

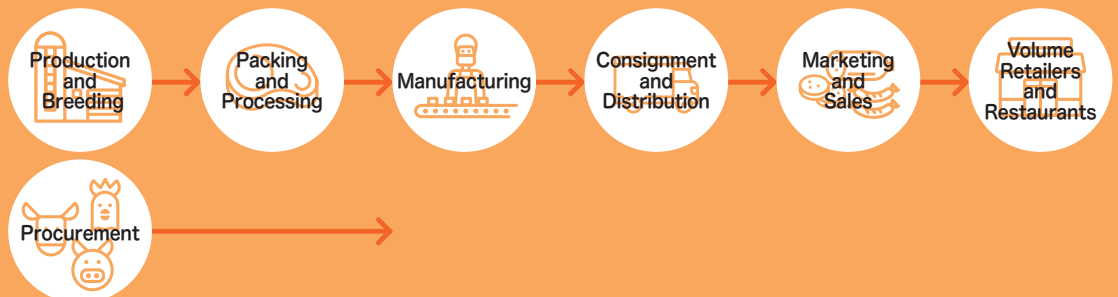


## Vertical Integration System Provides Stable Supply of High-Quality Fresh Meats

The NH Foods Group built a unique in-house vertical integration system that encompasses all stages, from production and breeding to packing and processing at its own farms and factories in Japan and overseas as well as consignment, distribution, and sales, to provide safe, top-quality fresh meats. A consistent management from breeding through to the sale leads new value creation on many levels, not only facilitating production of high-value-added fresh meats matched to market needs but also mitigating risks, such as live-stock disease, while ensuring stable supply.



### VERTICAL INTEGRATION SYSTEM





1985: Brought out a food culture with authentic wieners in Japan

### ● *SCHAU ESSEN™*

In pursuit of true German flavor, created category of authentic coarse-ground wieners. Introduced a new food culture enabling consumers to enjoy authentic ham and sausages in Japan.



1994: Brought out a new cooking style matched to changing lifestyles

### ● *Chuka Meisai™*

A new proposal for easily and quickly prepared authentic Chinese meals. Simply add one kind of vegetable for a balanced meal.



1998: Cultivated market for chilled pizza with authentic taste

### ● *Ishigama Kobo™*

Cultivated a new genre—chilled pizza—that let consumers enjoy the taste of pizzeria pizza at home. Expanded the menu of meal options at home.



## Ability to Develop Category-Leading Products

From early on in our corporate history, the NH Foods Group approached product development from a customer perspective, exemplified by the establishment of an independent monitoring system, the Consumer Delegate Committee, in 1969. Products such as *SCHAU ESSEN*, *Ishigama Kobo*, and *Chuka Meisai* were proposed for a new food culture, and today establish a position as category-leading products. The Group's starting point was the desire to help consumers achieve good eating habits, and today, with Japan's decreasing birthrate, aging of the population and increasing lifestyle diversification, this stance will not change.

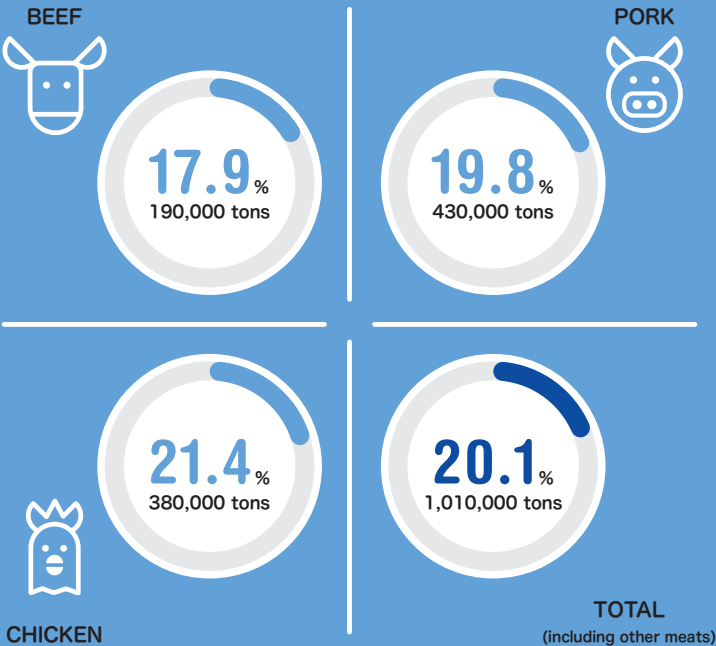


# Our Strengths 3

## Sales Capabilities Derived from Top Share in Fresh Meats Market in Japan

The NH Foods Group enjoys No. 1 status in domestic sales of beef, pork, and chicken. Our sales capabilities are fueled by branded fresh meats, such as *Omugi-Gyu* beef from Australia, *Mugikomachi*™ domestic pork, and *Sakurahime*™ domestic chicken, and also by the Group, having a network of 117 sales offices throughout Japan. We have various sales channels, including volume retailers, restaurants, and shops, and we are operating solution-style marketing aimed for resolving customers' issues where each employee acts as a fresh meat sales specialist with a close connection to the local community.

RELATIONSHIP BETWEEN FRESH MEAT MARKET SCALE AND SHARES (as of March 31, 2019)



# Our Strengths 4

## Quality Assurance Based on International Standards

The NH Foods Group considers it a key social responsibility to deliver safe products to customers.

The food environment is changing significantly, and we must identify trends, such as changes in customers' attitudes toward eating habits and a heightened international emphasis on food safety, and execute suitable responses. We are building an original quality assurance system to roll out quality-oriented activities throughout all processes, from planning and development to manufacturing and sales.

In addition, we established original quality assurance rules, based on global food safety concepts, that were organically linked to safety assessments, safety inspections, and quality audits as well as develop the skills of human resources involved in quality assurance. This approach underpins efforts to delivery safe products to customers.