

Roundtable discussion between the chairperson and outside directors

We are determined to achieve sustainable improvement in our corporate value through innovation and challenges, while remaining focused on the NH Foods Group's social mission to ensure reliable supplies of food.

The NH Foods Group is pursuing sustainable growth in corporate value under Medium-Term Management Plan 2026 and Vision 2030. This roundtable discussion was an opportunity for in-depth discussions between Chairperson and Director Tetsuhiro Kito and four outside directors on topics that included progress on Medium-Term Management Plan, initiatives to enhance the effectiveness of governance, and the outlook for further improvement in corporate value.



① Tetsuhiro Kito

Mr. Tetsuhiro Kito became Chairperson and Director and Chairperson of the Board of Directors in April 2023. Since becoming a director, he has served as General Manager of the Sales & Marketing Division for the Processed Foods Business, General Manager of the Fresh Meats Business Division, General Manager of the Overseas Business Division, and Vice President and Representative Director. He currently serves as chairperson of the Compliance Committee and the Sustainability Committee.

② Yasuko Kono

Ms. Yasuko Kono took office as Outside Director in June 2018. She has extensive knowledge and experience concerning consumer issues. She serves as chairperson of the Executive Nomination Committee, as well as a member of the Compensation Committee, the Compliance Committee, and the Sustainability Committee.

③ Tokushi Yamasaki

Mr. Tokushi Yamasaki took office as Outside Director in June 2022. He has also served as a securities analyst in the food sector for a major securities company, and possesses professional knowledge and abundant experience of food companies in general. He serves as chairperson of the Compensation Committee, as well as a member of the Executive Nomination Committee, and the Sustainability Committee.

④ Hiroko Miyazaki

Ms. Hiroko Miyazaki took office as Outside Director in June 2024. She has broad business experience as an attorney, as well as experience in corporate management at global companies. She serves as a member of the Executive Nomination Committee, the Compensation Committee, and the Compliance Committee.

⑤ Masahiko Koyama

Mr. Masahiko Koyama took office as Outside Director in June 2025. He has extensive experience in corporate management including serving as president and representative director of a major corporation in the hotel and resort sector. He serves as a member of the Executive Nomination Committee, the Compensation Committee, and the Compliance Committee.

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Q1. What is your assessment of progress under Medium-Term Management Plan 2026?

Kito: The theme for Medium-Term Management Plan 2026 is “Innovation and Challenges.” While our results in FY2024, which was the first year of the plan, fell short of our targets, we made a certain amount of progress, including efficiency improvements in the Processed Foods Business, and the expansion of the Ballpark Business. I also see the launch of co-creation projects and emerging signs of a commitment to innovation as evidence that we are making progress under the plan.

Kono: I have been watching closely over the past year to see whether the company would be successful in focusing minds across the NH Foods Group toward the achievement of the targets in the Medium-Term Management Plan and the realization of its vision. From that perspective, I have observed that in FY2024, it began to use backcasting from its 2030 vision for each business segment as a mechanism for resolving issues, and that since President Ikawa’s message that change is welcome, it has been fostering a culture of approaching business in ways that are not restricted to the success patterns of the past.

Yamasaki: NH Foods experienced adverse external reactions when business profit failed to reach the target level and ROIC and ROE both fell below the cost of capital. However, I do not

see our FY2024 results as especially disappointing, given that grain prices were around 30% higher than in FY2016-18, when earnings last peaked. In fact, I was very impressed by the content of the results, based on changes in three areas. First, volume trends in fresh meat sales were strong compared with the results for FY2016-18. Second, we enhanced our potential by restructuring the Processed Foods Business through painful structural reforms designed to boost sales of the flagship *Schau Essen* range while eliminating low-profit operations. Third, there have been changes in the contributions from group companies, which are steadily generating profits. Contributing factors include higher visitor numbers in the Ballpark Business, and increased sales by Nippon Pure Food. I expect these benefits to become increasingly apparent during the period covered by the Medium-Term Management Plan. Another positive change in FY2024 was the clarification of capital costs for each business area and the development of a structure to allow investment and lending in excess of those costs. I anticipate benefits from the operation of these systems.

Miyazaki: Actions under the Medium-Term Management Plan span three core goals: structural reform, growth strategies, and cultural reform. I am particularly interested in whether these core goals are properly reflected in business strategies, whether actions are in line with the plan, and whether there are any indications that changes are needed. Our structural reforms in relation to the product mix are proceeding faster than expected. In relation to growth strategies, I’m monitoring the balance between risks and returns, especially in overseas business activities. However, I’ve been impressed by the emergence of a business structure that allows NH Foods to leverage its strengths.

Koyama: I feel a deep sense of responsibility and resolve following my appointment as an outside director in June 2025. In FY2024, I participated in the Compliance Committee as an outside member and saw first-hand the strong commitment of the Chairperson and President to innovation and challenges. I see



the maintenance of a consensus with employees as vital in this era of uncertainty and increasingly diverse consumer value systems. As an outside director, I look forward to contributing to this by engaging in positive dialogue with people playing key roles in frontline operations, while emphasizing the importance of the values expressed in the company’s management principles.

Q2. What were your priorities as a member of the Board of Directors in FY2024?

Kito: As in FY2023, my focus as Chairperson in FY2024 was to energize the Board through initiatives focused on four areas: agenda improvement, the revitalization of discussions about management strategies, ensuring the qualitative and quantitative adequacy of information, and the enhancement of communication between the oversight and executive organizations. We made tangible progress in these areas, as evidenced by an improvement in the Board effectiveness assessment.

Kono: I have also seen clear changes in those four areas, which I attribute to initiatives based on the yearly effectiveness assessments. A notable aspect of our work in FY2024 was our discussions about co-creation and collaboration with the National Federation of Agricultural Cooperative Associations (ZEN-NOH) and the Thai company CPF. Given the prospect of declining demand in Japan, NH Foods will need to pursue efficiency



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improvement through co-creation with other companies, rather than relying solely on its own resources.

Yamasaki: Because of my background as a securities analyst, I constantly focus on how investors will perceive a particular proposal and whether they will support it. That perspective is reflected in my questions and comments. This is especially true when we are discussing important matters, such as asset purchases or sales. I have paid close attention to whether investments will yield returns, and whether they will contribute to sustainability and the improvement of corporate value.



Miyazaki: This is my first year as a director. I have focused on the discovery and discussion of matters that are issues for internal directors. Whether in Board meetings or other forums, such as meetings between independent outside directors and the Chairperson or President, I always speak my mind about matters that I see as issues affecting long-term value creation.

Kono: You bring new perspectives to our meetings. I have gained many insights from your comments. It's very useful to be able to engage in constructive debate in other forums in addition to Board meetings.

Kito: Board meetings are inevitably subject to constraints in terms of time and the number of agenda items. Meetings between independent outside directors, the Chairperson and President provide opportunities for free discussions and exchanges of ideas.

Koyama: In my experience, many items on Board agendas have already been shaped and finalized by other processes and often do not reflect real management issues. We also need to consider frontline concerns and issues that are not manifested in the numbers, and whether or not the company's vision has been assimilated by business companies, as well as by divisional general managers and their subordinates. I intend to bring these perspectives to my role on the Board of Directors.

Q3. What was your reaction to the fact that the PBR is currently below 1.0?

Yamasaki: As I commented earlier, the company's real position has improved, and its potential has risen. My concern is that information about these improvements is not being adequately distributed outside of the company. To improve market perceptions, NH Foods needs to raise its performance by gearing its business operations toward the achievement of its 2030 targets of ROE of 9% or higher, and ROIC of at least 7%. We need to raise awareness of the company's future potential by emphasizing not only its business growth, but also its significant social contributions.

Kono: I agree. Business results are the first priority, but NH Foods also needs to strengthen its public relations and IR strategies. The VBM Promotion Office was established as a framework for initiatives to improve the PBR and has been working since FY2025 to provide integrated management of financial and non-financial indicators and improve the precision of IR strategies.

Miyazaki: The views expressed by Mr. Yamasaki and Ms. Kono also resonate with me. I see the present level of the PBR as an inverse indication of capital market expectations that NH Foods Group still has significant unfulfilled potential.

Kito: At a time when capital markets do not take a positive view of fresh meat companies with conservative business models, the company's ability to demonstrate profitability

improvement and growth potential will be a key factor. The priority now is to spread the message that the NH Foods Group is on a reliable growth track, based on the results of strategies that include structural reform for the Processed Foods Business, business model improvement for the Fresh Meats Business, concentrated investment in North America for the Overseas Business, and co-creation projects with other companies. I believe that all Board members have a responsibility to work toward the recovery of the PBR to 1.0.

Koyama: I would add that PBR improvement should ideally be the result of company-wide revitalization based on a vision and purpose shared by management and frontline staff.

Q4. What areas need to be strengthened in order to improve the effectiveness of governance?

Kito: My priorities are the separation of oversight and executive functions, and management guided by awareness of capital costs. The key to separating oversight and executive functions is to ensure that all officers have a strong awareness of the roles that are expected of them. To achieve that, we plan to document the roles of and expectations toward all internal and outside directors. I believe that this process will enable outside directors to use their professional skills to identify issues accurately and



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provide advice about risks. We aim to move toward management guided by awareness of capital costs by debating and exploring optimal investment allocations based on capital costs for each business segment, as suggested by Mr. Yamasaki.

Kono: From my viewpoint as chairperson of the Executive Nomination Committee, I see the present composition of the Board of Directors as close to optimal in terms of the aspects that have been prioritized over the past few years, such as the ratio of internal to outside directors, the skill matrix, and diversity, equity, and inclusion perspectives. The main focus for the Executive Nomination Committee should be management succession planning. We will continue to debate all aspects of human resource utilization without exemption, and we will manage the committee in line with its mission to build a robust team of directors capable of supporting business execution and improving corporate value.

Yamasaki: As a member of the Compensation Committee, I participate in reviews to ensure that executive remuneration is in line with basic policies, and that the development and administration of systems and the level of remuneration all contribute effectively to the provision of incentives for medium- to long-term improvement in corporate value. These reviews are carried out annually with reference to survey findings from independent bodies. The Committee's deliberations also resulted in the addition of total shareholder returns (TSR) to the assessment indicators for the Performance-Based Stock Compensation Plan, starting in FY2024. We will continue to explore further improvements and enhancements while prioritizing linkage to the company's management and business strategies.

Q5. What are your views on future initiatives to improve corporate value?

Yamasaki: I believe that NH Foods is on the right track, and that the goal of improving corporate value is highly achievable. Based on this assumption, I will continue to monitor the Medium-Term Management Plan objectively and offer recommendations through Board meetings if any gaps emerge. I will also work to deepen my communication with company personnel, including officers. I look forward to energetic discussions about corporate value improvement and portfolio reform.

Miyazaki: Under its “Proteinovation” R&D strategy, the NH Foods Group is working to discover previously unknown potential in protein. Like protein, the NH Foods Group organization contains major hidden potential. I know from experience how difficult it is to create new businesses while deepening existing businesses. Based on that experience, I will provide advice about the identification of risks and ways to achieve growth by taking risks.

Kono: A company's core priority is to maximize its earning power, but its true value comes from being really needed by society. Because of its roots in the livestock industry, the NH Foods Group plays an increasingly important role from a food security perspective by continuing to provide the *joy of eating* in ways that reflect contemporary needs. As someone with a background in consumer affairs, I hope that the NH Foods Group will take pride in fulfilling its mission to supply safe, reliable protein products amid the uncertainty created by inflation and other factors in domestic markets. I look forward to supporting those efforts.

Kito: I agree. We need to build awareness within and outside of the company about the social significance of our contribution to food security, and we need the entire management team to focus their minds and actions toward ensuring that the NH Foods Group is seen as an essential company. As Chairperson of the Board of Directors, I aim to enhance our corporate sustainability



by further strengthening the governance and compliance structures that we have built over the past 20 years.

Koyama: Of the three core goals identified in the Medium-Term Management Plan, I place the greatest importance on cultural reform. We need to consolidate an organization focused on new challenges and train people who can take up those challenges. I see that as our most important priority going forward, and as the foundation for value improvement and the development of growth strategies. I want to contribute to the NH Foods Group from that perspective.

Kito: Your experience as CEO of a national hotel chain has given you a strong awareness of the importance of frontline operations, and a strong commitment to people working in the frontline. The NH Foods Group also employs large numbers of frontline workers throughout Japan, so I look forward to hearing your insights based on frontline perspectives. I would like to thank you all for sharing your valuable time today.