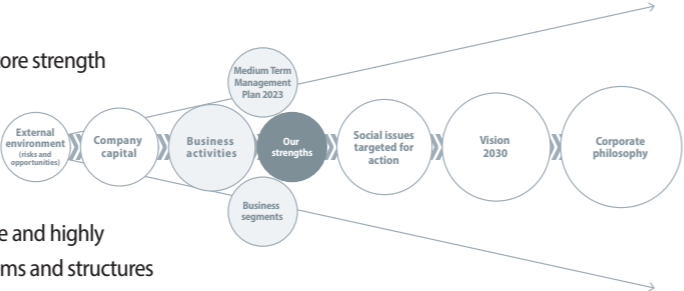


Creating our own supply chains to support value creation

Supply chains capable of reliably delivering protein, the driving force for life, are a core strength for the NH Foods Group and the source of our ability to create value. Our global procurement and production structures, our nationwide sales network, and our quality control systems ensure reliable supplies of safe, dependable products. Our product development and processing capabilities allow us to create delicious new processed foods, while in the fresh meat category we have build a dependable and highly efficient production structure based on our vertical integration system. These systems and structures enable the NH Food Group to supply products that precisely match market needs.



— Strengths of Value Creation

Developing products from a customer perspective



1985 Wiener sausages start to become a familiar part of Japanese food culture.



1994 NH Foods Ltd. offers new cooking styles in response to changes in lifestyle culture.



1998 NH Foods Ltd. develops the chilled pizza market for lovers of authentic pizza.

Information obtained by listening to consumer input and monitoring dietary and lifestyle changes is used to develop and enhance processed and cooked products, such as ham and sausages, as well as dairy products and seafood. One of our priorities is the development of allergen-free products. We are also working to create products with user-friendly functional characteristics, such as convenience and easy storage.

The Consumer Delegate Committee System

We established this unique monitoring system in 1969 to obtain input from consumers. The Committee consists of women in their 20s or older with an interest in food. Selected from among applicants who respond to public advertisements, they provide input that is used to improve and develop products.

The NH Foods Group value chain



— Strengths of Value Creation

Procurement and production networks that support safe, secure, and reliable supply

Through the 1970s, we progressively expanded into chicken and pig farming in Japan. We continued to expand these operations, and in the 1990s we strengthened our integration in Japan by absorbing processing companies. In 1988, we launched a cattle breeding business in Australia, and in April 2015, we began to develop chicken farming in Turkey. Our production and breeding operations in Japan and overseas enable us to maintain reliable supplies of meats. We operate 126 farms in Japan and 31 overseas.

We have further enhanced our ability to sell and supply fresh meats and processed foods reliably by establishing procurement channels outside of the group. As part of our efforts to reduce costs and develop original standard products, we are strengthening our strategic partnerships with overseas meat packers.



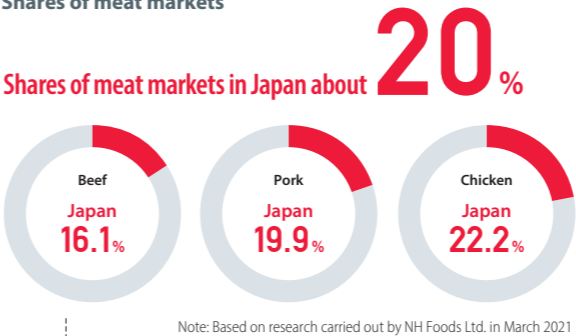
— Strengths of Value Creation

Strong supply capacity and advanced processing technology reflected in high market share

The NH Foods Group manufactures ham, sausages, processed foods, processed seafood products, lactic acid probiotic beverages, dairy products, and other items at 94 production facilities in Japan and overseas. In the fresh meats category, our involvement in the breeding and production of pork and chicken in Japan enables us to supply high-quality branded meats and other products reliably, and we have built a market share of around 20%. Many of our processed foods are number one in their categories thanks to our nation-wide supply structures.

We maintain comprehensive quality management systems at our manufacturing facilities, including certification under external standards.

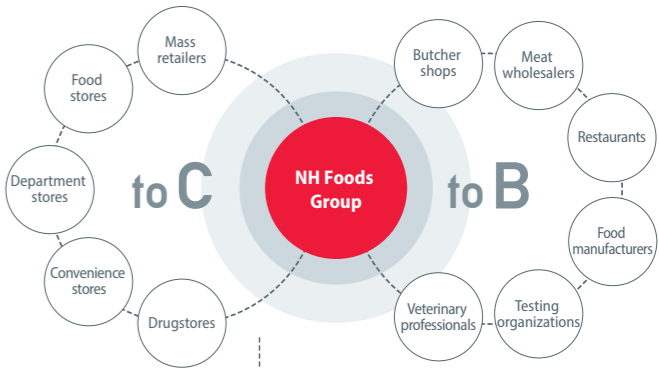
Shares of meat markets



— Strengths of Value Creation

Nationwide sales and distribution network

We maintain highly responsive and flexible supply structures based on a nationwide network of sales offices with direct links to our manufacturing sites. The distribution business of the Fresh Meats Business Division is carried out by Nippon Logistics Center, Inc., which has some of Japan's largest refrigerated and frozen storage facilities in Kanto and Kansai regions, and Nippon Chilled Logistics, Inc., which delivers products to sales companies across Japan. For the Processed Foods Business Division's distribution business, Nippon Daily Net Co., Ltd. handles storage operations, while delivery operations are carried out by Nippon Route Service Co., Ltd. Our integrated strengths, including our logistics and sales networks, are helping to strengthen relationships with suppliers and enhance our market competitiveness.



— Strengths of Value Creation

Management commitment to leadership in quality backed by highly effective quality assurance structures

We ensure the safety of the products that we supply through safety assessments, quality audits, and safety inspections. Safety assessments begin before the product development stage with the assessment of raw materials. We also assess products for compliance with regulatory requirements relating to labeling and standards. Quality audits involve extensive checking of quality-related items at production sites, manufacturing plants, and sales offices in Japan and overseas to ensure that raw materials and products are produced in appropriate environments under effective quality assurance systems. Safety inspections involve the analysis of raw materials and products to detect chemical residues, microbes, and allergens. Human resource development is also vital to the effectiveness of our quality assurance structure. That is why we provide our employees with training and educational opportunities.

Number of quality assurance managers

