

# Fresh Meats Business Division — Business Strategies

**Nobuhiro Hosoya, Managing Executive Officer and  
General Manager of Fresh Meats Business Division,  
NH Foods Ltd.**



Unleash new potentials for protein

NH Foods Group Vision 2030

# contents

## 1. \_\_\_\_\_ Executive Summary

...02

## 2. \_\_\_\_\_ Growth of the Fresh Meats Business Division

...04

## 3. \_\_\_\_\_ Current Status and Challenges Surrounding the Value Chain

...07

## 4. \_\_\_\_\_ Business Strategy

...08

# 1. Executive Summary

- The domestic and global environment surrounding fresh meats has shifted dramatically, putting the existing value chain that has accumulated profits to date under threat.
- As a leading company in the fresh meat industry, we are committed to transforming the value chain to ensure sustainable meat supply. We also aim to achieve a business profit of ¥50 billion by the final year of our next medium-term management plan 2029 (target profit before the partial transfer of responsibilities from the Overseas Business Division).



## Career Profile

April 1993	Joined the Company
March 2013	Assistant General Manager, Domestic Beef Department, Domestic Fresh Meats Sales Division, Fresh Meats Business Division
March 2015	General Manager, Domestic Pork Department and Domestic By-Products Department (concurrent post), Domestic Fresh Meats Sales Division, Fresh Meats Business Division
April 2016	General Manager, Domestic Beef Department and, Domestic Fresh Meats Sales Division, Fresh Meats Business Division
April 2019	General Manager, Operations Administrative Office, Domestic Fresh Meats Production Division, Fresh Meats Business Division
April 2022	General Manager, Operations Administrative Office, Domestic Red Meat Division, Fresh Meats Business Division
April 2023	Executive Officer, General Manager of Sales Management Division, Fresh Meats Business Division
April 2025	Managing Executive Officer, General Manager, Fresh Meats Business Division

## 2. The Fresh Meats Value Chain

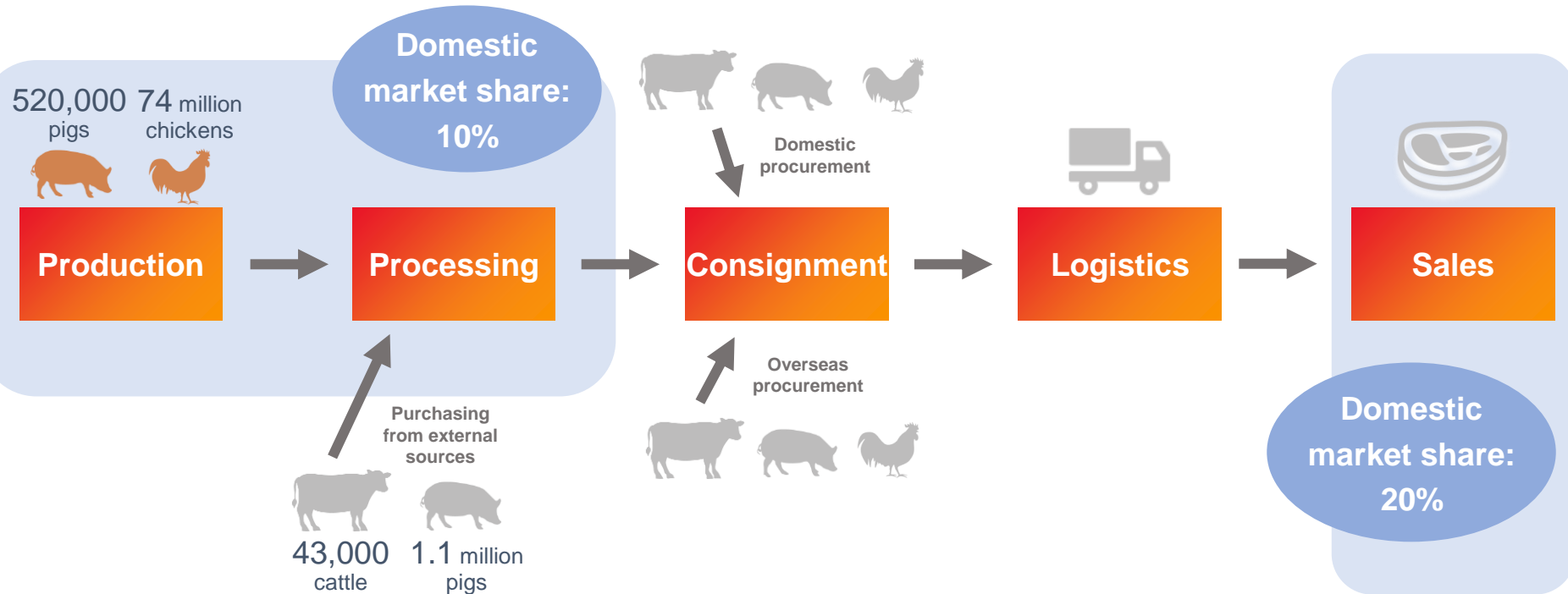


Unleash new potentials for protein

NH Foods Group Vision 2030

Building a value chain that integrates NH Foods at every stage from farm to sales

\* NH Foods research



## 2. Growth of the Fresh Meats Business Division

Amid a declining domestic population, volume handled has increased, particularly among domestically products

### Average rate of growth / decline over a 15-year period from 2010

Population of Japan \* Statistics Bureau,  
Ministry of Internal Affairs  
and Communications



(0.2)%



Domestic volume handled

\* NH Foods research

2.2%



Imported volume handled

\* NH Foods research

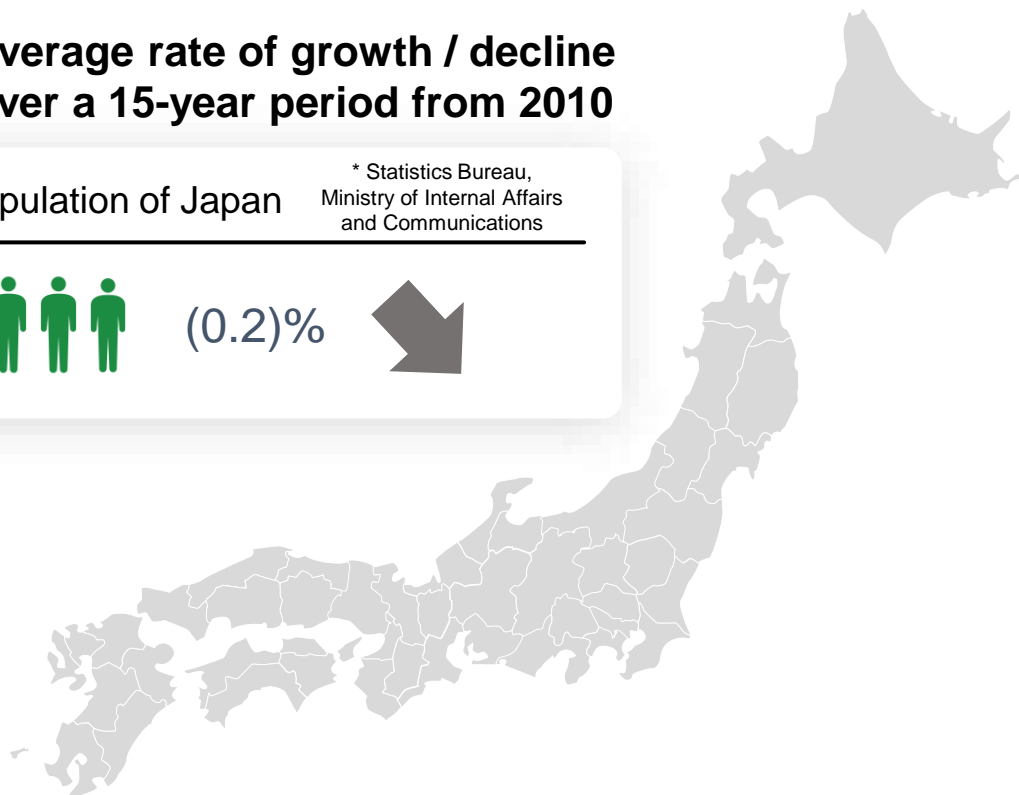
(0.1)%



Livestock volume handled

\* NH Foods research

1.2%



## 2. Fresh Meats Business Division: Growth Factors (Production)



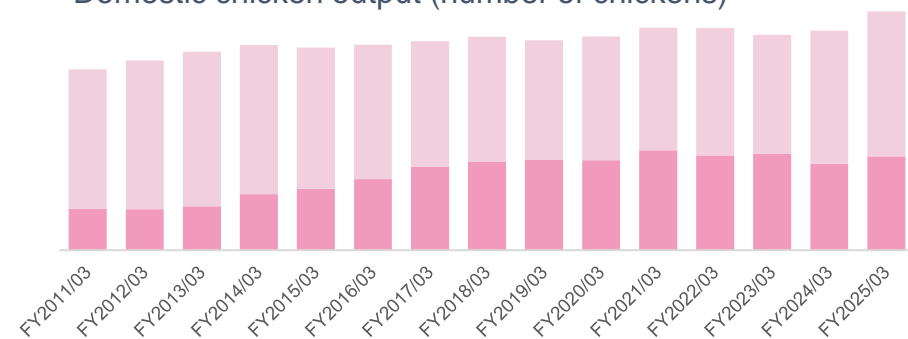
Unleash new potentials for protein

NH Foods Group Vision 2030

**By maintaining dedicated production units for domestic chicken and domestic pork, we ensure the stable supply of safe, secure and high-quality fresh meats, including branded fresh meats**

Domestic chicken output (number of chickens)

74million chickens



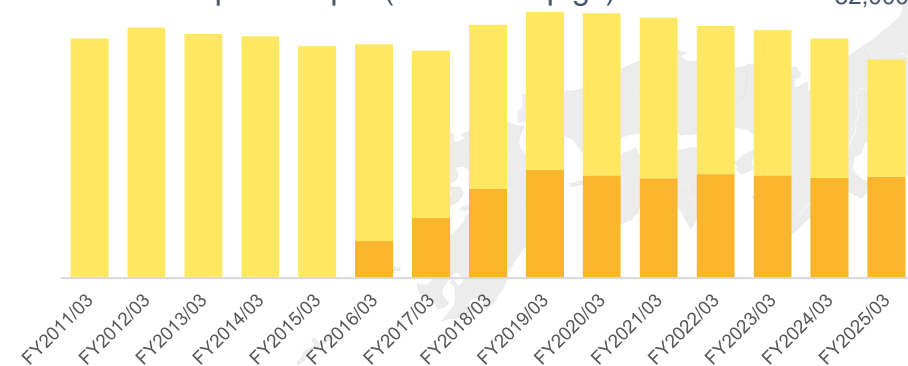
Volume × Unit price

- ◆ Increase in number of chickens produced
- ◆ Increase in weight per chicken
- ◆ Stepped up production of Sakurahime brand chicken (+127% improvement)
- ◆ Rise in market prices (+19% rise)

\* Compared with FYE March 2011

Domestic pork output (number of pigs)

52,000 pigs



Volume × Unit price

- ◆ Increased carcass weight per pig
- ◆ Decrease in quantity reflecting structural reforms at production farms
- ◆ Ratio of Mugikomachi brand pork (+31% improvement)
- ◆ Rise in market prices (+37% rise)

\* Compared with FYE March 2011

## 2. Fresh Meats Business Division: Growth Factors (Sales)



Unleash new potentials for protein  
NH Foods Group Vision 2030

**Maintaining a sales network leveraging approx. 110 sites nationwide and around 1,300 trucks**  
**Ensure stable supply volume**

### Average rate of growth / decline over a 15-year period from 2010

\* Statistics Bureau, Ministry of Internal Affairs and Communications

#### Naka Nippon Food, Inc.

Population

(0.2)%

Volume  
handled

+2.2%

#### Higashi Nippon Food, Inc.

Population

(0.8)%

Volume  
handled

+1.0%

#### Nishi Nippon Food, Inc.

Population

(0.4)%

Volume  
handled

+0.7%

#### Kanto Nippon Food, Inc.

Population

0.0%

Volume  
handled

+2.6%

### 3. Current Status and Challenges Surrounding the Value Chain



Unleash new potentials for protein

NH Foods Group Vision 2030

Issues in the value chain have emerged, impacted by changes in the external environment in Japan and overseas

Comparison between 2010 and 2024

#### Production and process

##### Sharp rise in production costs

Fattening pig production costs +50%  
\* ALIC (per 100 kg live weight of fattening hogs)

- ▶ Sharp rise in production and processing costs
- ▶ Regional labor shortages

#### Consignment

##### Sharp rise in import fresh meat prices

Beef +130% Pork +30% Chicken +50%

\* Trade statistics CIF prices beef (statistics for chilled), pork and chicken (statistics for chilled and frozen)

- ▶ Sharp rise in procurement prices for all meat types
- ▶ Difficulty in procuring import fresh meats

##### Sharp rise in domestic fresh meat prices

Beef +30% Pork +40% Chicken +20%  
\* Fresh meat distribution statistics, Tokyo Meat Market, information on poultry market conditions  
\* Beef (wagyu, castrated, A3), pork (Tokyo upper grade), chicken (Tokyo weighted average)

#### Logistics

##### Rise in logistics expenses

Logistics cost +14%  
\* Japan Institute of Logistics Systems

- ▶ Sharp rise in logistics expenses
- ▶ Shortage of drivers

#### Sales

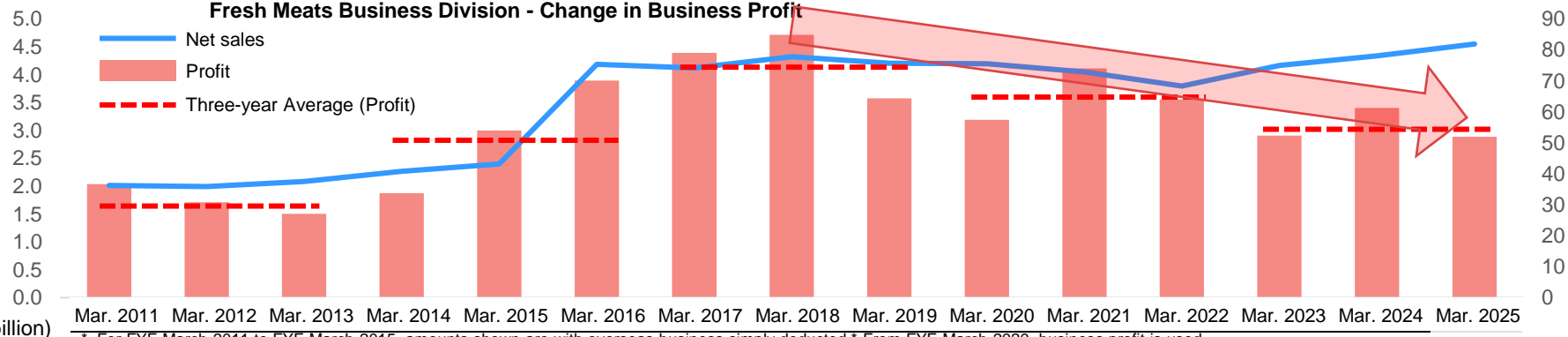
##### Changes in consumption

Beef (19)% Pork +18% Chicken +36%

\* Ministry of Internal Affairs and Communications, Family Income and Expenditure Survey (purchase volume)

- ▶ Sharp rise in sales prices
- ▶ Changes in eating habits due to budget consciousness

#### Fresh Meats Business Division - Change in Business Profit



\* For FYE March 2011 to FYE March 2015, amounts shown are with overseas business simply deducted.\* From FYE March 2020, business profit is used.

Retroactive amounts shown for FYE March 2019\* In light of the above, the figures for FYE March 2011 to FYE March 2018 are reference figures.

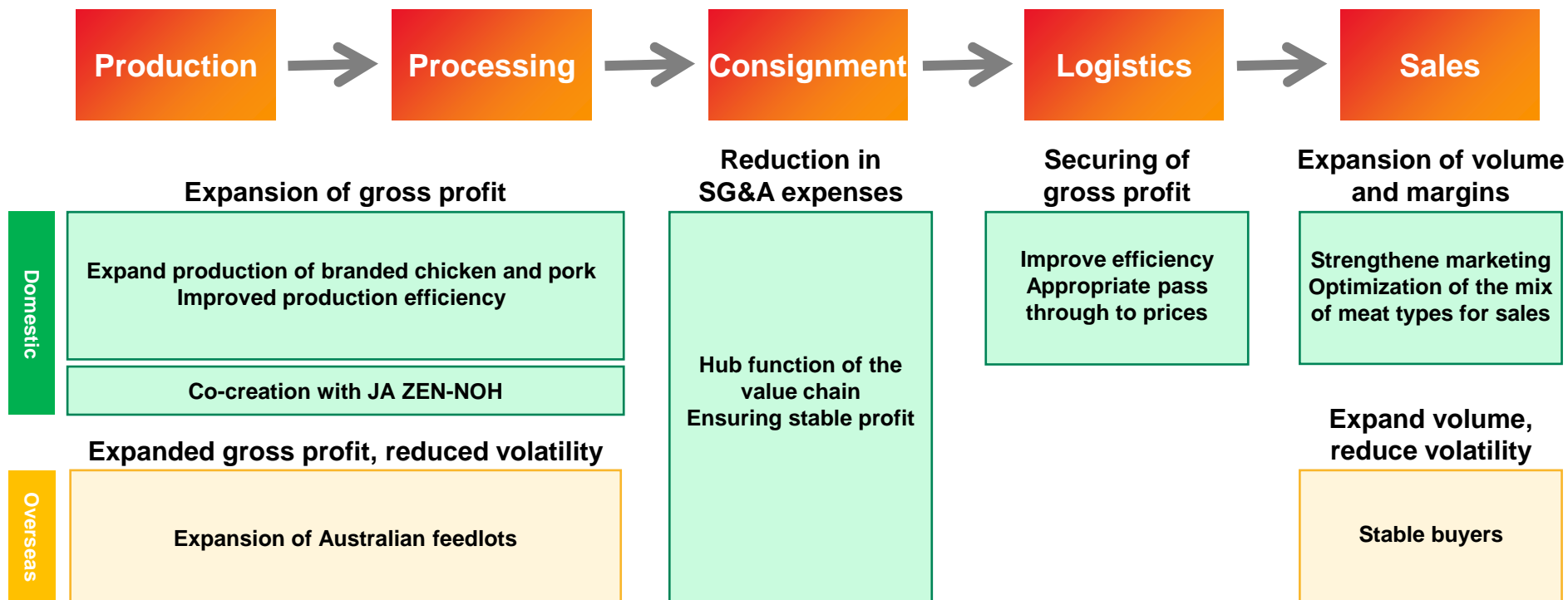
## 4. Business Strategies (Direction of Value Chain Transformation)



Unleash new potentials for protein

NH Foods Group Vision 2030

**We will eliminate unnecessary activities and redundancies in the value chain to expand gross profit**



## 4. Business Strategies: Domestic Production and Consignment



Unleash new potentials for protein

NH Foods Group Vision 2030

Domestic pork

Production

Processing

Consignment

Logistics

Sales

### Structural reforms to farms (2-site system, use of hybrid sow)

- [Production]**
- Shift from integrated farms to two-site farms that separate breeding and fattening operations  
→ Enabling all-in, all-out (effects of disease prevention)
  - Introduction of hybrid breeding hogs (increased meat yield)
  - Improved efficiency through automated control, including smart hog raising and temperature-controlled barns

- [Processing]**
- Systemization and automation of processing operations

### Expansion of external procurement volume

- Expanded purchase volume from external sources in the domestic pork business (102% year on year)

### Structural reform of consignment units

- Strengthened sales to restaurant chains (110% year on year)

### Coordination with JA ZEN-NOH

- Expanded purchasing based on local production for local consumption, particularly for Nippon Food companies



Nippon Clean Farm Ltd.,  
Raiman Farm



Nippon Food Packer, Inc.  
Donan Plant

Implemented

Future

### Formulation of area-specific strategies to strengthen production systems

### Revisions to the existing production business (structural reforms)

- East Japan: Structural reform of farms (expansion of 2-site farm system)
- West Japan: Development of systems through production area coordination

### Reforms to processing facilities (coordination with JA ZEN-NOH)

- Nationwide: Future plans for aging facilities
- West Japan: Utilization of plants with export certification

20% improvement in meat yield per sow



40% improvement in processing capacity at Donan Plant  
Expansion in number of pigs processed

## 4. Business Strategies: Domestic Production and Consignment



Unleash new potentials for protein

NH Foods Group Vision 2030

**Domestic  
chicken business**

Production

Processing

Consignment

Logistics

Sales

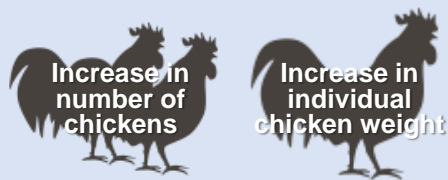
### Increase in in-house production

- Strengthened efforts to expand the number of chickens processed and per-chicken weights within existing facilities
- Minimized impact from the external environment by thoroughly implementing internal improvements, leading to improved profitability
- Implemented promotional activities for Sakurahime brand chicken (102% year on year)

### Expanded external purchase volume

- Increased volume by strengthening ties with existing suppliers (105% year on year)

### Expected effects



Expanded  
volume

×

Higher unit  
prices

**Annual  
production of  
77 million chickens**

\* FYE March 2030 plan



Implemented

Future

**Towards annual  
production of  
86 million chickens**

\* FYE March 2034 plan

### Strengthening system to increase chicken production with newly established plants and farms

- Expansion of in-house volume with new establishment of 2 farms in the Tohoku region and 3 farms in Niigata
- Improve efficiency and number of chickens processed through rebuilding of aging plants

### Expand volume of branded products

- Ongoing promotion of Sakurahime brand chicken and expand sales channels for other brands

### Expand procurement from external suppliers

- Improve ties with partners, including coordination with JA ZEN-NOH

## 4. Business Strategies: Consignment



Unleash new potentials for protein

NH Foods Group Vision 2030

**Imported fresh  
meats business**

Production

Processing

**Consignment**

Logistics

Sales

### Updated the procurement management system

- Built a flexible procurement system linked to demand by strengthening coordination with the transferred local overseas company
- Shifted from accumulation by meat type to procurement and sales from a perspective of overall optimization
- Transitioned from the phase of increasing choices for procurement countries and packers, such as new countries, to the phase of implementing procurement from optimum sources based on current conditions

### Implemented thorough management of inventory turnover days through procurement based on sales contracts

- Made comprehensive proposals to key customers, leveraging our wide array of meat types and products handled
- Build systems to visualize risk-taking

### Developed mechanisms to ensure stable procurement

- Accumulated data to improve the accuracy of AI-driven predictions
- Trained personnel to strengthen sales of branded fresh meats

### Expected effects

- Development of a flexible meat type mix tailored to domestic demand

**Stable profits**



### Improve profitability through the expand sales of branded fresh meats

- Rebranding of products including Tomorokoshi Buta, Andes Kogen Buta and Mate Tea Chicken

### (Training and) Utilization of AI-driven supply and demand forecasting with a focus on chicken procurement



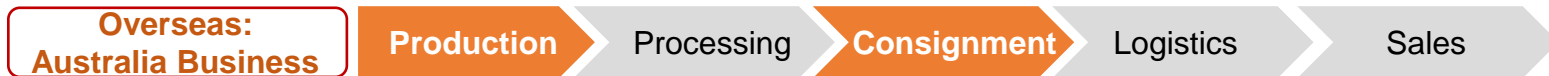
**Future**

## 4. Business Strategies: Overseas



Unleash new potentials for protein

NH Foods Group Vision 2030



### Realized effects of structural reform due to the Australia Project

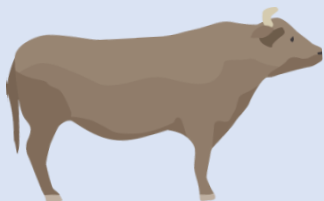
#### Improved operating efficiency

- Operate streamlined equipment aligned with the cattle cycle to stabilize both production and processing volumes, ensuring a consistent and reliable supply

#### Improved added value and product mix

- Increased the brand ratio from 48% (FYE March 2024) to 55% through feedlot expansions

Implemented



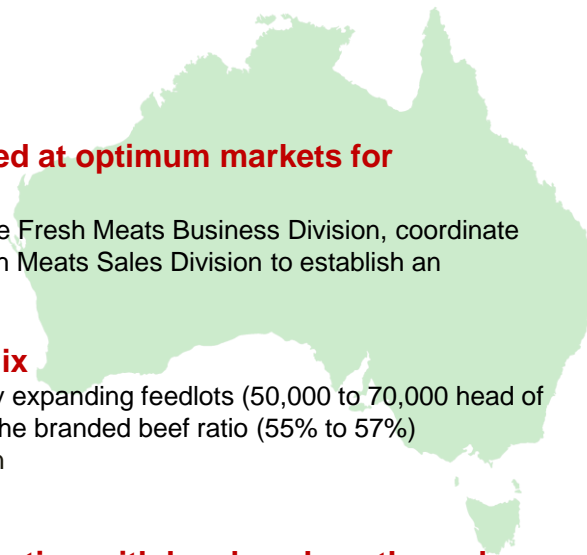
Future

### Sales strategy aimed at optimum markets for Australian beef

- By becoming part of the Fresh Meats Business Division, coordinate with the Imported Fresh Meats Sales Division to establish an optimum sales mix

#### Improve product mix

- Stabilization of profit by expanding feedlots (50,000 to 70,000 head of cattle) and increasing the branded beef ratio (55% to 57%)  
\* FYE March 2026 plan



[South America, etc.]

### Strengthen coordination with local packers through overseas sites

- Utilize for information sharing and product development, and expand sales to Japan
- Strengthening of domestic collaboration resulting from the transfer of the overseas fresh meat business to the Fresh Meats Business Division.

## 4. Business Strategies: Sales and Logistics

### Nippon Food companies (Sales) and Logistics

Production

Processing

Consignment

Logistics

Sales

**Implemented renewed strengthening of route-based sales leveraging a sales network of approx. 110 sites and 1,300 trucks nationwide**  
**—Secured a nationwide supply network for fresh meats—**

- **Rebuilt the domestic beef sales structure**
- Expanded sales of local-production-for-local-consumption products with a focus on branded beef, and strengthened regional procurement and sales

- **Strengthened sales of processed products**
- Drove collaboration within the NH Foods Group while implementing penetration measures tailored to each sales channel

- **Promoted palletization**  
Partially palletized transportation originating from our own warehouses



Sliced beef belly



Portioned cuts  
(beef sirloin steak)

### Rebuilding the Brand Strategy to Strengthen Revenue Base

- Strategically shifting marketing efforts from broad awareness initiatives to areas closer to customer touchpoints.
- Strengthening brand extensions such as *Sakurahime* to expand revenue.
- Enhancing promotional activities for *Mugikomachi* and *Omugi Beef Angus* to increase brand recognition.

### Strengthening of sales in urban areas

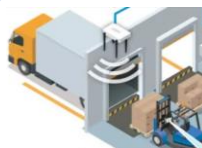
- Establishing new sales bases capable of accommodating a variety of delivery formats beyond just box meat to respond more promptly to consumer needs.
- Setting up facilities with processing equipment to supply highly processed primary products for the foodservice industry.

### Building a logistics structure for the future

- Expand palletized transportation, secure and expand new customers

Future

Implemented



## 4. Business Strategies: Co-creation



Unleash new potentials for protein

NH Foods Group Vision 2030

Co-creation: JA ZEN-NOH

### Production and process

Consider the future of aging fresh meat processing facilities

Issues

- Aging facilities
- Labor shortages
- Sharply rising utility expenses
- Rising transportation costs

Our meat processing plants

**14 plants**

\* 13 plants that have been operating for 30 years or more  
Upgrades will be needed within the next 10 years or so

Reference) The estimated cost of upgrading processing facilities is ¥15.0 billion per facility.

\* ALIC "Current Status and Issues of Fresh Meat Centers, June 2024 Issue"

Reduce invested capital

Increase efficiency  
(improve labor productivity)

### Logistics and Sales

Resolving logistics issues

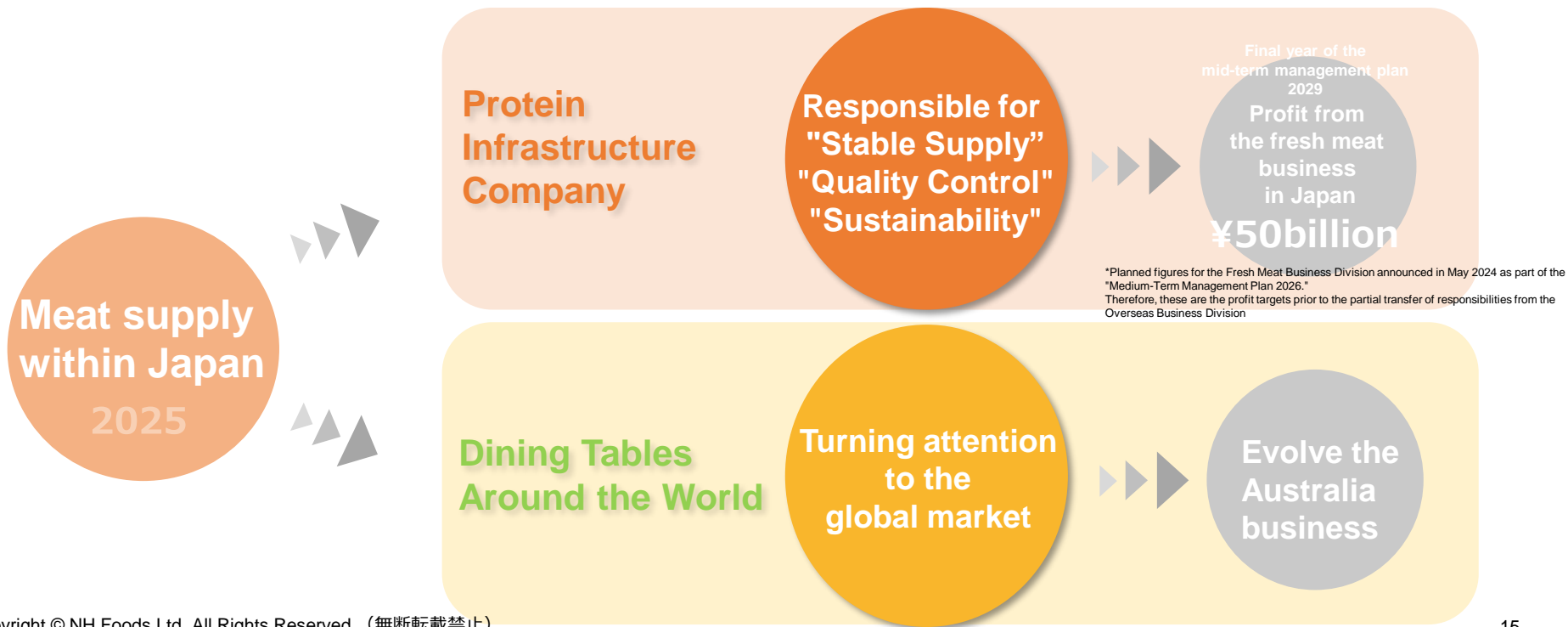
Issues

- Joint delivery on main and branch lines in production areas

\* Efforts are currently underway (during this fiscal year) to launch trunk routes between the Tohoku and Kanto regions, and branch routes within the Kanto area.

Increase efficiency  
(reduce cost of sales)

## Becoming a "protein infrastructure company" supporting people's dining tables





# Unleash new potentials for protein

NH Foods Group Vision 2030