

Overseas Business Division

We aim to strengthen our earnings base and expand sales.

Nobuo Oda
Managing Executive Officer



	Processed foods	Fresh meats	Trading	
ASEAN	NH Foods Vietnam Joint Stock Company / NHF Manufacturing (Malaysia) Sdn.Bhd. / PT NH Foods Diamond Indonesia / Shandong Rilong Foodstuffs Co., Ltd. / Pure Food Asia, Inc. / Thai Nippon Foods Co., Ltd. / Thai Nippon Cold Storage Co., Ltd.		Nippo Food Co., Ltd. / NH Foods (Thailand) Ltd. / NH Foods Singapore Pte. Ltd. / NH Foods Taiwan Ltd.	Local sales Exporting to third countries Exporting to Japan
Oceania		Whyalla Beef Pty. Ltd. / Thomas Borthwick & Sons Pty. Ltd. / Oakley Beef Exports Pty. Ltd. / Wingham Beef Exports Pty. Ltd.	NH Foods Australia Pty. Ltd. / Beef Producers Australia Pty. Ltd.	
Europe			NH Foods U.K. Ltd.	
North America	Redondo's	Day-Lee Foods, Inc.		
South and Central America		Breeders & Packers Uruguay S.A.	NH Foods Chile Y Compania Limitada / NH Foods Mexicana S.A. DE C.V.	
Middle East		Ege-Tav Ege Tarm Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi		

Main overseas group companies

Risks and opportunities, responses

Risks	Opportunities	Responses
<ul style="list-style-type: none"> Higher prices for grains used in raw feed Decrease in livestock farmers from lack of successors Escalating competition for supplies due to epidemics Rising production costs due to aging facilities and more stringent quality measures Expanding demand for religious foods due to growth in the number of foreign workers and other factors Growing pressure to reduce the environmental footprint of the livestock industry Increasing animal welfare demands 	<ul style="list-style-type: none"> Increased demand for meat due to global population growth Increased needs for Japanese diet from heightened health consciousness Resurgence of new markets for processed foods in response to lifestyle changes [Tentative] Positive medium/long-term outlook for meat imports thanks to the proliferation of free trade agreements 	<ul style="list-style-type: none"> Upgrade feed plants in Australia Workplace experiences and tours for local residents and students, etc. Development of future generations of farmers and manufacturing workers through worksite visits Strengthen disease prevention systems on farms and in production and breeding facilities Extend "best before" dates by enhancing production and preservation technologies Promote cyclical conservation-oriented agriculture

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

Policies under Medium-Term Management Plan 2020	Net sales expansion and profit stabilization <ul style="list-style-type: none"> Expand sales and profit by building value chain Overall optimization of global beef business
Results and priorities under Medium-Term Management Plan 2020	Results <ul style="list-style-type: none"> Australia: Achieved an earnings turnaround thanks to reform project. Uruguay: Rebuilt the business environment. Americas: Improved of earnings through the expansion of processed food sales. Asia: Expanded the processed food business, especially in Asia. <hr/> Priorities <ul style="list-style-type: none"> Review of business portfolio→Increase sales of processed food products to reduce volatility Evolution of sales to Japan <ul style="list-style-type: none"> →Strengthen sales to Japan, both in terms of raw materials and processed food products, in response to technological innovation and changes in tariffs
Policies under Medium-Term Management Plan 2023	Establish growth models <ul style="list-style-type: none"> Stabilize profit in existing businesses Expand sales of processed food products in North America and the ASEAN region Build a new pillar that generates profit by formulating and implementing growth strategies focused on promising areas

Drive further evolution of reform projects and pursue an expansion strategy encompassing the Entire Overseas Division.

Net sales reached only 81% of the target level under Medium-Term Management Plan 2020 due to a global slump in restaurant demand due to the COVID-19 crisis, and the deterioration of the cattle collection environment in Australia. Business profit substantially exceeded the target for the year ended March 2021, thanks to increased demand for home-cooked and prepared foods and strong sales of processed foods during the COVID-19 pandemic. However, the target under Medium-Term Management Plan 2020 was not achieved because of fluctuations in market prices, exchange rates, and other factors.

Our Australian business, which produces, processes, packs, and sells beef, accounts for almost one-half of sales from our overseas business. Stagnating sales since the year ended March 2019 have affected the overall performance of the Overseas Business Division. Fluctuations in the beef market directly impact on the performance of our overseas business. We worked to break out of this situation by focusing on branding and the expansion of sales of added-value

products by our Australian business through the optimal use of existing value chains. We leveraged technology developed for the *Nature's Fresh* and *Omugi-gyu* brands, which we created for the Japanese market, to expand sales of Angus Reserve, while using the *Joy of Eating* tag line to raise awareness of our corporate philosophy and enhance our brand image. We also took steps to improve profitability and productivity, including capacity expansion at feed plants, and the automation of shipment processes at processing facilities.

Portfolio changes resulted in the restructuring of overseas sales offices, including the closure of three offices. In addition, we decided to sell the processed food business of NH Foods Mexicana (Mexico), and to reorganize our business operations in Thailand, especially the three manufacturing companies. In Uruguay, we strengthened our capacity to market products in the expanding Chinese market by appointing a staff member to work exclusively on the Chinese business. We also made changes to quality control systems with the aim of strengthening sales to Japan. These measures laid the foundations for the extension of the Australia Project to other countries.

Overview of Medium-Term Management Plan 2023

Summary of strategies

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

1. Stabilize profit in existing businesses	<ul style="list-style-type: none"> Clarify and enhance functions Establish an optimal beef production system
2. Expand sales of processed food products in North America and the ASEAN region	<ul style="list-style-type: none"> Develop alternative proteins and new processed food products, in addition to chicken based processed products
3. Build a new pillar that generates profit by formulating and implementing growth strategies focused on promising areas	<ul style="list-style-type: none"> Stabilize profit Construct a strong supply chain

Expand production and sales opportunities in Japan and overseas while strengthening our income base.

Our basic strategies under Medium-Term Management Plan 2023 are to stabilize the profit of existing businesses, expand sales of processed food products in North America and the ASEAN region, and build a new profit pillar by formulating and implementing growth strategies focused on promising areas.

While strengthening stable income streams from existing businesses through structural reforms, we will also expand sales to Japan and in local markets. These efforts will be paralleled by human resource development initiatives and measures to strengthen governance.

Stabilize profit of existing businesses

We will stabilize profits by clarifying and strengthening functions across the entire value chain. We will then review the status of each company with a view to improving ROIC and investment efficiency.

We will take steps to reduce production and processing costs, especially through the improvement of the production yields of our beef businesses in Australia and Uruguay. At the same time, we will work to stabilize profit by developing and selling high-added-value products, resulting in the establishment of a production structure that will allow us to adapt flexibly to changes in the fresh meat market. We will also expand exports from Uruguay to Japan and other markets by widening

our sales channels.

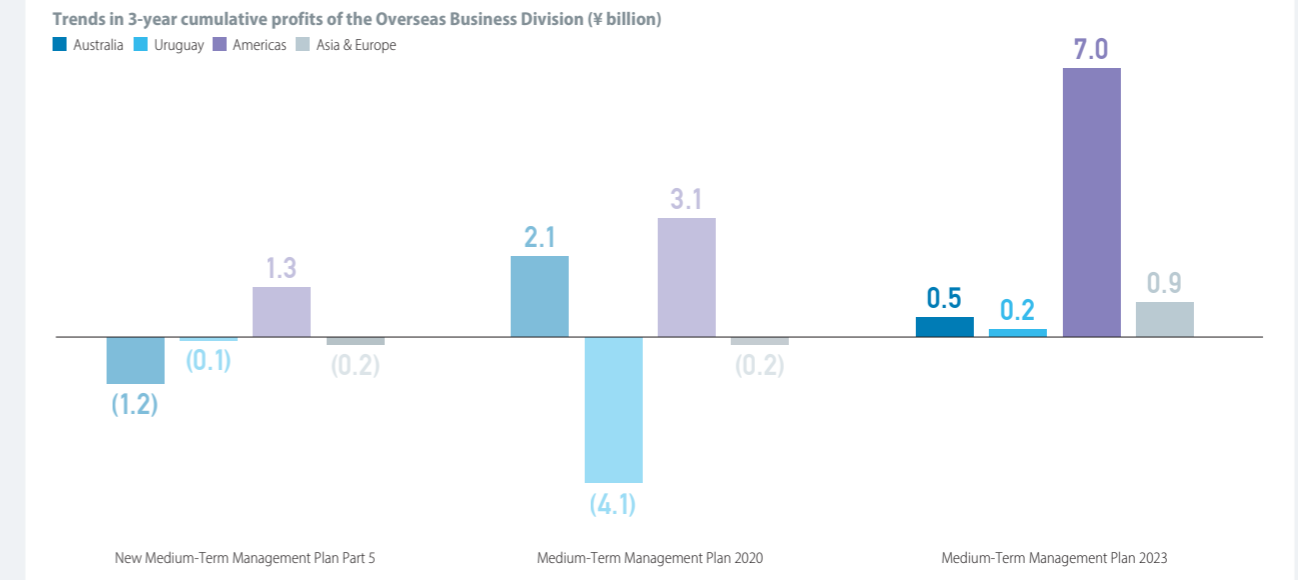
In Turkey, too, we will further reduce production and processing costs for the chicken business, while modifying business portfolios that are currently weighted toward low-profit businesses. In addition, we will again review the required capital expenditure with the aim of reducing the fixed costs of manufacturing operations.

Expand sales of processed food products in North America and the ASEAN region

We aim to expand our processed food sales by targeting sales growth in the North American market through development and introduction of new products to meet customer needs in the continually expanding U.S. ready meal market. This will require further enhancement of business infrastructure, including improvements in our product development and manufacturing capabilities, and the expansion of sales channels. Particular priorities in the North American market include the expansion of sales of processed foods developed using Japanese technology, especially for our flagship *Crazy Cuisine* brand. We will also work to expand our share of the market for commercial products. In addition, we plan to carry out consumer surveys as the basis for the development of products that reflect local consumer needs and preferences in each region.

In the ASEAN region, we aim to develop manufacturing bases to

Management targets



supply products reliably to Japan, while at the same time expanding sales in local markets by developing and launching products that match demand in Southeast Asian countries.

Build a new pillar that generates profit by formulating and implementing growth strategies focused on promising areas

Free trade agreements have the potential to trigger major changes in the markets for processed products and processed foods. We are preparing for new business opportunities created by these changes.

Since the trend toward free trade is expected to lead to increases in fresh meat import volumes, we will move forward with strategic initiatives to expand sales in Japan. To achieve that, we will work with the Fresh Meats Business Division to enhance our procurement capabilities.

We will also develop new export markets for fresh meat and increase our development efforts in step with demand in each country and region. In the Americas, the EU and other regions, we plan to strengthen our capacity for exporting pork to Japan.

The expansion of world demand for beef could lead to escalating competition for access to supplies. We will develop new supply sources in various countries to ensure that we can continue to export of beef reliably to Japan.

We will fulfill our social responsibilities by engaging in business sustainably

We will work to support and enrich the lives of people worldwide through food by developing and supplying safe, reliable products and services, while respecting the culture, customs, history, and laws of the countries and regions in which we develop our overseas businesses.

Our plan for contribution to a sustainable global environment, in which we have identified five material issues, calls for efforts to quantify the environmental impact of our business activities at overseas, and for the further reduction of our greenhouse gas emissions. We will also make preparations for the disclosure of environmental impact data from our overseas companies engaged in livestock breeding and manufacturing activities.

We aim to ensure reliable procurement and supplies of protein by promoting CSR-based procurement and building strong relationships with suppliers.

We will use our unique capabilities as a food company to contribute to social and community enrichment. In addition, we will help our employees to achieve growth by further enhancing our training and education system. We will continue to adapt proactively to the diversification of people, food, and health needs.