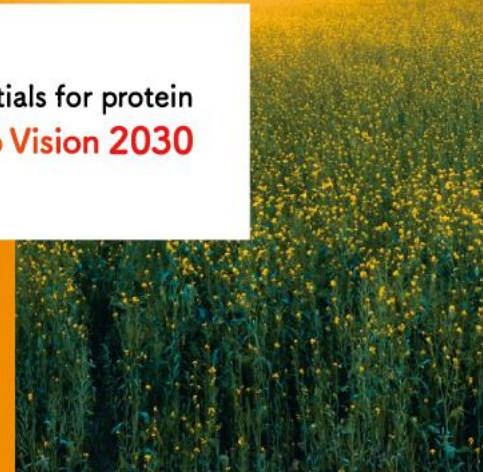


NH Foods Group

Medium-Term Management Plan 2023 Progress Briefing

Progress in the first half of the year P.3
Strategies going forward P.7



November 5, 2021
NH Foods Ltd.

Yoshihide Hata, President and Representative Director



Fully implement reforms designed to strengthen existing businesses and improve business efficiency



Business strategies

Management policy 1 Shift to a sustainable business model with profitability

- Strengthen procurement / sales capabilities
- Establish a muscular manufacturing profit structure from a company-wide optimization perspective
- Expand business from a marketing perspective
- Clarify the functions of each company and improve competitiveness

Management policy 2 Establish a growth model for Overseas Business

- Formulate and implement growth strategies focused on promising areas
 - (1) Strengthen sales of processed food products in Japan and overseas
 - (2) Develop processed food products and fresh meats for Japan / strengthen their supply system

Management policy 3 Provide new value through new products and services

- New Businesses (1) Entertainment, (2) Wellness, (3) Ethical
- Establish the Baseball Club Business

Functional strategies

Management policy 4 Strengthen corporate functions to achieve the Vision

- DX Promotion
- Formulate company-wide strategies and strengthen promotion functions
- Strengthen R&D functions
- Strengthen human resource management

Cross departmental promotion strategies

- Activate cross-business comprehensive strength
- Accelerate new business launches
- Use the Hokkaido Project to contribute to the main business and regional development
- Strategically develop corporate communication

No. 1 management with a high level of quality and corporate governance

Maximize corporate value through the integrated improvement of social value and business value

Sustainability Conference
(October 6)

Today's briefing
(November 5)

Maximize corporate value

Increase social value (non-financial value)

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Reduce WACC

- ✓ **Address social issues by executing materiality measures**
- Stable procurement and supply of proteins
- Food diversification and health
- Contributing to a sustainable environment
- Co-creation and shared prosperity with local communities and society as a whole through food and sports
- Employee development and respect for diversity

➔ **Reduced business risks**



Toward a
sustainable
business entity

SUSTAINABLE DEVELOPMENT GOALS

Increase business value (financial value)

||

Improve ROIC

- ✓ **Structural reform and strengthening of existing businesses**
- ✓ **Business development in growth areas**
- ✓ **Pursuit of an optimal portfolio**
- ✓ **Establish an optimal production system**

➔ **Increased profit ratio and efficiently invested capital**

Develop infrastructure through DX

— Speed up management decision-making to improve execution —

Progress in the first half of the year

Progress on business performance—entire Group

In the first half of the fiscal year, an improved gross profit margin for the Processed Foods Business and strong trends in the beef business of the Overseas Business Division resulted in higher profits. Performance in the second half will be affected by soaring raw material prices and higher procurement and production costs. We expect the results for the whole year to be in line with our initial plan.

	Yearly plan for FYE March 2022
Net sales	1,180 billion yen
Business profit	48 billion yen
ROE	6.8%
ROIC	5.1%

Business profit breakdown (¥ billion)	1 st quarter forecast	2 nd quarter forecast	Difference
Processed Foods	15 bil. yen	15 bil. Yen	—
Fresh Meats	37 bil. yen	37 bil. Yen	—
Overseas	0.5 bil. yen	1 bil. Yen	0.5 bil. yen
Others	-1.2 bil. yen	-1.6 bil. Yen	-0.4 bil. Yen
Eliminations	-3.3 bil. yen	-3.4 bil. Yen	-0.1 bil. yen

	Plan for the 2 nd Half of FYE2022
Net sales	576.7 billion yen
Business profit	23.8 billion yen

Business profit breakdown (¥ billion)	1 st quarter forecast	2 nd quarter forecast	Difference
Processed Foods	9.1 bil. yen	8 bil. yen	-1.1 bil. yen
Fresh Meats	18.9 bil. yen	19.2 bil. yen	0.3 bil. yen
Overseas	-0.4 bil. yen	0.4 bil. yen	0.7 bil. yen
Others	-2 bil. yen	-2 bil. yen	—
Eliminations	-1.7 bil. yen	-1.8 bil. yen	-0.1 bil. yen

Progress on performance—segment results and initiatives in the second half of the fiscal year and beyond

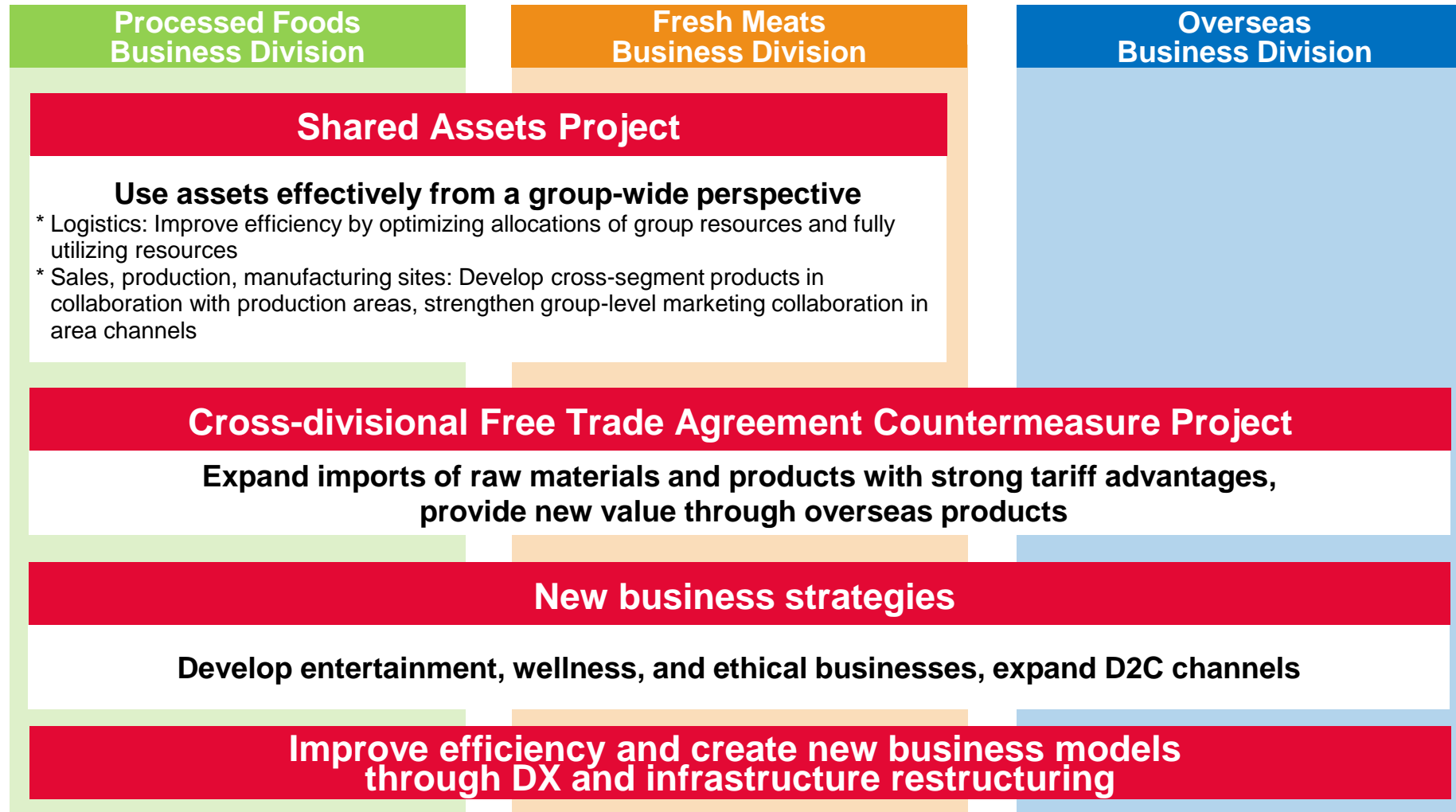
Continuing inflation, including sharply higher raw material prices and electric power and fuel costs. Escalating global competition to procure beef and pork, production further destabilized by the resurgence of COVID-19

	Segment policies under Medium Term Management Plan 2023	First-half achievements	Second-half initiatives	Initiatives in subsequent years
Processed Foods	Aim for a business profit ratio of 5% through structural reforms by creating and providing new value	<ul style="list-style-type: none"> ● Shift to centralized production of <i>Schau Essen</i> ● Realize group synergy benefits ● Develop new channels (confectionary, home centers, etc.) ● Achieve positive results from the vendor business 	<ul style="list-style-type: none"> ● Respond to cost increases Review low-margin commercial products, expand sales of added-value products, implement price countermeasures ● Further centralize manufacturing of flagship brands ● Optimize product portfolios 	<ul style="list-style-type: none"> ● Respond to cost increases Implement consumer price countermeasures ● Optimize product portfolios and merge or close lines ● Expand flagship brand products ● Expand business from a marketing perspective (<i>NatuMeat</i>, soy meat, extracts, room temperature products, etc.) ● Implement cross-segment restructuring (integration) of manufacturing sites)
Fresh Meats	Aiming for a 25% market share in 2030, strengthen procurement and sales capabilities	<ul style="list-style-type: none"> ● Procurement Domestic: Increase procurement of domestic chicken Imports: Develop sources in new countries ● Marketing Promote branded fresh meat Make proposals targeting key channels 	<ul style="list-style-type: none"> ● Procurement Domestic: Expand external procurement through relationship-building with producers Imports: Expand procurement networks (continuing development of new source countries) ● Marketing Further promote branded fresh meat, strengthen proposals targeting key channels 	<ul style="list-style-type: none"> ● Procurement Domestic: Expand external procurement and improve own-brand ratio Imports: Expand procurement networks (Europe, etc.), improve quality, develop products for the Japanese market ● Marketing Restructure sales structures to support a flexible response to environmental change ● Implement cross-segment restructuring (integration) of manufacturing sites
Overseas	Aim to transform business models by creating new sources of profit through the expansion of the processed food products business	<ul style="list-style-type: none"> ● Expand processed food sales in North America ● Enhance the branded beef business in Australia 	<ul style="list-style-type: none"> ● Expand channels for processed food sales in North America ● Increase quantity of chickens processed in Turkey, expand sales of added-value products ● Expand sales of branded beef in Australia ● Continue to improve the BPU business in Uruguay 	<ul style="list-style-type: none"> ● Stabilization of income from existing businesses Expand processed food sales in ASEAN and North America Expand sales of branded beef in Australia and Uruguay Implement efficiency improvement measures at all business sites ● Expand procurement functions to ensure reliable supplies to Japan

Achieve overall optimization through cross-segment promotion strategies and DX

Implement structural reforms and create optimized production structures through cross-segment promotion strategies

➔ Start up Shared Assets Project and launch projects based on free trade agreements



Strategies going forward

Improve corporate value through the optimization of product structures and portfolios



Pursue sustainable business growth and development through strategic capital investment

Processed Foods

Achieve a business profit margin of 5% under the next medium-term management plan by improving profitability and efficiency

- Strengthen brand strategies from a marketing perspective
- Revise business portfolios
- Optimize production structures
- Develop new categories
- Realize early returns on investment

Fresh Meats

Achieve a market share of 25% by combining in-house integration with outsourcing
Create business models that drive profit growth while addressing social issues

- Strengthen the business base through upstream investment
- Expand sales of branded meats
- Expand initiatives targeting key channels
- Step up actions on social issues
- Pursue growth strategies for NH Foods Group companies

Overseas

Strengthen sales of processed foods in North America and ASEAN
Reduce business volatility

- Stabilize earnings from the beef business
- Review site policies
- Expand processing businesses through strategies investment
- Expand and enhance procurement functions

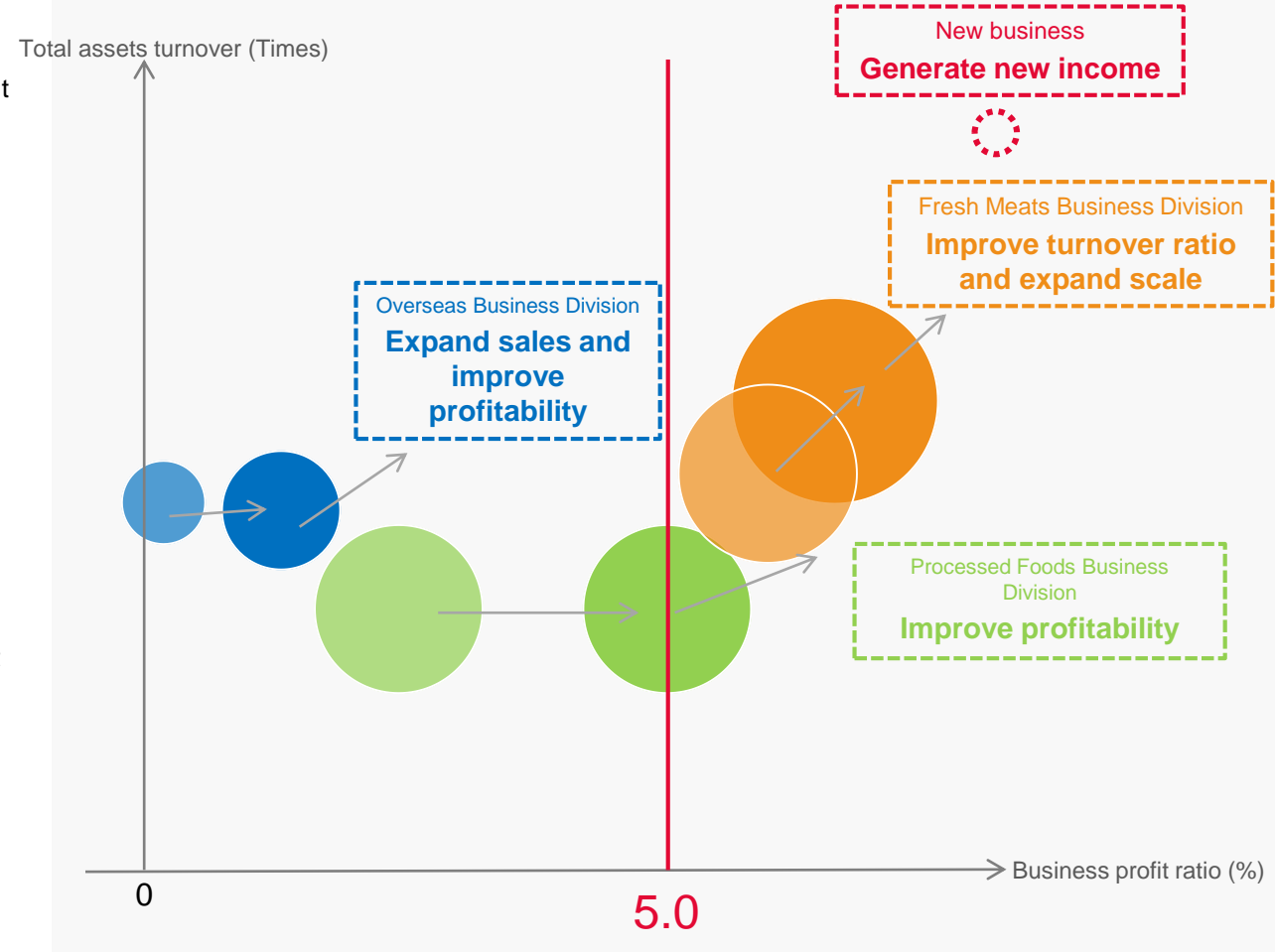
New business

Create new markets
Create new eating experiences and times for new customer profiles

- Wellness Business
- Entertainment Business
- Ethical Business

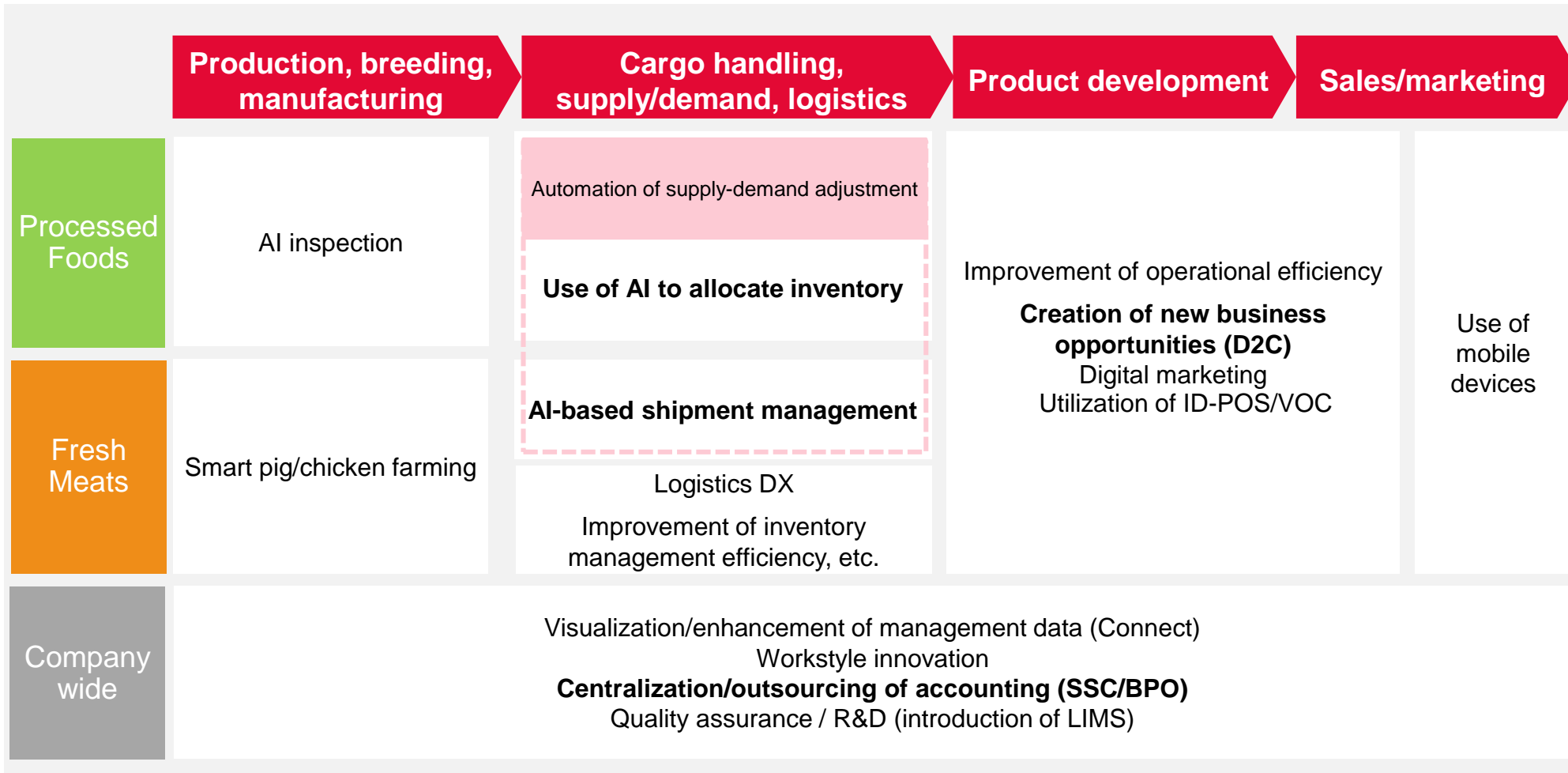
➔ ROIC improvement through company-wide asset reduction

Future strategic directions (Medium-Term Management Plans 2023 through 2029)



Implement DX initiatives across entire value chains

Achieve early benefits from DX through AI-based shipment management, inventory allocation, and centralized accounting. Use time freed up through automation and SSC-BPO to create more added value



Continue to utilize DX in linkage with strategies to achieve further growth

Create new business models—new business strategies

Participate in D2C channels (wellness business, entertainment business) as new profit pillars

Maximize corporate value

Increase business value (financial value)

Provision of value to the NH Foods Group

Sales expansion, rising corporate value

Expansion of sales in
the Wellness segment

Image improvement based on
contributions to health

Provision of new value



Increase social value (non-financial value)

Provide value to consumers

Enrichment of life through healthy longevity and QOL enhancement

Link these benefits to frailty prevention,
early discovery of disease risks, disease
prevention, and reduced healthcare costs

Provide value to communities, society

Society-wide cost reductions and productivity improvement

Link these benefits to lower healthcare
costs and increased labor resources

Foods with functional claims (maintenance
of memory, reduction of fatigue)
for people who have started to worry
about declining physical and
cognitive functions

To be
launched in
December

Specific initiative

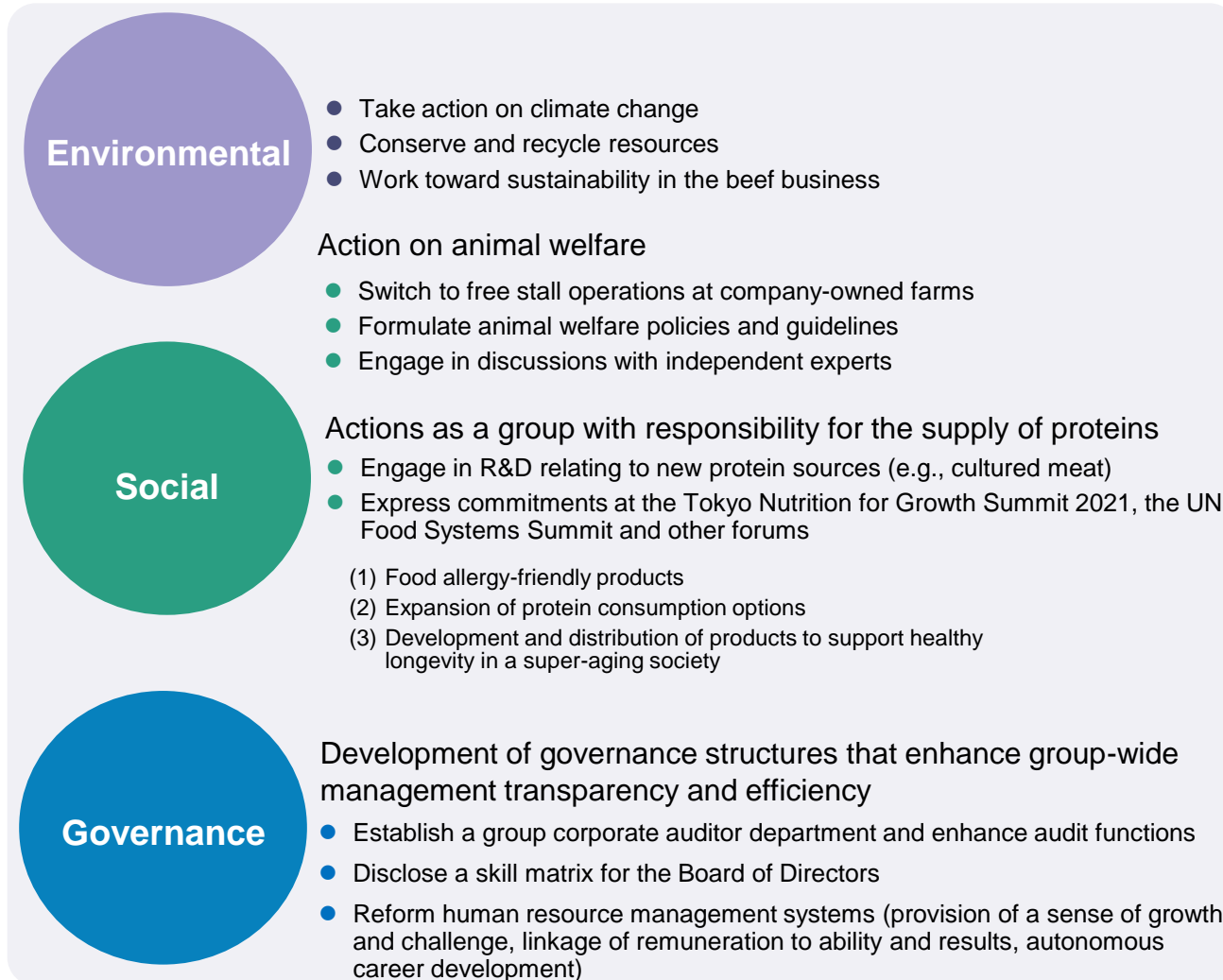
Respond to health needs
through the development of
foods with functional claims

Scheduled
for spring
2022

Specific initiative

Create a platform for food
allergy-friendly products

Improve corporate value by pursuing a sustainability strategy centering on the Materiality



Share information inside and outside the Group and conduct dialogue with each stakeholder group





 Unleash new potentials for protein
NH Foods Group Vision 2030