

Segment data

# At a glance

## Processed Foods Business Division

The Processed Foods Business Division develops, manufactures, and sells ham, sausages, processed foods, dairy products, seafood, and extract seasonings. It contributes to the enjoyment of food in many areas through the development of long-selling products, including *Schau Essen*, *Chuka Meisai*, and *Vanilla Yogurt*. Supplied not only to consumers, but also to convenience stores and restaurants, these products have achieved top market shares in a wide range of categories.

Main products handled

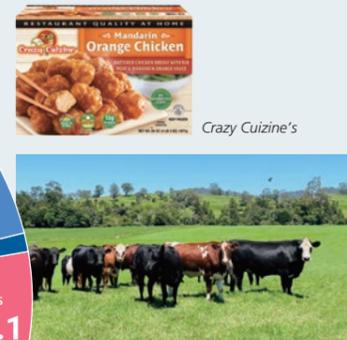


## Overseas Business Division

The activities of the Overseas Business Division include cattle and chicken breeding and production, trading of various meat types, and the manufacture and sales of processed products in Asia, Europe, the Americas, Australia, and other regions.

In addition to local and third-country sales and exports to Japan, it also offers products and services to match diverse local dietary culture and values in various countries and regions.

Main products handled



## Fresh Meats Business Division

The Fresh Meats Business Division has built a vertical integration system covering all stages from the production of fresh meats through to sales, together with fresh meat procurement networks and the Nippon Food companies sales networks in Japan and overseas.

We currently handle approximately one-fifth of all meat sold in Japan in volume terms.

Main domestic fresh meat brands



Main imported fresh meat brands



## Ballpark and Other Business

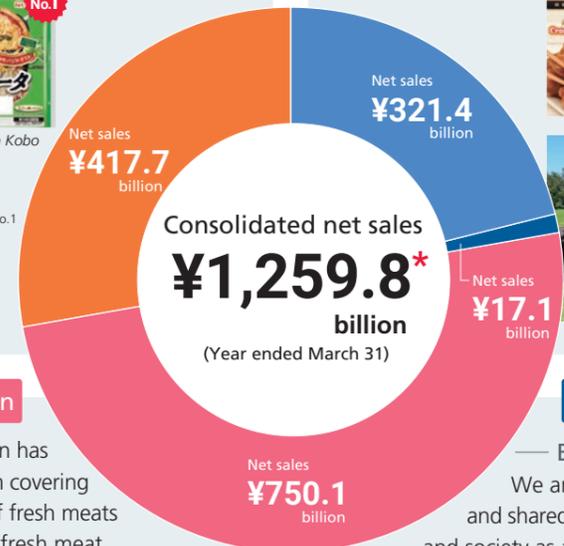
### Ballpark Business

We are working to achieve co-creation and shared prosperity with local communities and society as a whole through food and sports.

In addition to our involvement in the management of the Hokkaido Nippon-Ham Fighters, a professional baseball team, we are also working toward this goal through the Hokkaido Ballpark F Village scheme. The centerpiece of the scheme is ES CON FIELD HOKKAIDO, a new ballpark scheduled to open in March 2023.

### Other Business

The NH Foods Group is building new D2C businesses in three areas. In the Entertainment Business segment, we have responded to diversification of diets by developing products and services and establishing *Meatful* as a new doorway to the enjoyment of handmade foods. In the Wellness Business segment, we have launched *Table for All* as the food industry's first comprehensive platform for food allergy care. We have also established the Sustainability Business Segment.



\* The sum of segment net sales does not match consolidated net sales because these figures have not been adjusted on a company-wide basis.

## Overview of results for the fiscal year ended March 2023

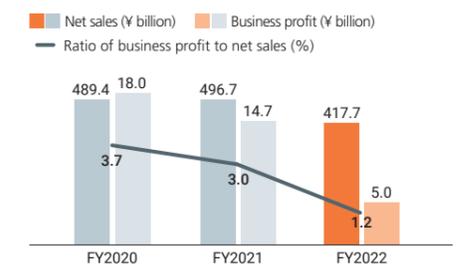
### Processed Foods Business Division

Net sales in the Processed Foods Business Division in the fiscal year ended March 2023 were 15.9% lower year on year at ¥417.7 billion, while business profit declined by 65.8% to ¥5.0 billion.

Sales of commercial products increased, in part because of lockdowns in response to the COVID-19 pandemic, but sales of consumer products fell due to shifts in demand trends following price revisions. This led to a downturn in total net sales.

Profit was lower because of reduced net sales and rising prices for raw materials, energy, and other inputs, as well as advance expenditure relating to the development of digital transformation systems.

Net sales, business profit, business profit ratio



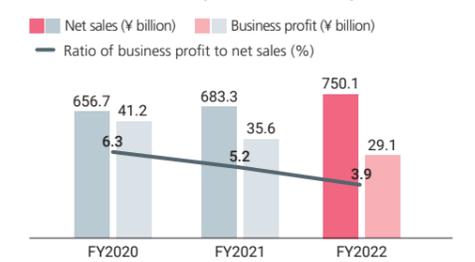
### Fresh Meats Business Division

Net sales in the Fresh Meats Business Division in the fiscal year ended March 2023 increased by 9.8% year on year to ¥750.1 billion, but business profit was 18.2% lower at ¥29.1 billion.

The higher result for net sales reflects firm trends in the market prices of pork and chicken, as well as increased sales, especially through the restaurant channel, after the easing of COVID-19 restrictions.

Reasons for the lower profit figure included persistently high feed prices and fuel costs, and an increase in domestic inventories, which hindered efforts to pass on cost increases through prices.

Net sales, business profit, business profit ratio

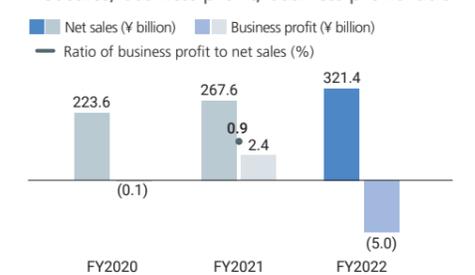


### Overseas Business Division

Net sales in the Overseas Business Division increased by 20.1% year on year to ¥321.4 billion, and there was a business loss of ¥5.0 billion, compared with a business profit of ¥2.4 billion in the previous fiscal year.

In addition to firm trends in sales of processed foods in Asia and Europe, chicken sales increased thanks to the maintenance of high prices. However, profit was impacted by negative factors, including higher prices for processed food raw materials and feed grain. Profit from our business in the Americas was higher thanks to strong trends in processed food sales and pork exports, combined with the stabilization of raw material prices. Net sales from the Australian business were higher because of strong domestic sales and high export prices. However, profit declined due to persistently high cattle collection prices.

Net sales, business profit, business profit ratio

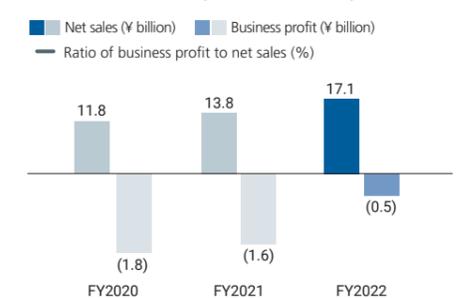


### Ballpark and Other Business

Net sales from the ballpark and other businesses increased by 23.5% year on year to ¥17.1 billion in the year ended March 2023. There was a business loss of ¥500 million, compared with a ¥1.6 billion business loss in the previous consolidated fiscal year.

The ballpark business benefited from a major increase in spectator numbers resulting from the creation of a safe, secure viewing environment and initiatives to attract visitors. We actively marketed our health support business in China following the easing of the zero-COVID policy. We also developed and launched a food detection kit designed to detect walnuts, which have been newly designated as an allergenic ingredient. New business initiatives included the promotion of our D2C business and the start-up of the *Mealin' Good* brand as a new sustainable business.

Net sales, business profit, business profit ratio



## Segment data

### Processed Foods Business Division



**We aim to maximize earnings across all business areas through a brand recovery driven by marketing, and the minimization of production costs.**

**Yukihiro Matsumoto**

Managing Executive Officer,  
General Manager of Processed Foods Business Division

Risks	Opportunities	Responses
<ul style="list-style-type: none"> <li>Market shrinkage due to a falling birthrate and demographic aging</li> <li>Raw material cost increases due to shifts in the global supply-demand balance</li> <li>Procurement risks from climate change</li> <li>Dramatic exchange rate fluctuation (weaker yen)</li> <li>Rising personnel expenses and labor costs due to a falling working-age population</li> <li>Growing concerns about food safety</li> </ul>	<ul style="list-style-type: none"> <li>Diversification of diets due to lifestyle changes</li> <li>Global population growth</li> <li>Expanding demand for products that match the consumer focus on health</li> <li>Increased demand for reserve and emergency supplies that can be stored at room temperature</li> <li>Evolution of new markets through the emergence of diverse food cultures, such as veganism</li> <li>Growth in demand for eco-friendly products</li> <li>Market expansion through growth in demand for meat substitutes</li> </ul>	<ul style="list-style-type: none"> <li>Develop products for different meal scenarios in each target area.</li> <li>Pursue cost competitiveness</li> <li>Optimize the product mix.</li> <li>Optimize the production structure.</li> <li>Diversify resource procurement sources.</li> <li>Expand into overseas markets, including exports.</li> <li>Develop meat substitutes.</li> <li>Expand lineup of food allergy-friendly products.</li> <li>Reduce resources used in packaging.</li> </ul>

### Review of fiscal 2022, recognition of issues

Our goals for fiscal 2022 were to develop a lean manufacturing structure through overall optimization, and to expand sales from a marketing perspective. While we made progress with business development efforts focused on these goals, this was not enough to offset all of the greater-than-expected impact of changes in the external environment, including sharply high costs for raw and processed materials and energy, as well as exchange rate movements.

In our ham, sausage, and deli product business, sales of flagship products slowed due to the effects of two rounds of price revisions implemented in the previous fiscal year. The resulting change in the product mix led to lower business performance.

In the area of dairy products and marine products, we made progress with price revisions to reflect sharply higher prices in the mainstay category of commercial cheese raw materials. This resulted in higher sales, especially through the restaurant channel. However, performance was adversely impacted by a decline in sales

volumes. There was also a decrease in sales of *Vanilla Yogurt* because of the price revisions, our flagship consumer product, but the overall business profit result for the dairy foods category was similar to the previous year's level.

In the extracts and primary processed products category, there was a decline in sales of unheated processed products through the ready-made meal channel. However, we recorded strong sales of soups and other products to restaurants, especially *ramen* shops, after the easing of COVID restrictions.

We also made progress on the creation of systems to develop hit products. However, we became keenly aware that we would need a new approach rather than the business models of the past in today's rapidly changing business environment. We believe that the biggest issue is inadequate awareness of a crisis that will necessitate changes to the methods of the past. We will transform ourselves into a new business organization capable of adapting quickly and effectively to the changes that will impact our business environment in the future.

### Results for fiscal 2022, initiatives going forward

**Achievements and issues**

- Additional price revisions
- Expansion of sales of commercial products via the restaurant channel
- Expansion of range of products with reduced packaging materials
- Climate change prevention initiatives (fuel conversion, installation of waste oil boilers, solar panels)
- Expansion of food education areas
- Decline in sales volumes following price revisions
- Creation of hit product development systems
- Increased sales of low-margin products
- Flexible production structure

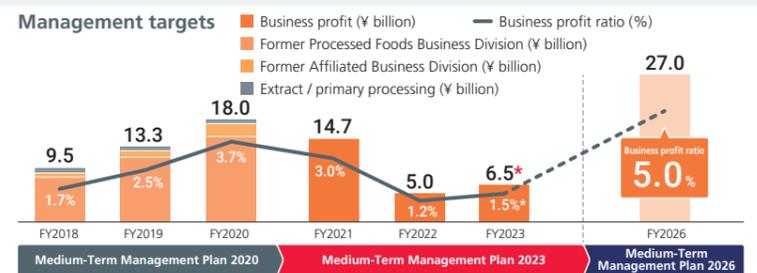
**Future measures**

- Effective countermeasures against rapid changes in the external environment
- Recovery of sales volumes after price revisions
- Achievement of a full recovery for the three flagship brands (*Schau Essen*, *Chuka Meisai*, chilled pizza range)
- Creation of new core business categories
- Minimization of production costs
- Tightening of investment criteria, pursuit of returns
- Increased use OEMs
- Exploration and implementation of energy-saving measures

### Overview of Medium-Term Management Plan 2023

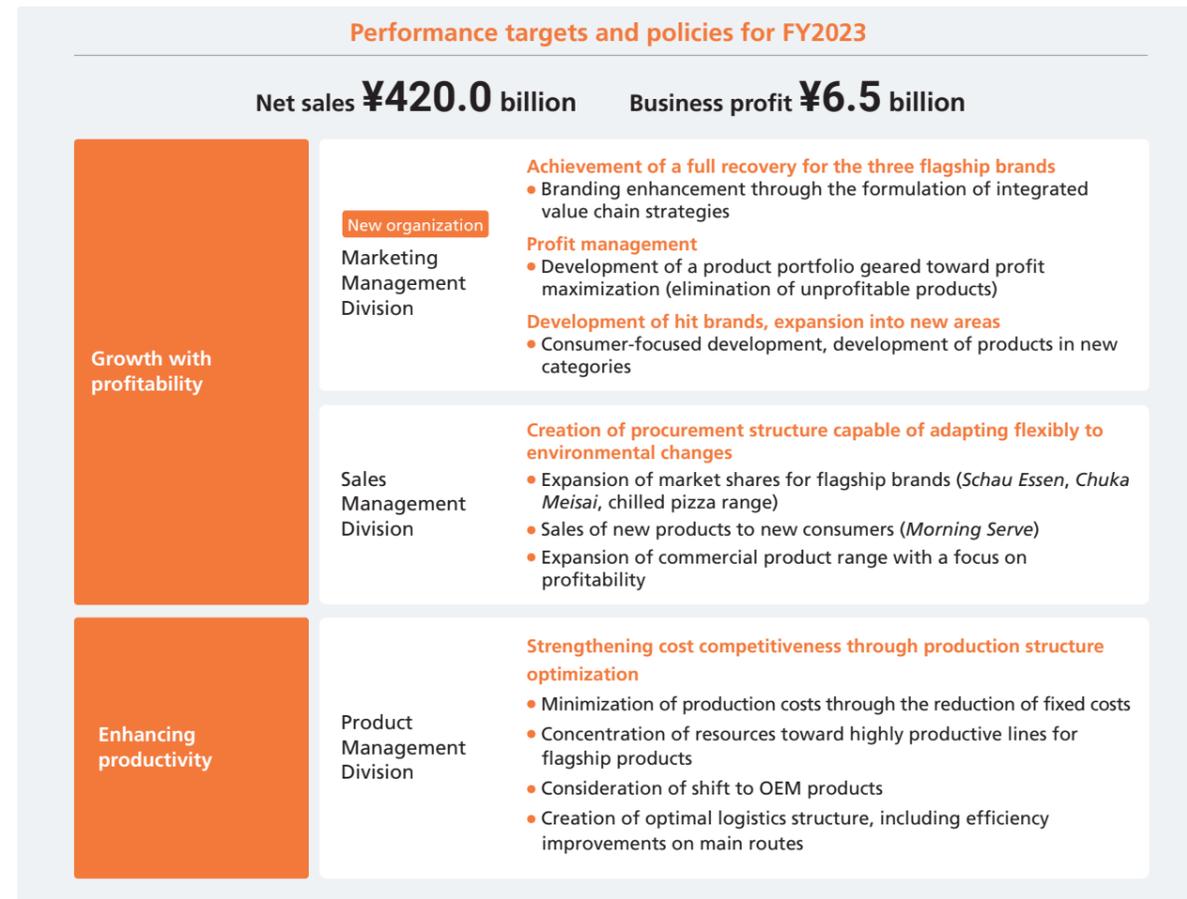
**Enhancing profitability across the entire value chain through structural reforms targeting production and marketing**

- Concentrate on high-profit categories.
- Enhance productivity in manufacturing plants.
- Enhance of marketing capabilities.



\*Adjusted in May 2023

Segment data / Processed Foods Business Division



**Key role for Marketing Management Division in concentrating resources toward major brand**

Our top priority in fiscal 2023 is the achievement of a sales recovery for our mainstay consumer brands, especially *Schau Essen*, *Chuka Meisai*, and the chilled pizza range. A recovery in sales of these high-margin consumer brands will drive the recovery of the entire Processed Foods Business.

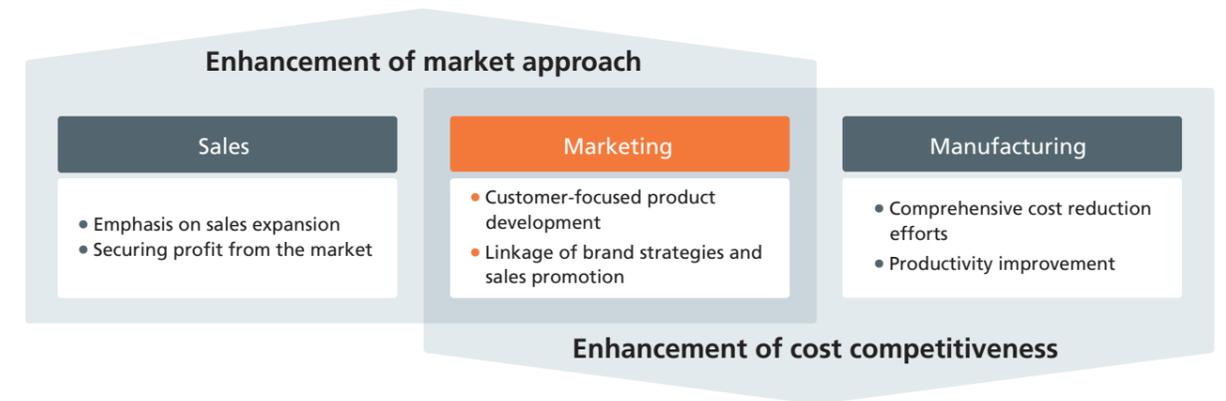
Although the price revisions implemented in the previous fiscal year caused a temporary decline in sales volumes, unit prices are improving, and we will shift fully onto the offensive in our marketing activities. We established the Marketing Management Division for that purpose in the current fiscal year. Product development

functions that were formerly handled by production units will be transferred to the new division, which will introduce a new approach to branding strategy development and pursue market-focused product development.

In addition to conventional marketing activities, the Marketing Management Division will also manage earnings across entire value chains, including decisions on what products to sell, when, and in what markets in order to maximize profitability. These major changes to our organizational structure will allow us to integrate production and sales across all of our processed food business operations.



The role of the new Marketing Management Division



**Enhancing cost competitiveness through production structure optimization**

The reduction of production costs is a priority goal. In the past, individual plants have been strongly aware of their own profitability and have worked individually to maximize their operating rates. In some cases, this approach has resulted in inefficiencies due to the continued operation of production lines even when production volumes declined.

We are currently centralizing production in order to achieve overall optimization. In line with this approach, we will further concentrate production at the plants with the highest productivity. We will also level production by strengthening collaboration between production and sales.

In addition to these initiatives to improve production efficiency, we will also pursue environmental investment at our plants. At the same time, we will adapt to the

dramatic rise in energy costs in recent years by working aggressively to reduce energy consumption through energy-saving initiatives.

We will ensure that all investment yields high returns by setting clear priorities for capital expenditure across the entire Processed Foods Management Business. While minimizing the amount of capital invested, we will concentrate our resources toward investments with the potential for high returns, while also working to improve ROIC.

Through these initiatives, we will align our development, sales, and production activities toward the same goals. By focusing on socially and environmentally responsible business activities, even in challenging business conditions, we aim to improve both our brand value and corporate value.

The Processed Foods Business Division's priorities for sustainable growth

Priority measures	Targets for FY2030	Situation
Expansion of lineup of plant-derived protein products	External sales of plant-derived protein products: ¥10 billion	<ul style="list-style-type: none"> <li>• Expansion of commercial area</li> <li>• Facilitation of trial marketing</li> </ul>
Reduction of fossil fuel-derived CO <sub>2</sub> emissions	Reduction by at least 46% (compared with 2013)	<ul style="list-style-type: none"> <li>• Installation of solar panels</li> <li>• Implementation of energy-saving measures</li> </ul>
Reduction of water use	5% reduction in water use (compared with 2019)	<ul style="list-style-type: none"> <li>• Review of industrial water utilization methods</li> <li>• Review of water defrosting</li> </ul>
Improvement of waste recycling ratios	92% or more	<ul style="list-style-type: none"> <li>• Reduction of final waste disposal quantities</li> </ul>

## Segment data

### Fresh Meats Business Division



**We will profitably expand our share of the fresh meats market, while strengthening our procurement structures and prioritizing external co-creation.**

**Fumio Maeda**

Director and Managing Executive Officer  
General Manager of Fresh Meats Business Division

Risks	Opportunities	Responses
<ul style="list-style-type: none"> <li>Decrease in the livestock farmer population due to a lack of successors</li> <li>Escalating competition for supplies due to epidemics</li> <li>Higher prices for grains used for feed raw materials</li> <li>Manufacturing cost increases resulting from the aging of facilities and the need to meet quality requirements</li> <li>Cost increases caused by sudden shifts in overseas market environments</li> <li>Growing pressure to reduce the environmental footprint of the livestock industry</li> <li>Cost increases due to efforts to reduce the environmental impact of the livestock industry</li> <li>Logistics issues in 2024</li> </ul>	<ul style="list-style-type: none"> <li>Positive medium/long-term outlook for meat imports thanks to the proliferation of free trade agreements</li> <li>Increased demand for brand meat due to growing awareness of food safety</li> <li>Growth in meat consumption by seniors</li> <li>Increasing demand for simple, time-saving products because of labor shortages, etc.</li> <li>Increasing animal welfare demands reflecting contemporary perspectives</li> </ul>	<ul style="list-style-type: none"> <li>Promote the use of IT and mechanization, such as smart pig farming.</li> <li>Reinforce quarantine systems.</li> <li>Expand sales of branded fresh meats.</li> <li>Strengthen marketing of high-added-value products, such as farm packs and primary processed products.</li> <li>Transition to stall-free sow farming.</li> <li>Expand the range of sustainable products.</li> <li>Extend "best before" dates.</li> <li>Use livestock waste for biomass power generation.</li> </ul>

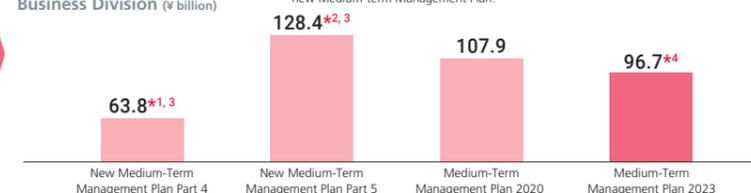
#### Overview of Medium-Term Management Plan 2023

**We aim to stabilize our business performance by profitably expanding our market share.**

1. Strengthen procurement capabilities

2. Strengthen sales

**Management targets**  
Trends in 3-year cumulative profits of the Fresh Meats Business Division (¥ billion)



\*4 Adjusted in May 2023

#### Review of fiscal 2022, recognition of issues

The main themes for our efforts to maximize business profit in fiscal 2022 were the enhancement of our procurement and sales capabilities, and the development of co-creation networks.

Despite challenging business conditions, including rising energy costs and higher feed prices, we worked to strengthen our procurement capabilities by improving productivity in Japan and expanding external procurement. We focused in particular on the development of new import sources and packers.

We also restructured our domestic business organization and sought to improve our profitability and cost competitiveness by optimizing inventories and reducing logistics costs. Achievements from our efforts to expand our portfolio of branded fresh meat products included the development of the new *Kitanokomekokko* brand of Hokkaido chicken.

Initiatives to strengthen our sales capabilities centered on the expansion of market share and earnings. We created organizations specializing in specific channels, such as volume retailers and restaurants. We also established a new marketing unit.

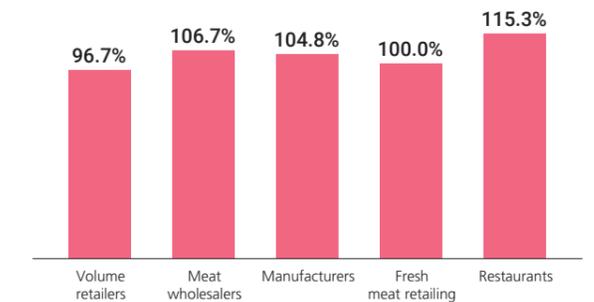
However, dramatic changes in the external environment caused a decline in the market prices of imported fresh meats, while prices for feed produced in Japan rose. These factors were reflected in reduced profitability. Production costs and selling, general and administrative expenses also continue to rise, resulting in sharply lower profit.

External causes of this decline in our earning power included the weak yen, rising feed prices, and expanding environmental costs. These trends are expected to continue, and we are strongly concerned that the present situation may not be a transitional phase.

Our priority now is to break out of this situation by transforming our traditional business models. This will be a difficult process requiring actions on many levels, including the selection of meat categories for prioritized expansion, the fine-tuning of investment priorities, and the development of procurement and inventory management systems based on anticipated demand risk in an increasingly unstable procurement environment for imported fresh meats. However, the entire NH Foods Group will work with determination to make progress on these priorities.

Yearly net sales of the four Nippon Food companies (by channel) in FY2022

**Overall volume growth: 101.1% (109.8% in value terms)**



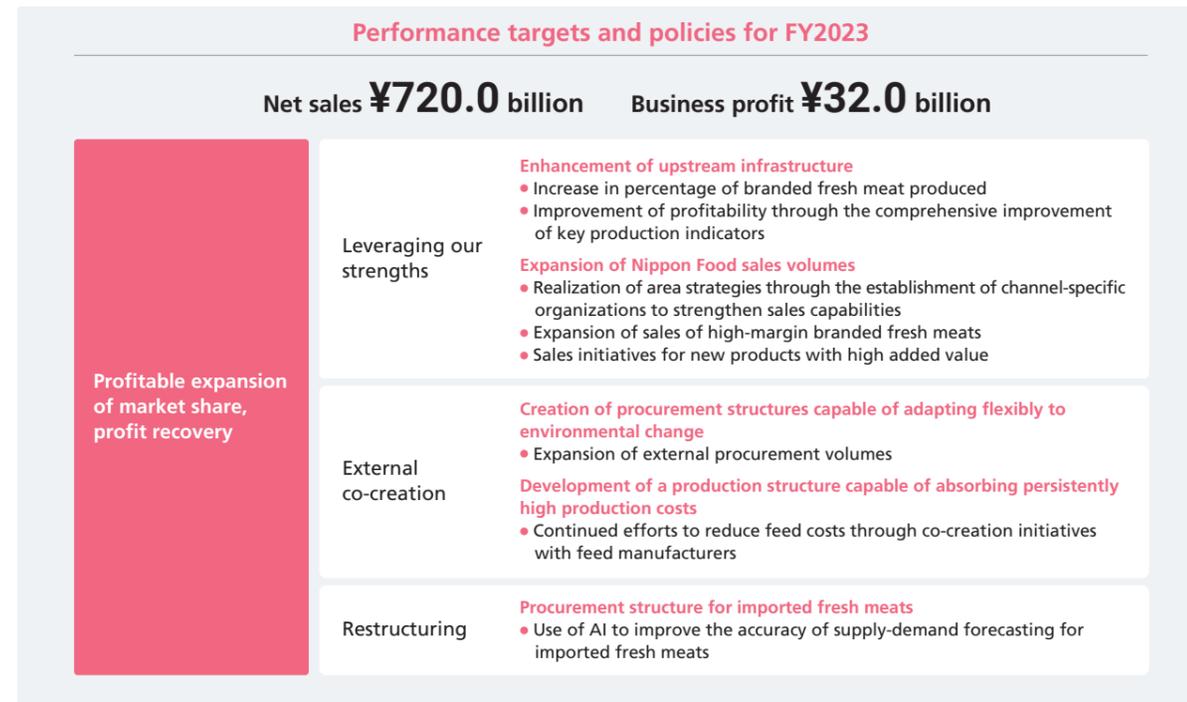
#### Results for fiscal 2022, initiatives going forward

**Achievements and issues**

- Improvement in the earnings of the four Nippon Food companies following the resumption of economic activities
- Persistently high feed prices
- Impact of disease outbreaks on business performance
- Deteriorating profit margins on imported fresh meats

**Future measures**

- Profitable expansion of our share of the fresh meats market through enhanced Nippon Food sales activities
- Enhancement of procurement structure for imported fresh meats
- Expansion of profit through external co-creation



#### Combining market share expansion with profitability

Business profit from the fresh meats business has expanded significantly from around ¥20 billion 10 years ago to approximately ¥40 billion today. However, it has become increasingly difficult to achieve further growth by building up profit through the accumulation of volume growth by each function in the value chain. We expect profit to recover to some extent in the current fiscal year, in part because of an improvement in the external environment. Even so, we will need to adapt our business models to put the fresh meats business back on a growth track.

This process will begin with collaboration between our consignment and sales units. We will identify priority livestock types, channels, and areas and work with the Nippon Food companies, which are our consignment and sales units, to strengthen our sales systems. Another focus will be the use of digital technology in marketing. Our sales units will accelerate initiatives toward the reduction of production costs in anticipation of persistently high feed costs. We will ensure that our investments for this purpose have the potential to yield good returns.

We will also accelerate our efforts in relation to branded fresh meats. In addition to the continuing expansion of sales of the core *Sakurahime* brand of domestic chicken, we will also improve added value by expanding our product

categories, including farm packs and processed products.

Another priority is the creation of future flagship brands. Production, consignment, and sales units will work together to develop brands that match market needs and will be supported by consumers.

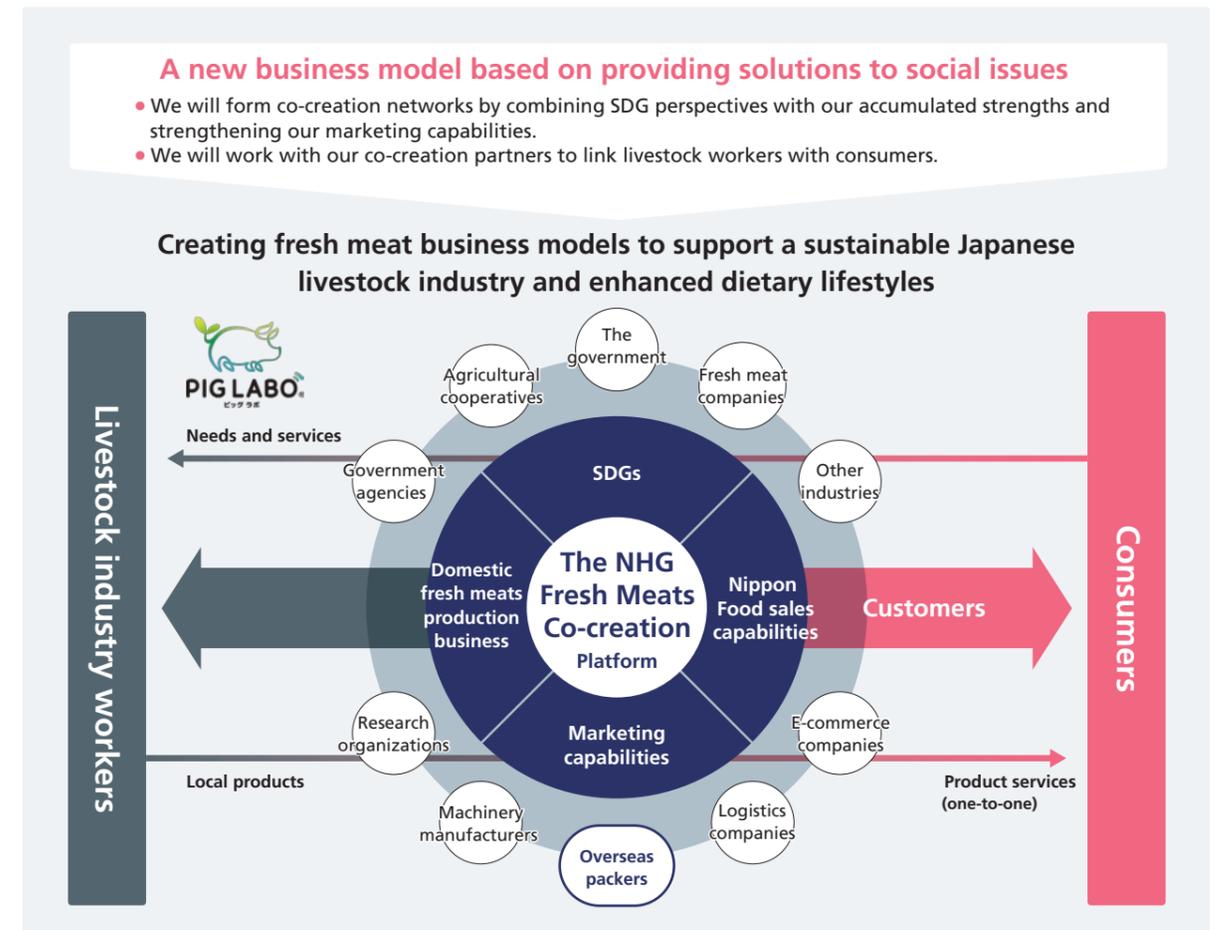
To achieve profit growth, we will also need to build inventory management systems that will allow us to reduce volatility and expand our market share. Our continuing efforts toward these goals will include the use of digital technology.

#### Building a brighter future through organizational reforms—co-creation network development

As in the previous fiscal year, we will continue to strengthen our co-creation networks. The first step will be the transformation of the NH Foods Group's business models. We will then combine SDG perspectives with our accumulated strengths, while also focusing on the solution of issues affecting the livestock industry, and strengthen our marketing efforts, leading to the formation of co-creation networks. We will also work to create business models designed to address issues affecting the entire livestock industry in ways that reflect consumer needs.

We believe that these initiatives will lead to improvement in the corporate value of the NH Foods Group as an entity that plays an essential role in society.

#### Co-creation network concept



#### The Fresh Meats Business Division's priorities for sustainable growth

Priority measures	Targets for FY2030	Situation
Initiatives focused on animal welfare	Installation of free access stalls at all pig farms Provision of drinking water facilities all beef cattle and pig processing sites Installation of environmental quality monitoring cameras at all farms and processing sites	<ul style="list-style-type: none"> <li>• Progressive installation of free access stalls at all pig farms</li> <li>• Installation of animal welfare water systems (to be completed by FY2023)</li> <li>• Installation of cameras for the purpose of improving the livestock breeding environment and quality (to be completed by FY2024)</li> </ul>
Reduction of fossil fuel-derived CO <sub>2</sub> emissions	46% or higher (compared with FY2013)	<ul style="list-style-type: none"> <li>• Fuel conversion in plants</li> <li>• Installation of solar power systems at business sites</li> <li>• Updating of freezer equipment at NH Foods Group logistics centers</li> <li>• Reduction of fuel consumption through vehicle replacement</li> <li>• Implementation of energy-saving initiatives</li> </ul>
Improvement of waste recycling ratios	92% or higher	<ul style="list-style-type: none"> <li>• Promotion of recycling of livestock-derived waste products</li> </ul>

## Segment data

# Overseas Business Division



## Profit recovery through concentration on the North American market and reduction of volatility in Australia

**Nobuo Oda**

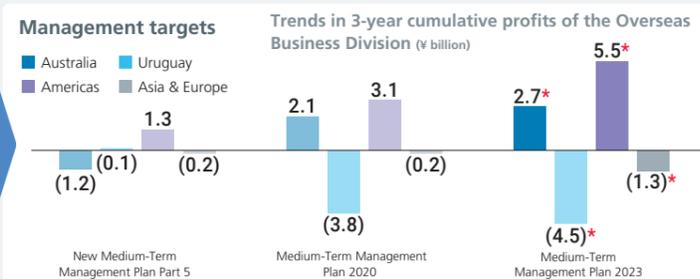
Managing Executive Officer,  
General Manager of Overseas Business Division

Risks	Opportunities	Responses
<ul style="list-style-type: none"> <li>Higher prices for grains used in raw feed</li> <li>Decline in the livestock farmer population due to a lack of successors</li> <li>Escalating competition for supplies due to epidemics</li> <li>Performance volatility</li> <li>Cost increases due to aging facilities</li> <li>Rising production costs due to more stringent quality measures</li> <li>Expanding demand for religious foods due to growth in the number of foreign workers and other factors</li> <li>Growing pressure to reduce the environmental footprint of the livestock industry</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for meat due to global population growth</li> <li>Increased demand for Japanese foods due to heightened health consciousness</li> <li>Resurgence of new markets for processed foods in response to lifestyle changes</li> <li>Positive medium/long-term outlook for meat imports thanks to the proliferation of free trade agreements</li> <li>Increasing animal welfare demands</li> <li>Brand development based on environmental appeal</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade feed plants in Australia.</li> <li>Develop future generations of farmers and manufacturing workers through worksite visits.</li> <li>Strengthen disease prevention systems on farms and in production and breeding facilities.</li> <li>Extend "best before" dates by enhancing production and preservation technologies.</li> <li>Sell BPU beef business in Uruguay.</li> <li>Expand feedlots and strengthen branding in Australia.</li> <li>Expand processed food production in North America.</li> <li>Pursue GHG reduction initiatives in Australia (feed-related experiments).</li> <li>Provide workplace experiences and tours for local residents and students.</li> </ul>

### Overview of Medium-Term Management Plan 2023

#### Transform our business model by clarifying functions across our entire value chain.

1. Stabilize profit in existing businesses.
2. Expand sales of processed food products in North America and the ASEAN region.
3. Build a new pillar that generates profit by formulating and implementing growth strategies focused on promising areas.



### Review of fiscal 2022, recognition of issues

In fiscal 2022, we worked toward the creation of a growth model for our overseas business through further stabilization of earnings and increased efforts to optimize production structures.

Earnings from the North American processed food business expanded. Despite price revisions, there was no downturn in sales, and earnings increased thanks to the expansion of production lines through subsequent capital expenditure.

In January 2023, we announced the sale of all shares in our consolidated subsidiary, Breeders & Packers Uruguay S.A. (BPU), to the Brazil-based company Minerva S.A., following a review of low-profit businesses. We also made steady progress on changes to our business models under

the Medium-Term Management Plan.

Rapid changes in the environments for our beef and chicken businesses in Australia and Turkey highlighted the impact of volatility on earnings from these operations. As a result, the overall result for the Overseas Business Division was an operating loss.

While processed foods will play a key role in our growth model, the scale of sales is still small, and this business area has not yet grown to a level at which it can contribute to the stabilization of overseas earnings. Our earnings in the ASEAN and Greater China markets declined due to adverse conditions affecting an initiative to produce commercial products in Thailand for the Japanese market.

### Business structure centered on processed foods, fresh meats, and trading

	Processed foods <small>In addition to using some output to supply the Japanese market, we will also develop domestic sales in each location.</small>	Fresh meats <small>We will reduce volatility by concentrating our beef business capital in Australia. We will respond to demand growth, especially in Asia.</small>	Trading <small>We will maintain exports to the Japanese market, primarily through supplies to the Fresh Meats Business Division.</small>	
Business area	ASEAN <small>6 group companies Vietnam/Malaysia/Indonesia/China/Thailand</small>		4 group companies <b>China/Thailand/Singapore/Taiwan</b>	Local sales Exporting to third countries Exports to Japan
	Oceania	4 group companies <b>Australia</b>	2 group companies <b>Australia</b>	
	Europe		1 group company <b>United Kingdom</b>	
	North America <small>1 group company United States</small>	1 group company <b>United States</b>		
	South and Central America	1 group company <b>Uruguay</b> <small>* Business sold at the end of August 2023</small>	2 group companies <b>Chile/Mexico</b>	
	Middle East	1 group company <b>Turkey</b>		

### Results for fiscal 2022, initiatives going forward

<b>Achievements and issues</b>	<ul style="list-style-type: none"> <li>Profit growth resulting from price increases and higher sales volumes made possible by the addition of more production lines for the North American processed foods business</li> <li>Expansion of trading in Chilean and Brazilian pork</li> <li>Emergence of volatility in the beef business</li> </ul>
<b>Future measures</b>	<ul style="list-style-type: none"> <li>Use of branding and other methods to increase added value and address the volatility of the beef business</li> <li>Optimization of our production structure in Australia</li> <li>Expansion of the processed foods business and development of new categories and sales channels</li> <li>Enhancement of the competitiveness of the trading business and improvement of our procurement capabilities</li> </ul>

Segment data / Overseas Business Division

**Performance targets and policies for FY2023**

**Net sales ¥295.0 billion    Business profit ¥1.7 billion**

**We aim to achieve a profit recovery by concentrating on the North American processed foods market and expanding sales, by reviewing low-profit businesses, and by reducing volatility in Australia.**

<b>Profit recovery</b>	Concentration on growth areas	<p><b>Expansion of processed foods business</b></p> <ul style="list-style-type: none"> <li>Expansion of sales by North American processed foods business</li> <li>Expansion of marketing of processed foods in the ASEAN region</li> </ul> <p><b>Recovery of profitability of the beef business</b></p> <ul style="list-style-type: none"> <li>Alignment of manufacturing operations with improvement in the external environment and the supply-demand balance</li> <li>Enhanced branding of Australian beef</li> <li>Expansion of sales of channels in the North American market with the aim of expanding supply chains</li> </ul>
	Reducing volatility	<p><b>Review of low-profit businesses</b></p> <ul style="list-style-type: none"> <li>Improvement of these businesses through selection and concentration measures at all sites.</li> </ul>
	Strengthening procurement	<p><b>Trading</b></p> <ul style="list-style-type: none"> <li>Continuation of initiatives to ensure reliable procurement for the Japanese market</li> </ul>

**Overseas processed food businesses**

The high volatility affecting the Australia beef business has given us a renewed awareness of the importance of processed food businesses as a stable source of earnings in North America, Thailand, and other markets.

One of our growth areas is the North American processed food business. We have made progress toward the expansion of our supply capacity, which was a key priority for this business. Key factors include the expansion of our production lines, which we have already completed. While strengthening our collaboration with local category leaders in the distribution sector, we also plan to expand our main business areas to include the East Coast as well as the West Coast. Demand for frozen foods in the United States remains strong and is expected to stay on an expansionary trend. We will create a growth strategy that aligns with the expansion of distribution businesses.

In the ASEAN region, we will reconsider Thai Nippon Foods' reliance on exports of processed chicken products to Japan. We are expanding processed pork production lines and taking steps to expand our sales of processed products locally and in other areas.

As a processed food manufacturer in the NH Foods Group, Thai Nippon Foods has built an advantage in terms of taste and quality. Its business opportunities are likely to expand if sales channels can be established. We see major opportunities in the markets of Singapore and Hong Kong, which are readily accessible from Thailand. We will expand sales and restore profits by concentrating our resources into markets with growth potential.

We are continuing to review low-profit businesses. Our goal is to build a stable earnings structure for the entire Overseas Business Division.



Day-Lee Foods, Inc. (U.S.A.)

**Overseas production and breeding business**

Earnings from the Australian beef business fell short of the projected level due to the previous year's lockdowns in China and higher cattle prices. As a result, profit was significantly lower. We expect the Australian beef business to recover in 2023, thanks to lower cattle prices, reduced beef production in the United States, and other factors. Our top priority going forward is to enhance the performance of the Australian beef business, which yields substantial profits, by further strengthening branding and fine-tuning our production structures in step with the supply-demand balance.

**Overseas trading business**

We will continue to improve our capacity to procure and supply fresh meat products and processed foods reliably for the Japanese market. We will also establish policies, including the development and expansion of sales channels outside of Japan, and the expansion of business partnerships with OEMs\*. At the same time, we will work to clarify the roles of our business operations and enhance their competitiveness and procurement capabilities.

\* Original equipment manufacturers (OEMs) manufacture products under other companies' brands.

**Main brands sold in overseas markets**



**Priorities for sustainable growth**

Priority measures	Targets for FY2030	Situation
Reduction of fossil fuel-derived CO <sub>2</sub> emissions	CO <sub>2</sub> emissions: Reduction by 24% or more (compared with FY2021)	<ul style="list-style-type: none"> <li>Implementation of internal environmental survey (energy-conservation survey)</li> <li>Consideration of environmental load reduction measures (fuel conversion, installation of biogas facilities)</li> </ul>
Reduction of water use	5% reduction (compared with FY2021)	<ul style="list-style-type: none"> <li>Consideration of environmental load reduction measures (e.g., proposal of water use improvements, including water recycling)</li> <li>Addressing environmental accident risks</li> </ul>
Responding to dietary diversification	Development and sale of products to meet diverse needs in terms of culture and religion, etc.	<ul style="list-style-type: none"> <li>Addressing demand for halal and kosher products</li> </ul>

# Ballpark and Other Business



**An exciting new business model combining leisure facility development with community building**

## Building a stable income base and ensuring future growth through business model innovation

In March 2023, we opened Hokkaido Ballpark F Village (“F Village”), with our new ballpark, ES CON FIELD HOKKAIDO, as its centerpiece.

We substantially modified the business scheme in 2023 following the relocation from the Sapporo Dome stadium. By owning and operating the ballpark within the NH Foods Group, we will gain a greater degree of freedom, as well as the potential for significant growth in revenues from merchandise, food and beverages, and advertising. Our yearly sales target is ¥23.4 billion, an increase of ¥7.7 billion. We expect business profit in the fiscal year ending March 2024 to rise by ¥2.6 billion.

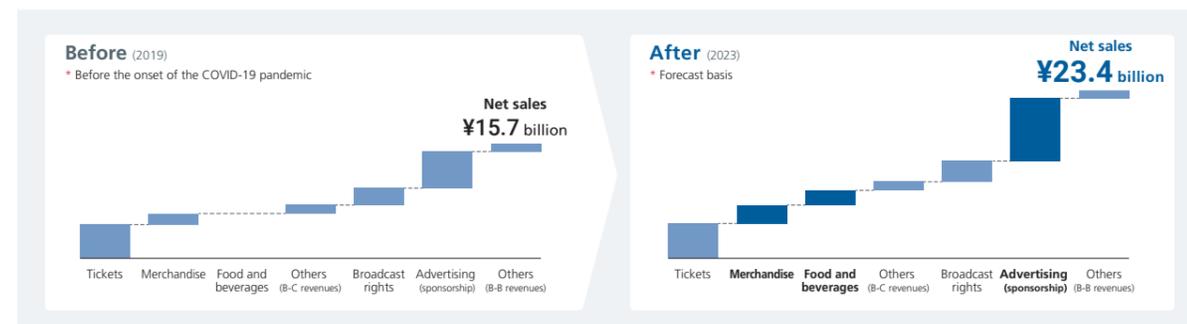
We are projecting that the F Village complex will attract three million visitors per year, with two million attending on match days and one million on non-match days. On match days, we will enhance visitor satisfaction by providing an entertainment experience that combines food and sports. Some of the food and beverage and merchandise outlets will also open on non-match days,

and the stadium itself will be open 365 days a year. Stadium tours will also be available. By attracting not only baseball fans but also visitors who are not interested in the sport, we will be able to generate profit even on non-match days.

In the first three months after the opening of the ballpark in March 2023, the facility attracted 1.53 million visitors (a daily average of 13,900), with 37% visiting on non-match days. Around 27% of the visitors were from outside of Hokkaido, including a significant number of overseas visitors. In June 2023, there were over 165,000 group visitors, a five-fold increase over the 2019 level.

During the off-season starting in October, we will work to capture overseas inbound tourist demand by organizing a variety of events. In 2024, we will open the senior residence facility and medical mall. We aim to achieve sustainable growth at F Village by continuing to expand our co-creation initiatives with our partners.

### Sales mix before and after



## A co-creative community space

Our philosophy for the F Village complex has earned the support of our partners in the business, government, and academic sectors. In addition to generating financial value, we will work with our partners to develop the complex as an exciting co-creative community space. This sustainable community development perspective will lead to improvement in our corporate value, including non-financial value.

In addition to the ballpark, the complex already includes residential units, a certified childcare support center, glamping facilities, and athletic facilities. We will work with our partners to create not just a leisure destination, but an entire community. We see initiatives such as this as a way to contribute to regional development and enhance our

corporate value from a wide range of perspectives.

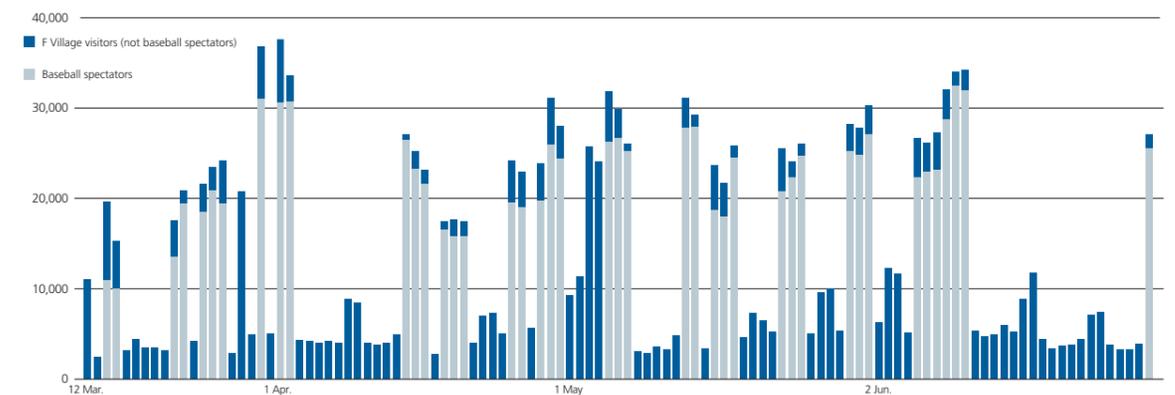
### Visitors to tourist attractions in Hokkaido (FY2019)

Attraction	Visitors
<b>Hokkaido Ballpark F Village</b>	<b>3,000,000*</b>
Asahiyama Zoo (Asahikawa City)	1,391,428
Noboribetsu Onsen (Noboribetsu City)	1,024,470
Sapporo Maruyama Zoo (Sapporo City)	1,021,281
Nakayama Pass (Kimobetsu-cho)	977,798
Rice Land Fukagawa Road Station (Fukagawa City)	949,743
Yunokawa Onsen (Hakodate City)	841,461
Niseko View Plaza Road Station (Niseko-cho)	751,916
Nakasatsunai Road Station (Nakasatsunai Village)	720,283
Toyako Onsen (Toyako-cho)	627,638
Akanko Onsen (Kushiro City)	515,910

Based on Hokkaido Open Data CC-BY4.0 (with modification)  
Source: Survey of Tourist Destination Trends (2019)  
\* With a yearly visitor number target of 3 million, the F Village is expected to become Hokkaido's number one leisure destination.

### 37% of F Village visits for non-baseball activities

\* Of the 1.53 million people who visited the F Village between March 12 and June 30, 2023, 960,000 attended baseball games.



### Spaces for co-creative community initiatives by Fighters Sports & Entertainment and partners



## Sustainability bonds used to finance the new ballpark

Our goal in creating Hokkaido Ballpark F Village was not only to build the new ES CON FIELD HOKKAIDO ballpark at the heart of the complex, but also to deepen our regional roots and work with stakeholders to create a space that will become a symbol of Hokkaido, and a sustainably growing community that will be viewed with pride and affection by the people of Hokkaido.

We will also create social value by making the complex available as an evacuation facility in times of emergency. Another important characteristic of the new ballpark is its environment-friendly design, which minimizes both energy and resource use.

Recognition of these efforts includes a five-star rating under the DBJ Green Building certification system. Administered by the Development Bank of Japan, this system was established to support environmentally and socially responsible initiatives by real estate developers and businesses.

This support enabled us to raise finance through a

sustainability bond issue. The funds were used to cover the cost of constructing the new ballpark, and for refinancing. Sustainability bonds can only be used for projects designed to mitigate environmental and social issues and provide positive outcomes. One of the Five Materialities (key issues) identified by the NH Foods Group in fiscal 2020 was “contributing to a sustainable environment.” The use of the sustainability bond issue to finance the new stadium aligns with our commitment to environmental sustainability and social initiatives.

### Sustainability bond issue

Issue dates:	February 2021	October 2022
Maturity:	10 years	5 years
Amount:	¥10 billion	¥20 billion
Lead managers:	SMBC Nikko Securities Inc. (administration) and others	Nomura Securities Co., Ltd. (administration) and others

Fund allocation reporting	Amount raised*1:	Amount allocated*2:	Unallocated balance:
	<b>¥29,813</b> million	<b>¥29,813</b> million	<b>¥0</b> million
Impact reporting (April 2022–March 2023)	Green project	<b>Eligibility category: Green building</b> 5-star rating under the DBJ Green Building certification system Energy usage: —* CO <sub>2</sub> emissions: —* Water usage: —* <small>* Completed in January 2023, opened in March 2023. The figures have not been disclosed in this report due to the difficulty of monitoring levels accurately since the opening.</small>	
	Social project	<b>Eligibility category: Improvement of access to essential services</b> The following facilities have been provided. <ul style="list-style-type: none"> <li>• Multipurpose toilets (four on 1F, 4 on 2F, and 2 on 3F)</li> <li>• 118 disability parking spaces</li> <li>• 154 spaces for spectators in wheelchairs</li> <li>• Spaces for spectators with guide dogs (access to all areas)</li> <li>• 6 wheelchair slopes</li> <li>• 2 escalators in the main stairwell on the third base side</li> <li>• Stockpiles of emergency provisions*</li> <li>• 11 free amusement facilities for children (5 swings, 2 ziplines, 1 immobile car ride, 1 immobile ladybird ride, 1 slide, log steps)</li> <li>• Multilingual signage within the urban park area (5 locations)</li> </ul> <small>* The quantities of stockpiles are not disclosed, since they are the property of the Hokkaido Government.</small>	

## New businesses

In line with our commitment to unleashing new potentials for protein, we are developing the Entertainment Business to create new ways of enjoying protein, the Wellness Business as a way of providing diverse people with opportunities to enjoy food through protein and the Sustainability Business to build future generations with protein.

### Three business areas

Entertainment Business  
*Meatful*



*Meatful* is a D2C sales promotion website focused on food entertainment. It was established to help people break out of the sense of isolation caused by the COVID-19 pandemic by offering meat-based meal ideas that can be turned into opportunities for

dialogue with family and friends.

Content includes information about pairing sake with foods, and a free research program through which people learn to make sausages during the summer vacation. One example of the site’s support for dietary diversification is its promotion of jerky as a snack food for mountain climbers.

In fiscal 2023, we have started to pursue collaborative initiatives with Hokkaido Ballpark F Village. We have also established a commercial site to sell products to corporate customers.

Wellness Business  
*Table for all*



We have responded to the diversification of food and health needs by creating the Japanese food industry’s first comprehensive Internet platform for food allergy support. We help people with various food allergies by maintaining a website where people can buy

food allergy support products and obtain information and dietary advice.

New products developed and added to our lineup in fiscal 2022 include *nikuman* (steamed pork buns) made with rice dough, and chocolate cakes made with rice flour.

In fiscal 2023, we will further expand and enhance the community site that we created in fiscal 2022. We will also explore opportunities to develop overseas websites based on success stories in Japan.

Sustainability Business  
*Mealin’ Good*



The *Mealin’ Good*\*1 website went on line in March 2023 as a platform for introducing sustainability initiatives and new products created by the NH Foods Group. The purpose of the site is to help people and the Earth to feel good and enjoy good times by offering new food ideas based on new concepts.

The first product to be offered was *Gras*

*Foie*, a new sustainable product created using a process\*2 exclusively developed by the NH Foods Group to utilize chicken livers, which have food potential that has not been fully realized in the past. The aim was to recreate the rich flavor and smooth texture of foie gras.

In fiscal 2023, we will continue our efforts to create foods that can be produced sustainably, including the use of ingredients that have not previously been employed.

\*1 The name “*Mealin’ Good*” was chosen for its good sound in Japanese, and as an expression of the idea of feeling good and enjoying good times through food.  
\*2 A patent application has been submitted for this process, which combines formulation and manufacturing methods.

# Hokkaido and the NH Foods Group

## A history of partnership

Hokkaido has been the highest ranked region in the Brand Research Institute's Tiiki Brand Survey for 14 consecutive years. Around 20% of the over 500 NH Foods Group business sites are concentrated in this region, which is famed for its vast natural landscapes. In 1961, long before the baseball team's relocation to Hokkaido, we began to breed pigs and chickens in the region for use in the production of meat and processed foods to supply protein within Hokkaido and nationwide.

The NH Foods Group will continue to turn the bounties of nature into reliable supplies of protein through the collaborative efforts of its group companies under a vertical integration system encompassing all stages from production to sales. We will also continue to expand our co-creation initiatives with a diverse range of partners.

### 1 Group's main ham and sausage producer

#### Nipponham Hokkaido Factory Ltd.

This company has been supplying ham and sausages for over 60 years. In May 2021, a new factory with production capacity for 5,000 tons per year was opened in Asahikawa. Since 2023, Nipponham Hokkaido Factory Ltd. has been manufacturing Hokkaido pork gift packs for distribution nationwide under the *Utsukushinokuni* brand.



### 2 Processing plants

#### Nippon Food Packer Group

Beef and pork are processed by a nationwide network of seven facilities—the Doto, Donan, Aomori, Tsugaru, Shikoku, Kawatana, and Isahaya Plants. The facilities in Hokkaido account for around 50% of beef production and 30% of pork production.



New Donan Plant to open in 2024

### 3 Pig farms

#### Nippon Clean Farm Group

The Nippon Clean Farm Group has been breeding pigs and producing pork for over 40 years at four locations throughout Japan—Shiretoko, Donan, the Tohoku region, and Kyushu. It is Japan's biggest producer of pork, with annual shipments totaling approximately 600,000 head, of which about 50% comes from Hokkaido.



### 4 Sales company

#### Higashi Nippon Food, Inc.

This company has handled fresh meat sales since 1977. It has a total of 23 sales offices located in Hokkaido and Tohoku. Hokkaido is its biggest source of products, accounting for over 30% of total sales.

### 5 Chicken farming business

#### Nippon White Farm Group

The Nippon White Farm Group has handled the NH Foods Group's chicken farming operations for over 40 years. The company itself and its contract farmers ship approximately 72 million domestically produced chickens each year. It has five facilities located in Sapporo and Shiretoko, Hokkaido, as well as in Aomori, Miyazaki, and Niigata.



### 6 Baseball team

#### Hokkaido Nippon-Ham Fighters

The NH Foods Group originally established the team as the Nippon-Ham Fighters in 1973 with the aim of contributing to society through food and sports. The team became the Hokkaido Nippon-Ham Fighters in 2004.

As a member of the regional community, the team aims to thrive in partnership with its region by realizing its commitment to the creation of a "sports community" in which sport is a part of everyday life. In addition to baseball, the team is also working to promote health and contribute to the solution of regional issues.

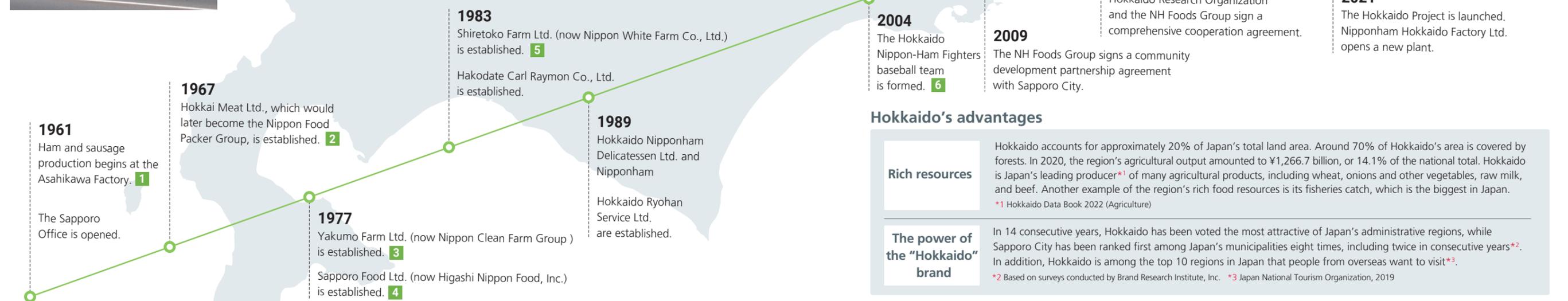


### 7 Entertainment complex

#### Hokkaido Ballpark F Village

The new ballpark, ES CON FIELD HOKKAIDO, is the centerpiece of an expansive complex that also includes a water feature, lawns, accommodation facilities, and a certified childcare facility.

Opened in March 2023, the complex is the result of collaboration among industry, government, and academia. Its mission is to contribute to progress and development in Hokkaido as a new symbol of the region.



### Hokkaido's advantages

#### Rich resources

Hokkaido accounts for approximately 20% of Japan's total land area. Around 70% of Hokkaido's area is covered by forests. In 2020, the region's agricultural output amounted to ¥1,266.7 billion, or 14.1% of the national total. Hokkaido is Japan's leading producer\*<sup>1</sup> of many agricultural products, including wheat, onions and other vegetables, raw milk, and beef. Another example of the region's rich food resources is its fisheries catch, which is the biggest in Japan.

\*<sup>1</sup> Hokkaido Data Book 2022 (Agriculture)

#### The power of the "Hokkaido" brand

In 14 consecutive years, Hokkaido has been voted the most attractive of Japan's administrative regions, while Sapporo City has been ranked first among Japan's municipalities eight times, including twice in consecutive years\*<sup>2</sup>. In addition, Hokkaido is among the top 10 regions in Japan that people from overseas want to visit\*<sup>3</sup>.

\*<sup>2</sup> Based on surveys conducted by Brand Research Institute, Inc. \*<sup>3</sup> Japan National Tourism Organization, 2019

# Commitment to co-creation in Hokkaido

**We will continue to contribute to Hokkaido by expanding our initiatives in the region.**

The NH Foods Group has maintained reliable supplies of protein through its business operations in Hokkaido for over 60 years. We have also built close relationships with many stakeholders, including local communities, the government, and supporters of the Hokkaido Nippon-Ham Fighters.

The opening of Hokkaido Ballpark F Village in March 2023 was the starting point for the further expansion of our initiatives in Hokkaido, as part of our efforts to realize Vision2030 by unleashing new potentials for protein. We will continue to promote the value of the “Hokkaido” brand in Japan and overseas, while contributing to the region through co-creation and shared prosperity.



**Hirohide Fujiwara**  
Executive Officer in charge of the Corporate Planning Department and Sports Business Department

## A new development model combining leisure facility creation and community development

Ballpark F Village is a co-creation space developed through wide-ranging partnerships involving industry, government, and academia. The concept calls for expansion from a facility centered on a ballpark to a complex that includes a ballpark. Our aim is to work with our partners to create a new community encompassing the ballpark and other business and market facilities. For the NH Foods Group, this project represents evolution from a business based

solely on sport to a real platform business.

In 2024, we plan to open a senior residence and medical center. We will continue to evolve the facility into a new-model community combining leisure and community facilities, by deepening our industry–government–academia collaboration and actively encouraging businesses and universities to establish facilities in the area.

**We are committed to sustainable community development with diverse partners in the industrial, government, and academic sectors. We will prioritize activities that create new options for children and contribute to their growth as citizens of the future.**



- Free admission to ES Con Field for children up to elementary school age
- Development of safe play areas for children of all ages within and outside of the ballpark, development of training programs
- Provision of opportunities to learn about issues in regional communities and engage in workplace experiences (e.g., simulated experiences of the baseball team business and match management)
- Various food education activities, etc.



- The complex is designed to function as a disaster prevention facility and wide-area evacuation center in times of emergency.
- There will also be spaces and community development areas where people all of generations, from children to adults, can gather and exchange ideas.
- Electric buses will be used to transport people between the various locations.
- Electric work vehicles will be actively deployed within the complex.



- Government agencies, regional governments, business corporations, and academics have formed the All-Hokkaido Ballpark Collaboration Council. Theme-based subcommittees of this organization will work to develop solutions for various issues.
- Industry, government, and academia will collaborate and cooperate seamlessly to promote businesses that create broadly applicable value.



We will explore wide-ranging initiatives.

Examples:

- Job creation with respect for diversity
- Introduction of flexible workstyles
- Efficient energy use
- Separation of smoking areas throughout the F Village area

## Support for the creation of a sport community

The corporate philosophy of the Hokkaido Nippon-Ham Fighters calls for the creation of a sport community (SC) through the utilization of resources and expertise relating not only to sporting environments, but also to community life and regional environments, to support the development of the next generation and build a healthy society. In 2009, we established the Fighters’ Fund to support activities relating to sport, the natural environment, and communities. Income for the fund consists of a share of proceeds from sales of tickets and goods, as well as money raised through charity auctions.



Since 2019, donations from the Fighters’ Fund have been used to repair and improve youth baseball grounds through the Diamond Brush Project.

## Infrastructure to support day-to-day meal experiences

Around 40% of the chicken shipped by the nationwide Nippon White Farm Group comes from Hokkaido, which is also the source of about 30% of domestic chicken sold under our *Sakurahime* brand. In addition, shipments from Hokkaido make up over 50% of pork supplied from farms operated by the Nippon Clean Farm Group throughout Japan. Our sales company, Higashi Nippon Food, Inc., supports day-to-day mealtime experiences by serving as distribution infrastructure for a wide variety of fresh meat products, especially beef, pork, and chicken, supplied to volume retailers, restaurants, and other customers throughout Hokkaido.

Starting in 2023, Higashi Nippon Food, Inc. also supplies Aeon Hokkaido Corporation with meat from Japanese Black and Tankhorn cattle, as well as pigs and sheep, raised by students at Rakuno Gakuen University. The animals are raised on feed jointly developed by

Coca-Cola and Rakuno Gakuen University and produced using tea dregs from the production process for the *Yakan no Mugicha* and *Sokenbicha* tea drink range manufactured by Hokkaido Coca-Cola Bottling Japan. Under this joint initiative, Higashi Nippon Food, Inc. buys the meat, which is then sold in Aeon stores.

Calculation method: Sales volumes of the Hokkaido Area Sales Division ÷ population of Hokkaido area × meat consumption per person



## Our challenges: Improvement of food self-sufficiency, development of a sustainable livestock industry

The Nippon White Farms Group supplies chicken manure from its farms to local farmers in Hokkaido for use as manure. In April 2023, we launched the *Kitanokomekokko* brand of Hokkaido-produced chicken, which was developed using brown rice grown in Hokkaido as feed. Nippon Clean Farm Ltd. processes manure from its pig farms into fertilizer for spraying onto farmland. Some of the wheat grown on that land is used as feed. We are helping to achieve sustainability in the livestock industry by

using this wheat as part of the feed for pigs used to produce *Mugikomachi* brand pork.



## Conclusion of a comprehensive cooperation agreement with the Obihiro University of Agriculture and Veterinary Medicine

For details, see “Challenges for the NH Foods Group” (P.15).