

A message from the president

**The NH Foods Group
has entered
a new growth stage
and is on track
to achieve further
improvement in
its corporate value.**

Nobuhisa Ikawa

President and Representative Director



A message from the president

Robust start to our company-wide strategy, new KPIs defined for actions to resolve emerging issues

Review of the first year under Medium-Term Management Plan 2026

Launched in FY2024, Medium-Term Management Plan 2026 is focused on structural reform, growth strategies, and cultural reform. We have been working to update our business models through integrated efforts in these three areas.

In the year ended March 2025, our net sales increased by 5.1% year on year to ¥1,370.6 billion, while business profit was 5.3% lower at ¥42.5 billion. The net sales result was in line with our target, but we were unable to offset the full impact of new issues that emerged after the plan was formulated, and business profit was ¥5.5 billion below target. However, progress under our company-wide strategy is largely on track, as evidenced by the gains stemming from structural reform initiatives targeting the Processed Foods Business, and from our brand strategy. I believe that these factors, together with the growth of the Ballpark Business, are leading to the

development of a highly robust business structure.

While the numerical results for the year ended March 2025 fell short of our targets, we addressed factors that were hindering profit opportunities and took steps to enable us to reach our targets under the Medium-Term Management Plan, including the revision of key policies and the addition of new KPIs. (□ P.35)

As indicated when Medium-Term Management Plan 2026 was formulated, our numerical targets for the next two fiscal years are ¥54.0 billion in the fiscal year ending March 2026 and ¥61.0 billion in the fiscal year ending March 2027.

	FY2025/3 Result	FY2026/3 Plan	FY2027/3 Plan*
Net sales (¥ billion)	1,370.6	1,400.0	1,380.0
Business profit (¥ billion)	42.5	54.0	61.0
Business profit ratio (%)	3.1	3.9	4.4
Profit attributable to owners of the parent (¥ billion)	26.6	30.0	38.0
ROE (%)	5.1	5.8	7-8
ROIC (%)	3.9	4.9	5-6

* The targets for the final year of Medium-Term Management Plan 2026 (FY2027/3) are unchanged from the original plan.

Business profit results/targets

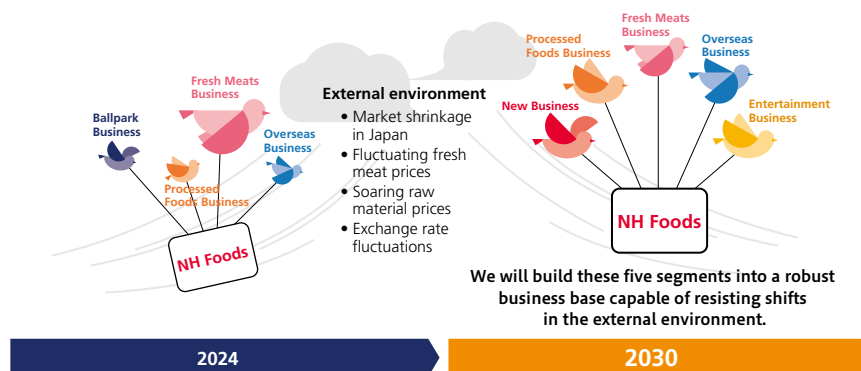
Closing the gap and returning to a growth trajectory



A message from the president

Realizing our vision for the NH Foods Group

Our first step toward ensuring sustainable growth for the NH Foods Group is to reaffirm our raison d'être and renew our awareness of what society expects of us. According to our estimates, the NH Foods Group currently has a 20% share of the total volume of fresh meats sold in Japan and supplies around 6% of all protein consumed by the people of Japan. The NH Foods Group is a key player in the livestock business, which is a primary industry, and has a major influence on Japan's food infrastructure. We have enhanced the Group's corporate value by continually supplying high-quality protein. Our aspirations for the year 2030 are defined in Vision2030 and encapsulated in the words "Unleash new potentials for protein." We are working to realize that vision under our current Medium-Term Management Plan through initiatives to build a future for the NH Foods Group into a corporate group dedicated to working together to create value through protein. These actions reflect our belief that we can realize our vision and further enhance our corporate value by continuing to take up the challenge of creating new value for protein in a changing environment.



However, with our domestic markets in decline, our business would shrink if we continued to rely solely on our existing business models. To continue to supply proteins and achieve further growth, we urgently need to develop new strategies that are not simply extensions of our existing business approach.

Building a stable business base supported by five pillars

We hold regular top-level meetings with ZEN-NOH to monitor progress, and we are currently making preparations with the aim of disclosing specific numerical targets in FY2026 to provide a clearer picture of progress on the co-creation project.

We will also continue to work on the co-creation projects that we launched in FY2024 with ZEN-NOH and Charoen Pokphand Foods. (P.25)

Another urgent task is the alleviation of bottlenecks in the value chains for our existing businesses. In FY2025, we took the first step in this direction by transferring the Overseas Business Division to the Processed Foods Business Division and Fresh Meats Business Division. By 2030, we aim to expand overseas sales and profits under a two-segment structure based on the Fresh Meats and Processed Foods businesses.

Our concept also calls for the further evolution of the existing Ballpark Business, which will become a core element as the Entertainment Business. We will also add New Business as our fifth core segment alongside Fresh Meats, Processed Foods, Overseas Business, and Entertainment Business, to create a resilient business base that will be able to cope with fluctuations in the external environment.

Accelerating research and development under the "Proteininnovation" R&D Strategy

In June 2025, we formulated the "Proteininnovation" R&D strategy as a way of accelerating our protein-based research and development activities ("Proteininnovation" is a portmanteau word coined from "protein" and "innovation").

A message from the president

Protein, the focus of our activities since the founding of NH Foods Group, still offers enormous undiscovered potential. Through our research and development activities, we are working to meet consumer needs and solve social issues. The dual themes for these efforts are the evolution of existing businesses, and the creation of new businesses. Initiatives to drive the evolution of existing businesses will center on the application of digital transformation (DX) technology to production and the development of new protein products. Our priorities for new business creation are the development of products and services using livestock by-products in the fields of medical and cosmetic products. We hope to achieve benefits from the evolution of our existing businesses at a relatively early stage. (□ P.23)

Financial strategies and capital policies are vital to the improvement of corporate value. Atsushi Onishi, who joined NH Foods as a mid-career hire, will play a key role in the rapid formulation of strategies to enhance our corporate value. He has been appointed as an executive officer and placed in charge of the newly created VBM Promotion Office. Because many of our executive officers have experience in our business operations, they are sometimes influenced by preconceived notions. That is why we prioritize outside recruitment of people with new perspectives and knowledge. I expect this approach to result in greater success and growth for the NH Foods Group. (□ P.31)

Turning risks into opportunities through faster management processes

We have appointed younger executive officers to drive the reforms needed to ensure the long-term growth of the NH Foods Group. In the Fresh Meats Business Division, where the need for reform is especially urgent, four of the six officers are newly appointed. We have also laid the groundwork for reform by appointing executives aged in their 50s as presidents of group companies. The new president of Nippon Pure Food, Inc. has achieved tangible results by personally taking on the challenge of raising the company's sales revenues.

Maintaining the status quo is not enough. “We have to change more!”

The past few years have seen rapid changes at many levels—exchange-rate swings, tariff shifts, and surprisingly high inflation. The pace of change in our business environment is exceeding all expectations, and we can no longer keep pace by adapting at the same speed as in the past. Instead of concentrating only on yearly P&L, we must plan backwards from our vision and tackle challenges that can drive disruptive growth. Over the past year, I have visited many of our frontline sites and talked with a variety of people with the aim of fostering the spirit of challenge among frontline workers. In FY2024, I worked to raise awareness through face-to-face dialogue and via the intranet under the slogan “Change is welcome.” While there are signs that people are starting to take on new challenges, I sometimes feel that frontline workers are not yet embracing the spirit of challenge on a personal level. I have therefore signaled my determination to move to the next level by changing the slogan to “We have to change more!” If we can build a robust corporate structure capable of adapting to a rapidly changing environment, we will be able to achieve dramatic growth.

I believe that the key to building a commitment to challenge at the frontline level is the training of middle managers and the improvement of their skills. By understanding corporate policies and conveying them to frontline workers in their own words, middle managers will transform behavior and build a culture focused on new challenges. To achieve this, we have modified our management structure and assessment systems. I will continue to communicate directly with our frontline workers and take every opportunity to raise awareness of the importance of taking on new challenges.



A message from the president

Human capital enhancement is a vital part of our efforts to foster an organizational culture focused on new challenges.

Training of next-generation leaders a priority for top management

Our efforts to build a culture focused on new challenges will continue to center on the training and recruitment of innovative managers and the promotion of participation by diverse human resources.

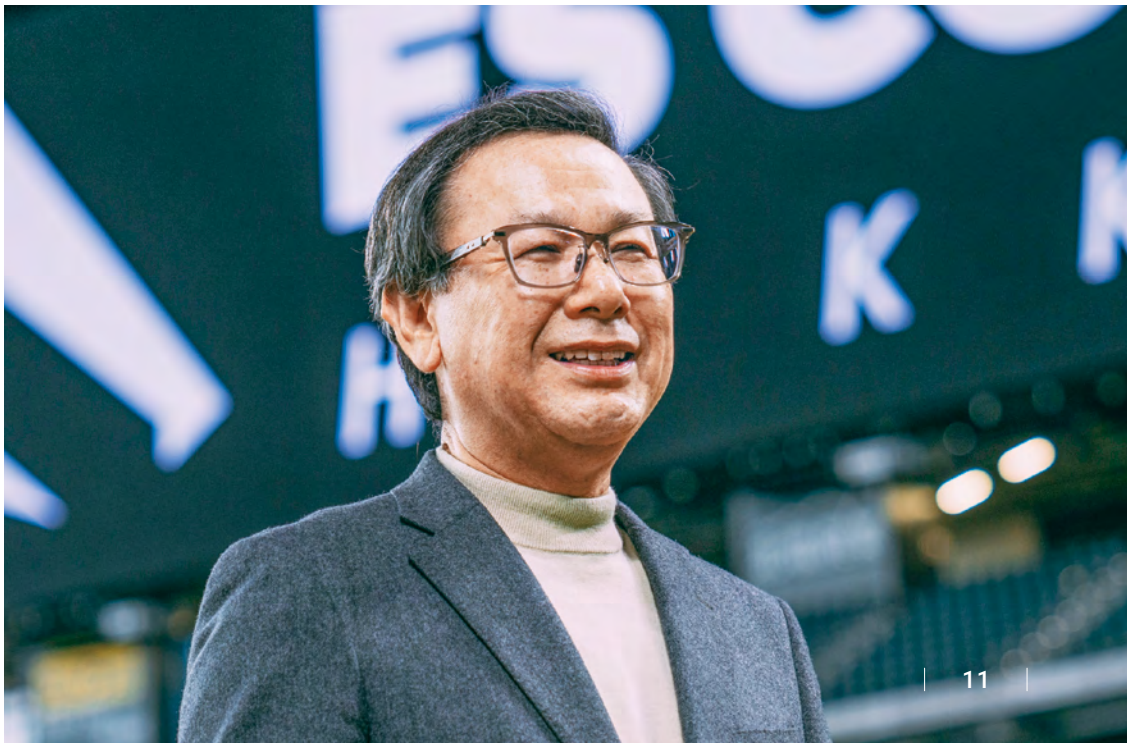
I see the training and recruitment of innovative managers as especially important. In addition to the development of the present management team, we must also prioritize the development of next-generation corporate officers who can play a leading role in the

NH Foods Group 10 and 20 years from now. One of the issues affecting the development of next-generation leaders at present is the fact that people's knowledge is limited to the segments in which they built their careers. As part of our training for innovative managers, we hold regular management seminars for officers in group companies and business divisions. This year I personally gave presentations about management mindsets. One of my key messages was the need to develop a cross-segment work approach based on the backcasting concept. I want our next-generation leaders to look to the future and embrace the challenge of innovation.

In the past, the NH Foods Group achieved growth by taking on new challenges without fear of change. However, I feel that our organization has become more rigid due to an increased emphasis on compliance with all laws and regulations since 2002. The transformation of our human resources and organization has become an urgent priority in today's rapidly changing environment. I have a personal duty to train next-generation managers, and I want to share as much as possible of my experience and knowledge.

Additionally, we have made changes to our award system for excellence in workplaces, including the content of the awards and the award ceremonies, with the aim of improving employee motivation and fostering a culture of challenge. Now known as the NHG Awards, this program is designed to provide appropriate recognition for the contributions made by individual workers in organizations that have pursued excellent activities and achieved meritorious results, and to create opportunities for further challenges.

We promote active participation by helping people to feel motivated toward their work. To achieve that, we now refer to our "compliance promotion activities" as "Job Satisfaction and Motivation activities." We have already built a strong commitment to compliance into our corporate culture. Going forward, we will continue to focus on the creation of motivational working environments so that individual workers can take on challenges and reach their full potential.



A message from the president

A sustainability strategy shaped by the NH Foods Group culture

Sustainability initiatives are becoming an increasingly important aspect of corporate management. The NH Foods Group is pursuing a sustainability strategy centered on four pillars: provide *the joy of eating*, create new values, protect the global environment, and strengthen the resilience of the business base.

We will continue to prioritize sustainability activities that reflect our role as manufacturer and supplier of protein products. I believe that by supplying protein, we are also contributing to the future of food. For example, we created a new food culture by popularizing *Schau Essen* coarse-ground sausages, which were previously rare in Japan. My personal dream is to develop additive-free *Schau Essen* sausages so that as many people as possible can experience the delicious flavors.

In Kitahiroshima City, Hokkaido, we contribute to the local community through food education by providing *Schau Essen* sausages once a year for use in school lunches. We are also developing carbon-neutral farms. At Nanporo-cho, Hokkaido, we have installed solar power facilities on our land to supply electric power to our pig farms in Hokkaido.

We will continue to consolidate frontline sustainability activities by using in-house awards and other systems to acknowledge employees and projects that make significant contributions to sustainability. The NH Foods Group remains committed to solving social issues and the creation of a sustainable society.

Working together to overcome issues and barriers and create value through protein

We remain committed to a company-wide strategy centered on structural reform, growth strategies, and cultural reform.

When we formulated Medium-Term Management Plan 2026, we calculated the gap from business profit of ¥61 billion in the fiscal



year ending March 2027 and calculated that we would need to generate ¥10 billion through structural reforms and ¥6 billion through growth strategies. Rather than steady accumulation, our current Medium-Term Management Plan involves a series of challenges based on the backcasting philosophy. If the figures start to deviate from our targets, we will revise our policies. If that fails to yield the desired outcomes, we will adopt new policies. I see that approach is the key to achieving the current Medium-Term Management Plan's goals and, furthermore, to reaching the target business profit of ¥79 billion in the next Medium-Term Management Plan.

We look forward to the continuing support of our stakeholders.

Nobuhisa Ikawa

President and Representative Director