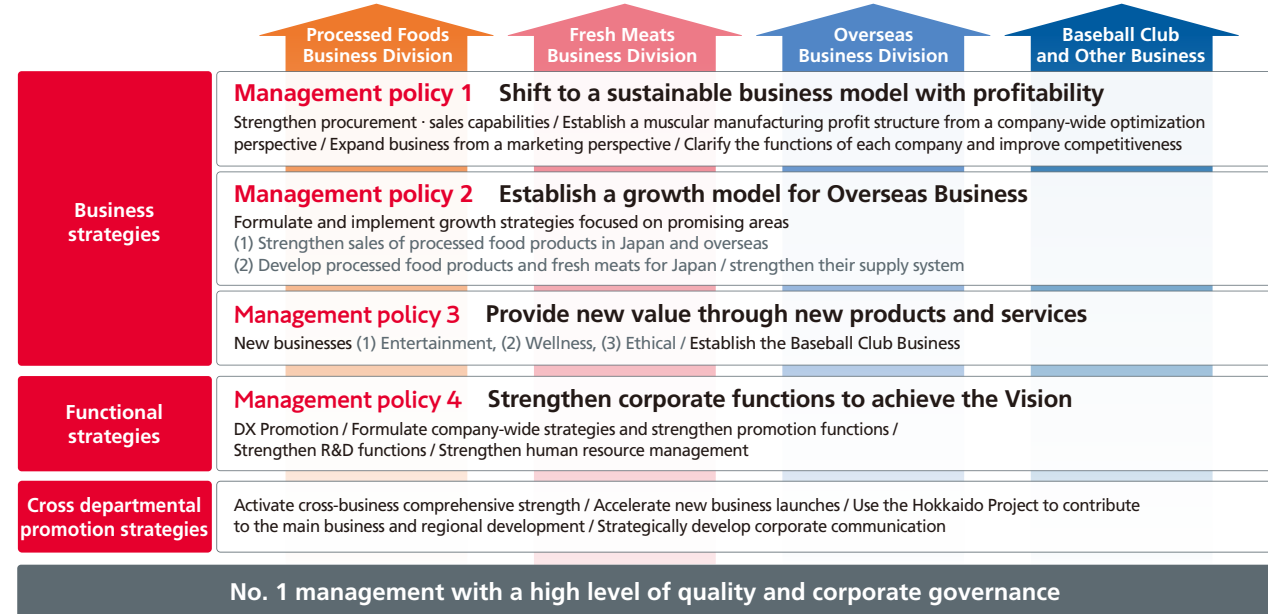
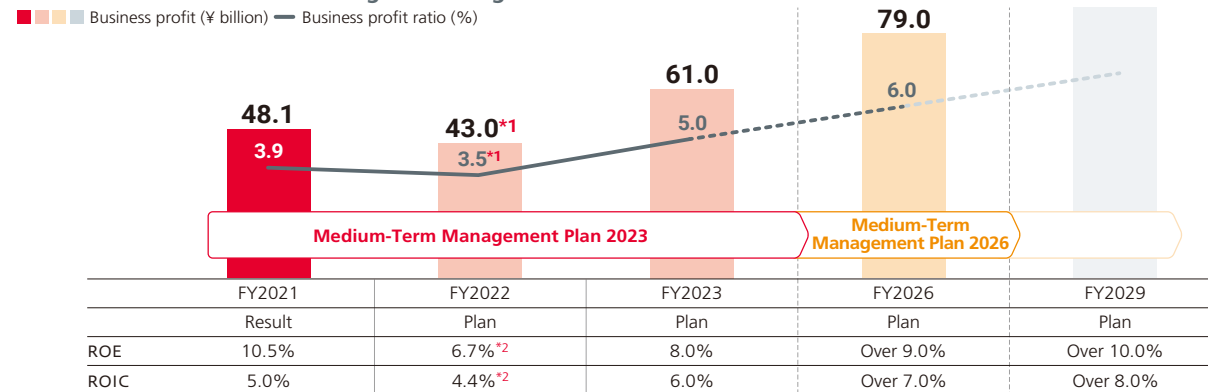


Progress under Medium-Term Management Plans 2023/2026

Medium-Term Management Plan 2023, Three Business Strategies and Four Management Policies



Results and forecasts for management targets and indicators



*1 Revised in August 2022 *2 Revised in May 2022

The NH Foods Group aims to maximize its corporate value under Vision2030 by contributing to the solution of social issues through its business activities. Our strategies for the realization of this vision are defined in Medium-Term Management Plans 2023/2026. This six-year plan is our blueprint for a transition to a sustainable business model while addressing various issues and adapting to change in the external environment. We have positioned the three-year period covered by Medium-Term Management Plan 2023 as a step-up phase on our path to a new stage.

The financial targets for Medium-Term Management Plan 2023, which concludes with fiscal 2023 ending in March 2024, are for net sales of ¥1,220 billion and business profit of ¥61 billion with a business profit ratio of 5.0%, ROE of 8.0%, and ROIC of 6.0%. In fiscal 2021, we responded to soaring raw material prices and rising procurement and production costs by revising prices, improving efficiency, and by pursuing brand and

channel strategies. Thanks to these measures, our results were basically on target, with net sales of ¥1,174.3 billion, business profit of ¥48.1 billion, a business profit ratio of 3.9%, ROE of 10.5%, and ROIC of 5.0%. Our progress toward portfolio optimization and the restructuring of our production operations from a medium- to long-term perspective was also in line with the plan. At the same time, we accelerated our transition to a sustainable business model in response to the increased uncertainty caused by rapid changes in the external environment.

In fiscal 2021, we also took steps to improve ROIC through initiatives toward the optimization of our business portfolio, including the sale of our shareholding in Marine Foods Corp. and the merger of group companies. In fiscal 2022, we will continue to pursue initiatives toward the realization of our vision for 2030, while identifying risks in a challenging business environment.

Progress under our business strategies

	Results	Future measure
Company-wide initiatives	<ul style="list-style-type: none"> Establish an optimal production system (Starting with the Fresh Meats and Processed Foods Businesses) Concentration of resources toward priority businesses Pursuit of an optimal portfolio (Sale of Marine Foods Corp.) 	<ul style="list-style-type: none"> Initiatives based on milestones leading to the 2030 targets
Shift to a sustainable business model with profitability		
Processed Foods Business Division	<ul style="list-style-type: none"> Price revisions Concentration on <i>Schau Essen</i> and high-productivity lines Expansion of sales through synergies within the Processed Foods Business Division Shift to environment-friendly packaging (<i>Schau Essen</i>) 	<ul style="list-style-type: none"> Effective countermeasures against rising raw material/energy costs Recovery of sales volumes after price revision Improvement of productivity and reduction of costs in the area of deli and processed foods Realization of additional synergies
Fresh Meats Business Division	<ul style="list-style-type: none"> Curbing of costs through productivity improvements in company-owned processing facilities Increased external procurement of domestic chicken and pork Expansion of the imported meat procurement network through the development of new source countries and packers Improvement of the branded fresh meat ratio 	<ul style="list-style-type: none"> Reduction of production costs to offset soaring feed prices Maintenance and enhancement of procurement capacity for imported fresh meats despite unstable local production and shipping disruptions Offensive strategies targeting priority channels
Establish a growth model for Overseas Business		
Overseas Business Division	<ul style="list-style-type: none"> Expansion of processed food volumes in North America Expansion of branded fresh meat sales by the Australia business Securing of profits through collaboration between procurement and sales operations in the beef business 	<ul style="list-style-type: none"> Countermeasures against soaring raw material costs for processed chicken products Development of new products in ASEAN Initiatives to reduce livestock-related GHG emissions
Provide new value through new products and services		
Other Business	<ul style="list-style-type: none"> Start of participation in the Entertainment Business and Wellness Business 	<ul style="list-style-type: none"> Development of the Entertainment Business and Wellness Business

Management Policy 1

Shift to a sustainable business model with profitability

Priority measures targeting the Processed Foods Business included a shift to centralized production of flagship brand products, the integration of duplicated production lines, and the realization of synergies. We also responded to soaring raw material prices and rising energy costs by modifying specifications and revising prices for some of our products. Raw material prices and energy costs have remained on a steep upward trend in 2022, and we will therefore cautiously consider further price revisions. We have made good progress toward productivity improvement through the integration of production lines for *Schau Essen* sausages and other products. We plan to take similar action for deli and processed products. We will realize synergies through continuing marketing collaboration, and an increase in the reciprocal use of sales channels and raw materials. From an environmental sustainability perspective, we have reduced the amount of plastic used by introducing new packaging formats for *Schau Essen* sausages and loin ham.

In the Fresh Meats Business, we worked to increase the percentage of branded meats, expand sales, and improve productivity. In fiscal 2022 we will need to enhance our procurement capabilities to cope with soaring feed prices and an unstable import procurement environment. Within Japan, we aim to stabilize procurement and supply chains by improving productivity at company-owned farms, and by collaborating and partnering with outside companies. In the area of imported fresh meats, we will also step up our efforts to build closer relationships with existing suppliers and develop new suppliers in new source countries. At the same time, we will engage in co-creation with feed manufacturers, machinery manufacturers, logistics companies, and other partners with the aim of further enhancing our product and distribution structures. We will also

focus on the expansion of sales of existing and emerging brands through customer-focused marketing activities.

Management Policy 2

Establish a growth model for Overseas Business

We worked to expand sales overseas sales of processed foods in the United States and ASEAN, which are our biggest sources of earnings after Australia. However, the COVID-19 pandemic hampered our efforts to expand domestic and third-country sales in the ASEAN region. In fiscal 2022, we aim to expand production of processed chicken products by Day-Lee Foods in North America, and to increase production and sales by Thai Nippon Foods in the ASEAN region.

In our overseas fresh meats business, we will increase the percentage of high-added-value products, including Nature's Fresh Australian beef, which is highly regarded in the U.S. market, and Gran Carne South American beef from Uruguay. We will also establish a high-value-added brand in Uruguay and sell products in markets where the value of that brand is recognized.

Management Policy 3

Provide new value through new products and services

During the period covered by the current Medium-Term Management Plan, we are formulating plans to start up the new entertainment, wellness, and ethical businesses and build a customer base for our direct-to-consumer (D2C) business, and to use information obtained from consumers to drive group-wide growth in our existing business areas.

In fiscal 2021 we launched the Wellness Business and Entertainment Business.

Progress under Medium-Term Management Plans 2023/2026

Progress under function strategies

		Review	Initiatives going forward
DX promotion	Formulation of DX strategy	<ul style="list-style-type: none"> • Connect Project (integration of business systems and accounting systems) • Productivity improvements through business process reforms, including the creation of an inventory allocation system for the Processed Foods Business and a load allocation system for the Fresh Meats Business • Creation of an educational system to train IT personnel 	<ul style="list-style-type: none"> • Introduction of sales and purchasing system (for the Processed Foods Business in 2023 and the Fresh Meats Business in 2024) • Pursuit of productivity improvements through increased cross-divisional collaboration on the formulation and implementation of additional measures • Implementation of the newly formulated educational system for IT personnel
Formulate company-wide strategies and strengthen promotion functions	Execution of the grand design	<ul style="list-style-type: none"> • Sale of shared in Marine Foods Corporation • Centralization of production lines • Promotion of materiality initiatives 	<ul style="list-style-type: none"> • Achievement of medium- to long-term environmental targets through the realization of environmental investment • Pursuit of portfolio optimization from a company-wide perspective • Realization of further group synergies
Strengthen R&D functions	R&D leading to the creation of sustainable businesses	<ul style="list-style-type: none"> • Implementation of research on materiality-based themes Research relating to new proteins/Start of trials of smart pig farming system/Development of food allergy test kit/Start of sales of IMIDEA 	<ul style="list-style-type: none"> • Continuation of research on materiality-based themes Research relating to new proteins/Reduction of GHG emissions through the reduction of cattle-derived methane emissions/Development of walnut allergy detection kit, research relating to the prevention of food allergies/Extension of healthy life expectancy
Strengthen human resource management	Create a corporate culture and frameworks that encourage employees to take on challenges	<ul style="list-style-type: none"> • Measures relating to human resource management Improvement of personnel systems in group companies/Addition of "challenge" items to MBO target management system 	<ul style="list-style-type: none"> • Expansion of systems to group companies, implementation and assimilation Promotion of KPI-based management/Further expansion of "challenge" items in the MBO target management system/Increased employment of non-Japanese workers, increased role for female employees, support for employment for people with disabilities

Management Policy 4

Strengthen corporate functions to achieve the Vision

We are approaching the enhancement of corporate functions to support to the realization of our vision from four perspectives: DX promotion, the formulation of company-wide strategies and strengthening of promotion functions, the strengthening of R&D functions, and the strengthening of human resource development. We are making steady progress with our efforts to formulate company-wide strategies and strengthen promotion functions in line with the overall concept defined in Medium-Term Management Plan 2023.

DX promotion

As part of our initiatives to strengthen our company-wide systems, we integrated our accounting systems in fiscal 2021 and introduced an integrated system at all group companies in Japan in April 2022. We aim to integrate sales, purchasing, and other business systems from 2023 onwards for the Processed Foods Business, and from 2024 onwards for the Fresh Meats Business. We will consider the integration of overseas systems after identifying issues and determining our approach.

We are implementing business process reforms based on the use of AI. In fiscal 2021, we created an inventory allocation system for the Processed Foods Business and a load allocation system for the Fresh Meats Business. We also commenced testing in preparation for the implementation of these systems. In fiscal 2022 we will introduce AI tools in preparation for the creation of customer analysis infrastructure.

Employee training will be needed to ensure the implementation of these system transitions and DX strategies according to plan. In fiscal 2021 we developed an education structure divided into levels ranging from IT literacy to DX training for selected employees. We started to implement these programs in April 2022.

Strengthen R&D functions

Fields covered by our R&D activities include cultured meats, meat alternatives, allergies, smart pig farming, and the extension of healthy life expectancy. One of the successes to emerge from our research and data collection activities is the cognitive function enhancer *IMIDEA*, a food with functional claims relating to the alleviation of cognitive decline. *IMIDEA*, which has been patented in Japan and Europe, went on sale in fiscal 2021. We aim to differentiate NH Foods from its competitors and enhance our earning power by commercializing more of our research successes in the medium- to long-term future.

In fiscal 2022, we will move forward with initiatives targeting the problem of walnut allergy, which has become increasingly prevalent in recent years, including the development of a test kit and further research into foods that prevent food allergies. We will also carry out trials to verify the performance of various AI systems used in our smart pig farming system.

Strengthen human resource management

In fiscal 2021 we launched priority initiatives focusing on the pursuit of challenges and the experience of growth, remuneration commensurate with abilities and duties, and self-directed career developments. The theme for these initiatives was the creation of a culture in which people can take up challenges. In fiscal 2021 we added "challenge" items to the target management system of NH Foods Ltd. While respecting the autonomy of individual group companies, we are implementing personnel system reforms to address various issues.

In fiscal 2022, we will pursue prioritized initiatives based on respect for diversity, including the promotion of a greater role for female employees and employment for people with disabilities.

Progress on cross business strategies

		Review	Initiatives going forward
Cross business strategies	Initiatives to reap the benefits of tariff reductions and create optimized procurement structures	Cross-divisional Free Trade Agreement Countermeasure Project	<ul style="list-style-type: none"> • Identifying issues relating to the overseas production of processed food blocks • Preparations for product-related measures
	Consideration of initiatives to realize short-term benefits through the use of company-wide assets, and measures to address medium- to long-term issues	Shared Assets Project	<ul style="list-style-type: none"> • Cost reduction and mitigation of environmental loads through collaboration between production areas • Identification of issues relating to sales and logistics
New business	Realizing Vision2030 through new businesses	Wellness business: Establishment of Table for All as a comprehensive platform for food allergy care	Entertainment business: Launch of Meatful as a new service providing experiential value to new customer groups
The Hokkaido Project	We will use our group resources to contribute to society through co-creation with communities.	<ul style="list-style-type: none"> • Creation of Hokkaido brands based on raw materials produced in Hokkaido • Environmental countermeasures at factories in Hokkaido 	<ul style="list-style-type: none"> • Establishment of the Hokkaido Project Promotion Office • Closer collaboration with companies in Hokkaido
Corporate communications	Enhancing the reputation of the NH Foods Group	Use of digital technology to stream a series of videos introducing initiatives relating to protein and food allergies	Raising awareness of Vision2030 within and beyond the NH Foods Group through the convergence of ER strategies and PR measures

Cross business strategies

We are formulating measures under the Cross-divisional Free Trade Agreement Countermeasure Project from a company-wide perspective because of the project's close relevance to business strategies calling for a shift to a sustainable growth model that will ensure profitability, and the development of growth models for overseas businesses. We will consider specific responses to the impact of tariff reductions for processed pork products and create new markets through marketing activities based on the unique characteristics of processed products from overseas, while also building optimized procurement structures.

The Shared Assets Project combines production site optimization and the enhancement of marketing and marketing efficiency with logistics reforms. In fiscal 2021 we worked to reduce costs and our environmental footprint by strengthening collaboration between neighboring production areas and manufacturing sites throughout Japan. We also identified issues affecting efforts to strengthen area marketing. Going forward, we will share positive case studies from each area in order to enhance our ability to propose solutions to issues affecting important customers. In preparation for logistics reforms, we have identified group-wide issues and analyzed logistics structures in each business division. We plan to formulate future concepts based on environmental changes affecting logistics, storage, and marketing functions from a company-wide perspective.

New business initiative strategy

In the Wellness Business, we established Table for All, the first comprehensive food allergy care platform created by a Japanese food manufacturer, in February 2022. A feature of the new platform is ability to respond to requests for

nutritional advice. In April we also began to sell food products for people with food allergies.

In the Entertainment Business, we launched Meatful, a direct-to-consumer (D2C) e-commerce site with the concept of expanding the potential of meat. Opened in February 2022, the new site provides products and services to suit a wide range of situations.

The Hokkaido Project

The NH Foods Group has close links to Hokkaido. The region is home to the Hokkaido Nippon Ham Fighters baseball club and is also the location of many of our farms, and production, manufacturing, and logistics sites. The purpose of the Hokkaido Project is to build a profile for the NH Foods Group as a corporate group with roots in Hokkaido by using our group resources to enhance the social value and brand value of communities and companies and earn economic value. We are currently strengthening our relationships with local companies and government agencies in preparation for the opening of the Hokkaido Ballpark F Village in 2023. As part of our response to climate change, we have also started to implement changes at our pig farms in Hokkaido with the aim of reducing greenhouse gas emissions to the net-zero level.

Corporate communication strategy

Through our corporate communication activities, we aim to inform society about our activities in relation to two themes: dietary support through the supply of protein, and a food-related social issue (food allergies). We are also expanding our communication activities, including events at our business sites featuring Tsuyoshi Shinjo, the manager of the Nippon-Ham Fighters baseball team, as an ambassador.

Close-up/Research & Development

01 Innovation the key to the future of food and livestock farming

From hypoallergenic foods to allergy prevention foods

Food allergies occur most frequently in infancy. In Japan, allergies affect around one in ten babies and one in 20 toddlers. Numerous reports indicate that the percentage of people suffering from allergies is rising globally, and that allergies have become a serious social issue.

The NH Foods Group's Research & Development Center has been developing and selling hypoallergenic foods and food allergy test kits for over 25 years. Our test kits have captured a large market share and are used by many food manufacturers and official testing agencies.

In 2017, our work in this field entered a new phase with the start of research focusing on food allergy prevention in collaboration with the National Research Institute for Child Health and Development and Kochi University. Recent tests, in which egg white digested using proteolytic enzymes formulated for food processing was administered to egg allergy model mice, have shown that digested egg white is less likely to trigger allergy symptoms than undigested egg white, indicating that it is as effective as undigested egg white in preventing egg allergy.*

* These research findings were published online in *Allergology International*, an international scientific journal, on April 18, 2022.



Fastkit series of food allergen test kits
We are currently (2022) developing a test kit for walnuts, for which allergen labeling is mandatory. A test kit for crustaceans will go on sale in August.



From GHG emission reduction to smart pig farming

Livestock farming is believed to account for 14.5% of greenhouse gas emissions. The future of livestock farms is also under threat from other factors, including a lack of next-generation farmers, and the risk of foot-and-mouth disease. As the R&D unit of a company involved in livestock farming, the NH Foods Group's Research & Development Center has an important mission to carry out research that will contribute to the solution of these problems.

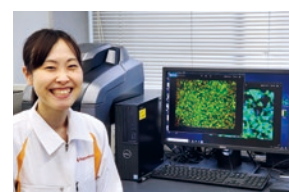
We are currently collaborating with a university on a joint research program concerning the reduction of greenhouse gas emissions. We are exploring two approaches: the curbing of methane emissions, and the capture and utilization of emitted methane.

Our support for livestock farmers also includes the development of foot-and-mouth disease test kits and a new PRRS vaccine. We also offer a smart pig farming system, which has been introduced on a trial basis at one of the NH Foods Group's farms in Hokkaido. Marketed as PIG LABO, the system provides total support at all stages from care for sows and litters to shipment. We aim to commence sales of an AI-based estrus detection system in fiscal 2022, and to offer a total support system for sows and litters by 2029.

Frontline Activities

Helping more people to experience the joy of food through allergy prevention

I am involved in R&D activities focused on preventing the development of food allergies. In recent years, food allergy research has shown that after receiving treatment for skin inflammations, patients can prevent recurrences by consuming minute amounts of the protein that caused the allergic reaction. I believe that the NH Foods Group can make a major contribution in this area. We will continue to work hard to meet the expectations of the patients and medical professionals who participate in our research, patients' families, and everyone who needs allergy prevention foods.



Yamada
Research & Development Center

Close-up/Development and design

02 Health, the environment, and usability added to product quality perspectives

NH Foods Quality—A five-way approach

As we work to meet our materiality targets and realize Vision2030, we have transitioned to a new phase in which social issues are also taken into account in our product development activities. We have formulated Quality Assurance Regulations, which identify not only the basic food criteria of safety and deliciousness, but also health, the environment, and usability as common quality perspectives for our food development activities.

These five perspectives form the basis for food product development under the NH Foods Quality philosophy.



Health

Responding to diverse food needs

In addition to encouraging people to consume more beneficial nutritional elements, such as proteins, we will also explore the factors that make people reluctant to consume these elements, while continuing to design and develop products and provide information to promote a more balanced diet.

- Supply of protein-rich foods
- Supply of products that offset potential nutritional deficiencies
- Introduction of more products to meet the needs of people with food allergies and diverse values
- Supply of products with reduced salt and fats, etc.



Health-focused products

The environment

Contributing to a sustainable environment

Through our product development activities, we will continue to address issues throughout our value chains, including greenhouse gas emissions, food losses, and plastic waste.

- **Reducing plastic use:** Use of biomass film, recycled plastic, and paper trays, reduction of packaging thicknesses, modification of packaging formats, other initiatives...
- **Use of certified products:** Certified palm oil, FSC-certified paper...
- **Reducing food losses:** Extension of expiry periods, development of products suitable for room-temperature storage etc.



36.9% reduction in the quantity of plastic used through initiatives that include a shift from plastic to paper trays, and the reduction of the use of exterior wrapping film

Usability

Reflecting customer feedback

We have used customer feedback received by our quality assurance and customer services units to formulate our "package check guidelines" from a user perspective.

At the development and design stage, we exhaustively check product characteristics, such as usability and clarity, from a user perspective.

In addition, we share customer complaints and needs on a monthly basis and use them to develop and improve our products and services.



Checking products from the simulated perspective of an elderly consumer

Frontline Activities

We will continue to support product development by analyzing social issues from a user perspective.

Our project began with an exploration of how corporate divisions can contribute to the realization of Vision2030. It was very difficult to condense the wide-ranging discussion that ensued into specific goals. However, after extensive communication with business divisions, we were eventually able to formulate the Quality Assurance Regulations. We disseminated the results of our discussions to development and manufacturing units as practical measures that will enable the NH Foods Group to reflect social issues more in its product development activities. We will continue to provide support through our work to ensure that social issues are reflected in product development from a user viewpoint.

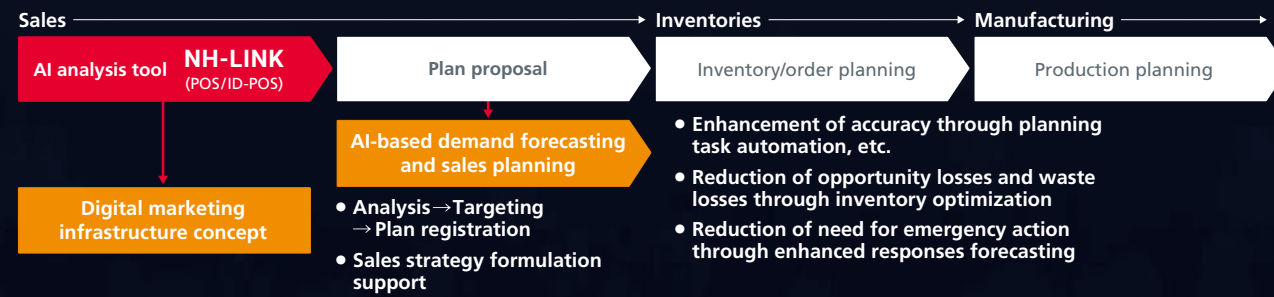


Takeuchi
Customer Service Department

Close-up/DX initiative

03 Creating new value through the use of digital technology to transform business model

Demand planning—Future concepts



Offensive and defensive DX

The NH Foods Group is using digital technology to make fundamental changes to its business processes and business models. Under the “Connect” core system reform project, we aim to build digital infrastructure and link it to DX.

We have positioned IT transformation (ITX) as defensive DX. By using AI-based demand forecasting to automate sales planning, we will ensure accurate data integration across production and manufacturing operations. We aim to use demand planning processes to optimize supply chain planning inputs through the creation of solutions based on our business process concepts and data verification.

Our priority for offensive DX is the development of NH-LINK, a system with an AI engine. The use of AI will enable the system to analyze vast amounts of customer data rapidly. By accelerating the implementation of offensive DX, we will transition to a data-driven marketing approach that will provide a high level of certainty.

Driving DX Improving corporate value by reflecting POS data in proposals for products, sales promotions, and sales area design

Digital marketing initiatives by the NH Foods Group include the enhancement of sales proposal and product development capabilities through the development of POS data resources and the introduction of AI analysis tools. We are also trialing a retail DX program in Miyawaka, Fukuoka Prefecture. This program involves test marketing of brand products through in-store communications. We use in-store signage and other methods to disseminate messages designed to attract new customers and encourage repeat purchases. The resulting purchaser behavior is then analyzed. Results obtained through trial and verification processes give us a better understanding of consumers, which we then apply to our marketing, sales promotion, and product development activities with the aim of improving corporate value.



Trial use of AI analysis tools in sales planning

Frontline Activities

We aim to create corporate value by promoting DX in collaboration with business divisions

My role is to support DX projects proposed by participating members from the planning stage through the final implementation, including DX training for selected personnel. We receive a wide variety of proposals, ranging from problem-solving ideas to value-creation concepts that people want to try. I find my work exciting because we go beyond training and work alongside members from start to finish to ensure that projects result in the creation of corporate value. I will continue to work with my colleagues to turn proposals into real concepts that can be used company-wide to improve operating efficiency, drive workstyle innovation, and create new business.



Ogi (far right)
IT Strategy Department

Close-up/Employee potential

04 Enhancing employee potential through human resource management cycle

We believe that employees need a real experience of challenge and growth in order to feel motivated toward their work. We are helping employees to take control of their own growth by effectively implementing human resource management cycles and encouraging individuals to self-direct their own careers.



Supporting employee growth through training along four axes

In fiscal 2022, we began to update our human resource development programs to reflect the importance that we place on providing information and facilitating self-development to enable employees to think for themselves and manage their own careers. In addition to rank-based training, we are also encouraging employees to take control of their careers by offering an expanding range of voluntary training programs with specific objectives. Other employee development systems that enable individuals to play an active role in designing their own careers include an in-house recruitment system and a system under which each employee declares his or her personal career goals. There are also career boost seminars designed to help employees to discover new life planning insights as

they reach the milestone ages of 29, 39, 49, and 54. In addition, employees can access remote learning programs.

We have strengthened the linkage among these human resource development programs to create a structure under which we support employee growth through training along four axes: rank-based training, purpose-based training, next-generation training, and career development.

The NH Foods Group regards DX knowledge as an essential part of training for next-generation management personnel. For that reason, DX human resource development has been included as a core next-generation training program since fiscal 2022.

Training systems (FY2022)

Rank-based training	Next-generation training	Goal-oriented training	Career development
Training is provided according to rank, including the following. <ul style="list-style-type: none"> New employees Staff members Section managers Executives Evaluators 	<ul style="list-style-type: none"> New general manager training Business leader training Business college training 	Employees voluntarily participate in programs covering a wide range of topics, including the following. <ul style="list-style-type: none"> Management DX Thinking skills New business startup skills Operational skills Quality management 	We offer a variety of programs, especially career advancement planning seminars.

Driving DX Emphasis on DX training as an essential requirement for next-generation leaders

We are accelerating DX training through management seminars, business leader training, and business college training. The management seminars are designed to give management personnel the thinking, innovation, and leadership skills needed to drive DX from a management perspective. Our business leader training programs cover not only DX knowledge, but also the linkage of that knowledge to the achievement of specific reforms and outcomes in each business area. The purpose of business college training is to learn the basics of ITX and design philosophy, and the basic techniques of idea development and value creation.



Frontline Activities

Facilitating independent career development by individual employees as a growth driver

We believe that when people have greater control over their own careers, they are more likely to take the initiative and feel motivated toward personal growth and their work, leading to enhanced productivity across the entire working environment. Our goal is to help employees to develop their careers independently, but that is only possible if individual employees take the initiative and think and act for themselves. We are aware that it is not enough for the company simply to create opportunities, and that it is also important to avoid situations in which employees lose their independence because the level of support is too high.

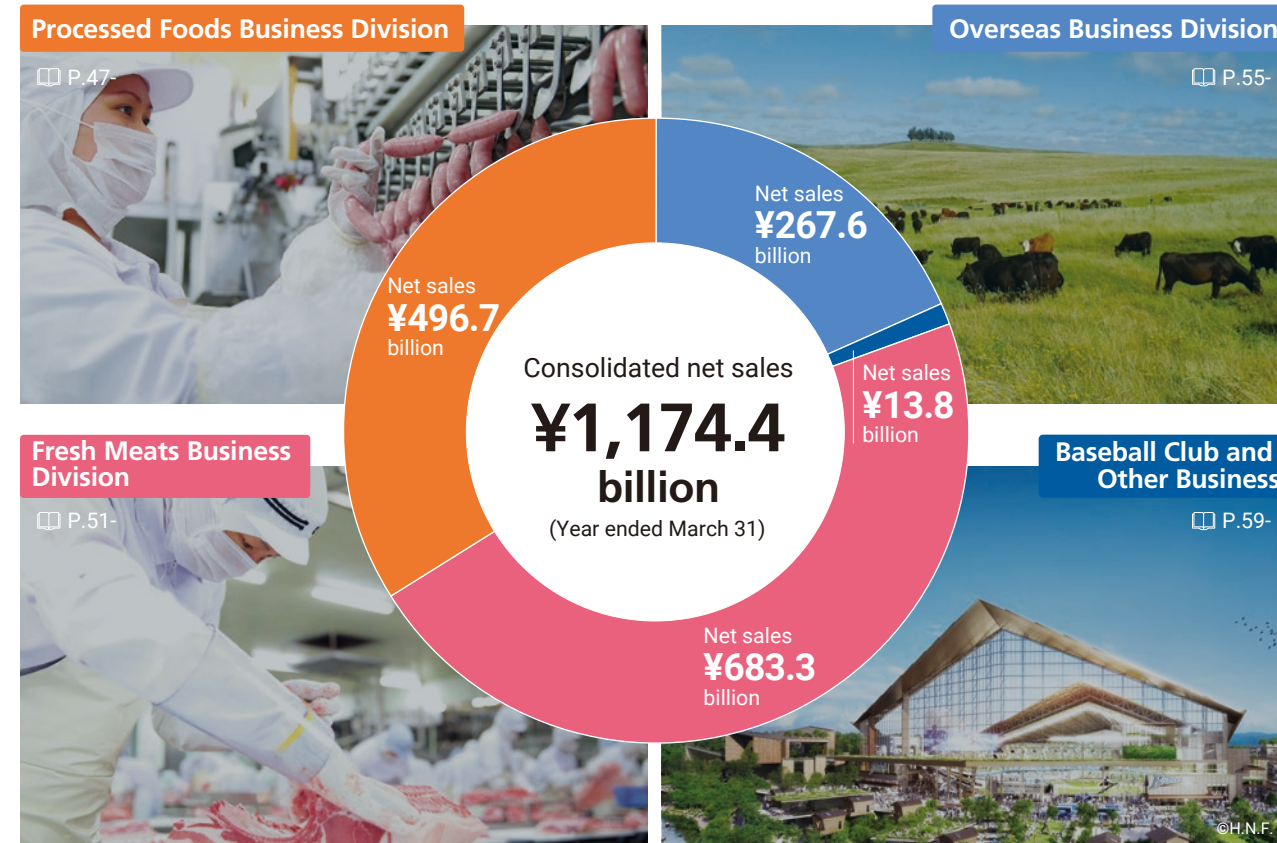


Kuroki
Human Resources Department

Segment data

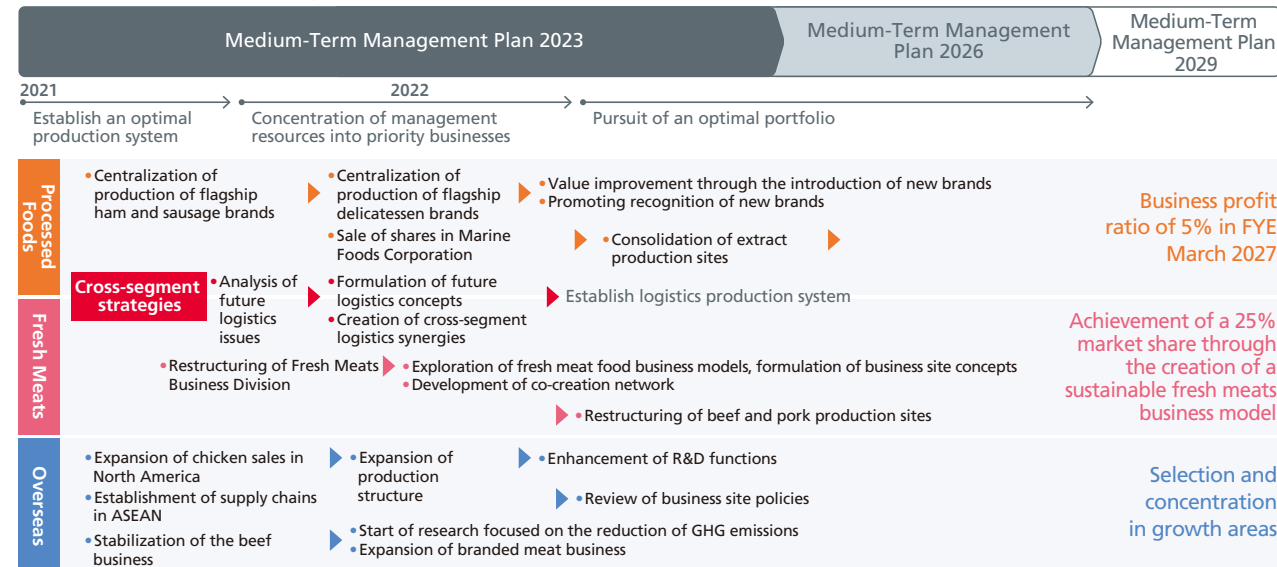
At a glance

Breakdown of net sales



The sum of segment net sales does not match consolidated net sales because these figures have not been adjusted on a company-wide basis.
*Results for non-continuous businesses (Marine Foods Corporation) have been excluded.

Business Division Roadmap



Overview of results for the fiscal year ended March 2022

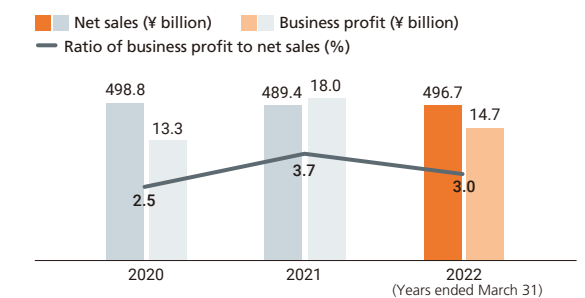
Processed Foods Business Division

Net sales in the Processed Foods Business Division in the fiscal year ended March 2022 were 1.5% higher year on year at ¥496.7 billion, but business profit declined by 18.3% to ¥14.7 billion.

Sales of commercial products increased year on year, while sales of consumer products remained at the previous year's level. These results reflect the waning impact of the COVID-19 pandemic, and changes in consumer behavior.

Profit was lower. In addition to faster-than-expected increases in raw material prices, fuel costs, and other items, labor costs were also higher due to volume growth, while upfront costs increased due to investment in DX development.

Net sales, business profit, business profit ratio



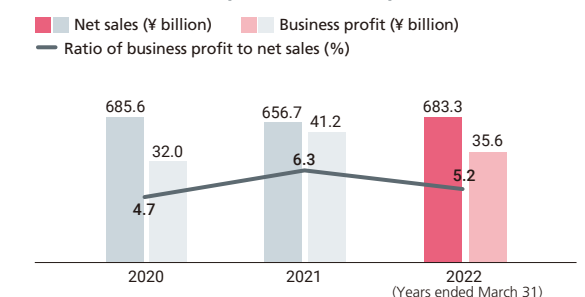
Fresh Meats Business Division

Net sales in the Fresh Meats Business Division in the fiscal year ended March 2022 increased by 4.1% year on year to ¥683.3 billion, but business profit was 13.7% lower at ¥35.6 billion.

Fresh meat imports were affected by soaring procurement prices and uncertainty about supply quantities. However, the NH Foods Group used its extensive procurement and logistics networks to ensure reliable access to supplies. In addition, we worked to raise selling prices and increased our efforts to persuade consumers to buy domestic branded meats instead of imported products. These efforts resulted in higher net sales.

Profit declined due to the impact of sharply higher feed prices and fuel costs.

Net sales, business profit, business profit ratio



Overseas Business Division

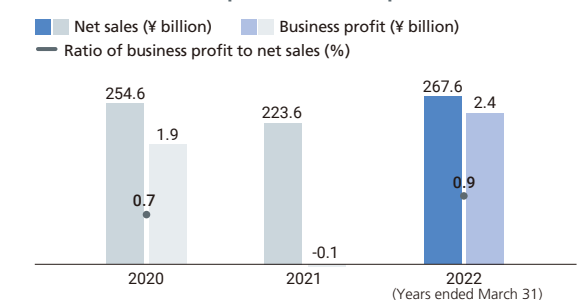
Net sales in the Overseas Business Division increased by 19.7% year on year to ¥267.6 billion, and there was a business profit of ¥2.4 billion, compared with a business loss of ¥0.1 billion in the previous fiscal year.

Our businesses in Asia and Europe recorded higher sales of both processed products and chicken. As a result, both revenue and profit were higher.

Our North American business recorded revenue growth thanks to strong trends in pork exports and sales of processed foods. However, profit was lower due to persistently high raw material prices.

The suspension of exports from Uruguay to China negatively impacted profit from the Australian business. However, overall revenue and profit were both higher, thanks to strong trends in exports and sales.

Net sales, business profit, business profit ratio



Baseball Club and Other Business

Net sales in the Baseball Club Business and Other Business segment increased by 17.4% year on year to ¥13.8 billion, and there was a business loss of ¥1.6 billion, compared with a loss of ¥1.8 billion in the previous year.

It was possible to host baseball matches thanks to comprehensive anti-infection measures, with the result that both net sales and profit from the Baseball Club Business were higher year on year.

In the health support business area, we actively promoted sales of functional food ingredients and worked to raise awareness of *IMIDEA*, a new food with functional claims.

New business initiatives included preparations for the provision of services based on the Entertainment Business, the Wellness Business, and the Ethical Business.

Net sales, business profit, business profit ratio

