

# Providing the greatest *Joy of Eating* in the world

The NH Foods Group defines the *Joy of Eating* as the pleasures of good eating, and the joy of good health.

From our beginnings as a manufacturer of ham and sausages, we have expanded into a wide spectrum of food-related business areas.

Food is essential to life. That is why we have dedicated ourselves to bringing the *Joy of Eating* to people everywhere.

## Corporate Philosophies

1. Under the basic theme of *Joy of Eating*, our company creates a culture that marks an epoch and contributes to society.
2. Our company is a place where employees can feel truly happy and fulfilled.

## Management Principles

1. Act with noble ideals and the determination to achieve them.
2. Learn from others, teach others, and be willing to be taught by others.
3. Create the times by meeting the needs of the times.
4. Expand relationships through quality and service, and take responsibility for all people with whom we have relationships.
5. Strive to be a highly functional organization.



Our aspiration—to be a source of happiness in people's lives

Pleasures of good eating

*Joy of Eating*

Joys of health



1 Our value creation story

2

Value creation strategy

3 Value creation foundation

4

Corporate data

## NH Foods Group Vision 2030

# Unleash new potentials for protein

NH Foods Group will unleash new ideas beyond existing domains to expand new potentials for protein as the power of life. We will endeavor to create diverse dietary lifestyles so people can experience the *Joy of Eating* more freely, while ensuring a stable supply of food with respect to the environment and society.

Throughout its history, the NH Foods Group has given form to the *Joy of Eating* by responding to people's food needs, while also addressing social issues.

As Japan's biggest supplier of protein, the NH Foods Group recognizes the risk of supply problems in the future. We have already started to take up the new challenges of ensuring reliable supplies of protein, while considering the needs of the environment and society, and adapting to the diversification of lifestyles and food needs.



1 Our value creation story

2 Value creation strategy

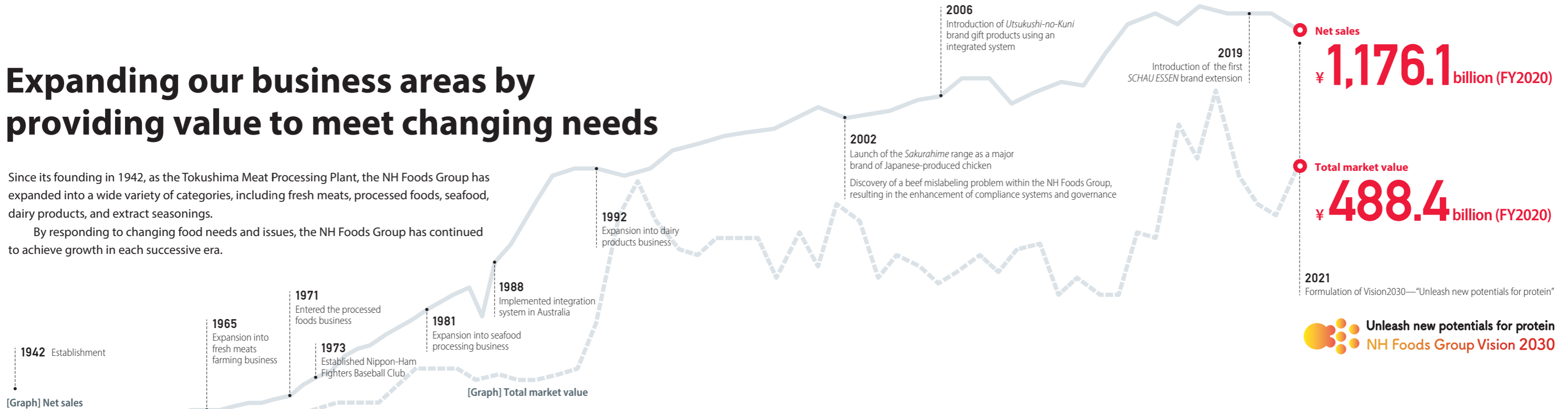
3 Value creation foundation

4 Corporate data

# Expanding our business areas by providing value to meet changing needs

Since its founding in 1942, as the Tokushima Meat Processing Plant, the NH Foods Group has expanded into a wide variety of categories, including fresh meats, processed foods, seafood, dairy products, and extract seasonings.

By responding to changing food needs and issues, the NH Foods Group has continued to achieve growth in each successive era.



**1940s-** Supply of quality protein amid the food shortages of the postwar era

**1970s-** Contribution to the evolution of new food culture through expansion into new food categories and overseas markets

**1990s-** Expansion of product lineup in step with lifestyle diversification

**2000s-** Improvement of customer satisfaction through a management commitment to being number one in quality

**2010s-** Creation of new paths to the future of food through the introduction of high-added-value products

**2020s-** Focus on the future of food 10-20 years into the future

**No. 1 quality / safety and security**

**Delivery of "great tastes" to the dinner table**

**A stable supply of protein that makes up the body**

**Corporate philosophy**  
**Joy of Eating**

Social environment	1940	1970	1990	2000	2010	2020	
	<ul style="list-style-type: none"> <li>• Rapid economic growth</li> <li>• Westernization of the Japanese diet</li> </ul>	<ul style="list-style-type: none"> <li>• Shift to nuclear family lifestyle</li> <li>• Growth of the restaurant industry</li> </ul>	<ul style="list-style-type: none"> <li>• Liberalization of pork imports</li> <li>• Shift of women into the paid work force</li> </ul>	<ul style="list-style-type: none"> <li>• Liberalization of imports of beef and oranges</li> <li>• Growth of the ready-made meal market</li> </ul>	<ul style="list-style-type: none"> <li>• Growing consumer pressure for improved food safety and reliability</li> <li>• Japan's first BSE outbreak</li> </ul>	<ul style="list-style-type: none"> <li>• UN Sustainable Development Summit</li> <li>• Signing of the Paris Agreement</li> </ul>	<ul style="list-style-type: none"> <li>• COVID-19 pandemic</li> </ul>

**Innovative products and services**

<p><b>1965</b> Fresh Meats Entry into the farming business, full-scale launch of the fresh meats business</p>	<p><b>1977</b> Overseas Start of overseas business expansion</p>	<p><b>1985</b> Processed Foods Launch of <i>SCHAU ESSEN</i> coarse-ground pork wieners for authentic sausage aficionados</p>	<p><b>1997</b> Processed Foods Launch of the <i>Apilight</i> range of allergen-free products</p>	<p><b>2002</b> Fresh Meats Launch of the <i>Sakurahime</i> Japanese chicken brand, expansion of brand meats business</p>	<p><b>2020</b> Processed Foods Responding to expanding demand for meat substitutes</p>
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Our vertical integration system is the key to the NH Foods Group's ability to supply safe, high-quality meats reliably. The farming business, which we launched in 1965, forms the upstream part of this system. We continued to expand the scale of this business until the 1990s, and today our chicken production company Nippon White Farm and our pork producer Interfarm both boast the highest production volumes in Japan.

In 1977, we commenced our overseas business expansion with the acquisition of the North American company Day-Lee Meats, Inc\*. This company now plays an important role that encompasses local sales of processed meats, procurement of fresh meat for export to Japan, and exports to third countries. In 1987, we expanded into processing plant operation under a strategy that anticipated the liberalization of beef imports, and in 1988, we acquired Whyalla Feedlot in Australia, paving the way for the creation of an integration system for beef.

\* Now Day-Lee Foods, Inc.

*Schau Essen* of pork wieners was developed in response to demand from consumers seeking authentic gourmet sausages. Using a German manufacturing method, we made the sausages by filling sheep casings with coarse-ground pork, which at the time was new to most Japanese consumers, and then smoking them. This totally new product became a major hit thanks to its unique crisp texture and soon claimed the biggest share of the market as a flagship brand for NH Foods Ltd.

In 1996 we began to research food allergies, and in 1997 we launched the *Apilight* range of allergen-free products. The creation of these products was inspired by comments received by our consumer support desk from people pleading with us to develop foods that could be given safely to children with food allergies. While expanding the product range, we have also developed test kits and continued to provide information.

With its translucent pink color, *Sakurahime* chicken contains over three times more vitamin E\* and has a much fainter odor than standard chicken. Developed in 2002 under our vertical integration system, it has become a flagship brand for the NH Foods Group. We have continued to introduce our own meat brands, including *Mugikomachi* domestic pork.

\* Based on a comparison with the 2015 value in the Standard Tables of Food Composition in Japan

Demand for meat substitutes is expanding for a variety of reasons, including concerns about food shortages, environmental awareness, and health consciousness. In 2020, the NH Foods Group launched a number of plant-based products under the *NatuMeat* brand. Made from soybeans and konjak instead of meat, the range includes sausages, ham, and hamburgers. We are also engaged in research and development in preparation of the future introduction of cultured meats.

## Overview

### Processed Foods Business Division

The Processed Foods Business Division develops, manufactures, and sells ham, sausages, processed foods, dairy products, seafood, and extract seasonings. It uses its advanced product development capabilities to contribute to the enjoyment of food in many areas through the development of long-selling products that have achieved top market shares, including *Schau Essen*, *Ishigama Kobo*, and *Vanilla Yogurt*.

**Products handled** No.1 Products with No. 1 market share Note: SCI Data

SCHAU ESSEN No.1 | Ishigama Kobo No.1 | The Chuka Meisai series No.1 | Sutamina En | Vanilla Yogurt | ROLF torokeru cheese | Gorotto Salmon Bowl No.1

### Fresh Meats Business Division

The Fresh Meats Business Division has built an integration system covering all stages from the production of pork and chicken through to sales, together with fresh meat procurement networks and food company sales networks in Japan and overseas. We currently handle approximately one-fifth of all meat sold in Japan in volume terms.

**Brands handled**

**Domestic fresh meat brands**

Shimabara-Wagyu domestically produced beef | Genmai-gyu domestically produced beef | Mugikomachi domestically produced pork | Sakurahime domestically produced chicken

**Imported fresh meat brands**

Australian Omu-gi-gyu | US-produced Corn-Fed Pork | Thai-produced Herb Soiku Chicken | Italian Dolce Porco

### Overseas Business Division

The Overseas Business Division uses know-how developed in Japan to develop business activities in Asia, Europe, the Americas, and Australia. In addition to exports to Japan, local sales, and sales to third countries, we also offer a wide variety of products and services to match local dietary culture in various countries and regions.

**Overseas bases / Brands handled**

- United Kingdom
- Turkey
- China
- Taiwan
- Thailand
- Vietnam
- Malaysia
- Singapore
- Indonesia
- Australia
- Canada
- USA
- Mexico
- Chile
- Uruguay

## Financial and non-financial highlights (FY2020)

Financial highlights					
Net sales		Business profit		Profit attributable to owners of the parent	
¥ <b>1,176.1</b> billion		¥ <b>52.4</b> billion		¥ <b>32.6</b> billion	
Business profit ratio	ROE	DOE	ROIC	Capital expenditures	Depreciation and amortization
<b>4.5%</b>	<b>7.8%</b>	<b>2.3%</b>	<b>5.9%</b>	¥ <b>82.9</b> billion	¥ <b>33.9</b> billion

Non-financial highlights					
Group employees		Number of global offices		Number of quality assurance managers	
<b>29,390</b>		<b>569</b>		<b>1,144</b>	
Japan	Overseas	Japan	Overseas	Japan	Overseas
<b>22,615</b>	<b>6,775</b>	<b>482</b>	<b>87</b>	<b>874</b>	<b>270</b>

<b>Consumer monitoring system (consumer delegate committee)</b> Total meetings held: <b>630</b> Total consumer delegate committee members: <b>2,030</b>	<b>Number of sites having received external and objective certification for safety</b> <b>155</b>	<b>Rate of progress on CSR procurement Japan</b> <b>80%*1</b> <small>*1 Amount base</small>	<b>Ratio of female employees in supervisory and leadership positions</b> <b>6.5%</b>
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Environment data (FY2021)*2		
CO <sub>2</sub> emissions	Water consumption	Waste volume
<b>494.3</b> (thousand t-CO <sub>2</sub> )	<b>14,820</b> (thousand m <sup>3</sup> )	<b>402.5</b> (thousand t)

\*2 Coverage of the business sites of NH Foods Group in Japan. CO<sub>2</sub> emissions calculated by using factors in "Act on Promotion of Global Warming Countermeasures" in Japan about each year. Water consumption includes some estimated values from production departments.