

Meat Overseas business Briefing materials

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- Meat Overseas Business Overview

- ANZCO FOODS Overview
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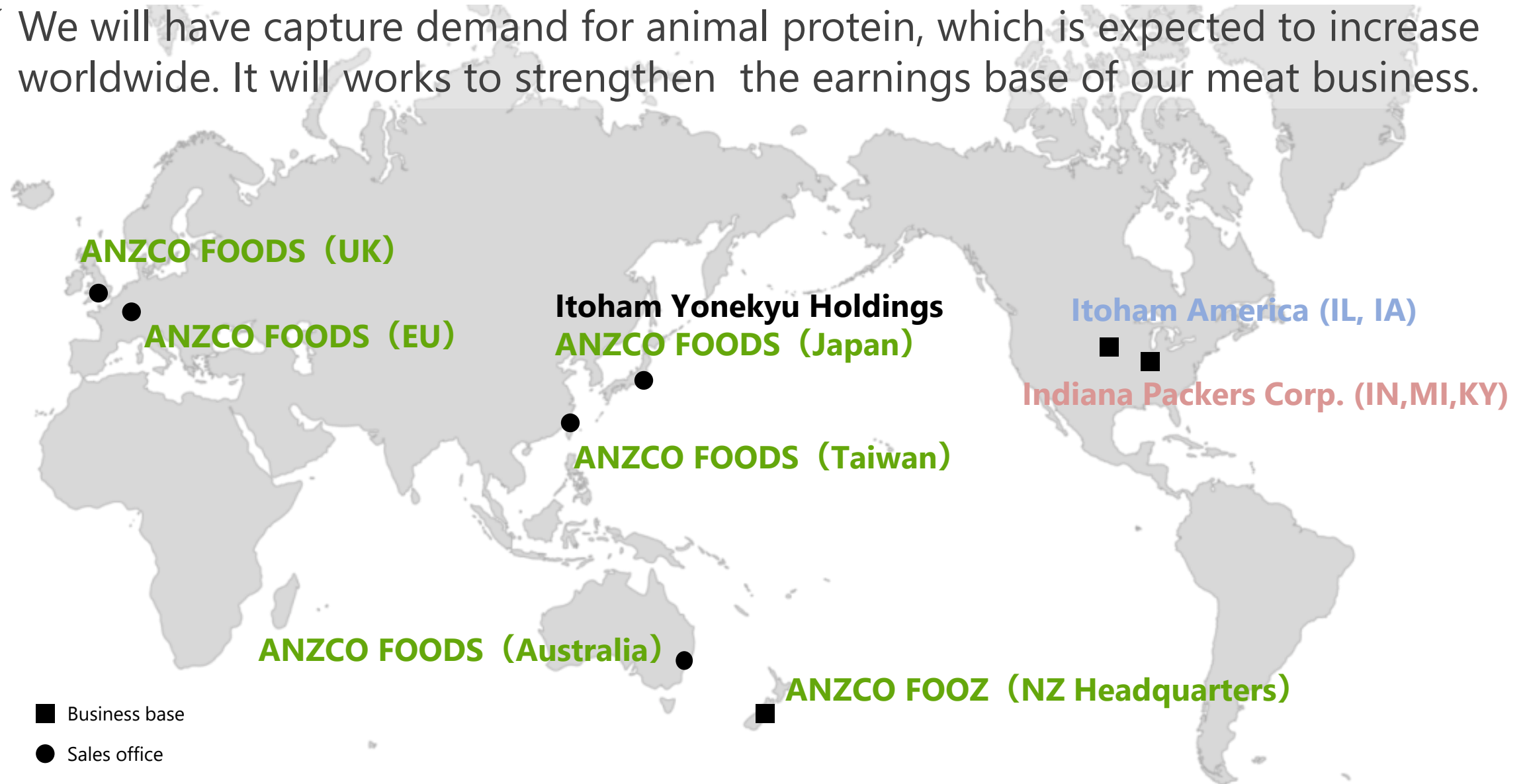
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Meat Overseas Business Overview



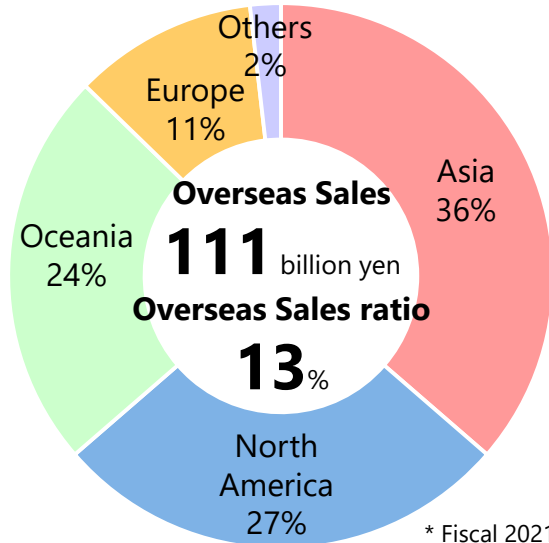
Positioning and Base distribution

- ✓ We will have capture demand for animal protein, which is expected to increase worldwide. It will works to strengthen the earnings base of our meat business.



Summary of Meat Overseas Subsidiaries and Affiliates

- ✓ Overseas sales ratio for 13% of Itoham Yonekyu Holdings' total sales.
- ✓ Mainly ANZCO FOODS has operated and expand globally.



* Fiscal 2021 results
(including processed food business)

ANZCO FOODS



Business content

- ✓ Processing and Sales of Beef and Lamb
- ✓ Processing and Sales of Processed food

Investment

- ✓ Itoham Foods Inc. 100%

For details, See P.20 onwards.

Itoham America

Business content

- ✓ Export and Sales of Pork
- ✓ Import and Sales of WAGYU

Investment

- ✓ Itoham Foods Inc. 100%

The company acts as an intermediary for the export of pork from packers to Itoham Yonekyu Holdings in the US, also sells ITOWAGYU in North America and exports of Seasoned pork processed by NWIP to Japan.

*NWIP : Seasoned pork processing plant owned by Itoham America

Indiana Packers Corp. (IPC)



Business content

- ✓ Processing and Sales of Pork
- ✓ Processing and Sales of Processed food

Investment

- ✓ Mitsubishi Corp. 70%
- ✓ Mitsubishi Corp. (Americas) 10%
- ✓ Itoham Foods Inc. 20%

The company processes pork and products processed food for domestic and foreign markets. Processed food are supplied to retailers and restaurants nationwide in the US. Itoham Yonekyu Holdings consistently purchases pork from the company and sells it in Japan.

Future direction

- ✓ We will expand the scale of ANZCO FOODS business and promote value-added activities such as the using of by-products from the company's processing.
- ✓ We will expand sales to overseas markets in cooperation with ANZCO FOODS. (Sales of NZ beef/Lamb and WAGYU)
- ✓ We will continue to consider M&A. (Capital participation in meat packers, etc.)
- ✓ We will strengthen the development of overseas human resources.

ANZCO FOODS Overview

Features of New Zealand meat industry



Profile

- ✓ Meat industry is one of the primary industries in NZ, 14% of total export value.
- ✓ NZ exports 80% of Beef and 92% of Lamb. (Highly dependent on exports)



Beef and Lamb export value

8.0 billion NZ\$

Exchange rate: ¥85.5/NZ\$ (as of September 5, 2022)



Proportion of Beef and Lamb in total export value

14%



Export ratio of Beef production

80%



NZ Beef export share in the world

6%



Export ratio of Lamb production

92%



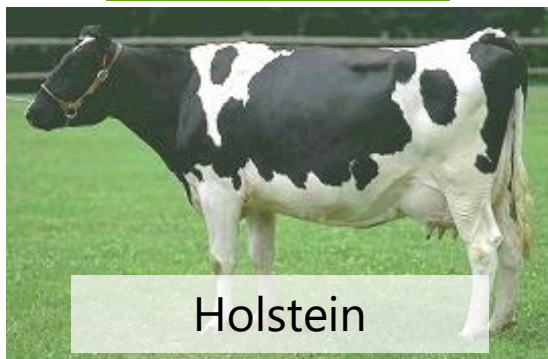
NZ Lamb export share in the world

36%

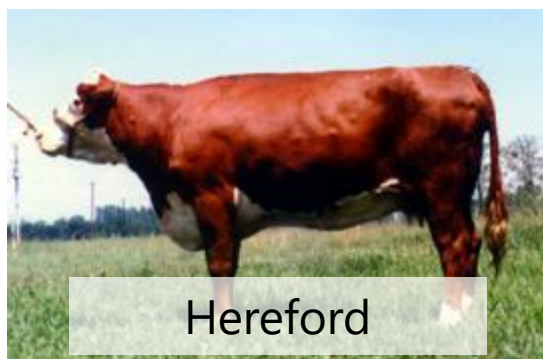
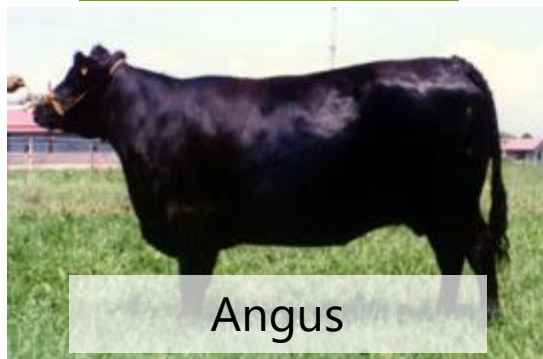
Breed types of Beef and Lamb

- ✓ About 60% of the raising Bovine come from Dairy Cow and the other 40% are Beef Cattle.
- ✓ Most of the Ovine raise for both Wool and Meat.

Dairy Cow



Beef Cattle



Wool and Meat



Wool



Meat



Number of Livestock

- Beef Cattle	:	388
- Dairy Cow	:	620
- Ovine	:	2,600

(million heads)

Feeding style of Beef and Lamb

- ✓ Bovine and Ovine are grazing. = Grass-fed
- ✓ Farmers make effective use of farmland, which accounts for about 40% of the country's land, and achieve labor-saving and low-cost production.
- ✓ Many farmers combine Beef cattle and Lamb farming to make effective use of pasture.

Image of Beef feeding form

Birth



Suckling



Ship

Ship

【Grass-fed Beef】

Main processing country

New Zealand

Australia

【Grain-fed Beef】

Main processing country

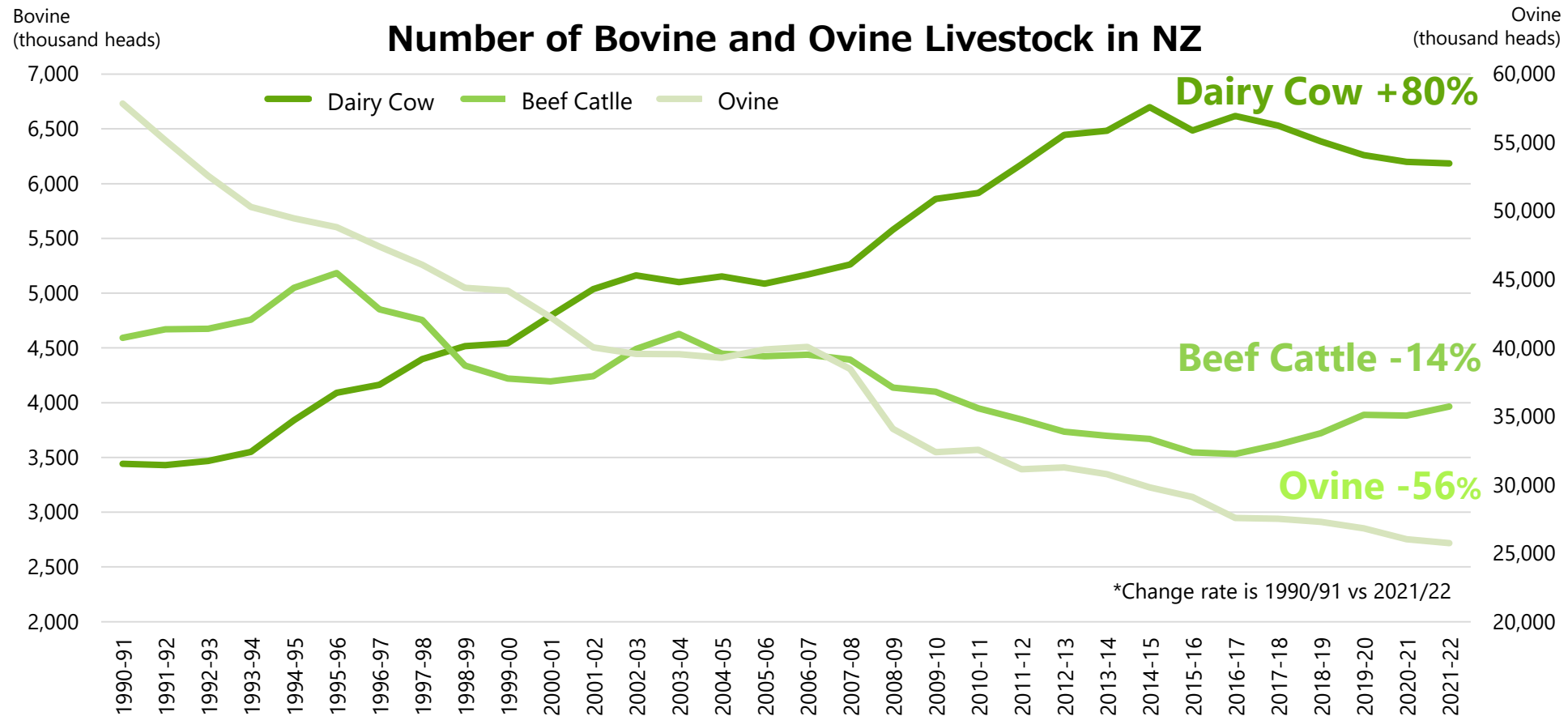
USA

Australia

Japan

Changes in the number of Beef and Lamb raised

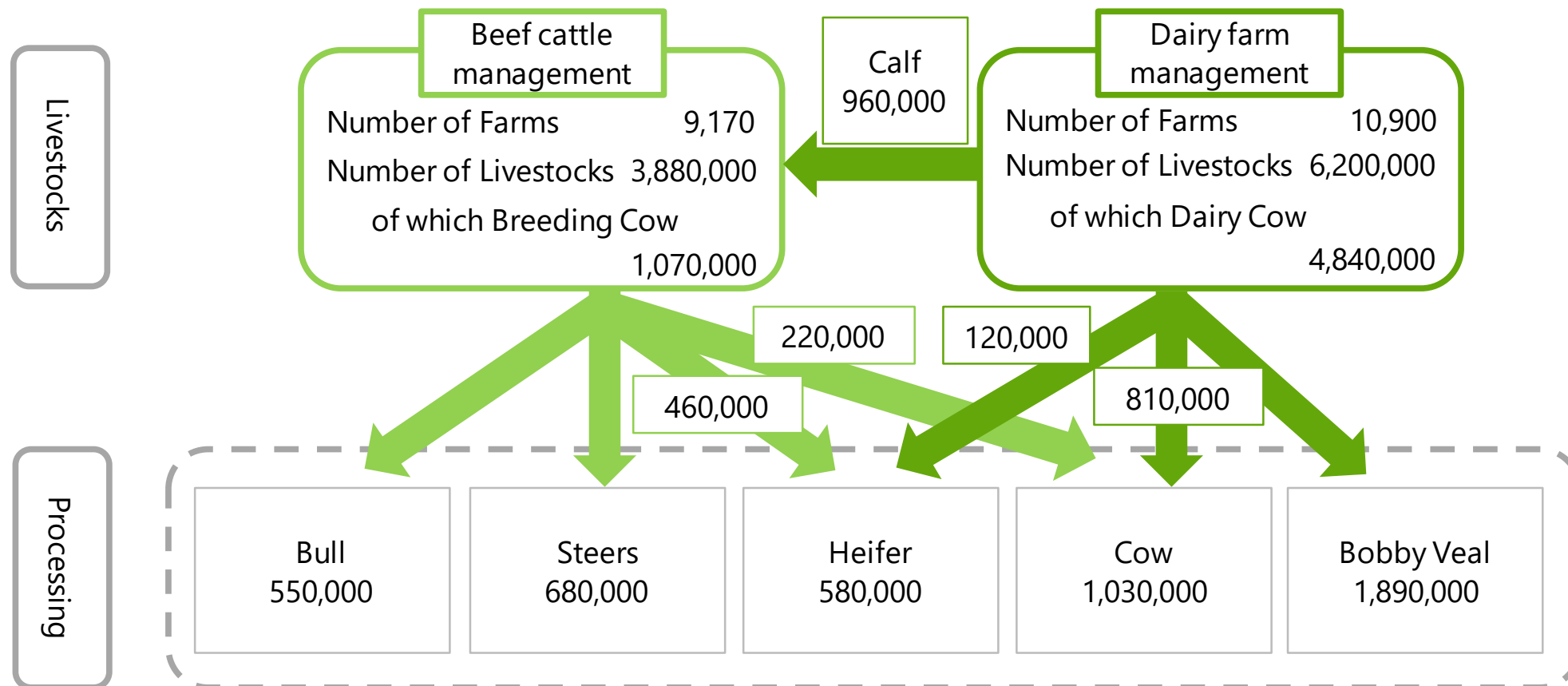
- ✓ Farmers use land according to the price of dairy products, beef and lamb markets.
- ✓ Dairy cows are increasing significantly in the long-term trend due to rising dairy product prices and national policies (promoting dairy farming).



Source : Beef+Lamb New Zealand (BLNZ)

Number of Beef raised and processed

- ✓ Number of processing per year Beef : 2.8 Lamb : 22.0 (million heads) *Calf not included
- ✓ Beef processing number is closely related to dairy farming.



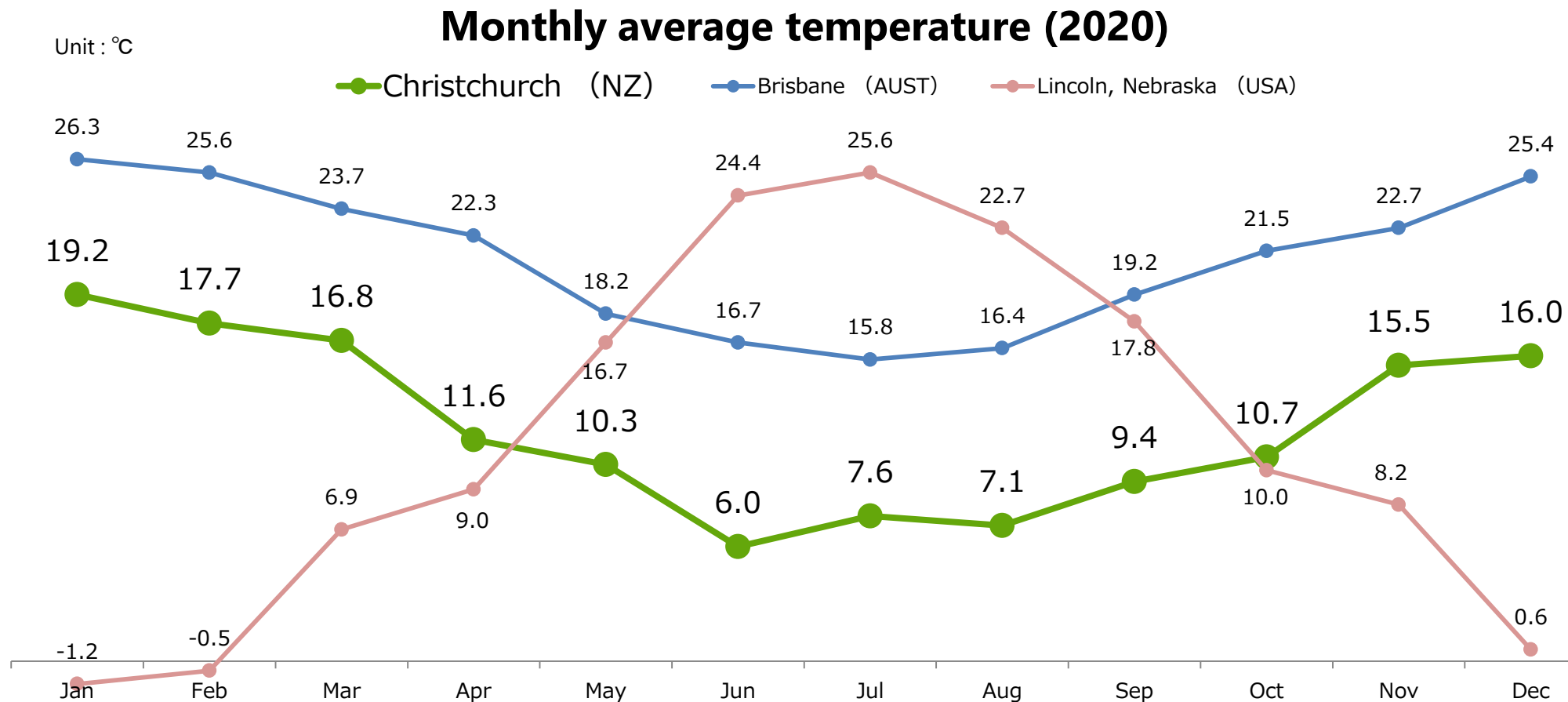
* Number of Farms and Livestocks are for 2020

* Number of processing is for fiscal 2020/21

Source : Beef+Lamb New Zealand (BLNZ)

Climate (Temperature)

✓ In NZ, it is cool all year round, so reducing heat stress on livestock.



Source : Japan Meteorological Agency

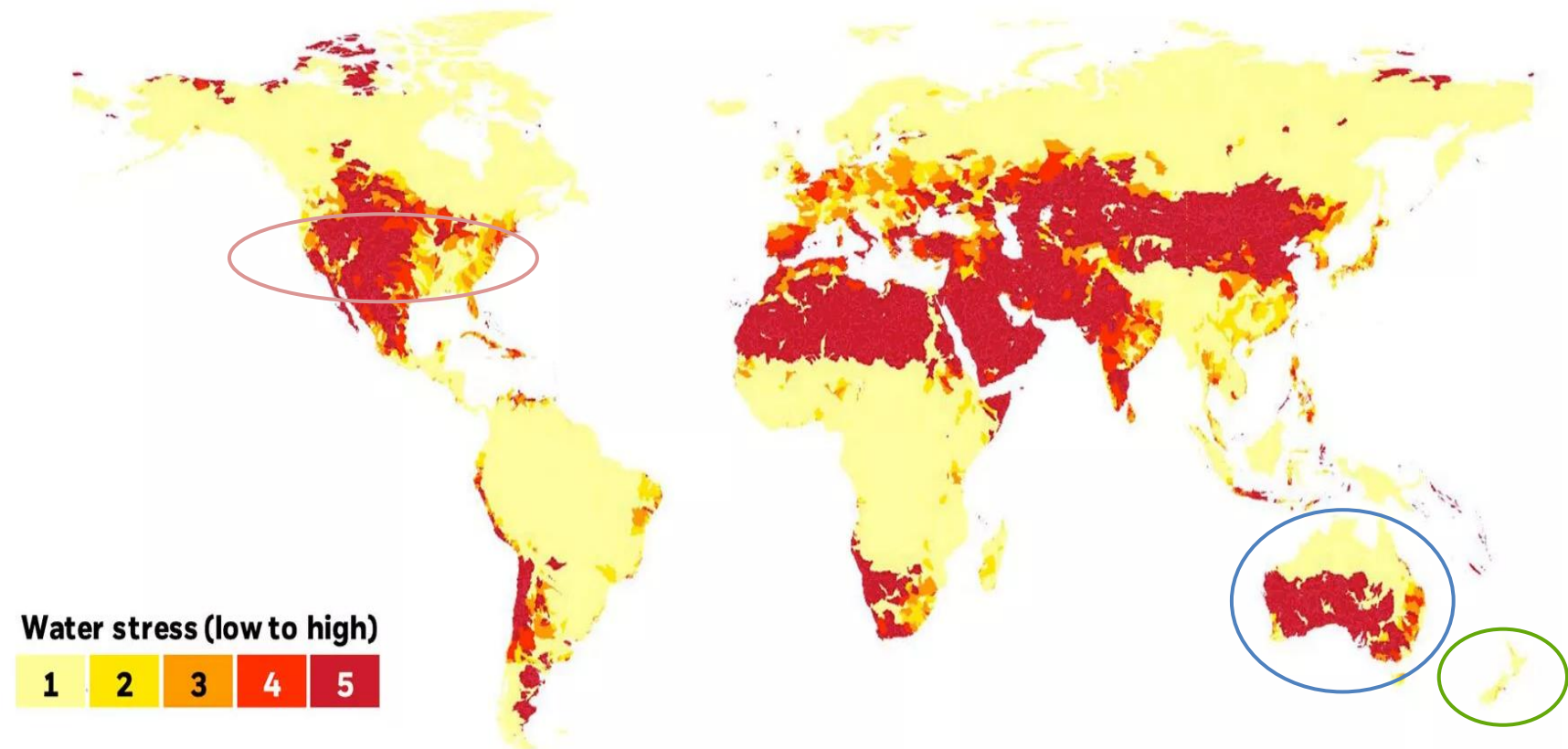
Climate (Precipitation)

- ✓ Abundant rainfall provides enough water for livestock to drink and pastures to grow.
- ✓ New Zealand is considered to be at low Water Stress Risk country in the world.

Annual Rainfall ranking

Rank	Country name	Long-term average annual precipitation (mm/year)
1	Columbia	3,240
2	Sao Tome and Principe	3,200
3	Papua New Guinea	3,142
45	New Zealand	1,732
48	Japan	1,668
112	USA	715
141	Australia	534
180	Saudi Arabia	59
181	Libya	56
182	Egypt	18

2030 Water Stress Risk prediction



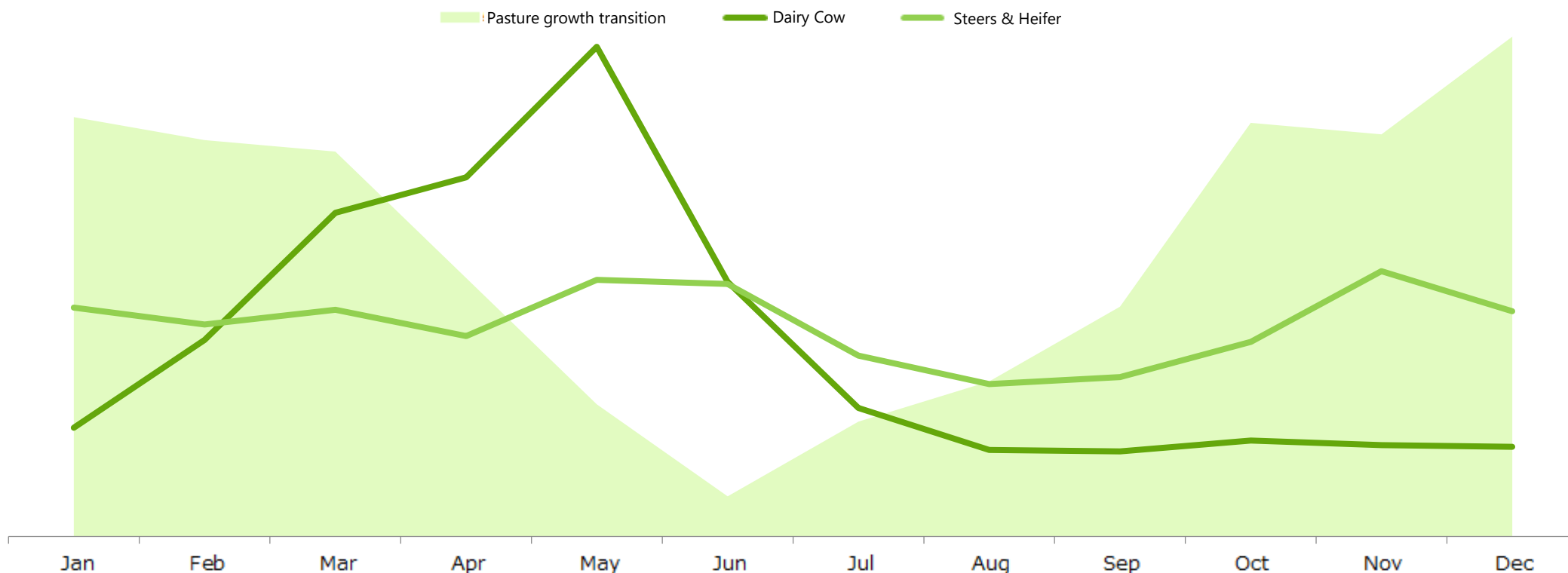
Source : Food and Agriculture Organization of the United Nations 「AQUASTAT」

Source : WORLD RESOURCES INSTITUTE

Pasture growth and changes in the number of Beef processed

- ✓ The Bovine make a cycle of calves being new born between July and September in early spring, depending on pasture conditions.
- ✓ Dairy cows are processed more before they dry up in June.

Relationship between Pasture growth and number of Beef processing

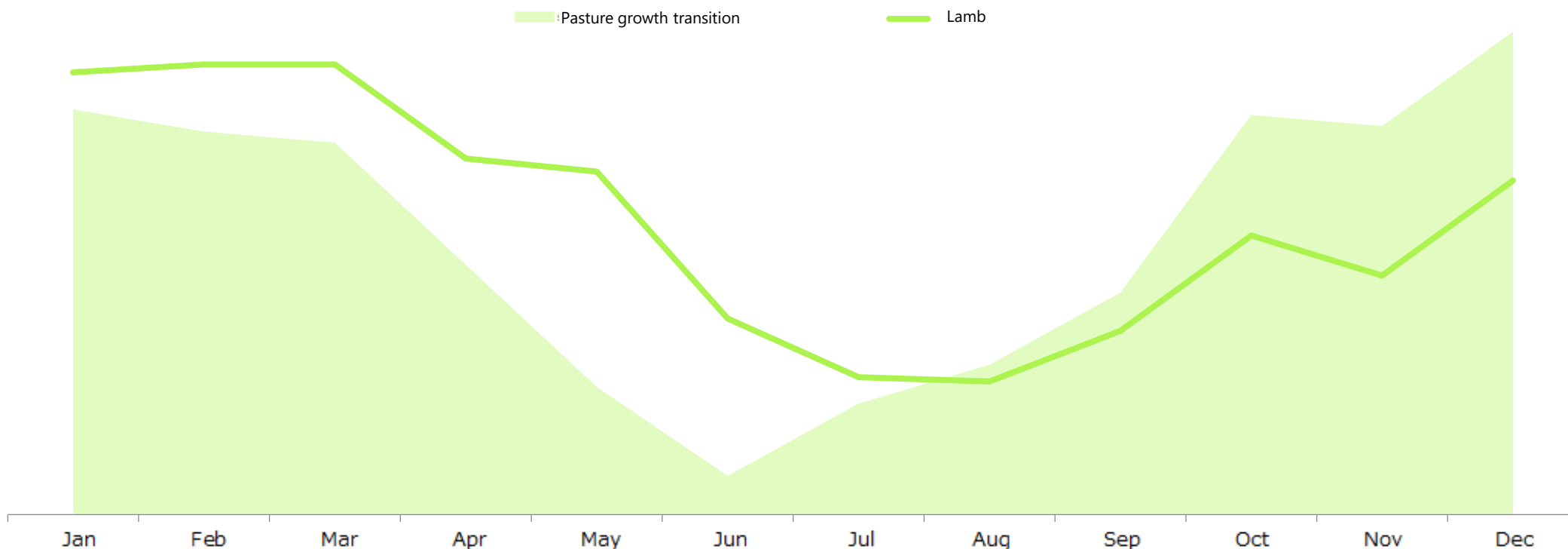


Source 1 : Beef+Lamb New Zealand (BLNZ)
Source 2 : Dairy NZ

Pasture growth and changes in the number of Lamb processed

- ✓ Spring Lamb season is from October to March
- ✓ NZ Lamb can get the demand in the off-season in Europe, which is a major production area and major market, because summer and winter are opposite to Europe.

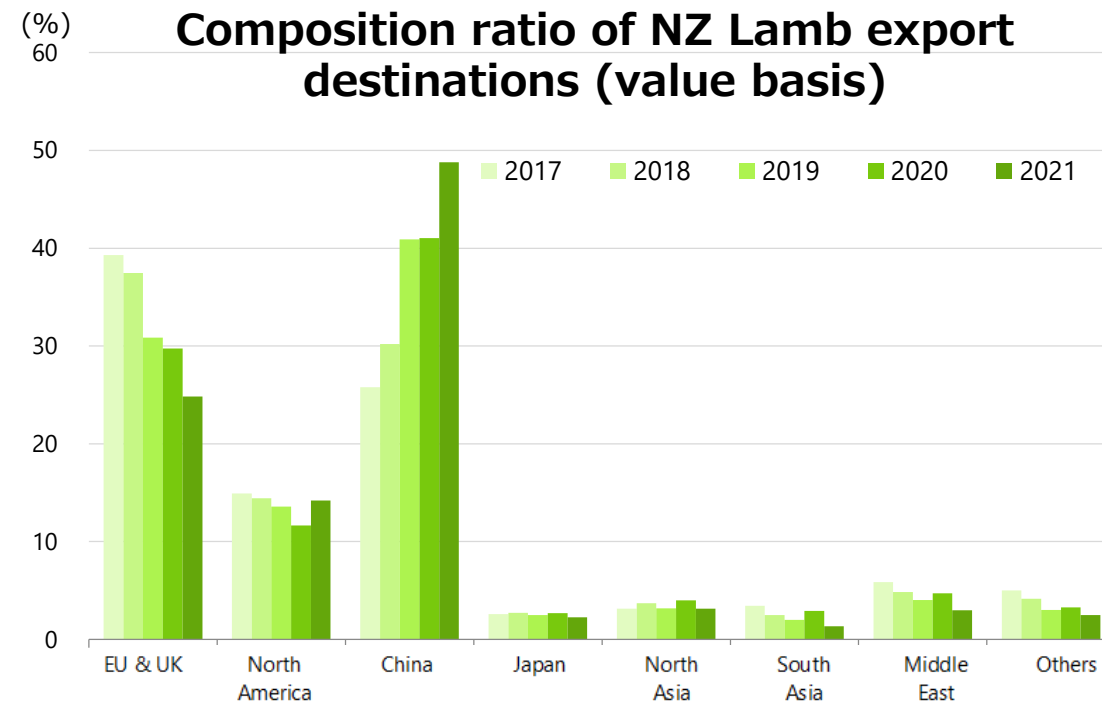
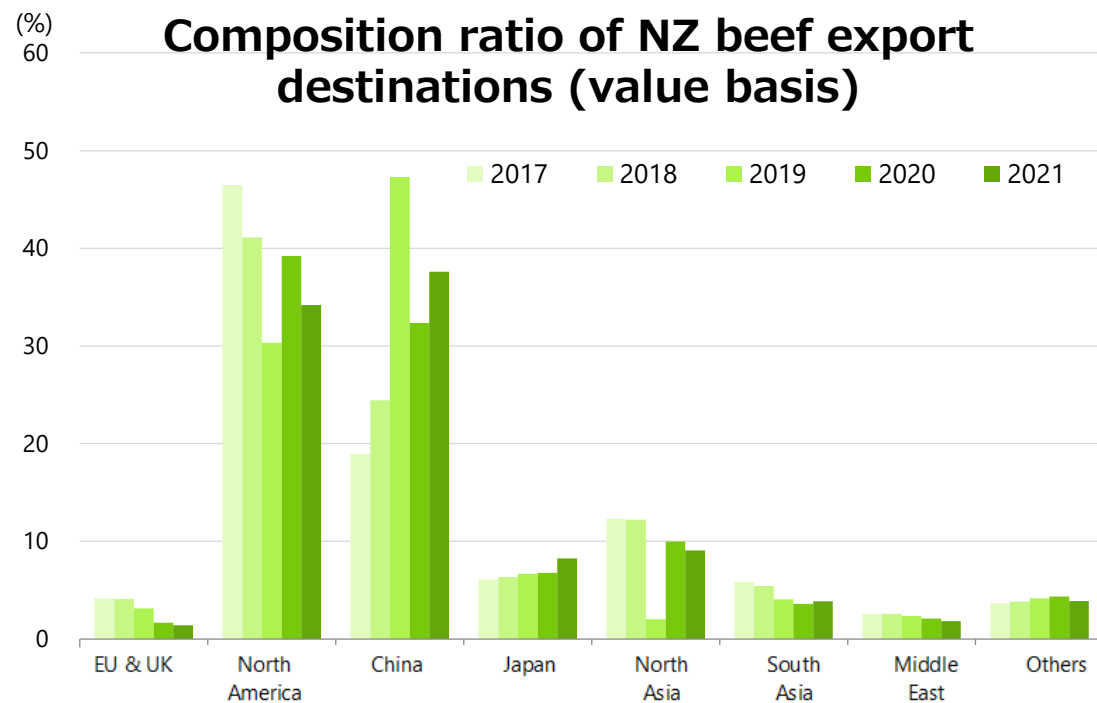
Relationship between Pasture growth and number of Lamb processing



Source 1 : Beef+Lamb New Zealand (BLNZ)
Source 2 : Dairy NZ

Meat export destination

- ✓ The US is a major export destination for beef. The main product is frozen beef with a high lean meat from cows, used as a raw material for hamburger patties.
- ✓ The UK and EU have historically been major export destinations for Lamb.
- ✓ Beef and Lamb exports to China have increased since the FTA with China took effect in 2016



Source : Beef+Lamb New Zealand (BLNZ)

Source : Beef+Lamb New Zealand (BLNZ)

Summary

- ✓ Both Beef and Lamb are pastured in a labor-saving and low-cost manner.
- ✓ Abundant pastures for fodder and a good feeding environment are provided by a cool climate and steady rainfall all the year round.
- ✓ There are seasonal trends in livestock shipments.
- ✓ Most of the meat produce for export, and global market prices have a significant impact on profits.

ANZCO FOODS Overview

Features and Initiatives of ANZCO FOODS



Profile

- ✓ ANZCO FOODS operate the processing and sales of meat, the company also develop the processed food and healthcare businesses.
- ✓ The company owns the only large-scale Beef Feedlot in NZ.



Amount of Sales

1.64 billion NZ\$

*Sales include intra-group sales



Total Assets

0.77 billion NZ\$

- Meat Processing Plant
- Processed food Plant
- Beef Feedlot
- Healthcare/Biochemical Company
- Joint Venture
- Overseas Office

7 plants

3 plants

1 feedlot

2 companies

2 business

5 offices



Export scale

5th (among all industries in NZ)

Exported to over **80** countries and regions.



Number of Employees

3,000 people

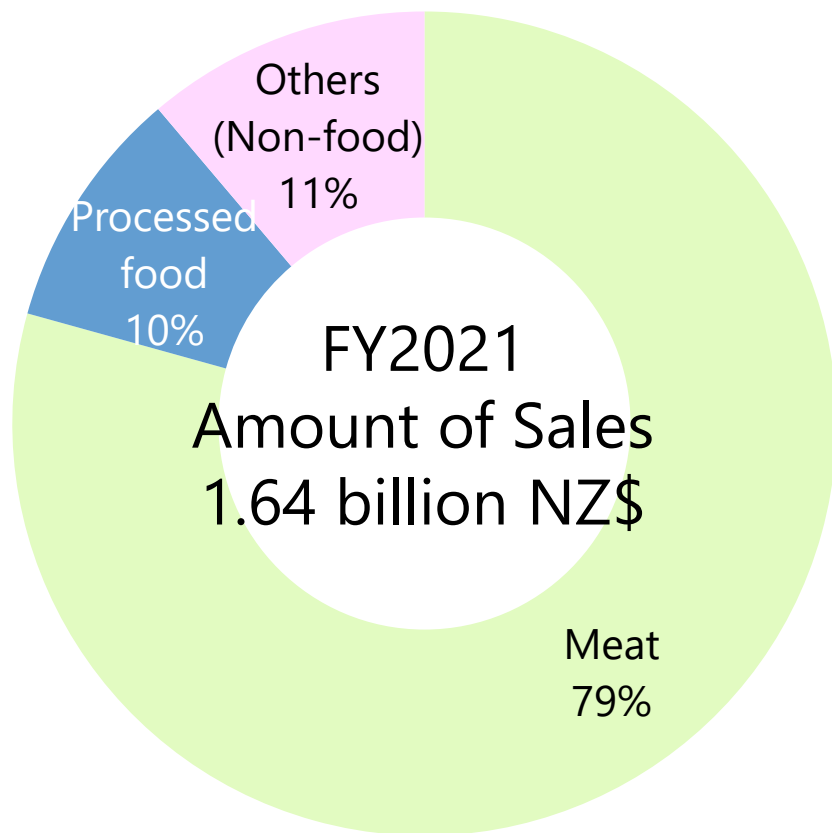
History

ANZCO FOODS History		Itoham's investment and purpose
1984	Sir. Graeme Harrison Establishes Asian New Zealand Meat Company to Market Beef and Lamb in Japan.	
1989	Established Five Star Beef Feedlot (started operation in 1991)	Invested in Five Star Beef to secure high-quality grain-fed beef for Japan (Investment ratio: ANZCO FOODS 50%, Itoham 50%)
1993	Acquired Green Island Plant (Patty production)	
1994	Acquired 80% stake in Canterbury Plant Build a Beef processing plant in Canterbury	
1995	Acquisition of Riverlands trademark	Invested in ANZCO FOODS (48%) to expand sales of NZ Beef and Lamb to Japan
2001	Acquired 100% stake in Canterbury Plant	
2003	Constructed and started operation of Rangitikei Plant	
2004	Acquisition of Waitara Plant (Processed food production)	
2010		(Sold Rockdale Beef, a packer business in Australia) Integrate in-house processing of Grain-fed Beef into NZ
2012	Acquired Bovagen and entered Healthcare business	
2015		Aiming to expand overseas processing and sales in overseas markets, we increased our investment ratio (65%) and made ANZCO FOODS a subsidiary.
2018		Acquired 100% ownership of ANZCO FOODS in order to strengthen overseas business and capture the growing global demand for fresh meat. Aiming to strengthen governance by dispatching a chairman
2022	Acquisition of Moregate's blood products business to strengthen Healthcare business	

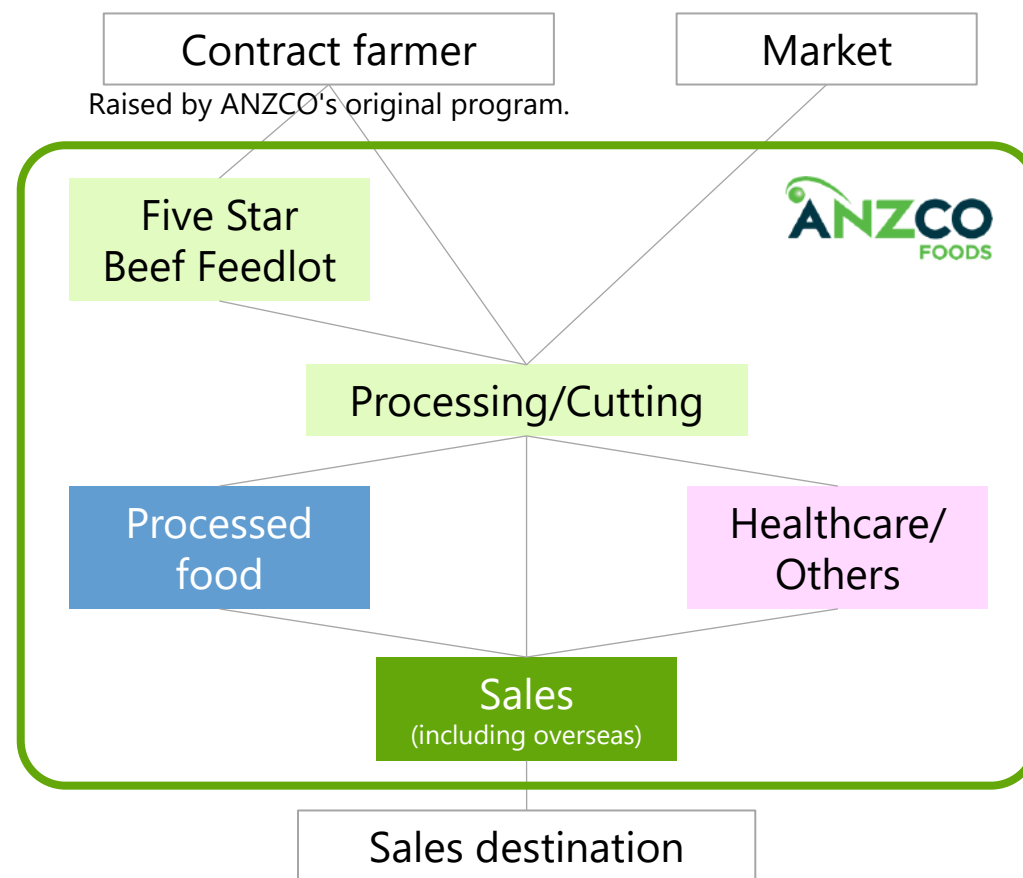
Business portfolio

- ✓ The core business in Meat processing and it accounts for 80% of total sales.
- ✓ The company challenges to stabilize earnings by strengthening peripheral businesses such as Processed foods, Healthcare, and other businesses.

Sales composition ratio



Business model

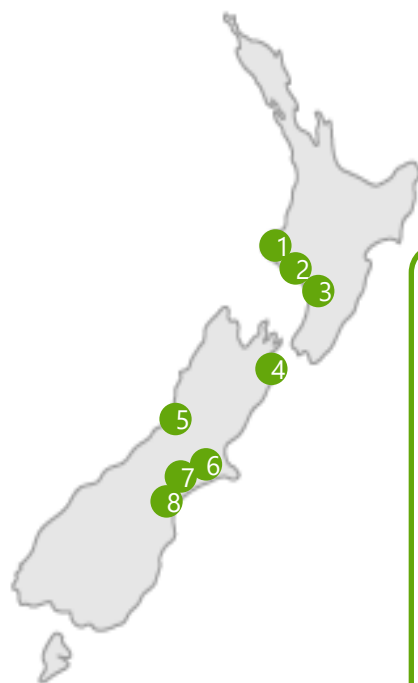


Meat business

- ✓ Number of processing per year Beef : 150 Cow : 290 Lamb : 2,200 (thousand heads)
- ✓ Number of Meat processing plants in NZ : 7 (3 in North Island, 4 in South Island)
- ✓ The company owns the only large-scale Beef feedlot in NZ. (capacity of 20 thousand heads)

① Eltham Plant	Beef
② Manawatū Plant	Beef
③ Rangitiki Plant	Lamb
④ Marlborough Plant	Beef
⑤ Kokiri Plant	Beef
⑥ Canterbury Plant	Beef/Lamb
⑦ Rakaia Plant	Lamb/Veal
⑧ Five Star Beef Feedlot	

Meat business bases in NZ



① Eltham Plant



⑥ Canterbury Plant



⑧ Five Star Beef Feedlot



- ✓ Raising Grain-fed Beef. (Hormone Free and GMO Free)
- ✓ Exports mainly to Japan, and also to China and EU.

* All plants are Halal Certified.

Processed food business

- ✓ Processing and Sales of Beef Patties for Fast food.
- ✓ Processing and Sales of Beef Jerky for the US.
- ✓ Processing and Sales of semi-heated Beef Patties for NZ and Australia.

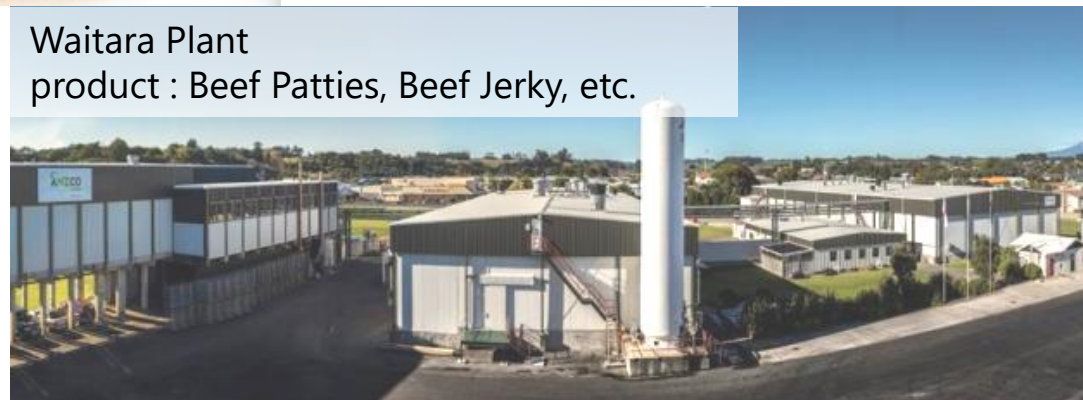


* All products are Halal Certified.

Green Island Plant
product : Beef Patties



Waitara Plant
product : Beef Patties, Beef Jerky, etc.



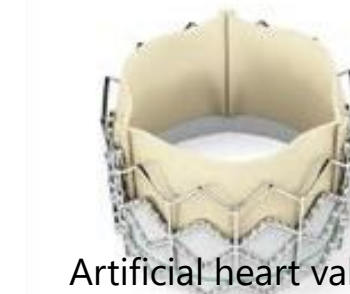
- ✓ Supplying Beef Patties to the Oceania region of the global hamburger chain.
- ✓ Supplying Beef Jerky to a major US manufacturer.

Healthcare business

- ✓ The company has built a vertically integrated value chain that makes effective use of by-products such as bovine blood, pericardium, and Achilles tendon.
- ✓ The company takes a high global market share in bovine blood products (the world's second largest market share)
- ✓ The company aims to realize a business portfolio with high market resilience



Other healthcare business



Artificial heart valve using bovine pericardium (stent graft)

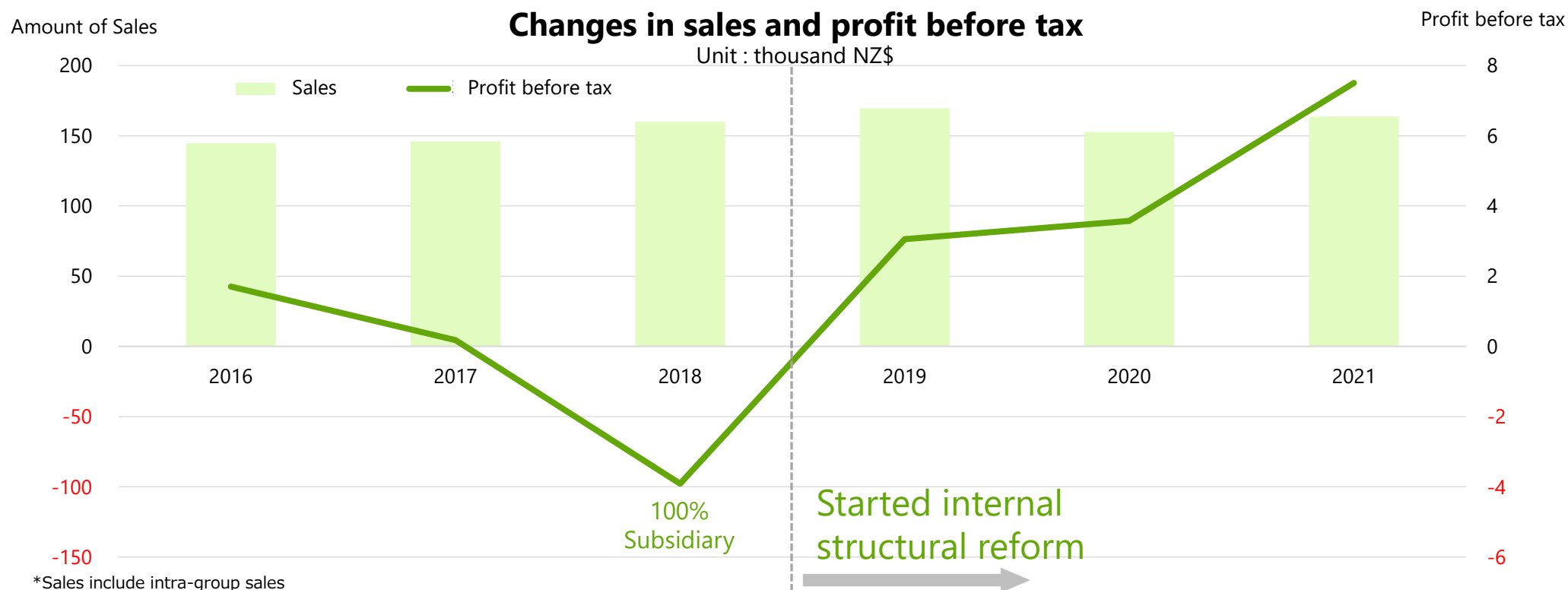


Products made from bovine Achilles tendons and bovine bones are also used in various surgeries and treatments.

Bovine blood products business	
Usage	Vaccine production, Cell culture media for research, Biochemistry, Clinical diagnostics, etc.
Market growth	The market is expected to expand at an annual growth rate of 10% or more in the future.
From Oceania	Oceania products have a low risk of disease, and are highly evaluated by pharmaceutical manufacturers and have a high market share.
Market share (according to our research)	<div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <p>Oceania's share in the World: 31%</p> </div> <div style="margin-right: 20px;"> <p>ANZCO FOODS's share in Oceania: 43%</p> </div> <div> <p>World market share</p> <p>2nd (13%)</p> </div> </div>

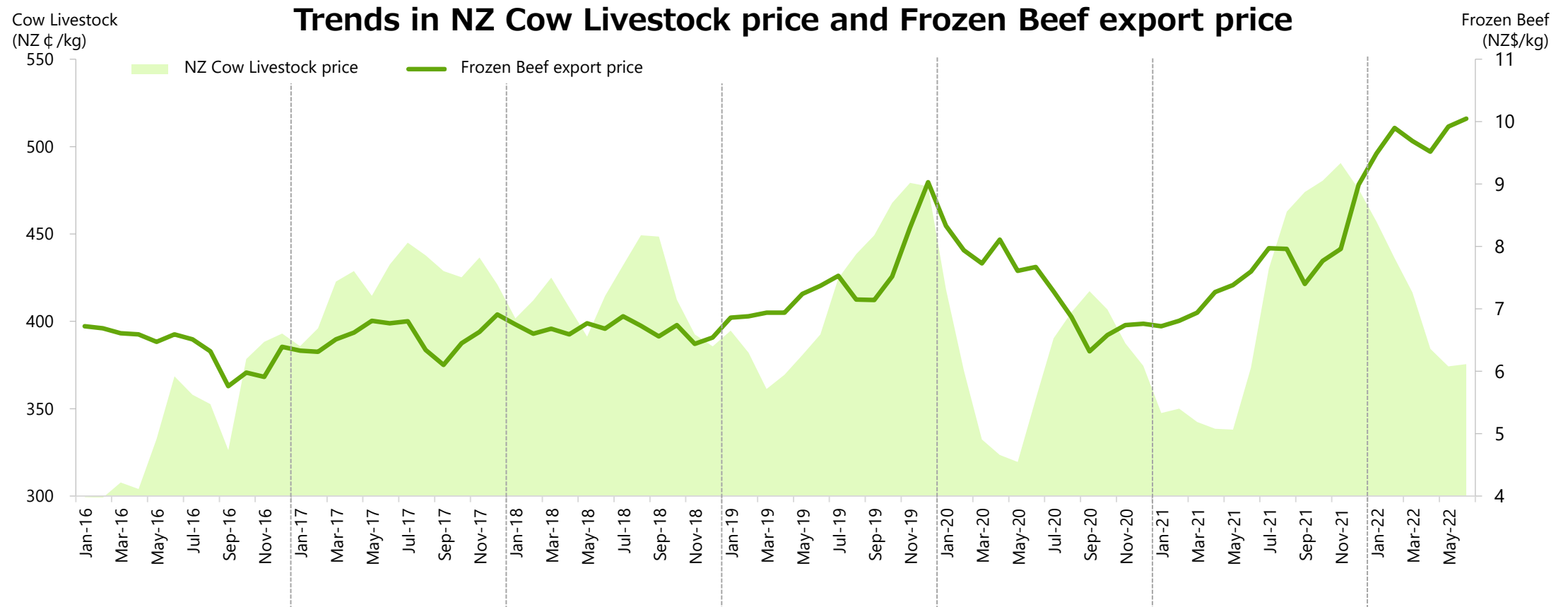
Performance trends

- ✓ FY2018, while the global market for fresh meat got down, the company took unfavorable results due to rising procurement prices in NZ.
- ✓ Since 2019, the company has made a V-shaped recovery due to the global meat demand and internal improvement by restructuring.
- ✓ FY2021, the company achieved record of profits.



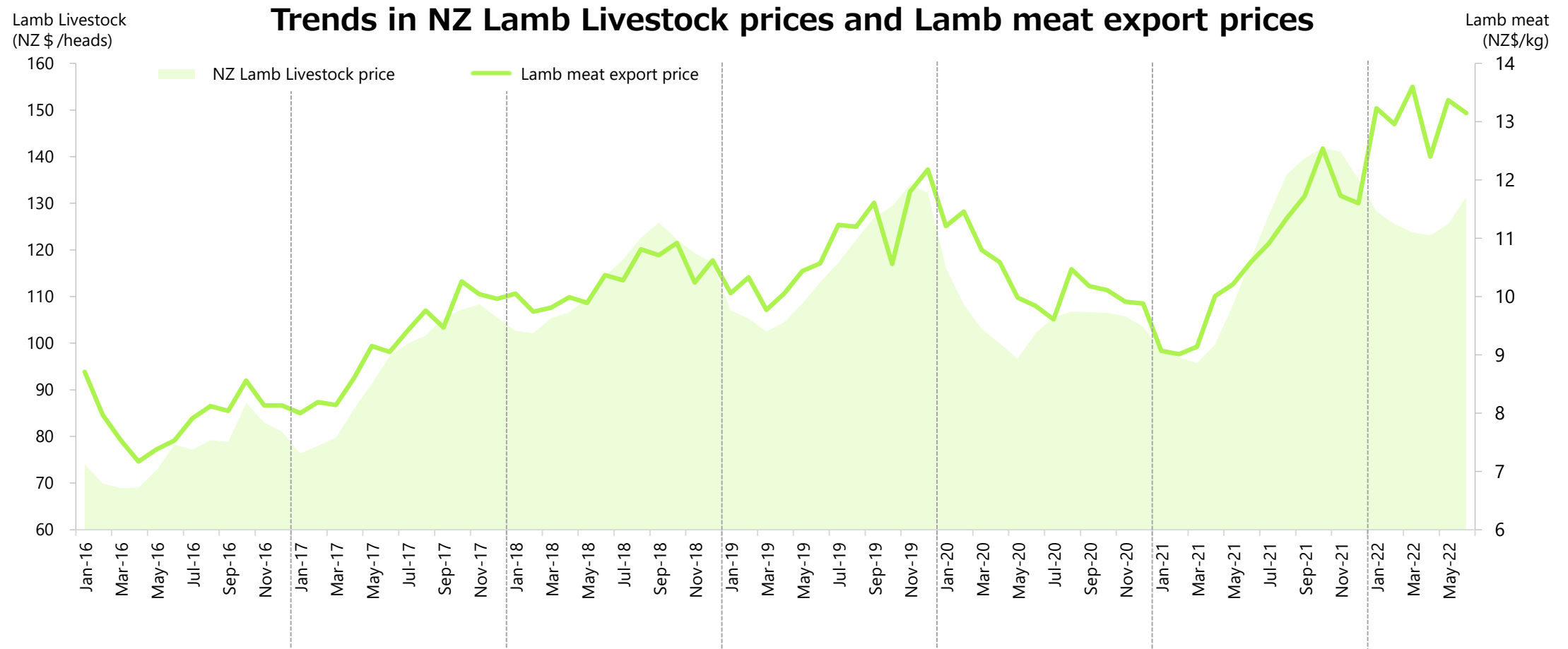
Volatility (Beef)

- ✓ The business format is susceptible to the impact of commodity prices and has relatively high volatility.
- ✓ Export prices were sluggish from 2016 to 2018, while NZ domestic procurement prices remained high.



Volatility (Lamb)

- ✓ Demand for China increased significantly in 2018-19, and NZ Lamb Livestock prices remained high.



Internal improvement

- ✓ The company improved its management system by implementing structural reforms
- ✓ The business structure of the company has become able to withstand volatility.

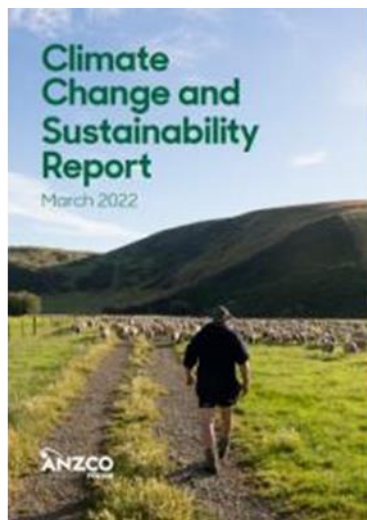
Before 2018	2019 onwards
Expansion of production share	<ul style="list-style-type: none">• Introduction of Sales & Operations Planning (S&OP) system• Transforming to a production system that is linked to sales
Establishment of value-added division and its investment	<ul style="list-style-type: none">• Withdraw from non-core businesses (processed meat, pet treats, etc.)• Value-added businesses focus on Processed foods and Healthcare
Complicated organization	<ul style="list-style-type: none">• Change to functional organization and reduction of personnel• Renewal of management execution system

Initiatives for Sustainability

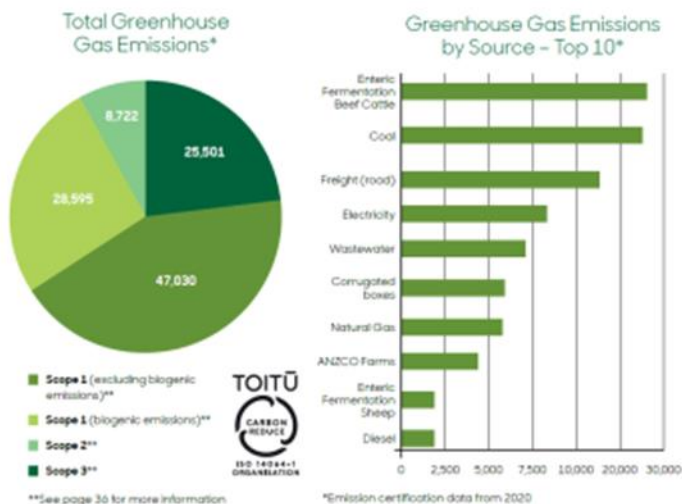
- ✓ In NZ, an environmentally advanced country, the company takes proactive initiatives for Climate Change and Sustainability.
- ✓ The company has achieved Toitū Carbon Reduce certification* in 2021.
- ✓ The company plans to reduce CO2 emissions at each site by 25% by 2030 compared to 2020.

* Independent certification in line with internationally recognized ISO 14064-1 and IPCC Fifth Assessment Report (2014) Greenhouse Gas Protocols.

From 2021 onwards, the company disclosed details of its initiatives in its reports.



Climate Change and Sustainability Report 2022 [with link](#)



Introduced high temperature heat pumps and reduced the use of coal boilers. This capital investment is expected to reduce CO2 emissions by 3,000 to 7,000 tons annually.



Collaborating with research institutes on methane suppression in feedlot.



Recycling used packaging into raw materials for farm fences.

etc.

Improving the water quality of rivers through regional cooperation.

Tree-planting activities to protect the ecosystem.

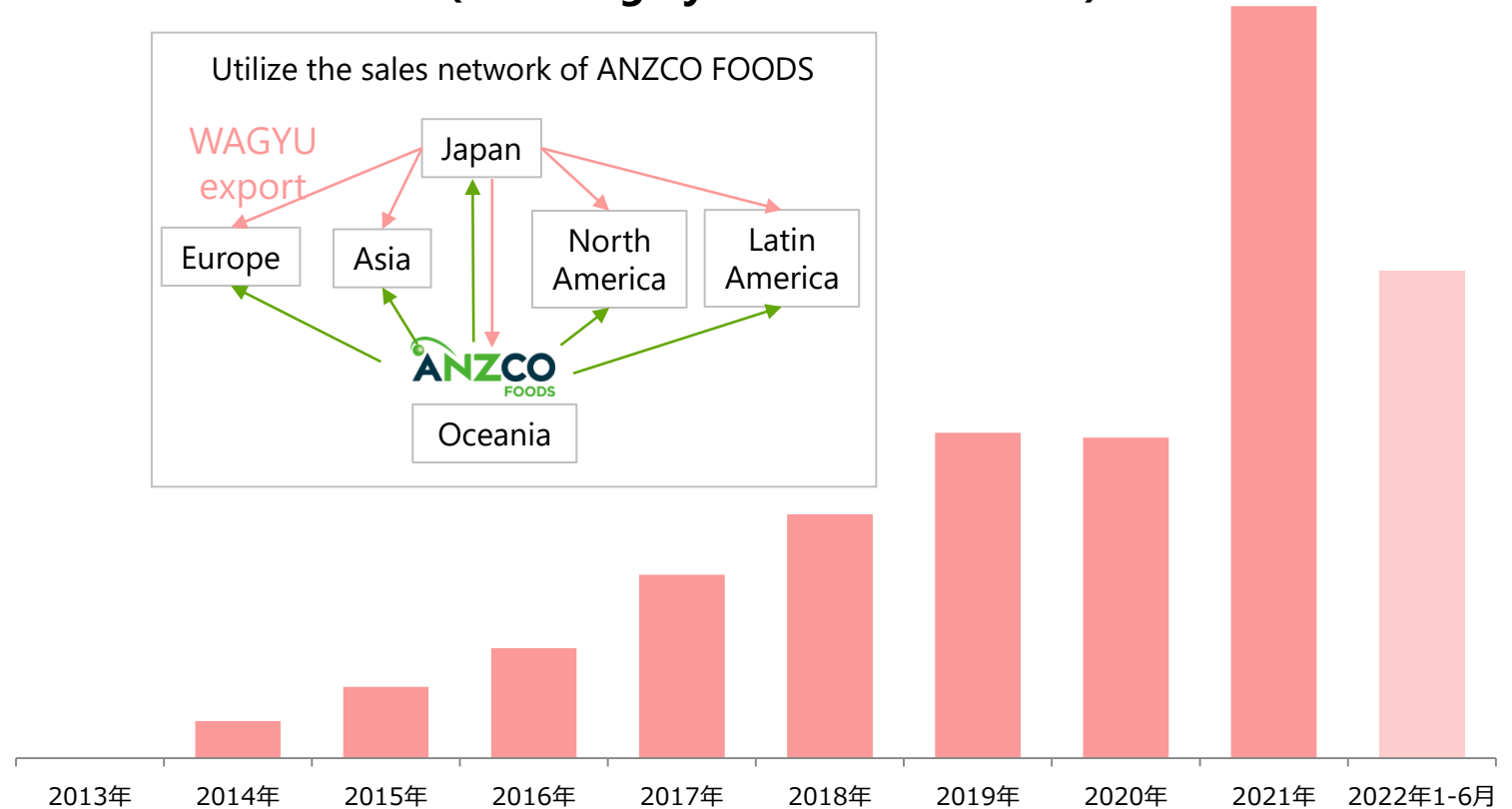
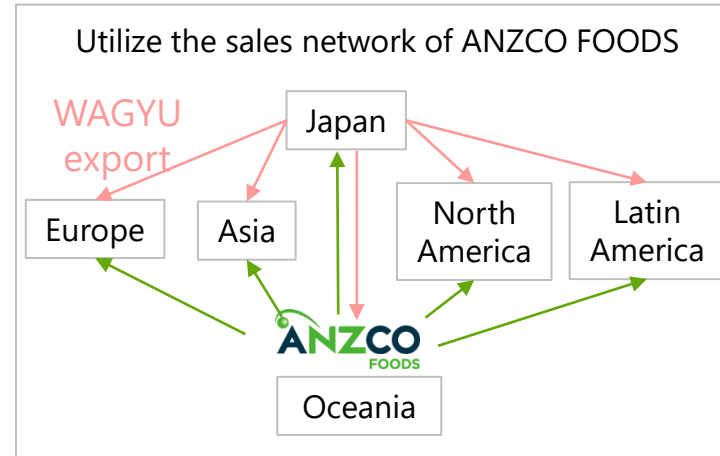
Recycling rubber boots used in plants.

Integration Synergy

- ✓ Sales of ANZCO FOODS products in Japan and establishment of our brand meat.
- ✓ Export sales of WAGYU utilizing ANZCO FOODS's overseas offices.



Itoham Yonekyu Holdings WAGYU export sales to the EU (Handling by ANZCO FOODS EU)



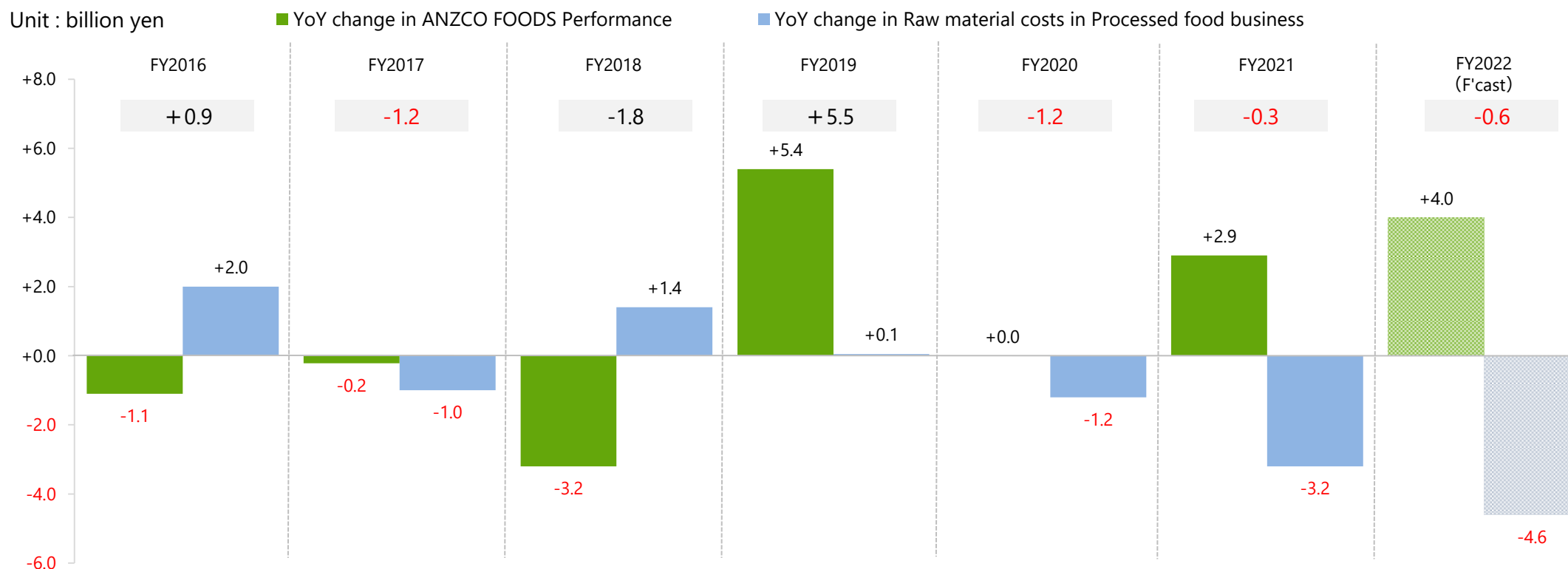


Appendix


Business portfolio of Itoham Yonekyu Holdings

- ✓ ANZCO FOODS performance and main Raw material costs in our Processed food business are both affected by the global meat market.
- ✓ There is an inverse correlation between the two entities, ANZCO FOODS has contributed to the stability of Itoham Yonekyu HD's performance.

Relationship between ANZCO FOODS performance and main Raw material costs in our Processed food business



Share structure of the NZ meat industry

Company	Capital structure	Amount of Sales (billion NZ\$)	Beef (Export share)	Lamb (Export share)	Number of Plants
Company A	China : 50% Agricultural cooperatives : 50%	2.75	30%	19%	11
Company B	Agricultural cooperatives : 100%	1.85	11%	27%	7
	Japan : 100%	1.64	16%	10%	7
Company C	Private : 100%	non-disclosure	19%	16%	7
Others	-	-	24%	28%	-

Livestock farming comparison between NZ and Australia

	New Zealand	Australia
Number of Livestocks	Beef Cattle : 3,880 thousand heads	Beef Cattle : 26,110 thousand heads
	Dairy Cow : 6,280 thousand heads	Dairy Cow : 1,380 thousand heads
	Ovine : 26,000 thousand heads	Ovine : 70,600 thousand heads
Number of Processed*	Beef : 28,000 thousand heads	Beef : 6,300 thousand heads
	Lamb : 22,000 thousand heads	Lamb : 26,900 thousand heads
Export volume	Beef : 502 thousand meat ton	Beef : 888 thousand meat ton
	Lamb : 394 thousand meat ton	Lamb : 408 thousand meat ton
Type	Beef Cattle : Angsu/Hereford	Beef Cattle : Cross (British × Tropical breeds)
	Dairy Cow : Hostein/Jersey	Dairy Cow : Hostein/Jersey
	Ovine : Romney/Suffolk	Ovine : Dorset/Border Leicester/Suffolk
Feeding environment	Abundant rainfall throughout the year	Limited rainfall
	Cool and stable climate	The temperature is high in the coastal areas where the animals are fed
Feeding style	Grass-fed	Beef : Grain-fed/Grass-fed
		Lamb : Grass-fed
Grass type	In many cases, farmers grow them themselves, and they are highly nutritious and of high quality. (Ryegrass, Cover, etc.)	Varieties that can grow even in drought conditions (Tropical ryegrass, Clover, etc.)
Processing style	Beef : Hot boning	Cold boning
	Lamb : Cold boning	
Safety	Hormone Free	Use of growth-promoting hormones
	GMO Free	Uses GMO feed (except Victoria)

*Excluding veal

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<https://www.itoham-yonekyu-holdings.com>

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These forecasts are not historical facts; they are our judgment based on currently available information.

We do not guarantee these forecast business results, and they contain elements of risk and uncertainty.

The purpose of this presentation is not to solicit investment, but to give all investors a deeper understanding of Itoham Yonekyu Holdings.

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