

The NH Foods Group Delivers the “Joy of Eating” – Value Creation Process –

The NH Foods Group has delivered sustainable growth by working together with its stakeholders to build on its original strengths, including developing allergy-friendly food products, supporting the promotion of the livestock industry and the creation of a vertical integration system. We have commenced initiatives for sustainable food supply for the next generation, such as pursuing the Smart Pig Farming Project. Under the Medium-Term Management Plan 2020, we aim to continue facing social issues while delivering the “Joy of Eating” to people around the world.

while Facing Social Issues

Megatrends affecting food

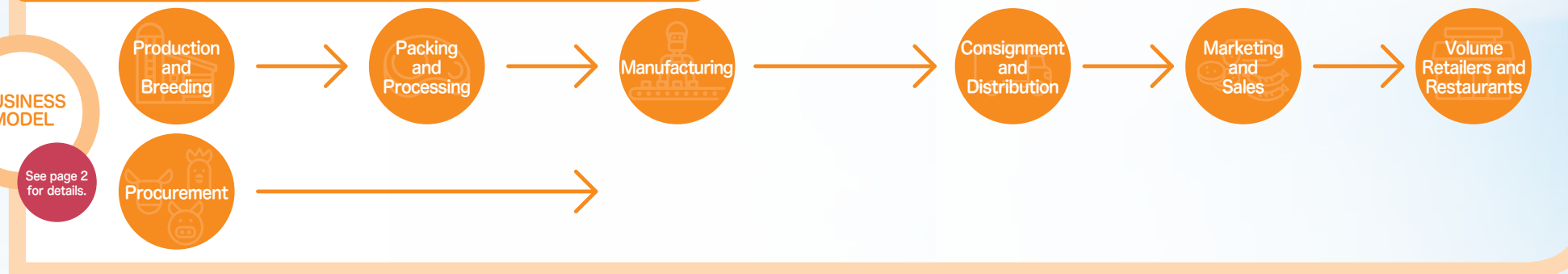
- Changes in the supply-demand balance of food due to the world’s growing population
- Support for increased consumption of fresh meat worldwide
- Progress of Japan’s aging society
- Decrease in the number of domestic livestock farmers
- Drop in Japan’s food self-sufficiency ratio
- Changing lifestyles
- Increase in the number of people with food allergies domestically
- Problems concerning food safety and reliability
- Introduction of AI into the livestock industry
- Development of new protein sources

Five important CSR issues and related SDGs

See page 56 for details.

- Producing food that is safe and reliable (SDG 9)
- Supporting mental and physical well-being through food and sports (SDG 3, 4)
- Maintaining workplaces that motivate employees (SDG 5, 8)
- Sustainable food supply for the next generation (SDG 2, 12)
- Preserving the environment (SDG 7, 12, 13)

Vertical Integration System



BUSINESS MODEL

See page 2 for details.

CORE COMPETENCE

See page 2 for details.

- Vertical integration system built for many years
- Development of high-quality branded fresh meats through integration
- Synergy at each business division
 - Product development by linking food in multiple categories
 - Mutual utilization of assets of each business division, including product development ability, knowledge of food, and distribution channels
- Sales capabilities from top market shares in three livestock species (cattle, pigs, and chickens) in Japan
- Ability to develop category-leading products

Medium-Term Management Plan 2020

THEME Building systems that pave the way to the future

MANAGEMENT STRATEGY

- Strengthen profitability by improving the efficiency of existing businesses
- Create value through dialog with consumers
- Enhance and develop technological capabilities for conceptualizing and realizing the future of food
- Change gears in overseas market deployment
- Pursue sustainability

QUANTITATIVE GOALS FOR FISCAL 2020

Net sales ¥1,410.0 billion Business profit ratio 4.0%

Business profit ¥56.0 billion Profit attributable to owners of parent ¥35.0 billion

See page 10 for details.

Social value to be created

- Promoting livestock industry in Japan
- Offering safe and reliable foods
- Supplying highly convenient processed foods in response to diversifying lifestyles
- Expanding our lineup of health-conscious products
- Offering allergy-friendly foods

A FOUNDATION THAT SUPPORTS VALUE CREATION

- Our DNA to pursue flavor without compromise
- Quality assurance framework to comply with international standards:
 - SQF certification: 27 business sites
 - FSSC22000 certification: 19 business sites
- Human resources supporting the level of quality:
 - Quality Assurance Managers: Japan: 810 / Overseas: 152
- Connection with consumers represented by the Consumer Delegate Committee, established in 1969