

# Medium-Term Management Plan 2026 Progress Briefing

May 15, 2025

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President and Representative Director

NH Foods Ltd.

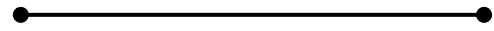


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## Executive Summary

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## Medium-Term Management Plan 2026: Results/Plan

- Company-Wide Strategy and Progress
- FY2025/3 result / FY2026/3 Plan
- Maximizing Effectiveness of the Value Chain
- Business Strategy
- Financial Strategy

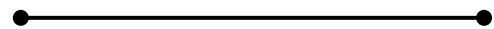
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## Toward Sustainable Improvement in Corporate Value

- What the NH Foods Group aims to become
- R&D strategy
- Collaboration with JA ZEN-NOH
- Human Resource Strategy

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## For Increasing Capital Efficiency

We will work to further increase awareness of “Challenge and transformation”, and work to achieve “Our ideal vision” through a back-casting approach.

- **Full-year business profit for FY2025/3 is ¥42.5 billion (¥2.5 billion less than the planned amount)**

The company-wide strategies are progressing smoothly. In particular, structural reforms to the Processed Foods Business Division, and company-wide brand strategies are beginning to have an effect on revenue. With the growth of the ballpark business, the Company is transforming into a robust business entity.

On the other hand, response to the rapidly changing domestic consumption environment and the imported procurement was slow, resulting in a failure to achieve plans.

- **Efforts to achieve full-year business profit plans of ¥54.0 billion for FY2026/3 and ¥61.0 billion for FY2027/3 will continue without change**

Obstacles that emerged in our marketing strategy for processed foods and import procurement systems will be eliminated during the current fiscal year, allowing us to return to our planned trajectory.

Alongside accelerating the corporate strategy, improve profitability through significant advancements in the ballpark business and overseas business.

Initiate structural reforms in the fresh meats business and strive towards achieving our medium-term management plan 2026.

- **Pursuit of improved profitability and optimization of capital investment toward the achievement of Medium-Term Management Plan 2029**

We will seek to improve company-wide profitability by optimizing investments through the establishment of a specialized organizational unit, and achieve an ROE target of 9% or more, in conjunction with strategic leverage control.

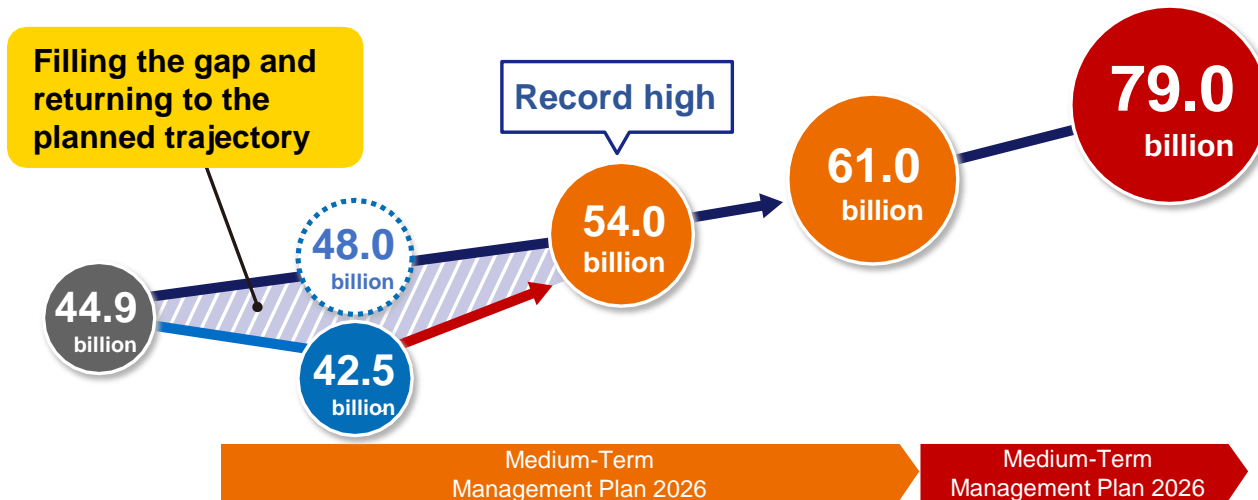
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# Medium-Term Management Plan 2026: Company-Wide Strategy and Progress

The first year of the Medium-Term Management Plan 2026 was off to a good start, with the KPI targets set in the company-wide strategy largely achieved. However, the company was slow to respond to the rapidly changing domestic consumption environment and fresh meat procurement environment, and fell short of its targets

			FY27/3 KPI	Full-year progress
Structural reform	Improvement of product mix	Processed foods	Key category ratio: 70% <small>* Percentage of branded products in consumer sales of ham, sausages, and deli products</small>	Reduced low-profit products; key category ratio up from 64% (FY24/3) to 68%
		Overseas	Branded beef ratio: 60%	Expanded feedlot in Australia; branded beef ratio up from 48% (FY24/3) to 55%
	Optimal Production Structures / Low-Profit Business Review	Processed foods	Reduction in production lines by 20%	KPI target reduced by 1/3
Growth Strategy	Brand enhancement	Processed foods	<i>Schau Essen</i> : ¥90.0 billion <small>* Based on estimated retail sales (NH Foods research)</small>	Made progress in expanding sales volume through marketing measures and investments in production lines Steady progress, 107% YoY
		Fresh meats	<i>Sakurahime</i> sale volume target: 120%	Actual results fell short of planned quantities but exceeded last year's figures. Made progress in establishing systems to strengthen brand sales, including training marketing personnel
	Cross-segment sales	Fresh meats	Processed product sales target: ¥30.0 billion	Actual results fell short of planned quantities but exceeded last year's figures. Going forward, we will accelerate our sales strategy by strengthening the training of personnel for processed food sales in collaboration with the processed foods business and product development proposed by sales companies
	Expansion of global presence	Overseas	External sales target: ¥200.0 billion	¥192.4 billion (up 14.5%) in the previous fiscal year. M&A activities were carried out in North America, and external co-creation initiatives in the ASEAN region also progressed, paving the way for a leap ahead in overseas processed food product sales
	Ballpark	Ballpark	Over 3 million visitors	Increase attendance underpinned by the team's solid performance. Attendance reached 4.32 million visitors thanks to measures to enhance appeal even on non-game days
Culture change	Cultivating a culture of taking on challenges			Continue activities to promote change and create rewarding workplaces

## Eliminate obstacles to the plan and advance company-wide strategies to get back on track with Medium-Term Management Plan 2026



(billion)

	FY2025/3 Results	FY2026/3 Plan	FY2027/3 Plan
Net sales	1370.6	1400.0	1380.0
Business profit	42.5	54.0	61.0
Business profit ratio	3.1%	3.9%	4.4%
Profit attributable to owners of the parent	26.6	30.0	38.0
ROE	5.1%	5.8%	7-8%
ROIC	3.9%	4.9%	5-6%

### Main reasons for lost revenue opportunities that became apparent after the formulation of the Medium-Term Management Plan

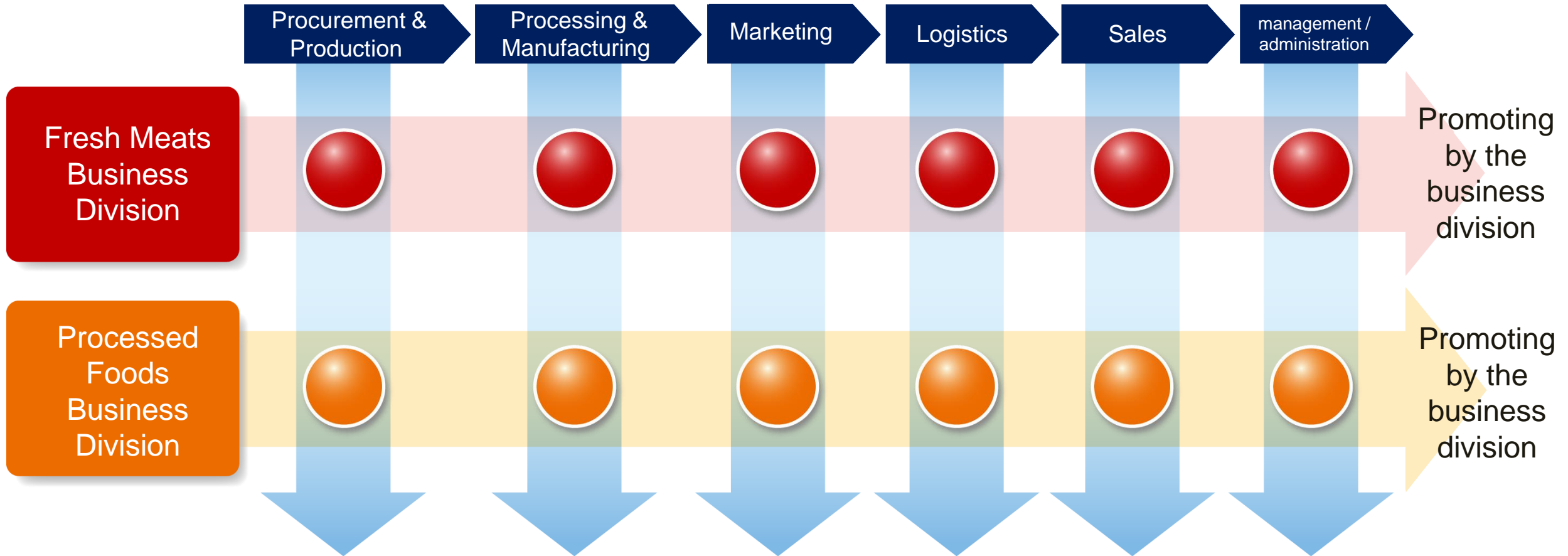
- Slowdown in domestic sales due to rapid changes in the consumer perspective
- The import procurement system was unable to adapt to sudden fluctuations in demand
- The marketing system was slow to respond to changing consumer needs

### Countermeasure to fill the gap

#### Reassessing the value chain to maximize profit opportunities across the company through flexible production and sales systems

- Deepen the level of consumption trend analysis. Transform the import procurement system to better reflect demand forecasts
- Transform the system for achieving marketing and product development from a customer perspective that respond promptly to market changes

## Maximizing value from a company-wide perspective to build a highly competitive value chain



**Maximizing the effectiveness of the entire value chain requires optimization from both the value chain perspective (horizontal axis) and cross-divisional perspective (vertical axis)**

Improve the gross profit margin through further advancement of structural reforms, transitioning into an organization that aligns with the growth strategy

## Domestic Strategy

Create mechanisms for promoting structural reform and growth strategies

**Transform the system for achieving marketing and product development from a customer perspective that respond promptly to market changes.**

- Expand the marketing strategy developed with *Shau Essen* to our core brands
- Implement rapid product development through two development tasks based on selling space and production line
- Product development utilizing the technologies of the R&D Center and the know-how of NH Foods Group

**Achieved the reduction of manufacturing lines as planned**

- Pursuing an optimized manufacturing system through a 20% reduction in the number of production lines

**Transform to create an optimal logistics system**

- Increase efficiency in trunk lines, branch lines, storage, and supply and demand

**A quality-focused sales strategy aimed at adapting to the changing market environment and enhancing corporate value**

- Focusing on profitability and brand value, we will rapidly introduce developed products to the market
- Building an organizational structure to implement a strategic approach towards market growth-driving companies

## Overseas Strategy

Maximize the use of domestic and overseas Group assets to expand overseas markets

**Developing area-specific strategies tailored to regional characteristics**

- North America**
- Ensure stable operations for the three M&A companies while also leveraging each other's sales channels to drive sales growth
  - In anticipation of rising production costs, we aim to improve profitability through price adjustments and cost reductions in manufacturing by horizontally deploying technology
  - Expansion of Asian flavor brands primarily focused on chicken processed products in line with increased production capacity

- Asean**
- Conduct test marketing for *Shau Essen* in Indonesia and aim to expand into a new global brand, including other countries
  - The Thai factory, which primarily produces processed foods for the Japanese market, will collaborate with the sales team to facilitate a prompt turnaround
  - Strengthening collaboration with CPF
    - ・Launching products utilizing CPF technology in the Japanese market
    - ・Strengthening domestic sales of products from our own factory in Thailand by leveraging CPF's distribution channels

**Establish an overseas taskforce team to create synergies in the Processed Foods Business Division both domestically and internationally.**

- Strategically strengthen the export of domestic processed foods products
- Utilizing domestic processed foods know-how to provide product development and technical support at local factories
- Domestic sales support aimed at strengthening internal sales overseas

Rebuild into an organization that can overcome changes in the external environment and maximize value chain profits

Production

## Volume expansion/Productivity improvement \*FY2026/3 Plan

- (Domestic Pork)  
Expansion of production numbers through the operation of the new farm (Y-on-Y increase of 111% )
- (Domestic Chicken)  
Profit expansion through increased production quantity of *Sakurahime*. (Y-on-Y increase of 108% )
- (Australian Beef)  
Expand Feedlot ( from 50,000 to 70,000 cattle)  
Stabilization of revenue through improving branded fresh meat ratio (from 55% to 57%)

Procurement

## (Domestic) Strengthening of External Procurement

- Strengthening collaboration with external partners and expanding external procurement quantities to align with demand

## (Imported) Strengthening of Procurement Management System

- By strengthening collaboration with local overseas companies, we will establish a flexible procurement system that responds to demand. We will thoroughly manage livestock species to reduce lost sales opportunities
- Thoroughly manage inventory turnover days through procurement based on sales contracts

Marketing

## Promotion of Fresh Meats Business R&D

Collaborating with company-wide growth strategy projects and the R&D Center, we will identify areas for creating new growth businesses from a long-term perspective

Marketing

## Brand Strategy to Strengthen Revenue Base

- Strategically transforming to marketing activities that allocate resources in areas closer to customer touchpoints
- Strengthen brand extensions such as *Sakurahime* to expand revenue
- Seeking consumer needs for rebranding aimed at enhancing the brand value of *Sakurahime*

## Developing human resources capable of adding value through sales by utilizing IDPOS

- Achieve customer targeting that cultivates new customer segments for each channel
- Human resources with the ability to propose solutions that meet customer needs in order to accelerate the sales of processed products

Logistics and Sales

## Establishing a sales system aimed at maximizing profits in each area

- Strengthening Sales in Urban Areas
  - To respond more swiftly to consumer needs, we will establish new sales locations (Tokyo, Fukuoka, and Nagoya) that enable various delivery formats
- Strengthening Sales in Regional Areas
  - Maximizing the utilization of approximately 115 locations and around 1,300 trucks to reinforcing route sales to secure further profits

Expanding palletized transport to build a sustainable logistics system

# 9 Medium-Term Management Plan 2026: Business Strategies (Ballpark)

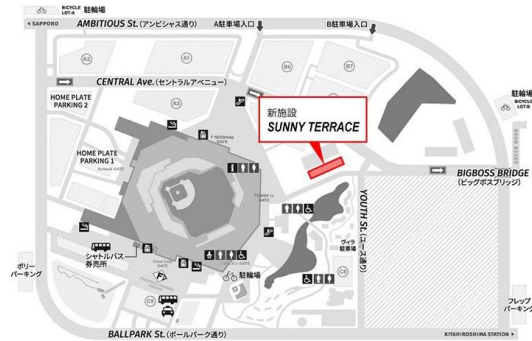
Deepening urban development and tourist attraction development as pillars of our growth strategy to achieve a leap in the entertainment business

Convert the infield to artificial turf



Various events, including official basketball league games, can be held without being confined to traditional concepts

New food and beverage commercial facility in F village



Constructing *SUNNY TERRACE* produced by former *Hokkaido Nipponham Fighter's* player Yuki Saito

Using the opening of the new station in 2028 as the second growth cornerstone

(Image of Area Development)



Attracting university campuses, offices, hotels, and food and commercial facilities to further promote the urbanization and tourist destination development of F Village. Aiming for an annual visitor count of 7 million by 2028

Invest in future growth while accelerating the correction of capital structure through the acquisition of treasury stock

Medium-Term Management Plan 2026	
Cash in Flow	Cash out Flow
Operating CF ¥249.9 billion	CF from Capital investment ¥ -141.1 billion
Other (Disposal of policy-held shares, liquidation of cash and deposits, etc.) ¥27.8billion	M&A returns, etc. ¥ -136.6 billion

(We have reorganized and presented the cash flow statement)

\*Basis of Recording (billion)

Capital investment	FY2025/3	After FY2026/3
147.0	34.1	112.9
Processed Foods	7.5	29.0
Fresh Meats	13.0	48.4
Overseas	4.2	8.9
Ballpark	2.4	8.5
DX etc.	7.1	18.1
Of which growth investments	4.1	24.8

Growth investments Unconfirmed Portion 21.1

		FY2025/3	After FY2026/3
M&A		14.3	90.0
Returns	Dividends	12.3	
	Share buybacks	20.0	

**Strengthening the foundation and expanding capabilities in existing businesses for organic growth**

- Increasing main brand production capacity
- Strengthening the chicken production business /Strengthening domestic fresh meats sales offices
- Production capacity expansion in Australian beef business
- Urban planning at the ballpark
- System Renewal Centered on core systems  
(Allocate growth investment resources centered on the Fresh Meats Business Division)

**Exploration of new sources of growth**

- Driving business creation based on company-wide R&D strategy
- Expansion of business areas through external co-creation initiatives
- Investment in value chain business optimization

**Accelerate the correction of capital structure and strengthen shareholder returns  
Execute M&A appropriately in alignment with our strategy**

- In FY2025/3, we acquired a North American processed food manufacturing and sales company
- We have established a quota of ¥30.0 billion for treasury share buyback in FY2026/3
- The dividend per share for FY2025/3 will be increased by ¥16 to ¥135, and the forecast dividend for FY2026/3 will be increased by ¥21 to ¥156, aiming for a DOE of 3%

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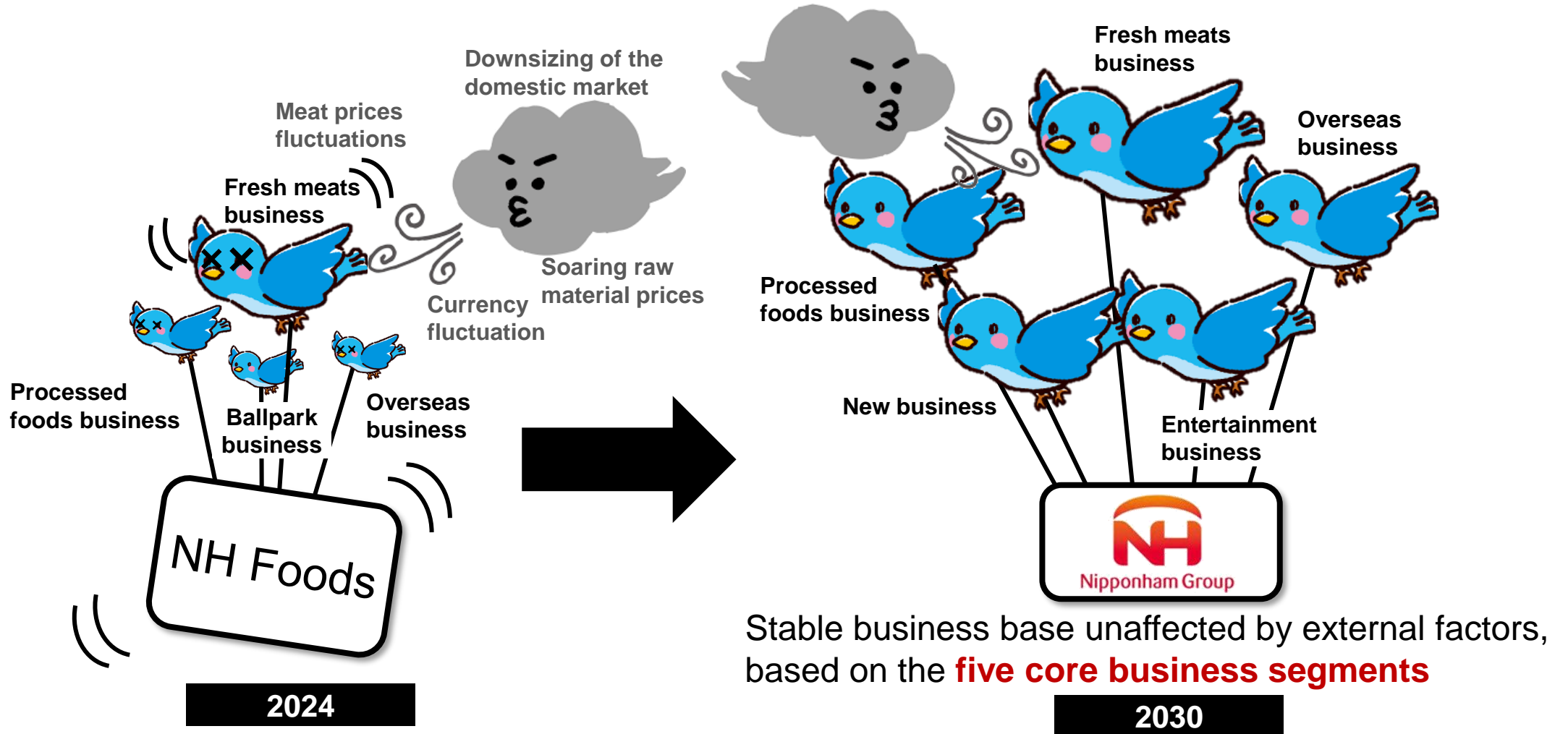
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For Increasing Capital Efficiency

# 12 Toward Sustainable Improvement in Corporate Value The NH Foods Group's Vision

Working to build a business base that can overcome difficulties through challenge and reform, based on the assumption of rapid changes in the external environment



# 13 Toward the Sustainable Improvement of Corporate Value The NH Foods Group's Vision

Continuing the challenge of formulating strategies with determination through a back-casting approach based on our ideal vision

## Medium-Term Management Plan 2026

- Continuously engage in structural reform and promote a focus on businesses with high profitability
- Through the growth strategy, we aim to nurture and strengthen our brands and intellectual properties, fostering co-creation to enhance profitability and growth potential

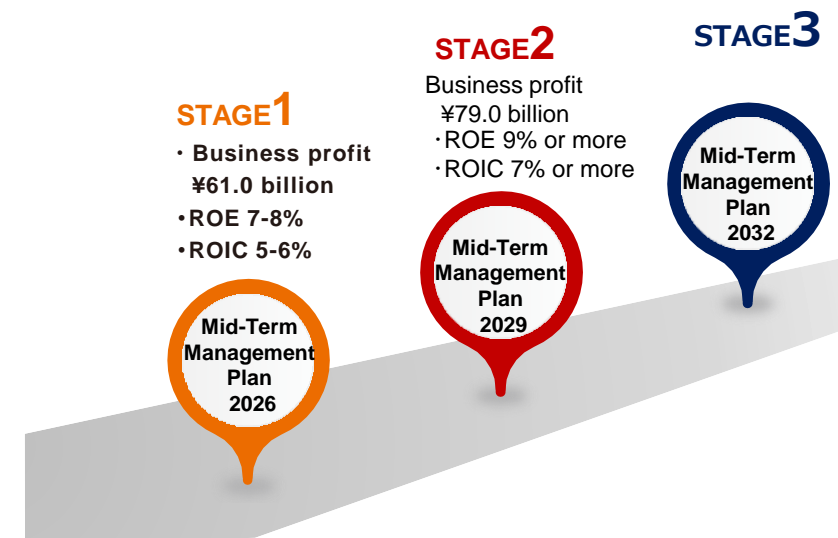
## Medium-Term Management Plan 2029

### ● Reaching a new stage by strengthening domestic profitability and achieving overseas business expansion

- Domestic Fresh Meats: core business  
Expand market share in domestic fresh meats and achieve business profit of ¥50.0 billion
- Domestic Processed Foods: responsible for brand  
Focus on high-profit businesses and continue structural reforms, achieve operating margin of over 6%
- Overseas Business: driving growth  
Achievement overseas sales ratio of over 20% through expansion of overseas processed foods business
- Foster a culture of taking on challenges based on job satisfaction activities
- Capital allocation for achieving sustainable growth

### ● Monetize new businesses through the actualization of growth strategies and engage in continuous challenges

- Strengthening domestic fresh meat competitiveness through collaboration with JA Zen-Noh
- Create new businesses and rapidly develop new categories, products, and services



# 14 Toward the Sustainable Improvement of Corporate Value R&D Strategy

Maximizing the potential of protein through technology and innovation, creating new value and a new future in the food domain and new domains

## Proteininnovation

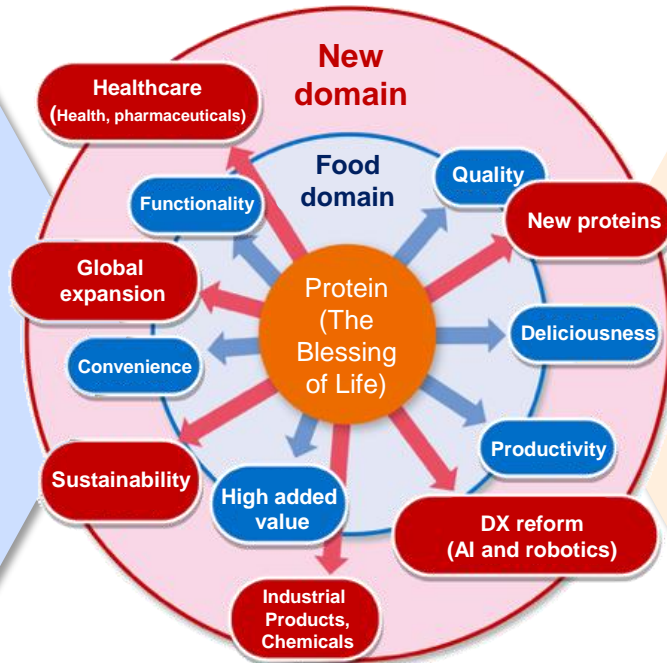
\*A word created from protein + innovation.

### Evolution of existing businesses

Customer value creation and pursuit of high productivity

- **Production DX domain** (high-production and labor-saving production using AI/IoT/robotics technologies)
- **New protein domain** (securing next-generation protein sources)
- **Deliciousness & wellness domain** (providing new food value)
- **Global expansion domain** (global brand creation)

Priority areas



### Creating new businesses

Healthcare and solving social issues

- **Healthcare / medical domain** (entry into new areas using livestock byproducts)
- **Up-cycling domain** (taking on challenges in non-food domains including up-cycling of livestock byproducts and waste)

Priority areas

## Growth Strategy Project 2.0

### Pillar 5

### Growth strategy story

External co-creation initiatives

R&D

Business optimization

# 15 Toward Sustainable Improvement in Corporate Value Collaboration with JA ZEN-NOH

Improving the efficiency of the Fresh Meats Business and strengthening competitiveness in the domestic market through collaboration with ZEN-NOH

## Production and process

### Utilization and coordination of processing facilities

Consider the future of aging fresh meat processing facilities

\*Plan to start sharing cattle and pig processing at a single location

### Establishing a next-generation livestock industry model

Introduce *PIG LABO*

Reduce invested capital

Efficiency (Improvement of labor productivity)

## Procurement

### Strengthening external procurement

Expand procurement from JA ZEN-NOH Group, with a focus on locally produced products

\*YoY comparison with FY2025/3

Procurement amount: +6% increase (3% increase in quantity)

Increase the top line

## Development and manufacturing

### Utilizing both companies' facilities and expertise

Expand production of ham, sausage, processed foods, and primary processed products at JA ZEN-NOH facilities

\*Currently manufactured by JA ZEN-NOH Meat Foods Co., Ltd. Takasaki Ham under an OEM agreement

Create new value

/ expand top-line growth

## Logistics and Sales

### Resolving logistics 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)

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

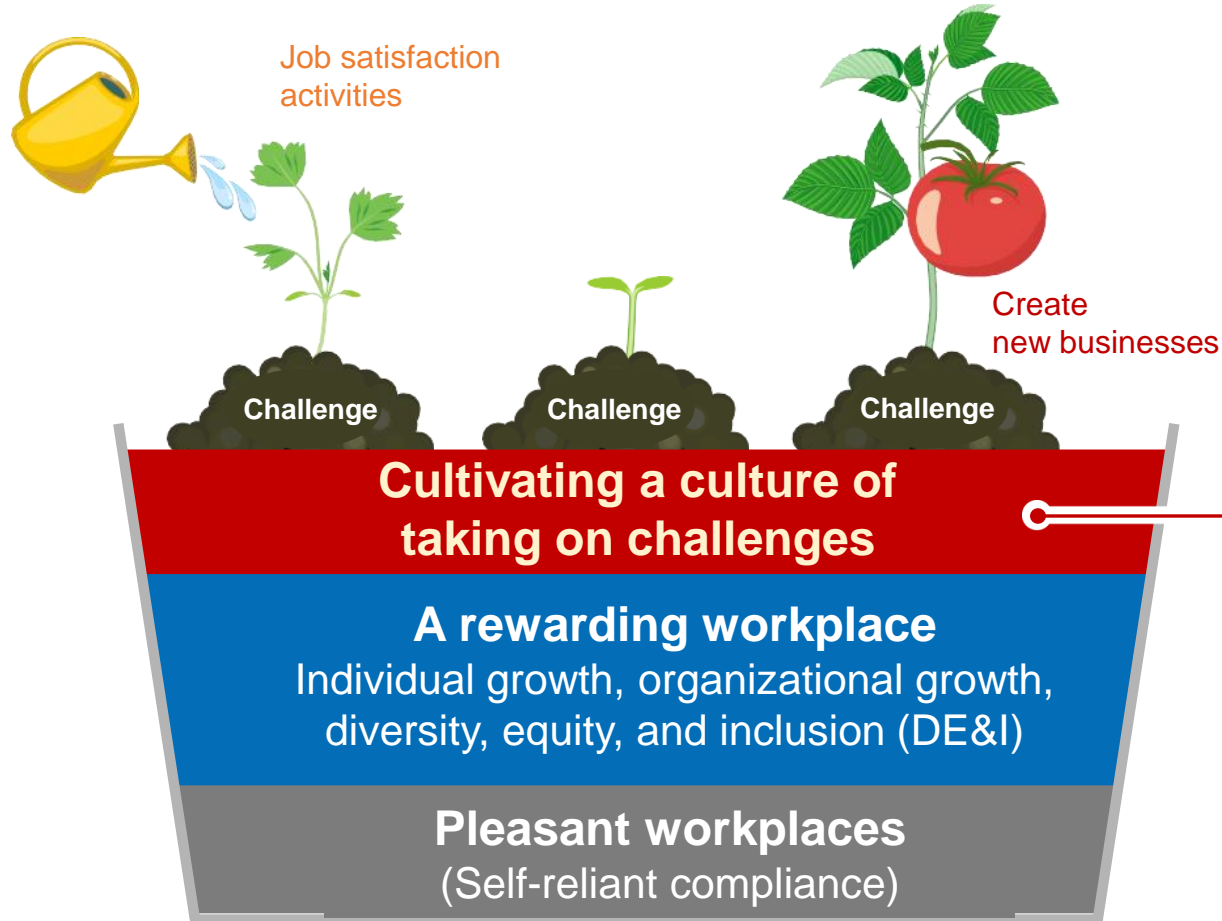
\*ALIC

Pursuing sustainability in the domestic livestock industry

Establishment of livestock and dairy farming sustainability alliance board

(Establishing a sustainable livestock rearing and dairy farming model through collaboration between government and industry organizations)

Practicing to cultivate an organizational culture in which management themselves take on challenges, while continuing to create rewarding workplaces



## Cultivating a culture of taking on challenges

### Training and recruitment of innovative leaders

- Declaration of unwavering commitment, taking on and overcoming challenges by the management team
- Enhancement of talent management (strategic recruitment, selection and training)

#### KPI

- Reflection of challenged initiatives for evaluation of executive compensation
- Increase of mid-career recruitment ratio
- Next-generation leadership development

### Promotion of the career advancement of diverse human capital

- Structures and systems for empowerment and job satisfaction
- Support for diverse talent and workstyle reforms

#### KPI

- Strengthening a culture of taking on challenges
- Enhancing challenge elements in goal management systems
- Active participation of women

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## For Increasing Capital Efficiency

Regardless of implementing various measures with a focus on invested capital, we are significantly affected by external environmental factors. We recognize that accelerating our response to environmental changes and strengthening profitability are urgent issues

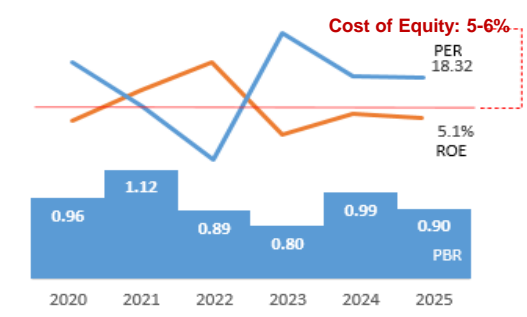
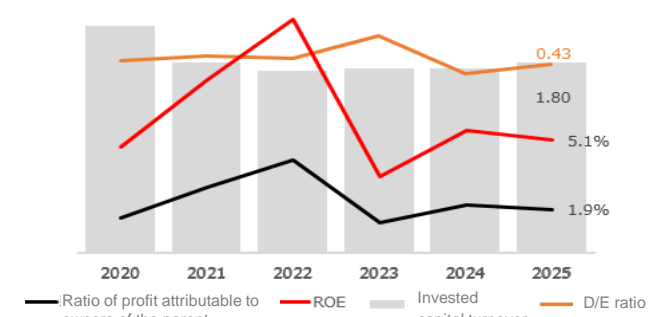
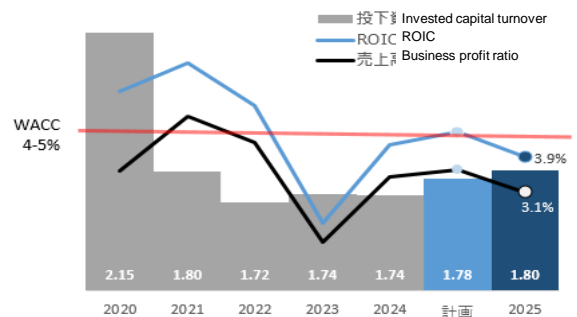
Issues	To enhance corporate value and improve PBR	FY2025/3 Implemented activities	
Improving capital efficiency	Establish a financial PDCA system	<ul style="list-style-type: none"> <li>● Measure cost of capital / ROIC by business segment</li> <li>● Follow up on ROIC/ strengthen financial governance</li> </ul>	<ul style="list-style-type: none"> <li>● Set cost of capital according to the characteristics of each business</li> <li>● Clarified target ROIC for each business and established a monitoring system</li> </ul>
	Strategic allocation of business resources	<ul style="list-style-type: none"> <li>● Measure the value of strategy / growth investments</li> <li>● Make value-based investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>● Planned allocation of growth investment quotas for each business (Approximately ¥30.0 billion has already been allocated)</li> </ul>
	Capital policy and financial strategy	<ul style="list-style-type: none"> <li>● Improve the efficiency of internal finance (CMS)</li> <li>● Optimize equity through leverage control</li> <li>● Optimize market value through strategic IR and shareholder policies</li> <li>● Strengthen dividends and returns</li> <li>● Reduce cost of capital by implementing sustainability strategy</li> </ul>	<ul style="list-style-type: none"> <li>● Reduction of interest-bearing debt through the utilization of internal funds (Over a total of ¥15 billion since implementation)</li> <li>● Commenced capital optimization through share buybacks of ¥20.0 billion in treasury stock</li> <li>● Consideration of the projected shareholder composition and concrete strategies</li> <li>● Payout ratio 51.3%, DOE2.5%, total return ratio 126.1%</li> <li>● Set and announce mid- to long-term environmental targets based on sustainability strategy</li> </ul>
Optimization of market valuation			

ROIC did not reach 4% due to a decline in profit margin, despite improved turnover for invested capital

While there was a correction in leverage by treasury share buybacks and an improvement in turnover rate, ROE was slightly lower than the planned value of 5.2% due to the failure to cover the decline in profit margin

PER remained at the same level due to lack of fostering expectations for growth, and PBR did not improve due to a decline in profitability

Establish a VBM Promotion Office to more strongly promote and accelerate each initiative



# 19 Acceleration of Value Creation by the VBM Promotion Office

We implement VBM, having both long-term and short-term perspective, value-based capital allocation and strengthening profitability.

## 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

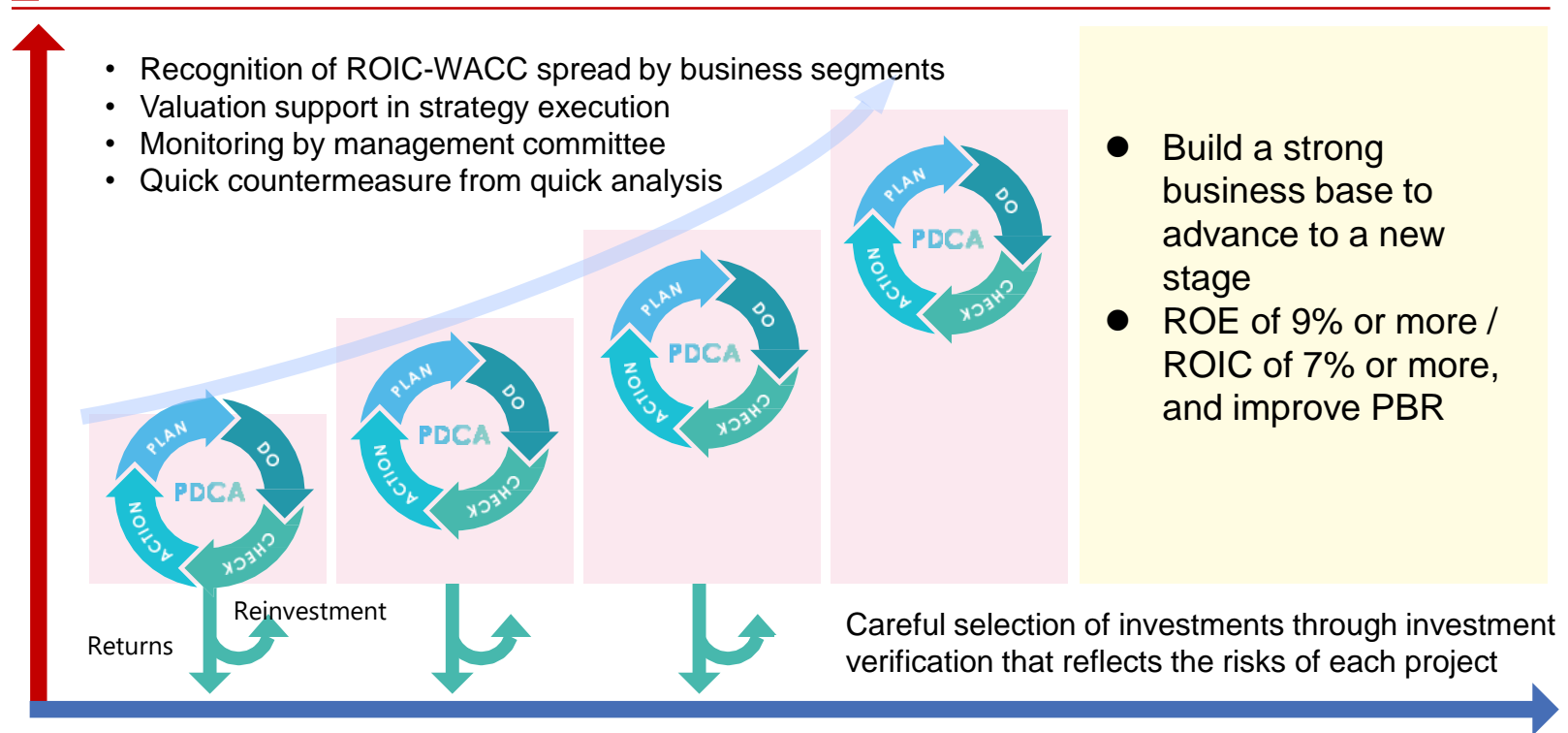
- Speeding up PDCA cycle
- Visualizing activity results and proposing measures
- Optimization of invested capital (primarily fixed assets and inventories)

## 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

- Recognition of ROIC-WACC spread by business segments
- Valuation support in strategy execution
- Monitoring by management committee
- Quick countermeasure from quick analysis



- Construct value maps that quantitatively visualizes the value created by each business and investment project
- Judge the direction and business structure/ Business Portfolio of each business
- Implementation of growth strategy investments toward Medium-Term Management Plan 2029

By analyzing our revenue ability in detail by segment, validating the business portfolio, and optimizing investment decisions, we aim to enhance the overall revenue strength of the company and achieve our ROE targets in conjunction with leverage control.

### Actions for Value Improvement

<b>Enhancement of business management system</b> <b>Refinement of investment decisions</b>	● Start monitoring business categories in the value chain
	● Set equity cost of capital reflecting the characteristics of each business and ROIC targets that are consistent with company-wide targets, discuss and implement improvement measures
	● Investment decisions reflecting appropriate risk assessments such as country risk and uncertainties
	● Examine business portfolio to maximize profitability, including implementation of growth strategies
<b>Capital policy and financial strategy</b>	● Strengthen internal financial functions (expand the return of funds through GCMS and reduce liquidity and interest-bearing liabilities)
	● Flexible acquisition of treasury stock (set an acquisition limit of ¥30.0 billion for FY2026/3) and continue leverage control

### Achieve ROE of 9% or more by improving profitability and optimizing capital structure

ROE/ROIC	FY2025/3 5.1%/3.9%	FY2027/3 7-8%/5-6%	FY2029/3 9% or more /7% or more
	Issues	Measures in the Medium-Term Management Plan 2026	Vision in the Medium-Term Management Plan 2029
<b>Processed Foods</b>	Decline in profitability/asset turnover	Strengthening marketing /Optimal production system	Increase margin /Shift to high added-value business
<b>Fresh Meats</b>	Slowing profit growth /Adaptability to Environmental Changes	Value chain structural reform/Deepen sales activities in metropolitan areas and re-strengthen route sales in rural areas.	Achieve record profits / Shift to Meat infrastructure business supported by a solid foundation
<b>Ball Park</b>	Sustainable profit growth	Deepening of “urbanization” and “tourism development	Transition to the second growth phase with the opening of the new station as a catalyst
<b>Company-wide</b>	Continue efforts to reduce invested capital and optimize liability capital structure		



Nipponham Group



たんぱく質を、もっと自由に。

Nipponham Group Vision 2030