

(Translation)

May 10, 2021

Dear Sirs and Madams:

Name of the Company:	NH Foods Ltd.
Representative:	Yoshihide Hata President and Representative Director (Code No. 2282, First Section of the Tokyo Stock Exchange)
Person to contact:	Tomoya Matsuda General Manager of Public & Investor Relations Department (TEL: +81-06-7525-3031)

### **Notice of NH Foods Group's Medium-Term Management Plan**

Notice is hereby given that the NH Foods Group has formulated its business plan for its "Medium-Term Management Plan 2023" covering the three years from April 1, 2021 to March 31, 2024 (from the 77th fiscal year to the 79th fiscal year), as described below.

Released in March 2021, NH Foods Group's "Vision 2030" expresses the Group's aspirations to continue to support people's daily happy dietary life by creating a variety of eating occasions that respond to changes in the social environment and people's lifestyles, through expanding the potentials of protein with unconventional ideas and an open mindset, in addition to our existing core values of "safety and reliability" and "deliciousness." In addition, we have identified important social issues to be addressed in order to realize the NH Foods Group "Vision 2030" as the NH Foods Group's "Five Materialities," and have also updated our medium- to long-term environmental targets. We will strive to solve social issues through our business and contribute to the formation of a sustainable society by promoting both our business strategy and our sustainability strategy through the resolution of the Materialities.

As for our vision for 2030, we aim to achieve ROIC of 8.0% or higher and ROE of 10.0% or higher, as well as to achieve our medium- to long-term environmental targets during the fiscal year ending March 31, 2030.

Furthermore, in order to realize our "ideals for 2030," positioning the fiscal years ending March 31, 2024 and March 31, 2027 as milestones, we have considered measures for this 6-year period, and have also formulated the "Medium-Term Management Plan 2023" for the period up to the fiscal year ending March 31, 2024. In addition to strengthening existing businesses and promoting structural reforms to improve ROIC, we will shift to a business model with lower risk and that can expand opportunities while responding appropriately to social issues. At the same time, we aim to expand into growth areas by leveraging our history of business and the strengths of our existing businesses, while also striving to enhance our corporate value by integrating our materiality initiatives into each of our measures.

In addition, we will continue to pursue "Management for No.1 Quality" as the foundation of our management, further improving not only the quality of our products but also the quality of our management and human resources. We will continue to strengthen our corporate governance and continuously carry out corporate

reform for the future.

Through the above-mentioned initiatives, in the fiscal year ending March 31, 2024, which is the final year of the “Medium-Term Management Plan 2023,” we aim to achieve net sales of ¥1,220.0 billion, business profit of ¥61.0 billion, business profit ratio of 5.0%, ROE of 8.0%, and ROIC of 6.0%. In the fiscal year ending March 31, 2027, we aim to achieve net sales of ¥1,320.0 billion, business profit of ¥79.0 billion, business profit ratio of 6.0%, ROE of 9.0% or higher, and ROIC of 7.0% or higher.

## Description

### 1. NH Foods Group “Vision 2030”

# **Unleash new potentials for protein**

**NH Foods will unleash new ideas beyond existing domains to expand new potentials for protein as the power of life.**

**We will endeavor to create diverse dietary lifestyles so people can experience the “Joy of Eating” more freely, while ensuring a stable supply of food with respect to the environment and society.**

### 2. NH Foods Group’s “Five Materialities”

#### (1) Stable procurement and supply of proteins

Global population growth, climate change, and other factors are expected to make it increasingly difficult to supply proteins. The NH Foods Group aims to ensure the stable procurement and supply of proteins.

In addition to existing quality-related safety and reliability initiatives, we will advance efforts to supply diverse proteins through consideration for the environment and social aspects such as human rights and animal welfare in our supply chains.

#### (2) Food diversification and health

Changes in lifestyle and other factors are leading to the need for diverse solutions in the area of food as well. The NH Foods Group will contribute to a happy and healthy life by developing products and providing services that meet diverse needs.

#### (3) Contributing to a sustainable environment

We face various environmental issues such as climate change, food loss, and marine plastic litter. The NH Foods Group’s businesses involve bringing our customers the bounty of nature, and we are determined to help solve issues such as greenhouse gases, food loss, and plastics throughout the value chain.

- (4) Coexistence and coprosperity with local communities and society as a whole through food and sports

As a good corporate citizen, the NH Foods Group aims to be an enterprise loved and trusted by local communities and society as a whole, as we walk and grow together, deepening ties formed through food and sports.

- (5) Respect for employee growth and diversity

The NH Foods Group aims to be a place where employees can feel truly happy and fulfilled. Based on a deep respect for individuals, we strive to create workplaces where employees can thrive and demonstrate their unique strengths.

Quantitative targets for contributing to a sustainable environment (medium- to long-term environmental targets)

	FY2030 targets
Reduction of fossil fuel-derived CO <sub>2</sub> emissions*	Reduction of 46% or more vs. FY2013
Waste discharge	Reduction of 5% vs. FY2019 (domestic processing and manufacturing plants)
Waste recycling rate	92% or more by FY2030 (domestic offices, 84.1% in FY2019)
Water consumption	Reduction of 5% vs. FY2019 (domestic processing and manufacturing plants)
Certified palm oil usage rate	100% usage by FY2030 (domestic and overseas business sites)

\* Research and development will be conducted toward reducing greenhouse gases originating from livestock and other such sources.

### 3. Overview of “Medium-Term Management Plan 2023”

#### **[Management Policy]**

##### (1) Shift to a sustainable business model that can generate profits

We will work to further strengthen the Group’s procurement and sales capabilities, establish a manufacturing and profit structure from an overall optimization perspective, and expand our business from a marketing perspective.

##### (2) Build a growth model for overseas business

We will work on the sale of processed foods in the regions we have identified as promising areas, and on the development of, and strengthening of the supply system for, processed foods and fresh meats for the Japanese market.

##### (3) Provide new value through new products and services

In addition to the new value propositions undertaken by each business division, we will actively work on new areas utilizing D2C (Direct to Consumer) and sports business.

##### (4) Strengthen corporate functions to achieve the vision

In addition to carrying out the missions of the departments and offices, we will also work to promote DX (Digital Transformation), strengthen functions for planning and promoting group-wide strategies, and strengthen human resources management.

#### **[Cross-departmental promotion strategy]**

##### (1) Cross-business strategy

We will plan and implement group-wide common strategies that demonstrate the comprehensive strength of the Group as a whole, transcending business divisions, for the ongoing development of the NH Foods Group.

##### (2) New business

We will accelerate our efforts in new growth areas in anticipation of future changes in the environment, aiming to commercialize these areas in concrete terms and to foster a culture of taking on challenges.

##### (3) Hokkaido project

In Hokkaido, where many of the Group’s sites are located, we will create synergies with our core business in preparation for the opening of the new stadium in 2023, and contribute to the development of the region.

##### (4) Corporate communication

We will strengthen our corporate communication functions and work to improve our reputation by developing strategic communications with our stakeholders.

4. Management Targets (consolidated)

(¥ billion, unless otherwise indicated)

	FY2021/3 (results)	FY2024/3 (plan)	FY2027/3 (plan)	FY2030/3 (plan)
Net sales	1,176.1	1,220.0	1,320.0	
Business profit	52.4	61.0	79.0	
Business profit ratio	4.5%	5.0%	6.0%	
ROE (profit attributable to owners of parent)	7.8%	8.0%	9.0% or higher	10.0% or higher
ROIC (NOPAT)	5.9%	6.0%	7.0% or higher	8.0% or higher

\* DX costs have been factored into the business profit figures above (¥1.9 billion in FY2021/3, ¥9.6 billion in FY2024/3, and ¥7.0 billion in FY2027/3).

5. Numerical Plans (reference)

(1) Profit and other indicators (consolidated)

(¥ billion, unless otherwise indicated)

	FY2021/3 (results)	FY2024/3 (plan)	FY2027/3 (plan)
Profit before tax	48.9	58.0	73.0
Profit attributable to owners of parent	32.6	40.0	50.0
D/E ratio	0.45%	0.4% to 0.5%	0.4% to 0.5%

(2) Capital expenditures, depreciation and amortization (consolidated)

(¥ billion)

	Medium-Term Management Plan 2020 3-year cumulative totals (results)	Medium-Term Management Plan 2023 3-year cumulative totals (plan)	Medium-Term Management Plan 2026 3-year cumulative totals (plan)
Capital expenditures	178.5	248.0	148.0
Depreciation and amortization	89.4	113.0	125.0

(3) Cash flows

(¥ billion)

	Medium-Term Management Plan 2020 3-year cumulative totals (results)	Medium-Term Management Plan 2023 3-year cumulative totals (plan)	Medium-Term Management Plan 2026 3-year cumulative totals (plan)
Operating cash flows	178.8	227.0	266.0
Investing cash flows	(139.6)	(202.0)	(105.0)
Free cash flows	39.2	25.0	161.0

## (4) Operating segments

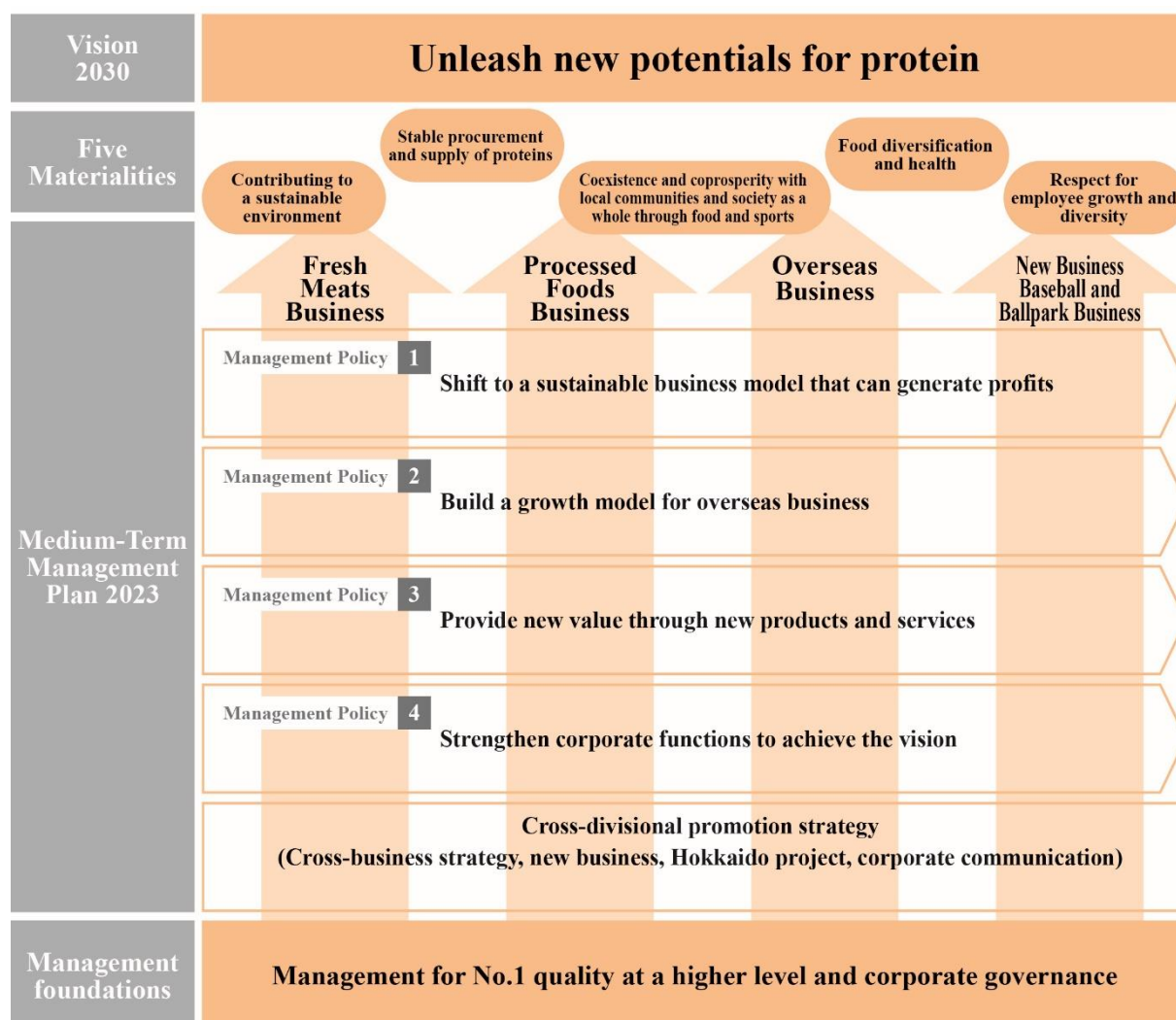
(¥ billion)

	FY2021/3 (results)		FY2024/3 (plan)		FY2027/3 (plan)	
	Net sales	Business profit (loss)	Net sales	Business profit	Net sales	Business profit
Processed Foods Business Division	523.9	17.9	523.0	19.0	537.0	27.0
Fresh Meats Business Division	728.7	41.1	734.0	40.0	806.0	48.0
Overseas Business Division	223.9	(0.1)	303.0	3.0	323.0	4.0
Others	10.4	(1.7)	24.0	2.0	25.0	3.0
Eliminations, adjustments and others*	(310.8)	(4.8)	(364.0)	(3.0)	(371.0)	(3.0)
Consolidated	1,176.1	52.4	1,220.0	61.0	1,320.0	79.0

(Notes) 1 “Others” mainly include profit and loss related to Hokkaido Nippon-Ham Fighters. The figures, however, are provisional.

2. For \*FY2021/3 (results), profit and loss related to Hokkaido Nippon-Ham Fighters has been reclassified from “Eliminations, adjustments and others” to “Others. The figures, however, are provisional. Moreover, segment net sales have not been retroactively adjusted to reflect the new revenue recognition standards.

## 6. Outline of “Medium-Term Management Plan 2023”



<Cautionary notice on information about the future>

The “Medium-Term Management Plan 2023,” “Medium-Term Management Plan 2026,” and “Vision 2030” (hereinafter referred to as the “Management Plans”) consist of plans and targets prepared based on information currently available to the Company and certain assumptions considered reasonable. As such, the forward-looking statements herein are subject to potential risks, uncertainties and other such factors, and accordingly do not constitute guarantees in terms of their achievement or future business performance. In addition, as the actual results may differ significantly from the Management Plans, investment decisions should not be based exclusively on information therein. The NH Foods Group will not necessarily, or is not obligated to, revise the Management Plans, irrespective of future information or developments that may emerge, or consequences thereof.

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