

Minutes of the Web Conference for the Medium-Term Management Plan 2026

Date & Time: May 17, 2024 (Friday) 13:00-14:30

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

Source: Medium-Term Management Plan 2026 Meeting on May 17.

https://www.nipponham.co.jp/eng/ir/library/briefing_session/pdf/2024/20240517.pdf

○Q&A○

Q1. Please explain about the cash allocation in the Medium-Term Management Plan 2026

We intend to strengthen control of invested capital to ensure stable cash generation. While we believe that turnover has bottomed out, in terms of working capital, we will efficiently manage invested capital in each division. Since the cash flow plan does not anticipate cash generation from reduction of invested capital, we believe there is room for further cash generation. The target DE ratio is 0.5 to 0.6, and we aim to achieve around 0.5 in the final year of the medium-term management plan. We announced that we will buy back up to ¥20.0 billion of our own shares this fiscal year. Depending on fund demand and earnings trends from M&A, the company believes it is necessary to continue to repurchase shares at the same level from the next fiscal year onward.

Q2. Please tell us about the profit plan for the company as a whole (FY27/3 61.0 billion yen)

We have been discussing internally to achieve the 61.0 billion yen profit plan. In order to make the plan more convincing for those who are in front-line operations, each KPI was tied to the executive officer in charge, and responsibilities were clarified. Meetings have already been held onsite to foster a culture of taking on challenges and to promote understanding. In order to generate profits, we are also engaged in co-creation with external parties and hope to achieve results by the end of this fiscal year. Break away from the principle of self-sufficiency and achieve profit plan for the entire company through co-creation and challenge.

Q3. Tell us about the profit plan for Processed Foods business Division (FY27/3 16.0 billion yen)

The current medium-term plan is accumulating profits mainly through structural reforms. In order to achieve the profit plan, products with low profitability were reviewed, which led to a 20% reduction in the manufacturing line. We have already made proposals for reforms to two business locations. We believe that by completing structural reforms, we will be able to achieve a profit of 16.0 billion yen with a high degree of certainty. In terms of the external environment, although there are some adverse factors such as foreign exchange rates and raw material prices, we will continue to take measures such as the elimination and consolidation of products with low profitability and price revisions, aiming to accommodate such adverse factors.

Q4. What is your growth strategy for the Processed Foods business Division?

Since the price revision implemented in January 2022, the Company has been implementing various measures to enhance brand strength in order to achieve sales recovery. In particular, *Schau Essen*, which has set a sales target of 90.0 billion yen for the current Medium-term Management Plan, is implementing a targeted marketing strategy to increase the purchasing power of its core target and younger consumers, utilizing the knowledge of outside marketers as well. The Company aims to raise awareness of *Schau Essen* and further expand sales by strengthening the brand and extending the brand.

Q5. Please explain about the profit plan for meat business (FY27/3 42.5 billion yen)

Food sales, etc., have remained strong, and we will work to increase profit. Market prices for formula feed and various livestock breeds are expected to remain at high levels. Although there are uncertainties, such as the outlook for foreign exchange rates and about subsidies of feed, we aim to achieve 42.5 billion yen for profit generation through a combination of organic growth as well as growth strategies and structural reforms.

Q6. What is the outlook for the profit plan for Overseas business Division (FY27/3 6.5 billion yen)

We expect the Australian beef business to secure a certain level of profit. On the other hand, we would like to increase sales in the Processed Foods business to reduce volatility in the overseas fresh meat business. In the current Medium-term Management Plan, we will expand production locations and strengthen R&D in order to expand sales of processed products in North America. In the ASEAN region, we will promote co-creation with outside companies to expand our sales network and secure sales.

Q7. Tell us about the profit plan for ball park business (FY27/3 2.6 billion yen)

A new station is expected to open in 2028, and new urban development is currently underway. After the new station opens, net sales are expected to rise as the surrounding area will attract more customers. Meanwhile, during the period of the Medium-Term Management Plan 2026, the current Hokkaido Ball Park F Village will be used to secure stable revenue.