

Minutes of the Web Conference for the Medium-Term Management Plan 2023

Date & Time: November 5, 2021 (Friday) 13:00-14:30

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Medium-Term Management Plan 2023 Progress Briefing Materials

Source: “https://www.nipponham.co.jp/eng/ir/library/briefing_session/”

○Q&A○

I. Medium-Term Management Plan 2023 Initiatives

Q1. What is a progress of improving ROIC?

In order to improve the efficiency of invested capital, we will concentrate management resources on priority businesses by utilizing business review standards. In addition, each business division is implementing KPI management deployed in ROIC tree to improve profitability and efficiency. We manage the progress on a quarterly basis, and believe that it is improving ROIC permeation in our operations.

Q2. What is establishment of an optimal domestic production system and measures for production sites?

We continue to concentrate manufacturing of mainstay brands. Manufacturing lines overlap in the deli products and extract and primary processed products businesses, mainly in commercial-use lines. We consider the consolidation and closure of lines, because there is significantly different productivity in lines. We will also rebuild our domestic manufacturing system across business divisions including logistics bases.

Q3. What is structural reform of the Fresh Meats Business Division?

Currently, the results of each value chain aiming to maximize earnings have been the overall earnings. In the future, we will strive to visualize earnings beyond the value chain for each type of livestock. In the Nippon Food Group business which is sales all over Japan, we intend to create a sales system according

to the size of each city. In order to strengthen sales to restaurants and wholesalers in urban areas, we hope to develop a sales system specializing in restaurants in the Tokyo Area in other urban areas.

Q4. What is growth strategy of the Overseas Business Division?

In processed product sales, we have created a competitive advantage in North America, ASEAN, Greater China, and other regions by leveraging our expertise in the manufacture of processed products in Japan. In North America in particular, volume is expanding even in markets where competition is intensifying. We will also plan price hikes, and from the next fiscal year onward we will work to create additional profit sources by strengthening sales of processed products.

II. Price hikes

Q5. What is price hikes in the Processed Foods Business Division?

Price hikes are scheduled to implement in the fourth quarter of this fiscal year. The price will be revised after considering all of the costs rise of raw materials, secondary materials, electric fuels, exchange rates, and import costs.

III. Outlook for the Next Fiscal Year

Q6. What are our efforts in the Fresh Meats Business Division for the Next Fiscal Year?

The production division will secure profits by continuing to improve production indicators, despite the impact of soaring feed prices. In the sales division, we expect earnings to recover in the NH Food Group business, which saw a decline in profits in the current fiscal year, due in part to an improvement in the livestock species and channel mix. We will also build a system to expand sales of growing branded meat and strengthen sales to key channels, aiming to both secure earnings and increase market share.

Q7. What are initiatives for the next fiscal year in the Australian business of the Overseas Business Division?

In Australia, we will strengthen sales of branded meat in the same manner as in the current fiscal year. In the next fiscal year, the brand ratio is expected to temporarily decline due to an increase in shipments of commodities due to a recovery in the number of cattle, but the recovery is a tailwind for earnings expansion. BPU in Uruguay also expects earnings to recover as exports to China move toward normalization.

Q8. What are business profit plans for the next fiscal year?

We do not estimate a change in the plan of 52 billion yen at this point. The entire company will implement various measures, including price hikes and improvement of productivity in the Processed Foods Business Division, structural reforms in the Fresh Meats Business Division, and a recovery in the number of baseball game spectators at the Baseball Business.