June 30, 2026

Key Q&A from the Briefing on the Acquisition of Greenlea Group Limited

[Q]：Expected Synergies between Greenlea and ANZCO

[A]：We expect three key synergies in this transaction: improved plant utilization through optimized livestock procurement, sales optimization, and cost optimization across production processes, logistics, and middle- and back-office functions.

The first synergy is improved plant utilization through optimized livestock procurement.

Greenlea's plants are located in the northern part of New Zealand's North Island, and its livestock procurement is also concentrated in the same region. In contrast, ANZCO sources livestock mainly from the central to southern areas of the North Island, with limited overlap between the two procurement regions. Because sourcing livestock close to processing plants enhances transportation efficiency and reduces logistics costs, this geographic complementarity provides a competitive advantage. As a result, the two businesses are not directly competing but are highly complementary. In addition, New Zealand's beef production is subject to significant seasonal fluctuations, making effective management of plant utilization critical to profitability. Through this transaction, we will be able to optimize livestock procurement across the group. For example, livestock that cannot be processed at Greenlea can be redirected to ANZCO's plants, enabling more efficient use of processing capacity. As a result, we expect to improve utilization not only at ANZCO's beef plants but also at its lamb plants.

The second synergy is sales optimization.

Greenlea sells its products to the United States, Europe, Asia, and China, similar to ANZCO, but operates its sales activities solely through its New Zealand-based team. In contrast, ANZCO has established sales bases in the United States, Japan, and Europe, and sells beef primarily in higher value-added formats, such as portion-controlled cuts. Through this transaction, Greenlea will be able to leverage ANZCO's sales team and distribution network to adopt similar sales approaches, thereby enhancing revenue generation. In addition, due to its simplified production structure, Greenlea currently sells certain by-products for rendering, which limits their contribution to profitability. Going forward, we plan to utilize ANZCO's sales channels and expertise to further monetize these by-products and improve overall returns.

The third synergy is cost optimization across production processes, logistics, and middle- and back-office functions.

In production and logistics, we will compare and assess the operations of both companies, share best practices across the group, and build a more efficient operating framework. This will enable us to achieve the optimal mix in production and logistics and strengthen our cost competitiveness. In addition, we will integrate and streamline middle- and back-office functions to reduce indirect costs

[Q]：Quantified Synergy Impact between Greenlea and ANZCO

[A]：We conservatively estimate the quantifiable synergy impact at more than NZD 10 million in annual pre-tax profit for the combined entities, based on a prudent assessment of execution certainty. We also see meaningful upside potential, with the impact possibly reaching around twice the current estimate. We will steadily advance PMI to ensure delivery and maximize these synergies. We expect it to take approximately two to three years for the full benefits to be realized, during which we will work to maximize profitability. Of the estimated NZD 10 million or more in annual synergies, we expect roughly one-third each to come from optimized livestock procurement, sales optimization, and cost optimization. While the upside from cost optimization is relatively limited, we see greater potential upside in livestock procurement and sales.

[Q]：Management structure of Greenlea following the acquisition

[A]：We believe it is important to maintain strong governance through the Board of Directors. The board will be composed of directors appointed from both ITOHAM YONEKYU HOLDINGS and ANZCO. In addition, in our New Zealand operations, we plan to increase the number of secondees from ITOHAM YONEKYU HOLDINGS to strengthen coordination between Greenlea and ANZCO by having them play a bridging role between the two companies. As the first year following the acquisition will be critical, we will establish a PMI team under the Board of Directors to drive initiatives by key themes, including optimizing livestock procurement, sales, and the best mix and cost efficiency of middle- and back-office functions. The leadership teams of both Greenlea and ANZCO will work closely together to ensure steady execution of these initiatives. We also expect the current CEO of Greenlea to remain with the company as a director. In addition, the CEO of ANZCO will concurrently serve as CEO of Greenlea to further advance the integration of the two companies.

[Q]：Difference in profitability between ANZCO and Greenlea

[A]：We recognize that Greenlea has achieved top-tier profitability compared with its peers in New Zealand, primarily driven by its favorable plant locations and simplified operations. In contrast, ANZCO's core operations are located in the South Island, including Canterbury, which does not offer the same level of logistical efficiency for livestock procurement, production, and sales as the Waikato region where Greenlea operates. In addition, ANZCO has diversified its business beyond beef into lamb, processed foods, and serum, and this difference in business portfolio is another factor contributing to the gap in profitability. While ANZCO's profitability has recovered in 2025 compared with 2024, it has not yet reached the level achieved by Greenlea. Furthermore, the North Island, where Greenlea operates, has a strong dairy industry with a relatively large cattle population. While the South Island also has a significant dairy sector, a larger proportion of land is used for sheep farming and crop production. As a result, the North Island provides a more stable year-round supply of cattle, leading to smaller fluctuations in plant utilization, which is another factor behind the difference in profitability.

[Q]：Volatility and portfolio strategy for overseas operation

[A]：We recognize the risk that, in our key market of the United States, cattle supply may recover over the next two to three years, which could lead to lower beef prices and have a negative impact on our business. However, New Zealand beef has a higher proportion of grass-fed lean meat, which differs from the grain-fed beef that is predominant in the US market. As appreciation for grass-fed beef has increased in recent years, we believe that this will help mitigate the impact of such risks. With respect to our overseas business portfolio, while this acquisition focuses on the beef business, we do not intend to limit ourselves to beef going forward. We will consider expanding into pork and poultry businesses overseas if attractive growth opportunities arise.

[Q]：Future capital investment for Greenlea

[A]：At this stage, we do not plan to undertake any large-scale capital expenditures, other than maintenance investments.

[Q]：Working capital management challenges

[A]：We recognize that managing the increase in working capital during the current mid-term management plan is a key challenge. Greenlea manages working capital, including inventory levels, efficiently, and its working capital intensity is relatively lower than that of ANZCO. At ANZCO, the businesses that have a significant impact on working capital include the healthcare and serum businesses, as well as the lamb business, which is more exposed to seasonality. These businesses require a certain level of inventory, resulting in a relatively higher working capital requirement. In the beef business as well, Greenlea operates more efficiently in terms of working capital compared with ANZCO, and we expect the impact of this acquisition on working capital to be limited. Looking ahead, improving capital efficiency will require appropriate management of working capital from a group-wide capital allocation perspective, and we will pursue continuous improvements in this area. Regarding the scale of financing associated with this acquisition, we believe it represents an appropriate level of leverage to achieve an ROE of 8% or higher. We will maintain financial discipline while enhancing ROIC and further improving profitability.

[Q]：Reasons for the decline in Greenlea's profitability over the past three years

[A]：We attribute the decline in Greenlea's profitability over the past three years primarily to two factors. First, market conditions had a negative impact, as livestock numbers on New Zealand's North Island declined during this period. However, livestock numbers are recovering in 2025 and 2026, and we expect profitability to improve in 2026.

Second, the impact of the Chinese economy. Amid a deteriorating sales environment in China, we redirected volumes intended for China to other markets. However, differences in sales channels and customer bases limited our ability to add value compared with ANZCO, which weighed on earnings. Following the acquisition, we expect to mitigate this impact to some extent by leveraging ANZCO's sales bases and distribution network.

[Q]：Impact on EPS

[A]：We expect this transaction to be accretive to EPS, even after taking into account goodwill amortization and interest expenses associated with the financing.

[Q]：Financial leverage levels

[A]：Prior to this transaction, financial leverage was approximately 0.2x, and we expect it to increase to around 0.5x following the transaction. We believe this level is within our previously assumed range and represents an appropriate use of leverage to achieve an ROE of 8%.

Going forward, we expect to maintain leverage broadly at the current level, while making decisions on a case-by-case basis. We will also assess any further increase in leverage in light of its impact on credit spreads. If an investment strengthens or expands our earnings base, we may consider a more proactive use of leverage. Conversely, if we do not identify attractive opportunities, we may reduce leverage.

To manage financial leverage, we focus not only on the D/E ratio but also on cash flow–based metrics such as FFO to net debt and EBITDA multiples. While we believe higher leverage than the current level could be possible in theory if cost were disregarded, in practice we must consider funding costs and market conditions. Accordingly, it is difficult to define a single clear upper limit.

[Q]：Direction and strategy for overseas operation

[A]：We expect global demand for meat to continue growing, with the fastest growth in poultry, followed by ground beef. Ground beef is expected to see sustained demand growth, as it is more affordable compared with premium steak cuts. In regions such as Southeast Asia, South Asia, and Africa—where per capita meat consumption is expected to increase—we anticipate continued demand growth for both poultry and ground beef. In this context, ANZCO and Greenlea have a competitive advantage in their ability to supply lean beef consistently and stably. In addition, their proximity to key consumption markets in Asia further enhances their competitiveness. We have also built an extensive network with meat producers across Southeast Asia through our long-standing procurement activities for the Japanese market. In particular, in poultry, we have established strong relationships not only through transactions but also through trusted human networks.

Looking ahead, we aim to expand our portfolio in Southeast Asia, with a focus on poultry, in response to growing demand in the region. In North America, we have already established a solid business foundation through Indiana Packers in the pork business and ANZCO in the beef and lamb businesses. We also recognize our strong relationships with customers and direct connections with end users as key strengths, and we will continue to leverage these advantages to expand our operations.

Overall, we are building a structure that enables us to supply products tailored to the needs of each market, focusing on North America, Japan, and Southeast Asia, and we aim to further strengthen these competitive advantages.

Historically, our overseas business has primarily focused on sourcing products from overseas suppliers and selling them in Japan. Going forward, we aim to strengthen our operations of producing and selling products overseas. We already have experience in operating such businesses through our existing investments, and we will further expand overseas sales by leveraging the strengths of each business.

A key concept of our overseas strategy is “local production for local consumption.” We aim to establish strong roots in each region, contribute to local communities, and respond to local needs, while continuing to serve demand in Japan. To mitigate risks associated with overdependence on specific markets, we will diversify both our investment regions and protein portfolio across beef, pork, and poultry, thereby building a resilient business structure that can adapt to changes in the market environment.