



Overseas Business Division

Strengthening processed food sales and building reliable earnings in North America and ASEAN



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Executive Officer,
General Manager
of Overseas
Business Division

The Overseas Business Division is engaged in beef and chicken production, breeding, processing and packing in Australia and the Middle East, and processed food production, sales, and trading in North America, Asia, Europe, and other markets. The products that we supply locally, in third countries, and in Japan are backed by our understanding of and respect for diverse food traditions, values, preferences, and needs.

Business structure centered on processed foods, fresh meats, and trading

	Processed foods	Fresh meats	Trading		
Business area	ASEAN 5 group companies Vietnam/Malaysia/Indonesia/ China/Thailand		4 group companies China/Thailand/Singapore/ Taiwan	<ul style="list-style-type: none"> Local sales Exporting to third countries Exports to Japan 	
	Oceania	4 group companies Australia	2 group companies Australia		
	Europe		1 group company United Kingdom		
	North America	1 group company United States	1 group company United States		
	South and Central America				2 group companies Chile/Mexico
	Middle East		1 group company Turkey		

Value provided by the NH Foods Group

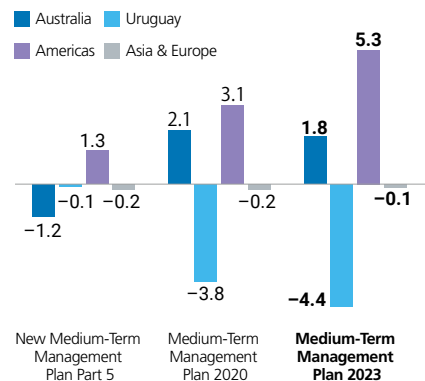
- Supply of products backed by know-how systems developed in Japan (“Taste of Japan”)
- Reliable procurement of fresh meats and processed foods for the Japanese market
- Supply of branded beef with the emphasis on added value



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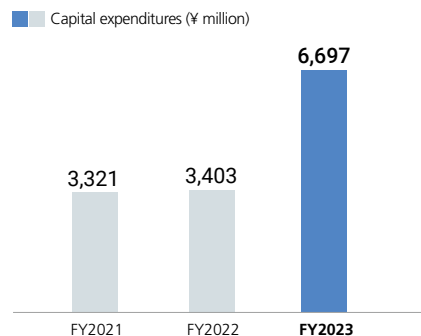
Segment data

Trends in 3-year cumulative profits of the Overseas Business Division (¥ billion)

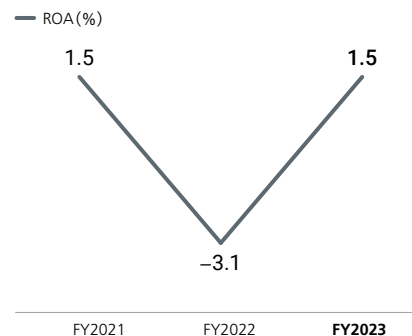


Note: Business sold at the end of August 2023

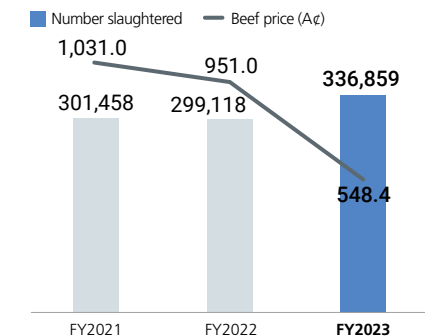
Capital expenditures



ROA



Australian beef price, number of cattle slaughtered



Results and priorities under Medium-Term Management Plan 2023

Recovery in the number of cattle processed, expansion of processed product sales volumes in North America

Themes	Results	Priorities
Profit recovery	<ul style="list-style-type: none"> Business restructuring (sale of BPU, Malaysian business, etc.) Expansion of production capacity and sales volumes of North American processed food business 	<ul style="list-style-type: none"> Stagnation of net external sales in overseas markets
	<ul style="list-style-type: none"> Reduction of volatility of Australian business 	<ul style="list-style-type: none"> Continuing existence of chronically unprofitable companies

Our most important priority in FY2023 was the recovery of business profit through the following initiatives.

We concentrated our efforts toward the expansion of sales in the North American processed foods market. The expansion of production capacity and sales channels resulted in increased sales volumes for *Crazy Cuisine's* products and other items.

Structural reforms in the ASEAN region included changes to the markets for processed chicken products manufactured by Thai Nippon Foods. In addition to sales in the Japanese market, the company also stepped up its local marketing efforts by developing products to meet local needs.

We worked to mitigate the volatility of the Australian beef business through productivity improvements. These efforts resulted in an increase in the number of cattle

processed and a recovery trend in business performance. We will continue our efforts to stabilize earnings through effective capital expenditure, enhanced branding, and the concentration of production operations.

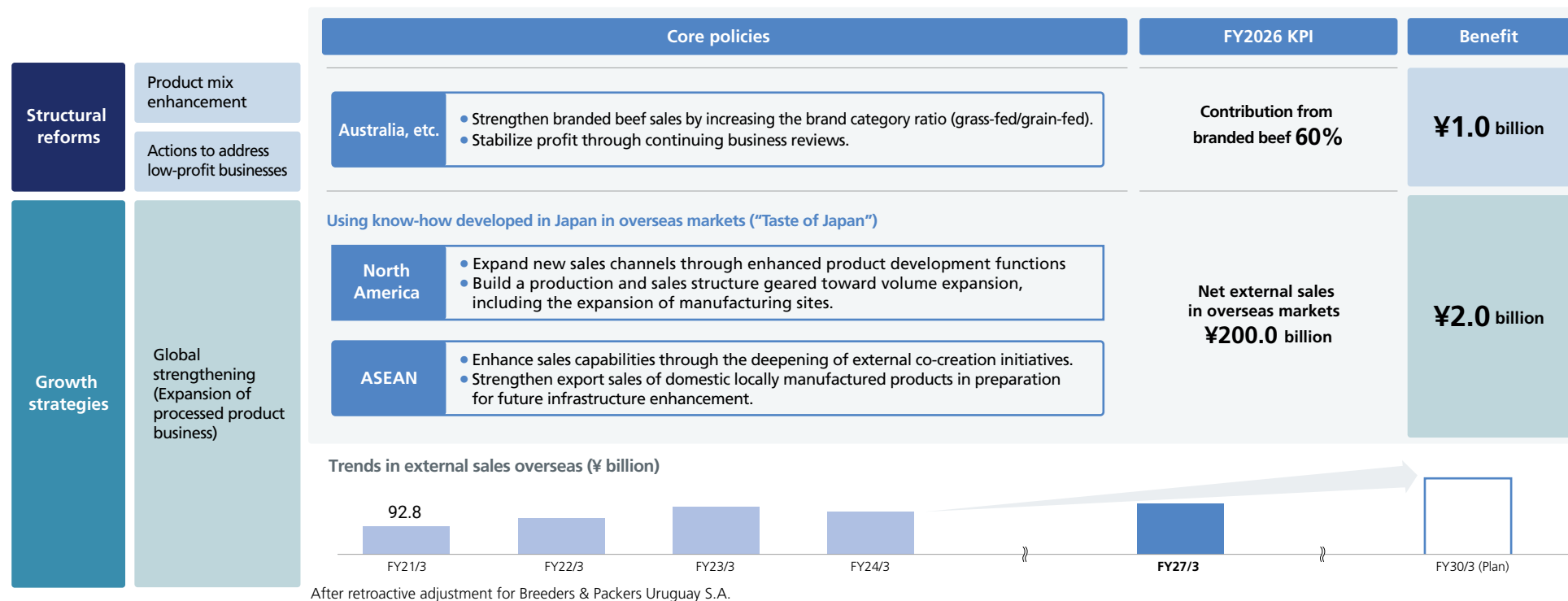
Our trading business was impacted by exchange rates and the procurement environment. Conditions were especially difficult for the development of fresh meat and processed products for the Japanese market.

We are making progress with the restructuring of our Overseas Business, including the sale of shares in the Uruguayan beef business. Our most important priorities are the reduction of volatility and the expansion of external sales in overseas markets.



Targets and policies for Medium-Term Management Plan 2026

Stabilize profit by strengthening sales of processed products in North America and deepening co-creation initiatives in ASEAN



The expansion of our Overseas Business is essential to the achievement of the ¥79 billion business profit target in Medium-Term Management Plan 2029. The Overseas Business Division has taken a step toward the realization of this goal by adopting "Taste of Japan" as its global slogan under Medium-Term Management Plan 2026 in place of

the domestic slogan ("Joy of Eating"). The NH Foods Group is committed to the global roll-out of know-how developed in Japan, including the NH Food Group's safety systems, containers and packaging based on universal design concepts, as well as a wide range of products from the Japanese market modified to suit local preferences.

Structural reforms

As in the past, our efforts to stabilize business profit will focus on the Australian beef business. World beef demand is expected to remain on a growth trend, especially in the Chinese and Asian markets. In Australia, we anticipate improvement in the cattle cycle, which is manifested in



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natural increases and declines in the number of cattle bred. As a result, the number of cattle exported is expected to surpass the total for the United States within a few years. Our projections based on these factors indicate that growth in demand for Australian beef will enable us to achieve a reasonable profit level. Specific measures to improve our profit margins will include an increase in the percentage of branded beef handled, and the expansion of sales of primary processed products as a percentage of total sales. NH Foods Australia earning external recognition, as evidenced by the fact three of its beef brands won prizes in a competition hosted by Rabobank Australia in May 2024.

We also plan to work with the Fresh Meats Business Division to expand sales of *Omugi Beef ANGUS* as a new product for the Japanese market. In the Middle East, we will target improvement in the Turkish chicken business by continually reviewing business areas and earnings.

Growth strategies

Our KPI for the Overseas Business is external sales of ¥200 billion in the fiscal year ending March 2027. Our

Growth strategy for North America

Restructuring for business expansion

- 1. Enhancement of corporate value through branding strategies**
Increased exposure for Crazy Cuisine Pride and NH Foods
- 2. Capital policies targeting the expansion of production facilities**



Top line expansion

- 1. Expansion of the items manufactured in NH Foods plants, increased promotion of imported products**
Since FY2023, we have used the global networks of the NH Foods Group to develop schemes for the marketing of products procured in ASEAN in the North American market. These efforts have resulted in a steady increase in sales volumes.
- 2. Introduction of platform developed in North America in other markets**
We will consider the production of Crazy Cuisine's Mandarin Orange Chicken in ASEAN for sale in the domestic Japanese market, in step with the expansion of global procurement by our customers.

strategies for the contribution of processed foods to this total will focus on North America and ASEAN. We expect the average annual growth rate of the U.S. market for processed chicken products to improve to 5% over the next five years*. To meet this demand, Day-Lee Foods will expand its production facilities for the flagship Mandarin Orange Chicken range while also creating new items through R&D activities. Longer-term, we will consider expanding our sales channels beyond the United States.

In ASEAN, we will work alongside companies outside of the Group in each country and region and to restructure local sales networks. At the same time, we will target the development of products and services that reflect the region's diverse dietary culture and values.

We will help to enhance employee motivation and capabilities by actively investing in overseas human resources in order to create a structure for the expansion of our business in overseas markets. We will collaborate with corporate units to enhance the organizations of all Group companies.

* Source: Euromonitor

TOPICS

Promoting circular agriculture in Australia

Contributing to a sustainable environment is one of the five materialities identified by the NH Foods Group. Our initiatives toward this goal in Australia include the reduction of greenhouse gas emissions, and resource recycling through the reuse of factory water.

Wingham Beef Exports has established a natural purification system based on the spraying of wastewater from its processing plants onto its own nearby farmland. Through this system, 100% of the wastewater is used to irrigate pastures and livestock feed crops.

Oakey Beef Exports reuses wastewater from its processing plants for irrigation. It also uses biogas to generate electricity. Biogas produced through the fermentation of methane by microorganisms during the purification process is used as boiler fuel. These systems reduce both energy consumption and CO₂ emissions.

