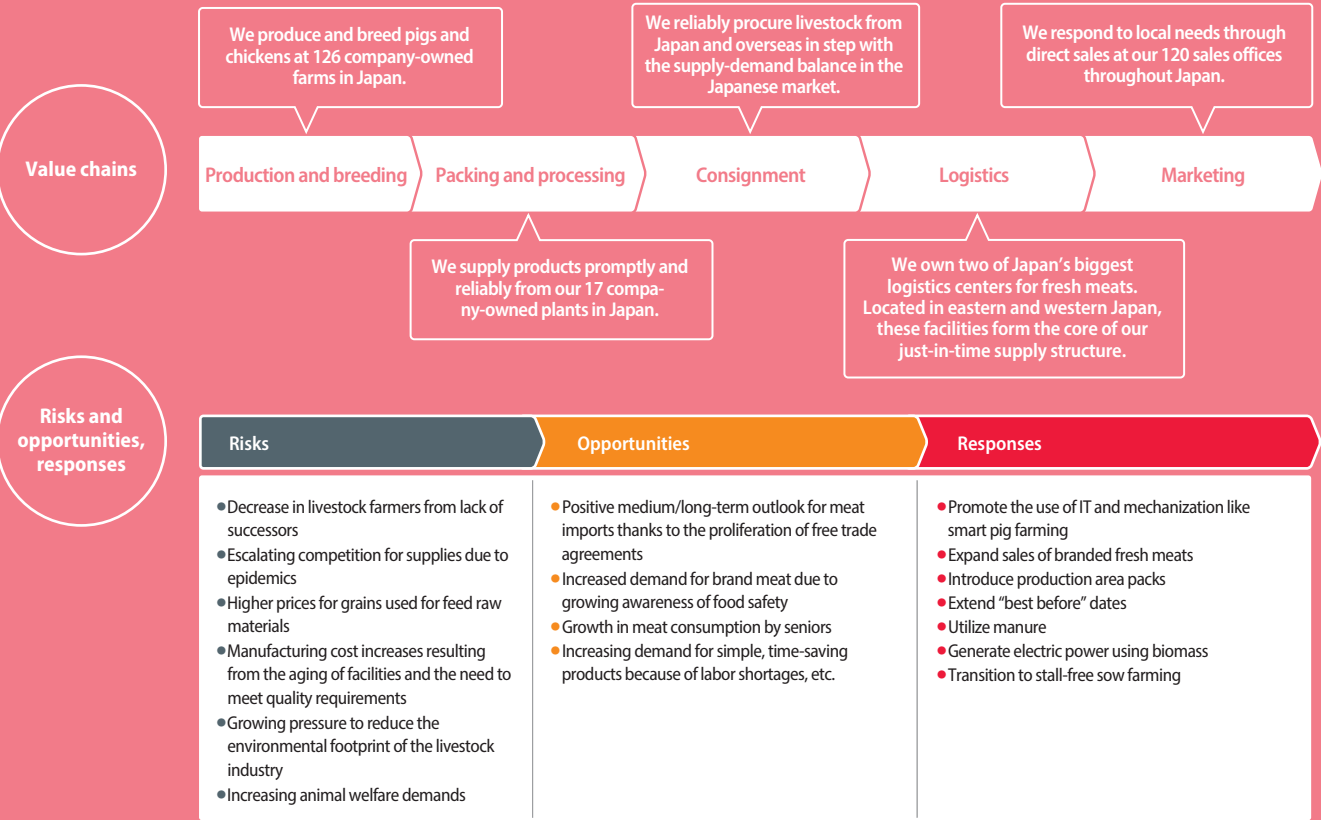


Fresh Meats
Business Division

We aim to expand our market share and profits by strengthening our procurement and sales capabilities.

Tetsuhiro Kito

Representative Director, Executive Vice President, and General Manager of Fresh Meats Business Division



Review of Medium-Term Management Plan 2020 and policies under Medium-Term Management Plan 2023

Policies under Medium-Term Management Plan 2020	Prepare for changes in the environment and create a business environment for growth <ul style="list-style-type: none">● Reinforce integration● Production system with balanced supply and demand
Results and priorities under Medium-Term Management Plan 2020	Results <ul style="list-style-type: none">● Expanded supply capacity through prioritized investment in upstream businesses● Increased profitability by expanding sales of highly profitable brand meat● Recovered to the ¥40.0 billion level of business profit by responding to increased demand in the volume retailer channels, despite the COVID-19 pandemic Priorities <ul style="list-style-type: none">● Priorities need for further improvement of the brand ratio● Continuing investment, including measures to address the aging of production and processing facilities, improvement of production indicators
Policies under Medium-Term Management Plan 2023	Establish a sustainable value chain based on strong integrations <ul style="list-style-type: none">● Strengthen procurement by improving productivity and deepening relationships with external partners● Strengthen sales through the expansion of brand meat and capture focused channels● Promote environmental responsiveness and develop brands that enhance social value

Enhance earning power through the development of upstream businesses and improve profitability by developing products and nurturing brands.

Under Medium-Term Management Plan 2020, we accelerated our efforts to strengthen the business structures that support our capacity to supply sustainable meat reliably, and to drive our evolution as a business entity capable of earning even greater support from our customers and consumers.

In the fiscal years ended March 2019 and March 2020, these efforts yielded the results anticipated in the plan. However, the impact of COVID-19 caused progress to slow in the fiscal year ended March 2021. Our sales shares in three years were 20.1%, 20.8%, and 20.0% respectively, while operating profit exceeded ¥100 billion but failed to reach the target.

Initiatives to improve productivity and profitability during the three-year period included upstream business development, the expansion and stabilization of logistics functions, and the expansion of production capacity. These efforts resulted in improved earnings.

Specifically, investment in chicken production and processing facilities in Japan allowed us to maintain high levels of profit and profitability across the entire value chain. We worked to maintain our production systems for domestic pork while improving our in-house

production indicators. We also improved our profitability by expanding sales of domestic pork and chicken produced in house and sold under our brands, and by responding to increased demand for meat for home consumption due to COVID-19.

Our efforts to address social issues during the plan period included social welfare initiatives, such as the supply of meat for "Kodomo Shokudo." Activities focused on animal welfare included the progressive introduction of free-access stalls for sows at our domestic pork manufacturing operations.

From an environmental perspective, we are working to reduce CO₂ emissions. We are also making effective use of waste from pigs, chickens, and other livestock by processing these materials in fertilizers. The Nippon White Farm Group uses chicken manure as a thermal resource by burning it in boilers to provide heating for chicken sheds and hot water for cleaning. The Interfarm Group uses pig manure to produce organic fertilizers through an organic breakdown process using bacteria.

Our procurement and marketing capabilities are the source of our competitiveness. We see improvement in these areas as the key to future growth.

Overview of Medium-Term Management Plan 2023

Summary of strategies

Aiming for a 25% market share in fiscal 2030, strengthen procurement and sales capabilities

1. Strengthen procurement capabilities

- [Domestic beef] Externalize assets and collaborate with external partners
- [Domestic pork] Improve in-house production indicators and strengthen external partnerships
- [Domestic chicken] Strengthen procurement by both strengthening in-house / using external partners
- [Importing] Strengthen ties with existing overseas major suppliers and improve quality and standards. Expand procurement routes by new countries to diversify risks

2. Strengthen sales capabilities

- Expand market share and improve profitability through focused channel strategies
- Gain competitiveness and improve gross profit through branded meat and value-added products
- Strengthen marketing to formulate and implement sales policies

Further expanding our leading share of the fresh meat market through the enhancement of procurement and marketing capabilities

Under Medium-Term Management Plan 2023, we will formulate and pursue individual strategies centering on the enhancement of procurement and marketing capabilities.

Strengthen procurement capabilities

We will enhance our procurement capabilities by securing access to supplies in ways that minimize costs, including the use of external procurement. We will also maintain and strengthen our supply capacity by preparing for sudden environmental changes in Japan and overseas.

In the Japanese fresh meat market, we aim to secure reliable access to supplies by improving productivity at our own farms, and by strengthening collaboration and forming partnerships with suppliers outside of the NH Foods Group.

Our priorities for our fresh meat importing business are to ensure high quality and reliability of access by strengthening our collaboration with existing suppliers, and by developing sources in new countries. We will first expand procurement from existing suppliers through collaboration with the overseas subsidiaries of the Overseas Business Division. The next step will be to assign personnel to local beef and pork packers to provide training for employees of local subsidiaries. The aim of these measures is to ensure

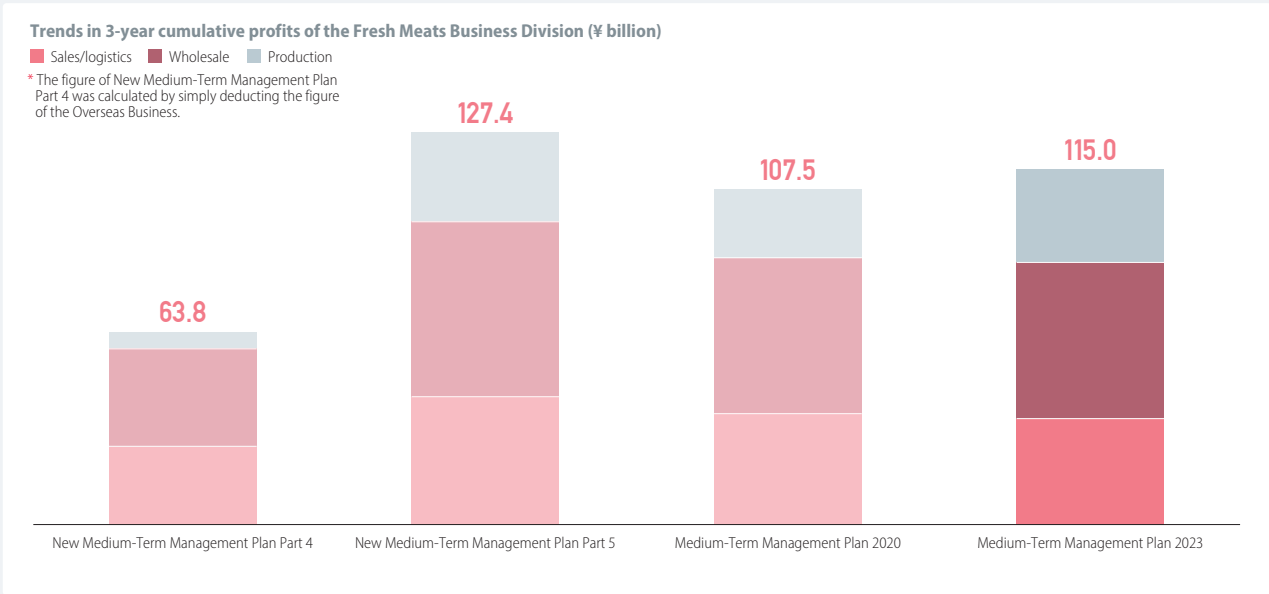
consistently high quality and compliance with standards as part of efforts to develop products for the Japanese market. We will develop and expand sources in new countries as a way of spreading risk. The process will begin with surveys to ascertain the potential for importing.

We will also strengthen the trading capabilities of Japan Food Corporation. We will implement a comprehensive range of measures designed to enhance the company's information gathering and survey capabilities and revitalize other aspects of its activities, including the transfer of personnel to other countries.

We anticipate continuing rapid changes in the business environment for the fresh meat business. In addition to the impact of COVID-19, the supply-demand balance in domestic and overseas markets could be disrupted by outbreaks of livestock diseases in Japan, fluctuations in livestock and feed prices due to climate change, the expansion of free trade agreements, increasing demand in emerging countries, and other factors.

Under Medium-Term Management Plan 2023, we plan to invest ¥78.1 billion in the fresh meat business. We will invest strategically in the development of sustainable value chains. Investments in productivity improvements and automation, including the development of new farms and processing line rationalization projects, will lead to improved earnings. Because investment precedes profit growth, we will implement our strategies carefully while focusing on ROIC to ensure expenditure is linked as efficiently as possible to profits.

Management targets



Strengthen sales capabilities

We will strengthen sales capabilities by enhancing our capacity to respond to needs through priority channels based on the sales networks and customer response and marketing capabilities of our food companies, which have always been a key strength of the NH Foods Group.

Our strategies targeting priority channels reflect the attributes of each channel, including market size, growth potential, and our market share. We plan to pursue strategies targeting each of these channels, starting with the ones that offer the greatest scope for further expansion of our market shares, such as mass-sales outlets, restaurants, cooperative societies, drugstores, convenience stores, and e-commerce outlets.

We also aim expand markets for fresh meats in general and wagyu beef in particular by working with NH Foods Group companies and other cooperating companies to increase exports to North America, Europe, Asia, and other regions.

We will increase our focus on differentiation based on added-value products, including the development and popularization of brand meat. We will work with feed and machinery manufacturers on the development of added-value products. We will also engage in industry-academia collaboration on the development of products from ESG and animal welfare perspectives.

Through our brand strengthening initiatives, we will work to build recognition of all Fresh Meats Division brands. Another priority will be

brand manager training. We will also strengthen individuals through training and the optimization of functional deployments. In addition, the Fresh Meats Marketing & Promotion Department will become the hub for collaboration with other units within the company.

Build sustainable value chains as the leading company in the fresh meats business.

The NH Foods Group supplies around one-fifth of fresh meat sold in Japan and makes a vital contribution to food infrastructure. Our mission, as stated in our materiality, is to procure and supply protein reliably. As the leading company in the fresh meat business, we aim to contribute to the development of a sustainable society with low environmental impacts by building sustainable value chains. We will also help to improve the sustainability of livestock farming in general by offering solutions to issues affecting the industry.

As in the previous year, we will continue to supply food to children's cafeterias and run food education programs as part of our contribution to Co-creation and shared prosperity with local communities and society as a whole through food and sports.

We remain firmly committed to the creation of new value by reliably supplying consumers with products that help them to enjoy good health and the joy of eating, and by supporting local communities.