

Marine, Meat and Poultry Products Business



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Vision

Through our efforts to distinguish ourselves from competitors in the area of premium products, designed bearing in mind the need for sustainability, we will win the trust of our customers by delivering optimal products that meet their needs.

Business Overview

Nichirei Fresh is utilizing its global procurement and development capabilities to pursue business development centered on providing ingredients for marine, meat and poultry products. This enables us to ensure that we produce and sell marine, meat and poultry products that will satisfy even our most particular customers.

Further, through the development of premium products, we are working to build a sustainable supply chain based on our original six commitments*, as well as strong, long-term partnerships with local suppliers.

Well aware of issues related to natural resources, the environment and sustainable societies, we are providing safe food while striving to create better value for consumers.

* The six commitments are: freshness, deliciousness, safety, security, health and eco-friendliness.

Nichirei Fresh Inc.
<https://www.nichireifresh.co.jp/en/>

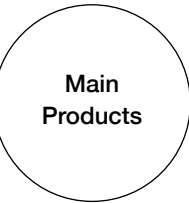
Strengths

The value we provide as an intermediary links manufacturers around the world with markets. We offer:

- Strong, long-term partnerships with suppliers and buyers
- An original premium product production system resulting from manufacturing and processing facilities
- Technological strength and fast product development capabilities, enabling us to cater to several processing levels
- Human resources with advanced expertise and experience

Business Scale (as of April 2019)

- Internally-operated food factories: 8 facilities (7 in Japan, 1 overseas)
* Includes internally-operated poultry farms
- Subsidiaries 11 (7 marine product subsidiaries, 4 meat and poultry subsidiaries, 5 in Japan, 6 overseas)



Large variety of natural and cultured shrimp



Wide range of sushi toppings



Amani no Megumi series (chicken, pork and beef)

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

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

Strategies

Our marine products business structure has been affected by exchange rate and market price fluctuations. In particular, we will adjust our product mix and increase our handling of processed marine products to ensure a proper response to market price fluctuation-related issues. In 2018, we augmented our capacity to produce processed marine products by establishing a processing factory in Vietnam. We will work to secure stable earnings by focusing on providing premium products, which constitute one of our strengths and on expanding sales of processed marine products produced utilizing our original processing technology.

In the area of meat and poultry, we will expand sales of our meat, which stands out from that of the competition owing to our original livestock feed and increase added value by providing services that make use of expertise and functions we have developed over many years.

Specifically, we are strengthening sales of our *Amani no Megumi* meat (chicken, pork and beef) series, which we launched in response to growing awareness regarding the benefits of omega-3 fatty acids. Planning to create a new market for meat with health value, we established a poultry farm in Iwate Prefecture that will function as a production base for *Amani no Megumi* chicken.

Then, we will focus on developing products for commercial use in response to both labor shortages in food factories and the restaurant industry, as well as to expanding sales of distinctive products—including our *Pro Select* meat series, which we produce using strict foreign substance controls.

Prepackaging, done at our processing centers, amply meets customer needs, even given the current labor shortage.

For more than a decade, we have worked with our partners to resolve social issues and build environmentally friendly supply chains that offer sustainable procurement of ingredients used in marine, meat and poultry products.

During the fiscal year ending March 31, 2020, we will continue to handle and conduct business activities using, sustainable products.

Three-year sales and operating income targets		(Billions of yen)			
Fiscal year		2019	2020	2021	2022
Marine Products	Net sales	71.2	75.0	75.0	75.0
	Operating income	0.2	0.4	0.7	0.8
Meat and Poultry Products	Net sales	91.1	94.0	98.0	103.0
	Operating income	1.5	1.4	1.6	1.8

Key Policies

Marine Products

The implementation of reforms designed to build a stable earnings structure

Main Measures

- **Marine Products**
 - Shift to sales activities that place a greater emphasis on marketing
 - Expand overseas sales
- **Meat and Poultry Products**
 - Expand sales of differentiated products
 - Strengthen processing functions
- **ESG**
 - Build a sustainable supply chain
 - Reduce environmental impact
 - Carry out initiatives supporting biodiversity

Meat and Poultry Products

The strengthening of fresh foods, development of new products and expansion of sales

External Environment (three-year outlook)

- Opportunities**
 - Expansion of sales channels, including home delivery and e-commerce
 - Rising demand for meals prepared or eaten outside the home
 - Growing demand for commercial-use products, due to rising inbound tourism
 - Greater global demand for Japanese foods
- Risks**
 - Growing scarcity of natural resources, due to climate change
 - Impact on earnings from rising personnel, ingredient and distribution costs
 - Major exchange rate fluctuations
 - Restricted imports and exports, due to the global spread of infectious diseases

Primary Investment Factories

Trans Pacific Seafood Co., Ltd.
Company-owned production factory specializing in processed marine products
* Located in Binh Thuan Province, Vietnam and began operations in October 2018.



Uge Farm
Company-owned poultry farm with the purpose of strengthening the production and sales of *Amani Chicken*
* Located in Hirono-cho, Iwate Prefecture and began operations in March 2018.

