

IR DAY 2024



NH Foods Group IR DAY

Fresh Meats Business Division

February 28, 2024

NH Foods Ltd.

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 Unleash new potentials for protein
NH Foods Group Vision 2030

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- 2 Challenges
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Business Strategy of the Sales Division (Nippon Food Group Companies) Strategy

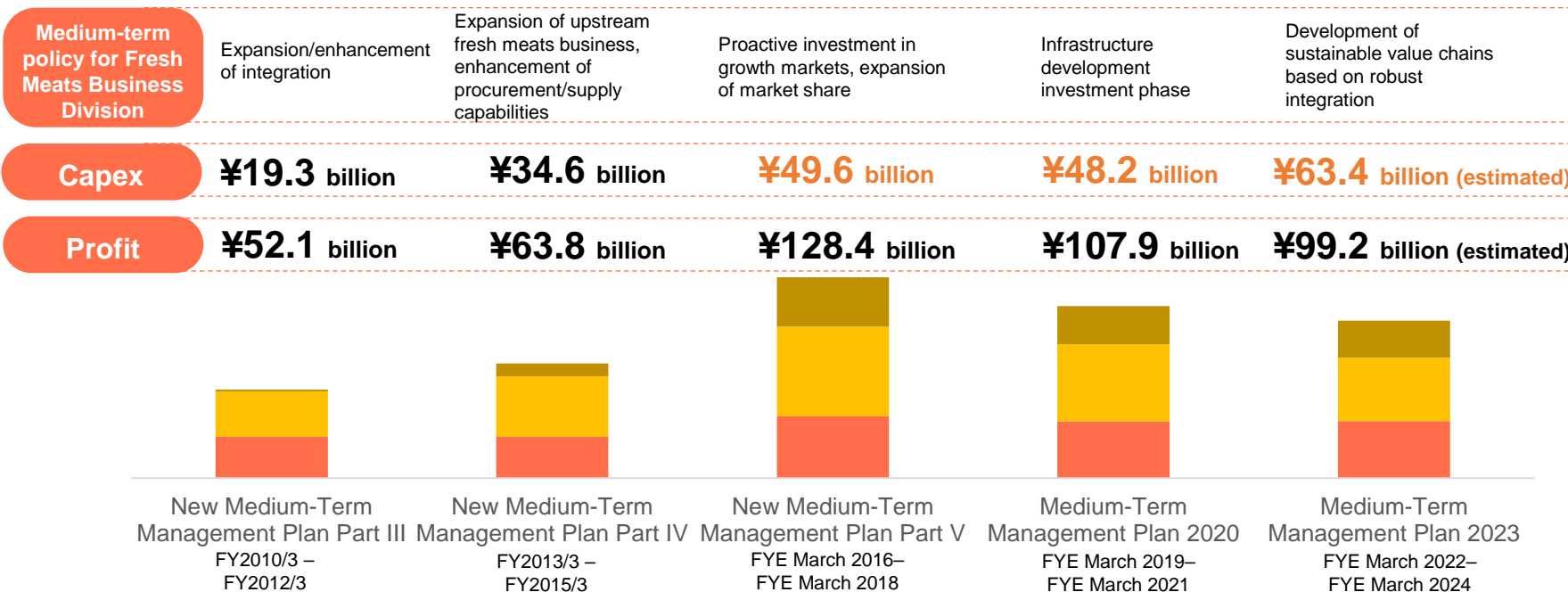
- 1 Business Overview
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- 3 Issues and Future Sales Strategies
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Fresh Meats Business Division

Evolution of the Fresh Meats Business Division

(2) Business Profit and Capex

Volatility has started to affect procurement, in part because of dramatic, global-scale changes in the external environment. However, we are building stable profits from production and sales after investment in domestic production operations over the past few years.



* New Medium-Term Management Plan Part III deducted the Overseas Business.

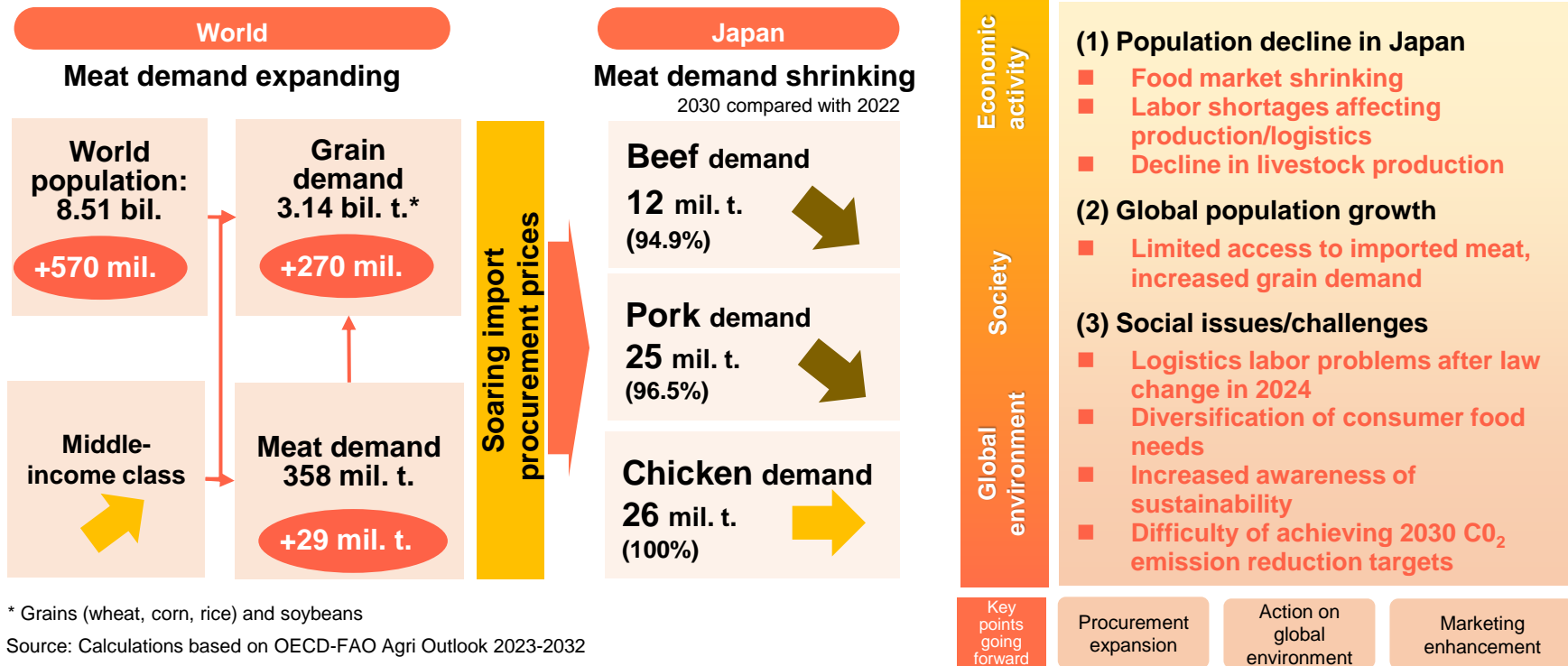
* We adopted business profit from FY2020/3 and retroactively adjusted FY2019/3.

* Based on the above, the figures for New Medium-Term Management Plan Part III to V are for reference.

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■ Sales ■ Consignment ■ Production

In the past, the growth of the Fresh Meats Business has been determined by the expansion of world meat consumption, changes of the livestock breeding environment, a decline in the volume of meat consumption in Japan, and other factors. Going forward, the focus will shift to the discovery of new value.

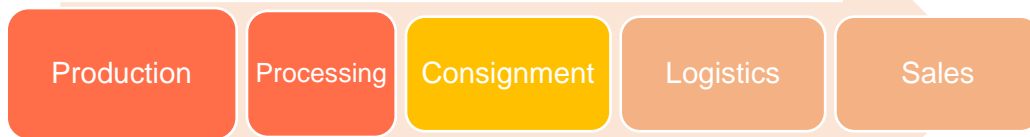


* Grains (wheat, corn, rice) and soybeans

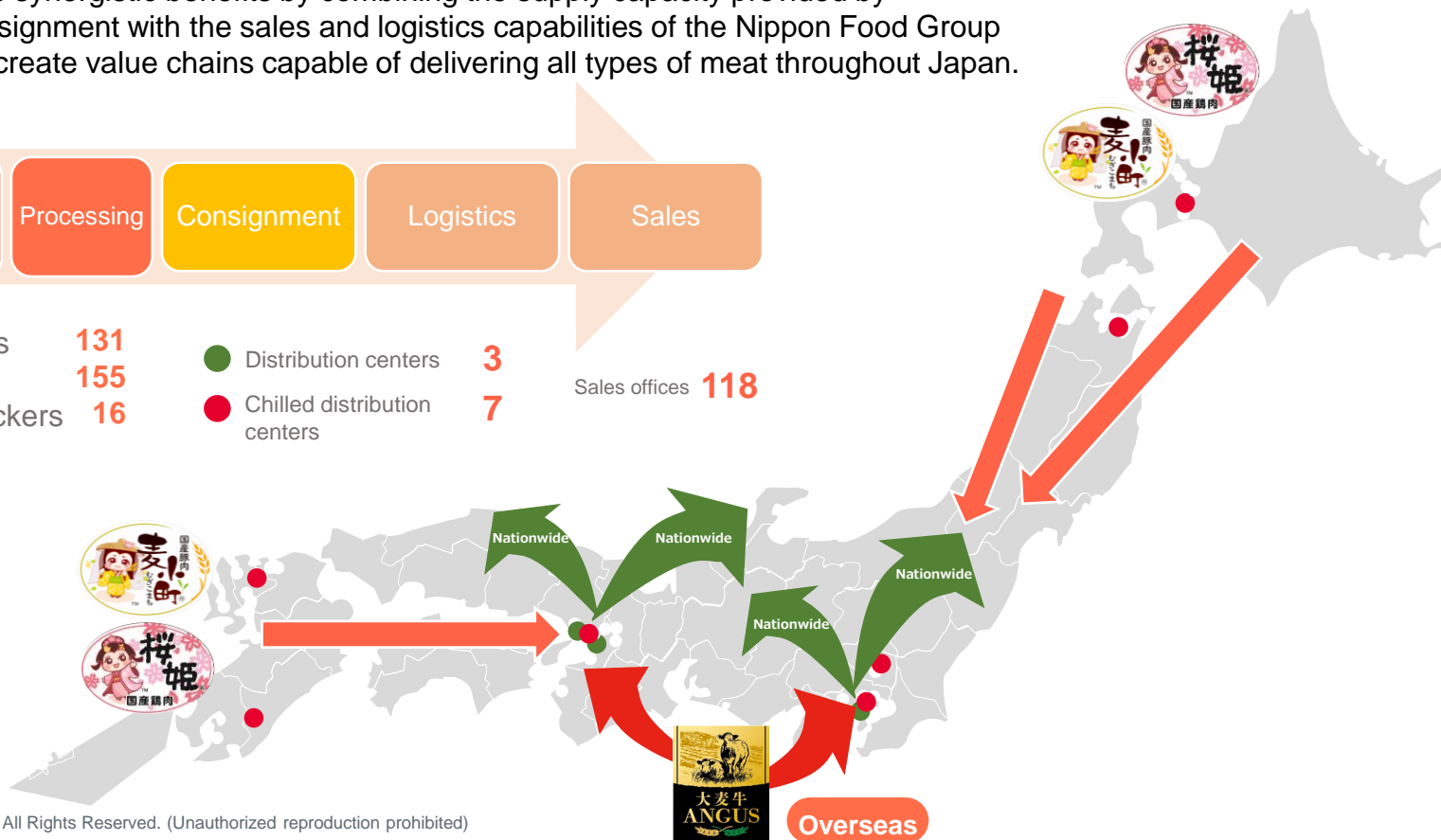
Source: Calculations based on OECD-FAO Agri Outlook 2023-2032

Business Model for the Fresh Meats Business Production, Consignment, Sales

We will achieve synergistic benefits by combining the supply capacity provided by production/consignment with the sales and logistics capabilities of the Nippon Food Group Companies to create value chains capable of delivering all types of meat throughout Japan.



| | | | | |
|--------------------|-----|--------------------------------|---|-------------------|
| Company farms | 131 | ● Distribution centers | 3 | Sales offices 118 |
| Contract farms | 155 | ● Chilled distribution centers | 7 | |
| Fresh meat packers | 16 | | | |

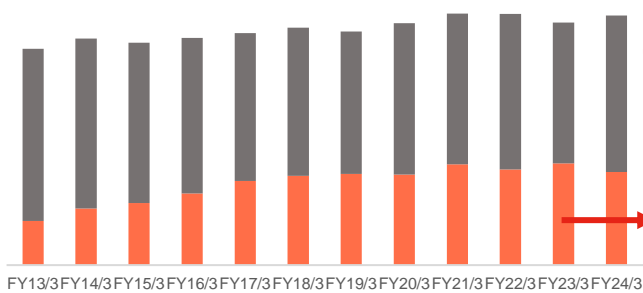


Business Model for the Fresh Meats Business Production, Consignment, Sales

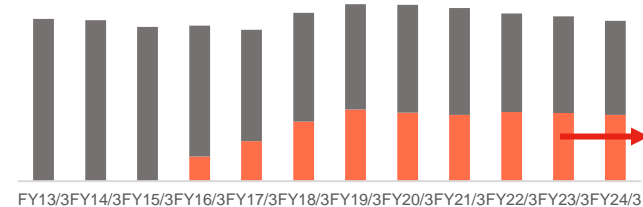
By maintaining our own upstream business, we are able to contribute to the improvement of profitability by developing branded fresh meats. We have also achieved a high market share through a balanced mix of external procurement (imports, domestic products) and in-house production.

Production

Nippon White Farm shipments



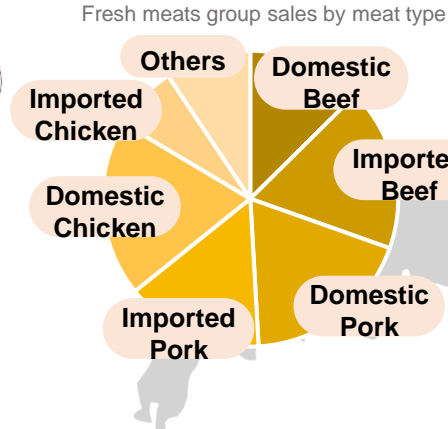
Nippon Clean Farm shipments



Sales

Balanced coverage of imported and domestic beef, pork, and chicken

Sales shares by meat type

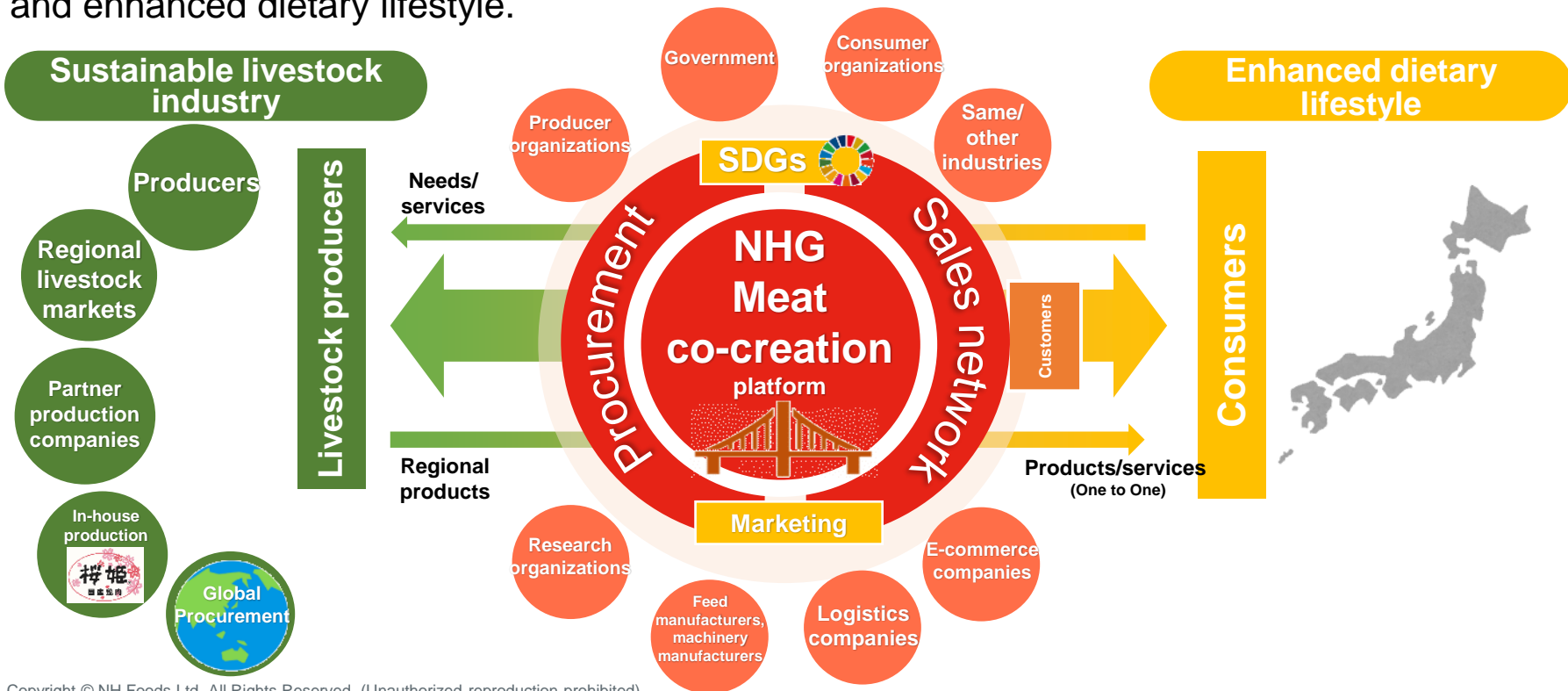


(Domestic/imported total)
Share

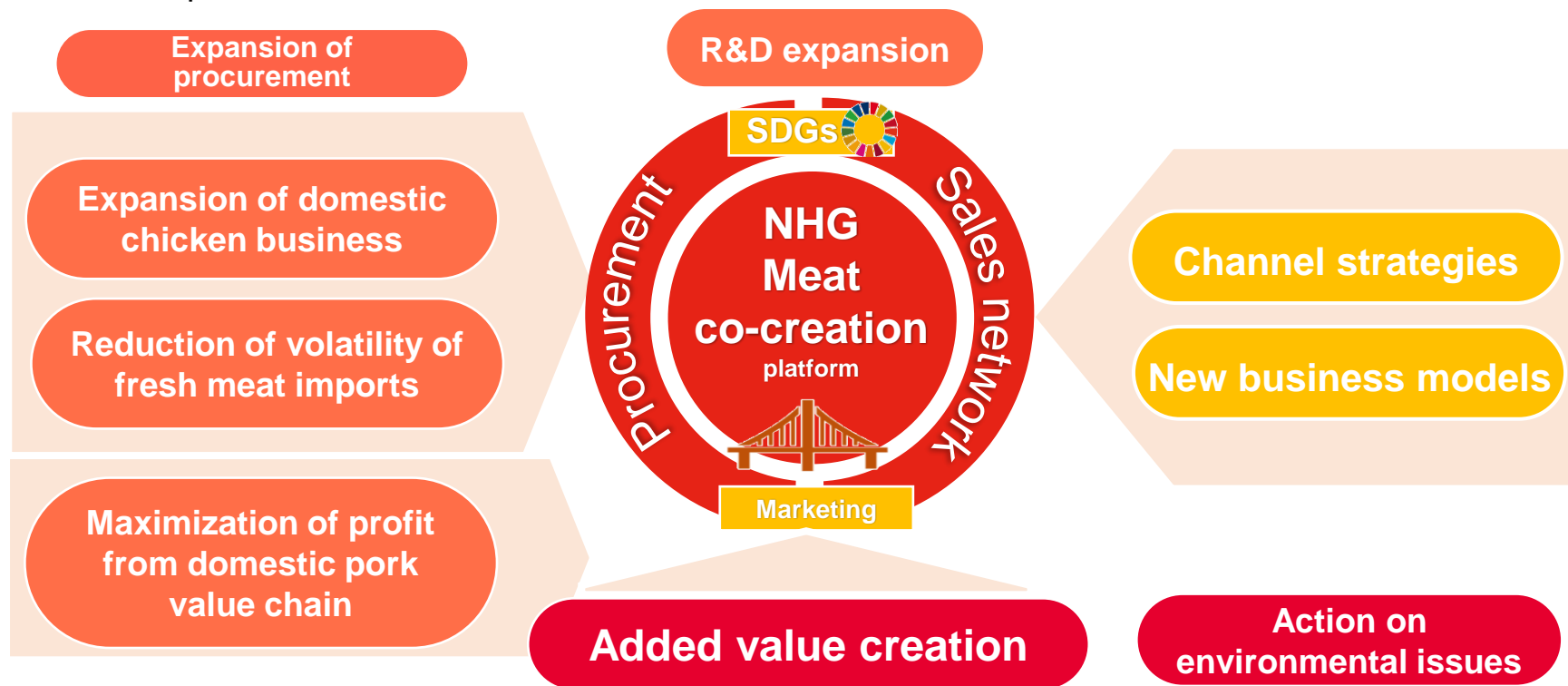
20%

Sales volumes (t)/estimated quantity in circulation (Agriculture & Livestock Industries Corporation)

Our challenge is to work with co-creation participants to build a business model that will link livestock producers with consumers and support a sustainable Japanese livestock industry and enhanced dietary lifestyle.



We will use marketing and R&D as platform for transforming our existing businesses and expanding our business operations.





Achieve new development, including export business, in the domestic pork business, which boasts the largest scale
Stable procurement of imported products by cultivating new suppliers, reduction of volatility, and utilization of our own base in Australia

Domestic products

Maximizing the domestic pork value chain

■ Improvement of productivity at company farms

Establishment of Raiman Farm by
Nippon Clean Farm Ltd.



Completion
scheduled for
Nov. 2024

(Yearly shipments: 87,000 hogs)
Approx. 15% of total shipments by
NH Foods

- Full-scale introduction of PIG LABO®
Breeding Master
- Actions on animal welfare

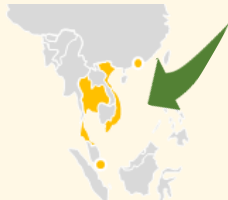
Establishment of Donan Plant by
Nippon Food Packer, Inc.



(Total units processed per year:
367,500 hogs)

- Approx. 20% of total processed by NH Foods
- 40% increase in processing capacity
 - Factory equipped for exporting to Asia

■ Overseas expansion of the domestic pork business



Progressive implementation
from September 2024
onwards (tentative)

Export destinations :
Singapore, Thailand
Hong Kong, Vietnam



Expansion of domestic chicken business

- Expansion of output of domestic chicken business
- Increase in share of our branded meat

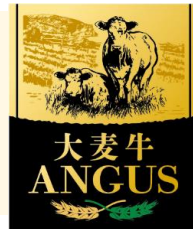
Imported products

Reduction of volatility of imported fresh meats

- Development of new suppliers, especially in Latin America
- Thorough management of inventory turnover ratios, rationale-based purchasing
- Use of AI demand forecasting

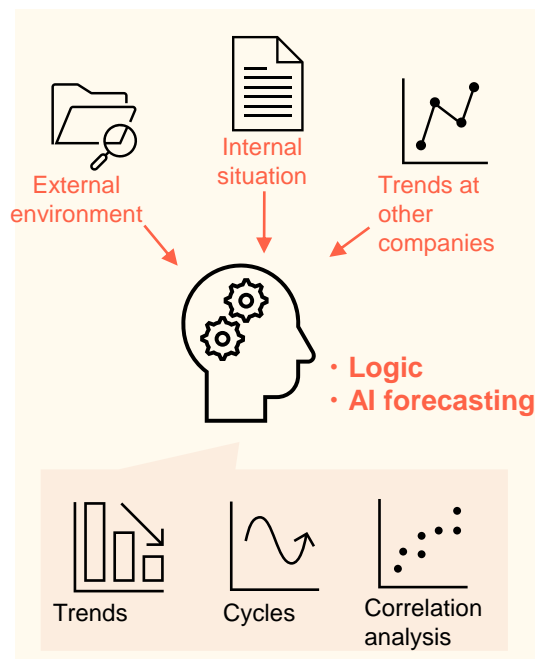
■ Proposal of Omugi Beef ANGUS

We will create an integrated brand made possible by our status as the only Japanese meat company with infrastructure in Australia.

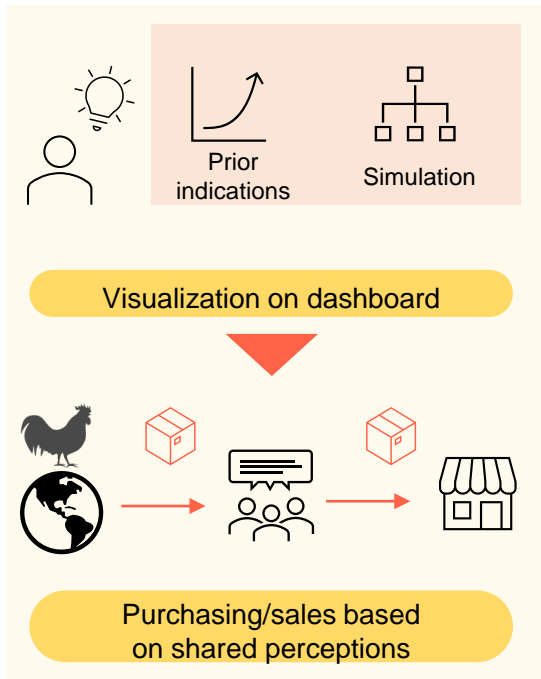


We will use data to reduce risks associated with volatile commodities (especially imported chicken and other imported frozen meats).

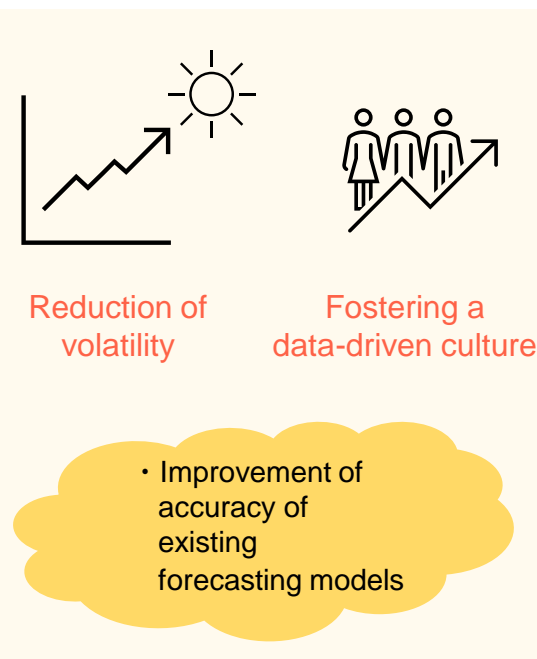
Logic formulation, AI-based forecasting



Data-based decisionmaking



Achievement of steady profits





These sustainability initiatives will enable us to ensure reliable supplies of proteins.



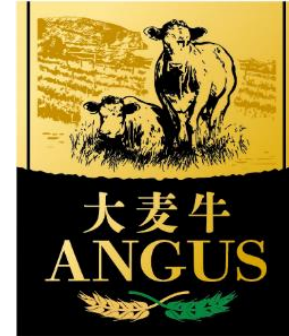
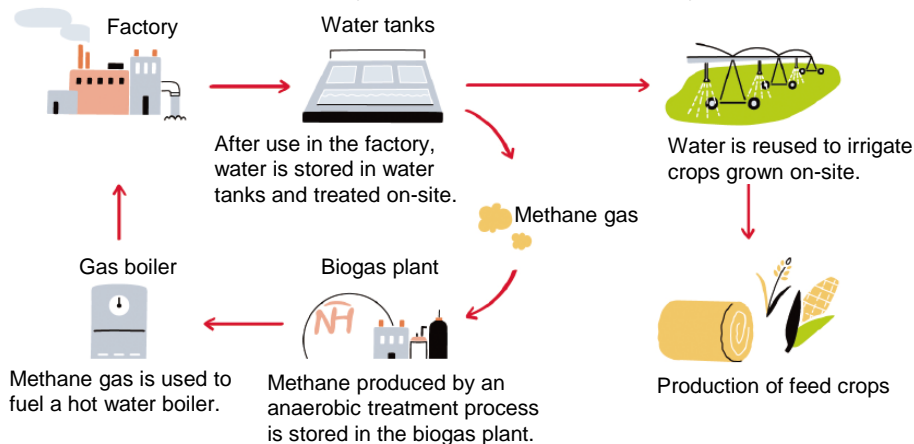
Australian
business

Sustainable, eco-friendly beef production

1. Use of farm/plant wastewater for irrigation
2. Use of methane from wastewater treatment as gas boiler fuel
3. Use of cattle waste as fertilizer
4. Reduction of feed waste through management of residual feed data

Oakey Beef Exports

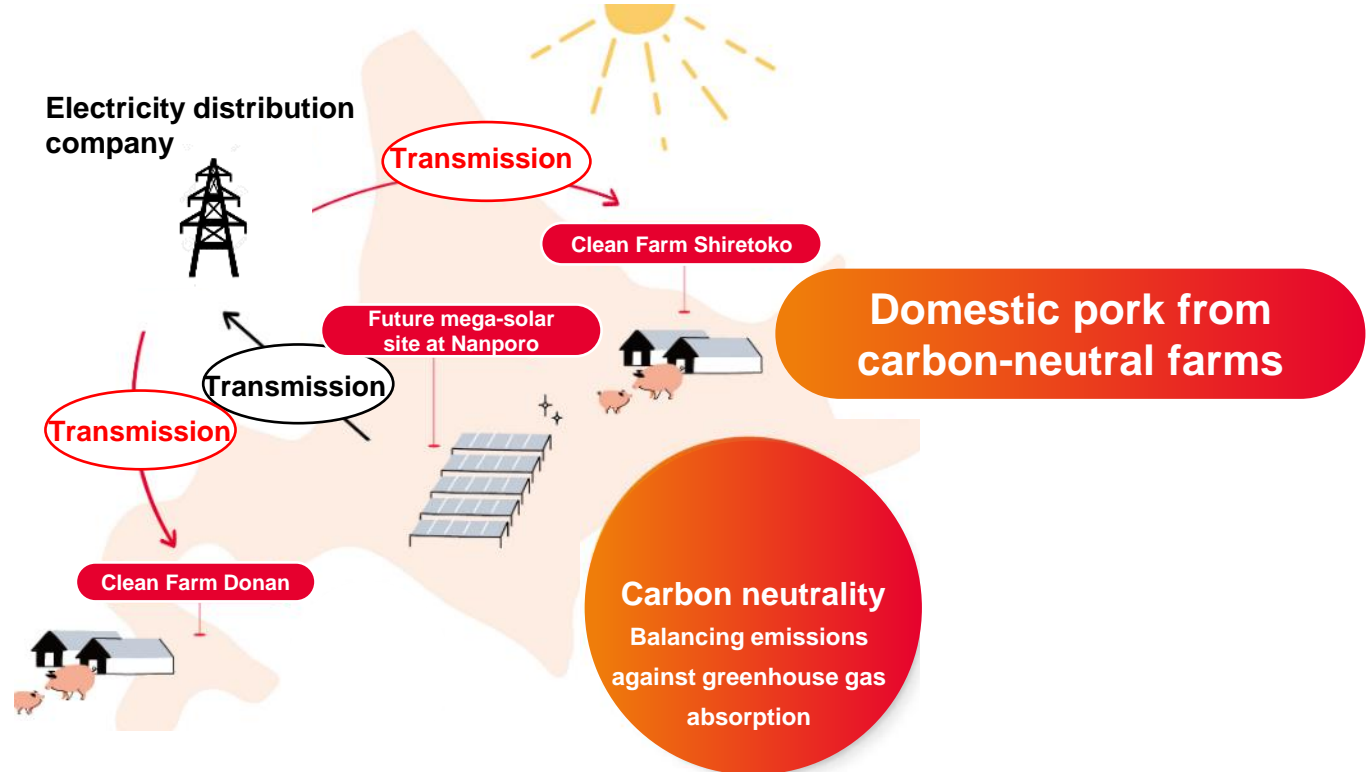
Production is carried out hygienically on systematized lines (700 head/day).



Expansion of domestic sales
through the Fresh Meats
Business Division



We are expanding our external networks for initiatives to address CO₂ and other environmental issues. We will also consider the creation of brands for new eco-friendly products.



Business Strategy for Sales Division (Nippon Food Group companies)

Four Nippon Food Group Companies —Profile of NH Japan Food

Business sites established since the 1970s form a sales and logistics structure capable of delivering products throughout Japan within 1–2 days. Established in 2016 to specialize in sales to the restaurant industry, NH Japan Food is expanding its sales in the Tokyo area.

| | |
|---------------------------|-----------------|
| Higashi Nippon Food, Inc. | 22 sites |
| Kanto Nippon Food, Inc. | 34 sites |
| Naka Nippon Food, Inc. | 31 sites |
| Nishi Nippon Food, Inc. | 28 sites |
| NH Japan Food Ltd. | 3 sites |

- Total sites: 118
- Employees: 2,754
- Truck fleet: 1,300 vehicles

* As of FY2023/3

Compound average growth rate
(CAGR) in FY2012/3 and FY2023/3

Sales volumes

1.9%

Net sales

4.3%

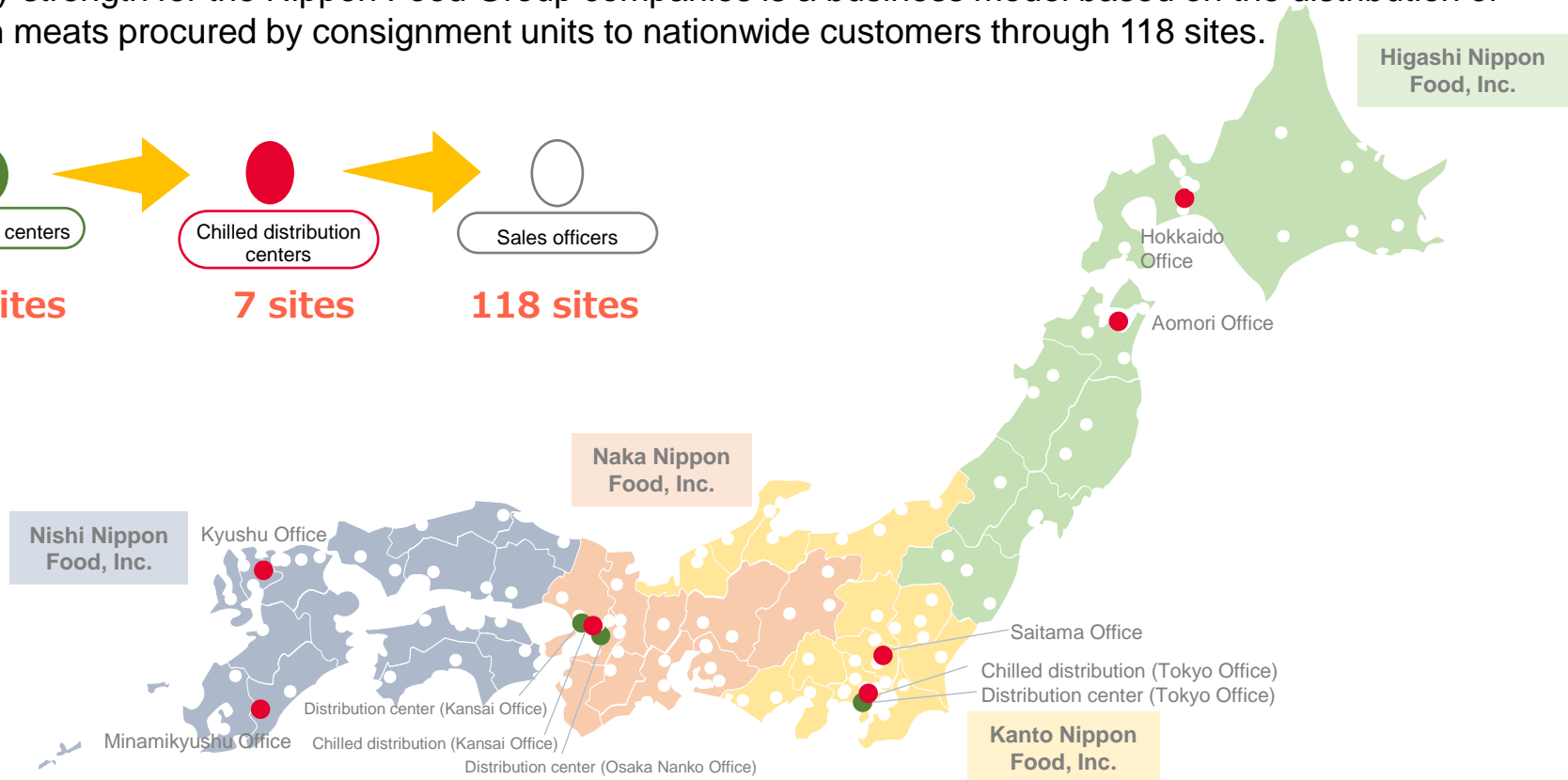
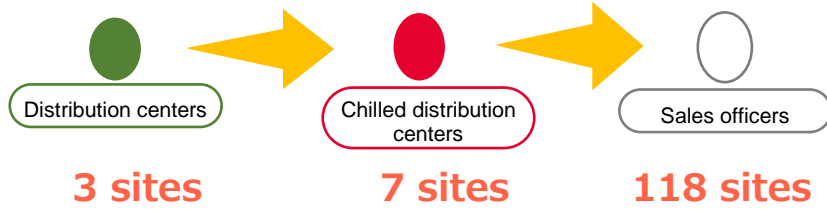
Profit

4.4%

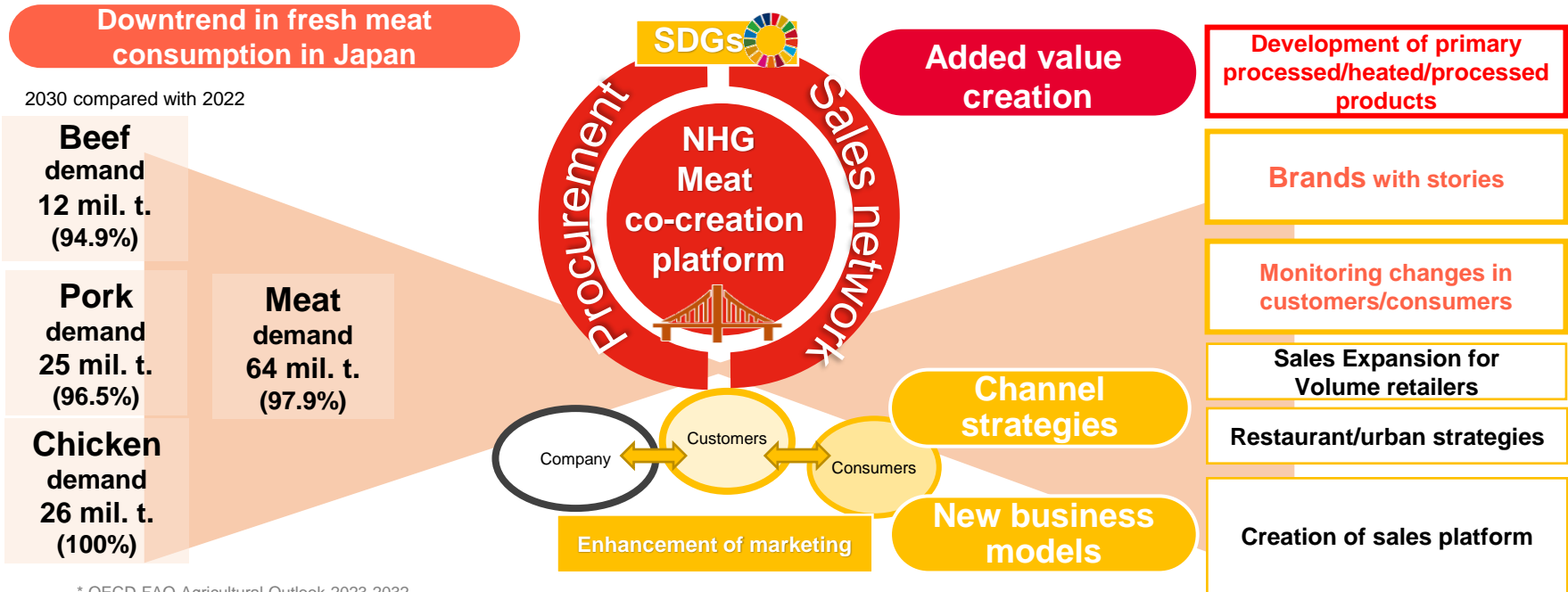
Profit growth higher than volume growth



A key strength for the Nippon Food Group companies is a business model based on the distribution of fresh meats procured by consignment units to nationwide customers through 118 sites.



The growth of the fresh meat market has peaked, and demand is now shrinking. We will respond by identifying the needs of consumers and customers as the basis for the provision of new value. We will expand earnings through enhanced marketing.



* OECD-FAO Agricultural Outlook 2023-2032



We will address customers' labor shortages and identify consumer needs. We will raise product processing levels, expand the range of variations offered, and improve customer value and profitability.

Enhancement of marketing

Marketing department

- 20 people at 4 companies
- Analyzing and providing information on market research and statistical surveys
- Formulation of sales promotion measures, dissemination of proposal information, proposal-based sales
- Planning of various study sessions and seminars and support for their implementation
- Future expansion of data-based proposals using ID-POS data

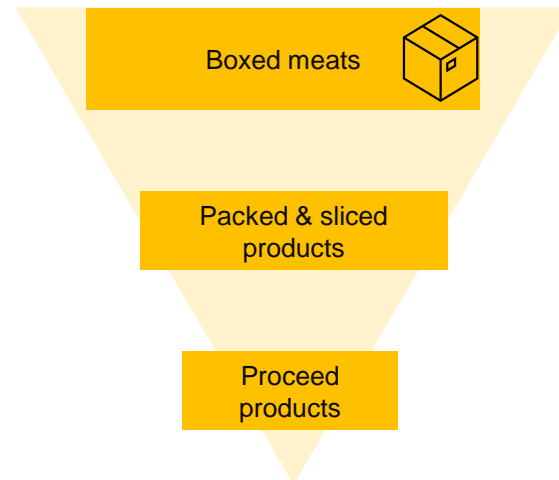


Food advisors (FA)

- 60 FAs at 4 companies
- Proposal of products to customers (volume retailers, etc.)
- Emphasis on proposals that reflect consumer perspectives
- Distribution of cooking methods, menu proposals, recipes based on market conditions and trends, etc.

Food Future Lab Naka Nippon Food

- Envisioning the role of the Food Future Lab
- Verification of current kitchen needs for each channel, sales negotiations

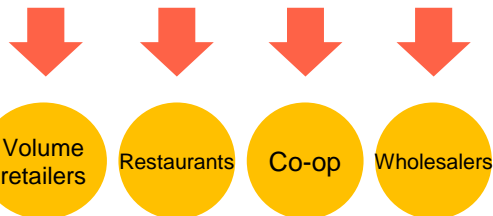


Introduction of new primary processed products and case-ready imported and domestic products in collaboration with consignment units

19 Sales Strategies (2) Channel Strategies

We will improve profitability by proposing optimal product items for each channel and area from an area sales system that covers all channels.

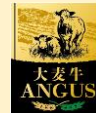
Existing sales style



Establishment of organizations specializing in volume retailers and restaurants in urban areas

Volume retailer channel strategy

Restaurant channel strategy



Proposal of processed products



Primary processing



Precut frozen products



Kit products



Heated products

Sales of processed foods through the channels of Nippon Food Group companies (e.g., volume retailers, restaurants/yakiniku restaurants).



New proposals to 7,400 customers of Nippon Food Group companies that have no dealings with Processed Foods Business Division

We will pursue digitalization measures in order to address labor shortages and accommodate diverse workstyles.

We will develop sustainable sales models that allow employees to reach their full potential.

Digitalization

Digital
networking with
customers



Enhancement of
internal systems and
network access devices



Linking systems, processes, and information

Designing diverse working scenarios

Transition to sustainable business models that reflect **labor shortages**, **delayed retirement**, and other factors



21 Sustainable Sales Structure (Logistics Network)

We will address logistics problems resulting from law changes to be introduced in 2024 by working with the Sales Division to normalize logistics charges, while ensuring full compliance with laws and regulations.

Fresh meats distribution centers/ transportation companies

Nippon Logistics Center, Inc.

This company's distribution centers in Kawasaki City (Kanagawa Prefecture), Nishinomiya City (Hyogo Prefecture), and Osaka City (Osaka Prefecture) have the largest storage capacities in Japan.



Nippon Chilled Logistics, Inc.

This company collects and delivers fresh meats produced or imported by the NH Foods Group, as well as as livestock feed.



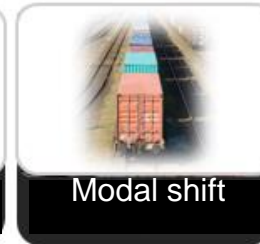
Addressing logistics problems after 2024 law changes

We will ensure full compliance with laws and regulations.
We will ensure the sustainability of our logistics structures by normalizing and revising unit prices storage and transportation.

- **Revision of operation plans and delivery methods**
→Changes to relay points, trailer swapping, modal shift verification, etc.
- **Normalization of storage/transportation charges/reflection in prices**
- **Centralization of external storage locations, reduction of transportation between sites**



Revision of
operation plans



Modal shift



Trailer swaps
(at relay points)