

## Corporate philosophies and history

# Built on proteins and dedicated to the future of protein—The NH Foods Group

### 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 for a highly functional organization.

## Reliable supply of animal protein

Hams and sausages



Dairy products



Processed marine products



Fresh meats



Processed foods



### Value provided—topics

## 1966

### Our first consumer brand

Our first consumer brand was *Winny*®. At the time, some wieners were tough due to the inconsistent quality of sheep casings. Our concept was to contribute to the health of children and young people by supplying high-quality protein in a readily enjoyable form. The popularity of the product exceeded all expectations, and *Winny*® became a major hit product.

## 1968

### The start of the chicken farming business

Our vertical integration system is the key to the NH Foods Group's ability to supply safe, high-quality meats reliably. The livestock farming business, in which we have been involved on a significant scale since 1968, forms the upstream part of this system. The scale of our business continued to expand throughout the 1990s, and today we are one of Japan's biggest producers of chicken and pork.

## 1977

### Start of overseas business expansion

In 1977, we commenced our overseas business expansion with the acquisition of the North American company Day-Lee Meats, Inc.\* In 1988 we built an integrated beef business through the acquisition of the Whyalla Beef Feedlot in Australia. This company now plays an important role that encompasses local sales of processed meats, procurement of fresh meats for export to Japan, and exports to third countries.

\* Now Day-Lee Foods, Inc.

## 1985

### Launch of *Schau Essen*

*Schau Essen* pork wieners were developed in response to demand from consumers seeking authentic gourmet sausages. 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.

## 1997

### Launch of food allergy-friendly products

We launched the *Apilight* range in 1997 in response to frequent calls to our consumer helpline from desperate parents seeking the development of products that could be consumed safely by children with food allergies. Since then, we have expanded the variety of products, while also prioritizing test kit development and the dissemination of information. Today we supply various products and services to help people consume protein with peace of mind.



Providing diversified opportunities to enjoy animal protein.

## 2002

### Introduction of branded beef

In 2002, we used the power of our vertical integration system to develop domestically produced *Sakurahime* chicken. Now one of the NH Foods Group's best-known fresh meat brands, *Sakurahime* chicken contains three times more vitamin E than regular chicken\* and also has a much fainter odor. We are continuing to roll out new meat brands, including *Mugikomachi* domestically produced pork.

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

## 2020—

### Responding to expanding demand for diversified protein products

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 konjac instead of meat, the range includes sausages. We are also pursuing R&D relating to cultured meats. Our focus now is the establishment of reliable supply capacity for cultured meats. We are also helping to ensure reliable supplies of protein by building a sustainable future for livestock farming. For example, in 2018 we launched a project to develop smart pig farming systems based on AI and the IoT. As part of our efforts to create and offer new ways to enjoy protein, we have been holding annual innovation contests since 2018. These events provide opportunities for young development staff to put forward ideas for new products. To date, 17 products have been commercialized. Recent examples include *Gras Foie*, a *foie gras* alternative made from chicken livers, and *Boost Noodles*, a *ramen* product that can be eaten with one hand.



Creating and providing new protein choices



# Business overview

Initially founded to manufacture ham and sausages, the NH Foods Group today encompasses three food infrastructure businesses, as well as various the operation of a ballpark.

By supplying products across 13 categories, we enable people to experience *the joy of eating* in a wide variety of situations.


Supplies an average of about

## 6% of total protein consumed


Shares of meat markets in Japan about

## 20% One in five meat meals consumed in Japanese homes supplied by NH Foods


\* Based on research by NH Foods Group, as of March 2024




Fresh meats




Hams and sausages




Processed marine products




Cheese




Fermented milk and lactic acid probiotic beverages




Processed foods




Allergy-friendly products




Extract seasonings




Frozen foods




Freeze-dried foods



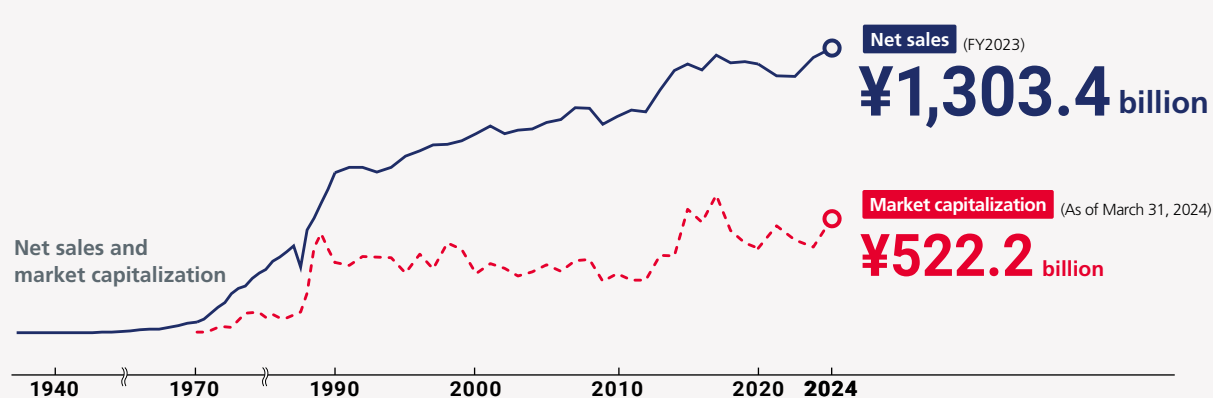
Allergen detection kits



Health foods



Vendor business



## Processed Foods Business Division


**We have created numerous hit products by offering new value in response to consumer needs.**

NH Foods Group was founded as a manufacturer of processed foods. Our highly effective development capabilities have enabled us to create hit products that reflect consumer perspectives and offer diversified value in response to changing lifestyles and food needs, while bringing uniquely delicious food experiences to the dining table. Key advantages for the Processed Foods Business include market-leading products in multiple categories, and product ranges that consumers seek out by name.

Our extensive range of processed foods is centered on protein-based products, including ham, sausages, and other processed products, as well as seafood, dairy products and extract seasonings. We build on the broad scope of our business activities to create delicious new products that enable consumers to experience *the joy of eating*.


### Main products

Number one in the wiener sausage category\*




Schaу Essen

Number one in the chilled pizza category\*




Ishigama Kobo


Number one in the chilled One Cook category\*




Chuka Meisai series



Sutamina En



Vanilla Yogurt



ROLF smoked cheese

\* Source: SCI Data



Business overview

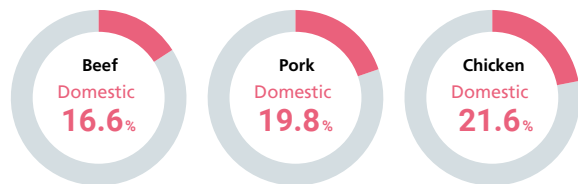
Fresh Meats Business Division

**Top share of the Japanese fresh meat sales market**  
**We offer fast, reliable supplies of safe, high-quality fresh meats.**

The Fresh Meats Business contributes over 50% of the net sales of the NH Foods Group. We are able to create wide-ranging value thanks to our vertical integration system, which allows us to respond to market needs by producing high-added-value fresh meats at our own farms, thereby ensuring reliable supplies while avoiding exposure to diseases and other risk factors.

In addition to our own products, we also develop and sell a wide variety of original-brand fresh meats based on externally sourced products. We control a 20% share of the Japanese market for fresh meats. Our powerful marketing capabilities have enabled us to strengthen our relationships with raw material suppliers and enhance our competitiveness in the market.

Share of the fresh meats market As of March 2024 (based on NH Foods research)



Branded fresh meats logo

Beef	Pork	Chicken
domestically produced beef [GENMAI GYU]	Australian-produced Omugi-gyu ANGUS Domestically produced pork	American-produced Tourmorokoshi Buta Domestically produced chicken

Overseas Business Division

**Bringing *the joy of eating* to people around the world**  
**We use knowledge and technology that we have developed in Japan to help people enjoy healthy diets.**

Our Overseas Business began in 1977 with the establishment of business operations in the United States. Today we have 64 business sites in 15 countries and regions. We produce, breed, process, package, and sell beef and chicken to meet diverse needs in many parts of the world. We also manufacture and sell ham, sausages, and processed foods, as well as seafood, extract seasonings, vegetables, and a wide variety of other products.

We will continue to advance toward our vision of becoming the world's leading provider of *the joy of eating* by helping people to enjoy delicious, healthy goods through the creation of products that reflect the diversity of food and embody food traditions and values from around the world.

Main business operations



[Australia] Whyalla Beef Pty. Ltd.  
 Production and fattening of cattle at Australia's biggest cattle station



[Turkey] Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi  
 Integrated production, breeding, processing, and sales of chicken



[USA] Day-Lee Foods, Inc.  
 Manufacture and sales of processed foods, especially the Crazy Cuisine brand, importing and exporting of fresh meats and other products



[Thailand] Thai Nippon Foods Co., Ltd.  
 Manufacture of processed foods, especially chicken-based products for export to Japan and domestic sales

Ballpark Business

**Our new ballpark, ES CON FIELD HOKKAIDO, is the centerpiece of a scheme to build a new community based on sports and entertainment.**

Through our Ballpark Business, we are involved in the management of the Hokkaido Nippon-Ham Fighters, a professional baseball team, and in March 2023, we opened our new ballpark, ES CON FIELD HOKKAIDO. Through the Hokkaido Ballpark F Village scheme, we are creating a new community based on a business model that combines sport value with Hokkaido value.

We aim to achieve community development and innovation through co-creation and collaboration, including participation by a wide range of businesses from the government and private sectors and academia, as well as partners offering products and services to enhance the visitor experience at the ballpark.

ES CON FIELD HOKKAIDO

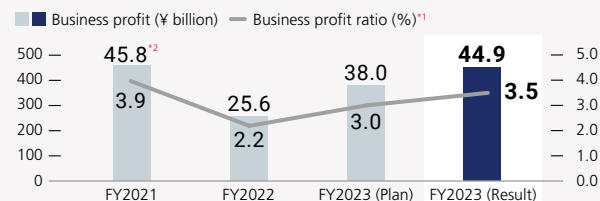




## Overview of Medium-Term Management Plan 2023

### Business profit is recovering at both the segment and company-wide levels thanks to initiatives in the previous fiscal year.

#### Results for management targets and indicators



ROE	10.5%	3.4%	4.6%	5.5%
ROIC	5.0%	2.4%	3.5%	4.1%

\*1 After retroactive adjustment for the marine food business of The Marine Foods Corporation and its affiliated companies

\*2 The ratio of business profit to net sales was calculated using business profit after adjustment for discontinued operations (¥45,897 million in the fiscal year ended March 31, 2024, ¥28,191 million in the fiscal year ended March 31, 2023).

Management Policies	Overview
Shift to a sustainable business model with profitability	<ul style="list-style-type: none"> <li>Evidence of inability to cope with changes in the business environment</li> <li>Start of business portfolio reforms in Japan and overseas</li> <li>Start of cross-segment sales of national brand processed products through the Nippon Food companies</li> </ul>
Build a growth model for the Overseas Business	<ul style="list-style-type: none"> <li>Start of efforts to stabilize earnings from overseas businesses through the strengthening of the Processed Foods Business</li> <li>Initiatives to expand processed food production capacity in North America and stabilize earnings in Australia</li> </ul>
Provide new value through new products and services	<ul style="list-style-type: none"> <li>Opening of Hokkaido Ballpark F Village and achievement of earnings target</li> <li>Inability to create new value through existing businesses</li> </ul>
Strengthen corporate functions to achieve the Vision	<ul style="list-style-type: none"> <li>Digital transformation: Formulation of <i>Connect</i> Replan, linkage to Group strategy</li> <li>R&amp;D enhancement: Analysis of R&amp;D issues in the NH Foods Group, consideration of restructuring</li> <li>Human resource management: Formulation of specific measures to foster an organizational culture focused on new challenges</li> </ul>

#### Four management policies to drive a recovery in business performance

The fiscal year ended March 2024 was the final year of Medium-Term Management Plan 2023. We faced a challenging business environment during the period covered by the plan. In addition to soaring prices for raw materials, feed, and energy in the wake of Russia's attack on Ukraine in 2022, we were also impacted by a continuing downward trend in the value of the yen.

We responded to this situation by implementing a range of measures under a management policy focused on reversing a decline in business profit in the fiscal year ended March 2024.

We worked toward a shift to sustainable and profitable business models through product price adjustments targeting the Processed Foods Business. We also implemented product portfolio changes as part of our structural reforms, including the centralization of production of flagship products on high-productivity lines, and the

elimination or consolidation of low-margin items. In the Fresh Meats Business, we took steps to strengthen our procurement capabilities, including the development of new import sources. The establishment of specialist organizations for each sales channel resulted in record profits for the Nippon Food companies.

We also began to build a growth model for the Overseas Business by stabilizing earnings through a review of low-profit overseas businesses and the expansion of the processed foods business, especially in North America. The Australian beef business delivered strong returns thanks to the additional impetus provided by a decline in beef production in the United States.

One example of our efforts to provide new value through new products and services was the opening of Hokkaido Ballpark F Village. We were able to generate new value and business earnings through the convergence of entertainment and community development.

We worked to achieve our vision by strengthening

corporate functions, including the formulation of specific measures to foster an organizational culture focused on new challenges under Medium-Term Management Plan 2026.

These management policies and measures delivered a recovery in business profit at both the segment and company-wide levels. (See P.43 onwards for details.)

However, we are aware that the recovery in earnings is not yet complete, and that many issues remain to be addressed in order to improve profitability. That is why we have formulated Medium-Term Management Plan 2026 as our roadmap to a new stage. Under that plan, we aim to enhance our corporate value and build a corporate structure capable of delivering sustainable growth.

#### Main segment achievements in FY2023

Processed Foods	Profitability enhanced through product mix enhancements and price adjustments
Fresh Meats	Record profits achieved by Nippon Food sales companies
Overseas	Recovery in the number of cattle processed, expansion of processed product sales volumes in North America
BP	Visitor number target exceeded (3.46 million), resulting in higher earnings



# Progress on materialities (Materiality through FY2021 - FY2023)

For more information on the progress of other materialities, please visit the web.

Materialities	Measure and indicators	FY2023 results	
<b>Stable procurement and supply of proteins</b> 	Promote sustainable procurement	<ul style="list-style-type: none"> <li>Dissemination of policies to 100% of important primary suppliers<sup>*1</sup> and implementation of SAQs<sup>*2</sup> by FY2023</li> <li>Dissemination of policies to 100% of important primary suppliers and implementation of SAQs, and dissemination of policies to important secondary suppliers and implementation of SAQs by FY2030.</li> </ul>	<ul style="list-style-type: none"> <li>SAQs were conducted with 51 important primary suppliers, and a 100% response rate was achieved.</li> </ul>
	Promote initiatives that take animal welfare into consideration	<ul style="list-style-type: none"> <li>Elimination of gestation crates for pigs on all farms in Japan<sup>*3</sup></li> <li>Implementation rate: 9.5% by FY2023, 100.0% by FY2030</li> <li>Installation of drinking water facilities in lairage pens for cattle and pigs at all meat processing plants in Japan<sup>*3</sup> by FY2023</li> <li>Installation of cameras on all farms and meat processing plants in Japan<sup>*3</sup> to ensure environmental quality by FY2024</li> </ul>	<ul style="list-style-type: none"> <li>Elimination of gestation crates on all farms in Japan (pigs) Implementation rate: 9.5%</li> <li>Progress on installation of drinking water facilities in lairage pens at all meat processing plants in Japan (cattle and pigs) Cattle: 100.0%, pigs: 100.0%</li> <li>Progress on installation of cameras on all farms and meat processing plants in Japan to ensure environmental quality Cattle (processing plants): 100.0%, pigs (processing plants/farms): 100.0%, chickens: 94.0%</li> </ul>
	Expand sales of plant-derived protein products	<ul style="list-style-type: none"> <li>FY2030 shipments: ¥10 billion</li> </ul>	<ul style="list-style-type: none"> <li>Shipments: ¥2.0 billion (400% compared with the previous year)</li> </ul>
	Promote acquisition of third-party certification (FSSC22000, SQF, BRC, JFS, etc.)		<ul style="list-style-type: none"> <li>Number of third-party certifications acquired: 119</li> </ul>
	Develop human resources through specialized technical certification and other training	<ul style="list-style-type: none"> <li>FY2030 cumulative targets</li> <li>Number of employees who have completed e-learning: 67,000</li> <li>Number of employees who have completed basic technical training: 2,400</li> <li>Number of employees who have newly passed as certified experts: 90</li> <li>Food labeling examination (intermediate): 760</li> <li>Food labeling examination (advanced): 90</li> </ul>	<ul style="list-style-type: none"> <li>FY2023 cumulative results</li> <li>Number of employees who have completed e-learning: 45,997</li> <li>Number of employees who have completed basic technical training: 1,968</li> <li>Number of employees who have newly passed as certified experts: 64</li> <li>Food labeling examination (intermediate): 655</li> <li>Food labeling examination (advanced): 56</li> </ul>
<b>Food diversification and health</b> 	Expand our lineup of food allergy-related products and raise awareness	<ul style="list-style-type: none"> <li>FY2030 shipments: ¥4 billion</li> </ul>	<ul style="list-style-type: none"> <li>Shipments: ¥1.4 billion (110.2% compared with the previous year)</li> </ul>
	Research and commercialize new ingredients for improving cognitive function	<ul style="list-style-type: none"> <li>Supply the equivalent of 3 million meals per year by FY2026</li> </ul>	<ul style="list-style-type: none"> <li>Provision of IMIDEA materials and products: 1.94 million meals</li> </ul>
	Develop products that contribute to health		<ul style="list-style-type: none"> <li>Shipments amount: ¥10.6 billion (104.0% compared with the previous year)</li> <li>Number of products for health-conscious consumers: 97 items (18 fewer than in the previous year)</li> </ul>
<b>Contributing to a sustainable environment</b> 	Reduce CO <sub>2</sub> emissions from fossil fuels	<ul style="list-style-type: none"> <li>Reduce by at least 46% in Japan by FY2030 (compared with FY2013)</li> <li>Reduce by at least 24% overseas by FY2030 (compared with FY2021)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction rate in Japan: 21.3%</li> <li>Overseas reduction rate: 8.4%</li> </ul>
	Reduce water consumption <sup>*4</sup>	<ul style="list-style-type: none"> <li>Reduce by 5% in Japan by FY2030 (compared with FY2019)</li> <li>Reduce by 5% overseas by FY2030 (compared with FY2021)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction rate in Japan: 0.7%</li> <li>Overseas: Reduction rate: 2.4%</li> </ul>
	Reduce waste emissions <sup>*5</sup>	<ul style="list-style-type: none"> <li>Reduce by 5% by FY2030 (basic unit per production quantity compared with FY2019)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction rate: 9.5%</li> </ul>
	Improve the waste recycling rate	<ul style="list-style-type: none"> <li>Achieve a waste recycling rate of at least 92% by FY2030</li> </ul>	<ul style="list-style-type: none"> <li>Recycling rate: 92.2%</li> </ul>
<b>Co-creation and shared prosperity with local communities and society as a whole through food and sports</b> 	Promote activities for co-creation with local communities through sports		<ul style="list-style-type: none"> <li>Number of events: 72 Number of in-house participants: 500</li> <li>Activity cost: ¥100 million</li> </ul>
	Promote community contribution activities, including cultural activities (cooperation and clean-up activities for local events, etc.)		<ul style="list-style-type: none"> <li>Number of events: 324 Number of in-house participants: 6,400</li> <li>Activity cost: ¥10 million</li> </ul>
	Promote social welfare activities through food (supply of food to food banks and <i>Kodomo Shokudoo</i> (children's dining rooms), etc.)		<ul style="list-style-type: none"> <li>Number of events: 199, Number of in-house participants: 800,</li> <li>Activity cost: ¥10 million</li> </ul>
	Support the development of the next generation through food and dietary education, etc. (classroom lessons by visiting instructors, career development support, etc.)		<ul style="list-style-type: none"> <li>Number of events: 137 Number of in-house participants: 2,400</li> <li>Activity cost: ¥84 million</li> </ul>
<b>Employee development and respect for diversity</b> 	Support for job satisfaction	<ul style="list-style-type: none"> <li>More than 80% favorable response rate to employee surveys by FY2030<sup>*6</sup></li> </ul>	<ul style="list-style-type: none"> <li>66.7%</li> </ul>
	Foster an organizational culture focused on new challenges	<ul style="list-style-type: none"> <li>More than 80% favorable response rate to employee surveys by FY2030<sup>*6</sup></li> </ul>	<ul style="list-style-type: none"> <li>66.5%</li> </ul>
	Promote active participation of diverse human resources	<ul style="list-style-type: none"> <li>Achieve a mid-career hiring ratio of 15% or more by FY2030<sup>*6</sup></li> </ul>	<ul style="list-style-type: none"> <li>8.9%</li> </ul>
	Promote active participation by women	<ul style="list-style-type: none"> <li>Percentage of female managers 20% or more by FY2030<sup>*6</sup></li> <li>Ratio of women in supervisory positions or above to 35% or more by FY2030<sup>*6</sup></li> </ul>	<ul style="list-style-type: none"> <li>Percentage of female managers: 10.7%</li> <li>Ratio of women in supervisory positions or above: 24.1%</li> </ul>
	Promote employment of people with disabilities	<ul style="list-style-type: none"> <li>Employment rate of people with disabilities: 2.3% or more by FY2023<sup>*5,7</sup></li> </ul>	<ul style="list-style-type: none"> <li>2.6%</li> </ul>

\*1 Suppliers with large transaction volumes in Japan and overseas, and suppliers who deliver non-substitutable raw materials, packaging/materials, livestock, feed, etc.

\*2 Self-Assessment Questionnaire

\*3 Companies in which the Group holds a majority of the capital are eligible

\*4 Product manufacturing plants and meat processing plants at the Group's domestic and overseas locations are covered.

\*5 The Company's domestic sites include product manufacturing plants and meat processing and finishing plants.

\*6 Subject: NH Foods Ltd.

\*7 Targets will be changed as needed in accordance with changes in the law.