

IR DAY Part 2: Fresh Meats Business Division - Business Strategies

June 18, 2025, 10:10 - 11:00

Speaker:

Nobuhiro Hosoya, Managing Executive Officer and General Manager of Fresh Meats Business Division

Q1. What is NH Foods thoughts on future business operations and visualization of the value chain?

A1. Currently, we hold approximately 20% of the fresh meat sales share in Japan. Amid Japan's declining population, we aim to secure profits by strengthening sales to mass retailers while maintaining a route sales network with about 110 bases nationwide and approximately 1,300 trucks. Additionally, we plan to implement an SAP system in the future to eliminate redundancies and unnecessary works, building an optimized value chain to maximize overall profitability.

Q2. What about Collaboration with JA Zen-Noh?

A2. The livestock industry faces aging slaughterhouses that need renewal. Building a meat processing plant independently involves enormous investment costs, so we are considering co-creating with JA Zen-Noh to curtail capital expenditure. Since Japanese slaughterhouses are smaller compared to other countries, there is also the idea of jointly constructing large-scale facilities. Since there are limitations to expanding our own meat production volume, we will focus on collaborating with JA Zen-Noh to secure procurement volumes, mainly for domestically produced chicken and pork. Procurement from JA Zen-Noh increased last fiscal year, and we intend to continue increasing it.

Q3. Does the transfer of part of the Overseas Business Division create any synergies within the Fresh Meat Business Division?

A3. Currently, imported meat business prioritizes inventory control rather than volume expansion. With the transfer of overseas group companies into the Fresh Meats Business Division, we expect to strengthen cooperation domestically and internationally, such as Inventory control and procurement tailored to the overseas local markets.

Q4. Regarding the sales volume target of 120% for *Sakurahime* outlined in the Medium-Term Management Plan 2026, what is the current progress and profitability status?

A4. We are enhancing sales and promotions of *Sakurahime* across sales companies nationwide. *Sakurahime*'s profitability is nearly 10% higher compared to normal fresh chicken. To achieve the Medium-Term Management plan's targets, we will continue to coordinate production and sales to expand sales volume.

Q5. What is the current status of processed foods product sales progress under the Medium-Term Management Plan 2026?

A5. While the product lineup handled by the processed division is generally growing, sales of products from Nippon Pure Food and imported frozen processed foods declined slightly last fiscal year. Going forward, we will review and reassess our product lineup. There is potential to expand sales of commercial-use products such as prepared foods for restaurants and mass retailers. We plan to reinforce route sales efforts in conjunction with this expansion.