

**BRIEF STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2021**

(Under IFRS) (Consolidated)

Name of listed company:	NH Foods Ltd. (the “Company”)
Listing exchange:	Tokyo Stock Exchange
Code number:	2282
URL:	https://www.nipponham.co.jp/eng/
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Scheduled date of the Ordinary General Meeting of Shareholders:	June 24, 2021
Scheduled date of payment of dividends:	June 2, 2021
Scheduled date of filing of securities report:	June 25, 2021
Preparation of supplementary information on statement of accounts:	Yes
Holding of results briefing:	Yes (results briefing for institutional investors and analysts)

(Figures are indicated by counting fractions of 1/2 or more of
a million yen as one and discarding the rest.)

1. Consolidated business results for the year ended March 31, 2021 (April 1, 2020 through March 31, 2021):

(1) Consolidated operating results:

(The percentages indicate the rates of increase (decrease) from the previous fiscal year.)

	Net sales		Business profit		Profit before tax		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2021	1,176,101	(4.4)	52,426	19.8	48,874	80.8	31,058	64.0	32,616	69.8	41,757	229.2
Year ended March 31, 2020	1,229,826	(0.4)	43,772	14.3	27,039	(10.7)	18,933	(0.4)	19,214	(1.8)	12,686	(6.0)

	Earnings per share (basic)	Earnings per share (diluted)	Ratio of profit to total equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of business profit to net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended March 31, 2021	317.97	317.89	7.8	6.1	4.5
Year ended March 31, 2020	186.70	186.64	4.8	3.6	3.6

(For reference) Share of profit (loss) in investments accounted for using the equity method:

Year ended March 31, 2021: ¥1,406 million

Year ended March 31, 2020: ¥1,355 million

(Note) Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while deducting adjustments in accordance with IFRS and non-recurring items.

(2) Consolidated financial position:

	Total assets	Total equity	Total equity attributable to owners of the parent	Equity ratio of owners of the parent	Equity per share attributable to owners of the parent
	(millions of yen)	(millions of yen)	(millions of yen)	(%)	(yen)
Year ended March 31, 2021	825,405	444,309	433,595	52.5	4,243.70
Year ended March 31, 2020	768,861	416,597	404,414	52.6	3,929.43

(3) Consolidated cash flows:

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Year ended March 31, 2021	82,518	(57,827)	(14,934)	83,831
Year ended March 31, 2020	65,464	(36,728)	(3,077)	72,399

2. State of dividends:

	Annual dividend (yen)					Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Year- end	Total			
						(millions of yen)	(%)	(%)
Year ended March 31, 2020	—	—	—	90.00	90.00	9,263	48.2	2.3
Year ended March 31, 2021	—	—	—	94.00	94.00	9,675	29.6	2.3
Year ending March 31, 2022 (forecast)	—	—	—	100.00	100.00		34.1	

(Note) Total dividends for the year ended March 31, 2021 include dividends on the Company's shares held by the Board Incentive Plan Trust of ¥13 million and dividends on the Company's shares held by the NH Foods Group Employee Shareholding Association Trust of ¥57 million.

3. Forecast of consolidated business results for the year ending March 31, 2022 (April 1, 2021 through March 31, 2022):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year in respect of the whole-year period, and from the second quarter (cumulative) period of the previous fiscal year in respect of the second quarter (cumulative) period, respectively.)

	Net sales		Business profit		Profit before tax		Profit attributable to owners of the parent		Earnings per share (basic)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Second quarter (cumulative)	580,000	1.1	24,000	9.5	24,000	(16.5)	17,000	(12.7)	166.38
Whole-year period	1,180,000	0.3	48,000	(8.4)	43,000	(12.0)	30,000	(8.0)	293.62

* Notes:

- (1) Changes in significant subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the year under review: None

New subsidiaries: - (Name:) Excluded subsidiaries: - (Name:)

- (2) Changes in accounting policies and accounting estimates:

- 1) Changes of accounting policies required by IFRS: None
- 2) Changes of accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None

- (3) Number of shares issued (shares of common stock):

- 1) Number of shares issued (including shares of treasury stock) as of the end of the fiscal year:

Year ended March 31, 2021:	102,958,904 shares
Year ended March 31, 2020:	102,958,904 shares

- 2) Number of shares of treasury stock as of the end of the fiscal year:

Year ended March 31, 2021:	784,890 shares
Year ended March 31, 2020:	39,542 shares

- 3) Average number of shares outstanding during the fiscal year:

Year ended March 31, 2021:	102,575,847 shares
Year ended March 31, 2020:	102,914,325 shares

- (Note) The number of shares of treasury stock as of the end of the fiscal year includes the number of the Company's shares (140,663 shares for the year ended March 31, 2021) held by the Board Incentive Plan Trust (the "BIP Trust") adopted upon the introduction of the Performance-Based Stock Compensation Plan for officers. The number of shares of treasury stock deducted in the calculation of the average number of shares outstanding during the fiscal year includes the number of the Company's shares held by the BIP Trust. In addition, the number of shares of treasury stock as of the end of the fiscal year includes the number of the Company's shares (608,600 shares for the year ended March 31, 2021) held by the NH Foods Group Employee Shareholding Association Dedicated Trust (the "Trust") upon the introduction of the Trust-type Employee Shareholding Incentive Plan. The number of shares of treasury stock deducted in the calculation of the average number of shares outstanding during the fiscal year includes the number of the Company's shares held by the Trust.

(For reference) Summary of the non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2021 (April 1, 2020 through March 31, 2021):

(1) Non-consolidated operating results

(The percentages indicate the rates of increase (decrease) from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended March 31, 2021	772,313	(3.0)	6,641	80.5	22,860	27.0	6,933	(26.7)
Year ended March 31, 2020	796,143	0.4	3,679	(40.8)	18,001	(16.7)	9,453	(31.4)

	Basic earnings per share	Diluted earnings per share
	(yen)	(yen)
Year ended March 31, 2021	67.59	67.57
Year ended March 31, 2020	91.85	91.82

(2) Non-consolidated financial position

	Total assets	Total net assets	Equity ratio	Total net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
Year ended March 31, 2021	511,500	207,869	40.6	2,034.12
Year ended March 31, 2020	519,509	210,135	40.4	2,041.34

(For reference) Net worth:

Year ended March 31, 2021: ¥207,834 million
Year ended March 31, 2020: ¥210,094 million

2. Forecast of non-consolidated business results for the year ending March 31, 2022 (April 1, 2021 through March 31, 2022):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year in respect of the whole-year period, and from the second quarter (cumulative) period of the previous fiscal year in respect of the second quarter (cumulative) period, respectively.)

	Net sales		Ordinary income		Net income		Basic earnings per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Second quarter (cumulative)	370,000	(2.0)	19,300	16.8	18,900	30.0	184.98
Whole-year period	760,000	(1.6)	19,500	(14.7)	18,200	162.5	178.13

- * A brief statement of accounts is outside the scope of audit conducted by certified public accountants or audit firms.
- * Explanation for the appropriate use of the forecast of business results and other special instructions

(Cautionary notice on information about the future)

The descriptions herein about the future, including the forecast of business results, are based on the information currently available to the Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results may materially differ from such forecast and plans depending on various factors. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any results arising therefrom, or publicize such revised information. For information on the conditions precedent to the forecast of business results and cautionary notes for the use of the forecast of business results, please refer to “1. Overview of Operating Results, etc. (4) Future Outlook” on page 14.

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- * The Company is planning to hold a briefing for investors as follows. All materials to be distributed at the briefing will be disclosed on TDnet and posted on its website today.
 - May 10, 2021 (Monday): Online results briefing for institutional investors and analysts
 - May 14, 2021 (Friday): Online briefing on the new Medium-Term Management Plan for institutional investors and analysts

- * In addition to the above-mentioned briefings, the Company will hold briefings of its operations and business results for individual investors from time to time. For information on the schedules of such briefings, etc., please make sure on its website.

1. Overview of Operating Results, etc.

(1) Overview of Operating Results

Overview of Operating Results in General

The Japanese economy during the year ended March 31, 2021 continued to face a difficult situation due to the impact of COVID-19 and, despite some ongoing signs of recovery, the outlook for the future remains uncertain.

In the food and fresh meats industry, since the issuance of the declaration of a state of emergency in April last year, while consumer products have grown due to increasing demand for dining at home and for stocking up on food, commercial-use products have struggled due to the slump in demand from restaurants. There are concerns that this trend may be prolonged, depending on the status of the spread of COVID-19 and vaccinations.

Under these circumstances, NH Foods Ltd. and its subsidiaries (the “Group”), under the “Medium-Term Management Plan 2020” that commenced in April 2018 with the theme “Building systems that pave the way to the future,” conducted business development based on its five management policies “Strengthen profitability by improving the efficiency of existing businesses,” “Create value through dialog with consumers,” “Enhance and develop technological capabilities for conceptualizing and realizing the future of food,” “Change gears in overseas market deployment,” and “Pursue sustainability.” Specifically, in Japan, in addition to maintaining a stable supply system to cope with the increased demand for dining at home due to the impact of COVID-19, the Group implemented various measures, including enhancing content for the “new normal,” such as a remote presentation system and a marketing community site based on the concept of a virtual exhibition; introducing large zipper bagged products to meet the demand for stocking up on food, and room temperature products that taste as good as those freshly made; and reviewing the sales structure for the growing mass retail channel. In February 2021, we issued a Sustainability Bond to finance the construction of our new stadium (ES CON FIELD HOKKAIDO), which has been awarded five stars under the DBJ Green Building Certification System. Turning overseas, the Group continued to take measures to minimize the impact of COVID-19 and to secure suppliers to ensure a stable supply to Japan. As for the management system, the Group continued to make efforts to enhance the system in line with the “NH Foods Group Fundamental Policy on Corporate Governance.”

As a result of these activities, for the year ended March 31, 2021, consolidated net sales amounted to ¥1,176,101 million, decreasing 4.4% from the previous fiscal year. Business profit increased 19.8% to ¥52,426 million, and profit before tax increased 80.8% from the previous fiscal year to ¥48,874 million due to the recording of additional special payments of ¥8,472 million as other expenses during the second quarter of the previous fiscal year resulting from the expansion of the optional retirement system, despite the recording of impairment losses of ¥7,076 million on investments and intangible assets in Panus Poultry Group Co., Ltd., as other expenses and share of profit in the investment accounted for using the equity method during the cumulative third quarter of the year ended March 31, 2021. Profit attributable to owners of the parent increased 69.8% from the previous fiscal year to ¥32,616 million.

Breakdown of consolidated net sales

Category	Year ended March 31, 2020 (April 1, 2019-March 31, 2020)		Year ended March 31, 2021 (April 1, 2020-March 31, 2021)		Rate of increase (decrease) from the previous year (%)
	Amount (millions of yen)	Component ratio (%)	Amount (millions of yen)	Component ratio (%)	
Hams and sausages	130,982	10.6	132,425	11.3	1.1
Processed foods	228,833	18.6	223,585	19.0	(2.3)
Fresh meats	711,753	57.9	672,880	57.2	(5.5)
Marine products	80,724	6.6	76,853	6.5	(4.8)
Dairy products	33,614	2.7	31,967	2.7	(4.9)
Others	43,920	3.6	38,391	3.3	(12.6)
Total	1,229,826	100.0	1,176,101	100.0	(4.4)

Overview of Operating Segments

As of April 1, 2020, the Company changed the name of the “Affiliated Business Division” to the “Dairy and Marine Products Division” and integrated it into the Processed Foods Business Division.

(Processed Foods Business Division)

In the hams and sausages business, while sales to major convenience stores and restaurant channels decreased, overall sales increased year on year due to strong sales of the main product “*SCHAU ESSEN*.” For the year end gift blitz, although sales of the renewed brand “*Honkaku-ha*” was strong, sales fell year on year due to the impact of the overall decline of the market.

In the processed foods business, sales of consumer products increased year on year due to growth in the pizza category, including “*Ishigama Kobo*,” and the one-cook category, including “*Chuka Meisai*,” as a result of airing TV commercials featuring famous celebrities. However, overall sales decreased year on year due to a decline in sales of processed extracts for ramen restaurants and commercial-use products, including those for restaurant channels such as *izakaya* (Japanese pub) chains.

In the dairy products business, while sales of yoghurt and lactic acid probiotic beverages increased mainly to the mass retailer channel, due to strong sales of the main product “*Vanilla Yoghurt*,” this could not offset the decline in sales of commercial-use cheese for the bakery route and convenience store vendors, and overall sales decreased year on year.

In the marine products business, although sales to the mass retailer channel grew as a result of efforts to expand sales of high-priced products such as sushi toppings and crab for the year-end season, sales to the restaurant channel including sushi restaurants struggled, and overall sales decreased year on year.

With regard to overall sales in the Processed Foods Business Division, while consumer products increased year on year due to increased demand for dining at home in the wake of COVID-19, commercial-use products decreased year on year due to sluggish demand for restaurants. As a result, overall sales of the Processed Foods Business Division decreased year on year.

With regard to profit, in addition to the improvement of the gross profit rate due to sales price increase in line with the growth of the main brand products, lower costs including selling, general and administrative expenses resulted in higher profit for the Processed Foods Business Division as a whole.

As a result, for the year ended March 31, 2021, consolidated net sales of the Processed Foods Business Division amounted to ¥523,915 million, decreasing 1.6% from the previous fiscal year. Business profit increased 34.7% compared to the previous fiscal year to ¥17,908 million.

(Fresh Meats Business Division)

In the fresh meats business, amid the continuing impact of COVID-19, we worked to strengthen communication with consumers and promote our branded fresh meats by conducting activities linked to the cherry blossom front from March to May at mass retailers in various regions, to capture demand for dining at home. As a result, while sales of domestic chicken and pork increased, demand from restaurants and wholesalers, mainly for imported meat, did not recover, resulting in a year on year decrease in sales.

With regard to profit, in the production division, amid the spread of livestock diseases such as avian influenza bird flu and swine fever in Japan, we paid close attention to our quarantine system, worked to maintain supply volumes and focused on improving productivity. Furthermore, in addition to an increase in the number of chickens shipped in Japan, the market for domestic chicken and pork remained strong. In the sales division, in response to changes in the environment, such as an increase in the volume of purchases by China, the spread of African swine fever, the temporary suspension of operations at overseas procurement plants due to COVID-19, and delays in the arrival of imported meat on ships, we made efforts to ensure procurement and sales using our procurement network and network of partners in a wide range of areas, which are our strength. We also focused on sales of our branded fresh meats, such as “*Sakurahime*” domestic chicken, “*Mugikomachi*” domestic pork, “*Saint-Esprit*” and “*California Pork*” North American pork, and actively made proposals to meet changing demand, such as selling fresh meats in large bags and home barbecue products. As a result, profit increased year on year.

As a result, for the year ended March 31, 2021, consolidated net sales of the Fresh Meats Business Division amounted to ¥728,655 million, decreasing 3.6% from the previous fiscal year and business profit amounted to ¥41,113 million, increasing 28.9% from the previous fiscal year.

(Overseas Business Division)

In Asia and Europe operations, net sales decreased year on year as sales volumes in Thailand remained weak and demand continued to fall in Vietnam and Turkey due to the impact of COVID-19. In Americas operations, net sales increased year on year as pork export volumes and sales volumes of processed food at mass retailers in the U.S. were steady, and pork export volumes in Chile and Mexico were also strong. In Australia operations, net sales decreased year on year due to a decline in the number of collected cattle and a continued decline in demand from China in Australia, as well as lower sales volumes to China in Uruguay.

With regard to profit, for the Asia and Europe operations, profit decreased year on year due to lower manufacturing volumes in Thailand, as well as weak unit sales price and continued high feed prices in Turkey. In Americas operations, profit increased year on year due to continued high volumes of processed food in the U.S. In Australia operations, profit decreased year on year in Australia due to the cattle collection environment remaining weak, owing to continued high cattle collection prices, and a decrease in the number of cattle collected, as well as lower sales price, particularly in China. However, profit increased year on year in Uruguay, as cattle collection prices stabilized and sales prices for exports, particularly to China, were on a recovery trend.

As a result, for the year ended March 31, 2021, net sales of the Overseas Business Division amounted to ¥223,932 million, decreasing 12.2% from the previous fiscal year and business loss amounted to ¥94 million (a business profit of ¥1,849 million for the previous fiscal year).

(2) Overview of Financial Position

Total assets at the end of the fiscal year increased by 7.4% from the end of the previous fiscal year to account for ¥825,405 million. With regard to assets, cash and cash equivalents increased by 15.8% from the end of the previous fiscal year to account for ¥83,831 million and other financial assets increased by 28.9% from the end of the previous fiscal year to account for ¥15,082 million, while trade and other receivables decreased by 2.4% from the end of the previous fiscal year to account for ¥127,067 million and inventories decreased by 5.8% from the end of the previous fiscal year to account for ¥107,906 million. As a result, current assets increased by 2.9% from the end of the previous fiscal year to account for ¥366,028 million. Non-current assets increased by 11.2% from the end of the previous fiscal year to account for ¥459,377 million mainly because other non-current assets increased by 97.9% from the end of the previous fiscal year to account for ¥12,601 million, while investments accounted for using the equity method decreased by 35.2% to account for ¥9,011 million.

Liabilities increased by 8.2% from the end of the previous fiscal year to account for ¥381,096 million, as trade and other payables decreased by 0.8% from the end of the previous fiscal year to account for ¥98,983 million, but interest-bearing liabilities increased by 9.8% from the end of the previous fiscal year to account for ¥193,750 million and income taxes payable increased by 206.7% from the end of the previous fiscal year to account for ¥9,748 million.

Total equity attributable to owners of the parent increased by 7.2% from the end of the previous fiscal year to account for ¥433,595 million, as retained earnings increased by ¥26,559 million.

As a result, equity ratio of owners of the parent decreased by 0.1 percentage points from the end of previous fiscal year to 52.5%.

(3) Overview of Cash Flows

The states and causes of cash flows are as follows:

	Year ended March 31, 2020	Year ended March 31, 2021	Increase or decrease
	(millions of yen)	(millions of yen)	(millions of yen)
Cash flows from operating activities	65,464	82,518	17,054
Cash flows from investing activities	(36,728)	(57,827)	(21,099)
Cash flows from financing activities	(3,077)	(14,934)	(11,857)
Effect of exchange rate changes on cash and cash equivalents	(1,368)	1,675	3,043
Net increase (decrease) in cash and cash equivalents	24,291	11,432	(12,859)
Cash and cash equivalents at the end of the year	72,399	83,831	11,432

With regard to operating activities, profit before tax amounted to ¥48,874 million, and depreciation and amortization expenses amounted to ¥34,109 million, while the increase of other assets amounted to ¥8,815 million, and income tax paid amounted to ¥10,343 million. As a result, net cash provided by operating activities amounted to ¥82,518 million.

With regard to investing activities, acquisition of fixed assets amounted to ¥59,398 million. As a result, net cash used in investing activities amounted to ¥57,827 million.

With regard to financing activities, cash dividends amounted to ¥9,269 million, and repayments of debt amounted to ¥66,351 million, while proceeds from debt amounted to ¥70,393 million, and proceeds from sales of treasury stock amounted to ¥187 million. As a result, net cash used in financing activities amounted to ¥14,934 million.

As a result, cash and cash equivalents at the end of the fiscal year increased by ¥11,432 million in comparison with the end of the previous fiscal year to amount to ¥83,831 million.

The trends in cash flow indices are as shown below:

	Year ended March 31, 2020	Year ended March 31, 2021	Increase or decrease
Equity ratio of owners of the parent (%)	52.6	52.5	(0.1)
Equity ratio of owners of the parent on a fair value basis (%)	50.4	58.7	8.3
Years for debt redemption (year)	2.7	2.3	(0.4)
Interest coverage ratio (time)	40.6	61.6	21.0

* Equity ratio of owners of the parent:

Total equity attributable to owners of the parent / Total assets

Equity ratio of owners of the parent on a fair value basis:

Aggregate fair value of listed stock / Total assets

Years for debt redemption: Interest-bearing liabilities / Cash provided by operating activities

Interest coverage ratio: Cash provided by operating activities / Interest payments

- (Notes)
1. Each of the indices is calculated based on financial data on a consolidated basis.
 2. The aggregate fair value of listed stock is calculated based on the number of issued shares, excluding the shares of treasury stock.
 3. As cash provided by operating activities, cash flows from operating activities in the consolidated statements of cash flows are used.
 4. For interest payments, the amount of interest paid in the consolidated statements of cash flows is used.

(4) Future Outlook

Regarding the economic outlook going forward, the situation is expected to remain unpredictable, both in Japan and overseas, due to the impact of COVID-19. Nevertheless, we will aim to become a corporate group that can contribute to the realization of a sustainable society by working to achieve the NH Foods Group “Vision 2030”—“Unleash new potentials for protein.” which we have upheld as “ideals for 2030,” as well as the Five Materialities that we have identified as important social issues to be addressed in order to realize “Vision 2030.”

In addition, in the “Medium-Term Management Plan 2023,” which has been formulated as a milestone toward the realization of “Vision 2030,” we will strive to enhance our corporate value by promoting our four management policies: “Shift to a sustainable business model that can generate profits,” “Build a growth model for the overseas business,” “Provide new value through new products and services,” and “Strengthen corporate functions to achieve the vision.”

In the Processed Foods Division, the environment is expected to remain difficult due to soaring raw material and fuel prices and rising labor and logistics costs, amid uncertainty over future supply and demand trends caused by COVID-19. In this context, under the “Medium-Term

Management Plan 2023,” we will implement our business strategy in line with the following five policies: “establishing a lean manufacturing and profit structure from an overall optimization perspective,” “expanding business from a marketing perspective,” “balancing environmental responsiveness with profitability,” “putting business on track,” and “strengthening the foundations that support our growth strategy.” In “establishing a lean manufacturing and profit structure from an overall optimization perspective,” we will work to build an optimal manufacturing system from a company-wide perspective, conduct streamlining through product portfolio optimization and line consolidations and eliminations, and standardize production through technological innovation. In “expanding business from a marketing perspective,” we will work to implement marketing processes from the customers’ point of view, expand and firmly establish existing and developing brands, and realize synergies through organizational integration. In “balancing environmental responsiveness with profitability,” we will work to reduce packaging material use, CO₂ emissions and food losses. In “putting business on track,” we will work to improve the profitability of our businesses with issues. In “strengthening the foundations that support our growth strategy,” we will work to reform our organizational culture, develop and acquire human resources, and improve our internal controls.

In the Fresh Meats Business Division, in addition to the impact of COVID-19, the supply and demand balance of meat both in Japan and overseas is expected to change rapidly due to livestock disease in Japan, fluctuations in cattle prices and feed prices caused by abnormal weather, the expansion of free trade agreements and rising demand in emerging countries. In this context, we have defined the following as our basic policies under the “Medium-Term Management Plan 2023”: “strengthening procurement capabilities,” “strengthening sales capabilities” and “strengthening foundations.” In “strengthening procurement capabilities,” for domestic fresh meats, we will improve the productivity of our own farms and aim for stable procurement by strengthening cooperation and forming alliances with outside parties. For imported fresh meats, we will strengthen our cooperation with existing suppliers to ensure high quality and stable procurement, and at the same time we will develop new countries of procurement in order to diversify procurement risks. In “strengthening sales capabilities,” we will increase our market share and profit through focused channel strategies, and improve competitiveness and gross profit margins through the development of branded fresh meats and value-added products. In “strengthening foundations,” we will strengthen individuals through developing human resources and optimizing the allocation of functions, and strengthen the organization through internal collaboration with other departments and offices, centered on the Fresh Meats Marketing & Promotion Department. Through these initiatives, we will increase our share of domestic sales.

In the Overseas Business Division, we will continue to work to minimize the impact of COVID-19 and secure suppliers to ensure a stable supply to Japan. Under the “Medium-Term Management Plan 2023,” we will strengthen our stable profit base through structural reforms and expand sales to Japan and local markets, as well as develop human resources and strengthen our governance structure, based on the following policies: “structural reform of existing businesses,” “developing processed food and fresh meats and strengthening the supply system for Japan,” “strengthening the sale of processed food outside each country,” and “strengthening the foundations that support our growth strategy.”

In addition, as the most important challenge of functional strategies, the Group will promote DX (Digital Transformation), and will address four cross-divisional management issues (cross-business strategies, new businesses, the Hokkaido project, and corporate communication) from a group-wide perspective in order to ensure the ongoing development of the Group.

Concerning the performance targets for the year ending March 31, 2022, the Group aims to achieve net sales of ¥1,180 billion.

Forecast of consolidated net sales

Category	Year ending March 31, 2022 (April 1, 2021-March 31, 2022)	Rate of increase (decrease) from the previous fiscal year
	(billions of yen)	(%)
Hams and sausages	132.5	0.1
Processed foods	223.6	0.0
Fresh meats	674.3	0.2
Marine products	77.3	0.6
Dairy products	32.1	0.4
Others	40.2	4.7
Total	1,180.0	0.3

With regard to profits, as the Group expects to incur DX-related expenses of ¥5.0 billion, the Group forecasts business profit of ¥48.0 billion, profit before tax of ¥43.0 billion, and profit attributable to owners of the parent of ¥30.0 billion.

*For information about the “Medium-Term Management Plan 2023,” please refer to “Notice of NH Foods Group Medium-Term Management Plan” announced today, on May 10, 2021.

Furthermore, the status of business activities and expected risks due to the spread of COVID-19 are as follows.

(Status of Business Activities)

The Group deals in foodstuffs, mainly fresh meats and processed meat-related products, and in order to fulfill our obligation of a stable product supply to maintain social living, we are implementing infection prevention measures for our customers and Group employees and performing business activities with the utmost care paid to safety considerations. Moreover, in February 2020, the Group established a Crisis Management Committee, which is engaged in activities such as ensuring the safety of Group employees and taking measures for business continuity.

(Expected Risks)

The Group conducts business activities in countries and regions around the world, including Japan. In these business activity areas, the supply chain of our Group may be affected, such as through difficulties in procurement of raw materials from suppliers and the suspension of operations at production and distribution bases due to social turmoil spreading and extending over a long period of time as a result of the spread of COVID-19. In addition, a decrease in sales due to the prolongation of the state of emergency in Japan and uncertainties in the creditworthiness of business partners may affect the business performance and financial position of the Group.

Cautionary notice on information about the future:

The plans, forecast of operating results and other prospects for the future described in this brief statement of accounts are based on the information currently available to the Company and certain assumptions considered reasonable by the Company and are not contemplated to ensure the fulfillment thereof. The actual results in the future may materially differ from such plans and forecast, depending on various factors including risk factors in business. The Company, therefore, wishes to caution that readers should not place undue reliance on these descriptions to make investment decisions. Further, unless obligated by laws or ordinances or the rules of financial instruments exchanges, the Company will not necessarily, or is not obligated to, revise such descriptions about the future, including the forecast of business results notwithstanding any information or event in the future or any results arising therefrom, or publicize such revised information.

(5) Fundamental Policy of Profit Allocation and Dividends for the Year Ended March 31, 2021 and the Year Ending March 31, 2022

The Company considers the return of profits to shareholders to be an important management issue. With regard to the determination of the distribution of retained earnings, etc., it is the Company's policy to pay dividends on a consistent basis. This is seen as part of the Company's capital policy aimed at realizing an optimal capital and liability composition with the aim of improving medium- to long-term corporate value.

Under its basic policy, the Company will distribute its retained earnings, with the aim of pursuing stable and continuous dividend growth at the target dividend on equity ratio (DOE) of a 2.3% level. The Company will acquire treasury stock in a flexible manner for the purpose of improving per-share shareholder value and ROE, in consideration of investments towards growth and its financial position. The Company will make effective use of the internal reserve funds as a source of investments that will maintain and improve its competitiveness for years to come.

For dividends for the year ended March 31, 2021, as announced today, on May 10, 2021 in "Notice of Distribution of Retained Earnings," dividends will be increased by ¥3 from ¥91 per share to ¥94 per share with DOE of 2.3%.

For the year ending March 31, 2022, management plans to pay an ordinary dividend of ¥100 per share, based on the above policy, on the assumption of the profit attributable to owners of the parent forecast of ¥30.0 billion and with the target DOE of 2.3%.

2. Fundamental Approach to Selecting Accounting Standards

In order to enhance international comparability of financial information in the capital markets, the Group has voluntarily applied IFRS from the first quarter of the year ended March 31, 2019.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

	(millions of yen)	
	Year ended March 31, 2020 (as of March 31, 2020)	Year ended March 31, 2021 (as of March 31, 2021)
(Assets)		
Current Assets		
Cash and cash equivalents	72,399	83,831
Trade and other receivables	130,213	127,067
Inventories	114,520	107,906
Biological assets	21,335	23,581
Other financial assets	11,701	15,082
Other current assets	5,583	8,561
Total Current Assets	355,751	366,028
Non-current Assets		
Property, plant and equipment	284,060	325,629
Right-of-use assets	35,545	38,362
Biological assets	1,883	1,314
Intangible assets and goodwill	8,953	10,608
Investments accounted for using the equity method	13,910	9,011
Other financial assets	32,647	35,796
Deferred tax assets	29,745	26,056
Other non-current assets	6,367	12,601
Total Non-current Assets	413,110	459,377
Total Assets	768,861	825,405
(Liabilities and Equity)		
Current Liabilities		
Interest-bearing liabilities	55,924	59,322
Trade and other payables	99,802	98,983
Income taxes payable	3,178	9,748
Other financial liabilities	18,877	25,290
Other current liabilities	35,966	35,822
Total Current Liabilities	213,747	229,165
Non-current Liabilities		
Interest-bearing liabilities	120,569	134,428
Retirement benefit liabilities	14,920	14,543
Other financial liabilities	719	683
Deferred tax liabilities	732	581
Other non-current liabilities	1,577	1,696
Total Non-current Liabilities	138,517	151,931
Total Liabilities	352,264	381,096

(millions of yen)

	Year ended March 31, 2020 (as of March 31, 2020)	Year ended March 31, 2021 (as of March 31, 2021)
Equity		
Common stock	36,294	36,294
Capital surplus	72,639	71,240
Retained earnings	294,018	320,577
Treasury stock, at cost	(173)	(3,532)
Accumulated other comprehensive income	1,636	9,016
Total Equity Attributable to Owners of the Parent	404,414	433,595
Non-controlling Interests	12,183	10,714
Total Equity	416,597	444,309
Total Liabilities and Equity	768,861	825,405

(Note) Breakdown of accumulated other comprehensive income

	Year ended March 31, 2020	Year ended March 31, 2021
Financial assets measured at fair value through other comprehensive income	7,178	9,954
Exchange differences on translation of foreign operations	(5,542)	(938)

(2) Consolidated Statements of Income

	(millions of yen)	
	Year ended March 31, 2020 (consolidated) (April 1, 2019 through March 31, 2020)	Year ended March 31, 2021 (consolidated) (April 1, 2020 through March 31, 2021)
Net Sales	1,229,826	1,176,101
Cost of Goods Sold	1,024,296	964,367
Selling, General and Administrative Expenses	166,030	161,215
Other Income	3,592	8,497
Other Expenses	14,790	11,956
Financial Income	1,285	1,942
Financial Costs	3,903	1,534
Share of Profit in Investments Accounted for Using the Equity Method	1,355	1,406
Profit before Tax	27,039	48,874
Income Tax Expense	8,106	17,816
Profit	18,933	31,058
Profit Attributable to:		
Owners of the Parent	19,214	32,616
Non-controlling Interests	(281)	(1,558)
Profit	18,933	31,058

Earnings per Share		
Earnings per share (basic)	186.70 yen	317.97 yen
Earnings per share (diluted)	186.64 yen	317.89 yen

(3) Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Year ended March 31, 2020 (consolidated) (April 1, 2019 through March 31, 2020)	Year ended March 31, 2021 (consolidated) (April 1, 2020 through March 31, 2021)
Profit	18,933	31,058
Other Comprehensive Income (Loss)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plans	(1,776)	3,384
Financial assets measured at fair value through other comprehensive income	(219)	2,601
Total	(1,995)	5,985
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3,754)	4,285
Share of other comprehensive income of investments accounted for using the equity method	(498)	429
Total	(4,252)	4,714
Total Other Comprehensive Income (Loss)	(6,247)	10,699
Comprehensive Income	12,686	41,757
Comprehensive Income Attributable to:		
Owners of the Parent	13,341	43,202
Non-controlling Interests	(655)	(1,445)
Comprehensive Income	12,686	41,757

(4) Consolidated Statements of Changes in Equity

Year ended March 31, 2020 (consolidated) (April 1, 2019 through March 31, 2020)

(millions of yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Subtotal			
Balance as of April 1, 2019	36,294	72,672	286,934	(202)	—	6,980	(1,664)	5,316	401,014	4,344	405,358
Profit			19,214					—	19,214	(281)	18,933
Other comprehensive loss					(1,776)	(219)	(3,878)	(5,873)	(5,873)	(374)	(6,247)
Comprehensive income	—	—	19,214	—	(1,776)	(219)	(3,878)	(5,873)	13,341	(655)	12,686
Dividends			(9,262)					—	(9,262)	(9)	(9,271)
Acquisition of treasury stock				(4)				—	(4)	—	(4)
Disposal of treasury stock		(33)		33				—	0	—	0
Capital increase of subsidiaries								—	—	4,457	4,457
Establishment of subsidiaries								—	—	4,106	4,106
Other			(675)					—	(675)	(60)	(735)
Transfer of accumulated other comprehensive income to retained earnings			(2,193)		1,776	417		2,193	—	—	—
Total transactions with owners	—	(33)	(12,130)	29	1,776	417	—	2,193	(9,941)	8,494	(1,447)
Balance as of March 31, 2020	36,294	72,639	294,018	(173)	—	7,178	(5,542)	1,636	404,414	12,183	416,597

Year ended March 31, 2021 (consolidated) (April 1, 2020 through March 31, 2021)

(millions of yen)

	Equity attributable to owners of the parent								Non-controlling interests	Total equity	
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income			Total			
					Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations				Subtotal
Balance as of April 1, 2020	36,294	72,639	294,018	(173)	—	7,178	(5,542)	1,636	404,414	12,183	416,597
Profit			32,616					—	32,616	(1,558)	31,058
Other comprehensive loss					3,384	2,598	4,604	10,586	10,586	113	10,699
Comprehensive income	—	—	32,616	—	3,384	2,598	4,604	10,586	43,202	(1,445)	41,757
Dividends			(9,263)					—	(9,263)	(6)	(9,269)
Acquisition of treasury stock		(2)		(3,565)				—	(3,567)	—	(3,567)
Disposal of treasury stock		(16)		206				—	190	—	190
Share-based payment transactions		87						—	87	—	87
Establishment of subsidiaries								—	—	2	2
Change in ownership interest of parent due to transactions with non-controlling interests		(1,468)						—	(1,468)	(20)	(1,488)
Transfer of accumulated other comprehensive income to retained earnings			3,206		(3,384)	178		(3,206)	—	—	—
Total transactions with owners	—	(1,399)	(6,057)	(3,359)	(3,384)	178	—	(3,206)	(14,021)	(24)	(14,045)
Balance as of March 31, 2021	36,294	71,240	320,577	(3,532)	—	9,954	(938)	9,016	433,595	10,714	444,309

(5) Consolidated Statements of Cash Flows

	(millions of yen)	
	Year ended March 31, 2020 (consolidated) (April 1, 2019 through March 31, 2020)	Year ended March 31, 2021 (consolidated) (April 1, 2020 through March 31, 2021)
Cash Flows from Operating Activities		
Profit before tax	27,039	48,874
Depreciation and amortization expense	33,336	34,109
Impairment losses	3,904	7,069
Decrease (increase) in fair value of biological assets	1,205	(192)
Financial income and costs	2,618	(408)
Decrease (increase) in trade and other receivables	21,968	3,817
Decrease (increase) in inventories	(2,316)	7,722
Decrease (increase) in biological assets	1,005	113
Decrease (increase) in other assets	555	(8,815)
Increase (decrease) in trade and other payables	(10,964)	(1,252)
Increase (decrease) in other liabilities	(3,772)	(507)
Others—net	(1,143)	648
Interest received	675	287
Dividends received	2,304	2,735
Interest paid	(1,611)	(1,339)
Income tax paid	(9,339)	(10,343)
Cash Flows from Operating Activities	65,464	82,518
Cash Flows from Investing Activities		
Acquisition of fixed assets	(36,898)	(59,398)
Proceeds from sales of fixed assets	607	1,423
Decrease (increase) in time deposits	(610)	259
Acquisition of other financial assets	(84)	(182)
Sale and redemption of other financial assets	42	673
Investments in associated companies	(120)	—
Others—net	335	(602)
Cash Flows from Investing Activities	(36,728)	(57,827)
Cash Flows from Financing Activities		
Cash dividends	(9,271)	(9,269)
Increase (decrease) in short-term bank loans	(2,001)	(4,840)
Proceeds from debt	38,714	70,393
Repayments of debt	(39,019)	(66,351)
Contributions from non-controlling interests	8,563	2
Acquisition from non-controlling interests	—	(1,489)
Acquisition of treasury stock	(4)	(3,567)
Proceeds from sales of treasury stock	—	187
Others—net	(59)	0
Cash Flows from Financing Activities	(3,077)	(14,934)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,368)	1,675
Net Increase (Decrease) in Cash and Cash Equivalents	24,291	11,432
Cash and Cash Equivalents at the Beginning of the Year	48,108	72,399
Cash and Cash Equivalents at the End of the Year	72,399	83,831

(6) Note on the Premises of a Going Concern

Not applicable.

(7) Significant Matters Forming the Basis for Preparing Consolidated Financial Statements

1. Matters concerning the scope of consolidation and application of the equity method

Number of consolidated subsidiaries:	81 companies
Number of equity-method companies:	9 companies

2. Additional information

With respect to the impact of COVID-19, while the Company anticipated that the impact will continue for some time after the end of the fiscal year ended March 31, 2021, and will then be gradually contained thereafter, as its accounting estimates and assumptions, it has determined that the impact on the fiscal year ended March 31, 2021 was immaterial. However, the Group's financial position and operating results may be greatly affected in the next year depending on how the situation develops.

(8) Notes to Consolidated Financial Statements

1. Segment information

Information regarding the reportable segments

The Group categorizes the business into the following three business segments according to the nature of products and services provided, and the geographical areas where it sells products or provides services. The Group manages its operations by the business segment and considers them as reportable segments.

As of April 1, 2020, the Company changed the name of the "Affiliated Business Division" to the "Dairy and Marine Products Division," and placed it under the responsibility of the Processed Foods Business Division. As a result, the category of operating segments has been changed from the previous classification of four business groups to the following three business groups from the cumulative first quarter of the fiscal year under review. In addition, the processed meat products/extract manufacturing and sales company, which had been under the responsibility of the Fresh Meats Business Division, was transferred to the Processed Foods Business Division.

Processed Foods Business Division	—	Mainly domestic production and sales of hams and sausages, processed foods, marine products, and dairy products
Fresh Meats Business Division	—	Mainly domestic production and sales of fresh meats
Overseas Business Division	—	Mainly production and sales of hams and sausages, processed foods, fresh meats and marine products at overseas subsidiaries and associates

For the year ended March 31, 2020 (April 1, 2019 through March 31, 2020)

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
Sales to external customers	507,451	629,745	129,610	1,266,806	(36,980)	1,229,826
Intersegment sales	24,828	125,737	125,377	275,942	(275,942)	—
Total	532,279	755,482	254,987	1,542,748	(312,922)	1,229,826
Segment profit	13,293	31,900	1,849	47,042	(3,270)	43,772
Segment assets	293,662	342,144	115,226	751,032	17,829	768,861
Other items						
Depreciation and amortization	11,168	7,752	3,115	22,035	11,003	33,038
Capital expenditures	16,995	11,735	6,032	34,762	13,040	47,802
Investments accounted for using the equity method	307	730	12,873	13,910	—	13,910

For the year ended March 31, 2021 (April 1, 2020 through March 31, 2021)

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
Sales to external customers	498,079	611,741	112,348	1,222,168	(46,067)	1,176,101
Intersegment sales	25,836	116,914	111,584	254,334	(254,334)	—
Total	523,915	728,655	223,932	1,476,502	(300,401)	1,176,101
Segment profit (loss)	17,908	41,113	(94)	58,927	(6,501)	52,426
Segment assets	308,769	341,364	123,427	773,560	51,845	825,405
Other items						
Depreciation and amortization	11,720	8,012	3,126	22,858	11,081	33,939
Capital expenditures	26,032	15,966	4,955	46,953	35,949	82,902
Investments accounted for using the equity method	337	702	7,972	9,011	—	9,011

- (Note)
1. “Eliminations, adjustments and others” includes unallocated items and intersegment eliminations.
 2. Except for a few unallocated items, corporate overhead expenses and profit or loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the Group included in each reportable operating segment.
 3. “Segment profit (loss)” is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while deducting adjustments in accordance with IFRS and non-recurring items.
 4. “Segment assets” included in “Eliminations, adjustments and others” mainly consist of adjustments to right-of-use assets and others in accordance with IFRS, cash and cash equivalents of the parent company, and investment securities.

5. "Depreciation and amortization" represents depreciation and amortization expenses for property, plant and equipment, right-of-use assets, and intangible assets. "Depreciation and amortization" in each reportable segment does not include depreciation and amortization expenses included in corporate overhead expenses and profit or loss of certain subsidiaries stated in Note 2.
6. "Capital expenditures" represent increases in property, plant and equipment, right-of-use assets, and intangible assets.
7. Reclassifications have been made to the information for the year ended March 31, 2020, based on operating segment information for the year ended March 31, 2021.

2. Per share information

1) Basic earnings per share

	Year ended March 31, 2020 (April 1, 2019 through March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 through March 31, 2021)
Basic earnings per share (yen)	186.70	317.97
Basis for calculation:		
Profit attributable to owners of the parent (millions of yen)	19,214	32,616
Amount not attributable to owners of the parent (millions of yen)	—	—
Profit used in the calculation of basic earnings per share (millions of yen)	19,214	32,616
Weighted-average number of shares of common stock (thousands of shares)	102,914	102,576

2) Diluted earnings per share

	Year ended March 31, 2020 (April 1, 2019 through March 31, 2020)	Year ended March 31, 2021 (April 1, 2020 through March 31, 2021)
Diluted earnings per share (yen)	186.64	317.89
Basis for calculation:		
Profit used in the calculation of basic earnings per share (millions of yen)	19,214	32,616
Adjustment to profit (millions of yen)	—	—
Profit used in the calculation of diluted earnings per share (millions of yen)	19,214	32,616
Weighted-average number of shares of common stock used in the calculation of basic earnings per share (thousands of shares)	102,914	102,576
Dilutive effect of stock options granted (thousands of shares)	37	28
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (thousands of shares)	102,951	102,604

(Note) For the year ended March 31, 2021, in determining basic earnings per share and diluted earnings per share, 140,663 shares of the Company held by the Board Incentive Plan Trust and 608,600 shares of the Company held by NH Foods Group Employee Shareholding Association Trust are accounted for as treasury stock. Accordingly, the number of these shares is deducted in determining the weighted-average number of shares.

3. Significant subsequent events

Not applicable.