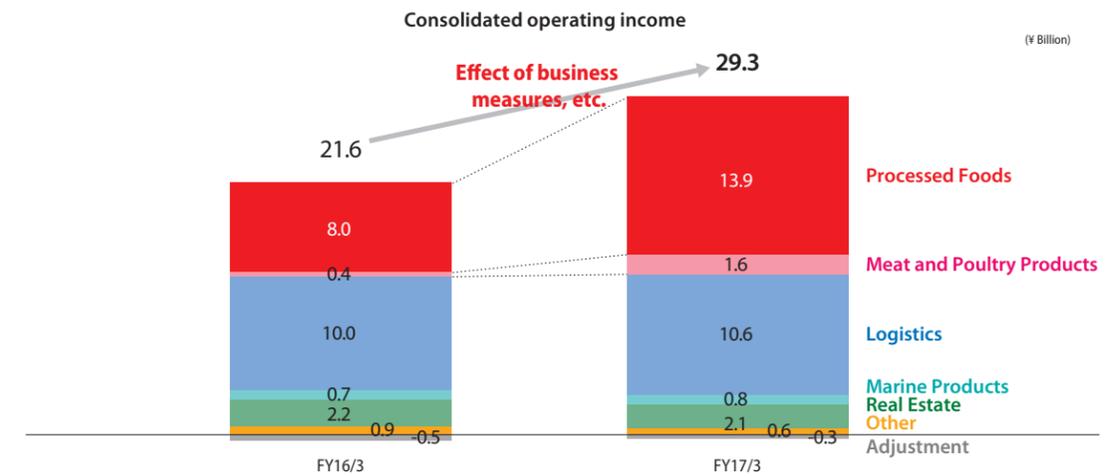


► Our Strategy  
President's Message

Further Increasing Corporate Value  
for Stable and Steady Earnings Growth

Kunio Otani  
Representative Director and President



	FY17/3		
	Results	YoY	
		Variance	% Change
<b>Net Sales</b>	<b>539.7</b>	<b>4.3</b>	<b>1%</b>
Processed Foods	205.0	5.8	3%
Marine Products	69.4	0.6	1%
Meat and Poultry	88.1	-3.9	-4%
Logistics	186.9	2.0	1%
Real Estate	4.6	-0.0	-0%
Other	4.5	-0.7	-14%
Adjustment	-18.9	0.5	-
<b>Operating Income</b>	<b>29.3</b>	<b>7.7</b>	<b>36%</b>
Processed Foods	13.9	5.9	74%
Marine Products	0.8	0.1	22%
Meat and Poultry	1.6	1.2	321%
Logistics	10.6	0.7	7%
Real Estate	2.1	-0.1	-3%
Other	0.6	-0.3	-33%
Adjustment	-0.3	0.1	-
<b>Ordinary Income</b>	<b>29.1</b>	<b>7.7</b>	<b>36%</b>
<b>Profit attributable to owners of parent</b>	<b>18.8</b>	<b>5.3</b>	<b>39%</b>

Review of FY17/3

Processed Foods and Meat and Poultry Products businesses were the drivers for significant earnings gains.

Fiscal 2016 (FY17/3) was the first year of the Nichirei Group's new medium-term business plan (FY17/3–FY19/3), and we made a good start with a considerable year-on-year increase in operating income.

I believe this was the result of each business identifying and decisively implementing necessary measures based on the ongoing Group-wide effort to “focus on capital efficiency, and make strong businesses even stronger.” In particular, measures continued from the previous business plan to enhance earnings capacity in the Processed Foods business began to bear fruit. The Marine Products and Meat and Poultry Products businesses also improved earnings through measures emphasizing stable earnings.

Net sales in FY17/3 rose 0.8% from the previous fiscal year on steady gains in our core Processed Foods and Logistics businesses. Earnings were driven by the Processed Foods business on expanded sales of frozen foods, and Meat and Poultry Products business. Operating income increased 35.8% year on year, reaching a record high for a second consecutive year.

Measures for FY18/3 and Beyond

We will continue with measures for sustainable growth and greater capital efficiency.

During fiscal 2017 (FY18/3), the second year of the medium-term business plan, we expect the business environment to remain difficult, with fluctuations in exchange rates and oil prices amid an unstable world economy, and rising costs due to the labor shortage. However, Nichirei will steadily implement business policies in response to changing conditions, aiming for sustainable growth.

(1) Achieve sustainable growth by enhancing earnings capacity at group companies both in Japan and overseas.

We will make capital investments centered on our mainstay Processed Foods and Logistics businesses, and strengthen the growth foundation for the corporate group through sustainable earnings increases, higher capital efficiency, and expansion of overseas businesses.

1. Processed Foods

Nichirei will work to further strengthen its earnings base and enhance capital efficiency in Japan, and expand its business scale overseas.

We will focus on product development in mainstay categories such as rice products and processed chicken products, and expanding sales through promotions. We will also develop the supply structure at production facilities in Japan and overseas to strengthen our earnings base.

- We will accurately assess customer needs, and expand the range of products to meet changes in household composition and consumer tastes.
- Outside Japan, we will develop products and establish customer channels in the growing U.S. Asian foods market, and seek to expand our market share.

2. Marine Products, Meat and Poultry Products

Nichirei will uncover premium ingredients and provide optimally processed products to meet customer needs, focusing on expanding sales to the restaurant and home meal replacement (HMR) markets. We will also respond appropriately to changing business conditions and cost increases due to the weak yen, pursue thorough inventory management, and work to secure stable earnings.

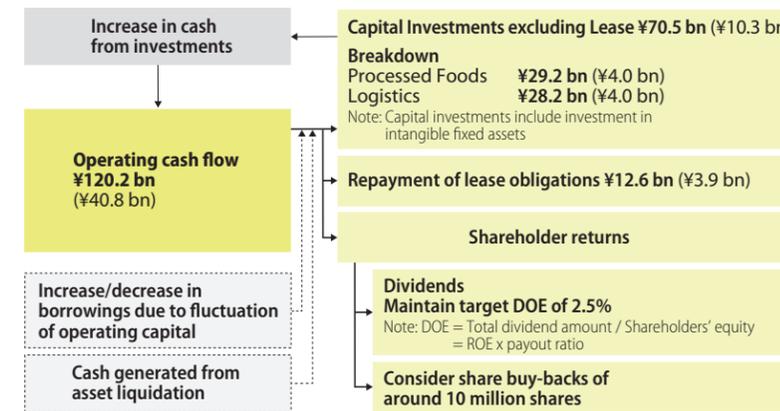
3. Logistics

Nichirei will aim to expand earnings by offering a wide-ranging logistics service utilizing its logistics centers and transport/delivery network in Japan and overseas.

- We will respond appropriately to rising energy costs and the labor shortage, and further enhance operational efficiency.
- We will ensure optimal cargo placement and expand pickups in anticipation of the resumption of operations at Tokyo Danchireizo, and increase the earnings capacity of delivery/transport operations.
- For overseas business, in Europe we will work to expand the business base by strengthening logistics functions at regional port areas and developing transport centers in inland areas. We will also strengthen measures in China and Thailand.

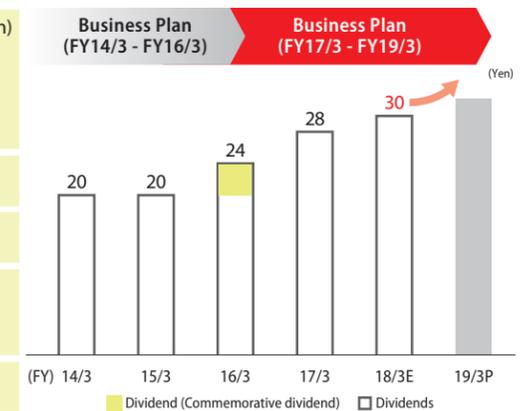


**Distribution of operating cash flow (Three-year cumulative plan)**



Note: Figures in parentheses indicate the results for FY17/3.

**Dividends per share**



**(2) Enhance product quality assurance capabilities**

To ensure the safety and reliability of food, Nichirei will strengthen measures, including adopting international standards and advanced technologies to assess quality and safety, and enhance the product quality assurance capabilities of the entire Group.

**(3) Address ESG issues**

Nichirei has established the “Nichirei Pledge” as the basic CSR policy for the corporate group, and will proactively address such issues as establishing a sustainable supply chain, achieving a low-carbon society, improving job satisfaction, and enhancing corporate governance, to increase our trustworthiness as a company.

**Measures to support sustainable growth**

**We revised our basic CSR policy to create the “Nichirei Pledge” – Working to Make Our Communities More Sustainable.**

With the adoption of sustainable development goals (SDGs), enactment of the Paris Agreement and other developments, companies need to make sincere efforts to realize a sustainable society. Considering the needs of the times, and recognizing the various ways in which our business activities affect stakeholders, the environment and society, Nichirei has revised its basic CSR policy to clarify the priority issues it will address going forward.

Specifically, we revised the former “Six Areas of Responsibilities” to create an expanded “Nichirei Pledge” with eight elements. The two additional items are “Provide safe products and services” and “Maintain a sustainable supply chain.”

“Provide safe products and services” is the core of the Nichirei Group’s business, and clearly expresses something that we have considered a priority for some time. The most important things for us are to ensure food safety and earn the trust of customers, and we have pursued various measures up to now, such as food defense at production plants. Peace of mind comes from regularly receiving safe products, and we strive to achieve this across all parts of the Nichirei Group, including logistics.

“Maintain a sustainable supply chain” is the foundation of the group’s business activities. The Nichirei Group has business operations outside Japan, with suppliers, customers, and other stakeholders located throughout the world. Accordingly, it is important that we fulfill our social responsibilities from a broad perspective across the entire supply chain. To implement this, we formulated the “Nichirei Group Sustainable Supply Chain Policy” together with the “Nichirei Pledge.” We procure products and services in accordance with this policy, and ask suppliers to understand and comply with this policy.

In addition, we included “Continually enhance our workplaces” as part of the “Nichirei Pledge,” and formulated the “Nichirei Group Way of Working Reform Policy.” Based on this policy we will strive to create a vibrant work environment for all employees, offer various ways of working, rectify long working hours, and work to enhance productivity.

**Financial Strategies**

**We are allocating operating cash flow to capital investment and bolstering shareholder returns.**

Nichirei maintains a balanced capital structure with consideration to capital efficiency, growth potential, and soundness, in order to ensure efficient and stable procurement of business capital. In addition, we are allocating the operating cash flow generated during the current business plan period, along with the cash generated from asset liquidation and other sources, to capital investment and bolstering shareholder returns.

Capital investments will focus on our mainstay Processed Foods and Logistics businesses, as well as to strengthen our business foundation with the aim of maintaining competitiveness over the longer term.

In terms of shareholder returns, Nichirei emphasizes maintaining a stable dividend based on consolidated target DOE of 2.5%. For FY18/3, Nichirei plans to increase its annual ordinary dividend by two yen to 30 yen per share. We also conduct share buy-backs as a means for flexible shareholder returns, with due consideration to capital efficiency and market conditions.

**Message to shareholders and investors**

**We are seeking sustainable growth and greater corporate value over the longer term.**

Nichirei is continually mindful that its business resources have been corporate to it by shareholders, and we strive to ensure the generation of suitable returns. Further, to ensure the sustainable growth of the corporate group, we emphasize utilizing management resources from a long-term perspective, rather than to boost short-term earnings.

Going forward, while considering the economic, social, and environmental aspects, we will utilize the Nichirei Group’s strengths and work to further enhance our corporate value. Thank you for your continued understanding and support.

Kunio Otani  
Representative Director and President