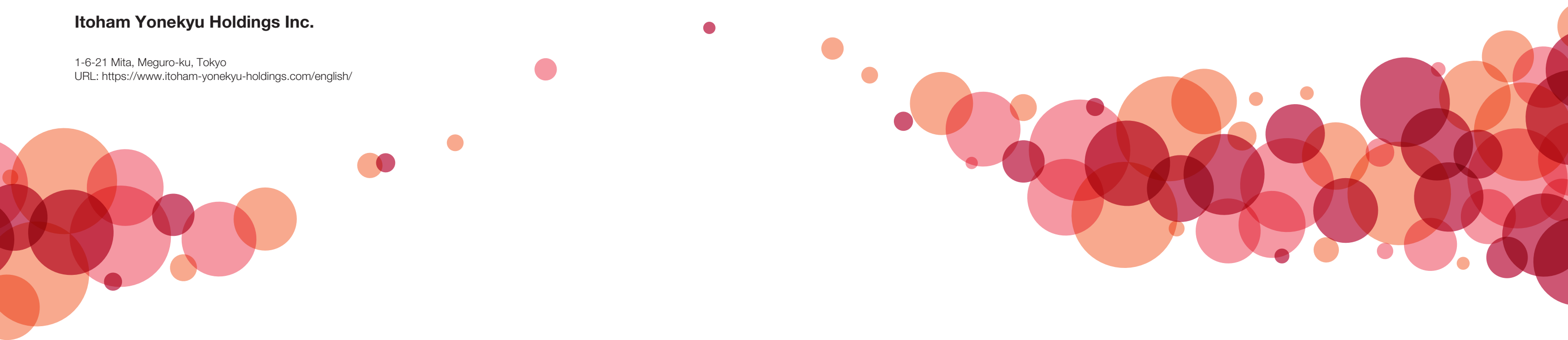


Itoham Yonekyu Group
INTEGRATED REPORT
2023

Itoham Yonekyu Holdings Inc.

1-6-21 Mita, Meguro-ku, Tokyo
URL: <https://www.itoham-yonekyu-holdings.com/english/>



Aiming to be a Leading Food Company that Contributes to the Realization of a Sound and Affluent Society through Business

To our stakeholders

The Itoham Yonekyu Group has issued this Integrated Report 2023 as a tool for communicating with all of our stakeholders.

Through this report, we explain our Group's initiatives aimed at offering value to society and continuously improving corporate value in simple terms to all of our stakeholders.

Isao Miyashita
President and Chief Executive Officer
Itoham Yonekyu Holdings Inc.

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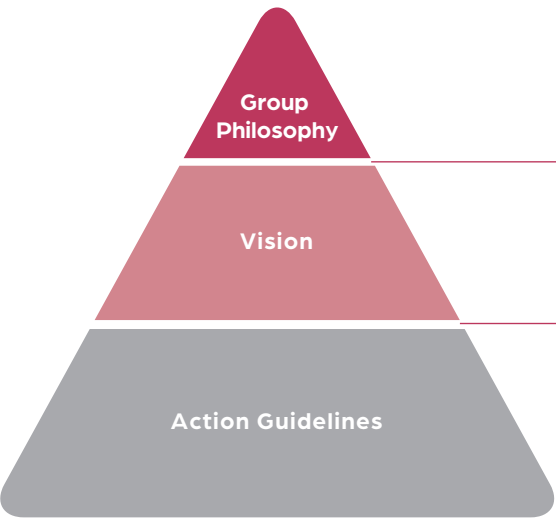
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Group Philosophy and Vision



Contribute to the realization of sound and affluent society through business.

A leading food company that continuously evolves with its employees by embracing the spirit of fairness and the challenge to progressions.

- Supply products and services of high value by pursuing safety, security and quality
- Build and expand trust by making good on promises
- Capacity development through broad-minded communication and mutual understanding
- Honest and transparent actions with top priority on compliance
- Business actions with awareness to global environment

Main Relevant Information Disclosure Media

	Financial Data	Non-financial Data
Summary of Financial Results	●	●
Financial Result	●	
IR Website	●	
Corporate Governance Report		●
Sustainability Website		●

Concerning Publication

Editorial Policy

This integrated report was created to allow shareholders, investors, and all other stakeholders to get a better understanding of the history of both Itoham and Yonekyu and the Itoham Yonekyu Group's medium- to long-term value creation process.

Scope

Period Covered

This report covers initiatives during FY2022 (April 1, 2022 to March 31, 2023) and includes some initiatives beyond and outside this period, as well.

Entities Covered

Itoham Yonekyu Group

* Scope of personnel and environmental data are listed separately.

Reference Guidelines

The International <IR> Framework from the IIRC

Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation 2.0"

The Environmental Reporting Guidelines 2018 from the Ministry of the Environment

Sustainability Reporting Standards from GRI

Disclaimer

The perspectives on future strategy and results listed in this integrated report are based on currently available information and include some uncertain factors. Please be aware that it is possible for actual results to differ greatly due to a variety of causes

Message from the President

**Under the new management structure,
we will all work together to
strengthen the foundation
for a leap forward and advance
reforms.**

Isao Miyashita

President and Chief Executive Officer

Strengthening the foundation for the next Medium-term Management Plan with more ambitious goals

Itoham Yonekyu Holdings (hereinafter referred to as “Holding Company”) was formed in 2016 through the merger of Itoham and Yonekyu, with my appointment as president, as I had been president of the latter company at that time. Since assuming this position, I have been leveraging my knowledge of the livestock business and management experience that I gained from my previous hands-on experience in meat importing and sales, feed procurement, and swine and poultry farming, to improve our business portfolio and risk management, reengineer business processes, increase profitability and make us more resilient to market conditions.

Starting in FY2021, our Medium-term Management Plan 2023 declares and promotes as its action guidelines, “Achieve further rapid growth by defying stereotypes and reaffirming our strengths.” Its major themes are “Strengthening management base,” “Initiatives for new businesses and markets,” “Initiatives for sustainability,” and “Strengthening earnings base.” We have positioned the first post-merger Medium-term Management Plan as a “hop,” and the Medium-term Management Plan 2023 as a “step” to strengthen the foundation for a “leap” or the next Medium-term Management Plan with more ambitious goals.

In FY2021, we posted a record-high recurring profit of 28.6 billion yen, whereas in FY2022 it was 26 billion yen, down from the previous year. This was because internal improvements and price revisions could not offset cost increases due to soaring raw material and energy prices even though ANZCO FOODS, our overseas business, performed well. In FY2023, we expect recurring profit to be 25 billion yen, lower than the 30-billion-yen target in the Medium-term Management Plan 2023 due to the continued impact of cost increases.

On the other hand, we have been making steady progress in terms of management structure. We have created a structure that enables us to strategically deepen existing businesses and develop new businesses by integrating and centralizing the business strategy function and the procurement division of the meat business into the Holding Company in FY2021, and the business strategy function of the processed food business into the Holding Company in FY2022. Then, in April 2023, we became an operating holding company to create a more efficient and flatter organizational structure. The Holding Company used to control the Itoham Group and the Yonekyu Group separately, but we have integrated the same functions that each of the two groups had independently into a strategic segment unit and reorganized their subsidiaries as subsidiaries of the Holding Company according to their functions. In the processed food business, we have brought the production subsidiaries — Itoham Yonekyu Plant Inc., which operates mainly in eastern Japan, and Itoham Yonekyu Foods Inc., which focuses on western Japan — under the umbrella of the Holding Company and have reorganized the plants of Itoham and Yonekyu across Japan by area. We believe this will promote cross-brand production and improve cost competitiveness and profitability. In addition, we will promote the unification of various systems, such as the human resources system and accounting regulations, as well as the core system, to strengthen the governance of our entire group.

It has taken longer than expected to integrate two companies with different corporate cultures and long histories because, as a food manufacturer, we place the highest priority on product safety and respect for the working environment of our employees. Now I feel we have finally begun to make real progress.



Medium-term Management Plan 2023

► pp. 15-18



ANZCO FOODS

► pp. 25-26



Reorganization

► p. 18

Materialities
▶ pp. 29-30

Optimization of pro-
duction system
▶ p. 16
▶ pp. 19-22

Restructuring of
logistics system
▶ p. 16
▶ pp. 19-20

Restructuring production and logistics systems to enhance cost competitiveness

As one of our Group’s materialities is “Pursuit for uncompromising flavor and high quality,” we produce our products with an unwavering determination to create delicious food that never fails our customers. We are also steadily and thoroughly working to improve our cost competitiveness in production and logistics so that we can offer delicious food at reasonable prices.

One of our challenges is that many of our Group’s factories are aging due to more than 50 years of operation and are not automated, resulting in high production and manufacturing costs. I believe that by increasing the percentage of automated factories in the future, our entire Group will be able to achieve cost improvements of approximately 10 billion yen. By shifting to more cost-competitive factories, we will consolidate the number of our 20 processed food factories in Japan to about 70% by 2030, thereby optimizing our production system. In June 2023, Yume Plant in Numazu City, Shizuoka Prefecture, which had been shut down, resumed operations and began producing frozen foods. In 2024, we plan to begin reconstruction of our Kenko Plant in Mishima City, Shizuoka Prefecture, which will be completed in 2026 as a next-generation ham and sausage plant.

Restructuring of the logistics system is also underway. We are currently planning to consolidate our seven bases in the Kanto area into two main bases by 2024. The logistics system in other areas will also be optimized to achieve cost competitiveness. In addition, to reduce the environmental burdens, we have been moving forward with

modal shifts^{*1}, such as switching to rail for long-distance transportation, and have begun considering joint chilled transport^{*2} with other companies.

Expanding business areas and promoting overseas operation

Although meat is recognized as an important source of protein and its demand in Japan is currently growing, it is likely to shrink back in the long run due to the depopulation, lower birthrates, and the aging of society. I find this poses a major risk to our Group’s business. As I believe that business transformation is essential for our Group’s sustainable growth, we will focus on expanding into business areas where we have know-how and expertise but have not yet started, as well as on overseas development. I tell the employees from time to time to try new things because I want to create an organizational climate that encourages each of them to do so with the enthusiasm to develop new businesses for the company in the next 20 or 30 years.

Bolstering frozen food business

The New Business Development Office, newly established in April 2022, focuses mainly on frozen foods. Frozen food is an area where we can leverage our Group’s expertise in meat procurement and processing technologies. It is a promising market, not only because its demand is expected to grow in the future, but also because it will help reduce food loss. One of the products we have high expectations for is our “Fan Meal” line of frozen box lunches, which was launched in the spring of 2023. Aiming to position the frozen foods business as the third pillar of our processed food business, following ham & sausage and prepared food, we will continue to put our efforts into creating appealing frozen food products.

Boosting overseas development

Since making ANZCO FOODS a wholly owned subsidiary in 2017, we have been working on its internal improvements by sending personnel to it to strengthen the Holding Company’s governance over it. The results of these efforts have been visible for the last two or three years, and together with a tailwind from external factors, ANZCO FOODS was able to record its highest profit in FY2022. I hope that we can leverage our experience in the ANZCO FOODS business to further develop our overseas business in the future.

Utilizing by-products and reinforcing healthcare business

I believe that the key to differentiating ourselves from competitors is how we can add value by using by-products and other means within the value chain from upper tiers to lower tiers. ANZCO FOODS has been making effective use of by-products such as blood and bones obtained during the slaughtering process of livestock. It focuses on the production of animal blood products, which are expected to grow rapidly for use in vaccines, regenerative medicine, and clinical diagnostics. We are proud to lead the industry with ANZCO FOODS’ bovine blood products, which have a high market share worldwide.

*1 Modal shift

A shift from freight transportation by trucks and other motorized vehicles to rail and ships, which can carry larger volume of goods with a lower environmental impact.

*2 Chilled transport

Transportation of goods that require a constant control at low temperatures from 0 to 10 degrees Celsius (chilled temperature range) by refrigerated vehicles or other vehicles equipped with refrigeration units.

Overseas develop-
ment
▶ pp. 25-26



Soy-based meat Consortium for Future Innovation by Cultured Meat
➤ p. 17

Reducing greenhouse gas emissions
➤ pp. 31-32

Human rights due diligence
➤ p. 33

Animal welfare
➤ p. 34

Extending range of non-meat products and researching on cultured meat
I believe that our Group has a responsibility to provide an alternative source of protein to animal protein in response to the possible future global protein shortage crisis and the social demand to reduce environmental impact.
We have been marketing soy-based meat, a potential alternative protein option, since FY2020. We will continue efforts to establish our products in the market by expanding the lineup, renewing packaging, and promoting the products. In addition, as a medium- to long-term initiative, we established the Consortium for Future Innovation by Cultured Meat in March 2023 as a collaboration between industry, academia and government to promote research into cultured meat as a food source.

Our approach to sustainable growth
I have a strong sense that, as a company, we must work now to solve environmental and social issues, with an eye toward what the Earth’s environment will be like in the times when our children and grandchildren live. Believing that the world will no longer allow the survival of companies that do not address these issues, we will continue to pursue our sustainability initiatives in this fiscal year and during the next Medium-term Management Plan, to achieve our Group’s sustainable growth and to realize a sustainable society, even though balancing this with profitability will not be easy. Although we are just starting, we will carry out specific activities centered around reducing greenhouse gas emissions, human rights due diligence, and animal welfare.

Continuing transformation to fulfill supply responsibilities as a leading food company
The greatest advantages of our Group are the balance between the processed food and meat businesses in our business portfolio, the balance between the range of our product portfolio, the balance between domestic and imported meat products, and the balance between the breeds of livestock we handle. For example, in the event of an infectious livestock disease outbreak overseas, a portion of lost sales can be covered by Japanese products, and the impact of fluctuations in meat market prices can be minimized by handling a variety of livestock breeds. Limiting the impact of external factors will surely enable us to stabilize our profitability and fulfill our responsibility to put food on the table. As the business environment is expected to undergo significant changes in the future, our Group will not be able to survive unless we keep trying new things and transforming ourselves with a sense of urgency. I believe it is necessary for our organization and each employee to develop this ability to respond to change.



After a temporary suspension due to the COVID-19 pandemic, the President has been visiting and talking to employees at Group companies, factories, and sales offices across Japan since June 2023.
(Upper) At KIKUSUI CO., LTD., Ebetsu City, Hokkaido Prefecture
(Middle) At Chiba Sales Office of ITOHAM MEAT SALES EAST Inc. and Chiba Branch of Yonekyu
(Lower) At Isa Meat Plant of SANKYOMEAT INC., Isa City, Kagoshima Prefecture

Highly motivated employees are the Group’s growth drivers
I consider our employees to be the most important factor in the sustainable growth of our Group because they are our growth drivers. When they are committed to their work, we can create products that satisfy customers, which in turn benefits all our stakeholders. To this end, I will create an environment in which employees can develop autonomously and work with high motivation.
When I served as president of Yonekyu for three years starting in 2013, I visited 50 of the company’s business sites each year, including headquarters, factories, and sales offices, and talked to a group of about 10 employees each time. I was able to sense that their attitudes toward their work and their thoughts and seriousness about making a profit were changing through that interaction. In June 2023, I resumed visiting sites and talking to employees. I believe this highly valuable interaction will help them understand the purpose behind the company’s systems and rules. It may be difficult to achieve it in one conversation, but through repeated efforts, I would like to create an organization in which every employee fully believes in and embodies our management philosophy and vision.
All employees will work together to accelerate the speed of reform. Please look forward to the Itoham Yonekyu Group.

The History of Itoham Yonekyu Holdings

We have continuously developed “First in the industry.”

1920s-

The Start of Japanese-style Western Food

Western technology and culture were incorporated into every field at the beginning of the Showa period. Curry, Japanese rice omelette, and other Japanese-style western foods gained in popularity.

1940s-

Improvements in the Quality of Eating Habits

Eating habits greatly improved through food supply aid from the United States and the establishment of a school lunch system following the World War II. Bread came to be an important staple for Japanese people.

1960s-

Westernization of Eating Habits

Together with long-term economic growth, supermarkets have emerged. Refrigerated warehouses became commonplace, and eating habits were quickly Westernized.

1990s-

Changes in Lifestyles

Following the social progress of women and other changes in lifestyles, the need for individual meals and small quantity products have increased. At the same time, interest in safety and security, and a trend towards health has also grown considerably.

2020s-

To a Post- COVID- 19 Era

There was an increase in eating meals at home due to the spread of COVID-19. Demand for cook-at-home food, including frozen cooked foods, bentos, and prepared meals, increased. Also, the need for environmental-ly-friendly products is increasing.

History of Our Products



1934

The Cellophane Wiener (currently Pole Wiener) was launched.

Cellophane scraps were reused as tube-shaped casings. The casings were stuffed with processed sausage made mainly from pork, and brand new product was born, with each one weighing 37.5g.

Standard for people in the Kansai region



1972

Smoke Ham and Daruma Smoke Ham were launched.

Smoke ham was made by smoking pork ham meat which is cut into three pieces. Daruma Smoke Ham, named for its resemblance to Japanese daruma dolls, became a best-selling product.

Long-selling product



1958

A technology to use mutton as an ingredient in ham sausage was developed.

Mutton, which at the time had been criticized for being pungent and inedible, was imported from New Zealand. Inexpensive and delicious pressed ham was developed thanks to deodorization through unique technology and cleaning. With this development, ham became widespread as something that anyone could easily eat.



1985

Handmade Bayern Wieners were launched.

As the Westernization of diet continues, and the value of “food” changes, Handmade Bayern Wieners were launched to take in the demand for authentic food. Continuously improved up to the present day, this Itoham flagship product continues to be loved.

Itoham representative product



1988

Pork Bits was launched.

As a result of marketing research, it became clear that there were many consumers who desired ease of cooking. Pork Bits, the world's smallest wieners that could be cooked easily and could be used as ingredients in any dish, were developed.

Smallest in the world at the time



2020

The Marude Oniku! series was launched.

Soy-meat products, the Marude Oniku! That reproduce the textures, flavors, and aromas of meat, was launched. A wide variety of products have been developed, resembling deep-fried meat outlets, fried chicken, and more.



2022

Switching to environmentally-friendly packaging.

In order to reduce amount of plastic used and environmental burden, and to contribute to preservation of global environment, we have begun to switch over to environmentally-friendly packaging like the drawstring bag for “The GRAND Alt Bayern,” one of our primary brands, and other products.



History of Our Group

1928 Founding of Itoham

- Denzo Ito founded Ito Food Processing in Osaka by himself.

1946

- Ito Foods Industry was reconstructed in Nada Ward of Kobe, Hyogo.

1948

- Ito Nutrition Food Industry Inc. was established.

1959

- The Meguro Plant was built in Meguro Ward, Tokyo, expanding its business to Tokyo area.

1960

- The Nishinomiya Plant was built in Nishinomiya, Hyogo.

1965 Founding of Yonekyu

- Kiyokazu Shoji founded Yonekyu Foods in Shizuoka by himself.

1967

- Itoham was listed on the First Section of the Tokyo and Osaka Securities Exchanges.

1981

- Yonekyu built the industry's first factory dedicated to dry-cured ham, Gotemba Factory.

2000

- Yonekyu built the new R&D building at its head office.

2009

- Mitsubishi Corporation, Itoham Foods Inc., and Yonekyu Corporation entered into a comprehensive business contract.

2013

- Itoham built the Toride Plant in Toride, Ibaraki, introducing cutting-edge equipment for that time.
- Itoham entered into a comprehensive partnership agreement with the city of Kobe for collaboration and cooperation across a wide range of areas.

2016 Itoham Yonekyu Holdings Inc. was established

- Birth of a new company due to integration

2017

- ANZCO FOODS JAPAN LTD becomes a wholly-owned subsidiary.

2019

- Kyushu Extract Limited is founded as a joint venture with Mitsubishi Corporation Life Sciences Limited, producing meat extracts and seasoning products.
- MEIJI KENKO HAM CO., LTD. becomes a wholly-owned subsidiary.

2021

- The Medium-term Management Plan 2023 was established.

Highlights from FY2022 Activities – the Foundation for “Further Growth and Leaps Forward”

In the Medium-term Management Plan, we declare our fundamental guideline to “achieve further rapid growth by defying stereotypes and reaffirming our strengths.”

In FY2022, we saw major developments, such as restructuring, reorganization of production bases, and sustainability initiatives.

Meat Business

ANZCO FOODS (New Zealand)
Achieved highest ever profits two years running

▶ p.25-26



There are seven meat processing plants in New Zealand, all of which are halal certified. The picture is of Canterbury Plant on South Island.

Meat Business

Strengthening profit base by expanding the health care business (bovine blood products business).

Meat Business

Towada Meat Plant (Aomori Prefecture) has begun building bovine processing facilities, in order to expand export capacity.

▶ p.24

Greenhouse Gas Reduction

Commenced cooperation in the “business of building a system for visualization of reduction in greenhouse gases (GHG) in cattle production” through Mirai Farm (Kagoshima Prefecture).

Stable Supply of Protein

Industry-academia collaborative initiatives. Established a “Consortium for Future Innovation by Cultured Meat,” which places a research promotion base in the Graduate School of Engineering, Osaka University.

▶ p.17



Processed Food Business

Yonekyu’s “Misonikomi Pork” received its 11th Rakuten Gourmet Prize in the Pork Division.

*2008, 2009, 2011, 2012, 2013, 2016, 2017, 2018, 2019, 2020, 2021



Strengthening Management Base

Manufacturing subsidiaries were reorganized into “Itoham Yonekyu Plant (Chiba Prefecture)” and “Itoham Yonekyu Foods (Hyogo Prefecture).”

▶ p. 21-22

めざせ1日80g!
たんぱく
摂ろう会

Stable Supply of Protein

To achieve a society of wellness through intake of protein, established “Aim for 80g of Protein Intake Per Day!”



Processed Food Business

35th Anniversary of Sale of “Pork Bits.” Created “Pork Bits Pizza” in Commemoration



It presents the life of the founder, Denzo Ito, and the history of meat processing.

90th Anniversary of Establishment

Ito Denzo Memorial Museum was opened at location of founding of Itoham (Kobe City, Hyogo Prefecture).

Processed Food Business

Promoted new business development. Began work on rebuilding “Yume Plant (Shizuoka Prefecture) as a manufacturing plant for frozen foods.

▶ p.21-22



External view of Yume Plant. Resumed operation in June, 2023 as a plant specialized in frozen food manufacturing.

Value Creation Process

Input The source of value creation

As of March, 2022

Manufacturing Capital

Production factories Japan 45, overseas 14
Factories with external certification

- Food safety and quality control (FSSC 22000, ISO 22000, and others)
Japan and overseas 56 in total
- Environmental management (ISO 14001, ISO 14061, and EcoAction 21)
Japan and overseas 25 in total

Intellectual Capital

Research and development offices 15
(Development 12, central research 2 including those located in Numazu, Technical Center 1)
Accumulation of expert knowledge and know-how
Technical certification holders (Qualified ham, sausage, and bacon manufacturing technicians/Ready-made meal technician) 740

Human Capital

Employees 8,089
Education and training for fostering diverse personnel

- Job-class-specific training
- Compliance training
- Quality assurance training

Education/training participants 13,389

Financial Capital

Shareholder's Equity ¥252.2 billion
Equity ratio 63.4%
Free cash flow ¥7.2 billion

Social and Relationship Capital

Number of sales offices Japan 130, overseas 16
Distribution offices (logistics bases) Japan 25
Countries and regions offering products Over 80

Natural Capital

Total energy usage 6,721,228GJ
Amount of water used 12,045,000 m³

Co-creation with Stakeholders

Stakeholder engagement ▶ p.28

Business Model Business activities that support value creation

Desired Corporate Image ▶ p.1

Group Philosophy

Vision

Action Guidelines



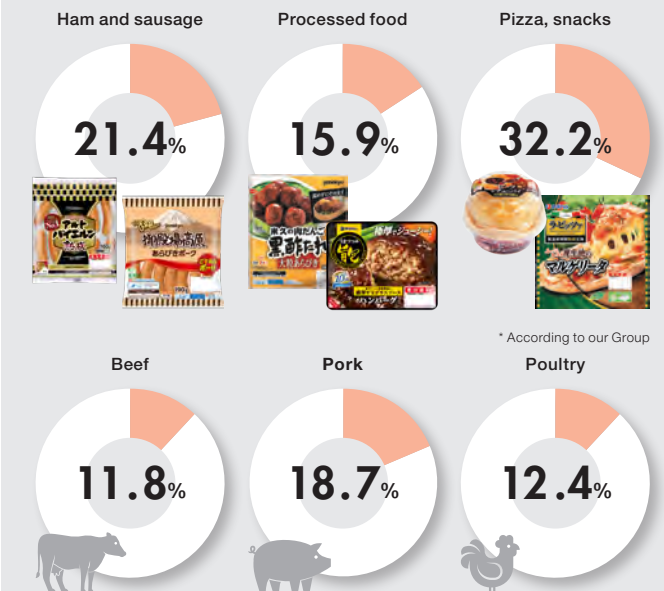
Output/Outcome Offering value to society

Offering a variety of products to meet diverse lifestyles and needs

- Number of new products (including home-use/industry-use, and gifts) 174
- Expansion of non-meat business and increase in product value
Number of non-meat products 41
- Market share of processed food products and meat

Our Group market share according to products (fiscal year 2022, in Japan)

* According to QPRTM (Panel data for 15-79 year-olds)



Contributing to a sustainable global environment

- Reduction of greenhouse gas emissions 851t-CO₂
- Reduction of water consumption 181,000m³
- Number of participants in environmental preservation activities 1,512

Realizing a society where anyone can be active in their own way

- Percentage of women in management positions (domestic subsidiaries) 5.4%
- Percentage of employees taking childcare leave (domestic subsidiaries)

*The percentage of employees taking childcare leave is calculated based on the Child and Family Care Act. The year of birth and year of childcare leave are different so the percentage for women exceeds 100%. If calculated without dividing by year, the percentage is 100%.

Men 34.6%
Women 101.8%

Sustainably stable shareholder return

- ROIC 5.8%
- Consolidated payout ratio 40.8%

Realizing a sound and affluent society

Medium-term Management Plan

Medium-term Management Plan 2023 Overview

In the Medium-term Management Plan 2020 published along with the management integration in 2016, we divided strategies into the fields of products (development), procurement, production, logistics, sales, and management, established targets for creation of synergistic effects for each field, and strove to execute each strategy. As a result, we saw results that surpassed our initial goals for the whole Group, mainly centered around the procurement field, but leftover stock in the production and logistics fields remained an issue. Currently, as we head into the final year of Plan 2023, we will further integrate across the entire Group in order to realize the Group's Philosophy and Vision, we will solve the

issue of leftover stock, and we will raise our competitive strength. Furthermore, we declare four core initiative themes as "strengthening earnings base," "initiatives for sustainability," and, lastly, "strengthening" which, in turn, supports the other three. Using this, we strive to execute all strategies as is necessary for further capacity for growth through efforts in new regions and sustainability.

Also, in order to execute each of these strategies, we adopt the fundamental guideline of "achieving further rapid growth by defying stereotypes and reaffirming our strengths," as we work to foster a daring spirit, create innovation, and enhance employee engagement.

Fundamental Guideline of Plan 2023			
Achieve further rapid growth by defying stereotypes and reaffirming our strengths			
Plan Themes	What we aim for during the Plan	Main Initiatives	
I. Strengthening earnings base	Maximizing group value	Processed food business Expanding profit/shares Promoting production base reorganization▶ p.21	Meat business Stabilizing profit from domestic business Improving profit from overseas business ANZCO FOODS▶ p.25 Strengthening wagyu beef exports▶ p.24
		Strengthening frozen foods Initiatives for stable supply of protein Strengthening ANZCO FOODS healthcare business	
		Realizing healthy and affluent diet Considering the environment▶ p.31 Creating a workplace where each employee can actively participate▶ p.34 Promoting sustainable procurement and stable supply▶ p.33, 34	
		Restructuring Optimizing business duties and strengthening competitiveness through promotion of DX	
II. Initiatives for new businesses and markets	Establishing new core revenue sources		
III. Initiatives for sustainability	Solving social issues through business		
IV. Strengthening management base	Maximizing performance and potential		

Topics for Each Core Initiative Themes

◆ Theme I: Strengthening Earnings Base

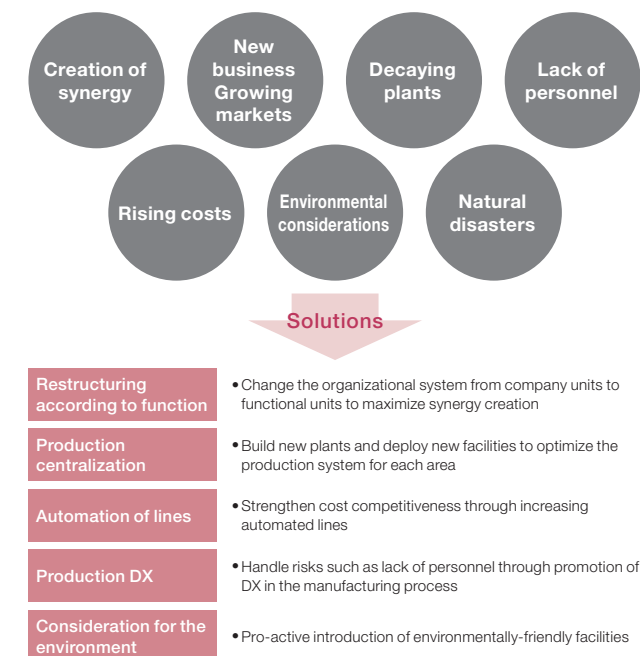
Promoting reorganization of production bases and logistics bases in the processed food business

We have begun working on base reorganization for the fields of production and logistics which were leftover issues for Plan 2020. By moving forward with plant reform to handle new business and reconstructing old plants as next-generation with "the introduction

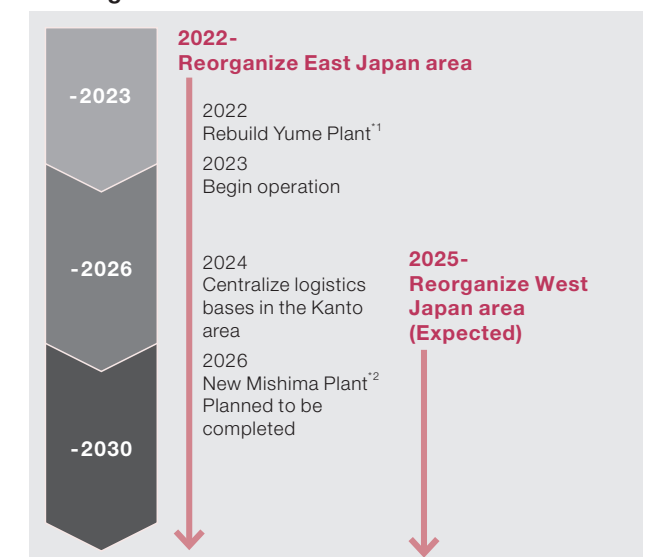
of the integrated production line," "DX-ready," and "deployment of environmentally-friendly facilities," as well as concentrating production and logistics bases, we will strengthen our competitiveness through cost reduction.

Topic 1 Reorganization of Production Bases

Issues at Production Bases



Progress and Plan for Reorganization of Production and Logistics Bases

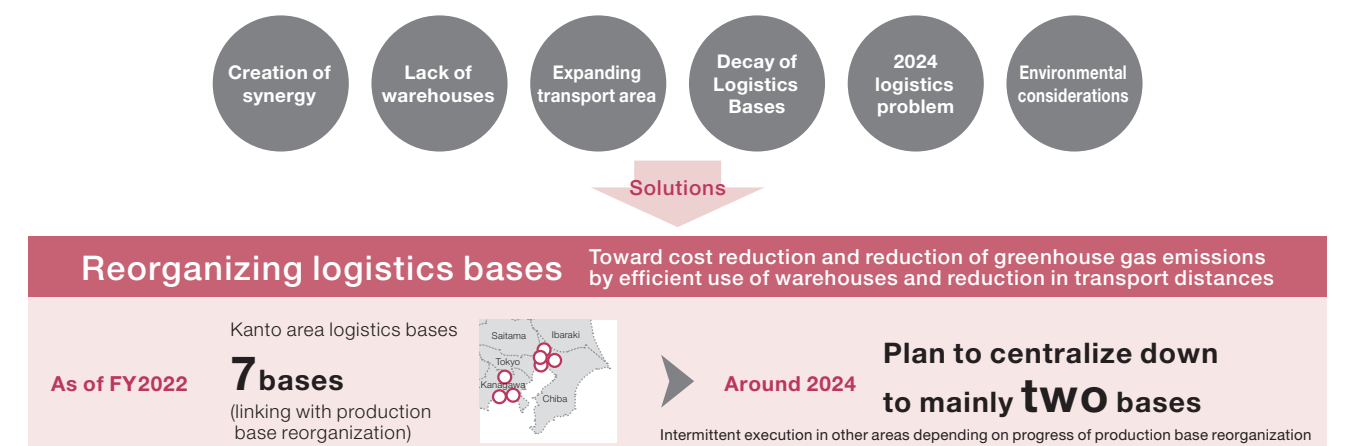


^{*1} Yume Plant will be rebuilt as a frozen foods manufacturing plant and will centralize the production functioning of Yonekyu Delica Foods Corp. Shizuoka Plant.

^{*2} Currently rebuilding the Kenko Plant in Mishima City, Shizuoka Prefecture as a next-generation ham and sausage plant.

Topic 2 Reorganization of Logistics Bases

Issues at Logistics Bases



Progress of Logistics Base Reorganization

As a part of reorganizing the Kanto area logistics bases, IH LOGISTISTICS SERVICE Co., Ltd. of the Group has added a 2,281m² logistics warehouse as an annex in the Logiport Kitakashiwa lot. It is planned to begin operation as a new Group logistics base in June, 2024.



Groundbreaking ceremony at planned construction site (June, 2023)



Image of completed logistics warehouse in Logiport Kitakashiwa lot (planned to be completed in 2024)

◆ Theme II: Initiatives for new businesses and markets

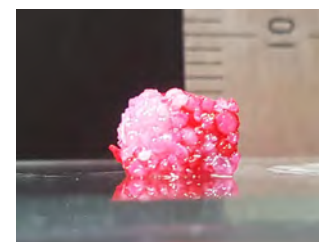
Research & development and sales for stable supply of protein

Since it is expected that there will be a worldwide lack of animal protein in the future, we are pursuing the possibility of new protein sources, as the responsibility of a protein supply maker. In FY2022, we participated in the industry-

academia consortium regarding cultured meat. Moreover, we performed our own research and development on plant-based foods, such as soy-based meat, and now offer them as products.

Topic 1 Consortium for Future Innovation by Cultured Meat

Our Group established a “Consortium for Future Innovation by Cultured Meat” in March, 2023, along with Osaka University Graduate School of Engineering, SHIMADZU CORPORATION, Toppan Holdings Inc., and SIGMAXYZ Holdings Inc. This consortium aims for “concrete initiatives for social outfitting of edible cultured meat manufacturing technology through 3D bioprinting,” and promotes cooperation across corporate boundaries. We are putting efforts into a display at Expo 2025, an international exposition in Japan (Osaka, Kansai Expo), and other “information dissemination that leads to further understanding in the public,” as we aim to achieve edible cultured meat.



Test product of cultured meat using 3D bioprinting

Topic 2 Development of Soy-based meat products

We are progressing with development of products which use soy protein as a main ingredient. Supplying products with the “fourth meat” after beef, pork, and chicken, we are selling the soy-based meat series “The Marude Oniku!” which offers a fun choice and happy eating.



The Marude Oniku!
Soy-based Meat - Ham Outlets

◆ Theme III: Initiatives for Sustainability

Establishment of promotion framework and KPIs

In order to strengthen initiatives for our Group’s sustainability issues, in 2021, we established Sustainability Committee as a consulting body for the Board of Directors, and in 2022, we newly established Sustainability Section as a dedicated department for working on sustainability issues. In April, 2023, the Sustainability Section, which had been placed under the Administration Division General

Affairs Department, was transferred to be under the Corporate Strategy Department, a body directly governed by the President, so that sustainability initiatives would have better links with management strategy. Based on this system, we will move forward with initiatives to achieve KPIs established for seven materialities.

Sustainability basic policy ▶ p.27

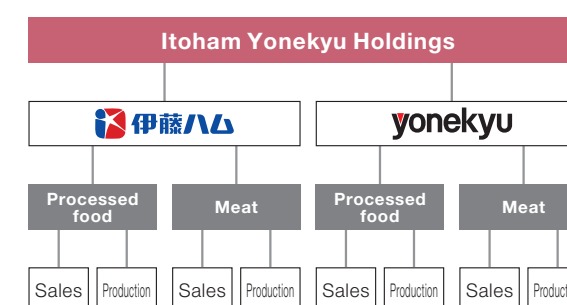
◆ Theme IV: Strengthening of Management Base

Creation and promotion of competitiveness for entire Group through restructuring

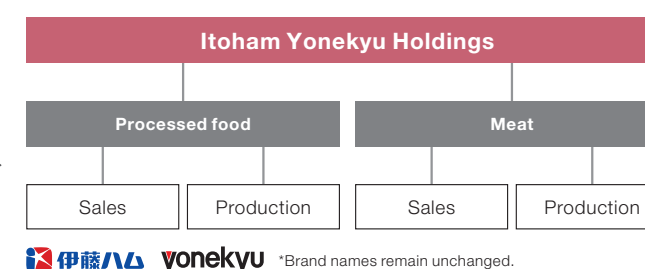
In order to “strengthen management base,” which was one of the core initiative policies in Plan 2023, we have moved forward with transfers of organizational parts to move away from conventional company units towards strategic segment units. With the goals of building an organizational system and business execution system with greater efficiency and competitiveness and linking that with maximization of synergy and increased capacity for growth, in April, 2023, Itoham

Yonekyu Holdings became a business holdings company. In addition, Group companies have been restructured according to function. We have flattened the organizational system to clarify the report line and integrate all systems and regulations in the Group, such that rapid decision-making and policy execution become possible, as we strengthen our governance and our ability to handle diversifying market needs with new social and environmental values.

Up until now FY2022 Organizational System

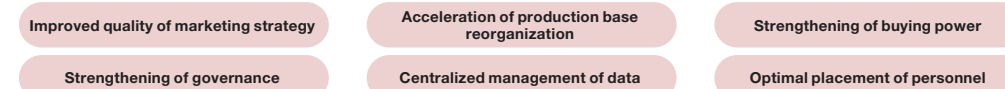


Currently FY2023 Organizational System



*Brand names remain unchanged.

Effects expected from restructuring



Plan 2023 Achievement Highlights

Through execution of the initiatives in Plan 2023, we achieved our highest ever profit in FY2021, the first year of the plan. However, in FY2022, various costs rose, such as raw material prices, utility costs, and logistics costs, and though we made efforts to execute price reform and enhance internal improvements, we were not able to absorb all of the rising costs and we saw a decrease in profits. In the

final year of Plan 2023, FY2023, various costs are still on the rise, so the results are predicted to fall below the planned values.

Amid these conditions, in FY2023, we will steadily execute the policies declared in Plan 2023, worked on further enhancing internal improvements, and re-establish this year as a step-up period for further leaps in the next term.

Ordinary income / ROIC movement

		FY2021	FY2022 ^{*1}	FY2023 (expected) ^{*2}	Plan 2023 (planned value)
Ordinary income (hundred million yen) Values below the decimal point are rounded	Processed food business	125	60	75	167
	Meat business	176	215	185	149
	Other/Adjustment	- 15	- 14	- 10	- 16
	Total	286	260	250	300
ROIC (%)		6.6	5.8	5.0	6.8

^{*1} Beginning in FY2022, segment sections were changed from product units to organizational units, and therefore, the values for FY2021 results were retroactively changed under the same conditions.
^{*2} Beginning in FY2023, some of the segment sections were changed in accordance with restructuring.

Processed Food Business

FY2022 Results

- With our customers' understanding, we executed product price revision on two occasions. We strove to acquire profits by adjusting prices to absorb a portion of costs, such as rising raw material prices and energy prices.
- We reorganized the Itoham Yonekyu Plant Inc. and Itoham Yonekyu Foods Inc. in order to integrate the production and procurement functions of Itoham and Yonekyu, and strengthen cost competitiveness and profitability.
- We restarted operation of the Yume Plant, which had been shut down. With the goal of strengthening cooked processed foods, we replaced the production facilities and added a new manufacturing line for frozen foods, which are rising in demand.



Recognition of the Market Environment

In Japan, the total population has been decreasing since 2008, and trends such as declining birthrate, an aging society and smaller households are progressing. Along with advancement of digital technology and ubiquity of SNS, individual lifestyles and value systems are diversifying, and consumer needs and purchasing behaviors are rapidly changing. Recently, while there is expectation for a return

to economic normalcy in terms of people's activity, going outdoors, and increased demand for tourism as we pivot to "post COVID-19," there is increased desire to maintain one's lifestyle as prices are higher amid unstable global conditions. Moreover, there are heightened social demands in the form of ESG and SDGs. We recognize, therefore, that even more efficient business operation, with less environmental burden, is required.

Strengths

- Long-standing brand strength and production technology capability for continually providing high quality, safe, and secure products
- Broad product lineup of ham, sausage, and cooked processed foods, as well as product development abilities and proposal ability to achieve such a lineup
- Sales as well as both frozen and refrigerated foods logistics network through all sales channels to cover all regions domestically

Opportunities

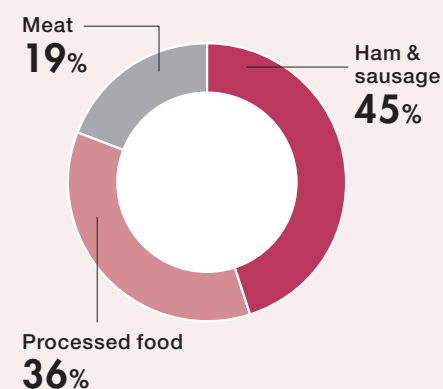
- Expansion in new food product needs, such as simplification of procurement, health awareness, and environmental concerns
- Amid shrinking domestic population, growing foreign markets and continuous boom in Japanese food abroad
- Information dissemination using digital technology and DX, and growth of EC markets

Risks

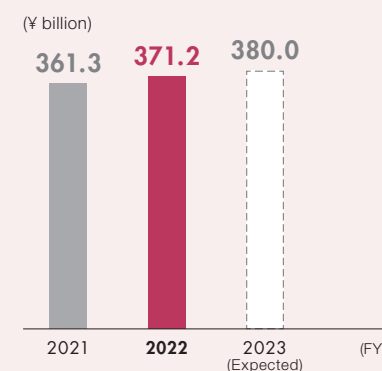
- Saturation of domestic market due to medium to long-term domestic population decrease, declining birthrate and aging society
- Lack of transparency in exchange rates, and rising raw materials prices and energy prices due to unstable global conditions
- Lack of personnel due to decreasing workforce population
- Destabilization of livestock raw materials procurement due to market fluctuations in accordance with livestock disease trends, etc.

Highlight

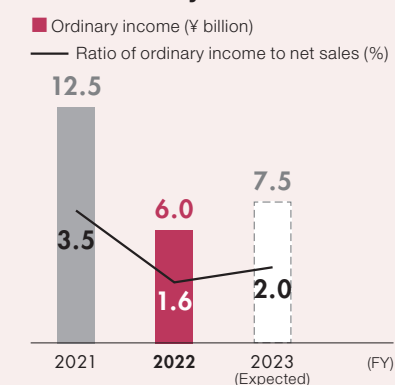
Sales ratio according to product category



Sales trend



Trend of ordinary income/ ratio of ordinary income to net sales



*Starting in FY2022, the segment classification has switched from being by product and service to being by organization, and in accordance with that, FY2021 results are converted retroactively to values under the same conditions.
 *Starting in FY2023, a portion of the segment classification will be converted in accordance with reorganization.
 *Values less than hundred million were rounded.

Management Message

FY2022 Results and Issues

In FY2022, our business had to operate in an even more severe external environment. Although business divisions came together to work on greater efficiency and optimization, we were unable to absorb the increased costs on our own, so we executed price revision on two occasions, in March and October. It was a difficult decision to make, though necessary to continue to deliver safe, secure products to our customers, and we were able to gain our customers' understanding in the process. In one of the initiatives for achieving the goals of Medium-term Management Plan 2023, we reorganized the subdivided sales and production organizations according to function to strengthen management and the earnings base. In particular, with regards to production functionality, we began operations of Itoham Yonekyu Plant Inc. and Itoham Yonekyu Foods Inc. in April, 2023, and recommenced operations at Yume Plant as a manufacturing plant for frozen foods, which continue to grow in demand, while we plan to strengthen cost competitiveness and profitability. Also, as an initiative for sustainability, we established the "Aim for 80g of Protein Intake Per Day!" with Meiji Co., Ltd., and Maruha Nichiro Corporation. Through raising awareness of appropriate protein intake in order to solve Japan's social problems of low protein intake and malnutrition, we aim to achieve a society in which all generations can live in health and secure body and mind.

FY2023 Strategies and Initiatives

In the production base reorganization we are pursuing to strengthen our earnings base, we are rebuilding the current Kenko Plant as a symbolic plant for the East Japan area, one featuring the totality of Group knowledge and technology. We plan for construction to be completed in 2026, and in addition to an integrated production line and DX support, the plant will be reborn as a next-generation ham and sausage plant which is environmentally-friendly and coexists with the local society. Additionally, we are advancing with centralization of logistics bases first in the Kanto area, a major consumption region, as we move towards optimization of our logistics system. In addition to establishing new logistics bases by 2024, we will integrate logistics bases into two, and we will achieve cost reduction and greenhouse gas emission reduction through efficient use of warehouses and reduction of total transport distance.

As for initiatives for new businesses and markets, we are working on expanding sales by adding new products, such as our "Fan Meal" series in the growing frozen foods market. We will continue to challenge ourselves in new categories, such as plant-based foods and cultured meat. Also, in order to increase sales in growing electronic

We will pursue efforts seeking both increase in profit margin and increase in sales towards our goals indicated in the Medium-term Management Plan.

Koichi Ito

Director,
Managing Executive Officer
Senior General Manager COO
– Processed Foods
Business Div.



commerce (EC) channels, we have placed a division for promoting EC sales starting in FY2023, and will continue strengthening our efforts. In foreign markets, we are actively using Group companies in China and Thailand to enhance sales in the Asian market, as we work on expanding our business areas to American and southeast Asian markets. Additionally, we are devoting energy into export and sales of products manufactured domestically in Japan, starting with export of "Hokkaido Ramen", manufactured by KIKUSUI Co., Ltd., a Group company, in 2023.

In addition to strengthening competitiveness by pursuing these cost reductions and optimizations and promoting new value creation as a unified body, we will execute another price revision in October, 2023, following the price revision in April. We are sharpening our systems and organizational capacity to properly handle increasingly uncertain external conditions and wildly changing consumer needs, as we move forward continuing to deliver high quality, safe, and secure products to our customers.

Reorganization of Production Bases using Perspectives and Strategies Optimized the Whole Group

As a concrete initiative for “strengthening earnings base,” one of the themes for the processed food business in the Medium-term Management Plan, we have declared that we will reorganize production bases with the goal of strengthening cost competitiveness and profitability. In

conjunction with that, we reorganized into two manufacturing companies, for the Western Japan and Eastern Japan areas, in April, 2023. Moving forward, we will build systems optimized for each area, including further integration of sales offices and reorganization of logistics bases.

F FSSC22000: Obtained certification of international standards regarding food safety management systems

E EcoAction 21: Obtained certification of Japan's own environmental management system (EMS) formulated by the Ministry of the Environment

2 Toyohashi Plant **F** **E**

- Produces half bacon (sliced pack) with top production volume in the Group
- Produces ham, sausage, and bacon, as well as dry-cured ham, dry sausage, chicken for salads, etc.

1 Hokuriku Plant **F** **E**

- Primarily produces products for business duties
- Efforts especially devoted to production of IQF* products
- Produces ham, sausage, and bacon, as well as the IQF series, terrine, etc.

3 Nishinomiya Plant **F** **E**

- Production base with highest tier of production capacity in the Group
- Core plant that produces ham, sausage, and bacon

4 Rokko Plant **F** **E**

- Produces skinless sausage used in cooked bread
- Produces roast beef, barbecue pork, and ham prepared using vacuum-cooking methods
- Roast beef which uses wagyu beef is highly prized as a gift

5 Kobe Plant **F** **E**

- Produces a variety of cooked processed products (pizzas, chicken nuggets, fried products, stew pies, ground meat outlets)
- Achieves high quality and efficiency with many products produced using a linear continuous line

6 Kyushu Plant **F** **E**

- Core plant for cooked processed foods. Produces hamburger steaks, meatballs, pork outlets, etc.
- Produces various cooked processed products which are delicious and ready for eating after simple preparation

7 Kenko Plant **F**

- Began operation in 1968 in an area surrounded by the rich nature of the national park on the outskirts of Mt. Fuji
- Mainly produces skinless sausages and IQF products
- Also produces products that meet unsalted standards

1 Otaru Plant **F** **E**

- Operates in the “Ishikari Bay New Port Region,” the largest industrial zone in the Sapporo area
- Produces products supplied to the Hokkaido area
- Manufactures special products like dry-cured ham, salami, and dry sausage, in addition to ham, sausage and bacon

2 Tohoku Plant **F** **E**

- Features an expansive lot roughly the size of seven Tokyo Domes
- Ships ham, sausage, and bacon to the Tohoku area
- Ships cooked processed products to the whole country as a primary plant for such products

4 Kashiwa Plant (formerly Tokyo Plant) **F** **E**

- Features multiple continuous lines, as a large-scale primary plant boasting top-class production volume in the Group
- Produces a multitude of primary products like ham and sausage

3 Toride Plant **F** **E**

- Integrated production line starting from dough for pizza snacks as primary products
- Characterized by a linear line with emphasis on quality and efficiency
- The tour route which allows viewing from above is highly praised during plant tours

5 Fuji Plant **F**

- Produces deli products like meat dumplings, ham-burger steaks, roast beef, etc.
- Plans to obtain EcoAction 21 Certification in 2023

6 Yume Plant

- Plant with a history of beginning operation as a plant for manufacturing processed foods (ham, sausage, roast beef, etc.)
- In June, 2023, resumed operation as a manufacturing plant for cooked processed products specialized for frozen foods to handle the growing frozen foods market
- Plans to obtain FSSC22000 Certification in 2023

Reorganization of Western Japan Area / Established April, 2023 Itoham Yonekyu Foods Inc.

Location Nishinomiya City, Hyogo Prefecture
Business Manufacture of meat processed products, cooked processed products, general side dishes
Itoham Yonekyu Foods Inc. corporate site (Japanese only)

Reorganization of Eastern Japan Area / Established April, 2023 Itoham Yonekyu Plant Inc.

Location Kashiwa City, Chiba Prefecture
Business Manufacture of meat processed products, cooked processed products, general side dishes
Itoham Yonekyu Plant Inc. corporate site (Japanese only)

Itoham Yonekyu Plant Eco-Project Center (Fujinomiya City, Shizuoka Prefecture)
Within the production base at the Itoham Yonekyu Plant Inc., primarily, emitted food processing residue is processed as a main raw ingredient in compost (Compost Power). The compost is used in lawn management at contracted farm and sports facilities in Shizuoka Prefecture, contributing to a circular society.

Towards a next-generation ham and sausage plant as the new Mishima Plant

Commenced rebuilding as a plant symbolic of the East Japan area. Plans for completion in 2026. Of the 50 billion yen invested in plant reorganization, 20 billion yen is planned to be used in rebuilding of the Mishima Plant.

- To be reborn as a high efficiency plant featuring DX-supported production facilities that use AI and IoT as well as an integrated production line that requires fewer operators
- Proactively including environmentally-friendly facilities with energy conservation strategies and reduction in greenhouse gas emissions
- Aims to achieve coexistence with the local society as a place for food education activities such as plant tours and hands-on classes

*IQF (Individual Quick Frozen): a method of flash freezing

Meat Business

FY2022 Results

- ANZCO FOODS saw a large increase in profits driven by internal structural reform and rising global meat prices. Achieved record high profits three years running and led the overall meat business.
- Commenced large-scale facility investment, such as new bovine processing facilities. Aiming for expansion and optimization of production business, we moved forward with enlargement of production / processing margin and high added value in the form of in-house products.
- ANZCO FOODS achieved acquired of Australian healthcare business.



Recognition of the Market Environment

Amid a severe operating environment, including rising prices of raw materials and energy, global disorder of container logistics, and cost increases due to chronic lack of personnel, Japan saw COVID-19 transition into Class 5, and as the flow of people starts to recover due to relaxation of movement restrictions, we can see signs of recovery, such as more interest in dining out. Additionally, in meat production, issues

such as animal welfare and reduction of greenhouse gas emissions remain, but we are moving forward with activities to solve these issues, and we are aware that contributing to achievement of a healthy and rich society by strengthening initiatives for sustainability is a crucial responsibility of this business division.

Strengths

- Balanced business portfolio and broad product lineup due to business developments domestically and overseas
- Strong sales to final consumer using sales networks extending across all of Japan
- Procurement abroad with in-house import as the main means
- Stable profitability in overseas business

Opportunities

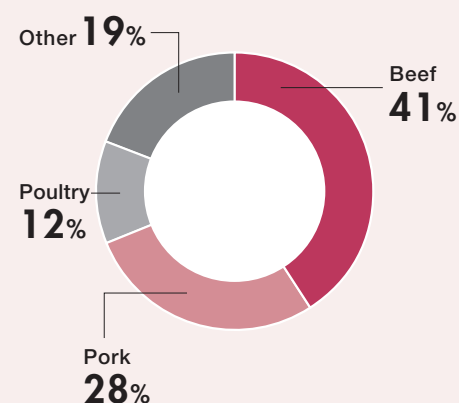
- Heightened needs for cultured meat and alternative meat due to increase in global population
- Greater demand for unheated processed meat products in accordance with changes in the needs of consumers and customers, such as lack of personnel and lifestyle changes

Risks

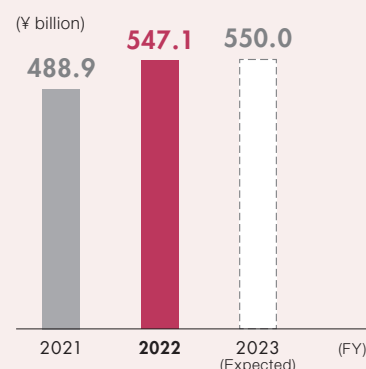
- Saturation of domestic market due to medium to long-term domestic population decrease, declining birthrate and aging society
- Influence of livestock disease and climate change on production business
- Unstable meat procurement due to increased demand for food in accordance with global population increase
- Lack of personnel due to decreasing workforce population
- Decrease in farms due to lack of successors, etc.

Highlight

Sales ratio according to product category

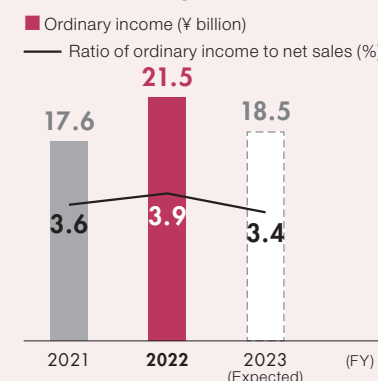


Sales trend



*Starting in FY2022, the segment classification has switched from being by product and service to being by organization, and in accordance with that, FY2021 results are converted retroactively to values under the same conditions.
*Starting in FY2023, a portion of the segment classification will be converted in accordance with reorganization.
*Values less than hundred million were rounded.

Trend of ordinary income/ ratio of ordinary income to net sales



Management Message

FY2022 Results and Issues

Domestically, quantity of sales decreased due to procurement prices for imported meat remaining high, but the monetary value of sales increased due to increase in sale price across all domestic business, and recovery of sales for customers dining out due to relaxation of movement restrictions. As for profit, we saw a decrease, as the purchase price increases for imported poultry and imported beef were not reflected in sales prices. Overseas, in addition to ANZCO FOODS moving forward with internal structural reform and raising core profitability, there was strong demand for meat in America, etc., as well as increased sales prices, such that sales and profits both rose, and ANZCO FOODS achieved record high profits for three years running. As for initiatives for new businesses, ANZCO FOODS acquired an Australian healthcare business, establishing a new pillar of income by expanding into an adjacent business field with a high affinity for our existing businesses.

Additionally, as an initiative for sustainability at Itoham Yonekyu Group, we formulated the policy in which “we will no longer use the gestation stall method when newly constructing or reconstructing gestation stalls for pregnant sow, instead adopting a group feeding or free stall method” in accordance with the “Animal Welfare Policy” formulated by our Group. Striving to improve animal welfare through animal raising management that considers the comfort of the livestock and continuing to move forward with production and procurement activities that respects life is a core responsibility for us. Additionally, we are working on reducing burden on the environment, for example, by reducing coal usage by lowering boiler heat at the main plants of ANZCO FOODS.

FY2023 Strategies and Initiatives

As a means to strengthen our earnings base, we are executing large-scale facility investment, and SANKYOMEAT INC. has begun operation of its Isa Meat Plant in April, 2023, in addition to its Ariake and Kirishima plants. New bovine processing and cutting areas have been set up in the IH Meat Packer Towada Meat Plant, with operation planned to begin in March, 2024. This will help us increase the number of processed cows. Additionally, at our currently operating facilities, we plan to increase the number of processed pigs by specializing for pork processing. Thus, we will expand southern Kyushu business centered around SANKYOMEAT INC., while simultaneously strengthening upstream businesses using the Towada Meat Plant as a base, even for Eastern Japan. Having multiple core bases in remote regions is important from the perspective of defraying the risks of illness and natural disasters. Currently, SANKYOMEAT INC. has one of Japan’s largest-scale export processing facilities, with permission to export to 48 countries and regions around the world.

A new beef packaging center is commencing operation in August, 2023, and along with advancing

Reorganize to an efficient, flat system.
With the new system, we will enhance the competitiveness of the whole Group, and maximize synergy.

Akihisa Horiuchi

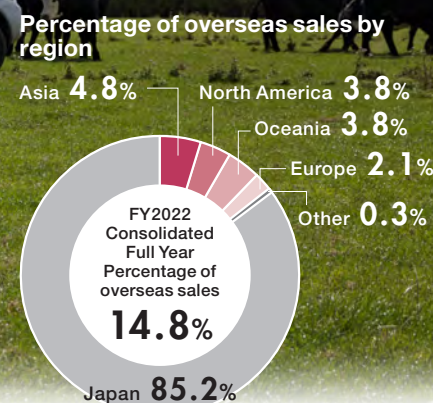
Managing Executive Officer
Senior General Manager
COO – Meat Business Div.



product developments such as skin packaging (refrigerated), and individually-divided chilled exports to meet customer needs, we are utilizing the sales network of ANZCO FOODS, which ships beef and lamb to over 80 countries and regions, to expand sales routes abroad. Additionally, we are devoting efforts to develop of products that meet customer needs of convenience and utility, by expanding sales of brand meats, and creating unheated meat products by increasing the amount of meat processing, achieving new added value.

Furthermore, through participation in the “Consortium for Future Innovation by Cultured Meat,” which aims to make cultured meat suitable as food, we are moving forward with solutions to environmental and food problems, and contributing to future food proposals. At the same time, we are planning to formulate animal welfare guidelines that are uniform for the whole Group, and hold animal welfare training sessions for farm employees. We will progress with management unified for manufacture and sales, and optimized for the meat value chain, while simultaneously fulfilling our social responsibility through business, as we create means that can continually create income, contribute to society, and maximize Group value.

Creating Group Synergy with ANZCO FOODS, the Pillar of Our Overseas Meat Business



Globally Expanding Overseas Meat Business

Overseas sales for our Group in FY2022 made up 14.8% of sales for the entire Group, and ANZCO FOODS (headquartered in New Zealand), the core of the overseas meat business, processes, manufactures, and sells beef and lamb, as well as engages in manufacture and sale of processed beef products and healthcare products. Additionally, ITOHAM AMERICA, in the USA, procures, exports, and sells pork, while also selling wagyu beef in North America, whereas INDIANA PACKERS, also in the USA, processes, produces, and sells pork, while also producing and selling processed pork products, as we engage in global business developments.

Strategies Advanced by the Overseas Meat Business

In order to “strengthen our earnings base,” one of the core initiative themes in our Medium-term Management Plan 2023, we have declared “increasing earnings of ANZCO FOODS” and “enhancing wagyu beef export” as goals, and along with internal structural reform at ANZCO FOODS, we have been working on increasing sales of wagyu beef by utilizing ANZCO FOODS sales bases and ITOHAM AMERICA. One more core initiative theme is “initiatives for new businesses and markets,” for which we declared “stable supply of protein” as a goal, and along with strengthening procurement of brand meat from foreign packers, we moved forward with strengthening our healthcare business.

Overview of ANZCO FOODS

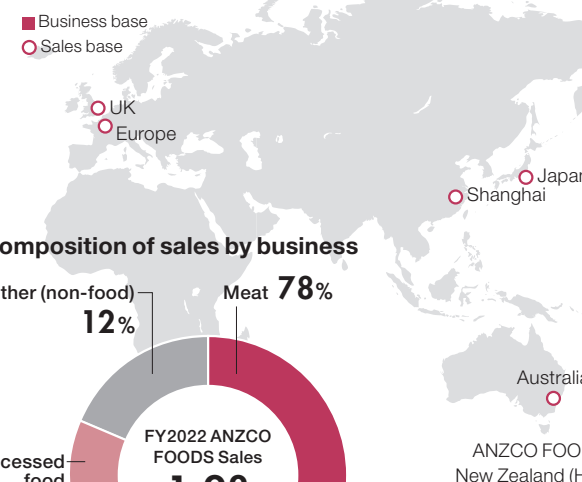
Corporate site

- **Location:**
Christchurch, southeast New Zealand (NZ)
- **Annual livestock processing:**
Meat cows 150,000, dairy cows 290,000, lambs 2.2 million
- **Meat processing plants:**
Seven plants in New Zealand (all are Halal-certified)
- **Export destinations:**
China, North America, Japan, Europe, etc.

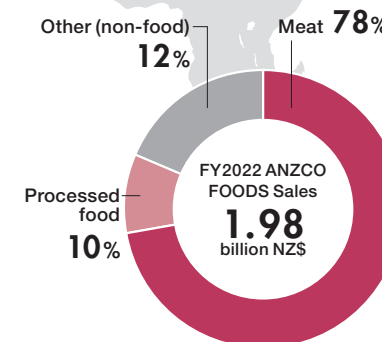
History of ANZCO FOODS

1984	Asian New Zealand Meat Company (ANZCO) established Sale of New Zealand-produced beef and lamb begun in Japan
1989	• Five Star Beef's feedlot established • Itoham invests in Five Star Beef's feedlot (commenced operation in 1991) with the aim of acquiring high-quality grain-fed beef for Japan (ANZCO FOODS 50%, Itoham 50%)
1995	Itoham invests in ANZCO FOODS (48%), becoming a shareholder, with the aim of increasing sales of New Zealand-produced beef and lamb in Japan
2010	Itoham centralizes its production bases for foreign grain-fed beef in New Zealand
2015	Itoham increases investment, making ANZCO FOODS a subsidiary (65%), with the aim of increasing foreign production and sales in foreign markets
2017	In order to strengthen foreign business and work on increasing global demand for meat, Itoham makes ANZCO FOODS a 100% wholly-owned subsidiary company, and plans to strengthen governance through chairperson dispatch
2022	ANZCO FOODS acquires Moregate Biotech's blood products business, and strengthens ANZCO FOODS' healthcare business

Bases of ANZCO FOODS



Composition of sales by business



Initiatives for Sustainability in Environmentally Developed Country

ANZCO FOODS is moving steadily forward with sustainability initiatives, formulating a three-year plan for climate change and sustainability in 2020. ANZCO FOODS plans to review the strategy for the following three years during 2023.

Toward Reduction of Environmental Burden

ANZCO FOODS has declared reduction in greenhouse gas emissions as one of their goals, and they continue with initiatives that give consideration to reduction of environmental burden. As an example, they replaced a coal boiler with an electric boiler at their Kokiri Plant, and deployed a heat-pump system that generates hot water using excess heat in their Canterbury Plant. Additionally, at their Five Star Beef feedlot, they set up a pilot plant for converting waste products into bio-energy. Also, in an effort to reduce emissions due to livestock, which constitutes a significant part of ANZCO FOODS' greenhouse gas emissions, they have engaged in joint research with a research organization and have tentatively introduced a natural feed supplement. Furthermore, they have placed emphasis on optimizing water usage at their plants, greatly reducing amount of water used. Lastly, at Marlborough Plant, they have installed solar panels, and are reviewing the effect to see if they can be deployed at other plants.

Health and Wellness of Employees and Concern for the Region

ANZCO FOODS works to maintain the health and wellness of its employees, and a safe working environment, while also continuing to invest in safety improvements. ANZCO FOODS' processing plants span all of New Zealand, contributing to more jobs in each region, and we believe that it is important to give consideration to diversity in the workplace and prepare the workplace environment, such that various different ethnic groups, and people with different experiences and cultures can mutually respect one another and work as employees. Also, ANZCO FOODS works in close cooperation with the farmers, to ensure continued raising management that shows consideration for the animal's welfare.

Initiatives for Core Businesses of ANZCO FOODS

The meat business, ANZCO FOODS' core business, constitutes about 80% of total sales, and maintains seven meat processing plants in New Zealand, as well as the only large-scale cattle feedlot in New Zealand. Additionally, it also manufactures processed beef products such as beef patties for use in fast food and beef jerky.

In the healthcare business, in FY2022, ANZCO FOODS acquired Moregate Biotech, planning to enlarge their share of bovine blood formulations, their main products. These products are used in the manufacture of vaccines, regenerative medicine, and clinical diagnosis, and are expected to maintain marketability in the future.

Initiatives for Creating Group Synergy

From 2019 through 2020, by 1) increasing the efficiency through reorganizing, 2) revising their business processes, and 3) centralizing operational resources into their core businesses, ANZCO FOODS established a solid earnings-focused business model and turned around their large deficit of FY2018. Then, in FY2021 and FY2022, they saw record high profits for two years running.

Our Group is working in concert with ANZCO FOODS subsidiary ANZCO Japan to increase sale of products and establish a brand in Japan. We are also creating Group synergy by utilizing ANZCO FOODS foreign business offices to sell wagyu beef produced at Group export-certified plants, etc.

Basic Stance on Sustainability



Hajime Ogawa
Director, Managing Executive Officer
Chief Compliance Officer
Chairperson of
Sustainability Committee

Management Message

The Sustainability Committee plays a central role in further strengthening the link between business strategy and sustainability.

Our Group had a challenging year in terms of profitability. This was because production costs rose due to the depreciation of the yen and cost increases that outpaced productivity improvements, while consumers' purchasing power did not improve as prices rose faster than wage and salary increases granted by many companies with government support. Meanwhile, as sustainability is becoming a hotter topic at an accelerating pace each year, companies are increasingly being required to be proactive, rather than reactive, in responding to various social demands. Under these circumstances, the Sustainability Committee, an advisory body to the Board of Directors, takes initiatives within our Group. In FY2022, the Sustainability Committee held a total of seven meetings. At each meeting, all seven members, consisting of representatives from each business division and external experts, engaged in lively discussions (average time: 1 hour 34 minutes per meeting). Specifically, we examined various issues related to sustainability initiatives that are material to our Group, such as greenhouse gas emissions reduction, human rights due diligence and animal welfare. The Committee also reviewed the FY2022 results for the seven materialities identified two years ago,

and discussed and confirmed the policy for FY2023 activities. As we flexibly adapt the KPIs and issues to be addressed to changing social conditions, I appreciate the rich and constructive discussion we have had. What is discussed at the Sustainability Committee meetings is also discussed at the Executive Committee and Board of Directors meetings and shared with the Sustainability Promotion Officers, who are responsible for day-to-day operations. It is also disseminated to a wide range of employees through company newsletters and the intranet. In April 2022, the Sustainability Section was established within the General Affairs Department as a specialized organization to carry out sustainability activities. In April 2023, this section was transferred to the Corporate Strategy Department, which reports directly to the President. This will help propel sustainability forward in further alignment with corporate strategy. Although the business environment is likely to remain uncertain, we will enhance communication with our stakeholders so that we can steadily and continuously pursue our initiatives to manage our business in a way that ensures both social and business sustainability.

Basic Stance on Sustainability

The Itoham Yonekyu Group will contribute towards the realization of a sustainable future based on the Group Philosophy.

Group Philosophy
Contribute to the realization of sound and affluent society through business

Sustainability Management System

In April 2021, we established the Sustainability Committee as an advisory body for the Board of Directors. It is chaired by the Director, Managing Executive Officer and Senior General Manager COO of the Administration Division (who are all the same person), and its members consist of representatives from each division and external experts. In FY2022, they held ongoing discussions on management issues related to sustainability, considering societal demands including international trends and initiatives. We have also appointed a Sustainability Promotion Officer in each division and related department in corporate administration area to inform each business unit of the decision made by the Sustainability Committee, verify the actions taken, monitor progress, and share the activities of each department. This system is designed to accelerate sustainability initiatives throughout the company.



Stakeholder Engagement

Stakeholder	Opportunity/Means
Customer	- Customer support office - Consumer monitoring surveys - Promotion through various events, campaign, and sales at stores - Information distribution and communication through website and social networks
Local Society	- Environmental preservation activities - Dietary education activities - Community activity through sports - Reconstruction assistance activities for the disaster-affected areas
Shareholders and Investors	- General meeting of shareholders - Various briefings (financial results briefings for investors, business briefings, etc.) - Facility tours for investors - Information disclosure on website, etc. - Individual meetings with investors
Suppliers and Business Partners	- Cooperation in business operations, cooperation in quality, safety, legal compliance through factory audits, etc. - Business meeting (new product briefing) - Communication through discussions and business meetings - Dissemination of our policies on human rights, procurement, environment, animal welfare, etc., and surveys on suppliers for those matters. - Establishment of consortium
Employees	- In-house notifications and presentations about the Medium-term Management Plan, etc. - Employee awareness surveys and compliance surveys - Career counseling, individual interview - Internal and external reporting systems - Roundtable meetings between management and employees - Dialogue with the labor union
Industry and Government Organizations	- Comprehensive links and agreements with local governments - Dialogue with industry groups and periodic information exchange - Participation of and collaboration with external research events and industry groups - Dialogue with NGOs and NPOs, including civic groups
Global Environment	- Forest preservation activities and volunteer nature preservation activities - Efforts in reducing environmental impact

Progress on Our Materialities

We identified seven materialities for our Group in FY2021.

In FY2022, we set key performance indicators (KPI), or targets, for them, which we have been tackling.

Selection process for materiality		Materiality	Basic Policy	Action plan	KPIs	FY2021 Results	FY2022 Results
Sustainability Committee	1	 Realizing healthy and affluent diet	Offering safe, secure, and high-quality products and services that will satisfy customers is our top priority. Furthermore, we will continue to provide products and services that meet the needs of diverse lifestyles and communities, focusing on health-conscious meals, convenient meals, and reduction of food loss.	- Supply of quality protein - Product development and supply of health value in response to diverse lifestyles - Expansion of product that leads to reduction in food loss			
	2	 Considering the environment	We recognize that our business has a close connection to the earth's environment, and we are moving forward with initiatives that are considerate of biodiversity, while we work on reducing environmental burden, through effective use of resources and reduction in greenhouse gas emissions.	- Reducing greenhouse gas emissions - Reducing the consumption of energy and water - Reducing waste emissions - Preserving biodiversity - Reducing the amount of plastic used	Greenhouse Gas Emissions (CO₂ equivalent) ^{*1} 50% reduction from the FY2016 level by FY2030, net zero by 2050 (FY2016: 375,982t ⇒ FY2021: 368,127t ⇒ FY2030: 187,991t) Energy and Service Water Use (Per Unit) ^{*1} 1% reduction each year, 3% reduction over 3 years, from the FY2021 levels Waste Emissions (Per Unit) ^{*1} 1% reduction each year, 3% reduction over 3 years, from the FY2021 levels	Greenhouse gas emissions (CO₂ equivalent) 368,127t Energy use (Per unit) 9.80GJ/t Water use (Per unit) 17.6 m ³ /t Waste emissions (Per unit) 94.2 kg/t	Greenhouse gas emissions (CO₂ equivalent) 367,276t Energy use (Per unit) 9.75 GJ/t Water use (Per unit) 16.9 m ³ /t Waste emissions (Per unit) 90.9 kg/t
	3	 Creating a workplace where each employee can actively participate	We respect a wide variety of value systems and work styles, and we ensure a working environment that enables every employee to work safely, as they support our business activities. We cultivate an atmosphere that seeks continuous growth for both employees and the corporation.	- Personnel development and training - Respecting diversity - Promoting a healthy work-life balance - Occupational health and safety, health management, and the respect of human rights	Number of participants in training (yearly) FY2023 14,000 Percentage of women in management positions FY2030 10% Percentage of women in chief positions FY2030 20% Paid leave usage rate (per capita per year) FY2025 70%	Number of participants in training (yearly) 13,389 Percentage of women in management positions 4.5% Percentage of women in chief positions 11.0% Paid leave usage rate (per capita per year) 62.8%	Number of participants in training (yearly) 13,942 Percentage of women in management positions 5.4% Percentage of women in chief positions 11.5% Paid leave usage rate (per capita per year) 69.7%
	4	 Promoting sustainable procurement and stable supply	We are building a sustainable supply chain, as we aim to resolve social issues, such as respect for human rights and animal welfare, by cooperating with all of our business partners, starting with the livestock industry.	- Contributing towards a sustainable livestock industry - Promoting procurement that respects human rights - Animal welfare considerations	Animal waste recycling rate Maintain 100% Sales of healthcare business FY2025 AUD 105 million Supplier survey coverage rate Ensure that the amount procured from the surveyed suppliers represents 80% of the total procurement value Elimination of gestation stalls (for swine) When building or rebuilding pregnant sow gestation stalls, eliminate gestation stalls and adopt loose housing system to keep a sow or a group of sows.	Animal waste recycling rate 100% Sales of healthcare business AUD 34 million Supplier survey coverage rate — Elimination of gestation stalls (for swine) No pregnant sow gestation stalls were built or rebuilt.	Animal waste recycling rate 100% Sales of healthcare business AUD 54 million Supplier survey coverage rate 155 suppliers were surveyed. Elimination of gestation stalls (for swine) No pregnant sow gestation stalls were built or rebuilt.
	5	 Contributing to local communities	As a member of the local society and as a conscientious corporate citizen, we are moving forward with initiatives that emphasize "coexistence with society" through consideration of the earth's environment, safety and health, and job creation.	- Promoting environmental conservation and beautification activities - Revitalizing local communities			
	6	 Strengthening corporate governance	We are aiming for sustainable growth and medium- to long-term improvements to our corporate value, and we will build an optimal governance structure based on our basic stance on corporate governance	- Promoting compliance - Risk management			
		 Pursuit of uncompromising flavor and high quality	By protecting our inherited technologies and history, we look to provide products and services that can be enjoyed by all customers.	- Safe and reliable supply of food^{*2} - Developing human resources that can continue to create new value - Passing on the founders' ideal and the technologies that have been cultivated over years - Developing and improving products based on customers' feedback	Number of sites certified by a third party for food safety ^{*2} FY2023 All the production facilities in Japan (45 facilities) should be certified.	Completed certification of 42 facilities.	Completed certification of 44 facilities.

^{*1} Each environmental data has been carefully reviewed and updated to the latest version.

^{*2} After reviewing the materiality initiatives, "Safe and reliable supply of food" has been redefined as "Pursuit of uncompromising flavor and high quality" (KPI for the number of sites certified by a third party for food safety has been also transferred).

Responding to Climate Change

Related Materiality



Concern for the environment

TCFD Analysis

The Itoham Yonekyu Group is aware that maintaining the earth’s environment is a most critical issue, shared by the entire world, and we take the environment into account in our business activities, as we declare that actively working to achieve a sustainable society is our environmental philosophy. In particular, we recognize that responding to the risks and opportunities related to climate change is an important management issue.

We support the TCFD (Task Force on Climate-related Financial Disclosures), and are progressing with information disclosure based on TCFD Recommendations, as we also support the Japan Climate Initiative (JCI).

Governance

Regarding our company’s basic policy and strategies for climate change, establishment of KPI, and monitoring of progress, we discuss or report these at the Board of Directors meeting, after passing them through discussions at the Sustainability Committee, which is an advisory body for the Board of Directors. The Director, Managing

Executive Officer and Senior General Manager COO of the Administration Division (who are all the same person) serves as the chairperson of the Sustainability Committee, with managers responsible for each business division and outside experts making up the members, such that we achieve a system where we can get outside opinion as well.

Sustainability Management System ▶p.28

Strategy

The Group is aware that it may receive a variety of influences due to climate change. In these circumstances, regardless of the potential for occurrence, we are hypothesizing every scenario in order to understand the risks and opportunities for our company’s business. And believing that examining measures taken for those risks and opportunities is the way to raise sustainability of our company’s business, in FY2021 we commenced analysis in accordance with TCFD Recommendations. The results of the quantitative and qualitative analysis (performed in FY2022) of the risks and opportunities likely to have a

large influence on our company business are as follows.

TCFD Recommendation Initiatives (Japanese only)

These analyses were discussed by Senior General Managers of the Processed Food business, Meat business, and General Manager of the business strategy, before the results of these analyses were discussed by the Sustainability Committee and reported to the Board of Directors. The results of the analyses are interwoven into our business strategy, including our company’s Medium-term Management Plan, meant to advance future decisions.

Risks and Opportunities Related to Climate Change

Risk / Opportunity	Influence on Business	Business under Analysis for FY2022	Term	Monetary Amount Affected	Measure
Transition risks	Cost increases due to carbon pricing	Processed Food business Meat business	Short, mid, long	Less than 15.0 billion yen	⇒ Refer to “Initiatives to Reduce Greenhouse Gas Emissions” ▶p.32
	Reduced demand for livestock products due to demand shifting to ethical consumption	Processed Food business*	Mid, long	5.0 billion yen-less than10.0 billion yen	- Greater array of plant-based protein products - Research and development on cultured meat ▶p.17
Transition opportunity	Increased demand for plant-based protein due to demand shifting to ethical consumption	Processed Food business*	Mid, long	—	Greater array of plant-based protein products ▶p.17
Physical risk	Rising price of animal feed due to climate change	Meat business*	Mid, long	Less than 5.0 billion yen	Using food waste in animal feed, switching to varieties that are more effective as animal feed, and evaluating research and development in supplements

*All of the risks exert an influence on both the Processed Food business and the Meat business, but for 2022, we performed the analysis focusing only on the most affected business.

Risk Management

Regarding risks related to climate change, we utilize a method for establishing scenarios to analyze and evaluate risks. We evaluate risks annually in the Sustainability Committee and discuss any necessary response measures. The results of the analysis and evaluation are

integrated into company-wide processes, so those risks are combined with other management risks and managed together. Details on “Company-wide risk management processes” are available on our company website.

Risk management (Japanese only)

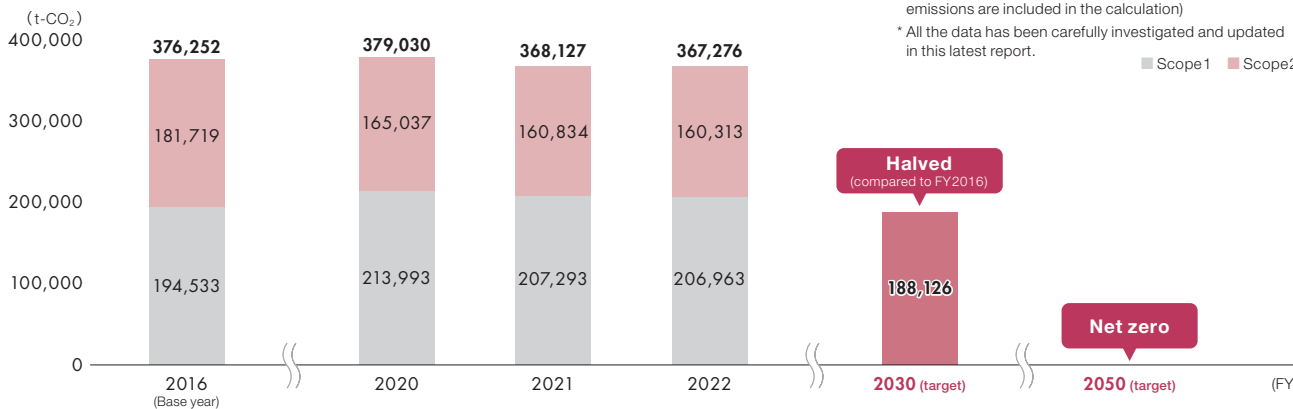
Indexes and Targets

Aiming to solve climate change issues with a consolidated base, our Group has formulated targets of halving Group greenhouse gas emissions (Scope 1, 2) by 2030 (compared to FY2016), and achieving net zero emissions by 2050, and we are moving forward with initiatives to achieve these targets.

Additionally, in order to decarbonize across the entire value chain, we have calculated Scope 3 emissions for our Group, and are evaluating initiatives in categories with particularly high emissions. Details on “Scope 3 emissions results” are available on our company website.

Supply chain emissions (Scope 3) (Japanese only)

Trends and Reduction Targets in Greenhouse Gas Emissions (Scope 1, 2)



Initiatives to Reduce Greenhouse Gas Emissions

Our Group has formulated a roadmap to achieve targets of greenhouse gas emission reduction and is steadily achieving reductions, while we are also preparing an internal system to accelerate further reduction. As specific examples of reduction initiatives, we are evaluating installation of solar power facilities, introduction of efficient, energy-conserving facilities in manufacturing bases, and switching to renewable energy power.

In FY2022, in addition to deploying cogeneration facilities at the Nishinomiya Plant, we updated a total of 120 refrigerator / freezer units in the Tokyo Plant, Tohoku Plant, and other plants. Furthermore, we began an initiative for reducing emissions derived from livestock, which constitutes roughly 15% of the Group’s greenhouse gas emissions, contributing to solving an issue for all of livestock production through this initiative.



Cogeneration system deployed at the Itoham Yonekyu Foods' Nishinomiya Plant

Business for Building a Greenhouse Gas Emissions Reduction Transparency System in Beef Cattle Production

Through Mirai Farm Co., Ltd., a cooperative farm of our company’s wagyu beef production business, our Group cooperates with the “Business of Building a System for Visualization of Reduction in Greenhouse Gases in Cattle Production,” which is run jointly by the Japan Cattle Industry Cooperative and Tokyo University of Agriculture. The goal of this business is to create a means of expressing the directionality of greenhouse gas emission response by beef cattle producers by scientifically assessing the actual situation of greenhouse gas reduction in well-developed initiatives, such as 1) supplying feed that reduces methane gas contained in cow burps, and 2) promoting early aerobic fermentation of excrement, and making that actual situation transparent.

Our company, starting in June 2021, has been using cashew nut shell liquid (Ruminap®), which is derived from natural materials and reduces methane gas contained in cow burps, in feed for a portion of the Japanese black breed raised at Mirai Farm Co., Ltd., such that we bring that experience to this business cooperation. By cooperating with verification testing of the efficacy of this animal feed, we will contribute to wider methane reduction in cow burps, strive to reduce environmental burden as a corporation involved in the livestock industry, and move forward with sustainable wagyu beef production business.

*Registered trademark of SDS Biotech K.K.

Details on “Environmental Philosophy / Environmental Code of Conduct” and initiatives for the environment are available on our company website. (Japanese only)

Initiatives in Respecting Human Rights

The Itoham Yonekyu Group believes that respect for human rights should be the basis of all its decisions and actions. Therefore, we address a variety of issues related to human rights. In order to respect the human rights of all people involved in our business and to fulfill our social responsibilities as a company, our Board of Directors adopted the “Itoham Yonekyu Group Human Rights Policy” in FY 2021 in accordance with international standards such

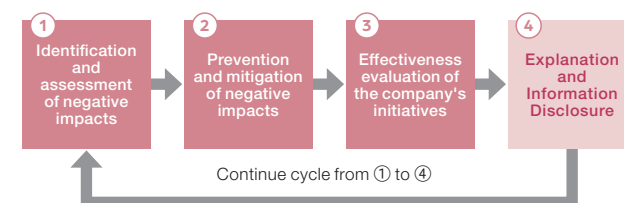
Human rights due diligence initiatives

In accordance with the “Itoham Yonekyu Group Human Rights Policy,” we have established a human rights due diligence system in line with the process outlined in the UN’s “Guiding Principles on Business and Human Rights.”

In FY 2022, through the implementation of the human rights due diligence, we sorted out the negative impacts on human rights in our Group’s operations, of which we have identified those that we should especially prioritize. In identifying them, we considered geographic, social, and company-specific characteristics, as well as vulnerable stakeholders, using various human rights reports and the objective opinions from external experts.

In addition, we conducted a questionnaire to our suppliers to find out how they are working on respect for human rights and environmental considerations to assess

Promotion of human rights due diligence initiatives



Efforts to Build Up a Sustainable Supply Chain

In accordance with the “Itoham Yonekyu Procurement Policy” and the “Supplier Procurement Guidelines”, we are working with our suppliers to build up a sustainable supply chain.

In FY2022, we conducted a questionnaire-based supplier survey in accordance with the Supplier Procurement Guidelines to 155 suppliers with the highest procurement value (cumulatively representing 80% of our total procurement value). The result (100% response rate)

as the United Nations’ “Guiding Principles on Business and Human Rights.” In the same fiscal year, our Board of Directors also approved the Itoham Yonekyu Procurement Policy and the Supplier Procurement Guidelines to ensure that respect for human rights and consideration for the environment are implemented throughout our supply chain.



and prevent the negative impacts on human rights in our supply chain.

In FY2023, in addition to continuing to take necessary measures to prevent and reduce the identified negative impacts, we will conduct interviews with foreign technical intern trainees in our Group to better understand their actual working conditions and to prevent and mitigate the negative impacts on human rights. Given the increasing diversity in our workplaces, SOGI^{*1} harassment and racial harassment^{*2} will be included in the content of our internal training and courses to raise awareness among employees to act with due regard for human rights.

^{*1} SOGI stands for Sexual Orientation & Gender Identity.

^{*2} Discrimination and harassment based on race, nationality or other ethnic factors.

Negative impacts to be tackled as a priority



<Suppliers>

Excessive and unreasonable working hours, occupational health and safety, discrimination and harassment, the rights of foreign workers, forced labor and child labor.

<Our Group>

Discrimination and harassment, and the rights of foreign technical intern trainees

shows that there are no risks to any of the priority issues, including human rights, to the extent that an attended follow-up investigation is required.

This survey will continue to be conducted with improved questions and to more suppliers. We will continue to build a sustainable supply chain in cooperation with our suppliers by strengthening communication with them through supplier visits and other activities.



Basic Stance Concerning Human Capital

Basic Policy for Human Resource Development

Our Group believes that the impetus for increasing a company’s competitiveness and growth potential lies in the continuous and proactive pursuit of reform by harnessing the diverse perspectives and values of each employee. At the same time, we also recognize the importance of creating an environment in which employees can work comfortably and grow autonomously as their values and work styles are diversifying amid the growing uncertainty

in the labor market due to declining birth rates, an aging population, shrinking workforces, and other factors. With these in mind, our basic policy for human resources development takes a long-term approach to helping each individual develop their careers autonomously through their continuous trials, while respecting diversity and values.

Diverse Work Styles and Human Resource Development Activities

We are accommodating diverse work styles by creating a system that allows each employee to work comfortably and fully utilize their skills. A remote work-friendly environment has been further promoted. We have encouraged male employees to take childcare leave and expanded childcare support measures. In addition, employees have good access to information on internal support systems and public support for family care.

In addition, we are enhancing support for employees to grow and progress in their careers autonomously. We are also reviewing and upgrading the existing internal

system that allows employees to apply for transfers, the internal job posting system, the job rotation system, and the system to commend employees for their willingness to take on new challenges, with the aim of fostering a corporate culture that enables employees to grow in a sustainable way. In order to create new value, we also make every effort to secure and develop highly specialized core personnel who meet the needs of our business operations, regardless of age, as we continue to recruit mid-career professionals. For more details, please visit our website.



Consideration for Animal Welfare

Based on the fact that the cycle of life is at the core of our business, our Group believes that consideration for animal welfare is one of the social issues that should be addressed with the same enthusiasm as environmental and human rights issues. Therefore, in an effort to continue our business operations with consideration for animal husbandry management, our Board of Directors adopted the Animal Welfare Policy in FY2021. Our specific initiatives on the farm and at our meat processing facilities are available on our website.

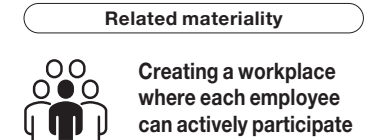


Recognizing that efforts to improve animal welfare are also related to the safety and productivity of livestock products, our Group has been working to achieve this goal from a variety of perspectives, such as through dialogue and consultation with stakeholders, as well as through the management of livestock from the perspective of animal comfort in accordance with “Animal Welfare Code

for Livestock Management” issued by a public interest incorporated association, Japan Livestock Technology Association.

We will continue to provide appropriate training for employees involved in these activities to build their knowledge and skills. We will also progressively work towards the development of Group-wide animal welfare guidelines and appropriate disclosure of information on our initiatives.

Furthermore, in response to the new “Animal Welfare Code for Livestock Management” issued by the Ministry of Agriculture, Forestry and Fisheries in July 2023, we will strive to improve animal welfare through further collaboration among relevant internal departments and by supporting our business partners in the livestock industry to promote and disseminate animal welfare.



Corporate Governance

Basic Policy

The corporate governance at the Itoham Yonekyu Group is based on our Group Philosophy, Vision, and Code of Conduct. With the aim to solve social issues through business and to gain the trust of stakeholders, we have set up a highly transparent system of management that enhances overall Group monitoring, supervising, and other internal control functions while striving to make accurate business decisions and take fast action. Based on this fundamental view, we have established the “Itoham

Yonekyu Holdings Group Basic Policy on Corporate Governance,” which lays out a framework for corporate governance to improve our medium- to long-term corporate value.

Please visit our website for the “Itoham Yonekyu Holdings Group Basic Policy on Corporate Governance.”



Basic Policy on Corporate Governance (Japanese only)

Corporate Governance System

As a company with a board of company auditors, we have appointed several outside directors and outside auditors.

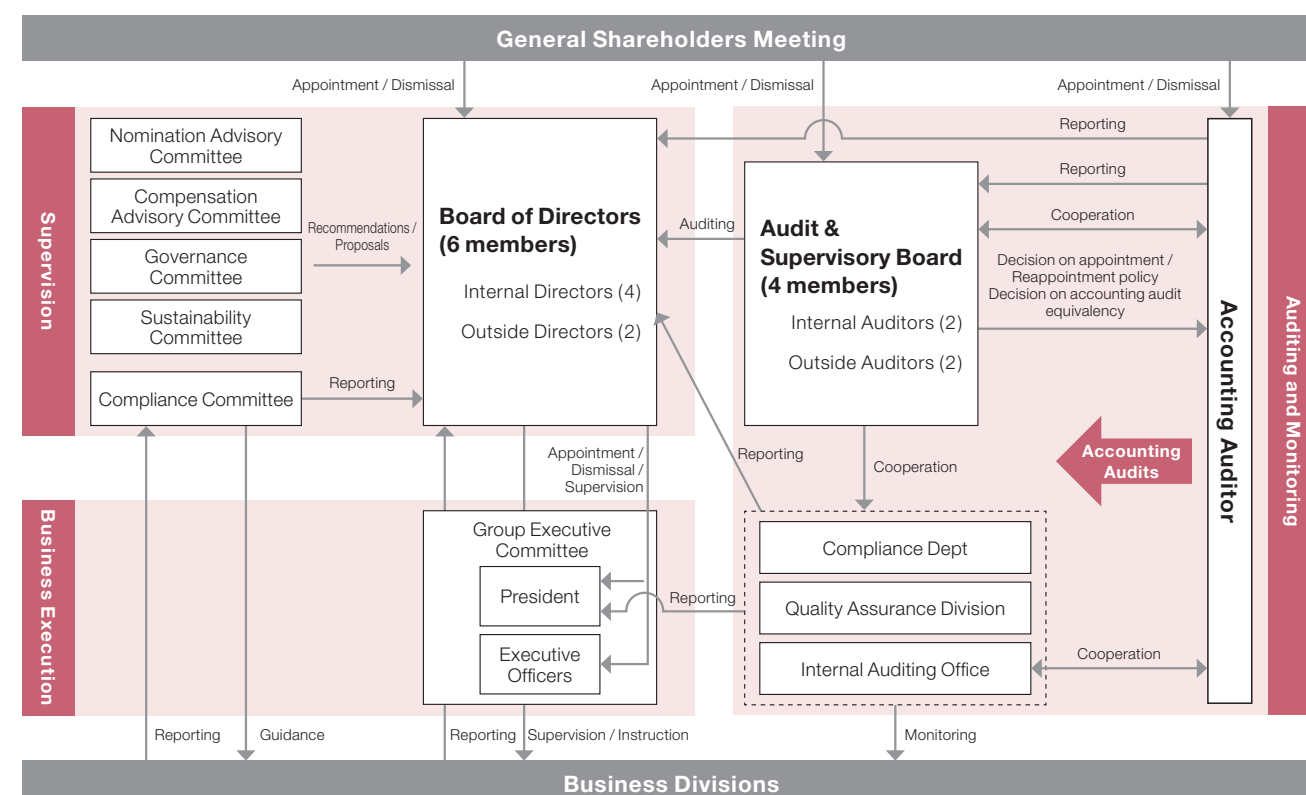
In addition, we ensure that outside directors comprise at least a third of the total number of the Board members in order to strengthen and improve the effectiveness of the Board's oversight of management and the transparency of its decision-making process.

The outside directors seek to strengthen the Board of Directors' supervisory function by utilizing their expertise and extensive experience in their respective fields to make management decisions from an independent standpoint

without any conflicts of interest with general shareholders. The outside auditors are believed to make a significant contribution to our effective corporate governance by ensuring the independence of the audit system and by expressing their audit views from an objective standpoint.

In appointing outside directors and outside auditors, we place emphasis on securing their independent standpoint. Therefore, we appoint as independent directors and auditors those outside directors and auditors who meet the requirements of our own independence criteria in addition to those stipulated by Tokyo Stock Exchange, Inc.

Corporate Governance System Diagram (as of September 29, 2023)



Board of Directors

The Board of Directors consists of six directors, of which two are outside directors. The Board makes decisions on the Group's management policies, strategies, and other essential management matters, and supervises the execution of duties at its regular monthly meetings and at extraordinary board meetings which are held as necessary.

However, to ensure prompt decision-making regarding business execution that does not require decisions by the Board of Directors, it delegates authority to the Group Executive Committee and executive officers in accordance with the regulations on decision-making authority

Board of Director's activities (FY2022)

● Number of meetings held: **15** ● Meeting duration: **1** hour and **18** minutes on average ● Attendance rate: Directors **100%**, Auditors **98.3%**

Matters considered (53 items resolved and 56 items reported)		
Budget at the beginning and middle of the term	Corporate governance reports	TCFD disclosure
Shareholder's return measures (dividend payments, purchase and cancellation of treasury shares)	Integrated Report	Joint R&D Projects
Revision of our Group's personnel system	Human rights due diligence	Verification of cross shareholdings
Creation of animal welfare policy	Settlement of account	IR initiatives
Setting KPI for materialities	Reorganization of our Group and factories	Environmental data and greenhouse gas reduction roadmap
Progress of Medium-term Management Plan 2023	Business risk map	Compliance awareness survey results and organizational climate survey results

Group Executive Committee

The Group Executive Committee is established to decide important issues at the executive level and to discuss the issues the Board decides. The Committee is comprised of directors (excluding outside directors), auditors, and others designated by the chairperson of the Committee.

It holds regular meetings twice per month, and special meetings are held as necessary. At the meetings, the Committee decides, reports, and discusses the Group's managerial strategies and important matters.

Voluntarily Established Committees

Nomination Advisory Committee

Established to ensure transparency and objectivity in the election process for director, auditor, and executive officer candidates. The Committee consists of three members, including two independent outside directors. As an advisory body to the Board of Directors, this Committee reviews, recommends, and proposes the following matters to the Board of Directors.

Matters to be reviewed by the Nomination Advisory Committee

1. Matters related to the appointment and dismissal of directors, auditors, and executive officers for Itoham Yonekyu Holdings Inc., Itoham foods Inc. and Yonekyu Corporation (Hereinafter referred to as the "Group")
2. Matters related to basic policies on the appointment and dismissal of the Group directors, auditors, and executive officers, and the establishment, revision, and abolishment of regulations and procedures
3. Other matters deemed necessary by the Committee related to the appointment of director and auditor candidates and the dismissal of directors and auditors

Compensation Advisory Committee

Established to ensure transparency and objectivity in the decision process for compensation for directors and executive officers. The Committee consists of three members, including two independent outside directors. As an advisory body to the Board of Directors, this Committee reviews, recommends, and proposes the following matters to the Board of Directors.

Matters to be reviewed by the Compensation Advisory Committee

1. Matters related to the Officer Compensation System (basic compensation, performance-based compensation, shares with restrictions on transfer, etc.) for directors and executive officers of Itoham Yonekyu Holdings Inc., Itoham foods Inc. and Yonekyu Corporation (Hereinafter referred to as the "Group")
2. Matters related to performance (managerial indicators, target values, fluctuation range, etc.) of the Group directors and executive officers
3. Matters related to compensation standards (compared to competitors) for the Group directors and executive officers

Governance Committee

Established to strengthen the corporate governance system and its operation by increasing the effectiveness of the Board of Directors. The committee consists of three members, including two independent outside directors. As

an advisory body to the Board of Directors, this Committee reviews the effectiveness of the Board of Directors and makes recommendations and proposals to the Board of Directors.

Sustainability Committee

Established to promote Group-wide sustainability initiatives to achieve both the realization of a sustainable society and the sustainable growth of our Group through the resolution of social and environmental issues. This Committee consists of seven members, including one independent outside director. As an advisory body to the Board of Directors, this Committee reviews, recommends, and proposes the following matters to the Board of Directors.

Matters to be reviewed by the Sustainability Committee

- 1. Proposal of basic plans strategies and, basic policy on sustainability management and promotion activities
- 2. Establishment of materiality (priority issues) for the promotion of sustainability management
- 3. Establishment of KPIs for materiality and monitoring of their progress

Audit System

Audit & Supervisory Board

The Audit & Supervisory Board consists of two standing auditors and two outside auditors. The meeting is held on a monthly basis to make decisions on important audit matters, to report on the status of audit implementation, and to exchange opinions.

In addition to attending Board meetings and other important internal meetings, the Corporate Auditor conducts a full range of audits by obtaining information directly from directors and employees on the performance

of their duties. The FY2022 priorities set for the auditor’s audit were “compliance awareness,” “responses to each individual risk” and “confirmation of the level of internal control, including Group companies,” around which the auditors centered their activities.

Audit & Supervisory Board’s activities (FY2022)

● Number of meetings held: **12** ● Meeting duration: **51** minutes on average ● Attendance rate: Auditors **100%**

Matters considered		
Preparation of the auditor’s audit reports	Investigation of proposals submitted to the Ordinary General Meetings of Shareholders and other documents	Review of observations made during internal audits and improvements made by audited departments
Review of proposed appropriation of surplus	Reappointment and compensation of accounting auditors	
Revision of auditor’s audit standards	Audit policy, audit plan, and assignment of auditors’ responsibilities	Confirmation of the occurrence of compliance violations and quality issues
Proposal for the appointment of new auditors	Provision of non-audit services by audit firms	Details on the Key Audit Matters (KAM)

Internal Audit

The company has established the Audit Office as an independent organization. This office conducts internal audits of the functioning of the internal control system, primarily for the purpose of auditing the operations of business divisions, including the Group companies, based on the internal audit regulations and annual audit plans. It also performs additional audits for specific purposes as necessary.

The results are reported in the form of an audit report to all internal and outside directors and auditors, as well as to the audited departments. The audited departments’ responses to the audit are also shared with all internal and outside directors and auditors.

The Audit Office holds internal audit report meetings as needed. These meetings are attended by the President, standing auditors, the general manager of the Audit Office, members of the Audit Office, and the person in charge of the audited departments, to further discuss the audit reports and audit responses.

Accounting Audit

We have entered into an auditing agreement with KPMG AZSA LLC for audits under the Companies Act and the Financial Instruments and Exchange Act. Our corporate and accounting auditors hold regular meetings for reporting and exchanging opinions to strengthen cooperation. The regular meetings for reporting and exchange of opinions are as follows.

Regular meetings for reporting and exchange of opinions

- Audit results summary report meeting (once a year)
- Quarterly review results summary report meetings (three times a year)
- Accounting auditors’ report meeting (attending the report meeting with the president) (once a year)
- Auditors’ discussion (once a year)
- Three-way (Auditors, Accounting Auditors, and General Manager of the Audit Office) audit liaison meeting (once a year)
- Opinion exchange meeting on Key Audit Matters (KAM)

Compensation for Directors and Officers

The basic policy on the compensation system for directors and officers was determined as follows.

Basic Policy

- 1. It will function as a sound incentive for sustainable business expansion and corporate value improvement by sharing value with shareholders, employees, and other stakeholders.
- 2. It will be a compensation system that responds to a suitable compensation standard based on the field and scale of business, responsibility for each role, as well as results in an effort to employ and keep superior personnel.
- 3. It will be determined through a process that ensures objectivity and rationality to maintain accountability with stakeholders.

Overview of the Compensation System

Compensation for directors (excluding outside directors) is made up of basic compensation, performance-based compensation as a short-term incentive, and share-based compensation (shares with restrictions on transfer) as a medium- to long-term motivation.

The ratio of basic compensation to performance-based compensation to share-based compensation is set at roughly 60:25:15. We established this ratio based on an understanding of our financial situation and after comparing and investigating compensation ratios and standards for each role at many other companies in the same industry and with the same scale so as to ensure objectivity and validity in compensation ratios and standard general compensation for each role.

On the other hand, compensation for outside directors consists of basic compensation only, which is not connected

to their business performance, as their main roles are supervising and making management recommendations from an independent and objective position.

The maximum amount of compensation is determined by the resolution of the General Meeting of Shareholders. However, the overall executive compensation system, including compensation ratio, individual compensation standards, and its calculation and payment methods, is determined by the Board of Directors following deliberation by the Compensation Advisory Committee, in which the majority of members are independent outside directors.

Compensation for auditors is determined through discussions among the auditors. It also consists of basic compensation only, which is not connected to their business performance to ensure a high degree of independence.

Overview of the Compensation System

● Directors (excluding outside directors)

Basic compensation

The basic compensation for directors is a fixed monthly monetary remuneration, the amount of which is determined in accordance with their position in the Company.

Performance-based compensation

The performance-based compensation is paid based on the degree of achievement of targets for each fiscal year, using consolidated ordinary income as the performance index. For the calculation formula, please refer to the “Performance-Based Compensation Calculation Formula*” outside of this table.

Share-based compensation

The Company’s share with a restriction on transfer are granted so that they can further share with shareholders the benefits and risks associated with share price fluctuations, and consequently be motivated to contribute more than ever to share price increases through the corporate value improvement.

● Outside directors Only basic compensation (fixed monthly remuneration) is paid.

● Auditors Only basic compensation (monthly remuneration determined through discussions among the auditors) is paid.

*Performance-Based Compensation Calculation Formula

Performance-Based Bonus Calculation Formula:

Consolidated ordinary income x 0.01 % x performance-based bonus multiplier by position

Additional Performance Bonus Calculation Formula:

Consolidated ordinary income x 0.01 % x additional performance bonus multiplier by position x individual performance evaluation multiplier x adjustment ratio

Position	Multiplier by position		
	Performance-based bonus	Additional performance bonus	Total
Chairperson	6.440	—	6.440
President	8.200	—	8.200
Vice-president	6.440	—	6.440
Senior managing executive officer	3.872	0.968	4.840
Managing executive officer	3.232	0.808	4.040
Senior executive officer	2.336	0.584	2.920

* If consolidated ordinary income is 40 billion yen or more, it is calculated as 40 billion yen. If it is less than 5 billion yen, there is no payment.

* Individual performance evaluation multiplier ranges from 0.0 to 2.0.

* Adjustment ratio is a multiplier to keep the payment source determined by consolidated ordinary income from increasing or decreasing based on individual performance evaluations.

Adjustment ratio

=

Total sum of the additional performance bonus multiplier by position for the directors concerned
Total sum of the additional performance bonus multiplier by position multiplied by individual performance evaluation multiplier of the directors concerned

Evaluations on the Effectiveness of the Board of Directors

We evaluate the effectiveness of the Board of Directors each year between September and December in order to self-assess whether the Board is functioning normally in the way in which it was originally established, to increase its effectiveness, and to create an appropriate governance system for the Company.

A summary of the FY2022 evaluation results of the effectiveness of the Board of Directors is as follows:

Effectiveness Evaluation Process

1 Questionnaire by the Governance Committee

We have established the Governance Committee as an advisory body to the Board of Directors to analyze and evaluate its effectiveness.

The committee conducted a questionnaire consisting of seven evaluation items and 16 questions to all directors and auditors to assess the status of addressing the issues identified in the previous effectiveness evaluation (FY2021) and to evaluate whether the Board has been effectively fulfilling its roles and responsibilities.

Seven evaluation items

- 1) Structure of the Board of Directors
- 2) Administration of the Board of Directors
- 3) Discussions of the Board of Directors
- 4) Supervision by the Board of Directors
- 5) Appointment and Dismissal of Managers
- 6) Discussions with Shareholders
- 7) Comments

The Governance Committee conducted deliberation based on the questionnaire responses, prepared a report of analysis and evaluation results, submitted it to the Board for discussion.

2 Evaluation Results and Addressing Priorities

Overview of the evaluation results

It was concluded that progress had been made in addressing the issues identified in the previous effectiveness evaluation and that the overall effectiveness of the Board was assured.

Addressing previous priorities

Three of the issues identified in the previous evaluation results were designated as priorities to be addressed in more detail. The table below outlines the priorities and approaches.

Next priorities

The three previous priorities will continue to receive reinforced attention as priorities. In addition, the Board of Directors will discuss human capital and intellectual capital.

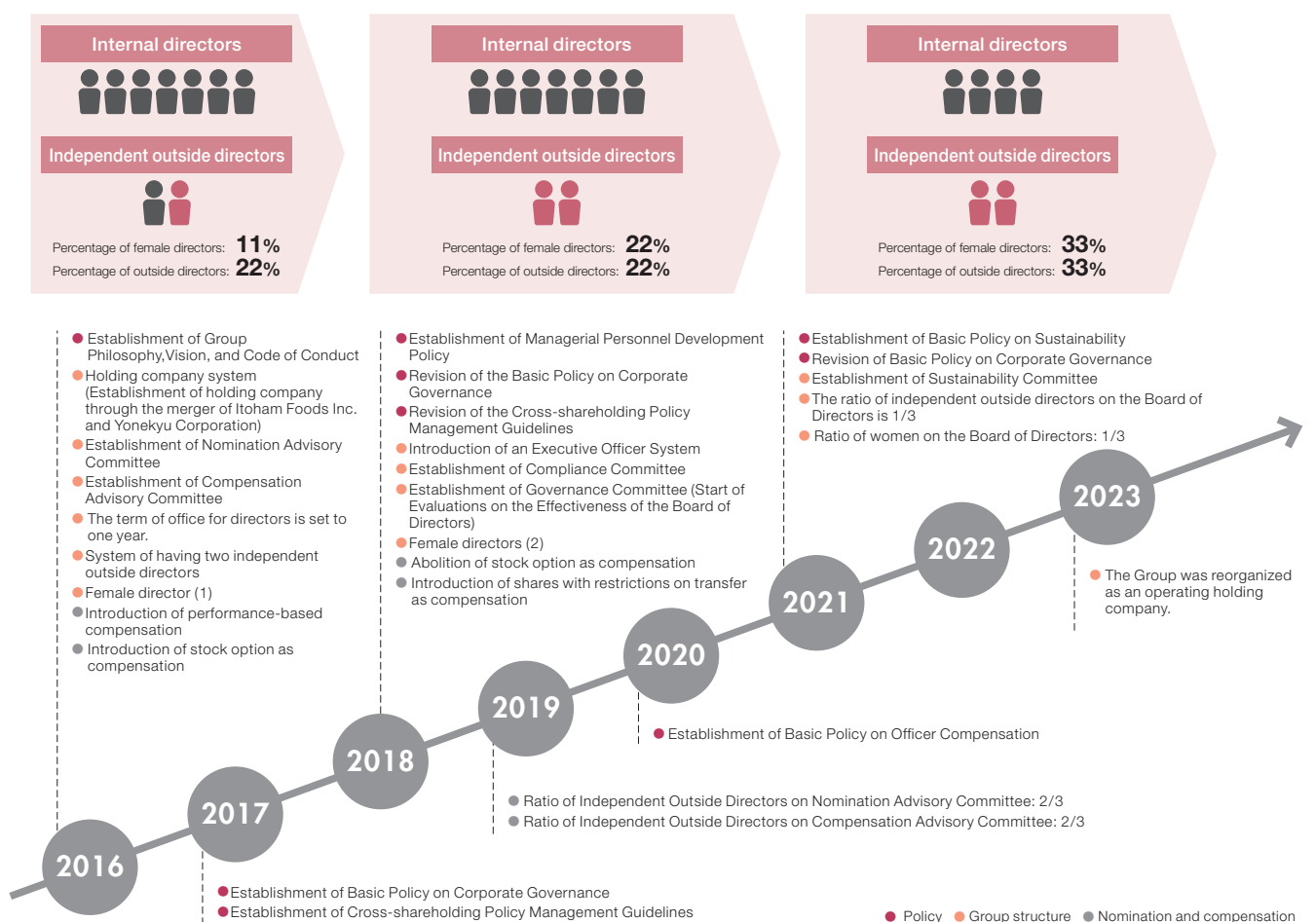
Priorities	Summary of initiatives (January to December 2022)
① Sustainability initiatives and disclosure	- The Sustainability Section was established in April 2022 as a department to promote specific activities related to sustainability. - The human rights policy, the procurement policy and supplier procurement guidelines, and the animal welfare policy were created and published. - We endorsed TCFD recommendations and disclosed climate change-related risks and opportunities. - We set and disclosed KPIs for materialities.
② More active Board discussion of managerial personnel development	The chairperson of the Nomination Advisory Committee presented the Managerial Personnel Development Policy (succession plan) to the same committee and the Board of Directors for discussion.
③ Improved public relations regarding corporate activities	- The Public & Investor Relations Office established under the CEO Office will strengthen the coordination between investor relations and public relations activities. - Collaboration between the Public & Investor Relations Office and the Sustainability Section will enhance our information dissemination.

We will continue to work towards improving the effectiveness of the Board of Directors based on the results of this evaluation.

Initiatives to reinforce the Corporate Governance System

Since its inception in April 2016, the Company has been continuously working to reinforce corporate governance with the aim of achieving sustainable growth and increasing our corporate value over the medium to long term.

We will continue to pursue and enhance the best corporate governance practices for the Company in order to maximize the functions of the Board of Directors.



Cross-shareholding

Our basic policy is not to participate in cross-shareholdings unless they meet certain conditions and are considered to help maintain and develop business relationships.

At the end of each financial year, we conduct a rapid review of the appropriateness of all cross-shareholdings. The results of the review are verified by the Group Executive Committee and reported to the Board of Directors.

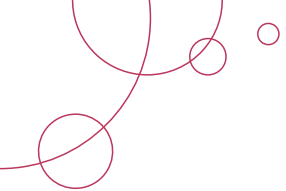
Stocks that are deemed inappropriate to hold are sold after dialog and negotiation with the issuing company.

To vote for or against a proposal, we make a comprehensive assessment of whether the proposal will contribute to the sustainable growth of the issuing company and increase its corporate value.

The price of the sold shares and number of the sold issues

	2016	2017	2018	2019	2020	2021	2022
Price (million yen)	2,975	1,863	971	195	791	106	96
Number of issues	25	28	41	13	30	24	25

(FY)



List of Directors, Auditors and Executive Officers

(as of September 29, 2023)

Directors					Auditors					
										
Name	Isao Miyashita	Koichi Ito	Hajime Ogawa	Akihisa Horiuchi	Yukie Osaka	Mikiko Morimoto	Yoshiro Matsuzaki	Shin Takahashi	Kei Umebayashi	Hiroshi Matsumura
Years in office (as of the end of June 2023)	7 years 3 months	1 year	1 year	—	2 years	—	3 years	2 years	3 years	—
Independent Directors/Auditor					●	●			●	●
Current position and responsibilities	President and Chief Executive Officer Director, Itoham Foods Inc. Director, YONEKYU CORPORATION	Director, Managing Executive Officer Senior General Manager COO, Processed Foods Business Div. General Manager, Quality Assurance Chief Executive Officer, Itoham Foods Inc. Director, YONEKYU CORPORATION	Director, Managing Executive Officer Senior General Manager COO, Administration Div. Chief Compliance Officer Director, Itoham Foods Inc. Director, YONEKYU CORPORATION	Director, Managing Executive Officer Senior General Manager COO, Meat Business Div. Executive Director, Itoham Foods Inc. Chief Executive Officer, YONEKYU CORPORATION	Director (Outside)	Director (Outside)	Standing Auditor Auditor, Itoham Foods Inc. Auditor, YONEKYU CORPORATION	Standing Auditor Auditor, Itoham Foods Inc. Auditor, YONEKYU CORPORATION	Auditor (Outside)	Auditor (Outside)
Significant Concurrent Positions					Chairman, General Incorporated Association Customer Success Promotion Association Outside Director, SAKURA internet Inc.	President and Chief Executive Officer, karna ltd. Outside Director, NEC Networks & System Integration Corporation			Lawyer Nishimura & Asahi (Gaikokuho Kyodo Jigyo Partner) Professor, Graduate School for Law and Politics, The University of Tokyo	Certified public accountant Hiroshi Matsumura Certified Public Accountant Office Auditor, G.D S.p.A.
Reason for Appointment	He has been leading the entire Group, working to build the Group's business execution structure and organizational system, and promoting efficient and agile management. He continues to work to achieve sustainable growth for the Group and to enhance its corporate value over the medium to long term by utilizing his extensive experience and broad insight as a corporate manager.	He has shown strong leadership in reorganizing the Group's processed food business, optimizing logistics, and strengthening and nurturing brands. Leveraging his wealth of experience and deep insight gained as Chief Executive Officer of Itoham Foods Inc. and from various key positions in the Group, he continues to work to achieve sustainable growth for the Group and increase its corporate value over the medium to long term.	He has shown strong leadership in strengthening corporate governance, including improving the effectiveness of the Board of Directors, and promoting sustainable management. He continues to work to achieve sustainable growth and enhance the Group's medium- to long-term corporate value, drawing on his extensive experience and deep insight from overseas assignments and in the corporate field.	He has demonstrated strong leadership in the activities to create and expand the meat value chain. Leveraging his wealth of experience and deep insight gained as Chief Executive Officer of YONEKYU CORPORATION and from various key positions in the Group, he continues to work to achieve sustainable growth for the Group and increase its corporate value in the medium to long term.	She contributes significantly to the oversight of business operations from an independent perspective, providing objective professional advice and positive opinions at Board and committee meetings based on her expertise as a marketing consultant and the insight and broad experience she has gained through her career as an executive and outside director of listed companies and other entities.	Through her previous roles and career as a sustainability consultant, she has developed insight, extensive experience and other skills that will surely enable her to provide objective and professional advice and oversight to the Company.	He has knowledge and experience from his career as the Company's executive officer and as the person in charge of Human Resources Department of the Group. He offers necessary and appropriate remarks to the Board of Directors to ensure compliance and validity in decision-making. He audits the execution of directors' duties with the Audit & Supervisory Board based on auditing policies and plans.	He has knowledge and experience in financial affairs and accounting, developed through his career as the person in charge of Accounting and Finance Department of the Group. He offers necessary and appropriate remarks to the Board of Directors to ensure compliance and validity in decision-making. He audits the execution of directors' duties with the Audit & Supervisory Board based on auditing policies and plans.	He has gained expert knowledge and experience in corporate legal affairs as a lawyer and in crisis management. He offers necessary and appropriate remarks to the Board of Directors to ensure compliance and validity in decision-making. He audits the execution of directors' duties with the Audit & Supervisory Board based on auditing policies and plans.	Through his career as a certified public accountant, he has cultivated expertise and extensive experience in finance and accounting. He is expected to contribute to the further development of the Group by auditing overall management from a broad and sophisticated perspective.
Attendance at Board of Directors Meetings (FY2022)	100% (15/15)	100% (12/12)	100% (12/12)	—	100% (15/15)	—	100% (15/15)	100% (15/15)	93.3% (14/15)	—
Attendance at Audit & Supervisory Board Meetings (FY2022)							100% (12/12)	100% (12/12)	100% (12/12)	—
The committees s/he serves on	Nominating Advisory Committee		◎		●	●				
	Compensation Advisory Committee		◎		●	●				
	Governance Committee		◎		●	●				
	Sustainability Committee		●	◎	●	●				
Skills Matrix	Management	●	●	●	●	●		●		●
	Marketing/Product Development	●	●		●	●				
	Production Engineering/Quality Control	●	●				●			●
	Finance/Accounting			●				●		●
	Legal/Risk Management	●	●	●					●	●
	ESG/Sustainability			●						
	IT/DX			●						
	International Experience	●	●	●					●	

(Note) 1. In "The committees s/he serves on," ◎ refers to the chairperson, ● refers to the committee members.
2.The Sustainability Committee includes three executive officers in addition to the directors indicated in the table above.

Executive Officers

Kazuhiko Misonou Managing Executive Officer Executive Chairman, ANZCO FOODS LTD.	Masayuki Yoneda Managing Executive Officer Deputy Chief Operating Officer, Processed Foods Business Div. Senior General Manager, Business Strategy Div.	Akihiro Asami Managing Executive Officer General Manager, Corporate Strategy Dept. Deputy Chief Operating Officer, Meat Business Div.	Yoshiyuki Ishimatsu Senior Executive Officer Senior General Manager, Production Div., Processed Foods Business Div General Manager, Purchasing Dept. General Manager, Central Research Institute Chief Executive Officer, Itoham Yonekyu Foods Inc.	Tomoyuki Ushimaru Senior Executive Officer Deputy Chief Operating Officer, Processed Foods Business Div. Senior General Manager, Sales Div.	Akira Maeda Executive Officer General Manager, Accounting & Finance Dept., Administration Div.	Shinyo Tou Executive Officer Senior General Manager, Domestic Meat Div., Meat Business Div.	Tadanobu Kujime Executive Officer Chief Executive Officer, Itoham Yonekyu Plant Inc.	Fumihiro Kanamori Executive Officer Senior General Manager, Meat Process & Farm Div., Meat Business Div.	Katsumi Nozawa Executive Officer Deputy Senior General Manager, Administrative Div. General Manager, Corporate Strategy Planning Office., Corporate Strategy Dept.	Shinji Horiuchi Executive Officer Director of Board, ANZCO FOODS LTD.	Hiroyuki Tamai Executive Officer General Manager, New Business Development Office., Corporate Strategy Dept.	Hirohiko Yoshino Executive Officer Senior General Manager, Imported Meat Div., Meat Business Div.	Yukihiro Tashiro Executive Officer Deputy Senior General Manager, Production Div., Processed Foods Business Div. General Manager, Production Planning Dept.
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I expect the company to promote diversity in management and active public relations

Incorporate outside ideas and emphasize speed

Two years ago, I became an outside director of this company. During this time, I have had the opportunity to visit the factories and farms all over Japan and to deepen my understanding of the entire cycle of farming cattle and swine and manufacturing and distributing processed products. I have observed that this Company's Code of Conduct is firmly embedded in quality control, safety and security, compliance, and environmental initiatives in the field. I have also noticed that the employees have a sense of responsibility and pride in food production and work tirelessly to ensure that customers enjoy delicious products.

Through these opportunities, I have found that this Group's employees tend to be serious, steadfast, and careful about getting things done, which I think is a good thing. The company's strengths will be further demonstrated in the future if it responds more quickly to changes in the business environment.

I have spent most of my career in communication-related jobs in the media, and then in management, specializing in marketing, which has allowed me to get to know many companies and executives. I would like to share the knowledge I have gained from such experiences in the form of comments and suggestions to contribute to increasing the value of the Company, as one of various other ways of thinking.

Towards a More effective Board of Directors Meetings

At its meetings, the Board of Directors timely reviews and discusses current issues, such as the social situation and the Corporate Governance Code. I understand that outside directors are expected to express their opinions openly because they are told to speak up and make points, even if such comments may seem tough. I recognize that it is an important role for outside directors to continue to make suggestions and proposals that they believe are necessary to enhance the corporate value over the



Yukie Osaka
Outside Director

medium to long term, even if they are difficult to implement immediately. Therefore, I try my best to speak out without being influenced by an internal state or thinking.

Prior to Board meetings, briefings are held for outside officers so that they can have an opportunity to hear explanations of proposals from the departments that are presenting them to the Board. On the other hand, I believe that while directors need explanations of results and conclusions, it is also important for them to be informed about the process prior to the formulation of each agenda item. In some cases, I feel that the discussion at Board meetings will be livelier if directors are able to know at that time what is happening, offer any advice they can, and point out considerations and perspectives that are not being considered. In addition, since it takes a long time to take resolutions and hear reports at Board meetings, it is difficult to find time to discuss matters that are not on the agenda. Therefore, I think it would be desirable to be able to discuss such matters at separate meetings. While there is already a platform for discussing issues that are not on the Board's agenda, it would be good to have more opportunities for this type of discussion in the future. As the next Medium-term Management Plan is being prepared in FY 2023, we, the outside directors, would like to help bring a more objective perspective to it.

[profile]

After working for NIKKEI RADIO BROADCASTING CORPORATION, TOKYO METROPOLITAN TELEVISION BROADCASTING Corporation, and WOWOW INC., she became a director of WOWOW COMMUNICATIONS, Inc. in 2014. In 2018 she became a director of MEIKO NETWORK JAPAN CO., LTD. She has been an outside director of the company since 2021. Currently, she also serves as chairman of Customer Success Promotion Association (General Incorporated Association) and as an outside director, SAKURA internet Inc.

Challenges and expectations for enhancing corporate value

We live in a time when simply continuing to do business as usual will not be enough for any company to grow in the years ahead. Under these circumstances, companies are expected to create new value for society. To achieve this, I believe this Group faces two major challenges.

The first is to ensure diversity in the core workforce. Creating new value for growth requires personnel with diverse backgrounds who are not only proficient in current operations but also capable of generating diverse ideas. Organizational homogeneity can pose a significant risk in the future. I would like to see top management make a strong commitment to diversity management by increasing the proportion of female managers, hiring non-Japanese, and actively recruiting people with skills and experience, including digital skills, that will be essential in the future. Diversity, equity and inclusion are one of the strategies for sustainable corporate growth. The Group has established KPIs related to the percentage of female managers and female section heads, and these indicators have increased each year because of these efforts, but I believe it is necessary to take bold steps to achieve further improvements.

The second is to boost public relations. This company has not yet fully publicized the value of its development capabilities, products, and the systems and initiatives that create them. It would be better to recognize these strengths and make them known more widely, but this company is modest and does not publicize enough.

With fears of a future protein crisis, the Group's role as a supplier of protein is extremely important to society. In some cases, what may seem obvious and unremarkable to those inside the company may have great significance to the outside world. The company is also promoting forward-looking initiatives on protein foods, including meat, processed foods, and soy-based meat. I believe the company's growth will come from strengthening its ability to communicate, not only through sales promotions and TV commercials, which it has been doing, but also by focusing on public relations and telling the stories of the initiatives I mentioned earlier.

Compliance

Basic Stance and Promotion System

The Itoham Yonekyu Group sets fair and transparent conduct that puts compliance first as a compliance policy. The code of compliance behaviors, which shows the evaluation standards that employees should follow, was

Compliance Committee

The Compliance Committee meets once a month. The Committee consists of the chief financial officer, the general manager of the Human Resources Department, the general manager of the Quality Assurance Department, and other members appointed by the chief financial officer. The chairperson is selected from the members by a resolution of the Board of Directors.

To strengthen the Group's internal control functions and permanently enhance corporate value, the Committee regularly checks the risk management status regarding food safety, compliance, business law, litigation, and disputes, and independently evaluates the operational status.

Compliance Supervisor Meeting

The Compliance Supervisor meeting is held twice per year to promote Group compliance under the presidency of the executive officer in charge of compliance. This meeting decides the compliance policy and action plans. It also reports and verifies matters that the Compliance Committee requests to improve, as well as countermeasures and improvement measures for compliance issues.

Compliance Promotion Committee System

Compliance Promotion Committee members are assigned to each Group workplace. The Committee members seek to acquire knowledge related to compliance, so that they can take initiative in promoting compliance at their workplace and ensuring that all employees are familiar with laws, regulations, and internal rules related to their work.

compiled into a Corporate Code of Ethics booklet and distributed to every employee. We are working to spread information through training, etc.

Main Initiatives in FY2022

● Training

A compliance seminar is held once a year to increase all Group employees' awareness of compliance and have employees understand the importance of compliance. We also offer compliance seminars as necessary to managers on industry law and harassment prevention depending on the role.

● Compliance Awareness Survey

A Compliance Awareness Survey is conducted for all Group employees once per year to understand the level of awareness of compliance in each workplace. Survey results and employee opinions lead to improvements in the workplace, as they are offered as feedback to all employees, including management. If problems are found, improvements are made and used in compliance action for the next fiscal year. Furthermore, this survey includes foreign technical intern trainers and foreign specific-skilled workers.

● Internal Reporting System

We have set up the Internal Consultation Hotline (Compliance Office) and the Outside Consultation Hotline (with outside lawyers) to receive consultations and internal reporting on compliance from all Group employees. The contact information of each hotline is available in the booklet, "Corporate Code of Ethics," compliance cards, and the internal portal website.

In addition, we seek to protect potential whistleblowers. Our internal reporting regulations provide for strict confidentiality of the consultation content and prohibition of disadvantageous treatment of the potential whistleblower for reporting or consulting.

system for continually gaining trust and reliance from society for the long-term. For information on the risk management system and its roles, please see our Company website.



Risk Management (Japanese only)

Business and Other Risks, and Countermeasures

Specifically, some critical risks include the globally rising prices of raw materials, grains, and energy costs, as well as the spread of livestock infectious disease.

The risks the Group identified as critical and primary countermeasures are listed in the table below.

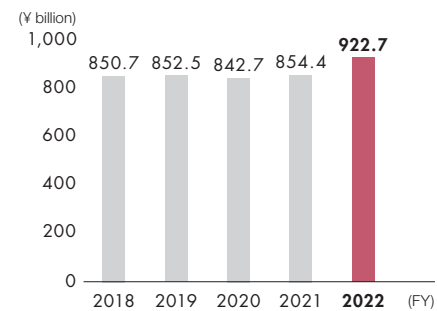
Risks	Primary countermeasures
Risks related to market changes	- Continuous operational reforms to reduce production costs - Diversification of product and raw material suppliers - Maintaining appropriate inventory levels of products and goods - Logistics integration with a focus on efficiency - Optimization of sales prices
Food safety risks	- Strengthening food defense and traceability - Establishment of a strict quality control system based on international control standards - Actively promoting education of safety and sanitation
Risks related to infectious diseases, illness, etc.	Establishment of manuals to handle infectious diseases, etc.
Risks related to livestock diseases	Establishment of manuals to handle livestock diseases
Risks related to business continuity due to disasters, conflicts, etc.	- Establishing a business continuity plan (BCP) against disasters, etc., and preparing for alternative production and delivery - Periodic disaster drills
Risks related to changes in domestic and international public and legal regulations and infringement of rights	Prompt identification and compliance of amendments to relevant laws and regulations
Risks related to changes in financial markets	- Setting up a committed line of credit - Exchange reservation
Risks related to business investment and capital investment	- The Board of Directors resolves important investments that contribute to enhancing corporate value based on careful deliberations at the Investment and Lending Committee - Periodic review of progress and deviation from the original plan after investment
Risks related to logistics and distribution	- Improving the accuracy of receiving and placing orders and optimizing inventory management - Improvement of delivery lead time - Improvement of loading efficiency - Stricter temperature-controlled transportation
Risks related to compliance	- Establishment of a code of compliance behaviors, and distribution of a Corporate Code of Ethics to all employees - Establishment of Compliance Committee chaired by the executive officer in charge of compliance - Periodic compliance messages from management - Assignment of Compliance Promotion Committee members - Implementation of Compliance Awareness Survey - Establishment of Internal and External Consultation Hotlines to receive internal reporting
Risks related to the development and operation of internal control systems	Internal audits conducted by the Audit Office
Risks related to information security	- Implementation of anti-malware measures and security measures - Strengthening the management system by duplicating and decentralizing the core system and data storage servers - Establishment of information security policy - Unannounced drills to maintain and improve the awareness of information security compliance
Risks related to securing and developing human resources	- Recruitment of diverse human resources - Promotion of evaluation systems and education/training programs that lead to increased motivation
Risks to reputation	- Monitoring of SNS, etc., in Japan and abroad - In the case that a risk to our reputation has occurred, rapid response and, if necessary, public announcement of information and our corporate stance
Risks related to the environment and climate change	- Adhering to environmental philosophy and environmental code of conduct, and proper understanding and obedience of changes to related laws and ordinances - Effective utilization of resources and energy, and business activities that take the environment into account - Establishment of the Sustainability Committee with the Director, Managing Executive Officer and Senior General Manager COO of the Administration Div. as the chairperson

Financial and Non-Financial Highlights

*Rounded to the nearest 0.1 billion yen.

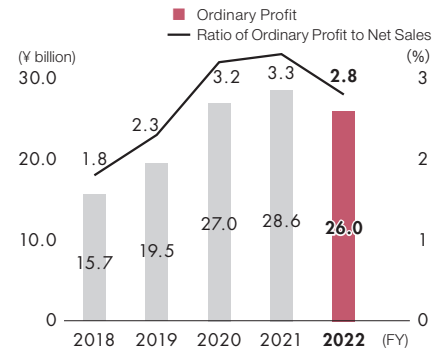
Financial Highlights

Net Sales
¥**922.7** billion



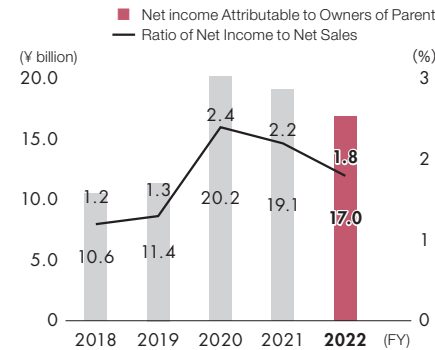
* The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021.

Ordinary Profit
¥**26.0** billion
Ratio of Ordinary Profit to Net Sales
2.8%



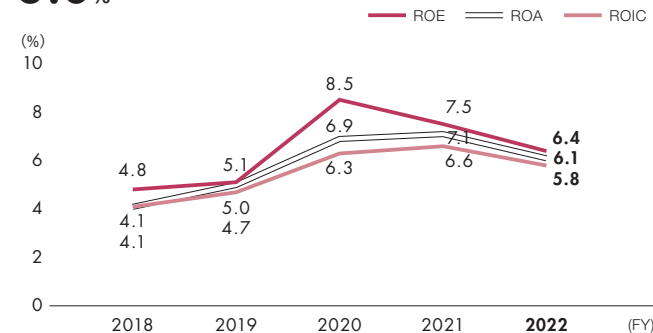
* The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021.

Profit Attributable to Shareholders
¥**17.0** billion
Ratio of Net Income to Net Sales
1.8%



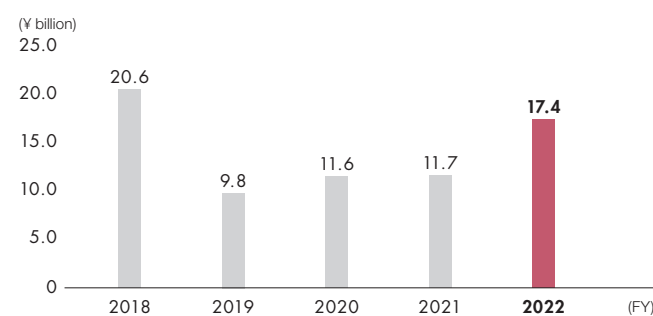
* The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021.

Return on Equity (ROE)
6.4%
Return on Assets (ROA)
6.1%
Return on Invested Capital (ROIC*)
5.8%

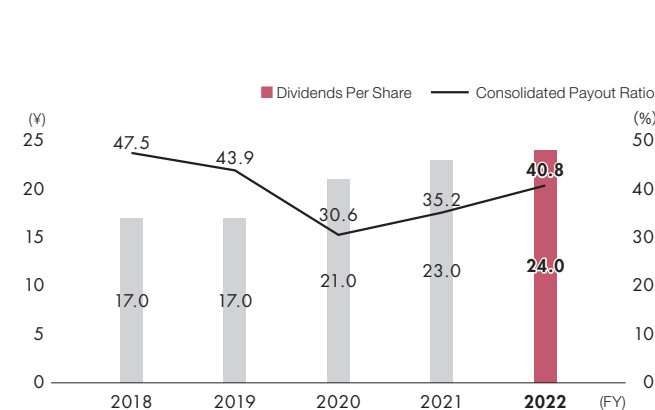


* Income before interest expense and after tax / (Interest-bearing debt + Equity capital)
Exclude loss on disaster and insurance income is excluded from Extraordinary income and loss.

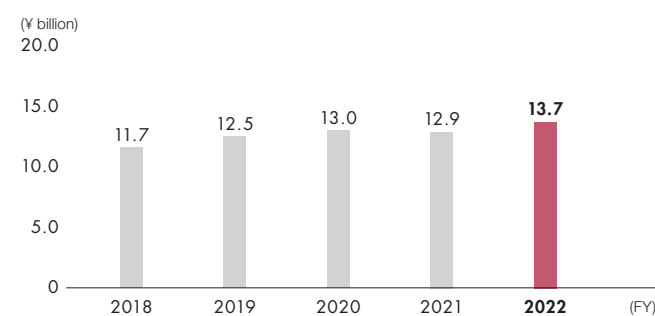
Capital Expenditures
¥**17.4** billion



Dividends Per Share
¥**24.0**
Consolidated Payout Ratio
40.8%



Depreciation and Amortization of Goodwill
¥**13.7** billion



Value Creation Story

Business Strategy

Sustainability

Governance

Financial Data / Stock Information

*1

- The percentage of women in management positions, percentage of employees taking childcare leave, and percentage of employees returning from childcare leave that has been totaled from all consolidated subsidiaries in Japan.
- The percentage of employees with disabilities was calculated for the following companies combined, until FY2021, as they were subject to reporting requirements under the "Act to Facilitate the Employment of Persons with Disabilities": Itoham, Yonekyu, Itoham Daily, Itoham West Foods, Itoham Food Solutions, Itoham Sales, Tsukushi Factory, Royal Delica, Itoham Business Support, IH Logistics Services, Yonekyu Kagayaki, Yonekyu Delica Foods, Itoham Meat Sales East, Itoham Meat Sales West, Sankyo Meat, IH Meat Solutions, IH Meat Packer, Yonekyu Oshitori, AI Pork, and the Eastern Hiroshima Prefecture Winery Cooperative.
- The percentage of employees with disabilities for FY2022 was calculated by adding the following companies to the companies covered through FY2021: Itoham Yonekyu Holdings, Itoham Yonekyu Human Service, Itoham Yonekyu System, Kikusui, Asakusa Ham, Ito Fresh Salad, Marufuji, and Taiyo Pork.

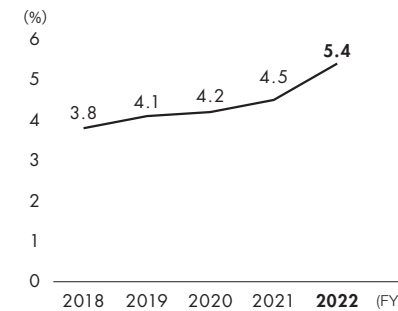
*2

- Itoham Yonekyu Holdings and its subsidiaries are covered in this calculation (the subsidiaries include 100% of their emissions and usage amount in the calculation).
- Various environmental data has been reviewed and updated.

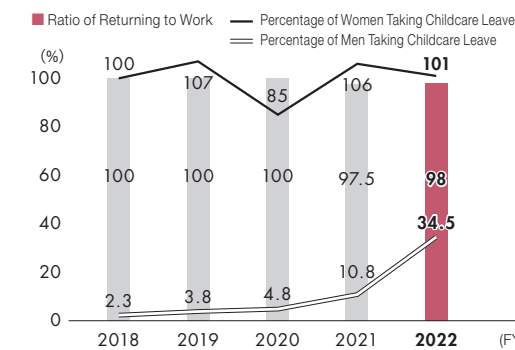
Non-Financial Highlights

Personnel Data*1

Percentage of Women in Management Positions
5.4%



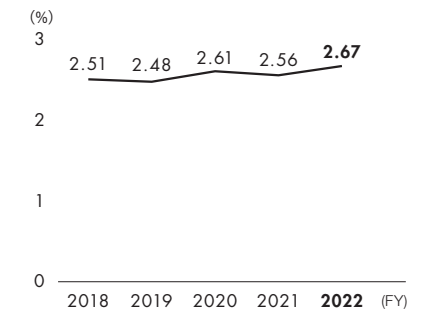
Percentage of Employees Taking Childcare Leave
Women **101%** Men **34.5%**



* The percentage of employees taking childcare leave is calculated based on the "Act on the Child Care and Family Care Leave." The number may exceed 100% in some fiscal years because one may give birth in one fiscal year and take childcare leave in another.

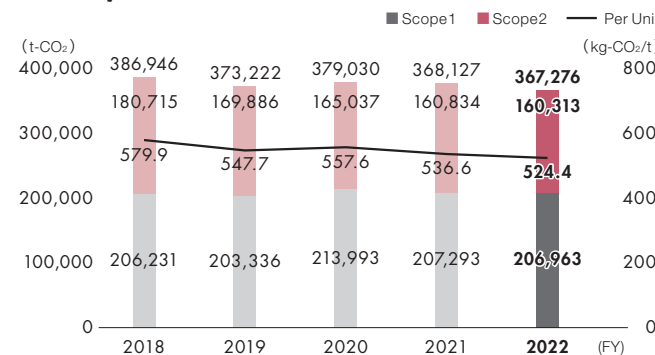
Percentage of Employees Returning from Childcare Leave
98%

Employment Rate of People with Disabilities
2.67%



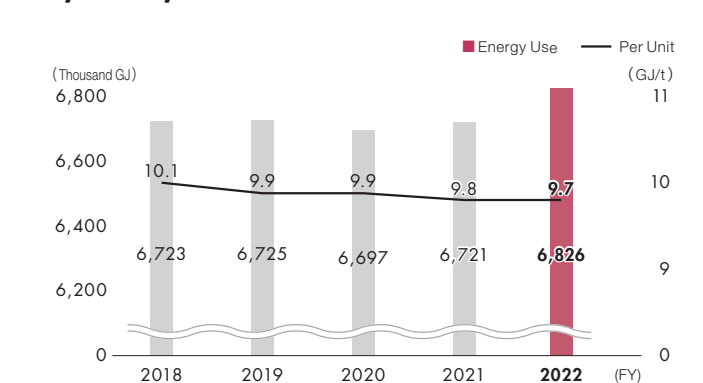
Environmental Data*2

Greenhouse Gas Emissions (CO₂ equivalent)
367,276t-CO₂

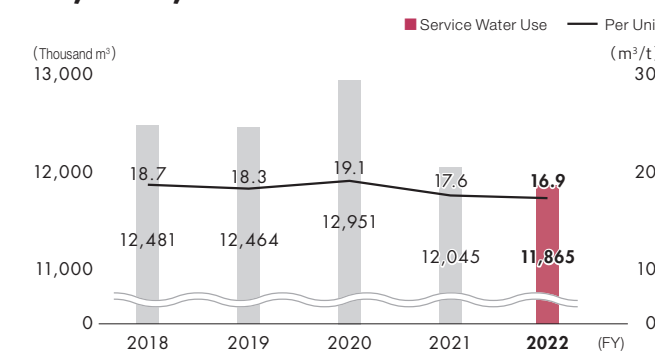


Per Unit Produced
524.4kg-CO₂/t

Energy Use
6,826,000GJ

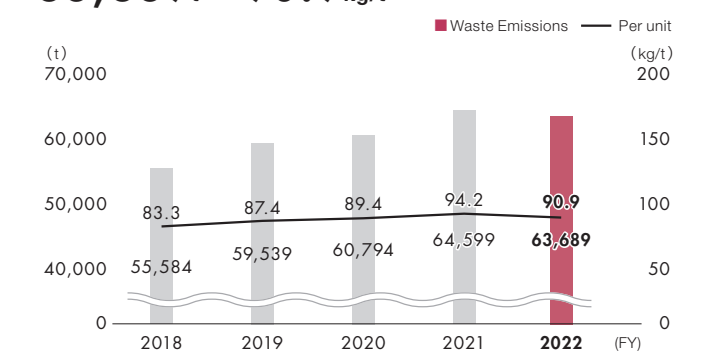


Service Water Use
11,865,000m³



Per Unit Produced
16.9m³/t

Waste Emissions
63,689t



* The data on waste emission does not include data from some foreign subsidiaries from FY2018 to FY2020.

Financial Data / Stock Data

Financial Data (See the summary of financial results for the [latest detailed information](#).)

Major Financial Trends

(Unit: 1 million yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net Sales	831,865	850,721	852,450	842,675	854,374	922,682
Gross profit	130,649	126,821	133,548	139,979	131,904	130,126
Selling, general and administrative expenses	109,087	112,326	116,281	115,961	107,292	107,131
Operating income	21,562	14,494	17,266	24,018	24,611	22,994
Ordinary income	24,423	15,679	19,534	27,000	28,596	26,044
Net Income attributable to owners of parent	15,784	10,588	11,439	20,204	19,118	16,975

Earnings per share (EPS) (yen)	53.22	35.82	38.72	68.61	65.34	58.81
Return on equity (ROE) (%)	7.3	4.8	5.1	8.5	7.5	6.4
Return on assets (ROA) (%)	6.5	4.1	5.0	6.9	7.1	6.1
Return on invested capital (ROIC) (%)	6.4	4.1	4.7	6.3	6.6	5.8
Ratio of operating income to net sales (%)	2.6	1.7	2.0	2.9	2.9	2.5
Ratio of ordinary income to net sales (%)	2.9	1.8	2.3	3.2	3.3	2.8
Ratio of net income to net sales (%)	1.9	1.2	1.3	2.4	2.2	1.8

Total assets	378,687	393,392	389,426	394,086	413,123	436,763
Net assets	219,861	224,074	229,178	247,648	262,740	269,261
Capital to asset ratio (%)	57.7	56.6	58.5	62.7	63.4	61.5
Current assets	216,705	229,580	226,498	226,384	243,405	256,463
Current liabilities	127,808	139,456	138,106	123,041	126,533	152,941
Book value per share (BPS) (yen)	739.77	754.14	773.26	843.52	897.66	943.40
D/E ratios (times)	0.22	0.28	0.23	0.16	0.13	0.16
Interest coverage ratio (times)	6.3	19.2	44.7	113.3	57.9	4.9

Cash flow from operating activities	5,521	15,114	31,847	40,862	18,473	3,947
Cash flow from investing activities	△ 8,183	△ 19,879	△ 7,855	△ 10,837	△ 11,251	△ 22,926
Free cash flow	△ 2,661	△ 4,765	23,991	30,025	7,221	△ 18,979
Cash flow from financing activities	△ 20,004	10,084	△ 16,390	△ 21,097	△ 10,653	△ 6,844
Cash and cash equivalents at end of period	29,284	34,643	41,771	50,651	47,690	22,359
Net increase (decrease) in cash and cash equivalents	△ 23,501	5,358	7,128	8,879	△ 2,961	△ 25,330
Cash and cash equivalents at beginning of period	52,785	29,284	34,643	41,771	50,651	47,690
Capital Expenditures	12,674	20,560	9,838	11,580	11,699	17,425
Depreciation and amortization of goodwill	10,304	11,666	12,524	13,003	12,903	13,707

Dividends per share (yen)	17.0	17.0	17.0	21.0	23.0	24.0
Consolidated payout ratio (%)	31.9	47.5	43.9	30.6	35.2	40.8

Segment information

(Unit: 1 million yen)

Processed food segment

Net Sales	287,502	291,939	300,209	307,041	302,309	371,165
Sales ratio (%)	34.6	34.3	35.2	36.4	35.4	40.2
Segment income	10,764	7,914	6,730	12,397	11,086	5,954

Meat segment

Net Sales	540,107	554,576	548,184	531,581	547,843	547,145
Sales ratio (%)	64.9	65.2	64.3	63.1	64.1	59.3
Segment income	11,432	7,364	11,284	13,443	14,860	21,465

* The "Accounting Standard for Revenue Recognition" is applied starting from the beginning of the consolidated fiscal year 2021.

* Starting in FY2022, the segment classification has switched from being by product and service to being by organization.

* Up until FY2021, the segment income represents operating income, but, starting in FY2022, it will represent ordinary profit.

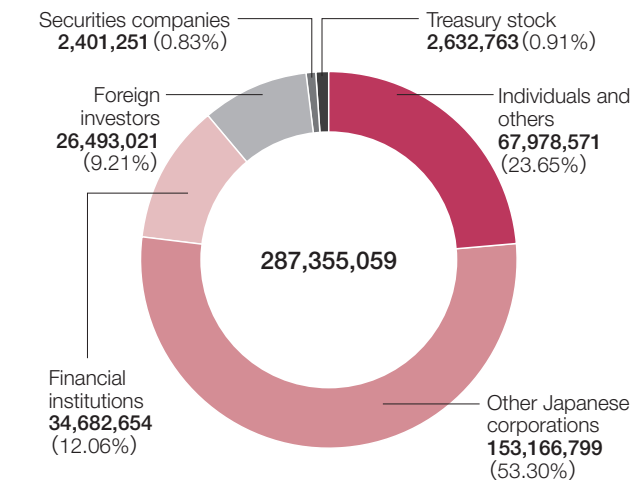
Stock Information (As of March 31, 2023)

Stock Conditions

Listed stock exchange	Prime Market of Tokyo Stock Exchange
Stock ticker code	2296
Number of authorized shares	1,000,000,000
Number of issued shares	287,355,059
Number of shares per unit	100
Number of shareholders	61,466
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited

Distribution of Shares by Shareholder Type

Individuals and others	67,978,571	23.65%
Other Japanese corporations	153,166,799	53.30%
Financial institutions	34,682,654	12.06%
Foreign investors	26,493,021	9.21%
Securities companies	2,401,251	0.83%
Treasury stock	2,632,763	0.91%



Status of Major Shareholders (Major 10 Shareholders)

Name	Owned shares (in thousands)	Ownership ratio (%)
Mitsubishi Corporation	115,779	40.66
The Master Trust Bank of Japan, Ltd. (Trust account)	22,517	7.90
The Ito Foundation	12,000	4.21
S Planning Inc.	10,279	3.61
Ito Bunka Foundation	6,200	2.17
Custody Bank of Japan, Ltd. (Trust account)	5,313	1.86
Nippon Life Insurance Company	2,749	0.96
Koichi Ito	2,740	0.96
Itoham Yonekyu Holdings Inc. Employee Shareholder Meeting	2,272	0.79
STATE STREET BANK WEST CLIENT – TREATY 505234	2,081	0.73

* Itoham Yonekyu Holdings is excluded from the above list of major shareholders even though it owns 2,632,763 treasury stocks.

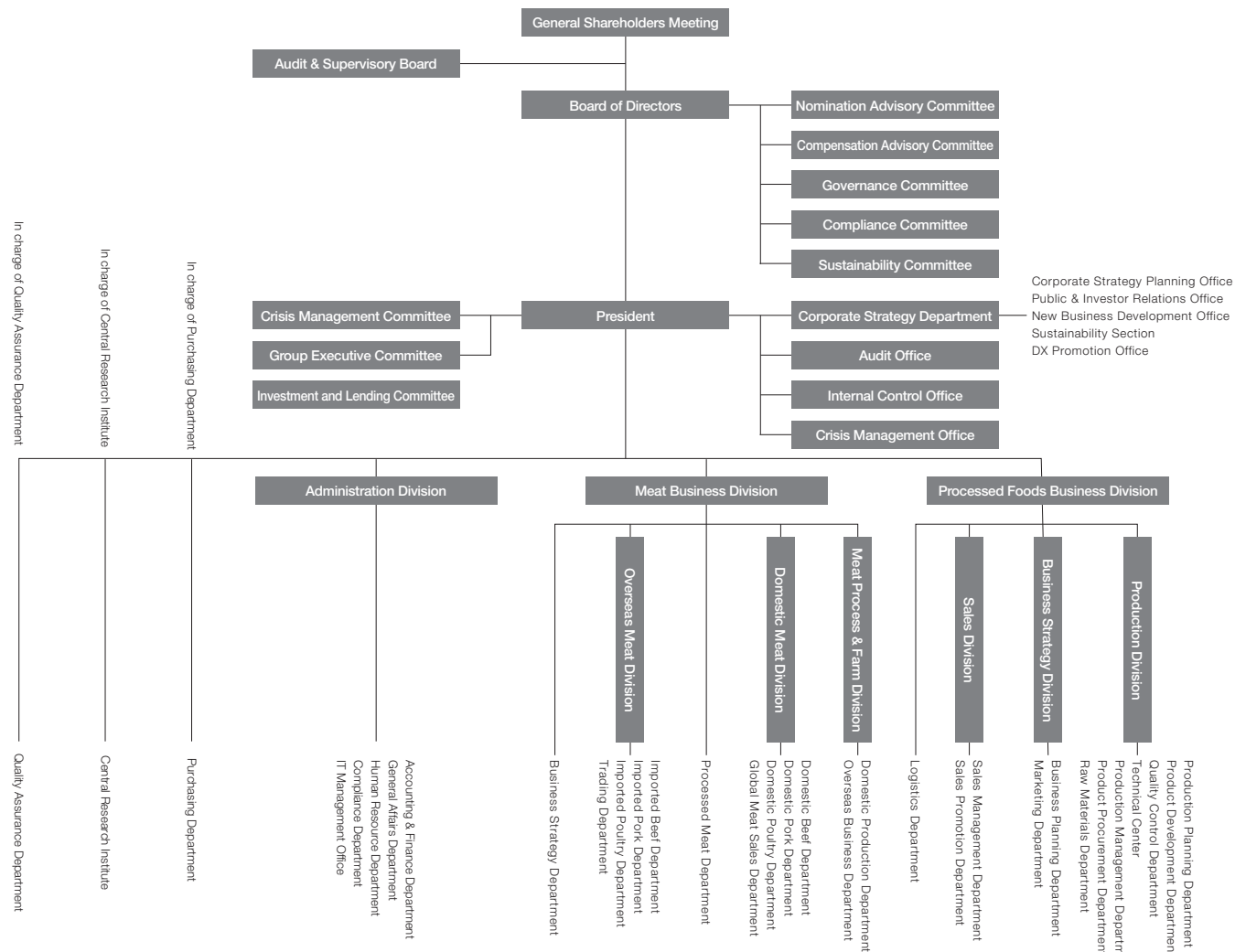
* Ownership ratio is calculated by deducting treasury stocks.

Corporate Data

Corporate Information (as of March 31, 2023)

Trade name	ITOHAM YONEKYU HOLDINGS INC.
Representative	Isao Miyashita, President and Chief Executive Officer
Location of head office	1-6-21 Mita, Meguro-ku, Tokyo
Established	April 1, 2016
Capital	30 billion JPY (anything less than 100 million is rounded down)
Business description	Business management and all other accompanying duties for Group subsidiaries that handle sales and manufacturing of processed meat products, processing and sales of meat, processed foods, manufacturing and sales of ready-made meals
Number of employees	8,010(Consolidated)
Fiscal year	From April 1 to March 31
Accounting auditor	KPMG AZSA LLC

Organizational Chart (As of April 1, 2023)



Group Companies (as of April 1, 2023)

