

Temperature-controlled Logistics Business



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Vision

To make our advanced temperature-controlled logistics, already the best in Japan, the global standard.

Business Overview

Nichirei Logistics Group Inc. is the largest temperature-controlled logistics group in Japan. It comprises a logistics network centered on transportation, delivery and transfer centers; regional storage facilities comprising refrigerated warehouses; overseas businesses in Europe, China and members of ASEAN; and an engineering service involved in a variety of functions, ranging from planning and design of temperature-controlled logistics facilities to maintenance and management.

We offer universal and comprehensive value as a one-stop logistics provider. This we do through our highly functional equipment capacity, which is rated No. 1 in Japan and our meticulous services.

We are building cold-chain infrastructure that will reduce the temporal and spatial gaps that occur between harvest, production and consumption.

Nichirei Logistics Group Inc.
<https://www.nichirei-logi.co.jp/english/index.html>

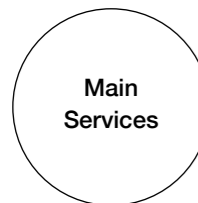
Strengths

We offer a wide range of temperature-controlled logistics services centered on value-added logistics requiring low-temperature management. The result of this is:

- A strong customer base, backed by a temperature-controlled transportation and delivery network that covers all of Japan
- Overseas temperature-controlled logistics networks in Europe, China and members of ASEAN
- Human resources with advanced expertise and experience

Business Scale (as of April 2019)

- Refrigerated warehouse capacity: approximately 2.05 million tons (1.49 million in Japan, 0.56 million overseas)
- Average daily number of vehicles in service: approximately 8,000 (7,000 in Japan, 1,000 overseas)
- Refrigerated warehouse capacity ranking: Number one in Japan, number five worldwide, number five in Europe
- Number of facilities: 115 in Japan (including the Naha New Port facility that began operating in May 2019) 23 overseas (17 in Europe, 4 in China, 1 each in Thailand and Malaysia)
- Subsidiaries: 30 Affiliates: 7



Regional Storage in charge of refrigerated warehouse functionality



Logistics Network centered on transportation and delivery



Overseas Business operating 23 facilities in eight countries, primarily comprising European and ASEAN member nations

Medium-term Business Plan (FY2020–2022): WeWill 2021

* Fiscal years (FY) indicate years ended March 31.

Strategies

Using the strength of our leading temperature-controlled logistics, we aim to achieve further stable growth in our existing businesses.

To this end, we will promote work reforms and implement new personnel systems. This will involve expanding work-style options, shifting human resources to perform more constructive work and promoting the participation of female and senior employees.

In addition, we will heighten customer satisfaction through the time generated by efficiency resulting from the implementation of cutting-edge AI and IoT technology.

Further, being a company that provides solutions for temperature-controlled logistics and proposals for the overall optimization of logistical infrastructure, we will establish a 3PL business model and implement appropriate fees.

In our business abroad, we will promote proactive investment aimed at expansion in Europe, China and members of ASEAN. We will also promote business expansion through investment, to expand the number of refrigerated warehouses in the Netherlands.

We will expand cross-border transportation and logistics for mass retailers by strengthening transportation functionality at our inland facilities in Europe and using elevated vehicles.

Also, we will solidify our business foundations in Thailand and Malaysia, while considering new locations for expansion in ASEAN member nations.

Three-year sales and operating income targets (Billions of yen)

Fiscal year	2019	2020	2021	2022
Net sales	201.0	204.4	218.4	227.0
Operating income	11.4	11.6	11.4	12.7

Key Policies

1. Maximize profitability of domestic operations
2. Expand overseas operations
3. Establish a solution business in the field of temperature-controlled logistics
4. Strengthen our corporate structure by promoting business innovation and implementing work-style reforms

Main Measures

- **Japan**
 - Maximize use of storage and transportation functions of facilities in metropolitan and regional facilities
 - Secure stable earnings growth by promoting optimal allocation of stored freight and setting appropriate fees
 - Raise warehouse operating capacity through business innovation
 - Expand 3PL business with innovative logistics solutions
- **Overseas**
 - Expand business foundations in Europe by promoting proactive investment
 - Focus on expanding business in China by increasing the number of joint initiatives with major distribution and retail companies
- **ESG**
 - Reduce environmental impact
 - Implement initiatives to reduce food waste

External Environment (three-year outlook)

Opportunities

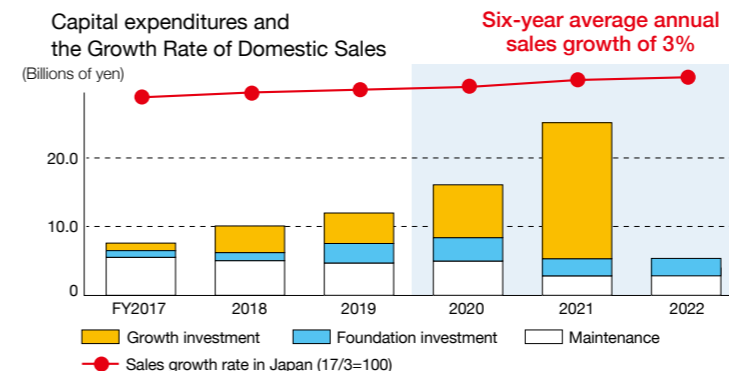
- Demand for temperature-controlled logistics is expected to remain strong
- Increases in frozen food demand and imported food products
- Growing customer need for stable and reliable logistics to overcome the logistics crisis
- Increase in shipment volume due to inbound tourism demand

Risks

- Tightening of legal regulations (work-style reform laws, mandatory recording of driver waiting times, etc.)
- Impact on earnings from rising personnel, energy and construction costs

Investment Plan

We will maximize earnings, primarily in metropolitan areas and focus on capital investment aimed at strengthening our competitiveness



Nagoya Minato DC

Work reform model center based on a layout that supports manpower saving and the employment of people with disabilities Minato-ku, Nagoya-shi Expected to begin operations in April 2020 Cold storage capacity of 30,635 tons (Conceptual drawing)

