetings of the Board of Directors and other important meetings to seek explanations and make statements as appropriate.

(Term of office of Audit & Supervisory Board members)

The term of office of Audit & Supervisory Board members is in accordance with the provisions of the Companies Act, and the maximum term of office for outside Audit & Supervisory Board members is eight years from the standpoint of ensuring their independence.

(Composition of Audit & Supervisory Board)

Pursuant to the Company's Articles of Incorporation, the number of Audit & Supervisory Board members is set at five, three of whom are independent outside Audit & Supervisory Board members.

(iv) Nominating Advisory Committee and Remuneration Advisory Committee

The Company has established the Nominating Advisory Committee, chaired by an outside director, as an advisory body to the Board of Directors. The committee, the majority of whose members are outside directors, deliberates on appropriate human resources as candidates for senior management, directors, and Audit & Supervisory Board members, as well as succession planning and other matters, and reports back to the Board of Directors.

The Company has established a Remuneration Advisory Committee, chaired by an outside director, as an advisory body to the Board of Directors. The committee, the majority of whose members are outside directors, deliberates on the remuneration system, the level of remuneration, appropriateness of remuneration, and other issues, and reports back to the Board of Directors.

(As of June 27, 2023)

Committee name	Committee chairperson	Number of committee members (Persons)	Director	Outside directors
Nominating Advisory Committee	Outside Director Kuniko Shoji	5 persons	Kenya Okushi	Kuniko Shoji Mana Nabeshima Itsuo Hama Kenji Hamashima
Remuneration Advisory Committee	Outside Director Kenji Hamashima	5 persons	Kenya Okushi	Kuniko Shoji Mana Nabeshima Itsuo Hama Kenji Hamashima

(b) Reasons for selection of current corporate governance structure

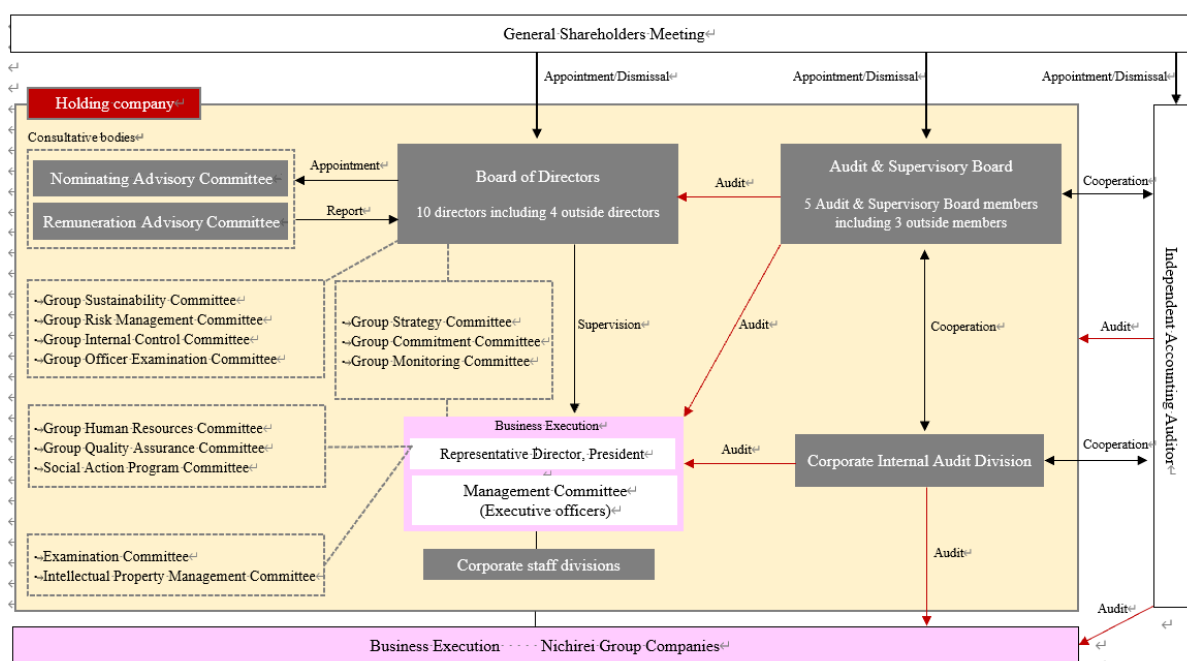
In order to develop diverse businesses under a holding company structure, we have adopted a company with an Audit & Supervisory Board as our organizational design. From among the maximum of 11 directors stipulated in the Articles of Incorporation, the Company has designated four independent outside directors. Among five Audit & Supervisory Board members, the Company has designated three independent outside Audit & Supervisory Board members.

While decision-making matters at the Board of Directors and the Audit & Supervisory Board are limited to the matters stipulated in the criteria for effective collaboration, while most of decision-making matters are delegated to the “Executive Committee,” a meeting body comprised of executive officers, and the Board of Directors is dedicated to decision-making on the most important matters and supervision of executive officers’ business execution.

The Company’s full-time Audit & Supervisory Board members, who are well versed in the business characteristics of the Group, and the full-time Audit & Supervisory Board members of each operating company work together to conduct audits of major business sites throughout the year, and Audit & Supervisory Board members who have directly visited or interviewed business sites make audit suggestions that are in line with the actual conditions of each business. Furthermore, after conducting audits, each Audit & Supervisory Board member reports to the Audit & Supervisory Board and the Representative director on problems and issues identified through the audits in order to strengthen the auditing function. In addition, the Company’s independent outside Audit & Supervisory Board members attend and speak at not only meetings of the Board of Directors and the Audit & Supervisory Board, but also at strategic management bodies and key advisory committees of the Board of Directors, and also attend audits conducted by the full-time Audit & Supervisory Board members as appropriate.

As described above, we are working to strengthen and thoroughly implement corporate governance by separating business execution from monitoring and supervision functions, delegating responsibility and authority to executive officers and ensuring transparency in the decision-making process, and maximizing the audit function through a company with an Audit & Supervisory Board.

(As of June 24, 2022)⁽¹⁾



(c) Status of Internal Control System

The Group recognizes that the development and operation of an internal control system to “improve the effectiveness and efficiency of operations,” “ensure the reliability of financial reporting,” “comply with laws and regulations related to business activities,” and “safeguard assets” will lead to an increase in corporate value.

The Company has established the following basic policy for its internal control system as “a system to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as necessary to ensure the properness of the operations of a company and of the corporate group consisting of such company and its subsidiaries” under the Companies Act, and will review and improve this policy annually to respond to changes in the business environment and other factors.

The Company’s Internal Controls Policy

(I) Compliance with the law and internal regulations

- i) The Company, in accordance with the Group’s Management Principles and Code of Conduct, shall comply with the laws, regulations, and its Articles of Incorporation, refrain from dishonest or antisocial corporate activities, and ensure that competition is fair.
- ii) As the holding company, the Company shall manage the Group and strengthen corporate governance by establishing, implementing, maintaining internal controls for the entire Group; formulate business strategies for the Group; conduct internal Group audits; monitor subsidiaries; and facilitate the joint procurement of assets.
- iii) The Company shall ensure its disclosures are prompt, accurate, and fair, based on the Group’s accounting regulations. It shall be accountable to shareholders and investors on an ongoing basis, while ensuring the transparency of corporate information.
- iv) The Company shall establish a Group auditing department that, based on the Group’s in-house audit regulations, shall audit Group company controls.
- v) The Company, in order to handle reports and consultations by employees concerning acts that may violate corporate ethics, shall establish an in-house reporting system (a hotline) that protects whistleblowers. Every effort shall be made to discover and correct violations of the system at an early stage, and ensure compliance.
- vi) The Company, in accordance with guidelines regarding the Board of Directors, office structures, and other internal arrangements, shall establish systems for appropriate and efficient execution of duties, based on rules regarding management authority and decision making.

(II) Managing information on Company, subsidiary directors

- i) The Company shall properly record, retain, manage, and preserve minutes of the Board of Directors meetings, documents for circulation, and other information regarding execution of duties, in accordance with the law, as well as internal regulations regarding the Board of Directors, Group document management, and information security management.
- ii) The Company, based on Group regulations concerning Group management, Group materials for discussion or circulation, and other Group arrangements, shall receive reports on matters regarding the execution of duties by directors and employees of subsidiaries
- iii) The Company’s directors and Audit & Supervisory Board members shall be able to directly examine and/or copy any information regarding execution of duties that has been electronically recorded, retained, managed, or preserved by the Company’s departments
- iv) When requested by a director or Audit & Supervisory Board members, the Company’s departments shall promptly provide or submit for inspection the specified information.

(III) Risk management of Company, subsidiary losses

- i) Based on the Group’s risk management regulations, the Company shall identify and evaluate Group risks through the Group Risk Management Committee, and establish a risk management framework for the Group.
- ii) The Company and its businesses, reflecting the risk management cycle, shall voluntarily and independently respond to corporate activity-related risks. Important matters shall be reported to the holding Company’s Board of Directors, and the response discussed.
- iii) Based on the Group’s risk management regulations, the Company shall respond promptly and appropriately in the event of a disaster, accident, incident, or other crisis that threatens business continuity.

(IV) Group duties of Nichirei, subsidiaries (besides those in I-III above).

- i) To realize the Mission and Vision of the Nichirei Group, the Company, as a holding company, shall propose, decide, and implement Group strategies, allocate business resources, conduct monitoring and risk management for the entire Group, and fulfill the responsibilities of a publicly traded company.
- ii) To implement corporate social responsibility, the Company has corporate staff divisions that support the Board of Directors, as well as internal audit, R&D and quality assurance divisions that monitor the Group.
- iii) Each subsidiary shall serve as an independent company (fulfilling the functions of planning, development, production sales, management, and administration), increase the independence of their respective organizations through their presidents, and adapt to the business environment to respond quickly to market demands.
- iv) Transactions between the Company and its subsidiaries shall be based on accounting principles, tax laws, and other internal regulations.

(V) Exclusion of antisocial forces

The Company, keenly aware of its corporate social responsibility, shall prohibit any submission to, or collusion with, antisocial forces that threaten the order and safety of civil society, and shall resolutely respond thereto.

(VI) Audit & Supervisory Board members and independence of employees

- i) The Company shall establish a Group internal audit department, and maintain systems that allow Audit & Supervisory Board members to execute audits more effectively and efficiently, including holding regular liaison conferences with Audit & Supervisory Board members.
- ii) The Company shall assign specialist staff at the behest of the Audit & Supervisory Board. Personnel assignments shall be decided by consultation between the Board of Directors and Audit & Supervisory Board, with attention given to independence from directors and ensuring of the effectiveness of directives from Audit & Supervisory Board members.

(VII) Systems for reporting to Audit & Supervisory Board members

- i) The Board of Directors and employees shall report to Audit & Supervisory Board members, without delay, should they become aware of either a serious violation of laws or internal regulations in the execution of their duties, or any facts that could, or do, have the potential to cause the Company substantial harm.
- ii) Directors and employees shall report immediately, to Audit & Supervisory Board members, decisions that may seriously impact business or the organization, and the results of internal audits.
- iii) Directors, Audit & Supervisory Board members, and employees of subsidiaries with knowledge of facts that could have a serious impact on the Group's internal controls, or persons who have received reports from such persons, shall report such to Audit & Supervisory Board members without delay.
- iv) The Company and its businesses shall protect people reporting to Audit & Supervisory Board members, to ensure that the reports do not lead to adverse treatment.

(VIII) Ensuring compliance of Audit & Supervisory Board members

- i) To enable Audit & Supervisory Board members to adequately perform their functions, the Representative Director, President shall arrange for the Audit & Supervisory Board to receive regular reports on, for example, the status of business, quite apart from briefings on similar topics going to the Board of Directors.
- ii) The Board of Directors shall ensure that Audit & Supervisory Board members attend important meetings regarding the Company's business to ensure it is appropriately conducted.
- iii) Once requested by the Audit & Supervisory Board members, and unless a request is unreasonable, the Company shall provide prompt advance payment, or reimbursement, for expenses incurred by the Audit & Supervisory Board members in the execution of their duties.

Regarding internal control over financial reporting required by the Financial Instruments and Exchange Act, we selected scope for companies and business processes to be tested which may have a material effect on financial reporting overall on a consolidated basis, recognized risks and documented control actions, and evaluated the effectiveness of entity-level internal control and internal control over business processes. Based on these results, we prepared an internal control report.

(d) Risk management

The Group has set up the Group Risk Management Committee, chaired by the Representative Director and President, to manage the various risks associated with its business activities, in the most appropriate and rational ways from a comprehensive standpoint, and to maximize the Group's corporate value. The committee identifies and evaluates Group-wide risks and the Company and operating companies respond to these risks on their own accord based on the established risk management cycle. Important items are reported to the Board of Directors of the Company, the holding company, which considers the response. Furthermore, the Company has introduced an in-house reporting system (Nichirei-Hotline) and strives to minimize risks.

② Summary of the contents of the liability limitation agreement (as of June 27, 2023)

In accordance with the provisions of the Articles of Incorporation, the Company has entered into an agreement with outside directors, Kuniko Shoji, Mana Nabeshima, Itsuo Hama, and Kenji Hamashima to limit their liability for remuneration, and the maximum amount of their liability based on such agreement is the amount stipulated by laws and regulations. In addition, pursuant to the provisions of the Articles of Incorporation, the Company has entered into an agreement with outside Audit & Supervisory Board members, Yuhiko Saito, Kiyoshi Asahina, and Muneaki Kiyota to limit their liability for remuneration, and the maximum amount of their liability under such agreement is the amount stipulated by laws and regulations.

③ Summary of the contents of the Directors' and Executive officers' liability agreement

The Company has concluded a directors' and officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured under the policy is directors, Audit & Supervisory Board members, and executive officers of the Company, as well as officers of domestic and certain overseas subsidiaries, and the insured does not bear Insurance expenses. The insurance policy covers damages that may arise from the insured being held liable for the performance of his/her duties or being subject to claims related to the pursuit of such liability. However, there are certain exclusions, such as the insured is not covered for damages arising from acts committed by the insured with knowledge that such acts are in violation of laws and regulations.

④ Number of directors and requirements for resolution of election of directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 11 directors. The Articles of Incorporation also stipulate that the election of directors shall be resolved by a majority of the voting rights of the shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that cumulative voting shall not be used.

⑤ Matters to be resolved at the General Shareholders' Meeting that may be resolved by the Board of Directors

(a) Purchase of treasury shares

The Articles of Incorporation stipulate that the Company may purchase of treasury shares through market transactions, etc. by a resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act, in order to enable flexible response in the event that a change in the business environment necessitates the purchase of treasury shares.

(b) Interim dividends

In order to flexibly return profits to shareholders, the Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, pay interim dividends as stipulated in Article 454, Paragraph 5 of the Companies Act, with a record date of September 30 of each year.

(c) Dividends of surplus, etc. in cases where it is deemed difficult to hold a general shareholders' meeting

The Articles of Incorporation stipulate that, in the event that the Board of Directors determines that it is difficult to hold a General Shareholders' Meeting due to unforeseen circumstances such as a disaster or an epidemic, it may determine matters stipulated in Article 459, Paragraph 1, Items 2 through 4 of the Companies Act, including dividends of surplus, by a resolution of the Board of Directors unless otherwise provided by law.

⑥ Requirements for special resolutions of the general shareholders' meeting

In order to facilitate smooth operation of the General Shareholders' Meeting by relaxing the quorum for special resolutions, the Articles of Incorporation stipulate those resolutions in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the votes of shareholders present at the meeting where shareholders holding one-third or more of the voting rights are present.

⑦ Basic policy on the control over the company

(a) Basic Policy

In the event that the Company receives an acquisition proposal from anyone coming forward to propose the acquisition of the Company's shares, etc., we believe that the decision of whether or not to sell the Company's shares in response to such a proposal should ultimately be left to our shareholders. We also believe that, in order for shareholders to make an appropriate decision, it is important that shareholders are provided with sufficient information on the acquisition proposal as well as the opportunity to look into matters such as the possibility of alternative proposals.

Having declared the Group's Mission to "Focus on Lifestyles, and Provide True Satisfaction" in the Nichirei Management Principles, our vision is to "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." If the acquisition proposal places importance exclusively on short-term economic efficiency and is incongruent with such Management Principles, vision or the medium- to long-term management policy of the Group, we believe shareholders need to make a decision after obtaining sufficient information in order to prevent the impairment of the Company's corporate value, and in turn, the common interests of its shareholders.

(b) Specific Efforts to Implement the Basic Policy

(i) Special efforts to implement the basic policy

For a period of three years from April 2022, the Group is implementing a medium-term business plan "Compass Rose 2024." Through business activities based on the Nichirei Group Sustainability Policy: The Nichirei Pledge, the Group aims to improve economic and social value by conducting management that pursues capital efficiency while fulfilling its social responsibilities as a company that supports good eating habits and health.

On the financial front, funds from operating cash flow and asset liquidation will be used for investments to maintain and enhance corporate value, and for shareholder returns through dividends and purchase of treasury shares. The basic policy for shareholder returns is to maintain a stable dividend based on the consolidated dividend on equity ratio (DOE), and to conduct flexible purchase of treasury shares in consideration of capital efficiency and the market environment.

(ii) Efforts to prevent an inappropriate person/entity from gaining control in light of the basic policy

The Group is engaged in the businesses of processed foods, marine products, meat and poultry products, logistics, real estate and others. For the expansion of its physical business activities, the Group conducts businesses worldwide through its subsidiaries and business establishments. Management of the Group is based on extensive knowledge of and a wealth of experience in these multiple businesses and relationships with customers, employees and clients/suppliers around the world; shareholders need to gain a sufficient understanding of these matters when deciding whether or not to accept the acquisition proposal made by the proposer.

The Company strives to provide information to shareholders by proactively engaging in investor relations (IR) activities on a day-to-day basis. In order for shareholders to properly decide whether or not to accept the acquisition proposal by the proposer, provision of appropriate and sufficient information by both the Company and the proposer (description of the Group's management policy and business plan contemplated by the proposer, the impact of the acquisition proposal on shareholders of the Company and the management of the Group, the impact on many stakeholders of the Group, approach to social responsibility and other information from the proposer) will be indispensable, in addition to securing the time needed for shareholders to examine the proposal to decide whether or not to accept it. Depending on the circumstances, the Company may look into the possibility of an alternative proposal and put it forward to shareholders, allowing shareholders to choose a better proposal from the viewpoint of the Company's corporate value, and in turn, the common interests of shareholders.

The Company will take appropriate measures to the extent permitted by the Financial Instruments and Exchange Law, the Companies Act and other relevant laws and regulations including requiring the proposer to provide necessary and sufficient information for shareholders to properly decide whether or not to accept the acquisition proposal, disclosing the opinions, etc. of the Board of Directors of the Company, and endeavoring to secure the time and information needed by shareholders to examine the proposal and continue to make efforts to ensure and improve its corporate value and the common interests of shareholders.

(c) The Board of Directors' decision on the specific initiatives and the reasons for such decision

The aforementioned "(b) Specific Efforts to Implement the Basic Policy" is in line with the aforementioned "(a) Basic Policy" and is not detrimental to the corporate value of the Company or the common interests of its shareholders, nor is it intended to maintain the status of the Company's directors.

(2) Directors and Officers

① Board of Directors and Executive Officers

13 men, 2 women (13.3% of board members are women)

Job title	Name	Date of Birth	Brief personal record	Term of office	Number of shares held (hundred shares)
Representative Director, President	Kenya Okushi	January 15, 1965	April 1988 Joined the Company April 2011 General Manager of Business Coordination Division, Nichirei Foods Inc. April 2013 General Manager of Strategic Planning Division, the Company June 2014 Executive Officer, General Manager of Strategic Planning Division, the Company June 2015 Director, Managing Executive Officer (in charge of Brand Promoting Division, Human Resources Division, Business Administration Division, Business Promoting Division, Imported Products Procurement Strategy Division, International Business Division), General Manager of Strategic Planning Division, Nichirei Foods Inc. April 2017 Representative Director, President, Nichirei Foods Inc. June 2017 Director, Executive Officer, the Company April 2018 Director, Executive Officer (in charge of Strategic Planning Division), the Company April 2019 Representative Director, President, the Company (to the present) May 2020 Chairman, Japan Frozen Food Association (to the present)	(Note) 4	330
Director (Senior Executive Officer)	Kazuhiko Umezawa	January 5, 1966	April 1988 Joined the Company April 2008 Executive Officer, General Manager of Solution Development Division, Logistics Planner Inc. April 2012 Managing Executive Officer, General Manager of Management Division, Logistics Network, Inc. May 2014 Representative Director, President, Nichirei Logistics Tokai, Inc. May 2016 Representative Director, President, Nichirei Logistics Kansai, Inc. June 2017 Director, Managing Executive Officer, General Manager of Technology Information Planning Division, General Manager of Operation Innovation Promotion Division, Nichirei Logistics Group Inc. April 2018 Representative Director, President, Nichirei Logistics Group Inc. (to the present) June 2018 Director, Executive Officer, the Company June 2021 Vice-Chairman, Japan Association of Refrigerated Warehouses (to the present) April 2023 Director, Senior Executive Officer, the Company (to the present)	(Note) 4	233

Director (Senior Executive Officer)	Masahiko Takenaga	September 16, 1964	<p>April 1989 Joined the Company</p> <p>April 2013 General Manager of Brand Promoting Division, Nichirei Foods Inc.</p> <p>April 2015 Executive Officer, General Manager of Manufacturing Strategy Division and General Manager of Manufacturing Administration Division of Manufacturing Division, Nichirei Foods Inc.</p> <p>April 2016 Executive Officer, Executive General Manager of Consumer Brand Division, Nichirei Foods Inc.</p> <p>April 2017 Managing Executive Officer, Executive General Manager of Consumer Brand Division, Nichirei Foods Inc.</p> <p>June 2018 Director, Managing Executive Officer, Nichirei Foods Inc.</p> <p>April 2019 Representative Director, President, Nichirei Foods Inc. (to the present)</p> <p>June 2019 Director, Executive Officer, the Company</p> <p>April 2023 Director, Senior Executive Officer, the Company (to the present)</p>	(Note) 4	233
Director (Senior Executive Officer)	Wataru Tanabe	July 26, 1969	<p>April 1992 Joined the Company</p> <p>September 2009 Representative Director, President, Nichirei Fresh Farm Inc.</p> <p>April 2019 Executive Officer, General Manager of Strategic Planning Division, Nichirei Fresh Inc.</p> <p>June 2020 Director, Executive Officer, General Manager of Strategic Planning Division, Nichirei Fresh Inc.</p> <p>April 2021 Representative Director, President, Nichirei Fresh Inc. (to the present)</p> <p>June 2021 Director, Executive Officer, the Company</p> <p>April 2023 Director, Senior Executive Officer, the Company (to the present)</p>	(Note) 4	79
Director (Senior Executive Officer) In charge of Accounting & Tax Division, Public Relations & Investor Relations Division, Corporate Internal Audit Division, Quality Assurance Division, Real Estate Division, and General Manager of Finance Division	Kenji Suzuki	February 18, 1967	<p>April 1991 Joined the Company</p> <p>September 2019 General Manager of Finance Division, the Company</p> <p>April 2021 Executive Officer, General Manager of Business Management Division, General Manager of Finance Division, the Company</p> <p>February 2022 Executive Officer (in charge of Accounting & Tax Division), General Manager of Business Management Division, General Manager of Finance Division, the Company</p> <p>April 2022 Executive Officer (in charge of Accounting & Tax Division, Business Management Division), General Manager of Finance Division, the Company</p> <p>June 2022 Director, Executive Officer (in charge of Accounting & Tax Division, Business Management Division, Real Estate Division), General Manager of Finance Division, the Company</p> <p>April 2023 Director, Senior Executive Officer (in charge of Accounting & Tax Division, Public Relations & Investor Relations Division, Corporate Internal Audit Division, Real Estate Division), General Manager of Finance Division, the Company</p> <p>June 2023 Director, Senior Executive officer (in charge of Accounting & Tax Division, Public Relations & Investor Relations Division, Corporate Internal Audit Division, Quality Assurance Division, Real Estate Division), General Manager of Finance Division, the Company (to the present)</p>	(Note) 4	51
Director (Senior Executive Officer) In charge of IT Strategy Division, Sustainability Management Division, and General Manager of Strategic Planning Division	Yuichi Takaku	July 18, 1970	<p>April 1994 Joined the Company</p> <p>April 2012 Seconded to Nichirei Holding Holland B.V., Nichirei Logistics Group Inc.</p> <p>April 2018 General Manager of Strategic Planning Division, Nichirei Logistics Group Inc.</p> <p>April 2021 Executive Officer (in charge of IT Strategy Division), General Manager of Strategic Planning Division, the Company</p> <p>April 2022 Executive Officer (in charge of IT Strategy Division), General Manager of Strategic Planning Division, General Manager of Sustainability Management Division, the Company</p> <p>April 2023 Senior Executive Officer (in charge of IT Strategy Division, Sustainability Management Division), General Manager of Strategic Planning Division, the Company</p> <p>June 2023 Director, Senior Executive Officer (in charge of IT Strategy Division, Sustainability Management Division), General Manager of Strategic Planning Division, the Company (to the present)</p>	(Note) 4	51

Outside Director	Kuniko Shoji	January 8, 1954	<p>April 1977 Joined Mochida Pharmaceutical Co., Ltd.</p> <p>July 1986 Joined Johnson & Johnson Medical K.K. (Currently Johnson & Johnson K.K.)</p> <p>September 2002 Joined Terumo Corporation; General Manager of Regulatory Affairs Department, Terumo Corporation</p> <p>June 2004 Executive Officer, General Manager of Regulatory Affairs Department, Terumo Corporation</p> <p>June 2007 Senior Executive Officer, General Manager of Regulatory Affairs Department, General Manager of Clinical Development Department, Terumo Corporation</p> <p>June 2010 Director, Senior Executive Officer, General Manager of Regulatory Affairs Department, General Manager of Clinical Development Department, Terumo Corporation</p> <p>April 2017 Director, Corporate Advisor, Terumo Corporation</p> <p>June 2018 Outside Director, the Company (to the present)</p> <p>Outside Director, MEDIPAL HOLDINGS CORPORATION (to the present)</p> <p>March 2019 Outside Director, DIC Corporation (to the present)</p> <p>April 2019 Professor, Kanagawa University of Human Services Graduate School, School of Health Innovation (to the present)</p>	(Note) 4	20
Outside Director	Mana Nabeshima	July 4, 1966	<p>August 1991 Joined Citibank, N.A., Tokyo Branch</p> <p>October 2000 Joined Goldman Sachs Japan Co., Ltd.</p> <p>January 2015 Joined DBS Bank Ltd.</p> <p>August 2016 Representative Director, DBS Securities (Japan) Co., Ltd.</p> <p>September 2016 Country Head of Japan, DBS Bank Ltd.</p> <p>January 2020 Executive Officer, Head of Sales, HiJo Partners Inc.</p> <p>July 2020 Vice Chairman, DIGITAL GRID Corporation (to the present)</p> <p>December 2020 Representative Director, Wakiaiai Co., Ltd. (to the present)</p> <p>June 2021 Outside Director, the Company (to the present)</p>	(Note) 4	29
Outside Director	Itsuo Hama	March 14, 1954	<p>April 1977 Joined Lion Fat & Oil Co., Ltd. (Currently Lion Corporation)</p> <p>March 2008 Director, Executive General Manager of Household Products Division, Lion Corporation</p> <p>January 2009 Director, Executive General Manager of Household Products Division, (responsible for Advertising Department, Behavioral Science Research Institute, Distribution Policy Department, Customer Development Department), Lion Corporation</p> <p>March 2010 Executive Director (responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy Department, Customer Development Department), Lion Corporation</p> <p>January 2012 Representative Director, President, Executive Officer, Chief Operating Officer (responsible for Risk Management), Lion Corporation</p> <p>March 2016 Representative Director, President, Executive Officer, Chairman of the Board of Directors, Chief Executive Officer, Lion Corporation</p> <p>January 2019 Representative Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, Lion Corporation</p> <p>March 2022 Representative Director, Chairman, Chairman of the Board of Directors, Lion Corporation</p> <p>June 2022 Outside Director, the Company (to the present)</p> <p>March 2023 Executive Advisor, Lion Corporation (to the present)</p>	(Note) 4	3
Outside Director	Kenji Hamashima	January 3, 1959	<p>April 1982 Joined Ushio Inc.</p> <p>April 1999 Director, President, CEO, Ushio America, Inc.</p> <p>November 2000 Director, President, CEO, Christie Digital Systems, Inc.</p> <p>April 2004 Senior Group Executive Officer, Ushio Inc.</p> <p>April 2007 Group Managing Executive Officer, Ushio, Inc.</p> <p>June 2010 Director, Senior Managing Executive Officer, Ushio, Inc.</p> <p>April 2014 Representative Director, Senior Executive Vice President, Ushio, Inc.</p> <p>October 2014 Representative Director, Chief Executive Officer, Ushio, Inc.</p> <p>April 2019 Corporate Advisor, Ushio, Inc.</p> <p>April 2020 Special Counselor, Ushio, Inc. (to the present)</p> <p>June 2020 Outside Director, Inabata & Co., Ltd.</p> <p>June 2022 Outside Director, Audit and Supervisory Committee Member, Inabata & Co., Ltd. (to the present)</p> <p>Outside Director, the Company (to the present)</p>	(Note) 4	9

Job title	Name	Date of birth	Brief personal record	Term of office	Number of shares held (hundred shares)
Audit & Supervisory Board Member	Tatsushi Kato	January 6, 1962	<p>April 1987 Joined the Company</p> <p>April 2013 General Manager of Funabashi Plant of Production Control Division, Nichirei Foods Inc.</p> <p>October 2013 General Manager of Funabashi Plant and General Manager of Funabashi No. 2 Plant of Production Control Division, Nichirei Foods Inc.</p> <p>April 2015 Executive Officer, General Manager of Funabashi Plant and General Manager of Funabashi No. 2 Plant of Production Control Division, Nichirei Foods Inc.</p> <p>April 2016 Executive Officer, General Manager of Production Control Division, Nichirei Foods Inc.</p> <p>April 2019 Managing Executive Officer, General Manager of Quality Assurance Division, Nichirei Foods Inc.</p> <p>April 2020 Managing Executive Officer, General Manager of Quality Assurance Division, General Manager of Research and Development Division, Nichirei Foods Inc.</p> <p>April 2021 General Manager of CSR Headquarters, the Company</p> <p>June 2021 Audit & Supervisory Board Member, the Company (to the present)</p>	(Note) 5	11
Audit & Supervisory Board Member	Tetsuro Katabuchi	May 13, 1964	<p>April 1987 Joined the Company</p> <p>April 2005 Group Leader of Legal Affairs Support Group, Group Legal Affairs Services Division, Nichirei Proserve Corporation</p> <p>April 2011 Manager of Business Management Support Division, Nichirei Proserve Corporation</p> <p>April 2013 General Manager of Legal Affairs Division, the Company</p> <p>April 2022 Corporate Management Headquarters</p> <p>June 2022 Audit & Supervisory Board Member, the Company (to the present)</p>	(Note) 5	7
Outside Audit & Supervisory Board Member	Yuhiko Saito	January 27, 1955	<p>April 1983 Appointed Public Prosecutor</p> <p>September 2012 Director-General of the Rehabilitation Bureau, Ministry of Justice</p> <p>July 2014 Chief Prosecutor, Kyoto District Public Prosecutors Office</p> <p>April 2015 Chief Prosecutor, Yokohama District Public Prosecutors Office</p> <p>September 2016 Superintending Prosecutor, Takamatsu High Public Prosecutors Office</p> <p>March 2017 Superintending Prosecutor, Hiroshima High Public Prosecutors Office</p> <p>January 2018 Retired from Office</p> <p>March 2018 Registered as an Attorney (Dojima Law Office) (to the present)</p> <p>June 2019 Outside Audit & Supervisory Board Member, the Company (to the present)</p>	(Note) 5	16
Outside Audit & Supervisory Board Member	Kiyoshi Asahina	January 15, 1956	<p>April 1978 Joined Ministry of Agriculture and Forestry (currently Ministry of Agriculture, Forestry and Fisheries)</p> <p>May 1994 General Manager of Planning and Guidance Department, Vegetable Supply Stabilization Fund</p> <p>May 1997 Counselor, Embassy of Japan in the United Kingdom of Great Britain and Northern Ireland</p> <p>January 2001 Counselor, Cabinet Secretariat, Assistant Chief Cabinet Secretary</p> <p>July 2003 Director of Administrative Group, Forestry Policy Planning Department, Forestry Agency</p> <p>July 2004 Director-General of Cooperative Inspection Department, Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries</p> <p>April 2008 Director-General, Kinki Chugoku Regional Forest Office, Forestry Agency</p> <p>April 2010 Auditor, Fisheries Research Center, Incorporated Administrative Agencies</p> <p>June 2014 Advisor, International Affairs Department, Japan Association for International Racing and Stud Book</p> <p>June 2020 Outside Audit & Supervisory Board Member, the Company (to the present)</p>	(Note) 5	3

Job title	Name	Date of birth	Brief personal record	Term of office	Number of shares held (hundred shares)	
Outside Audit & Supervisory Board Member	Muneaki Kiyota	April 3, 1957	April 1981	Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)	(Note) 5	3
			June 2004	General Manager of International Exchange Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)		
			April 2007	General Manager of Bangkok Branch, Mizuho Corporate Bank, Ltd.		
			April 2009	Executive Officer, Mizuho Securities Co., Ltd., President of Mizuho Bank, Ltd. of Switzerland		
			April 2010	Director, Mizuho Securities Co., Ltd.		
			June 2010	Audit & Supervisory Board Member, OKAYA ELECTRIC INDUSTRIES CO., LTD.		
			June 2012	Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.		
			June 2014	Director, Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.		
			April 2018	Director, Senior Managing Executive Officer, OKAYA ELECTRIC INDUSTRIES CO., LTD.		
			April 2020	Director, OKAYA ELECTRIC INDUSTRIES CO., LTD.		
			June 2020	Outside Audit & Supervisory Board Member, the Company (to the present)		
			June 2020	Outside Audit & Supervisory Board Member, Komori Corporation (to the present)		
June 2021	Outside Audit & Supervisory Board Member, JCU CORPORATION (to the present)					
Total					1,079	

(Notes)

1. "Number of shares held" is rounded down to the nearest hundred shares.
2. Kuniko Shoji, Mana Nabeshima, Itsuo Hama, and Kenji Hamashima are outside directors.
3. Yuhiko Saito, Kiyoshi Asahina and Muneaki Kiyota are outside Audit & Supervisory Board member.
4. The term of office of directors shall expire at the close of the ordinary general shareholders' meeting relating to the last fiscal year ending within one year after their election.
5. The term of office of Audit & Supervisory Board member shall expire at the close of the ordinary general shareholders' meeting relating to the last fiscal year ending within four years after their election.
6. Following two senior executive officers, excluding directors and executive officers who serve concurrently as director and executive officer.

Responsibilities and Concurrent Positions	Name
In charge of Legal Affairs Division, General Manager of General Affairs Division, General Manager of Human Resources Division, General Manager of Secretarial Office	Yutaka Karino
Representative Director, President, Nichirei Biosciences Inc.	Hideo Yokoi

7. Following two executive officers, excluding directors and executive officers who concurrently serve as directors.

Responsibilities and Concurrent Positions	Name
General Manager of Quality Assurance Division	Takuji Okugawa
General Manager of IT Strategy Division	Jouji Sakaguchi

② Status of Outside Directors and Outside Audit & Supervisory Board Member

There are four outside directors and three outside Audit & Supervisory Board members.

The Company has established Independence Standards and appoints independent outside directors and independent outside Audit & Supervisory Board member who meet these standards. For details of the independence standards, please refer to the Company's "Corporate Governance Policy."

Outside directors, Kuniko Shoji, Mana Nabeshima, Itsuo Hama, Kenji Hamashima, and outside Audit & Supervisory Board members, Yuhiko Saito and Kiyoshi Asahina are not from the Company's major corporate shareholders or major business partners, and the Company believes that their roles and functions of supervision from an independent standpoint are sufficiently secured. In addition, Muneaki Kiyota, an outside Audit & Supervisory Board member, worked as an executive at Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.), the Company's main bank of account, until March 2009, but the Company is not solely dependent on borrowings from the bank and its influence on the Company is limited, the Company believes that his role and function of independent supervision is sufficient. Outside directors are individually highly qualified in their fields of expertise and strive to contribute to the sustainable growth of the Company and the enhancement of its corporate value over the medium to long term by speaking from their professional perspectives through their attendance at the Board of Directors meetings, strategic management bodies, and major advisory committees.

③ Relationship between Supervision or Audit by Outside Directors or Outside Audit & Supervisory Board Members and Internal Audits, Corporate Audit and Accounting Audit, and Internal Control Department

Outside Audit & Supervisory Board members monitor business execution through operational audits, accounting audit, and attendance at various meetings, and conduct audits in cooperation with the accounting auditor and the internal audit department.

As a support system for outside directors and outside Audit & Supervisory Board members, the secretary in charge serves as a point of contact when liaison or coordination with internal departments is necessary to provide accurate information about the Company, and ensures that necessary cooperation is established with the relevant internal departments.

(3) Status of Audits

① Status of Audits by Audit & Supervisory Board Members

(a) Composition of Audit & Supervisory Board

The Audit & Supervisory Board of the Company consists of two Audit & Supervisory Board members and three outside Audit & Supervisory Board members, for a total of five members.

The Company has adopted a holding company structure, and as a cornerstone of the group-wide auditing system, Audit & Supervisory Board members of the Company and corporate auditors of its 4 core subsidiaries (*) (hereinafter referred to as “auditors of each company”) jointly conduct audits of the 4 core subsidiaries and their subsidiaries, thereby enhancing the effectiveness of audits in response to group management.

(*) Four core subsidiaries (Nichirei Foods Inc., Nichirei Fresh Inc., Nichirei Logistics Group Inc, Nichirei Biosciences Inc.)

One of the Company’s five Audit & Supervisory Board members has many years of experience in the operations of financial institutions and has considerable knowledge of finance and accounting.

(b) Activities of the Audit & Supervisory Board

During the current fiscal year, the Audit & Supervisory Board met a total of 16 times, and the average time spent per meeting was 72 minutes.

Attendance of the Company’s e Audit & Supervisory Board members at the Audit & Supervisory Board and the Board of Directors meetings is as follows.

Job title	Name	Attendance at Audit & Supervisory Board meetings	Attendance at Board of Directors meetings
Audit & Supervisory Board member	Tatsushi Kato	100% (16 / 16 times)	100% (19 / 19 times)
Audit & Supervisory Board member	Tetsuro Katabuchi	100% (11 / 11 times) (*)	100% (15 / 15 times) (*)
Outside Audit & Supervisory Board member	Yuhiko Saito	100% (16 / 16 times)	100% (19 / 19 times)
Outside Audit & Supervisory Board member	Kiyoshi Asahina	100% (16 / 16 times)	100% (19 / 19 times)
Outside Audit & Supervisory Board member	Muneaki Kiyota	100% (16/16 times)	100% (19 / 19 times)

(*) Newly elected and assumed office at the 104th Ordinary General Shareholders’ Meeting held on June 24, 2022, the attendance at the meetings held after his assumption of office is shown.

(c) Specific Considerations of the Audit & Supervisory Board

At the Audit & Supervisory Board meeting for the current fiscal year, the following resolutions were adopted or reports were made.

Resolutions: Evaluation of the Accounting Auditor, Audit Report and Audit Report Materials, Audit & Supervisory Board Audit Report, Audit Policy, Audit Plan and Assignment of Work, Consent to the Proposal for Appointment of Auditors, Reappointment of the Accounting Auditor, Consent to the Audit Fee of the Accounting Auditor, Acknowledgement of Non-guaranteed Services of the Accounting Auditor

Matters reported: Management trends (matters brought before the Board of Directors and key executive officers of the four core companies and the Company’s important approval documents), results of audit performance reviews, contents of Securities reports, audit performance and future audit plans, etc.

In addition to the above, the Audit & Supervisory Board confirms that their in-house reporting system is being properly operated by sharing and reporting the details of reports made to the Group’s in-house reporting system and the status of responses to such reports to the Audit & Supervisory Board.

(d) Activities of Audit & Supervisory Board members and outside Audit & Supervisory Board members

Activities	Full-time	Outside
Attendance at Board of Directors meetings	O	O
Attendance at important meetings (Management Committee, various committees, Group Commitment Conference, etc.)	O	O (*)
Meetings with internal directors	O	O
Exchange of views with outside directors	O	O
Conversation with and information gathering from executive officers, executive general managers and general managers	O	
Access to important documents (Approval documents, important contracts, other important documents, etc.)	O	
Reports and exchange of opinions from Audit & Supervisory Board members of subsidiaries (Reports on audit activities by Audit & Supervisory Board members of subsidiaries, overall and individual meetings with Audit & Supervisory Board members of subsidiaries)	O	
Investigation of the status of development and operation of the internal control system (Exchange of opinions and information on audit policies and contents of the four core companies, and audit visits to domestic subsidiaries) (Coordination and investigations, during onsite inspections of overseas subsidiaries)	O	O
Accounting audit (Attending audits by accounting auditors, hearing reports from accounting auditors, exchanging opinions, and determining the appropriateness of accounting auditor audits)	O	O
Annual Audit (Audit of quarterly reports, audit of year-end financial statements, audit of procedures, proposals and documents related to the General Shareholders' Meeting, audit of business reports, etc., and audit of subsequent events)	O	O
Cooperation with accounting auditors and internal audit department	O	O

(*) Outside Audit & Supervisory Board members participate in the Company's Management Committee meetings by observing as necessary.

In addition to attending Audit & Supervisory Board meetings, in accordance with the audit policy, allocation of duties, etc. determined by the Audit & Supervisory Board, the Company's Audit & Supervisory Board members attended other important meetings, interviewed directors and other relevant personnel, reviewed important approval documents, etc., communicated and exchanged information with the auditors of subsidiaries, and reviewed business reports from subsidiaries. In addition, we conducted interviews with senior management, etc., and investigated the status of important domestic and overseas offices (24 domestic companies and 23 overseas companies in 9 countries).

In light of the importance of the threefold audit, we also work closely with the accounting auditors through discussions (18 times) and regular meetings (11 times) with the internal audit department to share information and exchange opinions more extensively and improve audit quality and audit efficiency.

(Reference) Details of cooperation between Auditors and Accounting Auditor

Details of cooperation (FY2023 results)	Summary	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Quarterly review report	Explanation of the status of audits of financial results, etc.					●			●			●	
Audit plan	Explanation of audit plan and proposed audit fees		●		●								
Explanation of audit results	Explanation of Audit Results and Discussion with Audit & Supervisory Board		●										
Audit report	Results of Companies Act and Financial Instruments and Exchange Act Audits			●									
Exchange of information and opinions	Exchange of information and opinions on the implementation and revision of various regulations and laws, new methods and issues in accounting audits, the status of auditors' visits, and key audit matters (KAMs).			●	●				●		●	●	●

② Status of Internal Audits

(a) Organization, personnel and procedures of internal audit

Internal auditing at the Company is handled by Corporate Internal Audit Division (14 employees), which is the internal audit department of the Group. Corporate Internal Audit Division examines and advises on the status of internal controls over all management activities through operational and accounting audits, and strives to raise awareness of the Code of Conduct and compliance and risk management, while also auditing the status of facilities such as production plants and logistics centers, and providing appropriate guidance and advice.

(b) Mutual cooperation among internal audits, corporate audit and accounting audits, and the relationship between these audits and the internal control department.

The accounting auditor is Ernst & Young ShinNihon LLC. The audits include statutory audits of the Group and other audits. In addition, for each individual project, the accounting auditor conducts preliminary confirmation of the appropriateness of accounting procedures and compliance with accounting standards, and provides advice as appropriate. While maintaining their independence, each Company's Audit & Supervisory Board member and Accounting Auditor actively communicate with each other, and work together as follows to share audit issues, mainly in the evaluation of the Company's Internal Control system, and to improve the quality and efficiency of their audit work.

- The accounting auditors hold meetings to report and exchange opinions with the auditors of each company at the time of formulating audit plans.
- The auditors of each company and the accounting auditor hold regular liaison meetings with the Corporate Internal Audit Division to discuss the status of audit implementation and other matters. In addition, auditors of each company attend the audit site of the accounting auditor as necessary.
- Auditors of each company regularly exchange information with each other, including receiving explanations of the contents of the audit reports and other documents prepared by the accounting auditor.

(c) Efforts to ensure the effectiveness of internal audits

Internal audit department encourages audited departments to improve on audit findings and requests reports on the status of improvement within set deadlines to ensure effectiveness and efficiency.

Audit results and improvements are reported to the Representative Director on a quarterly basis, to the Board of Directors on a semi-annual basis, and to Audit & Supervisory Board members on a regular basis (11 times), and opinions are exchanged.

③ Status of Accounting Audit

(a) Name of audit firm

Ernst & Young ShinNihon LLC

(b) Continuous audit period

71 years since the Securities and Exchange Law audits began in 1951

(c) Certified Public Accountants who performed services

Designated and Engagement Partner: Makoto Ishii

Designated and Engagement Partner: Fumio Uemura

Designated and Engagement Partner: Hiroshi Minagawa

(Note) The length of continuous audit period is omitted since all of the auditors have been with the Company for 7 years or less.

(d) Composition of assistants for audit services

Certified Public Accountants 7, Other 33

(e) Policy and reasons for selection of audit firm

Ernst & Young ShinNihon LLC was selected as the accounting auditor of the Company based on the Company's judgment that it has a system in place to ensure that the Company's accounting audit is performed properly, taking into consideration the performance of its duties, audit system, independence, and expertise.

[Policy on Dismissal or Non-Reappointment of Accounting Auditors]

The Audit & Supervisory Board shall dismiss the accounting auditor with the unanimous consent of the auditors if it determines that the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act. In addition, the Audit & Supervisory Board shall, based on the resolution of the Audit & Supervisory Board, make the dismissal or non-reappointment of the accounting auditor an agenda item for the General Shareholders' Meeting when it deems it necessary, such as when the accounting auditor is deemed insufficient to perform audits from the viewpoint of audit quality, quality control, independence, etc., in addition to cases of convenience to the Company.

(f) Evaluation of the Audit Firm by the Audit & Supervisory Board and Audit & Supervisory Board members

The Audit & Supervisory Board members and the Audit & Supervisory Board have reappointed Ernst & Young ShinNihon LLC and its audit team as accounting auditors, based on their assessment of the following points in accordance with the “Accounting Auditor Evaluation Standards” formulated by the Audit & Supervisory Board, and have determined that they are adequate to perform the audit of the Company and its group companies.

- The audit firm’s quality control system and the results of its external review evaluation.
- Demonstrate independence, professionalism and professional skepticism of the audit team and audit members
- Planning and implementation of audit plans based on risk analysis
- Effective communication with auditors and other relevant parties
- Effective communication with management and the internal audit department
- Communicate with network firms and other auditors in group audits
- Appropriate assessment of fraud risk and due consideration in audit planning and practice
- Reasonableness of resources devoted to audit work and associated audit fees

④ Details of Audit Fees, etc.

(a) Professional fees to Certified Public Accountants, etc.

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Professional fees for audit attestation services	Professional fees for non-audit services	Professional fees for audit attestation services	Professional fees for non-audit services
Filing company	69	2	66	1
Consolidated subsidiaries	37	1	40	—
Total	107	3	107	1

The Company and its consolidated subsidiaries pay for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), such as advice and guidance related to the preparation of English financial statements.

(b) Professional fees to the same network (Ernst & Young Group) as the Certified Public Accountants (excluding (a))

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Professional fees for audit attestation services	Professional fees for non-audit services	Professional fees for audit attestation services	Professional fees for non-audit services
Filing company	—	13	—	1
Consolidated subsidiaries	36	12	53	49
Total	36	25	53	50

The Company and its consolidated subsidiaries pay for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), such as corporate tax and income tax filing services.

(c) Other significant audit and attestation fees

Not applicable

(d) Policy for determining audit fees

There is no applicable information regarding the Company’s policy for determining audit fees to be paid to certified public accountants, etc. for auditing. However, the Company determines audit fees with the consent of the Audit & Supervisory Board, based on the assumption that the audit attestation work will be performed adequately, taking into consideration the characteristics of the work, the number of audit days, and other factors.

(e) Reasons why the Audit & Supervisory Board agreed to the remuneration, etc. of the Accounting Auditor

After carefully examining the details of the accounting audit plan for the current fiscal year, including the number of audit days and staffing as explained by the relevant audit team, verification and evaluation of the audit results of the previous fiscal year, the appropriateness of the status of the accounting auditor’s performance of the audit, and the basis for calculating the estimates on which the remuneration is based, the Company agrees with the amount of professional fees, etc. paid to the accounting auditor.

(4) Remuneration for Directors (and other officers)

① Policy on determination of remuneration for directors (and other officers)

(a) Methods and changes in the policy for determining remuneration for directors (and other officers)

(i) Policy for determining remuneration for directors (and other officers)

The Remuneration Advisory Committee deliberates on the appropriateness of the policy for determining the remuneration, etc. of each individual director of the Company each fiscal year, and then the Board of Directors makes a decision on the policy. In its deliberations, the Remuneration Advisory Committee takes into consideration changes in the business environment and the opinions of shareholders and investors, and obtains information necessary for its deliberations from third-party organizations with a wealth of global experience and knowledge.

(ii) Changes in policy for determining Remuneration for directors (and other officers)

As described in “④ Operation of the Remuneration Advisory Committee for the current fiscal year,” following the deliberations of the Remuneration Advisory Committee during the current fiscal year, the director has determined that the current remuneration for directors (and other officers) system is appropriate. There are no significant changes to the policy for determining directors’ remuneration for FY2024.

(b) Policy for determining remuneration for directors (and other officers)

(i) Basic policy

Directors (excluding outside directors)

- The Company’s management philosophy, “Sustainability Policy - The Nichirei Pledge” and management strategy shall be strongly encouraged in the execution of duties.
- In order to realize the long-term management objectives, the Group shall be strongly motivated to achieve specific management objectives in the Group’s Materiality and its medium-term management plan, etc.
- In order to function as a sound incentive for the sustainable growth of the Group, the ratio of remuneration that is linked to short-term results and performance of duties (performance-based bonuses) and remuneration that is linked to medium- to long-term results and corporate value (stock-based remuneration) should be appropriately set.
- The Company’s directors and executive officers shall be treated appropriately, taking into consideration their social roles and responsibilities, trends in the food and logistics industries and other companies with which the Company’s group competes in terms of business and human resources, and changes in the business environment.

Outside directors

- In light of its role to supervise the Company’s management from an independent and objective standpoint, the Company shall pay only base remuneration (fixed remuneration).

(ii) Composition and level of remuneration

Directors (excluding outside directors)

Remuneration for directors, excluding outside directors, shall consist of “Role-based pay” and “Director allowances” as basic remuneration (fixed remuneration) and “Performance-based bonuses” and “Stock remuneration” as variable remuneration, as shown below. The ratio of “Role-based pay,” “Performance-based bonuses,” and “Stock remuneration” related to the execution of duties shall be set so that the base amount is approximately 60%:20%:20%. The remuneration level will be set at an appropriate amount with reference to objective remuneration market survey data (remuneration levels of companies competing with our Group in business and human resources, including those in the food and logistics industries), taking into consideration the responsibilities and number of our directors and future changes in the business environment, and incorporating the opinions of third party institutions.

Remuneration Components		Composition ratio	Purpose and Outline
Basic fee (Fixed remuneration)	Role-based pay	Approx. 60%	Basic remuneration for the execution of duties (performance of duties) Set according to the size of each director’s role
	Director allowance	Fixed amount	Remuneration for the responsibility of making management decisions and supervising their execution Set at a uniform amount for directors
Variable remuneration	Performance-based bonus	Approx. 20%	Rewards that motivate the achievement of financial and strategic goals for each fiscal year Amount to be paid upon achievement of goals (“base amount”) is set as a percentage of role-based pay Monetary payments ranging from 0% to 200% of the base amount, depending on the degree to which goals are achieved
	Stock remuneration (Restricted transfer stocks)	Approx. 20%	To promote management from the perspective of long-term investments, the Group as a whole, and shareholders and investors The value of shares to be delivered each term (“base amount”) is set as a percentage of role-based pay. Restricted stock equivalent to the base amount is delivered each term, and restrictions on transfer are lifted when the employee leaves the company.

Outside directors

Outside directors shall be paid only a base salary (fixed remuneration). The level of remuneration shall be set appropriately, taking into consideration the time and effort spent by outside directors to fulfill their expected roles and functions, as well as objective remuneration market survey data (remuneration levels of companies similar to those of the Company in terms of business type and size).

(c) Performance-based bonuses

The amount of money to be paid to each individual as a performance-based bonuses will vary between 0% and 200% of the base amount for each position, depending on the company-wide performance, business performance, and the achievement of individual performance targets.

- Bonuses paid to individuals = Base amount by position multiply Performance evaluation coefficient (0-200%)

*Performance evaluation coefficients are weighted averages of the evaluation coefficients for each performance indicators (KPI).

Performance Indicators (KPI)	Reasons for selection	Evaluation Weights		
		Representative director	Director (In charge of Functions)	Director (In charge of Business)
Company-wide performance evaluation		100%	70%	60%
Net sales	Expansion of corporate scale	10%	5%	10%
EBITDA	Improvement of cash generation and Improvement in profitability of core business	40%	30%	20%
Profit	Improvement of shareholder returns	10%	5%	10%
ROIC	Business portfolio optimization and Improve capital efficiency	20%	15%	10%
ESG Third-party Assessment (*)	Strengthening responses to sustainability issues	20%	15%	10%
Business performance evaluation		—	—	30%
Net sales	Expansion of corporate scale	—	—	5%
EBITDA	Improvement of cash generation and Improvement in profitability of core business	—	—	15%
ROIC	Business portfolio optimization and Improve capital efficiency	—	—	10%
Individual Performance Evaluation		—	30%	10%
Responding to medium- and long-term strategic issues and initiatives, including ESG		—	30%	10%
Total		100%	100%	100%

(*) For ESG third-party evaluations, in order to ensure the objectivity and fairness of the evaluations, we will utilize the evaluations of multiple ESG evaluation organizations. Specifically, the following three types of evaluations will be used.

ESG THIRD-PARTY ASSESSMENT

REASONS FOR SELECTION

- FTSE4Good Index Series
- MSCI ESG Ratings
- CDP Climate Change

- Appropriate management of risks and opportunities related to ESG
- Strengthening climate change initiatives

(iv) Procedures for determining remuneration

In order to ensure the appropriateness and objectivity of remuneration for individual directors, the Board of Directors shall make decisions on such matters after deliberations and reports by the Remuneration Advisory Committee, which is comprised mainly of independent outside directors. In its deliberations, the Remuneration Advisory Committee shall take into account changes in the business environment and the opinions of shareholders and investors, and shall obtain information necessary for its deliberations from an objective and professional standpoint.

In the process of determining the amount of performance-based bonuses to be paid to each individual, the individual performance targets and evaluations shall be drafted by the representative director and president, who is delegated by the Board of Directors, after interviewing each director, and shall be decided by the representative director and president, after deliberation by the Remuneration Advisory Committee. The determined individual performance targets and evaluation results shall be reported to the Board of Directors in a timely and appropriate manner to ensure the objectivity and fairness of the evaluation. The final amount of bonuses to be paid to each individual shall be drafted by the representative director and president, and decided by the Board of Directors after deliberation by the Remuneration Advisory Committee.

(v) Other important matters

In the event of a deterioration in the Company's business performance, or in the event of quality problems, serious accidents, or scandals that damage the Company's corporate value or brand value, the Company may reduce or deny the remuneration, etc., to directors.

In the case of performance-based bonuses, when factors that should be taken into account as temporary special factors that were not assumed when the targets were set at the beginning of the fiscal year arise, performance and other factors may be evaluated after eliminating the effects of such factors, and the amount of bonuses paid to each individual director may be calculated.

With respect to performance-based bonuses, in the event that a director violates the law or his/her duty of care or fidelity as a director before the bonus is paid, or in the event that such a violation is discovered within two years after the bonus is paid, or in the event of other similar events, the director's right to receive the bonus related to such violation shall be extinguished, and the Company may demand that the bonus actually paid be returned.

Remuneration for executive officers who do not concurrently serve as directors shall be determined in accordance with the Company's policy for determining such remuneration for directors.

② Remuneration for directors (and other officers) for the current fiscal year

(a) Total Remuneration for directors (and other officers) in FY2023

Classification	Total amount of remuneration by type (Millions of yen)			Total amount of remuneration (Millions of yen)	Number of officers covered (persons)
	Basic remuneration	Performance-based bonus	Restricted stock remuneration		
Directors (excluding outside directors)	110 (210)	30 (63)	62 (62)	203 (336)	7 (7)
Outside directors	46	—	—	46	6
Audit & Supervisory Board members (excluding Outside Audit & Supervisory Board members)	48	—	—	48	3
Outside Audit & Supervisory Board members	32	—	—	32	3
Total	237 (337)	30 (63)	62 (62)	330 (463)	19 (19)

(Notes)

1. The above includes 3 directors (including 2 outside directors) and 1 Audit & Supervisory Board member who retired at the conclusion of the 104th Ordinary General Shareholders' Meeting held on June 24, 2022.
2. The total amount of remuneration, etc. above is stated as the total amount of remuneration, etc. borne by the Company (Total amount of expenses, etc. paid or to be paid or borne by the Company). The amounts in parentheses for directors (excluding outside directors) and Total are the total amount of consolidated remuneration, etc. to be borne by the Company and its subsidiaries.
3. The amount of "Basic remuneration" above is the Total amount of remuneration paid in FY2023 (all monetary remuneration).
4. The amount of the above "Performance-based bonus" is the amount expected to be paid around July 2023 (all monetary remuneration), based on the results of performance and other factors in FY2023. Since the timing of the payment will be after the ESG third-party evaluation, which is one of the performance evaluation indicators, is finalized, the payment may be made around August or September 2023.
5. The amount of "Restricted stock remuneration" above is the total amount recorded as expenses in FY2023. 26,016 shares of the Company's common stock were granted as stock-based payment expenses in FY2023 to 6 directors (excluding outside directors) by granting monetary remuneration claims and having all such claims contributed in-kind to the Company. The delivery of such shares is subject to the condition that they do not transfer their positions as officers of the Company until they retire from the Company.
※The Company has introduced a restricted stock remuneration for executive officers who do not concurrently serve as directors, and 8,788 shares of the Company's common stock were issued to three executive officers in FY2023.

6. The maximum amounts of remuneration, etc. for directors and Audit & Supervisory Board members approved by the General Shareholders' Meeting are as follows.

Classification	Date of resolution of the General Shareholders' Meeting	Basic remuneration	Performance-based bonus	Restricted stock remuneration		Number of directors
Director	June 25, 2019 (The 101st Ordinary General Shareholders' Meeting)	Up to ¥270 million yen (Outside Directors: up to ¥50 million)	Up to ¥130 million	Up to ¥100 million	Up to 70,000 shares	10 (Outside directors: 3)
Audit & Supervisory Board members	June 26, 2012 (The 94th Ordinary General Shareholders' Meeting)	Up to ¥120 million	—	—	—	5 (Outside Audit & Supervisory Board member: 3)

*The maximum amount of remuneration for directors does not include the amount of salaries for employees of directors who concurrently serve as employees of the Company.

- (b) Total amount, etc. of consolidated remuneration, etc. of persons whose total amount of consolidated remuneration, etc. is 100 million yen or more

There is no director (or other officer) whose total amount of consolidated remuneration is 100 million yen or more.

- (c) Significant employee salaries of officers concurrently serving as employees
Not applicable

- (d) Calculation method and evaluation results of performance-based bonuses for FY2023

The amount of each director's FY2023 bonus payment is expected to range from 92.1% to 112.0% of the base bonus amount, based on the calculation method below and the evaluation of performance and other factors. Please refer to “①(b)(III) Performance-based bonuses” for the reasons for the selection of each performance indicator (KPI) for the calculation of the performance evaluation coefficient.

- Bonuses paid to individuals = Base amount by position multiply Performance evaluation coefficient

*Performance evaluation coefficients are weighted averages of the evaluation coefficients for each performance indicator (KPI).

Performance Indicators (KPI)		Evaluation Weights			Business	FY2023 Target	FY2023 Results	of each KPI evaluation factor
		Representative director	Director (In charge of Function)	Director (In charge of Business)				
Company-wide results evaluation	Net sales	10%	5%	10%	Consolidated	618,000 Millions of yen	662,204 Millions of yen	171.5%
	EBITDA	40%	30%	20%	Consolidated	54,036 Millions of yen	55,133 Millions of yen	110.2%
	Profit	10%	5%	10%	Consolidated	21,200 Millions of yen	21,568 Millions of yen	108.7%
	ROIC	20%	15%	10%	Consolidated	7.0%	6.9%	75.0%
	ESG Third-Party Assessment	20%	15%	10%	Consolidated	FTSE ^{*1} : Continued Adoption MSCI ^{*2} : AA CDP ^{*3} : A –	FTSE ^{*1} : undetermined MSCI ^{*2} : AA CDP ^{*3} : B	50% or 100%
Business Performance evaluation	Net sales	—	—	5%	NF ^{*4}	258,000 Millions of yen	275,697 Millions of yen	168.6%
					NFR ^{*5}	138,100 Millions of yen	154,750 Millions of yen	200.0%
					NL ^{*6}	234,000 Millions of yen	244,207 Millions of yen	143.6%
	EBITDA	—	—	15%	NF ^{*4}	22,727 Millions of yen	22,013 Millions of yen	92.1%
					NFR ^{*5}	3,107 Millions of yen	2,314 Millions of yen	63.5%
					NL ^{*6}	26,552 Millions of yen	26,413 Millions of yen	98.7%
	ROIC	—	—	10%	NF ^{*4}	— ^{*7}	target not reached ^{*7}	50.0%
					NFR ^{*5}		target not reached ^{*7}	0.0%
					NL ^{*6}		achievement the goal ^{*7}	100.0%
Individual Performance Evaluation		—	30%	10%	Individual evaluation of progress in medium- to long-term strategic issues and initiatives, performance of duties in line with the “Sustainability Policy - The Nichirei Pledge” and demonstration of leadership.			100% to 125%
Total		100%	100%	100%	Weighted average for each director performance evaluation coefficient			92.1% to 112.0%

(Notes)

1. FTSE4Good Index Series (evaluation results to be confirmed around early July)
2. MSCI ESG Ratings
3. CDP Climate Change
4. NF: Processed foods business: Applied to the evaluation of director and executive officer (concurrently serving as President of Nichirei Foods Inc.).
5. NFR: Marine products and Meat and poultry products business: Applied to the evaluation of director and executive officer (concurrently serving as President of Nichirei Fresh Inc.).
6. NL: Logistics business: Applied to the evaluation of director and executive officer (concurrently serving as President of Nichirei Logistics Group Inc.).
7. Figures for ROIC in the evaluation of business performance are not shown because it is an indicator that is not publicly announced.

② **Targets for the following fiscal year**

The target performance indicators of remuneration for directors (and other officers) for the fiscal year 2024 are as follows.

Assessment Classification		Performance indicator	Target (Millions of yen)
Company-wide performance evaluation		Net sales	675,000
		Consolidated EBITDA	60,168
		Consolidated Profit	22,400
		Consolidated ROIC (%)	6.7
Business Performance Evaluation	Processed Foods	Net sales	296,000
		EBITDA	25,990
		Simplified ROIC (%)	9.3
	Marine Products	Net sales	50,000
		EBITDA	1,161
		Simplified ROIC (%)	5.7
	Meat and Poultry Products	Net sales	85,000
		EBITDA	1,882
		Simplified ROIC (%)	23.0
	Logistics	Net sales	255,000
		EBITDA	27,890
		Simplified ROIC (%)	7.3

④ **Operation of the Remuneration Advisory Committee for the current fiscal year**

(a) FY2023 Remuneration Advisory Committee Activities

- With respect to the determination of the remuneration of directors for FY2023, the Remuneration Advisory Committee met six times between May 2022 and May 2023 (including one meeting held in writing), with all members in attendance. In addition, a remuneration consultant from a third-party organization (Willis Towers Watson) was present at one of the six meetings for the purpose of providing objective and professional information necessary for deliberations. The main matters discussed and decided on regarding directors' remuneration in FY2023 are as follows.
- Remuneration Advisory Committee confirmed the base amount of remuneration for each individual director for the FY2023 and decided on the details to be reported to the Board of Directors.
- Remuneration Advisory Committee discussed the performance targets and evaluation criteria for the performance-based bonuses for FY2023, and decided on the details to be reported to the Board of Directors.
- Remuneration Advisory Committee confirmed the number of shares to be delivered and other details of the restricted stock remuneration for FY2023 and decided on the details to be reported to the Board of Directors.
- Remuneration Advisory Committee has examined the appropriateness of the remuneration system and the level and composition of remuneration for directors, taking into consideration changes in the business environment and the demands of shareholders and investors, as well as the results of comparisons with other companies. As a result of this review, we confirmed that the current remuneration system and the level and composition of remuneration for directors are generally appropriate and do not need to be changed, and decided on the content of our report to the Board of Directors.
- Remuneration Advisory Committee has confirmed the contents of remuneration for directors (and other officers) in the Business Report and the Annual Securities Report.
- Remuneration Advisory Committee also discussed on the appropriateness of the Company-wide performance evaluation for FY2023, the evaluation of each business, and the individual evaluation of each director as proposed by the representative director and president, as well as the amount of individual performance-based bonuses for FY2023 to be paid to each director, to be reported to the Board of Directors.

(Notes) 1 The Remuneration Advisory Committee reports and advises the Board of Directors on the above in a timely and appropriate manner. The Board of Directors determines the details of remuneration for each individual director based on the contents of such reports and recommendations. However, the individual performance evaluation in the process of determining the amount of individual performance-based bonuses for FY2023 is drafted by the representative director and president (Kenya Okushi) after interviewing each director from his/her position as the CEO of the Company group, and is decided after deliberation by the Remuneration Advisory Committee. On the other hand, the final amount of bonuses to be paid to each individual, based on the results of the individual performance evaluation, the evaluation of the Company's performance, and the evaluation of each business, will be determined by the Board of Directors based on the report of the Remuneration Advisory Committee (The final bonus payment amount will be determined after the ESG third-party evaluation, which is one of the performance measures, is finalized (around July 2023)).

2 Remuneration for executive officers who do not concurrently serve as directors are also determined through the same process described above.

(b) Comments by the Board of Directors on the appropriateness and reasonableness of the FY2023 remuneration

In determining the details of individual director's remuneration for FY2023, as stated in (a) above, the Remuneration Advisory Committee, led by the independent outside directors, has conducted a multifaceted review based on objective and professional information necessary for deliberation, including consistency with the decision policy, and The Board of Directors also basically respects the report and judges it to be in line with the decision-making policy.

(5) Equity Securities Held

① Criteria and approach to classification of investment in equity securities

The Company classifies investment in equity securities into two categories: investment in equity securities held for pure investment and investment in equity securities held for other than pure investment. If the Company judges that investment in equity securities will contribute to improve the Company's corporate value through the maintenance and strengthening of business and cooperative relationships, etc., the securities are classified as investment in equity securities held for other than pure investment.

② Investment in equity securities held for other than pure investment

(a) Holding policy, methods of verifying the rationality of holding and details of verification by the Board of Directors regarding the appropriateness of holding individual security

The Board of Directors annually reviews the economic rationale of individual strategic-holding security from a medium- to long-term perspective. If the holding of a particular strategic-holding security is determined to be insignificant, the security is sold. In conducting such reviews, the Board of Directors makes a comprehensive judgment based on a close examination of individual security to determine the benefits, such as profits from transactions and dividends, and whether risks are commensurate with the cost of capital, as well as a qualitative assessment of strategic importance and other factors.

(b) Number of security names and balance sheet amount

	Number of security names	Balance sheet amount Total (Millions of yen)
Equity securities not listed	5	561
Equity securities other than those not listed	15	20,299

(Securities whose number of shares increased in the current fiscal year)

	Number of security names	Total acquisition cost related to increase in number of shares (Millions of yen)	Reason for increase in number of shares
Equity securities not listed	1	20	The Company acquired the shares because it believes that the acquisition would contribute to the enhancement of the Company's corporate value.
Equity securities other than those not listed	—	—	—

(Securities whose number of shares decreased in the current fiscal year)

	Number of security names	Total sales amount related to decrease in number of shares (Millions of yen)
Equity securities not listed	—	—
Equity securities other than not listed	4	1,065

(c) Information on the number of shares, balance sheet amount, etc. of specified equity securities and deemed holdings of equity securities by security

(i) Specified equity securities

Security	Current fiscal year	Previous fiscal year	Outline of purpose of holding, business alliances, etc., quantitative retention effects and the reason for the increase in number of shares	Ownership of the Company's shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Nisshin Flour Milling Group Inc.	3,460,457	3,460,457	Held to strengthen the business foundation through stable supply of raw materials for processed foods and other businesses, and to strengthen cooperation in quality assurance through joint ventures.	Yes
	5,367	5,903		
Fuyo General Lease Co., Ltd	416,600	416,600	Held to maintain and strengthen leasing and collaborative relationships for the Group.	Yes
	3,749	2,912		
Kewpie Corporation	1,555,007	1,555,007	Held to strengthen the business foundation through stable supply of raw materials for processed foods and other businesses.	Yes
	3,464	3,641		
Mitsubishi Shokuhin Co., Ltd.	700,000	700,000	Held to strengthen the business foundation through transactions and stable supply of raw materials for processed foods and logistics business.	No
	2,275	2,107		
Kyoto Hotel, Ltd.	2,008,178	2,008,178	Held to maintain and strengthen business and cooperative relationships for the Group.	No
	1,429	1,216		
Mitsubishi UFJ Financial Group, Inc	926,160	1,234,860	Held to strengthen the Group's financial foundation through stable fund procurement and fund management operations, to provide useful information on market trends and regulations, and to enhance business support by providing advisory functions.	No
	785	938		
Imperial Hotel, Ltd.	348,024	348,024	Held to maintain and strengthen cooperative relationships through joint ventures for processed foods and other businesses.	Yes
	667	624		
SOMPO Holdings Inc.	121,685	173,785	Held to strengthen the Group's management foundation by providing ongoing support for assets protection and risk management.	No
	639	935		
The Chiba Bank, Ltd.	553,000	553,000	Held to strengthen the Group's financial foundation through stable fund procurement and fund management operations, to provide useful information on market trends and regulations, and to enhance business support by providing advisory functions.	Yes
	472	400		
Mizuho Financial Group, Inc	195,756	337,456	Held to strengthen the Group's financial foundation through stable fund procurement and fund management operations, to provide useful information on market trends and regulations, and to enhance business support by providing advisory functions.	No
	367	528		
Yasuda logistics corporation	301,000	301,000	Held to maintain and strengthen business and cooperative relationships for the logistics and other businesses.	Yes
	312	291		
JINUSHI Co., Ltd	156,000	156,000	Held to maintain and strengthen lease transactions and cooperative relationships for real estate and other businesses.	No
	298	294		
Toyo Seikan Group Holdings, Ltd.	101,200	101,200	Held to strengthen the business foundation through stable supply of raw materials for processed foods and other businesses.	Yes
	184	142		

Security	Current fiscal year	Previous fiscal year	Outline of purpose of holding, business alliances, etc., quantitative retention effects and the reason for the increase in number of shares	Ownership of the Company's shares
	Number of shares	Number of shares		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Sumitomo Mitsui Trust Holdings, Inc.	39,840	39,840	Held to strengthen the Group's financial foundation through stable fund procurement and fund management operations, to provide useful information on market trends and regulations, and to enhance business support by providing advisory functions.	No
	180	159		
TODA CORPORATION	151,000	151,000	Held to strengthen the business foundation by providing support for the maintenance and preservation of buildings for logistics and real estate business.	Yes
	104	111		
Sapporo Holdings Limited	—	100,000	No shares are held as of March 31, 2023.	No
	—	230		

(Notes)

- The above-mentioned securities are comprehensively judged for the appropriateness of holding based on a close examination of individual security to determine the benefits, such as profits from transactions and dividends, and whether risks are commensurate with the cost of capital, as well as a qualitative assessment of strategic importance and other factors. Quantitative holding effects are not stated in consideration of the relationship with the counterparty, but based on the above policy, the Company has verified that the holding is meaningful.
- The top 11 securities listed above have balance sheet amounts exceeding 1% of the Company's capital.
- "Ownership of the Company's shares" is indicated as "Yes" if the shares are directly owned by the issuer of such securities.

(b) Deemed holdings of equity securities

Not applicable

③ Investment in equity securities held for pure investment

Not applicable

V. Financial Information

1. Basis of presentation for consolidated and non-consolidated financial statements

(1) The consolidated financial statements of Nichirei Corporation (the “Company”) and its subsidiaries (together, the “Group”) are prepared in accordance with the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28, 1976, hereinafter referred to as the “Consolidated Financial Statement Regulations”).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59 of 1963, hereinafter referred to as the “Financial Statement Regulations”).

As the Company qualifies as a company submitting non-consolidated financial statements prepared in accordance with special provisions, the Company prepares its non-consolidated financial statements pursuant to Article 127 of the Financial Statement Regulations.

2. Audit Report

Pursuant to the provisions of Article 193-2, Paragraph 1, of the Financial Instruments and Exchange Act, the Company’s consolidated and non-consolidated financial statements for the fiscal year (from April 1, 2022 to March 31, 2023) were audited by Ernst & Young ShinNihon LLC.

3. Special efforts to ensure the appropriateness of consolidated financial statements, etc.

Special efforts are made to ensure the appropriateness of consolidated financial statements, etc. Specifically, in order to appropriately grasp the content of accounting standards and establish a system that enables the proper preparation of consolidated financial statements, etc., the Company has joined the Financial Accounting Standards Foundation (FASF) and participates in seminars organized by various organizations.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

① Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	23,413	27,843
Notes and accounts receivable - trade	*1 90,965	*1 101,275
Merchandise and finished goods	41,077	42,741
Work in process	1,189	987
Raw materials and supplies	9,861	11,216
Other	13,904	12,761
Allowance for doubtful accounts	△112	△130
Total current assets	180,299	196,695
Non-current assets		
Property, plant and equipment		
Buildings and structures	*5 261,489	*5 276,952
Accumulated depreciation	△179,393	△186,834
Buildings and structures, net	82,095	90,118
Machinery, equipment and vehicles	*5 125,441	*5 137,180
Accumulated depreciation	△88,650	△95,987
Machinery, equipment and vehicles, net	36,790	41,192
Land	*3, *5 41,075	*3, *5 41,433
Leased assets	36,267	33,592
Accumulated depreciation	△22,777	△20,197
Leased assets, net	13,490	13,394
Construction in progress	4,904	4,768
Other	*5 12,866	*5 15,361
Accumulated depreciation	△10,117	△11,195
Other, net	2,748	4,165
Total property, plant and equipment	181,106	195,073
Intangible assets		
Goodwill	6,700	6,687
Other	8,080	7,632
Total intangible assets	14,781	14,319
Investments and other assets		
Investment securities	*2 38,106	*2 38,281
Retirement benefit asset	49	38
Deferred tax assets	2,607	2,726
Other	*2 11,024	*2 10,597
Allowance for doubtful accounts	△369	△399
Total investments and other assets	51,419	51,244
Total non-current assets	247,307	260,637
Total assets	427,606	457,333

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Liabilities		
Current Liabilities		
Accounts payable - trade	26,778	28,423
Electronically recorded obligations - operating	2,476	1,710
Short-term borrowings	13,490	16,919
Commercial papers	2,000	6,000
Current portion of bonds payable	—	10,000
Current portion of long-term borrowings	*3 14,798	*3 2,277
Current portion of lease liabilities	3,395	3,462
Accrued expenses	34,909	37,535
Income taxes payable	4,779	4,049
Provision for bonuses for directors (and other officers)	198	185
Other	*6 17,947	*6 19,520
Total current liabilities	120,775	130,086
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term borrowings	*3 19,882	*3 34,867
Lease liabilities	11,149	11,052
Deferred tax liabilities	5,853	6,145
Provision for retirement benefits for directors (and other officers)	102	65
Retirement benefit liability	2,029	2,121
Asset retirement obligations	4,180	4,643
Long-term guarantee deposits	2,181	2,327
Other	3,548	2,510
Total non-current liabilities	88,928	93,733
Total liabilities	209,703	223,819
Net assets		
Shareholders' equity		
Share capital	30,472	30,512
Capital surplus	5,495	5,492
Retained earnings	172,369	187,333
Treasury shares	△11,841	△16,847
Total shareholders' equity	196,494	206,490
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,984	12,342
Deferred gains or losses on hedges	2,360	1,436
Foreign currency translation adjustment	329	4,173
Total accumulated other comprehensive income	14,674	17,952
Non-controlling interests	6,733	9,070
Total net assets	217,903	233,513
Total liabilities and net assets	427,606	457,333

② Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

[Consolidated Statements of Income]

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Net sales	*1 602,696	*1 662,204
Cost of sales	*2 500,451	*2 553,330
Gross profit	102,245	108,874
Selling, general and administrative expenses		
Transportation and storage costs	19,730	21,760
Promotion expenses	1,258	1,282
Advertising expenses	3,355	3,450
Remuneration for directors (and other officers) and employees' salaries, bonuses and allowances	20,433	21,032
Retirement benefit expenses	1,071	1,127
Legal and other welfare expenses	3,645	3,733
Travel, transportation and communication expenses	1,247	1,835
Rent expenses	2,169	2,367
Outsourcing expenses	4,388	4,511
Research and development expenses	*3 1,939	*3 1,892
Other	11,594	12,943
Total selling, general and administrative expenses	70,835	75,939
Operating profit	31,410	32,935
Non-operating income		
Interest income	106	201
Dividend income	797	867
Share of profit of entities accounted for using equity method	116	292
Other	423	641
Total non-operating income	1,444	2,003
Non-operating expenses		
Interest expenses	619	787
Foreign exchange losses	72	221
Other	495	481
Total non-operating expenses	1,187	1,490
Ordinary profit	31,667	33,448
Extraordinary income		
Gain on sale of non-current assets	*4 38	*4 90
Gain on sale of investment securities	3,924	674
Compensation for expropriation	1,221	242
Gain on bargain purchase	–	543
Other	3	102
Total extraordinary income	5,188	1,653
Extraordinary losses		
Loss on sale of non-current assets	*5 12	*5 35
Loss on retirement of non-current assets	*6 1,216	*6 1,083
Impairment losses	*7 196	*7 487
Other	322	506
Total extraordinary losses	1,747	2,113
Profit before income taxes	35,107	32,987
Income taxes - current	10,233	8,696
Income taxes - deferred	605	653
Total income taxes	10,839	9,349
Profit	24,268	23,638
Profit attributable to non-controlling interests	886	2,069
Profit attributable to owners of parent	23,382	21,568

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Profit	24,268	23,638
Other comprehensive income		
Valuation difference on available-for-sale securities	△356	351
Deferred gains or losses on hedges	693	△927
Foreign currency translation adjustment	1,983	4,479
Share of other comprehensive income of entities accounted for using equity method	203	122
Total other comprehensive income	*1 2,523	*1 4,025
Comprehensive income	26,792	27,664
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	25,733	24,846
Comprehensive income attributable to non-controlling interests	1,058	2,817

③ Consolidated Statements of Changes in Equity
 Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,418	5,795	172,436	△17,648	191,002
Cumulative effects of changes in accounting policies			△574		△574
Restated balance	30,418	5,795	171,862	△17,648	190,428
Changes during period					
Issuance of new shares	53	53			106
Dividends of surplus			△7,063		△7,063
Profit attributable to owners of parent			23,382		23,382
Change in ownership interest of parent due to transactions with non-controlling interests		△352			△352
Purchase of treasury shares				△10,006	△10,006
Disposal of treasury shares		0		0	0
Cancellation of treasury shares		△0	△15,811	15,812	—
Net changes in items other than shareholders' equity					
Total changes during period	53	△299	506	5,806	6,066
Balance at end of period	30,472	5,495	172,369	△11,841	196,494

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	12,344	1,639	△1,660	12,323	7,100	210,426
Cumulative effects of changes in accounting policies						△574
Restated balance	12,344	1,639	△1,660	12,323	7,100	209,851
Changes during period						
Issuance of new shares						106
Dividends of surplus						△7,063
Profit attributable to owners of parent						23,382
Change in ownership interest of parent due to transactions with non-controlling interests						△352
Purchase of treasury shares						△10,006
Disposal of treasury shares						0
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	△359	720	1,990	2,351	△367	1,984
Total changes during period	△359	720	1,990	2,351	△367	8,051
Balance at end of period	11,984	2,360	329	14,674	6,733	217,903

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	30,472	5,495	172,369	△11,841	196,494
Changes during period					
Issuance of new shares	39	39			79
Dividends of surplus			△6,604		△6,604
Profit attributable to owners of parent			21,568		21,568
Change in ownership interest of parent due to transactions with non-controlling interests		△43			△43
Purchase of treasury shares				△5,005	△5,005
Disposal of treasury shares			△0	0	0
Net changes in items other than shareholders' equity					
Total changes during period	39	△3	14,964	△5,005	9,995
Balance at end of period	30,512	5,492	187,333	△16,847	206,490

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	11,984	2,360	329	14,674	6,733	217,903
Changes during period						
Issuance of new shares						79
Dividends of surplus						△6,604
Profit attributable to owners of parent						21,568
Change in ownership interest of parent due to transactions with non-controlling interests						△43
Purchase of treasury shares						△5,005
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	357	△923	3,843	3,278	2,337	5,615
Total changes during period	357	△923	3,843	3,278	2,337	15,610
Balance at end of period	12,342	1,436	4,173	17,952	9,070	233,513

④ Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	35,107	32,987
Depreciation	21,089	22,198
Impairment losses	196	487
Increase/△decrease in allowance for doubtful accounts	100	16
Interest and dividend income	△904	△1,069
Interest expenses	619	787
Share of loss/△profit of entities accounted for using equity method	△116	△292
Gain on bargain purchase	—	△543
Loss/△gain on sale of non-current assets	△26	△54
Loss on retirement of non-current assets	1,216	1,083
Loss/△gain on sale of investment securities	△3,923	△674
Decrease/△increase in trade receivables	△7,943	△8,407
Decrease/△increase in inventories	△3,902	△1,327
Increase/△decrease in trade payables	935	114
Compensation for expropriation	△1,221	△242
Other, net	2,461	1,623
Subtotal	43,688	46,687
Interest and dividends received	1,102	1,221
Proceeds from compensation for expropriation	1,221	242
Interest paid	△630	△755
Income taxes paid	△10,721	△9,530
Net cash provided by/△used in operating activities	34,660	37,865
Cash flows from investing activities		
Purchase of property, plant and equipment	△21,289	△23,830
Proceeds from sale of property, plant and equipment	142	117
Purchase of intangible assets	△1,422	△1,261
Purchase of investment securities	△80	△1,565
Proceeds from sale of investment securities	5,611	1,913
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△8,432	△659
Other, net	△545	△1,560
Net cash provided by/△used in investing activities	△26,016	△26,844
Cash flows from financing activities		
Net increase/△decrease in short-term borrowings	5,790	2,748
Net increase/△decrease in commercial papers	2,000	4,000
Proceeds from long-term borrowings	5,454	15,794
Repayments of long-term borrowings	△4,832	△15,390
Proceeds from issuance of bonds	9,951	—
Redemption of bonds	△10,000	—
Repayments of lease liabilities	△3,699	△3,621
Purchase of treasury shares	△10,012	△5,009
Dividends paid	△7,053	△6,595
Dividends paid to non-controlling interests	△899	△388
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△878	△128
Other, net	0	0
Net cash provided by/△used in financing activities	△14,179	△8,591
Effect of exchange rate change on cash and cash equivalents	865	1,997
Net increase/△decrease in cash and cash equivalents	△4,670	4,426
Cash and cash equivalents at beginning of period	28,011	23,340
Cash and cash equivalents at end of period	*1 23,340	*1 27,767

[Notes to Consolidated Financial Statements]

(Significant Matters serving as the Basis for Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

All subsidiaries are consolidated.

- ① Number of consolidated subsidiaries: 80 companies
 - Number of domestic consolidated subsidiaries: 39 companies
 - Number of overseas consolidated subsidiaries: 41 companies
- ③ Names of major consolidated subsidiaries
Please refer to “I. Group Overview, 4. Subsidiaries and Affiliates.”
- ③ Changes in consolidated subsidiaries
(Increase due to new establishment: 1 company)
Shanghai Fresh Line Logistics Co., Ltd.
(Increase due to increase in equity interest due to additional acquisition of shares: 2 companies)
Nichirei Sacramento Foods Corporation, NL Cold Chain Network(M)SDN BHD.

2. Application of the equity method

(1) Entities accounted for by the equity method

All affiliates are accounted for by the equity method.

- ① Number of affiliates accounted for by the equity method: 18 companies
 - Number of domestic affiliates accounted for by the equity method: 10 companies
 - Number of overseas affiliates accounted for by the equity method: 8 companies
- ② Name of major entities accounted for by the equity method
Hitachi Foods & Logistics Systems, Inc.
- ③ Changes in entities accounted for by the equity method
 - Increase due to acquisition of shares: 2 companies
 - Increase due to allocation of new shares: 1 company
 - Increase due to new establishment: 1 company
 - Decrease due to the acquisition of additional shares resulting in an increase in equity interest and becoming a consolidated subsidiary: 2 companies

(2) Matters deemed necessary to be stated specifically with respect to the procedures for application of the equity method

Among entities accounted for by the equity method, there are 9 affiliates whose fiscal year-end differs from the consolidated fiscal year-end. For these affiliates, the financial statements of the affiliates for their fiscal year or the provisional financial statements prepared based on the most recent quarterly financial statements are used during the consolidation.

For significant transactions that occurred between their fiscal year-end and the consolidated fiscal year-end, necessary adjustments are made for consolidation purpose.

3. Fiscal year of consolidated subsidiaries

There are 41 consolidated subsidiaries, including Nichirei Holding Holland B.V., whose fiscal year-end is December 31 and differs from the consolidated fiscal year-end.

In preparing the consolidated financial statements, the financial statements of these subsidiaries as of their fiscal year-end are used, and necessary adjustments for consolidation purpose are made for significant transactions that occurred between their fiscal year-end and the consolidated fiscal year-end.

4. Accounting policies

(1) Valuation basis and methods for significant assets

① Securities

Available-for-sale securities

(a) Available-for-sale securities other than equity securities, etc. without market prices

Fair value method (Unrealized gains and losses are recognized in component of net assets, and costs of securities sold are determined by the moving average method.)

(b) Equity securities, etc. without market prices

Stated at cost determined by the moving average method

② Inventories

Merchandise and finished goods, Work in process, Raw materials and supplies

Stated at cost determined primarily by the gross-average method (the carrying amounts in the balance sheet are calculated by the method in which carrying amounts are written down due to a decline in profitability of assets)

- (2) Method of depreciation for important depreciable assets
- ① Property, plant and equipment (excluding leased assets)
Declining-balance method is used.
However, buildings for lease and buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.
 - ② Intangible fixed assets (excluding leased assets)
Straight-line method is used.
Software intended for internal use are depreciated over the estimated useful lives (mainly 5 years).
 - ③ Leased assets
Leased assets under the finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the respective lease periods without residual values.
- (3) Accounting standards for significant provisions
- ① Allowance for doubtful accounts
To prepare for possible losses due to bad debts, the estimated uncollectible amount is recorded as follows.
 - (a) General receivables
Historical bad debt ratio method set forth in the accounting standards for financial instruments
 - (b) Doubtful receivables and bankruptcy reorganization claims, etc.
Debtor's financial assessment method set forth in the accounting standards for financial instruments
 - ② Provision for bonuses for directors (and other officers)
To prepare for bonuses payments to directors, the estimated amount to be paid at the end of the fiscal year is recorded.
 - ③ Provision for retirement benefits for directors (and other officers)
To prepare for the payment of retirement benefits to directors and executive officers, domestic consolidated subsidiaries provide for the amount to be paid at the end of the fiscal year based on the internal rules.
- (4) Basis for recognition of significant revenues and expenses
- ① Processed foods business, Marine products business, Meat and poultry products business, and Other businesses (Bioscience)
Main business is manufacturing and sales of cooked frozen food, marine products, meat and poultry products, diagnostic pharmaceuticals, etc. Revenue is recognized at the time of shipment as far as the period from the time of shipment till the time when control of merchandises or products is transferred to customers is normal period. Revenue is measured at the consideration promised in customer contracts, less returns, discounts and rebates, etc.
At marine products business and meat and poultry products business, for paid-material-supplies transactions that are not obligated to repurchase the supplies, consideration received from those suppliers is not recognized as revenue.
 - ② Logistics business (Logistics network business, Regional storage business, Overseas business)
Main business is providing services for transporting and delivering cargo entrusted by customers by using trucks and other vehicles, as well as providing services such as quality control and inventory control of cargo entrusted by customers, and receiving, shipping and packing cargo operations. Revenue is recognized upon completion of providing the services that fulfills the performance obligation.
 - ③ Real estate business
Revenue is recognized in a similar manner with ordinary lease transactions in accordance with the accounting standards for lease transactions.
- (5) Accounting treatment for retirement benefits
The simplified method is applied to calculate retirement benefit liability and retirement benefit expenses, in which the retirement benefit obligation is assumed at the amount that would be required if the employees voluntarily terminated their employment at the end of the fiscal year.
- (6) Significant hedge accounting method
- ① Hedge accounting method
In principle, deferred hedge accounting is used.
However, allocation treatment is applied to the forward exchange contracts, etc. that satisfy the requirements of the allocation treatment. In addition, exceptional accounting treatment is applied to the interest rate swaps, etc. that satisfy the requirements of the exceptional accounting treatment.
 - ② Hedging instruments and hedged items
 - (a) Hedging instruments
Derivative transactions (forward exchange contracts, interest rate swaps, etc.)
 - (b) Hedged items
Items for which there is a possibility of loss due to market fluctuations, etc. and the market fluctuations, etc. are not reflected in the valuation, and items for which cash flows are fixed and fluctuations thereof are avoided (e.g., monetary receivables and payables denominated in foreign currencies).

③ Hedging policy

In accordance with the “Group Accounting and Management Standards for Financial Instruments” established by the Group, forward exchange contracts are entered to hedge the foreign exchange rate fluctuation risk associated with transactions denominated in foreign currencies (export and import transactions of merchandise and raw materials, etc.).

For transactions denominated in foreign currencies that do not occur on a recurring basis, hedging policy is established for each transaction. In addition, interest rate swaps contracts, etc. are entered as necessary to convert the interest rate fluctuation risk related to interest-bearing receivables and payables to an appropriate level.

④ Method of evaluating hedge effectiveness

Effectiveness of the hedge is evaluated by comparing the cumulative changes in cash flows or market fluctuations of the hedged item with the cumulative changes in cash flows or market fluctuations of the hedging instrument semiannually, and based on both fluctuating amounts, etc.

However, the evaluation of effectiveness is omitted for the forward exchange contracts for which allocation treatment is applied and the interest rate swaps for which exceptional accounting treatment is applied.

(7) Amortization method and period for goodwill

Goodwill is amortized on a straight-line basis over a period not exceeding 20 years from the date of occurrence. However, if the amount is insignificant, the entire amount is written off in the fiscal year in which it occurs.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows

Funds (cash and cash equivalents) consist of cash on hand, deposits that can be withdrawn on demand, and short-term funds that are readily convertible to cash and have an insignificant risk of changes in value with a maturity of 3 months or less at the time of acquisition.

(9) Other important matters for preparation of consolidated financial statements

Not applicable.

(Significant Accounting Estimates)

Previous fiscal year (from April 1, 2021 to March 31, 2022)

[Valuation of non-current assets]

1. Amounts recorded in the consolidated financial statements for the fiscal year

Nichirei Biosciences Inc. (Other business)

Property, plant and equipment and Intangible assets: ¥3,076 million

Nichirei Biosciences Inc. manufactures and trades diagnostic pharmaceuticals and medical devices, etc. in 3 businesses: the molecular diagnostic pharmaceutical business, the rapid diagnostic pharmaceutical business, and the biopharmaceutical raw materials business.

The company’s operating profit was negative mainly due to the following reasons. In the molecular diagnostics pharmaceutical business, restriction on sales activities to hospitals and research institutes was prolonged due to the risk of COVID-19 infection, etc., and the expected recovery in the consolidated fiscal year was not achieved. In the rapid diagnostic pharmaceutical business, the number of influenza cases decreased due to measures against COVID-19 infection. Although we assumed the possibility of increase in the number of patients infected during the consolidated fiscal year, sales of rapid influenza diagnostic pharmaceuticals continued to decline due to the prolongation of COVID-19.

2. Information on the content of significant accounting estimates pertaining to identified items

(1) Calculation of amounts recorded in the consolidated financial statements for the fiscal year

The Company has established an asset grouping policy for each segment. For other business segment, in light of the size and business content, indications of impairment such as continuous negative operating profit, significant deterioration in the business environment, change in usage, or a significant decline in market prices are grasped for each company that is a group of assets. In case indicators of impairment are deemed to exist, recognition of impairment loss is considered.

If indications of impairment of an asset are identified, it is considered whether impairment loss is required to be recognized by comparing the carrying amount to the total undiscounted future cash flows from the underlying non-current assets of the respective company. As a result, if it is determined that impairment loss is required to be recognized, the carrying amount is written down to the recoverable amount, and the reduction in the carrying amount is recorded as impairment loss.

(2) Key assumptions used in calculating the amounts recorded in the consolidated financial statements for the fiscal year

For property, plant and equipment and intangible assets held by Nichirei Biosciences Inc., impairment loss wasn’t recognized as the undiscounted future cash flows exceeded the carrying amount. The key assumptions used in the calculation of undiscounted future cash flows is a replacement cost of the buildings, and the net selling value is determined using the cost method.

(3) Effect on the consolidated financial statements for the following fiscal year

The undiscounted future cash flows are estimated based on net selling values utilizing valuations by outside real estate appraisers. The replacement cost of the buildings, a key assumption, fluctuates at all times due to changes in construction material costs and personnel expenses caused by changes in market conditions. Therefore, if the replacement cost fluctuates significantly in the future, the financial position and operating results for the following fiscal year may be affected.

Current fiscal year (from April 1, 2022 to March 31, 2023)

[Valuation of non-current assets]

1. Amounts recorded in the consolidated financial statements for the fiscal year

Nichirei Biosciences Inc. (Other business)

Property, plant and equipment and Intangible assets: ¥2,873 million

Nichirei Biosciences Inc. manufactures and trades diagnostic pharmaceuticals and medical devices, etc. in 3 businesses: the molecular diagnostic pharmaceutical business, the biopharmaceutical raw materials business and the rapid chromatographic immunoassay business.

Although the company had continued to record negative operating profit in the past fiscal years, both operating profit in the current fiscal year and operating profit in the business plan for the following fiscal year are positive, and there have been no other events that indicate impairment. Therefore, it is determined that indications of impairment don't exist for property, plant and equipment and intangible assets.

2. Information on the content of significant accounting estimates pertaining to identified items

(1) Calculation of amounts recorded in the consolidated financial statements for the current fiscal year

The Company has established an asset grouping policy for each segment. For other business segment, in light of the size and business content, indications of impairment such as continuous negative operating profit, significant deterioration in the business environment, change in usage, or a significant decline in market prices are grasped for each company that is a group of assets. In case indicators of impairment are deemed to exist, recognition of impairment loss is considered.

If indications of impairment of an asset are identified, it is considered whether impairment loss is required to be recognized by comparing the carrying amount to the total undiscounted future cash flows from the underlying non-current assets of the respective company. As a result, if it is determined that impairment loss is required to be recognized, the carrying amount is written down to the recoverable amount, and the reduction in the carrying amount is recorded as impairment loss.

(2) Key assumptions used in calculating the amounts recorded in the consolidated financial statements for the fiscal year

The business plan of Nichirei Biosciences Inc. is used to determine indicators of impairment. Key assumption used in developing the plan is sales volume of the rapid chromatographic immunoassay business based on future demand projections.

(3) Effect on the consolidated financial statements for the following fiscal year

Sales of the rapid chromatographic immunoassay business is highly uncertain due to the significant impact of demand trends in response to the increasing number of persons infected with the COVID-19 and influenza. In addition, the change in classifications of the COVID-19 under the infectious disease law may reduce the demand for antigen testing medicine and other products of the rapid chromatographic immunoassay business, and the business environment may deteriorate significantly.

If we determine that review of the business plan is required due to the significant shortfall to the Nichirei Biosciences Inc.'s business plan and considering available internal and external information, it is possible that projected operating profits for the following fiscal year and beyond became negative, which may constitute an indication of impairment. In such case, the recoverable amount may be less than the carrying amount of non-current assets, and recognition of the impairment loss may be required.

(Changes in Accounting Policy)

[Application of Implementation Guidance on Accounting Standard for Fair Value Measurement]

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) was applied from the beginning of the current consolidated fiscal year, and the new accounting policy stipulated by the guidance shall be applied prospectively in accordance with the transitional treatment stipulated in Article 27-2 of the guidance. This change had no impact on the consolidated financial statements.

(Unapplied Accounting Standards, etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)

“Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)

“Implementation Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

1. Summary

In February 2018, “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28), etc. were issued and the transition of practical guidance on the tax effect accounting from the Japanese Institute of Certified Public Accountants (“JICPA”) to the Accounting Standards Board of Japan (“ASBJ”) was completed. In the course of its deliberation, the following two issues that were supposed to be reviewed again after the announcement of ASBJ Statement No. 28, etc. were discussed and announced.

- Classification of tax expenses (Taxation on other comprehensive income)
- Tax effect on sales of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) under the Group Taxation Regime

2. Expected date of application

Effective from the beginning of the fiscal year ended March 31, 2025.

3. Effect of adoption of the accounting standards

Impact of adoption of the accounting standards on the consolidated financial statements is currently evaluated.

(Changes in Presentation)

[Consolidated statement of income]

“Foreign exchange losses,” which is included in “Other” under “Non-operating expenses” in the previous fiscal year, was presented independently from the current fiscal year because the amount exceeded 10/100 of the non-operating expenses total. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Consequently, ¥567 million presented in “Other” under “Non-operating expenses” in the consolidated statement of income for the previous fiscal year has been reclassified as “Foreign exchange losses” ¥72 million and “Other” ¥495 million.

(Notes to Consolidated Balance Sheets)

*1 Notes and accounts receivable - trade, arising from contracts with customers are as follows

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Notes receivable	271	137
Accounts receivable	90,693	101,137

*2 Shares and investments in capital of affiliates are as follows

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Investment securities (shares)	7,020	7,512
Other (investments in capital)	471	865

*3 Assets pledged as collateral and liabilities secured

Assets pledged as collateral are as follows.

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Land	729	729

Secured liabilities are as follows.

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Current portion of long-term borrowings	70	35
Long-term borrowings	1,129	1,094

*4 Guarantee obligations

The Company provides guarantees to the following company's loans from financial institutions.

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Shinmei Foods U.S.A. Corporation (joint guarantee)	750	—

(*) Shinmei Foods U.S.A. Corporation (currently, Nichirei Sacramento Foods Corporation) was excluded from the equity method and included in the scope of consolidation during the second quarter of the current fiscal year. As a result, there is no guarantee obligation to the company.

*5 Accumulated reduced-value entry, which is deducted from the acquisition cost of non-current assets due to national subsidies, etc., is as follows

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Buildings and structures	4,451	4,450
Machinery, equipment and vehicles	1,614	2,232
Land	1,366	1,366
Other property, plant and equipment	8	8

*6 Contract liabilities are as follows.

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Contract liabilities	1,105	1,106

(Notes to Consolidated Statements of Income)***1 Revenue from contracts with customers**

Net sales are not broken down into Revenue from contracts with customers and Other revenue. The amount of revenue from contracts with customers is presented in Note “(Revenue Recognition) 1. Breakdown of revenue from contracts with customers.”

***2 Write off amount due to decline in profitability of inventories held for ordinary sales purposes is as follows.**

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Cost of sales	54	248

***3 Total amount of research and development expenses included in selling, general and administrative expenses for the fiscal year is as follows. There are no research and development expenses included in manufacturing expenses.**

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Selling, general and administrative expenses	1,939	1,892

***4 Breakdown of gain on sale of non-current assets is as follows.**

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Buildings and structures	—	0
Machinery, equipment and vehicles	38	87
Other	0	2
Total	38	90

***5 Breakdown of loss on sale of non-current assets is as follows.**

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Buildings and structures	1	0
Machinery, equipment and vehicles	7	35
Other	2	0
Total	12	35

***6 Breakdown of loss on retirement of non-current assets is as follows.**

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Buildings and structures	418	92
Machinery, equipment and vehicles	52	93
Leased assets	42	20
Other	44	131
Removal costs	657	746
Total	1,216	1,083

***7 Impairment loss**

Previous fiscal year (from April 1, 2021 to March 31, 2022)

Impairment losses were recorded, but the breakdown is omitted due to immateriality.

Current fiscal year (from April 1, 2022 to March 31, 2023)

Impairment losses were recorded, but the breakdown is omitted due to immateriality.

(Notes to Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustments and tax effects in other comprehensive income

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	△706	1,121
Reclassification adjustment	—	△677
Amount before tax effect	△706	444
Tax effect	350	△93
Net valuation difference on available-for-sale securities	△356	351
Deferred gains or losses on hedges:		
Amount incurred during the year	1,048	△1,320
Tax effect	△355	392
Net deferred gains or losses on hedges	693	△927
Foreign currency translation adjustment:		
Amount incurred during the year	1,983	4,479
Net foreign currency translation adjustment	1,983	4,479
Share of other comprehensive income of entities, accounted for using equity method:		
Amount incurred during the year	204	91
Reclassification adjustment	—	30
Amount before tax effect	204	122
Tax effect	△1	0
Net share of other comprehensive income of entities, accounted for using equity method	203	122
Total other comprehensive income	2,523	4,025

(Notes to Consolidated Statements of Changes in Equity)

Previous fiscal year (from April 1, 2021 to March 31, 2022)

1. Types and numbers of issued shares and treasury shares

(Shares)

	Number of shares at the beginning of the fiscal year	Number of shares increased during the fiscal year	Number of shares decreased during the fiscal year	Number of shares at the end of the fiscal year
Issued shares				
Common stock (Notes 1, 2)	140,003,877	37,518	6,033,600	134,007,795
Total	140,003,877	37,518	6,033,600	134,007,795
Treasury shares				
Common stock (Notes 3, 4)	6,741,928	3,814,668	6,033,788	4,522,808
Total	6,741,928	3,814,668	6,033,788	4,522,808

(Notes)

- Increase in the number of issued shares of common stock was resulted from issuance of new shares for stock-based compensation with restriction on transfer.
- Decrease in the number of issued shares of common stock was resulted from cancellation of treasury shares.
- Increase in the number of treasury shares of common stock was resulted from the following:

Acquisition of treasury shares based on the resolution at the Board of Directors meeting:	3,810,000 shares
Acquisition of shares, of which restriction on transfer are released, without contribution:	2,363 shares
Request for redemption of odd-lot stock:	2,305 shares
- Decrease in the number of treasury shares of common stock was resulted from the following:

Cancellation of treasury shares:	6,033,600 shares
Request for purchase of odd-lot stock:	188 shares

2. Dividends

(1) Dividends paid during the fiscal year

Resolution	Type of stock	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
June 22, 2021 The General Shareholders' Meeting	Common stock	3,731	28	March 31, 2021	June 23, 2021
November 2, 2021 The Board of Directors	Common stock	3,332	25	September 30, 2021	December 3, 2021

(2) Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Total dividends (Millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
June 24, 2022 The General Shareholders' Meeting	Common stock	3,237	Retained earnings	25	March 31, 2022	June 27, 2022

Current fiscal year (from April 1, 2022 to March 31, 2023)

1. Types and numbers of issued shares and treasury shares

(Shares)

	Number of shares at the beginning of the fiscal year	Number of shares increased during the fiscal year	Number of shares decreased during the fiscal year	Number of shares at the end of the fiscal year
Issued shares				
Common stock (Note 1)	134,007,795	34,804	—	134,042,599
Total	134,007,795	34,804	—	134,042,599
Treasury shares				
Common stock (Notes 2, 3)	4,522,808	1,828,501	63	6,351,246
Total	4,522,808	1,828,501	63	6,351,246

(Notes)

- Increase in the number of issued shares of common stock was resulted from issuance of new shares for stock-based compensation with restriction on transfer.
- Increase in the number of treasury shares of common stock was resulted from the following:
 - Acquisition of treasury shares based on the resolution at the Board of Directors meeting: 1,826,400 shares
 - Request for redemption of odd-lot stock: 2,101 shares
- Decrease in the number of treasury shares of common stock was resulted from request for purchase of odd-lot stock.

2. Dividends

(1) Dividends paid during the fiscal year

Resolution	Type of stock	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
June 24, 2022 The General Shareholders' Meeting	Common stock	3,237	25	March 31, 2022	June 27, 2022
November 1, 2022 The Board of Directors	Common stock	3,367	26	September 30, 2022	December 2, 2022

(2) Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Total dividends (Millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
June 27, 2023 The General Shareholders' Meeting	Common stock	3,319	Retained earnings	26	March 31, 2023	June 28, 2023

(Notes to Consolidated Statements of Cash Flows)

*1 Reconciliation between cash and deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows are as follows:

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Cash and deposits	23,413	27,843
Time deposits with maturity exceeding three months	△72	△76
Cash and cash equivalents	23,340	27,767

(Lease Transactions)

1. Finance lease transactions

Finance lease transactions of which ownership do not transfer to the lessee

(As a Lessee)

(1) Description of leased assets

Property, plant and equipment

Mainly consists of refrigeration facilities (buildings and structures) of Logistics business.

Intangible assets

Mainly consists of software of Logistics business.

(2) Depreciation method of leased assets

The straight-line method is used, where the lease period is deemed as the useful life of the asset and the residual value is set as zero.

2. Operating lease transactions (including sublease transactions)

Future lease payments for non-cancellable operating lease transactions

(As a Lessee)

Future lease payments

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Within one year	1,768	2,341
More than one year	9,886	12,424
Total	11,654	14,766

(As a Lessor)

Future lease payments

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Within one year	17	17
More than one year	182	165
Total	199	182

(Financial Instruments)

1. Use of financial instruments

(1) Policy on financial instruments

In light of working capital needs and capital investment planning, the Group procures the necessary funds through bank loans and bonds issuances. In addition, the Group ensures the safe and reliable management over temporary surplus funds.

Derivative transactions are used to avoid the risks described below, and the Group's policy is not to use them for speculative purposes.

(2) Nature and risk of financial instruments

Notes and accounts receivable - trade are exposed to the credit risk of counterparties. In addition, trade receivables denominated in foreign currencies are exposed to the foreign exchange rate fluctuation risk.

Investment securities are shares of companies with which the Company has business relationships and are exposed to the risk of market price fluctuations.

Accounts payable - trade and Electronically recorded obligations - operating are mostly due within one year. In addition, trade payables denominated in foreign currencies are exposed to the foreign exchange rate fluctuation risk.

Borrowings, Commercial papers, Bonds payable and Lease liabilities related to finance lease transactions are mainly for the purpose of obtaining the finance required for capital investment.

Derivatives transactions are forward exchange contracts to hedge the foreign exchange rate fluctuation risk related to trade receivables and payables denominated in foreign currencies. Please refer to Note "(Significant Matters serving as the Basis for Preparation of the Consolidated Financial Statements) 4. Accounting policies, (6) Significant hedge accounting method" for the hedging instruments and hedged items, hedging policy, and method of evaluating the effectiveness of hedge with respect to hedge accounting.

(3) Risk management system for financial instruments

① Credit risk management (the risk that customers or counterparties may default)

The Group manages trade receivables on a daily basis in accordance with the Credit Management Manual, etc., regularly monitors the status of business partners, manages due dates and balances for each customer, and strives to quickly identify and mitigate concerns about collection due to deterioration in financial conditions, etc.

Derivative transactions are entered into with financial institutions with qualified ratings in order to minimize the credit risk.

② Market risk management (the risk arising from fluctuations in foreign exchange rates, interest rates and others)

The Group uses forward exchange contracts to hedge the foreign exchange rate fluctuation risk identified by currency related to trade receivables and payables denominated in foreign currencies.

With regard to investment securities, the Group regularly monitors fair values and the financial condition of the counterparties, and continuously reviews the holdings status by considering the relationship with the counterparties.

Derivative transactions are executed by the Finance division based on the management rules that stipulate the trading policy, and the outcome of the transactions is reported to the Board of Directors members of the Company and its consolidated subsidiaries.

③ Liquidity risk management related to fund raising (the risk that the Group is unable to execute payment on due dates)

The Company and major domestic consolidated subsidiaries have introduced a cash management system, and therefore the Company manages the liquidity risk of the system participants.

Based on reports from each company and division, the Finance division prepares and updates cash flow plans in a timely manner and manages the liquidity risk by maintaining liquidity on hand at a certain level.

(4) Supplementary explanation about fair values of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the fair value may fluctuate if different assumptions are adopted.

2. Fair values of financial instruments

Carrying amount, fair value and the difference between these amounts are as follows.

Previous fiscal year (as of March 31, 2022)

Notes are omitted for Cash and deposits, Notes and accounts receivable - trade, Accounts payable - trade, Electronically recorded obligations - operating, Short-term borrowings (excluding current portion of long-term borrowings), Commercial papers, Accrued expenses, Income taxes payable, etc., as their fair values approximate their book values due to their short term settlement.

(Millions of yen)

	Carrying amount	Fair value	Difference
Investment securities *1			
Available-for-sale securities	29,149	29,149	—
Total assets	29,149	29,149	—
Bonds payable	40,000	39,661	△338
Long-term borrowings	34,681	34,938	257
Lease liabilities	14,545	15,293	747
Long-term guarantee deposits *2	1,422	1,399	△22
Total liabilities	90,649	91,293	643
Derivative transactions *3			
To which hedge accounting is not applied	—	—	—
To which hedge accounting is applied	3,436	3,436	—
Total derivative transactions	3,436	3,436	—

*1 Equity securities, etc. without market prices are not included. The carrying amount of unlisted equity securities on the consolidated balance sheet is ¥8,957 million.

*2 Long-term guarantee deposits related to business transactions are repayable at any time upon the termination of transactions with counterparties or upon requests for repayment. Therefore, fair value of the deposits is deemed as carrying amount as same as short-term repayments, and is not included on above table. The carrying amount of long-term guarantee deposits related to business transactions is ¥758 million.

*3 Net receivables and payables arising from derivative transactions are presented on a net basis. Of those arising from forward exchange contracts that the allocation treatment is applied, are accounted for together with the hedged items, accounts receivable - trade and accounts payable - trade.

Current fiscal year (as of March 31, 2023)

Notes are omitted for Cash and deposits, Notes and accounts receivable - trade, Accounts payable - trade, Electronically recorded obligations - operating, Short-term borrowings (excluding current portion of long-term borrowings), Commercial papers, Accrued expenses, Income taxes payable, etc., as their fair values approximate their book values due to their short term settlement.

(Millions of yen)

	Carrying amount	Fair value	Difference
Investment securities *1			
Available-for-sale securities	28,755	28,755	—
Total assets	28,755	28,755	—
Bonds payable	40,000	39,533	△466
Long-term borrowings	37,145	37,375	230
Lease liabilities	14,515	15,070	554
Long-term guarantee deposits *2	1,551	1,523	△27
Total liabilities	93,212	93,503	291
Derivative transactions *3			
To which hedge accounting is not applied	—	—	—
To which hedge accounting is applied	2,102	2,102	—
Total derivative transactions	2,102	2,102	—

*1 Equity securities, etc. without market prices are not included. The carrying amount of unlisted equity securities on the consolidated balance sheet is ¥9,526 million.

*2 Long-term guarantee deposits related to business transactions are repayable at any time upon the termination of transactions with counterparties or upon requests for repayment. Therefore, fair value of the deposits is deemed as carrying amount as same as short-term repayments, and is not included on above table. The carrying amount of long-term guarantee deposits related to business transactions is ¥776 million.

*3 Net receivables and payables arising from derivative transactions are presented on a net basis. Of those arising from forward exchange contracts for which the allocation treatment is applied, are accounted for together with the hedged items, accounts receivable - trade and accounts payable - trade.

(Note) 1 Redemption schedule of monetary claims after the consolidated balance sheet date

Previous fiscal year (as of March 31, 2022)

(Millions of yen)

	Within one year	More than one year
Cash and deposits	23,399	—
Notes receivable	271	—
Accounts receivable	90,693	—
Total	114,364	—

Current fiscal year (as of March 31, 2023)

(Millions of yen)

	Within one year	More than one year
Cash and deposits	27,827	—
Notes receivable	137	—
Accounts receivable	101,137	—
Total	129,102	—

(Note) 2 Repayment schedule of bonds payable, long-term borrowings, lease liabilities and interest-bearing liabilities after the consolidated balance sheet date

Previous fiscal year (as of March 31, 2022)

(Millions of yen)

	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term borrowings	13,490	-	-	-	-	-
Bonds payable	-	10,000	-	10,000	-	20,000
Long-term borrowings	14,798	2,295	10,087	1,075	82	6,340
Lease liabilities	3,395	3,092	2,511	1,957	1,285	2,303

Current fiscal year (as of March 31, 2023)

(Millions of yen)

	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term borrowings	16,919	-	-	-	-	-
Bonds payable	10,000	-	10,000	-	10,000	10,000
Long-term borrowings	2,277	11,921	9,583	76	70	13,216
Lease liabilities	3,462	3,203	2,489	1,814	1,323	2,223

3. Breakdown of fair value of financial instruments by level

Carrying amounts, fair values and differences between these amounts and fair values by level are as follows.

Fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to determine the fair value.

Level 1 fair value: Fair value determined by quoted prices for assets or liabilities that are subject to valuation in active markets out of the inputs for determining observable fair value

Level 2 fair value: Fair value calculated using inputs for determining fair value other than Level 1 inputs, out of inputs for determining observable fair value

Level 3 fair value: Fair value calculated using inputs related to the calculation of unobservable fair value

In case multiple inputs are used that have a significant impact on the calculation of fair value, the fair value is categorized as the lowest priority level in determining fair value among the levels to which each of those inputs belongs.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

Previous fiscal year (as of March 31, 2022)

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
① Investment securities				
Available-for-sale securities	29,149	-	-	29,149
Total assets	29,149	-	-	29,149
② Derivative transactions				
To which hedge accounting is not applied	-	-	-	-
To which hedge accounting is applied	-	3,436	-	3,436
Total derivative transactions	-	3,436	-	3,436

Current fiscal year (as of March 31, 2023)

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
① Investment securities				
Available-for-sale securities	28,755	-	-	28,755
Total assets	28,755	-	-	28,755
② Derivative transactions				
To which hedge accounting is not applied	-	-	-	-
To which hedge accounting is applied	-	2,102	-	2,102
Total derivative transactions	-	2,102	-	2,102

(2) Financial instruments other than financial instruments recorded at fair value in the consolidated balance sheet
Previous fiscal year (as of March 31, 2022)

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
③ Bonds payable	—	39,661	—	39,661
④ Long-term borrowings	—	34,938	—	34,938
⑤ Lease liabilities	—	15,293	—	15,293
⑥ Long-term guarantee deposits	—	1,399	—	1,399
Total liabilities	—	91,293	—	91,293

Current fiscal year (as of March 31, 2023)

(Millions of yen)

	Fair value			
	Level 1	Level 2	Level 3	Total
③ Bonds payable	—	39,533	—	39,533
④ Long-term borrowings	—	37,375	—	37,375
⑤ Lease liabilities	—	15,070	—	15,070
⑥ Long-term guarantee deposits	—	1,523	—	1,523
Total liabilities	—	93,503	—	93,503

(Notes) Explanation of valuation method used to calculate fair value and inputs related to the calculation of the fair value

① Investment securities

Fair value of securities is calculated based on quoted market prices. As listed equity securities are traded in an active market, their fair values are classified as Level 1 fair value.

② Derivative transactions

Fair value of forward exchange contracts is based on the fair value quoted by financial institutions. Because the fair value is calculated using observable inputs such as exchange rates, it is classified as Level 2 fair value.

③ Bonds payable

Fair value of bonds payable issued by the Company is calculated based on the present value of total amount of principal and interest discounted by the interest rate considering the remaining term of bonds and credit risk. The fair value is classified as Level 2 fair value.

④ Long-term borrowings

Fair value is calculated based on total amount of principal and interest discounted by the interest rate assumed for similar new borrowings, and is classified as Level 2 fair value.

⑤ Lease liabilities

Fair value is calculated based on the present value of total amount of principal and interest discounted by the interest rate assumed for a similar new lease transaction. The fair value is classified as Level 2 fair value.

⑥ Long-term guarantee deposits

Fair value is calculated based on the present value of the deposits discounted by the interest rate considering the remaining term and credit risk. The fair value is classified as Level 2 fair value.

(Securities)

1. Available-for-sale securities

Previous fiscal year (as of March 31, 2022)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Amount on consolidated balance sheet exceeding acquisition cost	Equity securities	28,750	12,005	16,745
	Subtotal	28,750	12,005	16,745
Amount on consolidated balance sheet below acquisition cost	Equity securities	382	473	△90
	Bonds	16	16	—
	Subtotal	398	489	△90
Total		29,149	12,494	16,654

(Note) Unlisted equity securities, etc. amounting to ¥1,937 million as of March 31, 2022 are not included in the above table because they are equity securities, etc. without market prices.

Current fiscal year (as of March 31, 2023)

(Millions of yen)

	Type	Carrying amount	Acquisition cost	Difference
Amount on consolidated balance sheet exceeding acquisition cost	Equity securities	28,425	11,295	17,130
	Subtotal	28,425	11,295	17,130
Amount on consolidated balance sheet below acquisition cost	Equity securities	313	344	△31
	Bonds	16	16	—
	Subtotal	329	360	△31
Total		28,755	11,656	17,099

(Note) Unlisted equity securities, etc. amounting to ¥2,013 million as of March 31, 2023 are not included in the above table because they are equity securities, etc. without market prices.

2. Sales of available-for-sale securities during the fiscal year

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

Type	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	6,029	3,924	—
Bonds	0	—	—

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Type	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	1,545	674	—

3. Impairment loss of securities

In the previous fiscal year, impairment losses of ¥6 million (¥1 million for available-for-sale securities with fair value and ¥4 million for available-for-sale securities without fair value) were recognized for securities.

No impairment loss was recognized in the current fiscal year.

The criteria for impairment of the Group are as follows:

(1) When the fair value of an individual security declines by more than 40% compared to the acquisition cost

Impairment loss is recognized unless it is evident that the fair value will recover to a level near the acquisition cost within 1 year.

(2) When the fair value of an individual security declines by more than 30% and less than 40% compared to the acquisition cost

Impairment loss is recognized if any of the followings is applicable and it is deemed to be unlikely to be recovered.

① The rate of decline has remained at 30% to less than 40% of the acquisition cost over 2 years.

② The issuing company is in a state of insolvency.

③ Losses are recorded for 2 consecutive fiscal years and it is expected to record losses in the following fiscal year as well.

(Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied
Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

Previous fiscal year (as of March 31, 2022)

(Millions of yen)

Hedge accounting method	Type of derivative	Main hedged items	Contract amount, etc.	Of the contract amount, etc. Over one year	Fair value	
Normal method	Forward exchange contracts					
	Sold					
	-US dollar	Accounts receivable - trade	1,646	—	△5	
	-Japanese yen	(planned transactions)	314	—	11	
	Bought					
	-US dollar	Accounts payable - trade	38,005	13,550	3,430	
	-Other	(planned transactions)	25	—	△0	
Allocation treatment for Forward exchange contracts, etc.	Forward exchange contracts					
	Sold					
	-US dollar	Accounts receivable - trade	1,745	—	(Note)	
	-Japanese yen		244	—		
	-Real		278	—		
	Bought					
	-US dollar	Accounts payable - trade	2,967	—		
-Other	—		—			
Total			45,228	13,550	3,436	

(Note) The fair value of forward exchange contracts, etc., for which the allocation treatment is applied, is included in the fair value of the hedged items because they are accounted for together with the hedged items, accounts receivable - trade and accounts payable - trade.

Current fiscal year (as of March 31, 2023)

(Millions of yen)

Hedge accounting method	Type of derivative	Main hedged items	Contract amount, etc.	Of the contract amount, etc. Over one year	Fair value	
Normal method	Forward exchange contracts					
	Sold					
	-US dollar	Accounts receivable - trade	2,056	—	19	
	-Japanese yen	(forecast transactions)	138	—	△0	
	Bought					
	-US dollar	Accounts payable - trade	45,537	10,891	2,082	
	-Other	(forecast transactions)	0	—	0	
Allocation treatment for Forward exchange contracts, etc.	Forward exchange contracts					
	Sold					
	-US dollar	Accounts receivable- trade	2,605	—	(Note)	
	-Japanese yen		128	—		
	-Chinese Yuan		176	—		
	Bought					
	-US dollar	Accounts payable - trade	2,251	—		
-Other	52		—			
Total			52,947	10,891	2,102	

(Note) The fair value of forward exchange contracts, etc., for which the allocation treatment is applied, is included in the fair value of the hedged items because they are accounted for together with the hedged items, accounts receivable - trade and accounts payable - trade.

- (2) Interest-related transactions
 Previous fiscal year (as of March 31, 2022)
 Not applicable.
- Current fiscal year (as of March 31, 2023)
 Not applicable.

(Retirement Benefits)

1. Outline of retirement benefit plans

The Company and some of its consolidated subsidiaries adopt a combination of a defined contribution pension plan, prepaid retirement allowance and lump-sum retirement payments at the time of retirement. Other consolidated subsidiaries adopt a defined benefit pension plan or a lump-sum retirement benefit plan, etc.

In addition, the Company has an early retirement support program that is not subject to actuarially computed retirement benefit obligations in accordance with the accounting standards for retirement benefits. The Company may pay extra retirement payments for early retirement of employees, etc.

Regarding the defined benefit pension plan and the lump-sum retirement benefit plan of certain consolidated subsidiaries, retirement benefit liability, retirement benefit asset, and retirement benefit expenses are calculated by using the simplified method.

2. Defined benefit plan

- (1) Reconciliation of beginning and ending balances of retirement benefit liability and retirement benefit asset for the plans to which the simplified method is applied

	(Millions of yen)	
	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Retirement benefit liability and retirement benefit asset at the beginning of the fiscal year	1,943	1,979
Retirement benefit expenses	227	263
Amount of retirement benefits paid	△144	△180
Contributions to the plan	△31	△38
Other	△15	58
Retirement benefit liability and retirement benefit asset at the end of the fiscal year	1,979	2,082

(Note) In the above table, retirement benefit liability and retirement benefit asset are offset.

- (2) Reconciliation from projected benefit obligations and plan assets at the end of the fiscal year to retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet

	(Millions of yen)	
	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Projected benefit obligations of funded plans	480	505
Plan assets	△445	△464
	34	41
Projected benefit obligations of unfunded plans	1,945	2,040
Net liability and asset recorded in the consolidated balance sheet	1,979	2,082
Retirement benefit liability	2,029	2,121
Retirement benefit asset	△49	△38
Net liability and asset recorded in the consolidated balance sheet	1,979	2,082

- (3) Retirement benefit expenses

Retirement benefit expenses calculated by the simplified method amount to ¥227 million in the previous fiscal year and ¥263 million in the current fiscal year.

3. Defined contribution plans

Required contributions to defined contribution plans (including the SME retirement benefit mutual aid system, etc.) of the Company and its consolidated subsidiaries were ¥2,042 million in the previous fiscal year and ¥2,209 million in the current fiscal year.

(Stock Options)

Not applicable.

(Tax Effect Accounting)

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Deferred tax assets		
Asset retirement obligations	1,258	1,294
Tax loss carryforwards (Note 2)	1,096	1,120
Accrued expenses	899	974
Unrealized losses on non-current assets	784	824
Retirement benefit liability	753	749
Accrued bonuses	613	457
Excess depreciation	487	429
Enterprise tax payable	412	352
Loss on valuation of investment securities	342	323
Impairment loss	244	211
Adjustment for loss on transfer	240	127
Difference at the time of change in accounting standard for leases	97	67
Other	1,668	1,997
Subtotal	8,900	8,929
Valuation allowance for tax loss carryforwards (Note 2)	△966	△1,005
Valuation allowance for total future deductible temporary differences	△1,156	△1,169
Subtotal of valuation allowance (Note 1)	△2,123	△2,175
Total deferred tax assets	6,777	6,754
Offset against deferred tax liabilities	△4,169	△4,028
Net deferred tax assets	2,607	2,726
Deferred tax liabilities		
Valuation difference on available-for-sale securities	4,851	4,999
Reserve for tax purpose reduction entry of non-current assets	1,195	1,168
Deferred gains on hedges	1,057	674
Undistributed earnings	904	1,270
Valuation difference on non-current assets due to capital consolidation	703	684
Property, plant and equipment corresponding to asset retirement obligations	396	356
Adjustment for gain on transfer	139	139
Other	773	879
Total deferred tax liabilities	10,023	10,173
Offset against deferred tax assets	△4,169	△4,028
Net deferred tax liabilities	5,853	6,145

(Notes) 1 There is no material change in the amount of valuation allowance.

2 Breakdown of tax loss carryforwards and deferred tax assets by expiry date

Previous fiscal year (as of March 31, 2022)

(Millions of yen)

	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	7	21	28	31	43	964	1,096
Valuation allowance	△7	△21	△28	△31	△43	△834	△966
Deferred tax assets	—	—	—	—	—	129	(*2) 129

*1 Tax loss carryforwards is the amount multiplied by effective statutory tax rate.

*2 Since taxable income is expected for the following fiscal year, a part of tax loss carryforwards is considered as recoverable.

Current fiscal year (as of March 31, 2023)

(Millions of yen)

	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years	Total
Tax loss carryforwards (*1)	19	28	27	36	33	974	1,120
Valuation allowance	△19	△28	△27	△36	△32	△860	△1,005
Deferred tax assets	—	—	—	—	1	113	(*2) 115

*1 Tax loss carryforwards is the amount multiplied by effective statutory tax rate.

*2 Since taxable income is expected for the following fiscal year, a part of tax loss carryforwards is considered as recoverable.

2. Major items of the difference between the effective statutory tax rate and the effective tax rate after applying the tax effect accounting

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Effective statutory tax rate (Adjustment)	Since the difference	30.6 %
Entertainment and other permanently non-deductible expenses	between the effective	0.5
Dividend and other permanently non-taxable income	statutory tax rate and the	0.2
Inhabitants' tax per capita	effective tax rate after	0.4
Change in valuation allowance	applying the tax effect	△1.6
Tax credit for research and development expenses, etc.	accounting is less than	△0.7
Tax rate differences of overseas affiliates	5% of the effective	△3.1
Equity in earnings of affiliates accounted for by the equity method	statutory tax rate, this	△0.4
Undistributed earnings of affiliates	note is omitted.	1.1
Others		1.3
Effective tax rate after applying the tax effect accounting		28.3

(Business Combinations)

There are no material business combinations.

(Asset Retirement Obligations)

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of asset retirement obligations

Mainly consists of restoration obligations, etc. associated with fixed-term land lease contracts for refrigerated warehouses.

2. Calculation method for the amount of asset retirement obligations

Asset retirement obligations are calculated using the expected useful lives of 10 to 50 years and discount rate of 0.339% to 2.436% (for overseas Δ 0.085% to 4.306%).

3. Changes in asset retirement obligations during the fiscal year

	(Millions of yen)	
	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Balance at the beginning of the fiscal year	4,037	4,180
Increase due to purchase of property, plant and equipment	—	319
Changes due to the passage of time	122	82
Decrease due to fulfill of asset retirement obligations	—	Δ 12
Other increase/ Δ decrease	20	73
Balance at the end of the fiscal year	4,180	4,643

(Real Estate for Lease, etc.)

The Company and some of its consolidated subsidiaries own buildings and land for lease in Tokyo and other areas.

Net rent income related to the real estate for lease, etc. is ¥1,786 million for the previous fiscal year (rent income is included in net sales and rent expenses are included in cost of sales). Gain on sales of the properties is ¥31 million for the previous fiscal year (included in extraordinary income).

Net rent income related to the real estate for lease, etc. is ¥1,898 million for the current fiscal year (rent income is included in net sales and rent expenses are included in cost of sales).

Carrying amount on the consolidated balance sheet, increase or decrease during the fiscal year, as well as fair value of the properties are as follows.

	(Millions of yen)	
	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Carrying amount on the consolidated balance sheet		
Carrying amount at the beginning of the fiscal year	9,354	9,337
Net increase/ Δ decrease	Δ 16	315
Carrying amount at the end of the fiscal year	9,337	9,652
Fair value at the end of the fiscal year	45,106	46,232

(Notes) 1 Carrying amount on the consolidated balance sheet is an acquisition cost deducting accumulated depreciation.

2 For the previous fiscal year, major increase represents ¥1,087 million of capital investments and major decrease represents ¥550 million of depreciation and ¥460 million of change in use of the property. For the current fiscal year, major increase represents ¥379 million of capital investments and ¥467 million of change in use of the property. Major decrease represents ¥510 million of depreciation.

3 Fair value of major assets is based on appraisals obtained from outside real estate appraisers. For other relatively immaterial assets, fair value is based on certain valuation and other value based on the indicators considered to be properly reflected by market prices.

(Revenue Recognition)

1. Breakdown of revenue from contracts with customers

The Group breaks down each segment into major sales management categories based on revenues generated from contracts with customers.

(Millions of yen)

Reportable segment		Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Main classification for sales management			
Processed foods	Cooked foods for household use	76,823	81,405
	Cooked foods for commercial use	92,644	100,054
	Processed agricultural products	19,969	20,430
	Overseas	40,834	58,902
	Other	13,965	14,904
	Subtotal	244,236	275,697
Marine products		67,741	68,995
Meat and poultry products		80,297	85,755
Logistics	Logistics network	102,948	104,631
	Regional storage	71,413	72,466
	Overseas	45,920	63,745
	Other/Common	4,264	3,363
	Subtotal	224,547	244,207
Other (Note)		4,179	6,092
Total revenue from contracts with customers		621,002	680,747
Real estate		4,314	4,532
Other revenue total		4,314	4,532
Adjustment		△22,620	△23,075
Net sales to external customers		602,696	662,204

(Note) "Other" represents operating segments not included in the reportable segments, such as biosciences business, human resources and payroll-related services, and tree planting management and cleaning services business, etc.

2. Information that provides a basis for understanding revenue from contracts with customers

Information that provides a basis for understanding revenue from contracts with customers is described in Note "(Significant Matters serving as the Basis for Preparation of the Consolidated Financial Statements) 4. Accounting policies, (4) Basis for recognition of significant revenues and expenses." The payment is generally collected in approximately one to two months based on the contract with the customer.

3. Information to understand the amount of revenue in the current and subsequent fiscal years

(1) Outstanding contract liabilities

Outstanding contract liabilities at the fiscal year end arising from contracts with customers is described in "(Notes to Consolidated Balance Sheets) *6 Contract liabilities." The amount of revenue recognized in the current fiscal year that was included in the beginning balance of contract liabilities was ¥1,105 million.

(2) Transaction price allocated to remaining performance obligations

Disclosure is omitted for the contracts with an initial expected term of one year or less, and for which the practical expedient is applied. There are no material amounts of consideration arising from contracts that are not included in transaction price.

(Segment Information, etc.)

[Segment information]

1. General information about reportable segments

Reportable segments are components of the Company and its consolidated subsidiaries for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and to assess their performance. Reportable segments are determined by product and service as “Processed foods,” “Marine products,” “Meat and poultry products,” “Logistics” and “Real estate.”

General information about the segments is as follows:

- (a) Processed foods: Manufacturing, processing and sales of frozen cooked foods, agricultural processed foods, retort-pouch foods, wellness foods, acerola and packed ice
- (b) Marine products: Processing and sales of marine products
- (c) Meat and poultry products: Processing and sales of meat and poultry products, and breeding and sales of chicken
- (d) Logistics: Providing distribution/transportation services and distribution center functions, logistics consulting, providing storage services, production and sales of ice, and construction work and planning
- (e) Real estate: Leasing of office buildings and parking lots and management of real estate

2. Basis of measurement for sales, profit or loss, assets, liabilities and other items of reportable segments

Accounting policies and methods used at reported operating segments are almost same as described in “(Significant Matters serving as the Basis for Preparation of the Consolidated Financial Statements).”

Profit or loss of reportable segments is the figure based on operating profit or operating loss. Intercompany sales and transfers among the segments are based on third-party transaction prices.

3. Sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	243,963	67,663	77,646	207,242	2,901	599,417	3,279	602,696	—	602,696
Intercompany sales and transfers among the segments	273	78	2,650	17,304	1,413	21,720	900	22,620	△22,620	—
Total	244,236	67,741	80,297	224,547	4,314	621,137	4,179	625,317	△22,620	602,696
Segment profit/△loss	14,244	956	1,167	14,626	1,653	32,648	△329	32,319	△909	31,410
Segment assets	150,150	28,029	19,793	194,503	16,582	409,059	8,146	417,205	10,401	427,606
Other items:										
Depreciation	7,474	182	249	10,817	771	19,495	325	19,820	1,268	21,089
Amortization of goodwill	105	—	—	128	—	234	42	277	—	277
Investments in equity-method investees	2,358	—	—	3,358	—	5,717	—	5,717	1,775	7,492
Increase in property, plant and equipment and intangible assets	12,460	188	255	19,287	1,164	33,356	426	33,782	928	34,711

(Notes) 1 “Other” represents operating segments not included in the reportable segments, such as biosciences business, human resources and payroll-related services, and tree planting management and cleaning services business, etc.

2 Details of adjustment are as follows.

(1) Adjustments to segment profit/△loss include elimination of intersegment transactions of △¥8,265 million and income/△loss of ¥7,355 million related to the holding company (company submitting the consolidated financial statements) that is not allocated to each reportable segment.

(2) Adjustments to segment assets consist of △¥190,193 million of inter-segment credit offset eliminations and ¥200,594 million of corporate assets.

Corporate assets mainly consist of surplus operating funds (cash and deposits), long-term investments (investment securities), and assets related to administrative department of the holding company (company submitting the consolidated financial statements) that are not allocated to each reportable segment.

(3) Adjustment to depreciation is depreciation related to corporate assets.

(4) Adjustment to investment in equity-method investees is the amount of investment in equity-method investees that do not belong to any reportable segment.

(5) Adjustment to increase in property, plant and equipment and intangible assets represents increase in corporate assets.

3 Segment profit/△loss is adjusted to operating profit in the consolidated financial statements.

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Sales:										
External sales	275,398	68,903	82,975	226,710	3,043	657,030	5,174	662,204	—	662,204
Intercompany sales and transfers among the segments	299	91	2,779	17,497	1,489	22,157	917	23,075	△23,075	—
Total	275,697	68,995	85,755	244,207	4,532	679,187	6,092	685,279	△23,075	662,204
Segment profit/△loss	13,962	951	959	15,147	1,798	32,819	829	33,648	△713	32,935
Segment assets	172,041	27,782	19,633	202,234	16,261	437,953	8,162	446,115	11,217	457,333
Other items:										
Depreciation	8,050	162	241	11,265	782	20,502	279	20,782	1,415	22,198
Amortization of goodwill	116	—	—	324	—	440	55	495	—	495
Investments in equity- method investees	1,362	—	—	5,168	—	6,530	—	6,530	1,847	8,378
Increase in property, plant and equipment and intangible assets	14,852	144	227	14,286	560	30,072	46	30,119	1,071	31,190

(Notes) 1 “Other” represents operating segments not included in the reportable segments, such as biosciences business, human resources and payroll-related services, and tree planting management and cleaning services business, etc.

2 Details of adjustment are as follows.

(1) Adjustments to segment profit/△loss include elimination of inter-segment transactions of △¥7,735 million and income/△loss of ¥7,022 million related to the holding company (company submitting the consolidated financial statements) that is not allocated to each reportable segment.

(2) Adjustments to segment assets consist of △¥195,227 million of inter-segment credit offset eliminations and ¥206,444 million of corporate assets.

Corporate assets mainly consist of surplus operating funds (cash and deposits), long-term investments (investment securities), and assets related to administrative department of the holding company (company submitting the consolidated financial statements) that are not allocated to each reportable segment.

(3) Adjustment to depreciation is depreciation related to corporate assets.

(4) Adjustment to investment in equity-method investees is the amount of investment in equity-method investees that do not belong to any reportable segment.

(5) Adjustment to increase in property, plant and equipment and intangible assets represents increase in corporate assets.

3 Segment profit/△loss is adjusted to operating profit in the consolidated financial statements.

[Related information]

Previous fiscal year (from April 1, 2021 to March 31, 2022)

1. Information by product and service

The description is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Overseas	Total
505,127	97,569	602,696

(2) Property, plant and equipment

(Millions of yen)

Japan	Overseas	Total
152,461	28,645	181,106

3. Information by major customer

(Millions of yen)

Customer's name	Net sales	Related segment name
Mitsubishi Shokuhin Co., Ltd.	74,412	Processed Foods

Current fiscal year (from April 1, 2022 to March 31, 2023)

1. Information by product and service

The description is omitted because the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Overseas	Total
528,927	133,277	662,204

(2) Property, plant and equipment

(Millions of yen)

Japan	Overseas	Total
161,061	34,011	195,073

3. Information by major customer

(Millions of yen)

Customer's name	Net sales	Related segment name
Mitsubishi Shokuhin Co., Ltd.	75,363	Processed foods

[Information on impairment losses on non-current assets by reportable segment]

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Other	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Impairment loss	139	—	—	56	—	196	—	196	—	196

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment						Other	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Impairment loss	53	136	—	28	—	217	269	487	—	487

[Information on amortization of goodwill and outstanding balance by reportable segment]

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Other	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Amortization of goodwill	105	—	—	128	—	234	42	277	—	277
Outstanding balance of goodwill	910	—	—	5,464	—	6,375	325	6,700	—	6,700

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment						Other	Total	Adjustment	Consolidated
	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Total				
Amortization of goodwill	116	—	—	324	—	440	55	495	—	495
Outstanding balance of goodwill	888	—	—	5,798	—	6,687	—	6,687	—	6,687

[Information on gain on bargain purchase by reportable segment]

Previous fiscal year (from April 1, 2021 to March 31, 2022)

Not applicable.

Current fiscal year (from April 1, 2022 to March 31, 2023)

The description is omitted due to immaterial.

[Related party information]

The description is omitted due to immaterial.

(Per Share Information)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Net assets per share	1,630.84 yen	1,757.70 yen
Profit per share	176.72 yen	167.14 yen

(Notes) 1 “Diluted profit per share” is not disclosed as there are no dilutive shares.

2 Basis to calculate net assets per share is following.

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Net assets (Millions of yen)	217,903	233,513
Amounts excluded from net assets: (Millions of yen)		
For non-controlling interests	6,733	9,070
Net assets attributable to common stock (Millions of yen)	211,169	224,443
Number of shares of common stock used for the calculation of net assets per share (thousand shares)	129,484	127,691

3 Basis to calculate profit per share is following.

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Profit per share		
Profit attributable to owners of parent (Millions of yen)	23,382	21,568
Amounts not attributable to shareholders of common stock (Millions of yen)	—	—
Profit attributable to owners of parent for common stock (Millions of yen)	23,382	21,568
Average number of shares of common stock during the fiscal year (thousand shares)	132,317	129,046

(Significant Subsequent Events)

Not applicable.

⑤ Consolidated Supplementary Schedule

[Details of bonds payable]

Company Name	Description	Date of issuance	Balance at the beginning of the current fiscal year (Millions of yen)	Balance at the end of the current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Redemption deadline
The Company	No. 23 unsecured straight bond (with inter-bond pari passu clause)	October 25, 2016	10,000	10,000 (10,000)	0.190	none	October 25, 2023
"	No. 24 unsecured straight bond (with inter-bond pari passu clause)	August 30, 2018	10,000	10,000	0.250	none	August 29, 2025
"	No. 25 unsecured straight bond (with inter-bond pari passu clause)	August 31, 2020	10,000	10,000	0.240	none	August 31, 2027
"	No. 26 unsecured straight bond (with inter-bond pari passu clause)	November 26, 2021	10,000	10,000	0.170	none	November 24, 2028
Total	—	—	40,000	40,000 (10,000)	—	—	—

(Notes) 1 The amounts in parentheses in “balance at the end of the current fiscal year” are the amounts scheduled to be redeemed within one year.

2 Redemption schedule for each year within five years after the consolidated balance sheet date is as follows.

(Millions of yen)

Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years
10,000	—	10,000	—	10,000

[Details of borrowings, etc.]

Classification	Balance at beginning of Current fiscal year (Millions of yen)	Balance at end of Current fiscal year (Millions of yen)	Average interest rate (%)	Repayment deadline
Short-term borrowings	13,490	16,919	1.410	—
Current portion of long-term borrowings	14,798	2,277	1.008	—
Current portion of lease liabilities	3,395	3,462	2.466	—
Long-term borrowings (excluding current portion of long-term borrowings) (Note 2)	19,882	34,867	0.682	2024~2039
Lease liabilities (excluding current portion of lease liabilities) (Note 2)	11,149	11,052	2.084	2024~2036
Other interest-bearing liabilities				
Commercial papers (within 1 year)	2,000	6,000	0.034	—
Long-term guarantee deposits (Those with no set repayment deadline)	673	676	0.449	—
Total	65,391	75,257	—	—

(Notes) 1 “Average interest rate” is the weighted average of the interest rates applied to the outstanding balance of borrowings at the end of the period.

2 The annual repayment amounts for long-term borrowings and lease liabilities (excluding those scheduled to be repaid within one year) within five years after the consolidated balance sheet date are as follows.

(Millions of yen)

	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years
Long-term borrowings	11,921	9,583	76	70
Lease liabilities	3,203	2,489	1,814	1,323

[Asset retirement obligations schedule]

Since the matters that should be stated in this schedule are described as notes stipulated in Article 15-23 of the Consolidated Financial Statement Regulations, the schedule of asset retirement obligations is omitted.

(2) Others

Quarterly information, etc. for the current fiscal year

(Cumulative period)	First quarter	Second quarter	Third quarter	Current fiscal year
Net Sales (Millions of yen)	156,057	321,836	501,107	662,204
Quarterly profit before income taxes (Millions of yen)	6,731	14,926	25,649	32,987
Quarter profit attributable to owners of parent (Millions of yen)	4,251	9,798	16,826	21,568
Quarterly profit per Share (yen)	32.83	75.67	130.03	167.14

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly profit per share (yen)	32.83	42.83	54.36	37.03

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

① Non-consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	5,537	5,136
Accounts receivable - trade	*1 7	8
Real estate for sale	13	13
Short-term loans receivable from subsidiaries and associates	44,547	54,677
Accounts receivable - other	*1 1,893	*1 1,353
Other	238	210
Allowance for doubtful accounts	—	△280
Total current assets	52,237	61,119
Non-current assets		
Property, plant and equipment		
Buildings	*3 13,122	*3 12,869
Structures	*3 294	*3 286
Machinery and equipment	*3 177	*3 152
Tools, furniture and fixtures	*3 380	*3 364
Land	1,190	1,190
Leased assets	207	203
Construction in progress	25	121
Total property, plant and equipment	15,399	15,188
Intangible assets		
Software	3,269	2,737
Other	8	8
Total intangible assets	3,277	2,746
Investments and other assets		
Investment securities	20,981	20,860
Shares of subsidiaries and associates	70,015	69,701
Investments in capital of subsidiaries and associates	120	120
Long-term loans receivable from subsidiaries and associates	42,169	40,703
Leasehold and guarantee deposits	744	729
Other	218	192
Allowance for doubtful accounts	△134	△134
Total investments and other assets	134,113	132,172
Total non-current assets	152,790	150,107
Total assets	205,028	211,227

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Liabilities		
Current liabilities		
Short-term borrowings	3,000	6,000
Commercial papers	2,000	6,000
Current portion of bonds payable	—	10,000
Current portion of long-term borrowings	14,570	2,035
Lease liabilities	30	34
Accounts payable - other	*1 655	*1 741
Accrued expenses	*1 741	*1 612
Income taxes payable	719	167
Deposits received	*1 16,391	*1 17,143
Provision for bonuses for directors (and other officers)	40	30
Other	224	134
Total current liabilities	38,374	42,899
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term borrowings	14,129	27,494
Lease liabilities	178	171
Deferred tax liabilities	3,236	3,332
Long-term guarantee deposits	*1 2,031	*1 2,160
Other	20	21
Total non-current liabilities	59,595	63,180
Total liabilities	97,969	106,080
Net assets		
Shareholders' equity		
Share capital	30,472	30,512
Capital surplus		
Legal capital surplus	7,769	7,808
Total capital surplus	7,769	7,808
Retained earnings		
Legal retained earnings	39	39
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	534	516
General reserve	37,010	37,010
Retained earnings brought forward	35,024	37,779
Total retained earnings	72,608	75,345
Treasury shares	△11,841	△16,847
Total shareholders' equity	99,008	96,819
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,050	8,328
Total valuation and translation adjustments	8,050	8,328
Total net assets	107,058	105,147
Total liabilities and net assets	205,028	211,227

② Non-consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Operating revenue		
Group management fee income	*1 6,487	*1 6,976
Dividend income from investment business	*1 8,318	*1 7,736
Real estate business income	*1 3,934	*1 4,121
Other	*1 166	*1 168
Total operating revenue	18,906	19,003
Operating expenses		
Administrative expenses	*1, *2 7,732	*1, *2 7,992
Real estate business expenses	*1 2,123	*1 2,114
Other	*1 78	*1 78
Total operating expenses	9,933	10,184
Operating profit	8,972	8,818
Non-operating income		
Interest income	*1 747	*1 758
Dividend income	*1 805	*1 855
Other	*1 30	*1 55
Total non-operating income	1,583	1,669
Non-operating expenses		
Interest expenses	*1 133	*1 111
Interest expenses on bonds	93	84
Bond issuance costs	48	—
Depreciation	21	8
Provision of allowance for doubtful accounts	—	280
Other	*1 32	*1 38
Total non-operating expenses	329	524
Ordinary profit	10,226	9,964
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	3,924	521
Compensation for expropriation	91	18
Total extraordinary income	4,015	540
Extraordinary losses		
Loss on retirement of non-current assets	*1 131	*1 184
Loss on valuation of shares of subsidiaries	—	314
Loss on valuation of membership	66	—
Total extraordinary losses	197	498
Profit before income taxes	14,044	10,006
Income taxes - current	1,576	690
Income taxes - deferred	34	△25
Total income taxes	1,611	664
Profit	12,433	9,341

③ Non-consolidated Statements of Changes in Equity

Previous fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	30,418	7,715	0	7,715	39	552	37,010	45,448
Changes during period								
Issuance of new shares	53	53		53				
Reversal of reserve for tax purpose reduction entry of non-current assets						△18		18
Dividends of surplus								△7,063
Profit								12,433
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Cancellation of treasury shares			△0	△0				△15,811
Net changes in items other than shareholders' equity								
Total changes during period	53	53	△0	53	—	△18	—	△10,424
Balance at end of period	30,472	7,769	—	7,769	39	534	37,010	35,024

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	83,050	△17,648	103,537	8,479	8,479	112,017
Changes during period						
Issuance of new shares			106			106
Reversal of reserve for tax purpose reduction entry of non-current assets	—		—			—
Dividends of surplus	△7,063		△7,063			△7,063
Profit	12,433		12,433			12,433
Purchase of treasury shares		△10,006	△10,006			△10,006
Disposal of treasury shares		0	0			0
Cancellation of treasury shares	△15,811	15,812	—			—
Net changes in items other than shareholders' equity				△429	△429	△429
Total changes during period	△10,442	5,806	△4,529	△429	△429	△4,958
Balance at end of period	72,608	△11,841	99,008	8,050	8,050	107,058

Current fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
					Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of period	30,472	7,769	7,769	39	534	37,010	35,024
Changes during period							
Issuance of new shares	39	39	39				
Reversal of reserve for tax purpose reduction entry of non-current assets					△18		18
Dividends of surplus							△6,604
Profit							9,341
Purchase of treasury shares							
Disposal of treasury shares							△0
Net changes in items other than shareholders' equity							
Total changes during period	39	39	39	—	△18	—	2,754
Balance at end of period	30,512	7,808	7,808	39	516	37,010	37,779

	Shareholders' equity			Valuation and translation adjustments		Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments	
	Total retained earnings					
Balance at beginning of period	72,608	△11,841	99,008	8,050	8,050	107,058
Changes during period						
Issuance of new shares			79			79
Reversal of reserve for tax purpose reduction entry of non-current assets	—		—			—
Dividends of surplus	△6,604		△6,604			△6,604
Profit	9,341		9,341			9,341
Purchase of treasury shares		△5,005	△5,005			△5,005
Disposal of treasury shares	△0	0	0			0
Net changes in items other than shareholders' equity				277	277	277
Total changes during period	2,736	△5,005	△2,188	277	277	△1,911
Balance at end of period	75,345	△16,847	96,819	8,328	8,328	105,147

[Notes to Non-consolidated Financial Statements]

(Significant Accounting Policies)

1. Valuation basis and methods for assets

(1) Valuation basis and methods for securities

① Shares of subsidiaries and affiliates

Stated at cost determined by the moving-average method

② Available-for-sale securities

(a) Available-for-sale securities other than equity securities, etc. without market prices

Fair value method (Unrealized gains and losses are recognized in component of net assets, and costs of securities sold are determined by the moving average method.)

(b) Equity securities, etc. without market prices

Stated at cost determined by the moving-average method

(2) Valuation basis and methods for inventories

Real estate for sale

Stated at cost determined by the specific identification method (the carrying amounts in the balance sheet are calculated by the method in which carrying amounts are written down due to a decline in profitability of assets)

2. Method of depreciation for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Declining-balance method is used.

However, buildings for lease and buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

(2) Intangible fixed assets

Straight-line method is used.

Software intended for internal use are depreciated over the estimated useful lives (mainly 5 years).

(3) Leased assets

Leased assets under the finance lease arrangements which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method over the respective lease periods without residual values.

3. Accounting standards for provisions

(1) Allowance for doubtful accounts

To prepare for possible losses due to bad debts, the estimated uncollectible amount is recorded as follows.

① General receivables

Historical bad debt ratio method set forth in the accounting standards for financial instruments

② Doubtful receivables and bankruptcy reorganization claims, etc.

Debtor's financial assessment method set forth in the accounting standards for financial instruments

(2) Provision for bonuses for directors (and other officers)

To prepare for bonuses payments to directors, the estimated amount to be paid at the end of the fiscal year is recorded.

4. Basis for recognition of revenues and expenses

The Company's revenues consist primarily of group management fee income from subsidiaries, dividend income and real estate income.

With regard to group management fee income, the Company recognizes the revenue at the time when services are performed because the Company's performance obligation is to provide contracted services to its subsidiaries in accordance with the terms of the contract and the performance obligation is fulfilled when the services are performed. Dividend income is recognized on the effective date of the dividend. Regarding real estate income, revenue is recognized in a similar manner with ordinary lease transactions in accordance with the accounting standard for lease transactions.

5. Other important basis for preparation of non-consolidated financial statements

Hedge accounting method

Deferred hedge accounting is used.

However, exceptional accounting treatment is applied to the interest rate swaps that satisfy the requirement of the exceptional accounting treatment.

(Significant Accounting Estimates)

Previous fiscal year (from April 1, 2021 to March 31, 2022)

[Valuation of shares of subsidiaries and associates]

1. Amounts recorded in the non-consolidated financial statements for the fiscal year

Shares of Nichirei Biosciences Inc. included in shares of subsidiaries and associates: ¥1,088 million

2. Information on the content of significant accounting estimates pertaining to identified items

(1) Method of calculating the amount recorded in the non-consolidated financial statements for the fiscal year

When the substantial value of shares of subsidiaries and associates declines significantly due to deterioration in the financial condition of the subsidiaries and associates, the Company reduces the carrying amount of the shares correspondingly and recognizes the valuation difference as a loss for the fiscal year, unless collectability of the value is supported by sufficient evidence.

(2) Key assumptions used in calculating the amount recorded in the non-consolidated financial statements for the fiscal year

Regarding Nichirei Biosciences Inc., net assets amount to ¥1,905 million and total of property, plant and equipment and intangible assets amounts to ¥3,076 million as of March 31, 2022. If impairment losses on non-current assets is recognized, the substantial value of the company could be significantly reduced due to the deterioration of the financial position. In the valuation of non-current assets of the company, net selling values are used for the undiscounted future cash flows, and key assumption is a replacement cost of the buildings.

(3) Effect on the non-consolidated financial statements for the following fiscal year

The undiscounted future cash flows are estimated based on net selling values utilizing valuations by outside real estate appraisers. The replacement cost of the buildings, a key assumption, fluctuates at all times due to changes in construction material costs and personnel expenses caused by changes in market conditions. Therefore, if the replacement cost fluctuates significantly in the future, the financial position and operating results for the following fiscal year may be affected.

Current fiscal year (from April 1, 2022 to March 31, 2023)

[Valuation of shares of subsidiaries and associates]

1. Amounts recorded in the non-consolidated financial statements for the fiscal year

Shares of Nichirei Biosciences Inc. included in shares of subsidiaries and associates: ¥1,088 million

2. Information on the content of significant accounting estimates pertaining to identified items

(1) Method of calculating the amount recorded in the non-consolidated financial statements for the fiscal year

When the substantial value of shares of subsidiaries and associates declines significantly due to deterioration in the financial condition of the subsidiaries and associates, the Company reduces the carrying amount of the shares correspondingly and recognizes the valuation difference as a loss for the fiscal year, unless collectability of the value is supported by sufficient evidence.

(2) Key assumptions used in calculating the amount recorded in the non-consolidated financial statements for the fiscal year

Regarding Nichirei Biosciences Inc., net assets amount to ¥2,574 million and total of property, plant and equipment and intangible assets amounts to ¥2,873 million as of March 31, 2023. If impairment losses on non-current assets is recognized, the substantial value of the company could be significantly reduced due to the deterioration of the financial position. In the valuation of non-current assets of the company, Nichirei Biosciences Inc.'s business plan is used to determine the indication of impairment. Key assumption used in developing the plan is sales volume of the rapid chromatographic immunoassay business based on future demand projections.

(3) Effect on the non-consolidated financial statements for the following fiscal year

Sales of the rapid chromatographic immunoassay business is highly uncertain due to the significant impact of demand trends in response to the increasing number of persons infected with the COVID-19 and influenza. In addition, the change in classifications of the COVID-19 under the infectious disease law may reduce the demand for antigen testing medicine and other products of the rapid chromatographic immunoassay business, and the business environment may deteriorate significantly.

If we determine that review of the business plan is required due to the significant shortfall to the Nichirei Biosciences Inc.'s business plan and considering available internal and external information, it is possible that projected operating profits for the following fiscal year and beyond became negative, which may constitute an indication of impairment. In such case, the recoverable amount may be less than the carrying amount of non-current assets, and recognition of the impairment loss may be required.

(Changes in Accounting policy)

[Application of Implementation Guidance on Accounting Standard for Fair Value Measurement]

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) was applied from the beginning of the current fiscal year, and the new accounting policy stipulated by the guidance shall be applied prospectively in accordance with the transitional treatment stipulated in Article 27-2 of the guidance. This change had no impact on the non-consolidated financial statements.

(Notes to Non-consolidated Balance Sheets)

*1 Monetary claims and monetary debt from subsidiaries and associates (excluding those separately indicated) are as follows.
(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Short-term monetary claims	120	113
Short-term monetary liabilities	16,526	17,129
Long-term monetary liabilities	794	794

*2 Guarantee obligations

The Company provides guarantees for loans from financial institutions of subsidiaries and associates.

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Guarantee for loans from financial institutions of subsidiaries and associates	10,219	9,581
Guarantee for electronically recorded obligations of subsidiaries and associates	2,663	1,880
Total	12,883	11,462

*3 Accumulated reduced-value entry, which is deducted from the acquisition cost of non-current assets due to national subsidies, etc., is as follows

(Millions of yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Buildings	185	185
Structures	12	12
Machinery and equipment	0	0
Tools, furniture and fixtures	3	3

(Notes to Non-consolidated Statements of Income)

*1 Amounts of transactions with subsidiaries and associates are as follows.

(Millions of yen)

	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Amounts from operating transactions		
Operating revenues	16,175	16,139
Operating expenses	915	942
Amounts from other than operating transactions	1,128	1,045

*2 Major items and amounts of administrative expenses are as follows.

	(Millions of yen)	
	Previous fiscal year (from April 1, 2021 to March 31, 2022)	Current fiscal year (from April 1, 2022 to March 31, 2023)
Remuneration for directors (and other officers) and employees' salaries, bonuses and allowances	2,057	2,084
Retirement benefit expenses	107	114
Provision for bonuses for directors (and other officers)	40	30
Depreciation	1,194	1,342
Outsourcing expenses	1,374	1,236
Advertising expenses	786	826

(Securities)

Previous fiscal year (as of March 31, 2022)

Shares of subsidiaries (balance sheet carrying amount: ¥69,878 million) and shares of affiliates (balance sheet carrying amount: ¥137 million) are stated at acquisition cost because they have no market prices, and fair values are not disclosed.

Current fiscal year (as of March 31, 2023)

Shares of subsidiaries (balance sheet carrying amount: ¥69,564 million) and shares of affiliates (balance sheet carrying amount: ¥137 million) are stated at acquisition cost because they have no market prices, and fair values are not disclosed.

(Tax Effect Accounting)

1. Major components of deferred tax assets and liabilities

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Deferred tax assets		
Allowance for doubtful accounts	—	127
Loss on valuation of investment securities and shares of subsidiaries and associates	308	386
Impairment loss	124	124
Enterprise tax payable	75	13
Accrued bonuses	23	17
Other	349	309
Subtotal	881	977
Valuation allowance for total future deductible temporary differences	△721	△799
Total deferred tax assets	160	177
Offset against deferred tax liabilities	△160	△177
Net deferred tax assets	—	—
Deferred tax liabilities		
Valuation difference on available-for-sale securities	3,111	3,234
Reserve for tax purpose reduction entry of non-current assets	235	227
Other	48	48
Total deferred tax liabilities	3,396	3,510
Offset against deferred tax assets	△160	△177
Net deferred tax liabilities	3,236	3,332

2. Major items of the difference between the effective statutory tax rate and the effective tax rate after applying the tax effect accounting

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Effective statutory tax rate	30.6%	30.6%
(Adjustments)		
Entertainment and other permanently non-deductible expenses	0.0	0.2
Dividend and other permanently non-taxable income	△19.1	△24.8
Change in valuation allowance	0.1	0.8
Others	△0.2	△0.1
Effective tax rate after applying the tax effect accounting	11.4	6.6

(Revenue Recognition)

Information that provides a basis for understanding revenue from contracts with customers is described in the note “(Significant Accounting Policies) 4. Basis for recognition of revenues and expenses.”

(Significant Subsequent Event)

Not applicable.

④ Supplementary Schedule

[Detailed schedule of property, plant and equipment and others]

(Millions of yen)

Category	Type of assets	Balance at the beginning of the current fiscal year	Increase during the current fiscal year	Decrease during the current fiscal year	Depreciation during the current fiscal year	Balance at the end of the current fiscal year	Accumulated depreciation
Property, plant and equipment	Buildings	13,122	550	38	764	12,869	20,055
	Structures	294	11	0	20	286	1,316
	Machinery and equipment	177	—	—	25	152	404
	Tools, furniture and fixtures	380	98	2	113	364	1,597
	Land	1,190	—	—	—	1,190	—
	Leased assets	207	30	—	34	203	106
	Construction in progress	25	378	281	—	121	—
	Total	15,399	1,070	322	958	15,188	23,480
Intangible assets	Software	3,269	794	90	1,235	2,737	—
	Others	8	0	0	0	8	—
	Total	3,277	795	90	1,236	2,746	—

[Detailed schedule of allowances]

(Millions of yen)

Category	Balance at the beginning of the current fiscal year	Increase during the current fiscal year	Decrease during the current fiscal year	Balance at the end of the current fiscal year
Allowance for doubtful accounts	134	280	—	414
Provision for bonuses for directors (and other officers)	40	30	40	30

(2) Major Assets and Liabilities

Disclosure is omitted since the consolidated financial statements are presented.

(3) Others

There is no other item to disclose.

VI. Overview of Stock-related Administration for the Filing Company

Fiscal year	From April 1 to March 31
Ordinary General Shareholders' Meeting	June
Record date	March 31
Record date for dividends from surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase and additional purchase of odd-lot stock Handling office Shareholder registry administrator Purchase and additional purchase fees	(Special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Head Office Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. (Special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd. (Purchase unit price or additional purchase unit price) x Number of shares per unit x (number of shares requested for purchase or number of shares requested for additional purchase) / number of shares constituting one unit of shares x 1.15% However, if the fee amount per share unit is less than ¥2,500, the fee shall be calculated as ¥2,500.
Method of public notice	Electronic public notice. However, if electronic public notice is not possible due to an accident or other unavoidable reason, public notices shall be published in the Nihon Keizai Shimbun. The Company's URL for posting public notices is as follows. https://www.nichirei.co.jp/
Benefits for Shareholders	Not applicable

(Note) Pursuant to the Company's Articles of Incorporation, shareholders of the Company may not exercise any rights other than the rights listed below with respect to odd-lot stock held by them.

- (1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act
- (2) Right to make a request pursuant to Article 166, Paragraph 1 of the Companies Act
- (3) Right to receive allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder
- (4) Right to request the sale of the number of shares that together with the number of odd-lot stock held by the shareholder will constitute one unit of shares

VII. Reference Information on the Filing Company

1. Information on the Parent Company, etc. of the Filing Company

The Company has no parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company filed the following documents during the period from the beginning of the current fiscal year ended March 31, 2023 till the date of submission of the Japanese version of this Annual Securities Report.

(1) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof	(Fiscal year) (104th term)	(From April 1, 2021 to March 31, 2022)	June 24, 2022 Submitted to the Director of the Kanto Local Finance Bureau
(2) Internal Control Report and documents attached thereto	(Fiscal year) (104th term)	(From April 1, 2021 to March 31, 2022)	June 24, 2022 Submitted to the Director of the Kanto Local Finance Bureau
(3) Quarterly Securities Report and Confirmation Letter thereof	(First quarter of 105th term)	(From April 1, 2022 to June 30, 2022)	August 5, 2022 Submitted to the Director of the Kanto Local Finance Bureau
	(Second quarter of 105th term)	(From July 1, 2022 to September 30, 2022)	November 4, 2022 Submitted to the Director of the Kanto Local Finance Bureau
	(Third quarter of 105th term)	(From October 1, 2022 to December 31, 2022)	February 10, 2023 Submitted to the Director of the Kanto Local Finance Bureau
(4) Extraordinary Report Extraordinary Report based on Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.			June 28, 2022 Submitted to the Director of the Kanto Local Finance Bureau
Extraordinary Report based on Article 19, Paragraph 2, Item 3 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.			June 20, 2023 Submitted to the Director of the Kanto Local Finance Bureau
(5) Issuer Registration Statement (Share Certificates, Bonds payable Certificates, etc.) and documents attached thereto			July 4, 2022 Submitted to the Director of the Kanto Local Finance Bureau
(6) Amended Issuer Registration Statement (Share Certificates, Bonds payable Certificates, etc.) Amended Issuer Registration Statement (Share Certificates, Bonds payable Certificates, etc.) of the Issuer Registration Statement (Share Certificates, Bonds payable Certificates, etc.) submitted on July 4, 2022.			June 20, 2023 Submitted to the Director of the Kanto Local Finance Bureau
(7) Status Report on Purchase of Treasury shares	(Reporting period)	(From November 16, 2022 to November 30, 2022)	December 6, 2022 Submitted to the Director of the Kanto Local Finance Bureau
	(Reporting period)	(From December 1, 2022 to December 31, 2022)	January 11, 2023 Submitted to the Director of the Kanto Local Finance Bureau
	(Reporting period)	(From January 1, 2023 to January 31, 2023)	February 6, 2023 Submitted to the Director of the Kanto Local Finance Bureau
	(Reporting period)	(From February 1, 2023 to February 28, 2023)	March 6, 2023 Submitted to the Director of the Kanto Local Finance Bureau

Part II Information on Guarantors, etc. for the Filing Company

Not applicable.

English Translation
Independent Auditor's Reports on the Audit of Consolidated Financial Statements
and Internal Controls over Financial Reporting

NOTE TO READERS:

The following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

June 27, 2023

The Board of Directors
Nichirei Corporation

Ernst & Young ShinNihon LLC
Tokyo, Japan

Makoto Ishii
Designated Engagement Partner
Certified Public Accountant

Fumio Uemura
Designated Engagement Partner
Certified Public Accountant

Hiroshi Minagawa
Designated Engagement Partner
Certified Public Accountant

<Audit of the Consolidated Financial Statements>

Audit Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying consolidated financial statements of NICHIREI CORPORATION and its subsidiaries (the Nichirei Group) for the consolidated fiscal year from April 1, 2022 to March 31, 2023 included in "V. Financial Information" of this Annual Securities Report, which comprise consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, significant matters serving as the basis for preparation of the consolidated financial statements, other notes, and consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Nichirei Group as of March 31, 2023, and its consolidated results of operation and cash flows for the year then ended in conformity with the accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Nichirei Group in accordance with the Japanese professional ethical requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that the auditors, as a professional expert, determined as being of particular importance in the audit of the consolidated financial statements for the current fiscal year. The key audit matters were those matters that were addressed in the course of performing the audit of the consolidated financial statements as a whole and in forming our audit opinion thereon, and we do not express a separate opinion on those matters individually.

Valuation of Property, plant and equipment and Intangible assets held by Nichirei Biosciences Inc...

Key Audit Matter Decision	How the Key Audit Matter Was Addressed in the Audit
<p>As of March 31, 2023, property, plant and equipment and intangible assets amounted to ¥195,073 million and ¥14,319 million, respectively, on the consolidated balance sheet, and the aggregate amount was 45.8% of total assets.</p> <p>As described in “(Significant Accounting Estimates) Valuation of Non-current Assets,” ¥2,873 million out of the aggregate amount is attributable to the property, plant and equipment and intangible assets of Nichirei Biosciences Inc., a subsidiary of the Company, that manufactures and trades diagnostic pharmaceuticals and medical devices, etc. in 3 businesses: the molecular diagnostic pharmaceutical business, the biopharmaceutical raw materials business and the rapid chromatographic immunoassay business.</p> <p>The Company has established an asset grouping policy for each segment. For the biosciences business (other business), in light of the size and business content, indications of impairment such as continuous negative operating profit, significant deterioration in the business environment, change in usage, or a significant decline in market prices are grasped for each company that is a group of assets. In case indicators of impairment are deemed to exist, recognition of impairment loss is considered.</p> <p>If indications of impairment of an asset are identified, it is required to consider whether impairment loss is required to be recognized by comparing the carrying amount to the total undiscounted future cash flows from the underlying non-current assets of the respective company. As a result, if it is determined that impairment loss is required to be recognized, the carrying amount is written down to the recoverable amount, and the reduction in the carrying amount is recorded as impairment loss.</p> <p>Although Nichirei Biosciences Inc. had continued to record negative operating profit in the past fiscal years, both operating profit in the current fiscal year and operating profit in the business plan for the following fiscal year are positive, and there have been no other events that indicate impairment. Therefore, the management of the Company determined that indications of impairment don't exist for property, plant and equipment and intangible assets of the business.</p> <p>Even the management concluded that indications of impairment don't exist for property, plant and equipment and intangible assets of the business, development of the business plan, used for the determination of existence of indications of impairment, utilizes the sales volume of the rapid chromatographic immunoassay business, as a key assumption, based on future demand projections and includes significant accounting estimates involving subjective judgments by the management. The business plan uses assumptions that are subject to uncertainties, including future sales volumes and unit sales prices, and the management's judgment has significant influence on it.</p> <p>Sales of the business is highly uncertain due to the significant impact of demand trends in response to the increasing number of persons infected with the COVID-19 and influenza. In addition, the change in classifications of the COVID-19 under the infectious disease law may reduce the demand for antigen testing medicine and other products of the rapid chromatographic immunoassay business, and the business environment may deteriorate significantly. If the Company determine that review of the business plan is required due to the significant shortfall to the business plan and considering available internal and external information, it is possible that projected operating profits for the following fiscal year and beyond became negative, which may constitute an indication of impairment. In such case, the recoverable amount may be less than the carrying amount of non-current assets, and recognition of the impairment loss may be required.</p> <p>As stated above, if the business environment is expected to deteriorate significantly and indications of impairment are identified, impairment losses on property, plant and equipment and intangible assets might have a material impact to the consolidated financial statements. Therefore, we have determined that the identification of indications of impairment of non-current assets at Nichirei Biosciences Inc. is a key audit matter.</p>	<p>In considering our judgment on the identification of indications of impairment of property, plant and equipment and intangible assets held by Nichirei Biosciences Inc., we primarily performed the following auditing procedures.</p> <p>(Assessment of internal control)</p> <p>We evaluated the design and operating effectiveness of internal controls related to the valuation of non-current assets. In addition, we confirmed the internal review and approval procedures related to the business plan development used to determine the indications of impairment.</p> <p>(Assessment of reasonableness of the estimated future operating profit /loss and cash flows)</p> <p>In order to verify whether or not there was a significant deterioration of the business environment, we reviewed the minutes of the Board of Directors meetings and Management Committee meetings, and questioned management regarding the existence or non-existence of such conditions.</p> <p>Regarding the business plan used to determine the indications of impairment, the business plan was compared with actual results for the past fiscal years.</p> <p>To ascertain whether there were any indications of impairment of the cash-generating unit, we obtained the documents for determining the indications of impairment and analyzed the changes in the profit and loss of the business. We also reviewed the budget of business profit and loss for the next fiscal year for consistency with the business plan approved by the management.</p> <p>Regarding the sales volumes based on the demand projections, we discussed with business management the future demand projections and reviewed the responses for consistency with the business plan.</p> <p>The sales volumes were reviewed for consistency with information published by external research organizations, analyzed in comparison with historical actual sales volumes, and analyzed for sensitivity of operating profit to changes in key assumptions.</p>

Other Information

The other information comprises the information included in the Annual Securities Report other than the consolidated and non-consolidated financial statements and our audit reports. Management is responsible for preparation and disclosure of the other information. Audit & Supervisory Board members and Audit & Supervisory Board are responsible for overseeing the execution of Directors' duties to design and operate the reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion on the other information.

Our responsibility in the audit of the consolidated financial statements is to read the other information carefully and, in the course of that reading, to consider whether there are material differences between the other information and the consolidated financial statements or our knowledge obtained in the audit, and to pay attention to whether there are any indication of material misstatements in the other information other than such material differences.

If, based on the work we have performed, we determine that there are material misstatements in the other information, we are required to report those facts.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting principles generally accepted in Japan. This includes designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on a going concern basis and for disclosing matters relating to a going concern if such disclosure is required under the accounting principles generally accepted in Japan.

Audit & Supervisory Board members and Audit & Supervisory Board are responsible for overseeing the execution of directors' duties to design and operate the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an independent opinion on the consolidated financial statements in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to affect the decisions of users of the consolidated financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted in Japan, and shall do followings by maintaining professional skepticism:

- Identify and assess the risks of material misstatement due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, obtain sufficient and appropriate audit evidence to provide a basis for expressing an opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express our opinion with exceptions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and notes to the consolidated financial statements are in accordance with the accounting principles generally accepted in Japan, and whether the presentation including the related notes, structure, content and the consolidated financial statements present fairly the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Nichirei Group to enable the auditor to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the consolidated financial statements. The auditor is solely responsible for audit opinion.

The auditor shall report to Audit & Supervisory Board members and Audit & Supervisory Board on the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control, that we identify during our audit, and other matters required by the auditing standards.

The auditor shall also report to Audit & Supervisory Board members and Audit & Supervisory Board on our compliance with the Japanese professional ethical requirements regarding independence, on matters that may reasonably be considered to bear the auditor's independence, and on safeguards, if any, taken to remove or mitigate impediments.

Among the matters reported to Audit & Supervisory Board members and Audit & Supervisory Board, the auditor determine those matters that were of particular importance in the audit of the consolidated financial statements for the current fiscal year as the key audit matters and describe those matters in our auditor's report. However, such matters shall not be included in the auditor's report if the disclosure of such matters is prohibited by law or if, although extremely limited, the auditor determines that such matters should not be reported because the disadvantages of reporting such matters in the auditor's report are reasonably expected to outweigh the public interest.

<Audit of the Internal Control over Financial Reporting>

Audit Opinion

Pursuant to Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we also have audited the accompanying internal control report of NICHIREI CORPORATION and its subsidiaries (the Nichirei Group) as of March 31, 2023.

In our opinion, the internal control report, which states that the internal control over financial reporting was effective as of March 31, 2023, present fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with the standards for management assessment concerning internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit of the internal control over financial reporting in accordance with the standards for audit concerning internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in "Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting" section of our report. We are independent of the Nichirei Group in accordance with the Japanese professional ethical requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and for the preparation and fair presentation of the internal control report in accordance with the standards for management assessment concerning internal control over financial reporting generally accepted in Japan.

Audit & Supervisory Board members and Audit & Supervisory Board are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting

The auditor is responsible for obtaining reasonable assurance about whether the internal control report is free from material misstatement based on the audit performed by the auditor, and for expressing an independent opinion on the internal control report in the auditor's report.

The auditor shall exercise professional judgment and maintain professional skepticism throughout the audit process in accordance with the standards for audit concerning internal control over financial reporting generally accepted in Japan, and shall do followings:

- Perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The audit procedures for the audit of the internal control over financial reporting are selected and performed depending on the auditor's judgment regarding significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the management's statements regarding the scope, assessment procedures and assessment results of internal control over financial reporting.
- Obtain sufficient and appropriate audit evidence regarding the results of the assessments of internal control over financial reporting in the internal control report. The auditor is responsible for directing, supervising, and performing the audit of the internal control report. The auditor is solely responsible for audit opinion.

The auditor shall report to Audit & Supervisory Board members and Audit & Supervisory Board on the planned scope and timing of the internal control audit, the results of the audit, identified material deficiencies in internal control that should be disclosed, the results of their correction, and other matters required by the auditing standards for internal control.

The auditor shall also report Audit & Supervisory Board members and Audit & Supervisory Board on our compliance with the Japanese professional ethical requirements regarding independence, on matters that may reasonably be considered to bear the auditor's independence, and on safeguards, if any, taken to remove or mitigate impediments.

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan and above

Our firm and designated engagement partners do not have any interest in the Nichirei Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*1 The original of the above Independent Auditor's Reports is kept separately by the Company (the filing company of the Annual Securities Report).

2 XBRL data is not included in the scope of the audit.

English Translation
Independent Auditor's Reports on the Audit of Non-consolidated Financial Statements

NOTE TO READERS:

The following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

June 27, 2023

The Board of Directors
Nichirei Corporation

Ernst & Young ShinNihon LLC
Tokyo, Japan

Makoto Ishii
Designated Engagement Partner
Certified Public Accountant

Fumio Uemura
Designated Engagement Partner
Certified Public Accountant

Hiroshi Minagawa
Designated Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying non-consolidated financial statements of NICHIREI CORPORATION (the Company) for the fiscal year from April 1, 2022 to March 31, 2023 included in "V. Financial Information" of this Annual Securities Report, which comprise balance sheet, statement of income, statement of changes in equity, significant accounting policies, other notes, and supplementary schedules.

In our opinion, the accompanying non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of operations for the year then ended in conformity with the accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the Japanese professional ethical requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that the auditors, in our professional judgment, determined as being of particular importance in the audit of the non-consolidated financial statements for the current fiscal year. The key audit matters were those matters that were addressed in the course of performing the audit of the non-consolidated financial statements as a whole and in forming our audit opinion thereon, and we do not express a separate opinion on those matters individually.

Valuation of Shares of subsidiaries and associates (Nichirei Biosciences Inc.) related to Valuation of Non-current assets	
Key Audit Matter Decision	How the Key Audit Matter Was Addressed in the Audit
<p>As described in “(Significant Accounting Estimates) 2. Valuation of shares of subsidiaries and associates,” the carrying amount of the shares of Nichirei Biosciences Inc. held by the Company as of March 31, 2023 is ¥1,088 million, which represents approximately 1.6% of ¥69,701 million of shares of subsidiaries and associates in the balance sheet.</p> <p>As stated in the notes (Significant Accounting Estimates) and (Securities), shares of subsidiaries and associates held by the Company are stated at acquisition cost on the balance sheet, but when the substantial value of shares of subsidiaries and associates declines significantly due to deterioration in the financial condition of the subsidiaries and associates, the Company reduces the carrying amount of the shares correspondingly and recognizes the valuation difference as a loss for the fiscal year, unless collectability of the value is supported by sufficient evidence.</p> <p>Regarding Nichirei Biosciences Inc., net assets amount to ¥2,574 million and total of property, plant and equipment and intangible assets amounts to ¥2,873 million as of March 31, 2023. If impairment losses on non-current assets is recognized, the substantial value of the company could be significantly reduced due to the deterioration of the financial position.</p> <p>Although Nichirei Biosciences Inc. had continued to record negative operating profit in the past fiscal years, both operating profit in the current fiscal year and operating profit in the business plan for the following fiscal year are positive, and there have been no other events that indicate impairment. Therefore, the management of the Company determined that indications of impairment don’t exist for property, plant and equipment and intangible assets of the business.</p> <p>Even the management concluded that indications of impairment don’t exist for property, plant and equipment and intangible assets of the business, development of the business plan, used for the determination of existence of indications of impairment, utilizes the sales volume of the rapid chromatographic immunoassay business, as a key assumption, based on future demand projections and includes significant accounting estimates involving subjective judgments by the management. The business plan uses assumptions that are subject to uncertainties, including future sales volumes and unit sales prices, and the management’s judgment has significant influence on it.</p> <p>Sales of the business is highly uncertain due to the significant impact of demand trends in response to the increasing number of persons infected with the COVID-19 and influenza. In addition, the change in classifications of the COVID-19 under the infectious disease law may reduce the demand for antigen testing medicine and other products of the rapid chromatographic immunoassay business, and the business environment may deteriorate significantly. If the Company determine that review of the business plan is required due to the significant shortfall to the business plan and considering available internal and external information, it is possible that projected operating profits for the following fiscal year and beyond became negative, which may constitute an indication of impairment. In such case, the recoverable amount may be less than the carrying amount of non-current assets, and recognition of the impairment loss may be required.</p> <p>As stated above, if the business environment is expected to deteriorate significantly and indications of impairment are identified, impairment losses on property, plant and equipment and intangible assets might have a material impact to the non-consolidated financial statements. Therefore, we have determined that valuation of shares of subsidiaries and associates related to valuation of non-current assets is a key audit matter.</p>	<p>In considering our judgment on the valuation of shares of subsidiaries and associates (Nichirei Biosciences Inc.), we primarily performed the following auditing procedures.</p> <p>(Audit procedures regarding shares of subsidiaries and associates)</p> <p>We compared the net assets based on the most recent financial statements of Nichirei Biosciences Inc. to the carrying amount of the company.</p> <p>(Audit procedures regarding non-current assets of Nichirei Biosciences Inc.)</p> <p><Assessment of internal control></p> <p>We evaluated the design and operating effectiveness of internal controls related to the valuation of non-current assets. In addition, we confirmed the internal review and approval procedures related to the business plan development used to determine the indications of impairment.</p> <p><Assessment of reasonableness of the estimated future operating profit /loss and cash flows></p> <p>In order to verify whether or not there was a significant deterioration of the business environment, we reviewed the minutes of the Board of Directors meetings and Management Committee meetings, and questioned management regarding the existence or non-existence of such conditions.</p> <p>Regarding the business plan used to determine the indications of impairment, the business plan was compared with actual results for the past fiscal years.</p> <p>To ascertain whether there were any indications of impairment of the cash-generating unit, we obtained the documents for determining the indications of impairment and analyzed the changes in the profit and loss of the business. We also reviewed the budget of business profit and loss for the next fiscal year for consistency with the business plan approved by the management.</p> <p>Regarding the sales volumes based on the demand projections, we discussed with business management the future demand projections and reviewed the responses for consistency with the business plan.</p> <p>The sales volumes were reviewed for consistency with information published by external research organizations, analyzed in comparison with historical actual sales volumes, and analyzed for sensitivity of operating profit to changes in key assumptions.</p>

Other Information

The other information comprises the information included in the Annual Securities Report other than the consolidated and non-consolidated financial statements and our audit reports. Management is responsible for preparation and disclosure of the other information. Audit & Supervisory Board members and Audit & Supervisory Board are responsible for overseeing the execution of Directors' duties to design and operate the reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion on the other information.

Our responsibility in the audit of the non-consolidated financial statements is to read the other information carefully and, in the course of that reading, to consider whether there are material differences between the other information and the non-consolidated financial statements or our knowledge obtained in the audit, and to pay attention to whether there are any indication of material misstatements in the other information other than such material differences.

If, based on the work we have performed, we determine that there are material misstatements in the other information, we are required to report those facts.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements on a going concern basis and for disclosing matters relating to a going concern if such disclosure is required under the accounting principles generally accepted in Japan.

Audit & Supervisory Board members and Audit & Supervisory Board are responsible for overseeing the execution of directors' duties to design and operate the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The auditor is responsible for obtaining reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and for expressing an independent opinion on the non-consolidated financial statements in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to affect the decisions of users of the non-consolidated financial statements.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted in Japan, and shall do followings by maintaining professional skepticism:

- Identify and assess the risks of material misstatement due to fraud or error. Design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures are at the auditor's discretion. In addition, obtain sufficient and appropriate audit evidence to provide a basis for expressing an opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude whether it is appropriate for management to prepare the non-consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to express our opinion with exceptions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and notes to the non-consolidated financial statements are in accordance with the accounting principles generally accepted in Japan, and whether the presentation including the related notes, structure, content and the non-consolidated financial statements present fairly the underlying transactions and accounting events.

The auditor shall report to Audit & Supervisory Board members and Audit & Supervisory Board on the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control, that we identify during our audit, and other matters required by the auditing standards.

The auditor shall also report to Audit & Supervisory Board members and Audit & Supervisory Board on our compliance with the Japanese professional ethical requirements regarding independence, on matters that may reasonably be considered to bear the auditor's independence, and on safeguards, if any, taken to remove or mitigate impediments.

Among the matters reported to Audit & Supervisory Board members and Audit & Supervisory Board, the auditor determine those matters that were of particular importance in the audit of the non-consolidated financial statements for the current fiscal year as the key audit matters and describe those matters in our auditor's report. However, such matters shall not be included in the auditor's report if the disclosure of such matters is prohibited by law or if, although extremely limited, the auditor determines that such matters should not be reported because the disadvantages of reporting such matters in the auditor's report are reasonably expected to outweigh the public interest.

Interest Required to be Disclosed by the Certified Public Accountants Act of Japan

Our firm and designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*1 The original of the above Independent Auditor's Reports is kept separately by the Company (the filing company of the Annual Securities Report).

2 XBRL data is not included in the scope of the audit.