

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

Date & Time: Nov 6, 2024 Wednesday) 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 Progress Briefing Meeting on Nov 6.

https://www.nipponham.co.jp/eng/ir/library/briefing_session/pdf/2025/20241106.pdf

○Q&A○

Q1. What about progress on improving capital efficiency in the Mid-Term Management Plan 2026 ?

A1. Recognizing the improvement of capital efficiency as the most important issue, we aim to improve profitability with a target ROE of 8%. Specifically, we are promoting production reorganization in the processed foods business and inventory efficiency in the meat business, while compressing invested capital at the company-wide level, considering the characteristics of each business. We will also continue to correct debt capital through managing the assets of overseas group companies and share buybacks.

Q2. What is the outlook for structural reform-related expenses in Medium-term Plan 2026?

A2. We expect about ¥5 billion in impairment of fixed assets this term, but some may be deferred. Regarding factory closures, we anticipate recording losses mainly on fixed assets. For the next term, we expect about ¥4 billion in impairment of fixed assets due to the continuation of structural reforms.

Q3. What is the outlook for next fiscal year's business profit plan of ¥54 billion?

A3. We are making steady progress towards the target of ¥54 billion for the next term. Structural reforms in the Processed Foods Business Division are progressing, and from the next term, both growth strategies and structural reforms, such as line reductions and new product launches, will expand their effects. Fresh Meat Business Division is also expected to benefit from strong Nippon Food Group sales capabilities and market reversals. In the Overseas Business Division, measures are underway to expand beef production in Australia and sales of processed chicken products in Americas and ASEAN.

Q4. What is the progress of structural reforms in the Processed Foods Business Division?

A4. Effects are already manifesting, with improvements in the product mix due to the growth of *Schau Esseen* and the review of low-profit products. However, there are challenges in the sales volume of Deli products. We will horizontally deploy the marketing strategy by external marketers, which has been successful with *Schau Esseen*, to enhance brand power and recover sales volume. We will continue to review low-profit products and improve the product mix next term. Additionally, the effects of reducing manufacturing lines will also begin to manifest significantly.

Q5. What kind of initiatives are being taken to further improve the profitability of the Fresh Meat Business Division?

A5. In the future, we aim to raise the business profit of the Fresh Meat Business Division to the ¥50 billion level. To achieve this, improving profitability is necessary. Imported meats are less affected than before due to the use of AI predictions and thorough inventory turnover rates. While it is difficult to eliminate volatility, we will continue to thoroughly manage inventory to reduce it. Strengthening the sales of branded meat and marketing strategies that lead to consumer purchases will be important for sales. We will structurally transform the value chain through processed product sales by Nippon Food Group sales and business collaboration with JA Zen-Noh.

Q6. What initiatives are you taking to build a foundation for sustainable growth?

A6. To foster a culture focused on new challenges, we have continued activities to penetrate and identify issues ourselves to improve the current situation. We will create a system that actively appoints challenging human resources and foster a culture of challenge over time.

Q7. What kind of initiatives are you working with JA Zen-Noh?

A7. We aim to build a supply system that combines our sales power with JA Zen-Noh's domestic livestock products. From the next term onwards, we aim to gradually realize the effects of co-creation through new product development, strengthening the export of Wagyu beef, controlling logistics costs, improving productivity, and restraining new investments. Regarding new product development, we plan to introduce collaborative products with JA Zen-Noh at next year's.