

VBM in the NH Foods Group

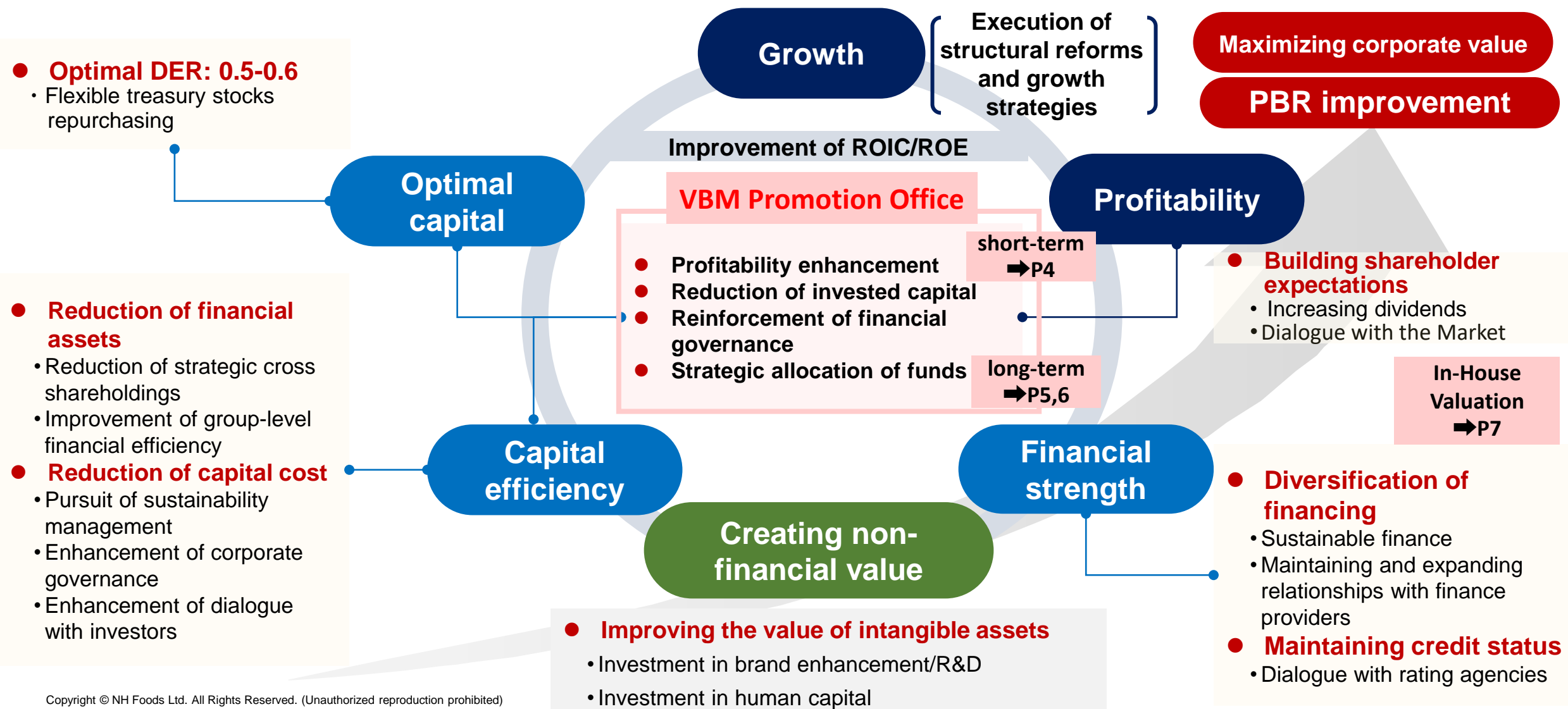
Atsushi Onishi, Executive Officer
in charge of VBM Promotion Office,
NH Foods Ltd.



Unleash new potentials for protein

NH Foods Group Vision 2030

The VBM Promotion Office will advance the corporate value enhancement strategy with a focus on value as the criterion, taking both short-term and long-term perspectives





NH Foods has been practicing ROIC management, but will now pursue this approach in greater depth by transitioning to value based management (VBM).

Long-term perspective Support for investment decisions and maximizing company-wide profitability

- Allocation of capital from a long-term perspective based on value
- Judgment of business portfolio with the aim of improving company-wide profitability

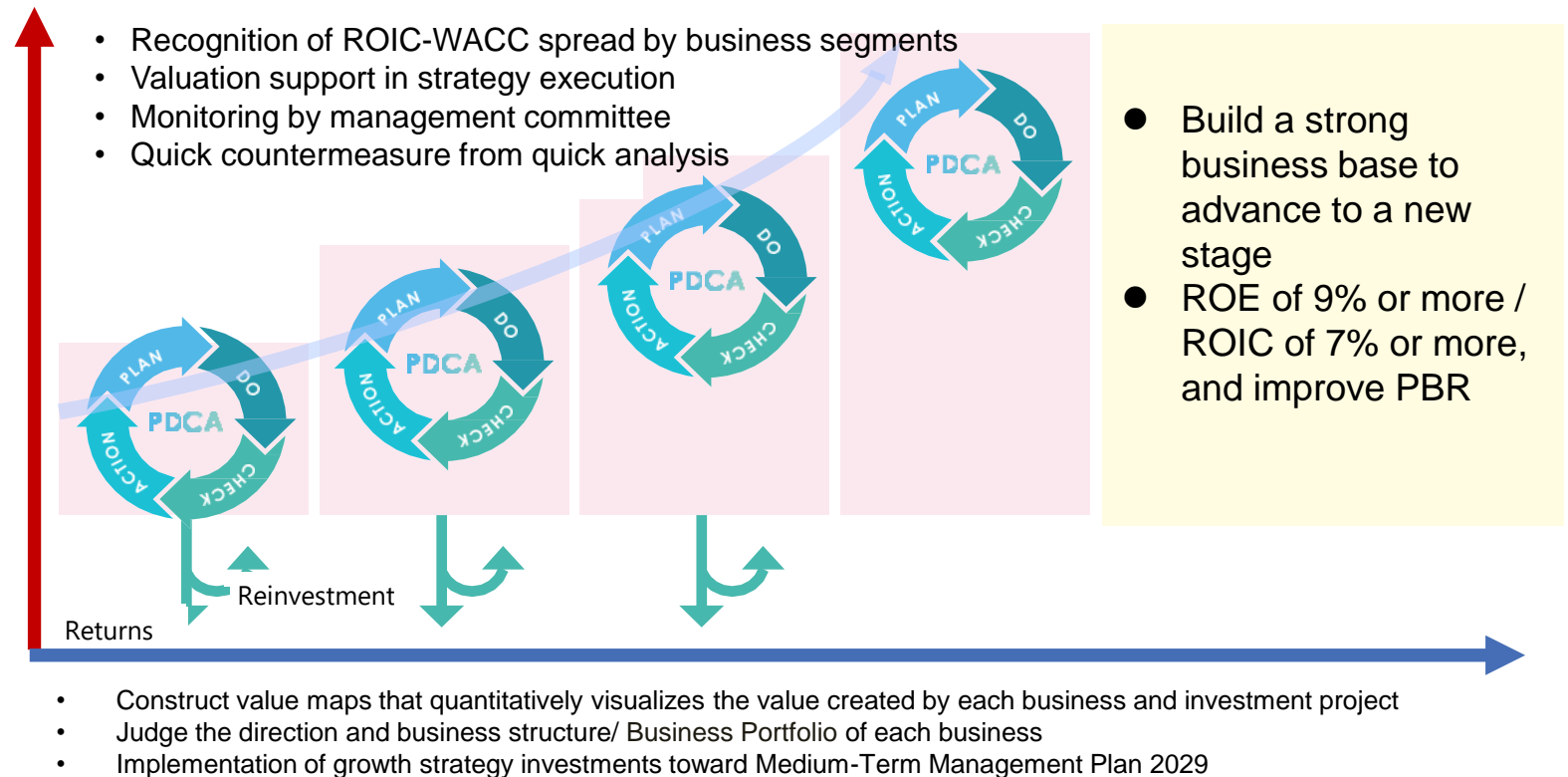
Short-term perspective Increase accuracy of achieving results

- Speeding up PDCA cycle
- Visualizing activity results and proposing measures
- Optimization of invested capital (primarily fixed assets and inventories)

Dialogue with the market Fostering growth expectations

- Eliminating the perception gap and building expectations regarding our company's value

Value Based Management Value-creation management for value-based capital allocation and increased profitability through accelerated PDCA cycles



Key to Transformation: Roles and functions of the VBM promotion office



What is VBM?

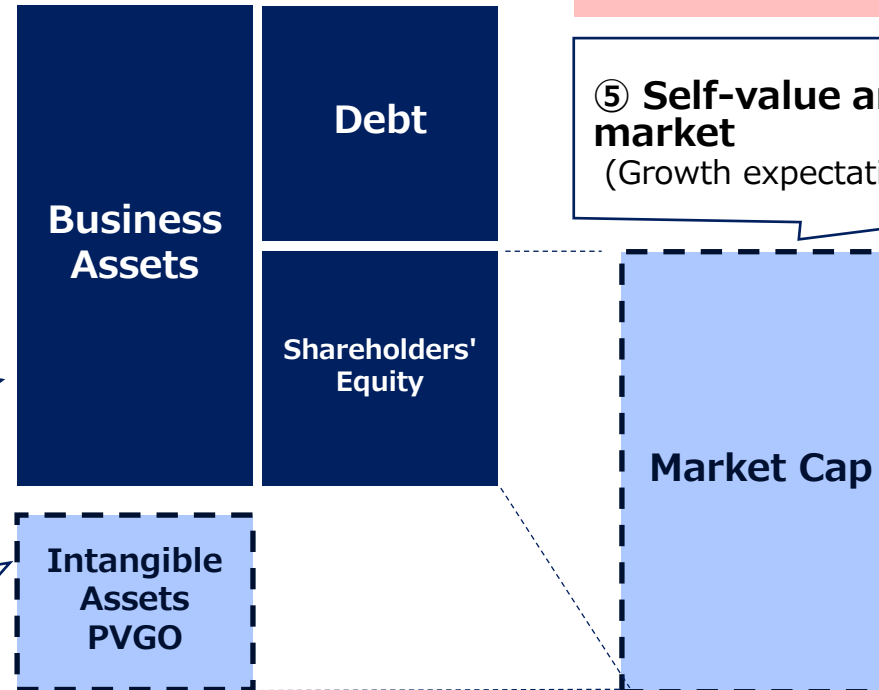
Value based Management,
Management that uses 'value' as the criterion for judgment rather than 'profit'

Resource Allocation (Internal Capital Market Function)

- ① **Performance measurement**
(Visualization of structural improvement activities = earning power)
- ② **Value assessment of CAPEX and M&A**
(Is it worth investing?)
- ③ **Value Assessment of Businesses and Business Portfolio Management**
(Prioritization of resource allocation, selection and concentration)

- ④ **Strategic investment for the future**
(Non-financial capital such as technology and brand)

B/S



※ PVGO(Present Value of Growth Opportunities)

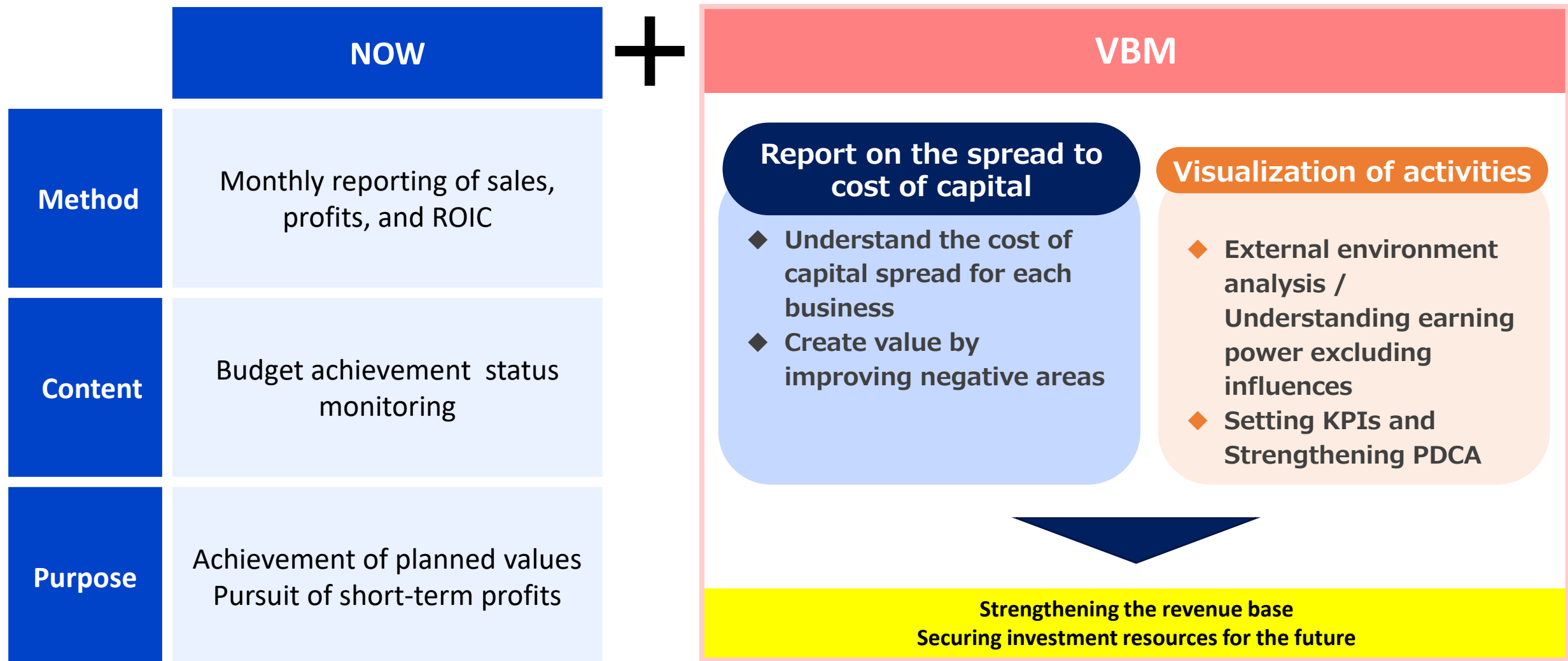
Realization of Value in the Securities Market Price Formation Communication with External Capital Markets

- ⑤ **Self-value analysis and dialogue with the market**
(Growth expectations and trust based on strategy)

“You CAN’T Manage What You DON’T Measure.”

4 NH-VBM with a short-term perspective: Thorough strengthening of the revenue base

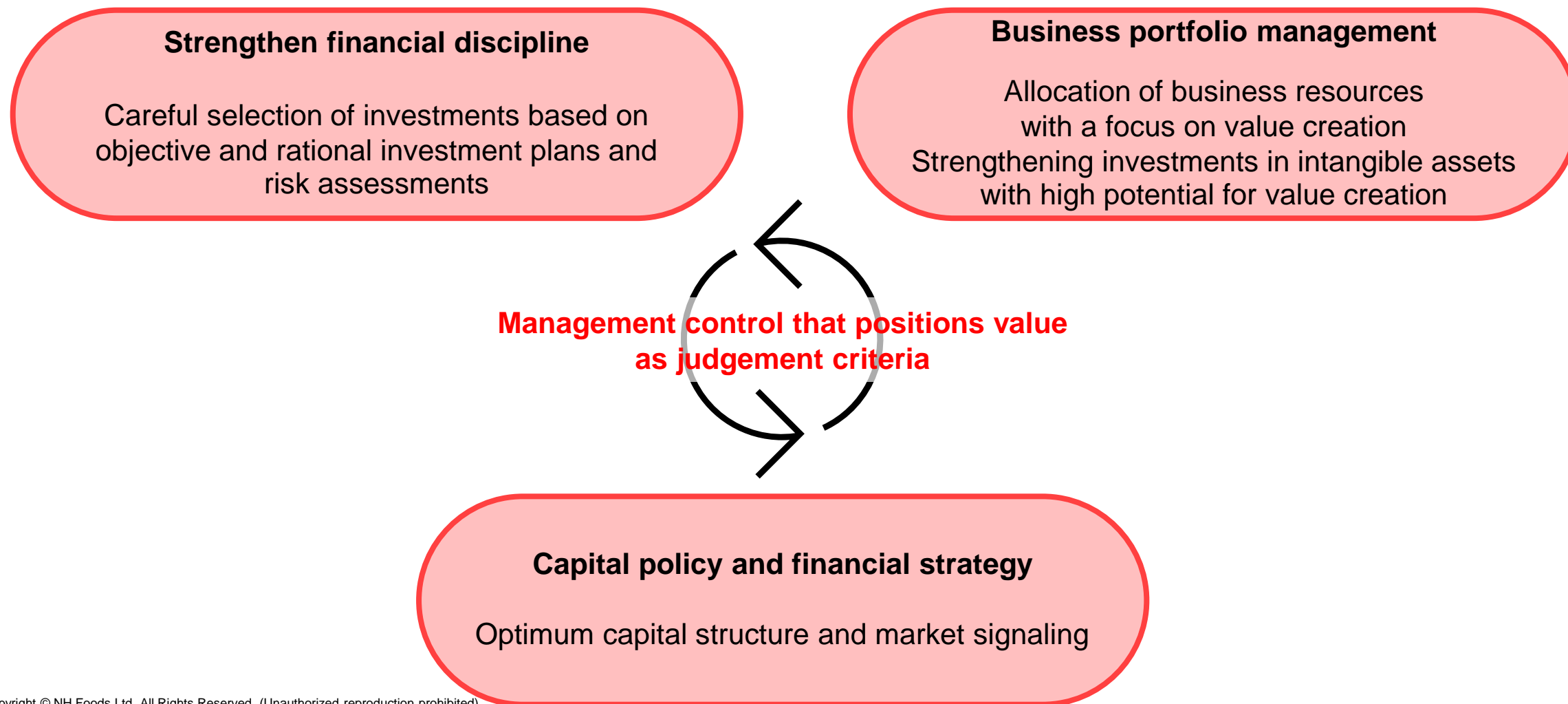
From a short-term perspective, we will execute improvement activities to enhance our earning power while monitoring the value creation status, strengthening our revenue base.



5 NH-VBM with long-term perspective : Managing financial discipline and business portfolio

By implementing Value-Based Management (VBM) that focuses on value-based investment decisions and business portfolio management from a long-term perspective, we aim to achieve sustained corporate value creation.

* NH-VBM: Nippon Ham-Value Based Management



6 Aiming to transform into a business portfolio with earning potential

We will improve the ROIC of our existing businesses and enhance our ability to create value while exploring businesses as potential source of growth and raising company-wide value

Portfolio verification placing the cost of capital, ROIC and market growth potential as the bases for decision making

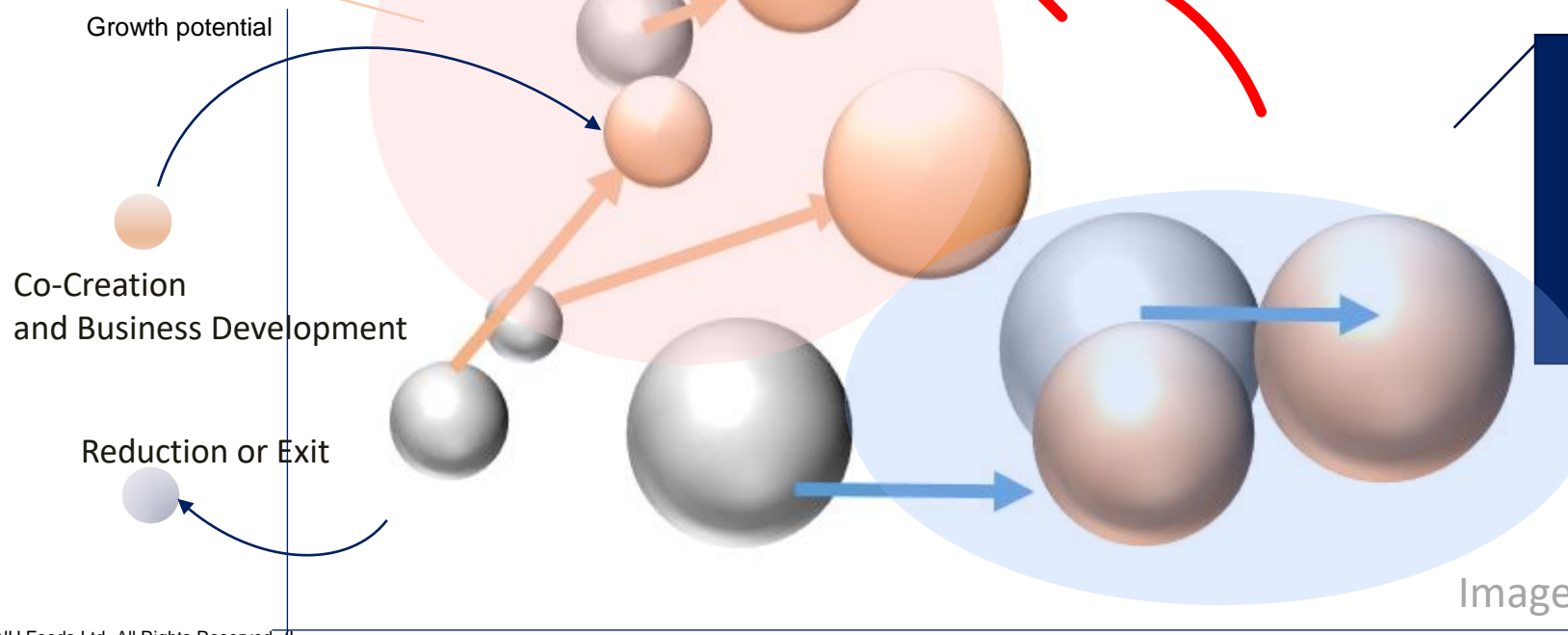
Capital investment and development of businesses in growth areas

Investing capital in R&D
Collaborating with other companies

Strengthening the allocation of resources to growth areas by leveraging the earning power of existing businesses

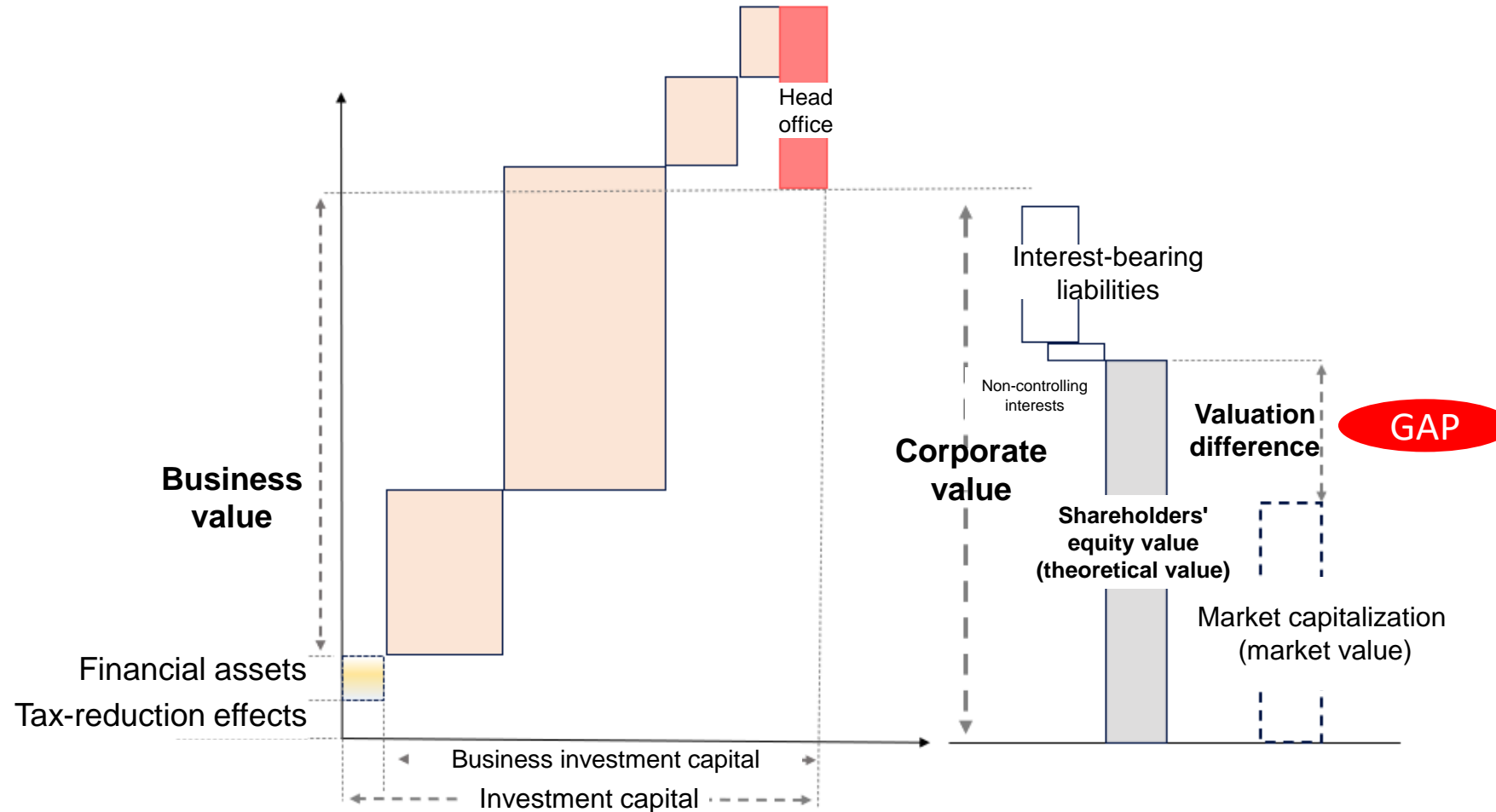
Strengthening Existing Businesses

Enhancing Profitability and Maximizing Earning Potential



7 In-House Valuation using Value-Map

By utilizing Value-Map analysis to visualize our company's value, we recognize the gap between market valuation and our intrinsic value and strive to enhance that value.





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