



NH Foods Group

Medium-Term Management Plan 2026

May 17, 2024

NH Foods Ltd.

Nobuhisa Ikawa, President & CEO

- ① A Message from the President and CEO**
- ② Medium-Term Management Plan 2023_Results**
- ③ Medium-Term Management Plan 2026_Goals**
- ④ Improving Capital Efficiency**

We will strive to create new value from protein through co-creation and new challenges.



Vision2030 Unleash new potentials for protein

Our vision for the future of the NH Foods Group

**A food manufacturer that is
Japan's biggest supplier of
protein**

Innovation

**Working together to create
value through protein**

Working together to create value through protein.

**The world is changing, consumer outlooks are advancing.
As we break free from conventional wisdom and customs,
we create new value, meeting the needs of consumers, society, and the world.**

**Combining in-house strengths with those of our partners,
we continually maximize the power of protein
and the potential of the bounty of nature.**

**Taking on challenges and making change happen,
the NH Foods Group works together to create value through protein.**

Advancing to a new stage through a commitment to structural reforms and growth strategies

—We will build an innovative corporate structure designed to enhance corporate value and ensure sustainable growth—

- **Working together to create value through protein**

We will make optimal use of co-creation as the basis for business growth through the expansion of our protein supply capacity and the pursuit of growth strategies.

- **Business model innovation**

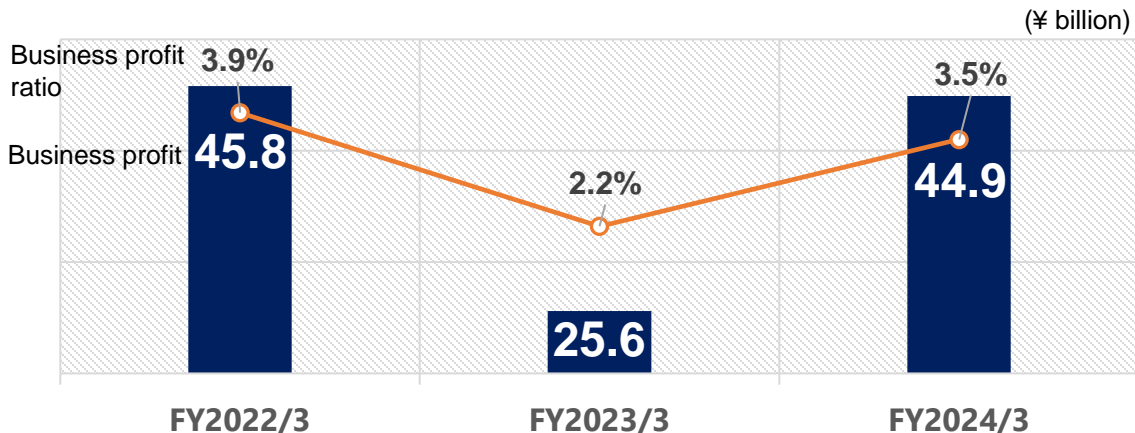
Management will provide leadership for an integrated approach consisting of structural reforms, growth strategies, and cultural reforms.

- **Reliable generation of business profit through profitability enhancement and the pursuit of capital efficiency**

We will improve corporate value by pursuing returns in excess of capital costs and implementing capital optimization policies.

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Segment profits recovering thanks to initiatives launched in the previous fiscal year— Acceleration of reforms toward a new stage



Segment achievements in FY2024/3

Processed Foods	Profitability enhanced through product mix enhancements and price adjustments
Fresh Meats	Record profits achieved by Nippon Food sales companies
Overseas	Recovery in the number of cattle processed, expansion of processed product sales volumes in North America
BP (*1)	Visitor number target exceeded (3.46 million), resulting in higher earnings

*1 BP:Ballpark Business

(¥ billion)

	FY2022/3	FY2023/3	FY2024/3	FY2024/3 Initial targets	Difference
Net sales	1,174.4	1,259.8	1,303.4	1,260.0	43.4
Business profit	(*) 45.8	25.6	44.9	38.0	6.9
Business profit ratio	3.9%	2.2%	3.5%	3.0%	0.5%
Profit attributable to owners of the parent	(*) 48.0	16.6	28.1	23.0	5.1
ROE	10.5%	3.4%	5.5%	4.6%	0.9%
ROIC	5.0%	2.4%	4.1%	3.5%	0.6%

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We aim to reach the next stage by achieving further growth through structural and cultural reform initiatives and growth strategies.

Medium-Term Management Plan 2026

- Continuously pursue structural reform initiatives and focus on high-profit businesses.
- Develop and enhance brands and intellectual property through growth strategies and co-creation. Enhance profitability and growth potential.

Medium-Term Management Plan 2029

- Advance to a new stage by strengthening profitability in Japan and expanding overseas businesses.
 - Fresh Meats—core business Expand our share of the domestic fresh meats market and achieve profit of ¥50 billion.
 - Processed Foods—brand platform Achieve a business profit margin of over 6% through concentration on high-profit areas and continual structural reforms
 - Overseas Business—growth driver Lift the overseas sales ratio to over 20% by expanding overseas sales of processed products
- Achieve profitability for new businesses by realizing growth strategies. Continually take up new challenges

Business profit
¥44.9 billion

Business profit
¥48.0 billion

Business profit
¥54.0 billion
New record

Business profit
¥61.0 billion

Business profit
¥79.0 billion
or higher

Medium-Term Management Plan 2023

Medium-Term Management Plan 2026

Medium-Term Management Plan 2029

10 Medium-Term Management Plan 2026_Goals

Continuously strengthen earning performance, set new profit records, enhance capital efficiency.

(¥ billion)



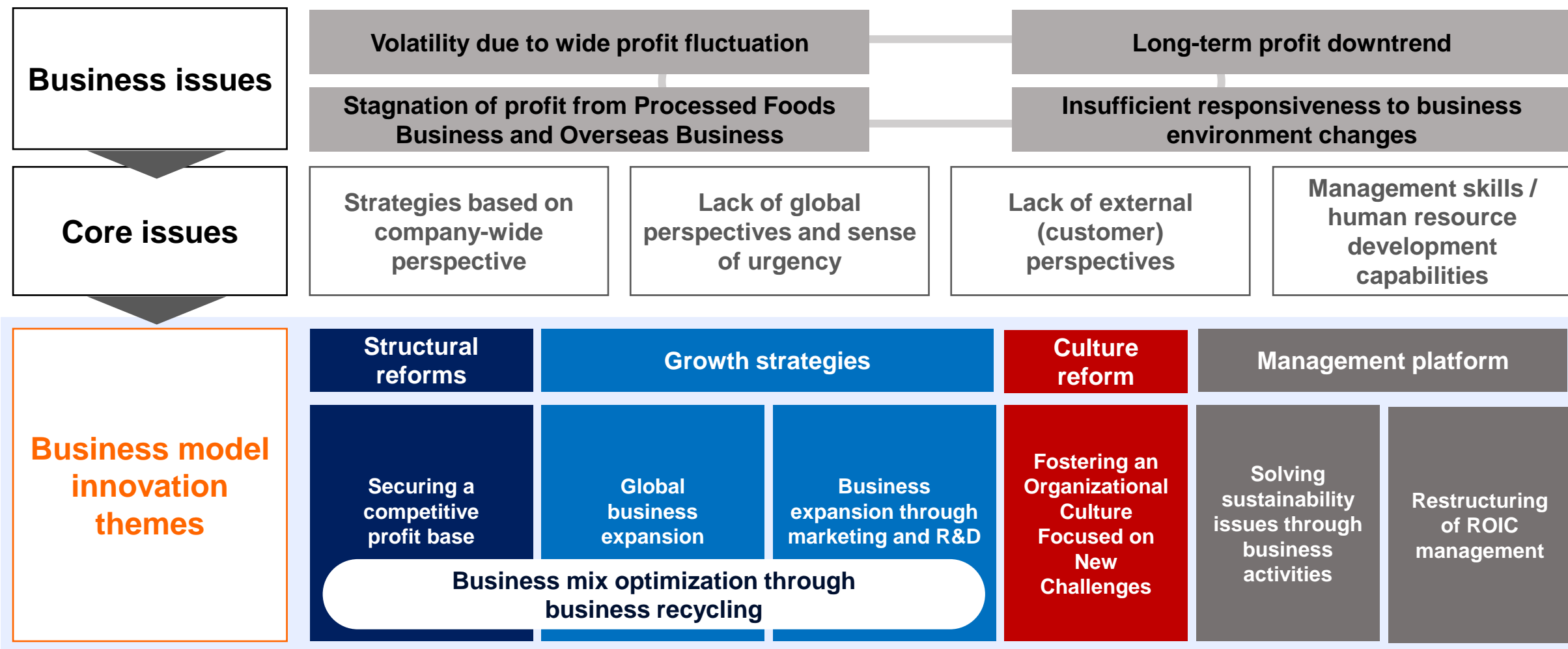
	FY2025/3	FY2026/3	FY2027/3
Net sales	1,340.0	1,350.0	1,380.0
Business profit	48.0	54.0	61.0
Business profit ratio	3.6%	4.0%	4.4%
Profit attributable to owners of the parent	27.0	31.0	38.0
ROE	5.2%	6.0%	7-8%
ROIC	4.4%	5.0%	5-6%

Business profit (breakdown)	FY2027/3
Processed Foods Business Division	16.0
Fresh Meats Business Division	42.5
Overseas Business Division	6.5
Ballpark Business	2.6
Eliminations and adjustments	(6.6)

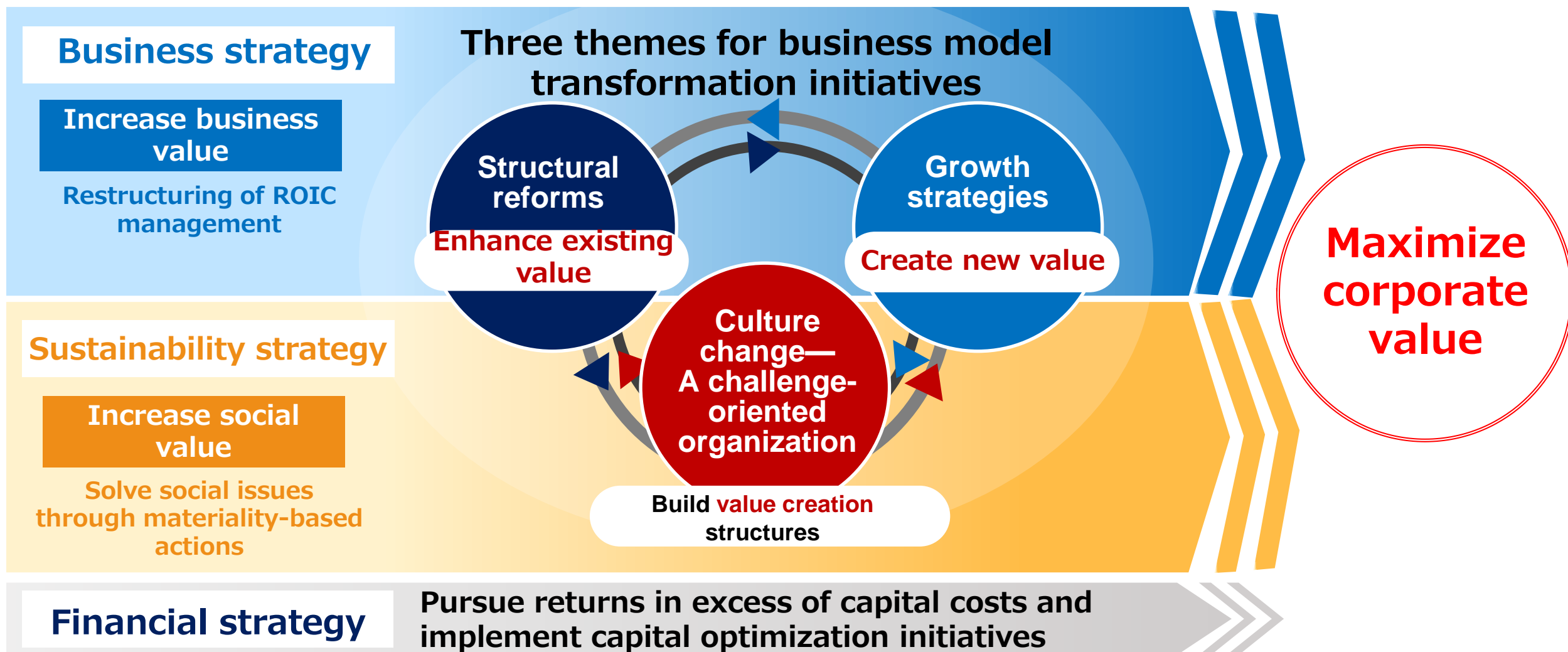
Medium-Term Management Plan 2026_

Management Issues and Innovation Themes

Prepare for future growth by identifying core issues and pursuing business model innovation.



We will evolve into a business structure capable of achieving continuous growth through the pursuit of business, sustainability and financial strategies.



Formulate strategies for issues requiring three integral approaches and build a structure to tackle issues through management leadership.

Vision2030 Unleash new potentials for protein

**Theme for Medium-Term Management Plan 2026:
“Working together to create value through protein”**

Structural reforms

Optimal production
structures

Actions to address low-
profit businesses

Product mix enhancement

Growth strategies

Brand enhancement

Global strengthening

Expansion of cross-
business operation

R & D expansion

Fostering an Organizational Culture Focused on New Challenges

Train/recruit innovative managers

Career development for diverse people

Management platform

Sustainability strategy

Financial strategy

Introduce core policies for each issue. Identify persons in charge. Set KPIs. Enhance monitoring structures.

		Core policies	FY2027/3 KPI	Benefit
Structural reforms	Product mix enhancement	Improve the product mix for ham, sausages and deli products.	70% from key categories <small>*Consumer products (ham, sausages, deli)</small>	¥10.0 billion
		Generate reliable profits through enhanced marketing of branded beef.	Contribution from branded beef 60%	
	Optimal production structures	Optimize the production structure (restructure production sites) for ham, sausages and deli products.	20% line reduction	
		Restructure the domestic pork business.	Benefits of at least ¥1 billion	
	Actions to address low-profit businesses	Review low-profit lines in the marine products, dairy products, extracts, and primary processed products businesses	20% line reduction	
Growth strategies	Brand enhancement	Increase sales of flagship brand products (<i>Schau Essen</i>).	Schau Essen: ¥90 billion <small>*Based on estimated retail sales (NH Foods research)</small>	¥6.0 billion
		Increase sales of flagship brand products (<i>Sakurahime</i>).	Sakurahime volume target: 120%	
	Cross-selling	Expand sales of processed products.	Processed product sales target: ¥30 billion	
	Global strengthening	Expand the processed foods business in North America and ASEAN	External sales: ¥200 billion	
	R&D expansion	Create businesses in new areas.	—	
	Ballpark	Further enhance the attractiveness of the ballpark and strengthen the team.	Visitor numbers over 3 million	

Medium-Term Management Plan 2026_

Processed Foods Business Division

Exit from low-profit areas and build a strong earnings base by concentrating management resources into high-added value products.

		Core policies	FY2027/3 KPI	Benefit
Structural reforms	Product mix enhancement	Build a product portfolio designed to maximize profit. <ul style="list-style-type: none"> Continuing improvement of profitability of consumer/PB products, improvement of brand ratio through expansion of sales of high-profit brand products 	70% from key categories^{*1}	¥8.0 billion
	Optimal production structures / Actions to address low-profit businesses	Optimize the production structure (restructure production sites) for ham, sausages and deli products. Review low-profit lines in the marine products, dairy products, extracts, and primary processed products businesses. <ul style="list-style-type: none"> Reduction of manufacturing costs through line cutbacks 	Reduce number of production lines by 20%	
Growth strategies	Brand enhancement (<i>Schau Essen</i>)	Expand the young buyer group. <ul style="list-style-type: none"> Continued brand penetration efforts backed by brand extension and enhanced promotions Expand overseas sales channels. <ul style="list-style-type: none"> Continuation of test marketing, improvement of overseas brand recognition (Export permit for Singapore obtained in April 2024) Improve productivity. <ul style="list-style-type: none"> Continued investment in highly productive lines, improvement of cost-competitiveness 	<i>Schau Essen</i> ¥90 billion^{*2}	¥1.0 billion

Schau Essen sales



^{*1} Sales of brand products as a percentage of consumer sales of ham, sausages, and deli products ^{*2} Estimated retail basis (based on research by NH Foods)

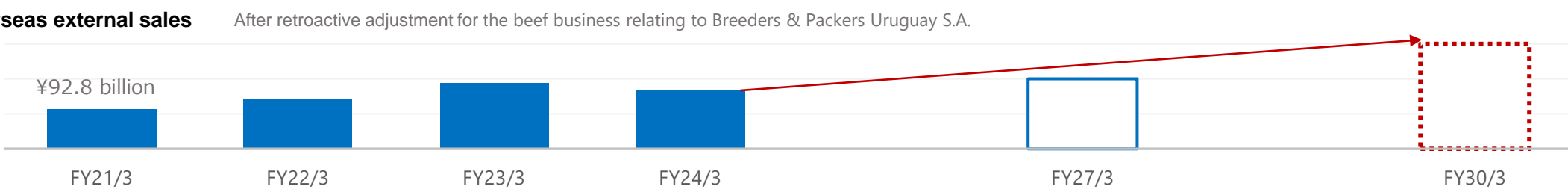
Medium-Term Management Plan 2026_

Fresh Meats Business Division

Further increase the sales potential of the Nippon Food companies by strengthening marketing capabilities. Achieve sustainable sales growth.

		Core policies	FY2027/3 KPI	Benefit																																		
Growth strategies	Cross-selling	Enhance the meat eating experience by expanding sales of processed products. <ul style="list-style-type: none">• Deploy personnel from the Processed Foods Business Division to enhance processed product sales skills.• Use DX to link processed product/fresh meat systems and support business operations.	Processed product sales target ¥30.0 billion	¥3.0 billion																																		
	Brand enhancement (<i>Sakurahime</i>)	Shift from a focus on suppliers to customer/consumer-focused product development. <ul style="list-style-type: none">• Strengthen BtoC business marketing by deploying marketing personnel from the Processed Foods Business Division and recruiting outside talent (e.g., development of farm packs).• Expand production capacity through external co-creation initiatives and improve the <i>Sakurahime</i> production ratio.	<i>Sakurahime</i> sales volume target 120%																																			
	Sakurahime sales volumes <table border="1"><thead><tr><th>Fiscal Year</th><th>Sales Volume (t)</th></tr></thead><tbody><tr><td>FY14/3</td><td>21,600</td></tr><tr><td>FY15/3</td><td>~15,000</td></tr><tr><td>FY16/3</td><td>~18,000</td></tr><tr><td>FY17/3</td><td>~20,000</td></tr><tr><td>FY18/3</td><td>~22,000</td></tr><tr><td>FY19/3</td><td>~24,000</td></tr><tr><td>FY20/3</td><td>~26,000</td></tr><tr><td>FY21/3</td><td>~28,000</td></tr><tr><td>FY22/3</td><td>~30,000</td></tr><tr><td>FY23/3</td><td>~32,000</td></tr><tr><td>FY24/3</td><td>~34,000</td></tr><tr><td>FY25/3</td><td>~36,000</td></tr><tr><td>FY26/3</td><td>~38,000</td></tr><tr><td>FY27/3</td><td>~40,000</td></tr><tr><td>FY28/3</td><td>~42,000</td></tr><tr><td>FY29/3</td><td>~44,000</td></tr><tr><td>FY30/3</td><td>~46,000</td></tr></tbody></table>				Fiscal Year	Sales Volume (t)	FY14/3	21,600	FY15/3	~15,000	FY16/3	~18,000	FY17/3	~20,000	FY18/3	~22,000	FY19/3	~24,000	FY20/3	~26,000	FY21/3	~28,000	FY22/3	~30,000	FY23/3	~32,000	FY24/3	~34,000	FY25/3	~36,000	FY26/3	~38,000	FY27/3	~40,000	FY28/3	~42,000	FY29/3	~44,000
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Structural reforms	Optimal production structures	Rebuild the domestic pork business through external co-creation initiatives. <ul style="list-style-type: none">• Maximize the benefits of production/processing site restructuring and review sales strategies.	Benefits of ¥1 billion or more (FY2025/3 onwards)	¥1.0 billion																																		

Stabilize profit by strengthening sales of processed products in North America and deepening co-creation initiatives in ASEAN.

		Core policies	FY2027/3 KPI	Benefit														
Growth strategies	Global strengthening (Expansion of processed product business)	Using processing technology developed in Japan in overseas markets (“Taste of Japan”)	Overseas external sales ¥200.0 billion	¥2.0 billion														
		<div><div>North America</div><div><ul style="list-style-type: none">Expand new sales channels through enhanced product development functionsBuild a production structure geared toward volume expansion, including the expansion of manufacturing sites.</div></div>																
		<div><div>ASEAN</div><div><ul style="list-style-type: none">Enhance sales capabilities through the deepening of external co-creation initiatives.Strengthen export sales of domestic products in preparation for future infrastructure enhancement.</div></div>																
<div><div>Overseas external sales</div><div>After retroactive adjustment for the beef business relating to Breeders & Packers Uruguay S.A.</div><div><table><thead><tr><th>Fiscal Year</th><th>Overseas external sales (¥ billion)</th></tr></thead><tbody><tr><td>FY21/3</td><td>¥92.8</td></tr><tr><td>FY22/3</td><td>~100</td></tr><tr><td>FY23/3</td><td>~120</td></tr><tr><td>FY24/3</td><td>~120</td></tr><tr><td>FY27/3</td><td>~150</td></tr><tr><td>FY30/3</td><td>¥200.0</td></tr></tbody></table></div></div>					Fiscal Year	Overseas external sales (¥ billion)	FY21/3	¥92.8	FY22/3	~100	FY23/3	~120	FY24/3	~120	FY27/3	~150	FY30/3	¥200.0
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Structural reforms	Product mix enhancement	<div><div>Australia, etc.</div><div><ul style="list-style-type: none">Strengthen branded beef sales by increasing the brand category ratio (grass-fed/grain-fed).Stabilize profit through continuing business reviews.</div></div>	Contribution from branded beef 60% (FY2027/3 goal)	¥1.0 billion														
	Actions to address low-profit businesses																	

Maximize employee engagement. Optimize human capital. Achieve sustainable growth through strong management commitment and action.

**Fostering an organizational culture
focused on new challenges**

Train/recruit innovative managers

- Unyielding management determination to take on and achieve challenges
- Enhancement of talent management (strategic recruitment, selection, training)

KPI

- Reflect challenge items in executive remuneration
- Increase mid-career recruitment ratio
- Discover/train next-generation managers

Career development for diverse people

- Creating systems to enable challenges and strengthen motivation
- Enabling diverse individuals, reforming workstyles

KPI

- Strengthen the challenge culture
- Enhance challenge items in target management systems
- Promote active participation by women

Human resource strategy

Personal growth, organizational growth, and diversity, equity, and inclusion

Medium-Term Management Plan 2026_

Sustainability Strategy

- Maximize the reliable supply of meat.
- Support co-creation with livestock farmers.

- Develop the F-Village community.
- Explore diverse potentials for protein.

- Strengthen and embed systems to encourage and support new challenges.
- Review executive remuneration items.

Creating new value*

Stable procurement and supply of proteins

- Develop products that contribute to good health.

Enrichment of lives through food*

Materialities

Fostering an Organizational Culture Focused on New Challenges*

Contributing to a sustainable environment

- Reduce emissions of CO₂ and livestock-derived GHGs.
- Reduce the use of plastics.

Four pillars of sustainability

Provide the *joy of eating*.

Create new value.

Protect the global environment.

Strengthen the resilience of the business base.

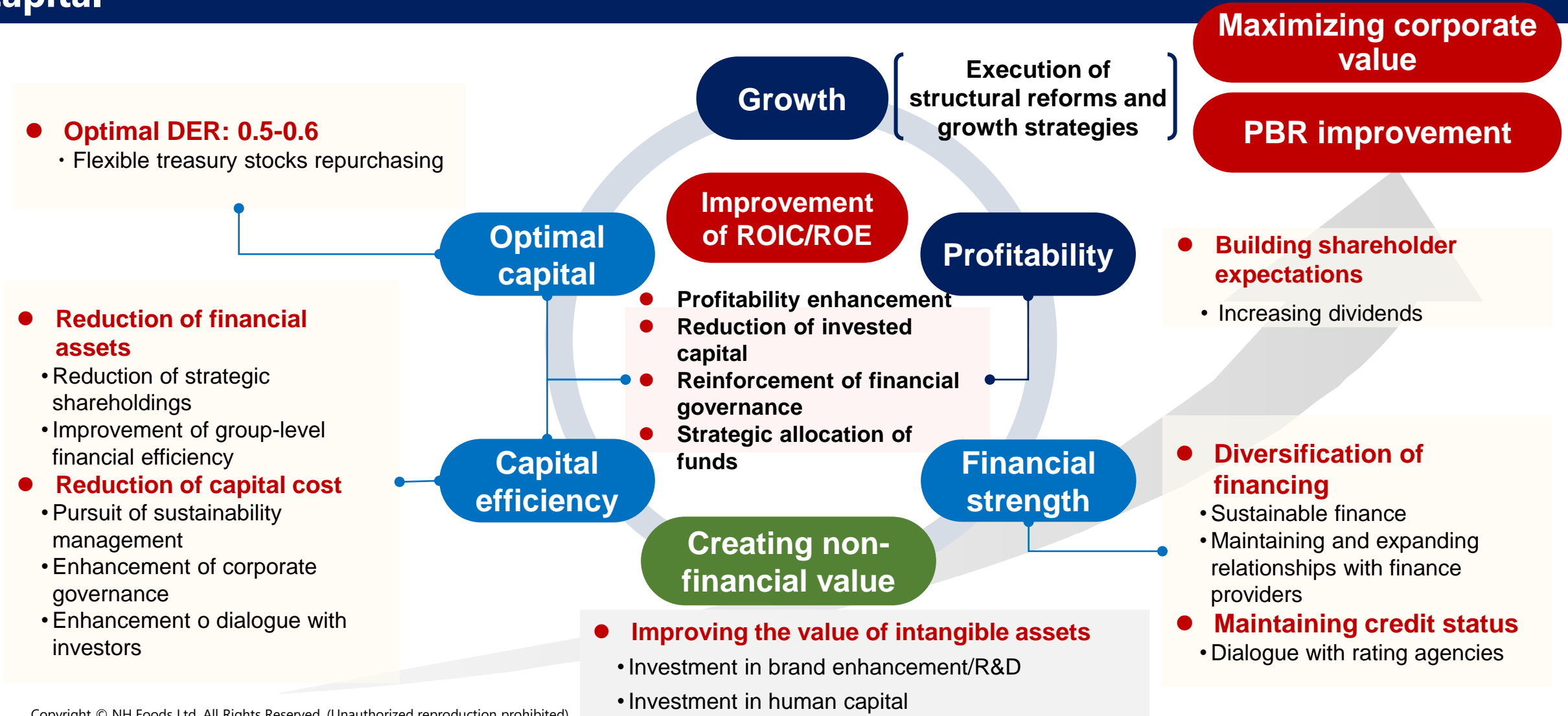
Redefinition of Materiality

* Materiality changes

Solving social issues through business activities

The NH Foods Group will help people everywhere to enjoy happier, healthier lives by working in harmony with the global environment, which produces the bounties of nature.

Evolution as a company that creates value by achieving returns in excess of the cost of capital



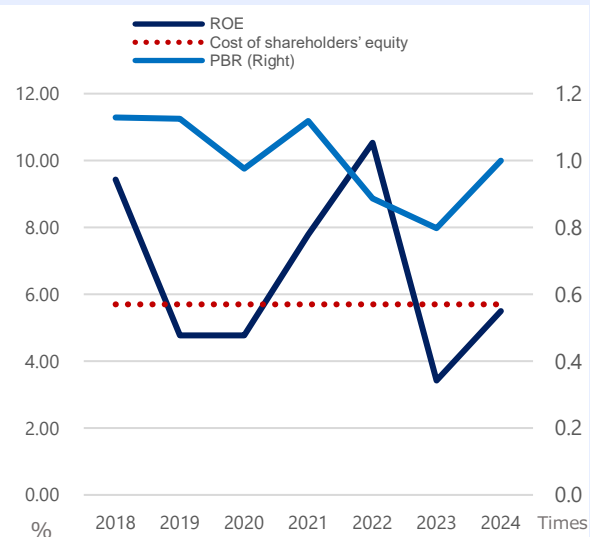
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- ④ **Improving Capital Efficiency**

22 Improving Capital Efficiency_

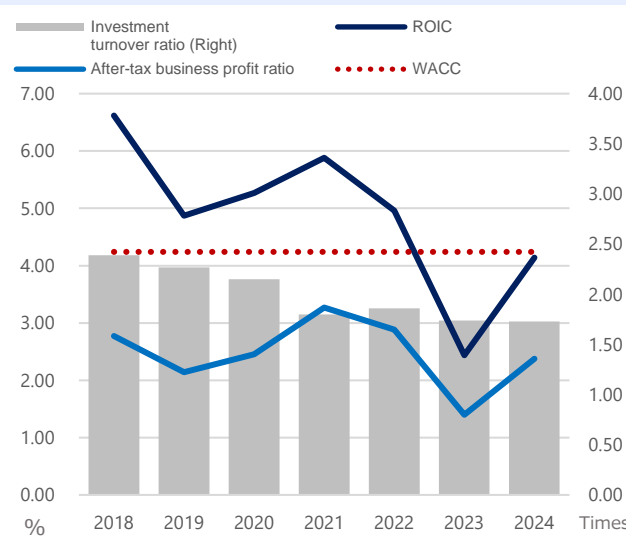
Current Situation, Items Requiring Improvement

Current situation

PBR/ROE/PER



ROIC/ROS/turnover ratio



[Market evaluation and expectations]

- The stock market's assessment of our profitability is at a level commensurate with our book value.
(ROIC, ROE ≈ Capital costs)
- Corporate value generated by profit growth is not reflected in the share price.

[Financial issues]

- Performance management leading to the control of invested capital
- Systems to measure/monitor ROIC/capital costs for each business
- Selection of growth investments on a value basis
- Use of leverage, active dissemination of policy on dividends/returns

Items requiring improvement

(1) Financial PDCA system that supports value creation

- Measurement of ROIC/capital costs for each business
- Enhanced ROIC monitoring/financial governance for each business

(2) Strategic allocation of management resources

- Measurement of value of strategic/growth investments
- Value-based investment decisionmaking

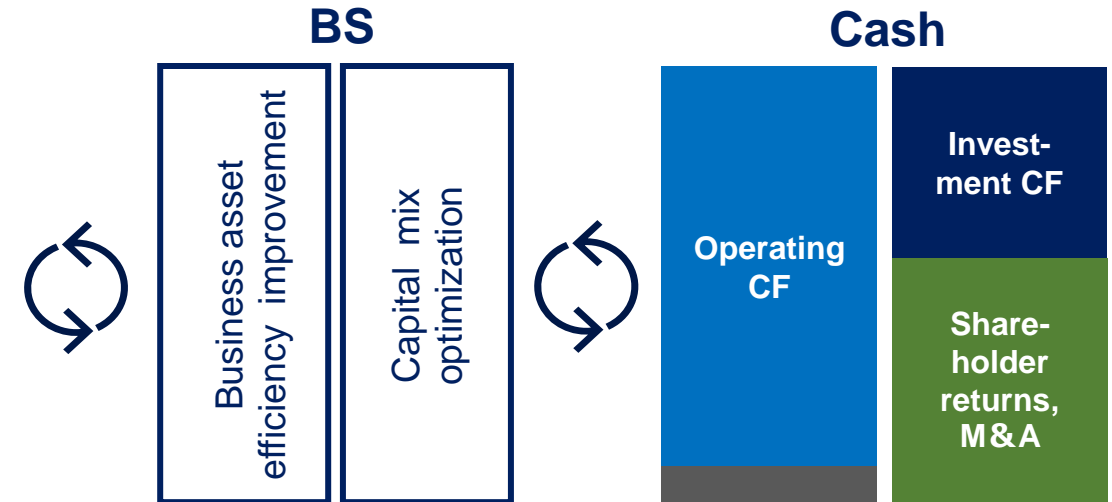
(3) Capital policy/financial strategy

- Optimizing the efficiency of internal financing (CMS)
- Optimizing capital through leverage control
- Normalization of market value through strategic IR/shareholder policies
- Dividend/returns policies designed to minimize agency cost
- Reduction of capital cost through sustainability strategies

23 Improving Capital Efficiency_Building Value Creation Mechanisms

Create structures for value-building management (VBM).

- Measure capital cost and ROIC for each business.
- Investment decisions based on future value calculations, taking specific risks into account.
- Thoroughly manage invested capital through KPIs based on frontline perspectives.
- Strengthen financial governance by the Board, etc.



Virtuous circle of efficiency-focused management/balance sheet optimization/appropriate allocation of funds

**PBR maintenance/enhancement (1.0 or higher)/ROE: 7-8% in 2026, 9% or higher in 2029/
ROIC: 5-6% in 2026, 7% or higher in 2029**

Capital cost reduction—Weighted average cost of capital under Medium-Term Management Plan 2026: 4-5%

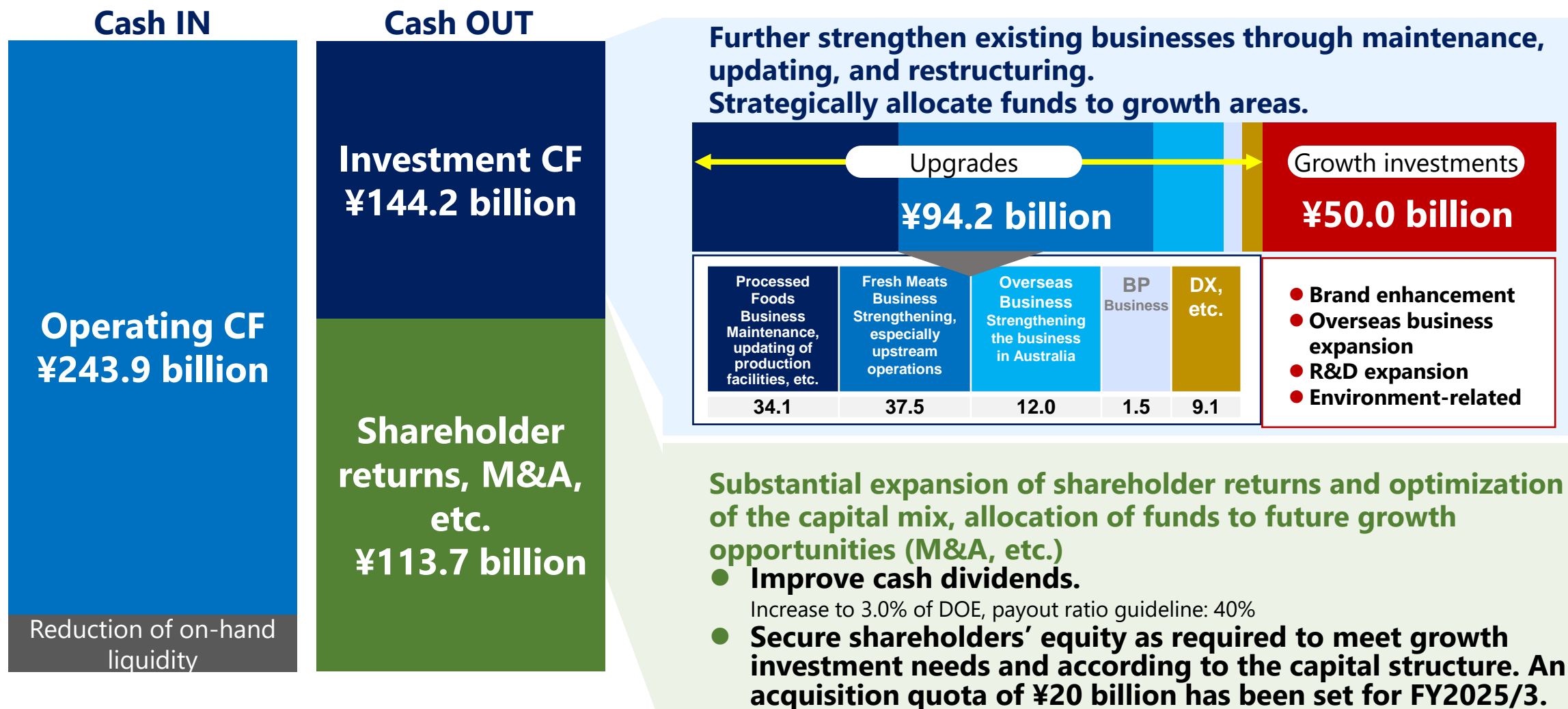
Reduce business risks through sustainability strategies.

Deepen understanding about NH Foods (including ESG) through dialogue with investors.

Reduce liability acquisition costs.

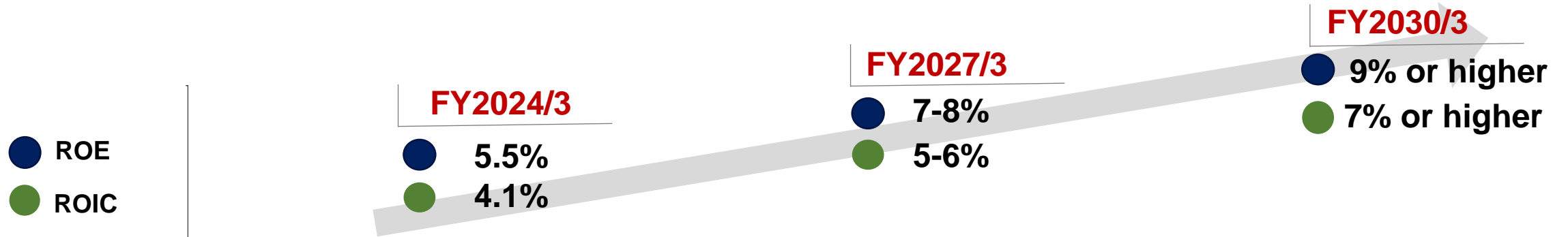
24 Improving Capital Efficiency_Cash Allocations

Having secured funds for growth/R&D investment, also enhance shareholder returns and strategic allocations of funds.



25 Improving Capital Efficiency_ Medium/Long-Term Vision

We aim to achieve sustainable growth in corporate value by improving profitability and optimizing invested capital.



	Issue	Measures under Medium-Term Management Plan 2026	Vision for Medium-Term Management Plan 2029
Processed Foods Business Division	Low profitability Falling asset turnover ratio	Improvement of business profit margins, asset recycling	Further expanding margins by enhancing high-value-added businesses
Fresh Meats Business Division	Slowing profit growth	Expansion leading to profits	Achievement of record profits, improvement of capital efficiency
Overseas Business Division	Unstable profit structure	Profit stabilization, volatility reduction	Transitioning to a growth phase by enhancing the processing business
Ballpark and Other Business	Profit stabilization	Reinforcement of earnings base	Profit growth
NH Foods	Continuous efforts to reduce invested capital, maintenance of optimal liability-capital structure		



 Unleash new potentials for protein
NH Foods Group Vision 2030