

**Minutes of the Web Conference for the Third Quarter of the Fiscal Year Ending March 31, 2023**  
**(Main Q&As)**

Date & Time: January 31, 2023 (Tuesday) 16:00-17:00

Presenters: Representative Director and Executive Vice President

General Manager of Corporate Planning Division                      Nobuhisa Ikawa  
\*Appointed to the president as of April 1, 2023

Director and Executive Officer  
In charge of Accounting & Finance Department                      Masahito Kataoka

○Q&A○

**Q1. What is an ambition for becoming the new president?**

I will create a new Nippon Ham by bringing together human resources who are willing to change in order to realize our vision for the future after 2030. I would like to assess the strengths of each business and make those strengths stronger.

**Q2. How do we think of points that the earning power of business is stagnant?**

The lack of a sense of urgency in each business division is considered to be significant. We recognize that reforms that were not possible in the past are good opportunities, and recover earning power with a sense of urgency and speed.

**Q3. What are factors underlying in structural reform of the entire company and the adoption of asset lights?  
What is the future progress?**

The major reason is that we have not announced a clear milestone. We will proceed with discussions based on backcast thinking, such as improving the asset and profit margins of the processed foods business, which is an issue, and pursuing market share in the fresh meats business.

**Q4. What are our future base measures?**

We have already announced a 20% reduction of domestic bases, but conditions have changed dramatically. Under the current environment, we aim to reduce the number of bases by 20% or more through restructuring. We will also work promptly to review the priorities of structural reforms so that the effects of these reforms will emerge as soon as possible. For overseas bases other than Uruguay, we will promote fundamental restructuring.

**Q5. How do we think of sustainably enhancing corporate value amid numerous challenges, including domestic business structure, market environment, and overseas expansion?**

Domestic market shrinks as the population declines. In the processed food business, we aim to focus on asset lights and core brands. In the fresh meats business, we expand domestic chicken and strengthen procurement capabilities. We also promote cross-sectional strategy, and although it will be on a trial basis in the next fiscal year, we will also promote sales of processed products through food sales. We will also consider an efficient approach to local sales. For overseas expansion, we aim to reduce volatility in Australia by expanding sales of processed foods in North America and by increasing added value in the beef business. Amid concerns about a shortage of animal protein in the future, we will also work on cultivated meat and alternative meat.

**Q6. How do we approach to a target of ¥40.0 billion business profit for the next fiscal year?**

This is a number derived from careful discussions with each business division, considering the points of the three downward revisions made this fiscal year. In the processed foods business, we will strive to realize the effects of price revisions and complete the recovery in the volume of its mainstay brands, thereby recovering profits. In the fresh meats business, we aim for a significant increase in profits, including a recovery in imports of fresh meats, centered on expansion of sales through food sales. In the overseas business, the production volume of U.S. beef is expected to decline, and sales from Australia are expected to recover. Together with the expansion of sales of processed products in North America, we aim to achieve a significant increase in profits. The transfer of shares of BPU, beef business in Uruguay, will also contribute to the increase in profits from the second half of the next fiscal year.

**Q7. What is the baseball club business and others for the next fiscal year?**

As explained in IR DAY, the business income target for the next fiscal year is ¥2.6 billion for the baseball club business. There is no change to the plan of ¥2.0 billion for the entire baseball club business and others.

**Q8. What is transfer of shares of BPU, Uruguay?**

While it is expected at the current stage, sales of ¥30.0 billion and pre-tax income of around negative ¥2.0 billion are expected to be discontinued operations. We currently expect the loss on sale to be around ¥5.5 billion. Since it is assumed that the tax expense at the time of the past impairment loss will return, the net loss is expected to be ¥1.0 billion with the tax expense. As the share transfer is scheduled to take place on October 31, 2023, we will treat discontinued operations based on estimates at that time in the FY2023/03 results. The amount may change in the future.