

IRDAY on January 12, 2021

3rd department (Baseball Part) 15:10-16:00

Presenter:

Toshiyuki Hagino, Executive Officer, General Manager of Sports Community Department
Fighters Sports & Entertainment Co., Ltd.

Ken Maezawa, Executive Director, Business Operation General Manager

Hitoshi Mitani, Executive Director, Business Operation Vice General Manager

Q1. What is the Outlook for Profits after the Opening of a New Baseball Stadium?

Currently, we do not own or operate a baseball park, so it does not generate baseball revenue from food and beverage and advertising, which are the main sources of revenue as a sports business. Also, it is not possible to implement the unified reforms desired by the baseball team. From 2023 onward, it is expected that it will be able to unify the management of the baseball team and the baseball stadium, and it will be able to eliminate the deficit in its consolidated financial results.

Q2. How was the process at Board of Directors leading to the decision to build a new baseball park?

There were a wide range of issues to be discussed at NH Foods Ltd.'s Board of Directors. In addition to improving financial value by improving Revenues as mentioned above, we decided to construct the building by comprehensively judging not only the value attributable to NH Foods Group, such as the potential increase in financial value, but also the social value created by business activities.

Q3. What is the ROIC and Payback Period for Constructing a New Baseball Stadium?

Although we do not make separate disclosures regarding ROIC, we believe that the level is comparable to our cost-of-capital. There are various assumptions regarding the payback period, forecast assumes that the payback period is about 13 years.

Q4. What is the Synergies with Existing Businesses?

The one is the commercialization of menus developed in the restaurant business in the baseball hall for commercial use. After the opening, we will also develop products and conduct sales promotion activities for Volume Retailers, which it has collaborated with baseball teams more than ever before.

Another is "cooperation between food categories and tourism and sports," which is currently being discussed at the Ballpark Cooperation Council. As a NH Foods Group, we are considering backing up the local municipalities, and intends to enter hometown tax donation and the souvenir business in collaboration with local companies. Sales will be mainly Processed Foods Business Division, but the company intends to expand and grow the size of its current businesses.

Q5. What is the Risk Factors Not Assumed at Forecasts Formulation?

Covid-19 is regarded as a risk. It is reaffirmed that it is necessary to thoroughly formulate risk countermeasures, and in the future, it will consider countermeasures on the intangible elements. However, it is not assumed that the construction cost will exceed 60 billion yen.