

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

Date & Time: November 7, 2023 (Tuesday) 13:00-14:30

Presenters: President and Representative Director	Nobuhisa Ikawa
Director and Managing Executive Officer	
General Manager of Fresh Meats Business Division	Fumio Maeda
Director and Managing Executive Officer	
CFO, in charge of Accounting & Finance Department	Masahito Kataoka
Managing Executive Officer	
General Manager of Processed Foods Business Division	Yukihiro Matsumoto
Managing Executive Officer	
General Manager of Overseas Business Division	Nobuo Oda

Source: Medium-Term Management Plan 2023 Progress Briefing presented on November 7, 2023  
[https://www.nipponham.co.jp/eng/ir/library/briefing\\_session/pdf/2024/20231107.pdf](https://www.nipponham.co.jp/eng/ir/library/briefing_session/pdf/2024/20231107.pdf)

○Q&A○

Q1. What is our business profit plan for the next Medium-Term Management Plan 2026?

In the second year of the Medium-Term Management Plan 2026, we aim to achieve record high profits of ¥53.8 billion and in the final year of the Medium-Term Management Plan ¥61 billion. While there is a deviation of ¥17 billion from the business profit target of ¥44 billion in the current fiscal year, we will generate effects of ¥10 billion through structural reforms and ¥7 billion through growth strategies. We believe that the structural reform effects will be highly probable.

Q2. What are our structural reforms and growth strategies?

We will restructure processing operations by reorganizing plants, cutting fixed costs mainly in OEM, and reviewing low-profit businesses abroad. The growth strategy is centered on sales of processed foods through Nippon Food sales and expansion of processed foods business in North America and ASEAN.

Q3. What is the restructuring of ROIC management?

We are facing challenges in PDCA cycle. We strengthen cost-of-capital monitoring more than ever to facilitate PDCA. ROIC is already included in the indicators of executive compensation. In the future, we will further promote ROIC concept to executives, general managers, and administrative

departments for each business division.

Q4. How does CEO Ikawa reflect changes in the six months since becoming CEO?

The mobility of human assets is increasing, including the outside personnel. In addition, discussions on structural reform have also increased more than in the previous year, and a consensus has been reached for management as a whole. CEO Ikawa feels that the company is developing a corporate culture that receives a variety of stimuli and takes on challenges.

Q5. What is the future profit level of processed foods business?

In the next medium-term plan 2026, the business profit margin in the processed foods business will improve to 4%, 5% in the ham & sausage and processed foods business. To improve profit levels, it is necessary not only to reorganize factories, but also to pursue two pillars of the growth strategy. We improve profitability by raising the composition ratio of new high-margin products and further focusing on existing core brands. The Marketing Management Department will play a central role in developing new products, and for low-profit products, we will boldly consolidate and eliminate products and revise prices.

Q6. What is the restructuring and growth strategy of the fresh meats business?

In the domestic pork business, we will consider reviewing bases that it was unable to do so in the past. We also promote branding to reduce the risk of market fluctuations due to seasonal factors. In terms of growth strategy, we aim to expand our business through strengthening the domestic chicken business and selling Nippon Food sales capabilities.

Q7. What is the outlook of the Australian beef business?

The reduced production of U.S. beef provides a tailwind for the Australian beef business. Cattle prices are also declining, and the beef business in Australia is expected to generate solid profits from the next fiscal year onward.

Q8. What are assumed risks in the next Medium-Term Management Plan 2026?

“The 2024 problem of logistics”, logistics industry faces tough situation due to the shortage of truck drivers in 2024, will be large. A new department has been launched to resolve logistics problems. Other potential factors include rising procurement costs, foreign exchange rates, and fresh meat diseases.