

Processed Foods Business



The Taste of Happiness

By intimately following the way people live, we provide foods that ensure a healthier, more satisfying world.

President's message

To ensure growth in an era of drastic change, it is important to anticipate changes and continue taking on the challenge of creating new things.

We will continue to create new value in food and health, aiming for business growth and the resolution of social issues.

Masahiko Takenaga

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

Business Scale

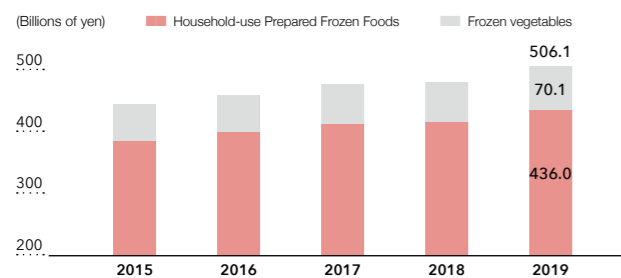
- Total assets: ¥128,407 million
- Group companies: 21 companies (6 in Japan, 15 overseas) and Nichirei Technology Development Center (R&D Department)
- Employees (consolidated): 10,161 persons (1,870 in Japan, 8,291 overseas)
- Food production factories: 19 facilities (15 in Japan, 4 overseas)

- Main production facilities
Mori Plant, Shiroishi Factory, Yamagata Factory, Funabashi Factory, Kansai Factory, Kyurei Inc., CHUREI, Co. Ltd., GFPT Nichirei (Thailand) Co., Ltd., Surapon Nichirei Foods Co., Ltd.

Market Environment

○ Stable trend in household-use market

Household-use Prepared Frozen Foods Market Scale



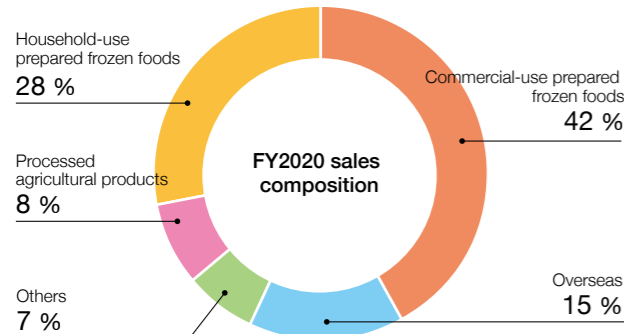
Source: Market scale calculated by INTAGE Inc. SCI consumer panel (Spending per 100 people on prepared frozen foods. Excludes purchases through consumer cooperatives.)

Net Sales for Frozen Foods

	FY2019		FY2020		Household-use: Commercial-use ratio
	YoY	% change	YoY	% change	
Nichirei	226.6	2.7 %	229.6	2.3 %	39:61
Company A	212.6	2.7 %	211.2	-0.8 %	57:43
Company B	175.3	5.9 %	193.4	4.0 %	53:47
Company C	178.2	-0.2 %	179.8	0.9 %	33:67
Company D	111.6	-1.8 %	108.0	-2.7 %	55:45

Source: Shokuhin Sangyo Shimbunsha Co., Ltd

Business Details



Household-use Prepared Frozen Foods

[Main sellers]
Volume retailers, drug stores and convenience stores



Commercial-use Prepared Frozen Foods

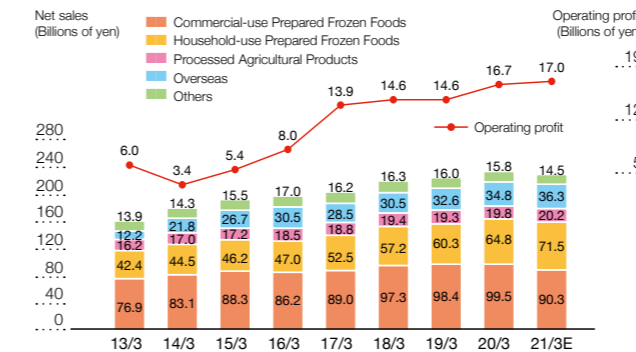
[Main sellers]
Volume retailers (delicatessen), convenience stores, restaurants and food services



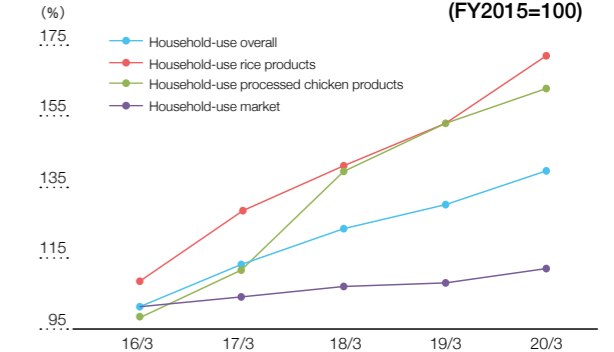
Performance

- Favorable performance on expanded sales of processed rice products and processed chicken products
- In FY2020, sales rose for household-use prepared foods, driven by *Honkaku-Itame Cha-Han* (fried rice) and *Tokukara* (fried chicken). Operating profit increased 15% on expanded sales as well as contributions from the improved performance of affiliates.

Performance



Net Sales for Household-use Products



External Environment

Demand for household-use prepared foods is projected to expand due to COVID-19 pandemic while difficult circumstances continues in business for commercial-use prepared foods, mainly for restaurants.

Japan

- Expand capacity and build an efficient production system by consolidating rice-based items and bolstering production lines. (Enhance existing lines at the Funabashi plant)
- Expand the *Tokukara* (fried chicken) production line (Thailand).
- Develop products to meet growing demand for at-home main dishes and individual servings.
- Enhance access to growth categories such as co-op delivery services and e-commerce business

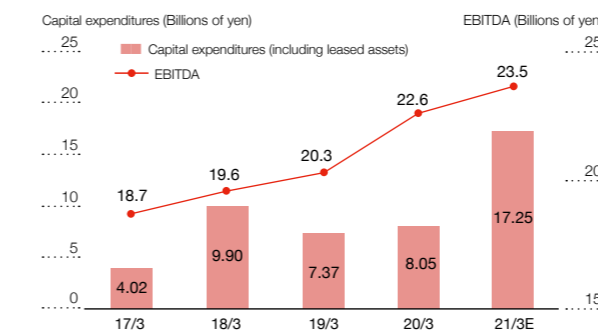
Overseas

- In North America, InnovAsian Cuisine expands sales of existing Asian frozen foods, and launch new products.

Processed Foods	FY2020		FY2021			
	Result	YoY		Forecast	YoY	
		Variance	% change		Variance	% change
Net sales	234.8	8.2	4 %	232.8	-2.0	-1 %
Household-use Prepared Frozen Foods	64.8	4.5	8 %	71.5	6.7	10 %
Commercial-use Prepared Frozen Foods	99.5	1.2	1 %	90.3	-9.2	-9 %
Processed Agricultural Products	19.8	0.5	3 %	20.2	0.4	2 %
Overseas	34.8	2.2	7 %	36.3	1.5	4 %
Others	15.8	-0.2	-1 %	14.5	-1.3	-8 %
Operating profit	16.7	2.1	15 %	17.0	0.3	2 %

Capital Investment Status

Capital Expenditures and EBITDA



Topic

Opened second plant at GFPT Nichirei in Thailand



Operations to commence in October 2020 (plan) ¥4.0 billion total investment