

BRIEF STATEMENT OF ACCOUNTS
FOR THE THIRD QUARTER OF THE YEAR ENDING MARCH 31, 2022
(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 filing of quarterly report:	February 7, 2022
Scheduled date of payment of dividends:	-
Preparation of supplementary information on quarterly statement of accounts:	Yes
Holding of quarterly results briefing:	Yes (results briefing for analysts and institutional investors)

(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 third quarter of the year ending March 31, 2022 (April 1, 2021 through December 31, 2021):

(1) Consolidated operating results (cumulative):

(The percentages indicate the rates of increase (decrease) from the third quarter of 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)	%
Third quarter of the year ending March 31, 2022	953,239	5.6	44,130	0.5	50,237	13.2	36,778	32.8	36,747	28.9	36,545	22.7
Third quarter of the year ended March 31, 2021	902,988	(5.2)	43,914	11.9	44,370	32.8	27,691	15.2	28,511	19.2	29,779	17.7

(yen)

	Earnings per share (basic)	Earnings per share (diluted)
Third quarter of the year ending March 31, 2022	359.45	359.36
Third quarter of the year ended March 31, 2021	277.57	277.50

(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 excluding 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
	(millions of yen)	(millions of yen)	(millions of yen)	(%)
Third quarter of the year ending March 31, 2022	902,437	471,693	460,925	51.1
Year ended March 31, 2021	825,405	444,309	433,595	52.5

2. State of dividends:

	Annual dividend (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2021	—	—	—	94.00	94.00
Year ending March 31, 2022	—	—	—		
Year ending March 31, 2022 (forecast)				100.00	100.00

(Note) Adjustment to the most recently publicized forecast of dividends: None

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 for the whole-year period.)

	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)
Whole-year period	1,180,000	0.3	48,000	(8.4)	43,000	(12.0)	30,000	(8.0)	293.62

(Note) Adjustment to the most recently publicized forecast of business results: None

* Notes:

- (1) Changes in significant subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the period 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 period:

Third quarter of the year ending March 31, 2022: 102,958,904 shares

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

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

Third quarter of the year ending March 31, 2022: 677,028 shares

Year ended March 31, 2021: 784,890 shares

- 3) Average number of shares outstanding during the period:

Third quarter of the year ending March 31, 2022: 102,231,251 shares

Third quarter of the year ended March 31, 2021: 102,712,930 shares

(Note) The number of shares of treasury stock as of the end of the period includes the number of the Company's shares (137,759 shares for the third quarter of the year ending March 31, 2022 and 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 period 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 period includes the number of the Company’s shares (507,300 shares for the third quarter of the year ending March 31, 2022 and 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 period includes the number of the Company’s shares held by the Trust.

- * A brief statement of accounts for a quarter is not subject to quarterly review.
- * 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 result 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. Qualitative Information on the Statement of Accounts for the Third Quarter of the Fiscal Year under Review: (3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results” on page 10.

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* The Company is planning to hold a financial results briefing for analysts and institutional investors on Wednesday, February 2, 2022. All materials to be used at the conference will be disclosed on TDnet and posted on its website today.

* In addition to the above-mentioned briefing, the Company will hold briefings of its operations and business results for individual investors from time to time. Please check the Company's website for information on the schedules of such briefings, etc.

1. Qualitative Information on the Statement of Accounts for the Third Quarter of the Fiscal Year under Review

(1) Explanation on the Operating Results

Overview of Operating Results in General

The Japanese economy during the third quarter of the fiscal year under review showed some signs of recovery as the difficult situation caused by COVID-19 gradually eased. However, there are growing concerns about the resurgence of infections caused by variants.

The food and fresh meats industry showed some positive signs of recovery, while the outlook remained unpredictable due to the continued downturn of commercial-use products, which was caused by the slump in demand from restaurants affected by the prolonged declaration of a state of emergency or the quasi-emergency measures. Other factors causing uncertainty include rising costs owing to increased global demand for raw materials and soaring grain prices.

Under these circumstances, NH Foods Ltd. and its subsidiaries (the “Group”) promoted business development based on 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” under the “Medium-Term Management Plan 2023” that commenced in April 2021 as a milestone in pursuing our “ideals for 2030”: NH Foods Group “Vision 2030”—“Unleash new potentials for protein.” In the third quarter of the fiscal year under review, our continuous initiatives in Japan included maintaining a stable supply system through thorough countermeasures against COVID-19, and strengthening our procurement, production, logistics, and sales structures to flexibly respond to changes in the environment against the backdrop of the establishment of a new lifestyle and growing awareness of social issues such as ESG aiming to achieve SDGs. In addition, we worked on the challenges of new areas such as the launch of “*IMIDEA*,” a food with functional claims that helps reduce fatigue and maintain memory, and initiatives for Direct to Consumer (D2C), the Hokkaido project with an eye to the opening of the new stadium in 2023, and the promotion of Digital Transformation (DX) to strengthen our management base. Overseas, the Group continued to take measures to minimize the impact of COVID-19 and worked to secure suppliers for a stable supply to Japan. Regarding the cross-group initiatives, the Group made efforts to enhance them in accordance with “NH Foods Group Fundamental Policy on Corporate Governance.” Such efforts include activities to raise group employees’ awareness of our initiative for “Vision 2030”—“Unleash new potentials for protein” and to promote ROIC-based management by managing KPIs linked with various measures of the “Medium-Term Management Plan 2023.”

As a result of these activities, for the third quarter of the fiscal year under review on a consolidated and cumulative basis, net sales increased by 5.6% from the same period of the previous fiscal year to ¥953,239 million. Business profit increased by 0.5% to ¥44,130 million, profit before tax increased by 13.2% to ¥50,237 million, and profit attributable to owners of the parent increased by 28.9% to ¥36,747 million, compared to the same period of the previous fiscal year.

Overview of Operating Segments

From the cumulative first quarter of the fiscal year under review, the Company discloses the Baseball and Ballpark Business and the New Business, etc. in the “Others” category for the purpose of expanding into new business areas.

(Processed Foods Business Division)

In the hams and sausages business, sales to mass retailer channels decreased from the same period of the previous fiscal year despite our efforts to make up for the impact of COVID-19, by such measures as promoting sales of the main product “*SCHAU ESSEN*” and launching advertisements on social networking services to attract younger customers. Sales to commercial-use channels increased year on year thanks to the increased demand as the infection situation subsided. Overall sales of year-end gifts decreased from the same period of the previous fiscal year although sales of brand-name gifts were strong, remaining the same level as the market.

In the processed foods business, sales to mass retailer channels increased making up for the impact of COVID-19 last year. This was attributable to the significant growth in the main product “*Ishigama Kobo*,” due to the increased demand for snacks, and the addition of the new product “*Ajiwai Range*,” which can be stored at room temperature. Moreover, sales of products to commercial-use channels including extracts and primary processed products recovered, resulting in an increase in the overall sales from the same period of the previous fiscal year.

In the dairy products business, sales of the main product “*Vanilla Yoghurt*” remained strong, and sales of commercial-use cheese to restaurant channels and food companies increased. As a result, sales were higher than that of the same period of the previous year.

In the marine products business, we worked to expand sales of sushi toppings and our own factory products, mainly diced salmon, and sales to mass retailer channels grew. Further, sales to restaurant channels including sushi restaurants also increased. As a result, sales were higher than that of the same period of the previous year.

Profit of the Processed Foods Business Division as a whole decreased due to rising labor costs associated with an increase in production volume and increased upfront costs for the development of DX, in addition to a sharp rise in raw material costs and fuel costs, which was higher than expected.

As a result, for the third quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Processed Foods Business Division increased by 1.5% from the same period of the previous fiscal year to ¥382,846 million, and business profit decreased by 11.8% to ¥14,133 million.

(Fresh Meats Business Division)

In the sales division, the restaurant and wholesale markets showed signs of recovery due to the lifting of the declaration of a state of emergency. Meanwhile, procurement prices, especially for imported products, rose, and we negotiated to reflect the increases in sales prices. However, profit declined as consumers continued to be budget-conscious on household foods purchased mainly at mass retailers in terms of demand for dining at home. Under such circumstances, we worked to expand our sales channels and profits by strengthening proposals

for restaurants and drugstores, holding seminars for the press to promote the food culture of eating mutton, and actively proposing a rebranded domestic “*Genmai Beef*.”

In the procurement division, we experienced confusion in procuring products due to domestic demand expansion and labor shortages in the main countries of origin, rising global transportation costs, container shortages, and delays in ship arrivals. Under these circumstances, we strived to maintain a stable supply of products while making full use of various procurement methods such as procuring products from third countries, including beef from Uruguay, in order to contribute to healthy dietary lifestyles through the reliable supply of protein. We also worked to expand sales channels and items for the export of domestic beef, pork, and chicken, and as a result, we secured profit.

In the production division, profit decreased affected by the surge in the feed market although we worked to improve internal costs or the factory utilization rate of in-house processing plants with a thorough preventive system against infection in place.

As a result, for the third quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Fresh Meats Business Division increased by 3.6% from the same period of the previous fiscal year to ¥522,693 million, and business profit decreased by 5.9% to ¥30,460 million.

(Overseas Business Division)

In Asia and Europe operations, net sales were higher than that of the same period of the previous year due to strong sales of chicken in Turkey and strong meat exports in the U.K. while sales of processed foods were on a par with the previous year in ASEAN and decreased in Greater China. Profit increased due to sustained high sales prices in Turkey, which more than offset some decrease in profit caused by high prices of raw materials for processed products in Thailand and decreased sales volume in Greater China.

In Americas operations, net sales were higher than that of the same period of the previous year due to steady growth in the volume of pork exports and sales volumes of processed food at mass retailers in the U.S. as well as an increase in the volume of pork exports from Chili and Mexico. Profit declined, however, due to sustained high raw material prices of pork for exports and processed food in the U.S.

In Australia operations, net sales were higher than that of the same period of the previous year due to favorable sales prices for both exports and domestic sales, as well as steady sales to China in Uruguay, despite the struggles with collecting cattle in Australia. Profit increased due to favorable sales prices in Australia and efforts to improve the efficiency of factory operations although cattle collection prices remained high in Australia. Uruguay also posted an increase in profit due to continued high prices for sales to China and other markets.

As a result, for the third quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Overseas Business Division increased by 17.4% from the same period of the previous fiscal year to ¥199,323 million, and business profit increased by 575.5% to ¥2,209 million.

(Others)

Hokkaido Nippon-Ham Fighters, representing the Baseball and Ballpark Business, finished the 2021 regular-season in fifth place in the Pacific League. The Business saw increases in both net sales and profit from the same period of the previous fiscal year as the team was able to host games with thorough countermeasures against infectious diseases in place, although attendance was sluggish due to restrictions on the number of spectators caused by COVID-19. With the new manager Tsuyoshi Shinjo joining the team next season, we will build up a new team through the upcoming camp and make every effort so that the team will be fully prepared for the start of the next season, while continuously taking measures against infectious diseases.

In the health support business operated by the Research & Development Center, we actively promoted sales in Japan by exhibiting at the Food Development Exhibition 2021 to introduce functional food ingredients and food inspection kits. In addition, in the health food category, we launched a food with functional claims “*IMIDEA*” on our own ecommerce site. Overseas, we exhibited at Bio Asia-Taiwan 2021 held in Taipei, where we introduced functional food ingredients and conducted business negotiations online.

In the New Business, etc., we accelerated efforts in new growth areas with an eye on future changes in the environment, promoted their actual commercialization and foster a culture of challenge in the Group. To this end, the Group established the New Business Development Department on April 1, 2021 and has been studying products and services to attract new customer segments.

As a result, for the third quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Others segment increased by 20.1% from the same period of the previous fiscal year to ¥11,361 million, and business loss amounted to ¥208 million (a business loss of ¥805 million for the same period of previous fiscal year).

(2) Explanation on the Financial Position

<Financial position>

At the end of the third quarter of the fiscal year under review, total assets increased by 9.3% from the end of the previous fiscal year to ¥902,437 million, as trade and other receivables and inventories increased by ¥62,287 million and ¥18,509 million, respectively, although cash and cash equivalents and right-of-use assets decreased by ¥23,877 million and ¥3,973 million, respectively. Liabilities increased by 13.0% from the end of the previous fiscal year to ¥430,744 million, as interest-bearing liabilities and trade and other payables increased by ¥24,094 million and ¥30,513 million, respectively although income taxes payable decreased by ¥8,077 million. Interest-bearing liabilities stood at ¥217,844 million.

Total equity attributable to owners of the parent increased by ¥27,330 million from the end of the previous fiscal year to ¥460,925 million, and the equity ratio of owners of the parent decreased by 1.4 percentage points from the end of the previous fiscal year to 51.1%.

<Cash flows>

With regard to operating activities, profit before tax amounted to ¥50,237 million, and the increase in trade and other payables amounted to ¥30,809 million, while the increase in trade and other receivables amounted to ¥62,610 million, the increase in inventories amounted to ¥18,640 million, and income tax paid amounted to ¥20,193 million. As a result, net cash used by operating activities amounted to ¥5,293 million.

With regard to investing activities, acquisition of fixed assets amounted to ¥34,862 million. As a result, net cash used in investing activities amounted to ¥30,449 million.

With regard to financing activities, cash dividends amounted to ¥9,610 million and repayments of debt amounted to ¥38,809 million, while the increase in short-term bank loans amounted to ¥36,719 million, and proceeds from debt amounted to ¥23,024 million. As a result, net cash provided by financing activities amounted to ¥11,695 million.

As a result, cash and cash equivalents at the end of the third quarter of the fiscal year under review decreased by ¥23,877 million from the end of the previous fiscal year to ¥59,954 million.

(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Business Results

There are no changes to the forecast of the whole-year period of the year ending March 31, 2022 from the future outlook announced in the “Brief Statement of Accounts for the Year Ended March 31, 2021” dated May 10, 2021.

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.

2. Condensed Consolidated Financial Statements and Primary Notes

(1) Condensed Consolidated Statements of Financial Position

	(millions of yen)	
	Year ended March 31, 2021 (as of March 31, 2021)	Third quarter of the year ending March 31, 2022 (as of December 31, 2021)
(Assets)		
Current Assets		
Cash and cash equivalents	83,831	59,954
Trade and other receivables	127,067	189,354
Inventories	107,906	126,415
Biological assets	23,581	29,753
Other financial assets	15,082	11,866
Other current assets	8,561	9,506
Total Current Assets	366,028	426,848
Non-current Assets		
Property, plant and equipment	325,629	340,590
Right-of-use assets	38,362	34,389
Biological assets	1,314	1,255
Intangible assets and goodwill	10,608	13,811
Investments accounted for using the equity method	9,011	10,248
Other financial assets	35,796	36,916
Deferred tax assets	26,056	24,773
Other non-current assets	12,601	13,607
Total Non-current Assets	459,377	475,589
Total Assets	825,405	902,437
(Liabilities and Equity)		
Current Liabilities		
Interest-bearing liabilities	59,322	106,951
Trade and other payables	98,983	129,496
Income taxes payable	9,748	1,671
Other financial liabilities	25,290	30,253
Other current liabilities	35,822	33,778
Total Current Liabilities	229,165	302,149
Non-current Liabilities		
Interest-bearing liabilities	134,428	110,893
Retirement benefit liabilities	14,543	14,701
Other financial liabilities	683	714
Deferred tax liabilities	581	567
Other non-current liabilities	1,696	1,720
Total Non-current Liabilities	151,931	128,595
Total Liabilities	381,096	430,744

(millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Third quarter of the year ending March 31, 2022 (as of December 31, 2021)
Equity		
Common stock	36,294	36,294
Capital surplus	71,240	71,267
Retained earnings	320,577	347,776
Treasury stock, at cost	(3,532)	(3,050)
Accumulated other comprehensive income	9,016	8,638
Total Equity Attributable to Owners of the Parent	433,595	460,925
Non-controlling Interests	10,714	10,768
Total Equity	444,309	471,693
Total Liabilities and Equity	825,405	902,437

(Note) Breakdown of accumulated other comprehensive income

	Year ended March 31, 2021	Third quarter of the year ending March 31, 2022
Financial assets measured at fair value through other comprehensive income	9,954	10,298
Exchange differences on translation of foreign operations	(938)	(1,660)

(2) Condensed Consolidated Statements of Income
[Cumulative third quarter]

	(millions of yen)	
	Cumulative third quarter of the year ended March 31, 2021 (consolidated) (April 1, 2020 through December 31, 2020)	Cumulative third quarter of the year ending March 31, 2022 (consolidated) (April 1, 2021 through December 31, 2021)
Net Sales	902,988	953,239
Cost of Goods Sold	735,006	782,920
Selling, General and Administrative Expenses	120,048	123,942
Other Income	2,773	4,628
Other Expenses	7,587	4,713
Financial Income	1,410	692
Financial Costs	1,121	2,908
Share of Profit in Investments Accounted for Using the Equity Method	961	6,161
Profit before Tax	44,370	50,237
Income Tax Expense	16,679	13,459
Profit	27,691	36,778
Profit Attributable to:		
Owners of the Parent	28,511	36,747
Non-controlling Interests	(820)	31
Profit	27,691	36,778

Earnings per Share		
Earnings per share (basic)	277.57 yen	359.45 yen
Earnings per share (diluted)	277.50 yen	359.36 yen

[Third quarter]

(millions of yen)

	Third quarter of the year ended March 31, 2021 (consolidated) (October 1, 2020 through December 31, 2020)	Third quarter of the year ending March 31, 2022 (consolidated) (October 1, 2021 through December 31, 2021)
Net Sales	329,504	349,874
Cost of Goods Sold	265,610	287,343
Selling, General and Administrative Expenses	41,857	42,838
Other Income	892	3,192
Other Expenses	6,363	2,528
Financial Income	468	300
Financial Costs	47	1,516
Share of Profit (Loss) in Investments Accounted for Using the Equity Method	(1,347)	3,057
Profit before Tax	15,640	22,198
Income Tax Expense	6,763	5,117
Profit	8,877	17,081
Profit Attributable to:		
Owners of the Parent	9,035	17,143
Non-controlling Interests	(158)	(62)
Profit	8,877	17,081

Earnings per Share		
Earnings per share (basic)	88.24 yen	167.61 yen
Earnings per share (diluted)	88.21 yen	167.57 yen

(3) Condensed Consolidated Statements of Comprehensive Income
[Cumulative third quarter]

(millions of yen)

	Cumulative third quarter of the year ended March 31, 2021 (consolidated) (April 1, 2020 through December 31, 2020)	Cumulative third quarter of the year ending March 31, 2022 (consolidated) (April 1, 2021 through December 31, 2021)
Profit	27,691	36,778
Other Comprehensive Income (Loss)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plans	—	(3)
Financial assets measured at fair value through other comprehensive income	1,570	402
Total	1,570	399
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	457	(871)
Share of other comprehensive income of investments accounted for using the equity method	61	239
Total	518	(632)
Total Other Comprehensive Income (Loss)	2,088	(233)
Comprehensive Income	29,779	36,545
Comprehensive Income Attributable to:		
Owners of the Parent	30,593	36,425
Non-controlling Interests	(814)	120
Comprehensive Income	29,779	36,545

[Third quarter]

(millions of yen)

	Third quarter of the year ended March 31, 2021 (consolidated) (October 1, 2020 through December 31, 2020)	Third quarter of the year ending March 31, 2022 (consolidated) (October 1, 2021 through December 31, 2021)
Profit	8,877	17,081
Other Comprehensive Income (Loss)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plans	—	(1)
Financial assets measured at fair value through other comprehensive income	(150)	(1,252)
Total	(150)	(1,253)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	125	(62)
Share of other comprehensive income of investments accounted for using the equity method	222	230
Total	347	168
Total Other Comprehensive Income (Loss)	197	(1,085)
Comprehensive Income	9,074	15,996
Comprehensive Income Attributable to:		
Owners of the Parent	9,174	15,990
Non-controlling Interests	(100)	6
Comprehensive Income	9,074	15,996

(4) Condensed Consolidated Statements of Changes in Equity

Consolidated cumulative third quarter of the year ended March 31, 2021 (April 1, 2020 through December 31, 2020)

(millions of yen)

	Equity attributable to owners of the parent									Non-con- trolling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasure- ment of defined benefit plans	Financial assets measured at fair value through other comprehen- -sive 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			28,511					—	28,511	(820)	27,691
Other comprehensive income						1,564	518	2,082	2,082	6	2,088
Comprehensive income	—	—	28,511	—	—	1,564	518	2,082	30,593	(814)	29,779
Dividends			(9,263)					—	(9,263)	(6)	(9,269)
Acquisition of treasury stock		(3)		(3,564)				—	(3,567)		(3,567)
Disposal of treasury stock		(20)		49				—	29		29
Share-based payment transactions		55						—	55		55
Establishment of subsidiaries								—	—	2	2
Other		1						—	1	(17)	(16)
Transfer of accumulated other comprehensive income to retained earnings			(219)			219		219	—		—
Total transactions with owners	—	33	(9,482)	(3,515)	—	219	—	219	(12,745)	(21)	(12,766)
Balance as of December 31, 2020	36,294	72,672	313,047	(3,688)	—	8,961	(5,024)	3,937	422,262	11,348	433,610

Consolidated cumulative third quarter of the year ending March 31, 2022 (April 1, 2021 through December 31, 2021)

(millions of yen)

	Equity attributable to owners of the parent									Non-con- trolling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasure- ment of defined benefit plans	Financial assets measured at fair value through other comprehen- -sive income	Exchange differences on translation of foreign operations	Subtotal			
Balance as of April 1, 2021	36,294	71,240	320,577	(3,532)	—	9,954	(938)	9,016	433,595	10,714	444,309
Profit			36,747					—	36,747	31	36,778
Other comprehensive loss					(3)	403	(722)	(322)	(322)	89	(233)
Comprehensive income	—	—	36,747	—	(3)	403	(722)	(322)	36,425	120	36,545
Dividends			(9,604)					—	(9,604)	(6)	(9,610)
Acquisition of treasury stock				(2)				—	(2)		(2)
Disposal of treasury stock		(37)		484				—	447		447
Share-based payment transactions		64						—	64		64
Other		0						—	0	(60)	(60)
Transfer of accumulated other comprehensive income to retained earnings			56		3	(59)		(56)	—		—
Total transactions with owners	—	27	(9,548)	482	3	(59)	—	(56)	(9,095)	(66)	(9,161)
Balance as of December 31, 2021	36,294	71,267	347,776	(3,050)	—	10,298	(1,660)	8,638	460,925	10,768	471,693

(5) Condensed Consolidated Statements of Cash Flows

(millions of yen)

	Cumulative third quarter of the year ended March 31, 2021 (April 1, 2020 through December 31, 2020)	Cumulative third quarter of the year ending March 31, 2022 (April 1, 2021 through December 31, 2021)
Cash Flows from Operating Activities		
Profit before tax	44,370	50,237
Depreciation and amortization expense	25,448	27,122
Impairment losses	5,883	1,166
Decrease (increase) in fair value of biological assets	(1,046)	(586)
Financial income and costs	(289)	2,217
Decrease (increase) in trade and other receivables	(48,547)	(62,610)
Decrease (increase) in inventories	7,872	(18,640)
Decrease (increase) in biological assets	(541)	(6,362)
Decrease (increase) in other assets	(4,184)	(2,571)
Increase (decrease) in trade and other payables	19,784	30,809
Increase (decrease) in other liabilities	(6,834)	(2,175)
Others—net	1,232	(4,092)
Interest received	260	228
Dividends received	2,368	1,006
Interest paid	(856)	(849)
Income tax paid	(10,196)	(20,193)
Cash Flows from Operating Activities	34,724	(5,293)
Cash Flows from Investing Activities		
Acquisition of fixed assets	(44,698)	(34,862)
Proceeds from sales of fixed assets	289	416
Decrease (increase) in time deposits	252	4,023
Acquisition of other financial assets	(167)	(66)
Sale and redemption of other financial assets	580	162
Others—net	(320)	(122)
Cash Flows from Investing Activities	(44,064)	(30,449)
Cash Flows from Financing Activities		
Cash dividends	(9,268)	(9,610)
Increase (decrease) in short-term bank loans	(6,528)	36,719
Proceeds from debt	48,683	23,024
Repayments of debt	(28,526)	(38,809)
Contributions from non-controlling interests	2	—
Acquisition of treasury stock	(3,567)	(2)
Proceeds from sales of treasury stock	29	434
Others—net	(16)	(61)
Cash Flows from Financing Activities	809	11,695
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(32)	170
Net Increase (Decrease) in Cash and Cash Equivalents	(8,563)	(23,877)
Cash and Cash Equivalents at the Beginning of the Period	72,399	83,831
Cash and Cash Equivalents at the End of the Period	63,836	59,954

(6) Note on the Premises of a Going Concern

Not applicable.

(7) Note to Condensed Consolidated Financial Statements

1. Segment information

Information regarding the reportable segments

The Group categorizes the business into the following three reportable segments according to the nature of products and services provided, and the geographical areas where it sells products or provides services.

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

The Company discloses the Baseball and Ballpark Business and New Business, etc. in the “Others” category from the cumulative first quarter of the fiscal year under review for the purpose of expanding into new business areas.

In addition, from the cumulative first quarter of the fiscal year under review, the Company has changed the calculation method of net sales in order to more appropriately reflect the business results of the reportable segments.

The Group consists of 79 subsidiaries and 8 associated companies.

For the consolidated cumulative third quarter of the year ended March 31, 2021 (April 1, 2020 through December 31, 2020):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	357,308	453,287	84,641	7,137	902,373	615	902,988
Intersegment sales	19,839	51,136	85,111	2,320	158,406	(158,406)	—
Total	377,147	504,423	169,752	9,457	1,060,779	(157,791)	902,988
Segment profit (loss)	16,021	32,384	327	(805)	47,927	(4,013)	43,914

For the consolidated cumulative third quarter of the year ending March 31, 2022 (April 1, 2021 through December 31, 2021):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	362,396	474,639	105,946	8,944	951,925	1,314	953,239
Intersegment sales	20,450	48,054	93,377	2,417	164,298	(164,298)	—
Total	382,846	522,693	199,323	11,361	1,116,223	(162,984)	953,239
Segment profit (loss)	14,133	30,460	2,209	(208)	46,594	(2,464)	44,130

- (Notes)
1. “Others” refers to operating segments not included in the reportable segments, such as the Baseball and Ballpark Business and New Business, etc.
 2. “Eliminations, adjustments and others” includes unallocated items and intersegment eliminations.
 3. 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.
 4. “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.
 5. Figures for the cumulative third quarter of the year ended March 31, 2021 have been reclassified based on operating segment information of the cumulative third quarter of the year ending March 31, 2022.

For the consolidated third quarter of the year ended March 31, 2021 (October 1, 2020 through December 31, 2020):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	133,298	163,852	29,838	2,326	329,314	190	329,504
Intersegment sales	7,343	16,397	28,669	803	53,212	(53,212)	—
Total	140,641	180,249	58,507	3,129	382,526	(53,022)	329,504
Segment profit (loss)	9,573	14,123	(175)	(454)	23,067	(1,076)	21,991

For the consolidated third quarter of the year ending March 31, 2022 (October 1, 2021 through December 31, 2021):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated
Net sales							
Sales to external customers	132,253	174,923	40,068	2,330	349,574	300	349,874
Intersegment sales	7,593	17,941	31,472	795	57,801	(57,801)	—
Total	139,846	192,864	71,540	3,125	407,375	(57,501)	349,874
Segment profit (loss)	7,136	12,651	1,581	(639)	20,729	(851)	19,878

- (Notes)
1. “Others” refers to operating segments not included in the reportable segments, such as the Baseball and Ballpark Business and New Business, etc.
 2. “Eliminations, adjustments and others” includes unallocated items and intersegment eliminations.
 3. 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.
 4. “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.
 5. Figures for the third quarter of the year ended March 31, 2021 have been reclassified based on operating segment information of the third quarter of the year ending March 31, 2022.

2. Changes in the accounting policy

Not applicable.

3. Additional information

With respect to the impact of COVID-19, there are no significant changes to the Company's assumptions on matters including its future spread and timing of its containment. The Company has determined that the impact on the cumulative third quarter of the year ending March 31, 2022 was immaterial. However, the Group's financial position and operating results may be greatly affected in the next quarter and the following periods depending on how the situation develops.

Third quarter of
the year ending March 31, 2022

Supplementary materials

NH Foods Ltd.

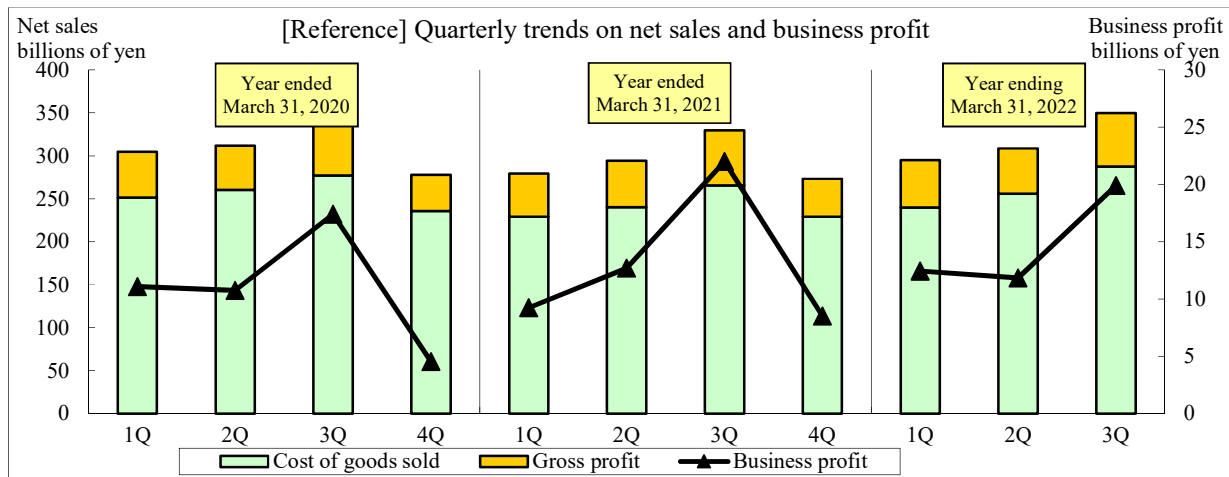
February 1, 2022

I Financial Highlights

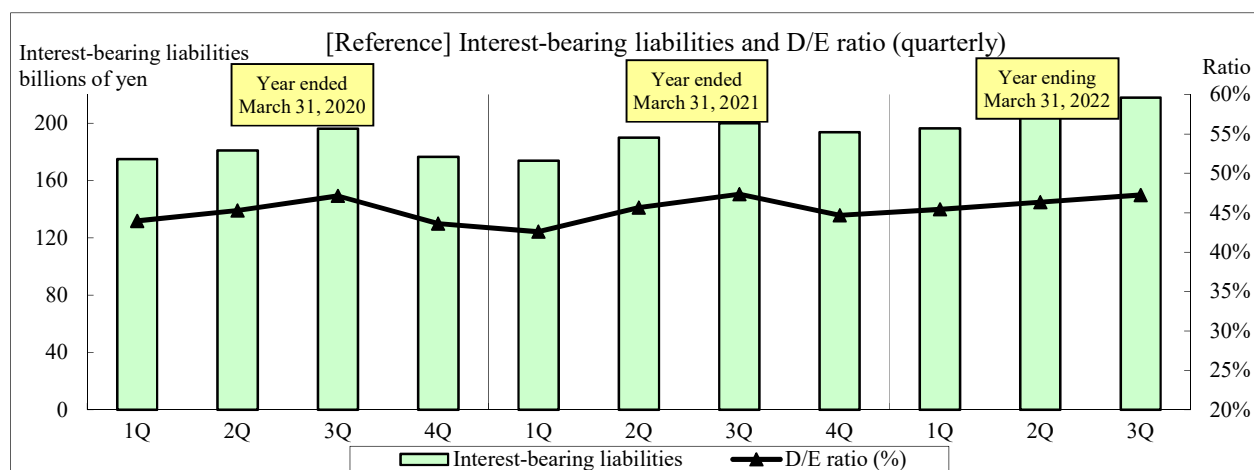
Consolidated Accounts

(millions of yen)

	Third quarter of the year ended March 31, 2020 (results)	Third quarter of the year ended March 31, 2021 (results)	Third quarter of the year ended March 31, 2022 (results)	The percentages indicate the rates of increase (decrease) from the third quarter of the previous fiscal year	Year ended March 31, 2021 (results)	Year ending March 31, 2022 (plan)
Net sales	952,306	902,988	953,239	5.6%	1,176,101	1,180,000
Gross profit	163,643	167,982	170,319	1.4%	211,734	
Business profit	39,239	43,914	44,130	0.5%	52,426	48,000
Profit before tax	33,400	44,370	50,237	13.2%	48,874	43,000
Equity attributable to owners of the parent	23,927	28,511	36,747	28.9%	32,616	30,000
Gross profit margin	17.2%	18.6%	17.9%		18.0%	
Business profit margin	4.1%	4.9%	4.6%		4.5%	4.1%
Return on equity (ROE)	5.9%	6.9%	8.2%		7.8%	6.8%
Return on invested capital (ROIC)	4.6%	4.9%	4.6%		5.9%	5.1%



	Third quarter of the year ended March 31, 2020 (results)	Third quarter of the year ended March 31, 2021 (results)	Third quarter of the year ended March 31, 2022 (results)	(millions of yen)	
				Year ended March 31, 2021 (results)	Year ending March 31, 2022 (plan)
Total assets	813,164	827,019	902,437	825,405	
Total equity attributable to owners of the parent	416,379	422,262	460,925	433,595	
Interest-bearing liabilities	196,196	199,993	217,844	193,750	
D/E ratio	0.47	0.47	0.47	0.45	
Capital expenditures	30,410	54,034	44,167	82,902	81,500
Depreciation expense	24,545	25,301	27,057	33,939	36,000



II Segment Information

[Cumulative third quarter]

(millions of yen)

	Consolidated cumulative third quarter of the year ended March 31, 2021 (April 1, 2020 through December 31, 2020)		Consolidated cumulative third quarter of the year ending March 31, 2022 (April 1, 2021 through December 31, 2021)		Increase (decrease) from the third quarter of the previous fiscal year	
	Amount	% of sales	Amount	% of sales	Amount	The rate of increase (decrease)
Processed Foods Business Division						
Sales to external customers	357,308	94.7%	362,396	94.7%	5,088	1.4%
Intersegment sales	19,839	5.3%	20,450	5.3%	611	3.1%
Total net sales	377,147	100.0%	382,846	100.0%	5,699	1.5%
Segment profit	16,021	4.2%	14,133	3.7%	(1,888)	(11.8)%
Fresh Meats Business Division						
Sales to external customers	453,287	89.9%	474,639	90.8%	21,352	4.7%
Intersegment sales	51,136	10.1%	48,054	9.2%	(3,082)	(6.0)%
Total net sales	504,423	100.0%	522,693	100.0%	18,270	3.6%
Segment profit	32,384	6.4%	30,460	5.8%	(1,924)	(5.9)%
Overseas Business Division						
Sales to external customers	84,641	49.9%	105,946	53.2%	21,305	25.2%
Intersegment sales	85,111	50.1%	93,377	46.8%	8,266	9.7%
Total net sales	169,752	100.0%	199,323	100.0%	29,571	17.4%
Segment profit	327	0.2%	2,209	1.1%	1,882	575.5%
Others						
Sales to external customers	7,137	75.5%	8,944	78.7%	1,807	25.3%
Intersegment sales	2,320	24.5%	2,417	21.3%	97	4.2%
Total net sales	9,457	100.0%	11,361	100.0%	1,904	20.1%
Segment loss	(805)	(8.5)%	(208)	(1.8)%	597	—
Eliminations, adjustments and others						
Net sales	(157,791)		(162,984)		(5,193)	
Segment profit	(4,013)		(2,464)		1,549	
Consolidated						
Total net sales	902,988	100.0%	953,239	100.0%	50,251	5.6%
Segment profit	43,914	4.9%	44,130	4.6%	216	0.5%

(Note) 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 excluding adjustments in accordance with IFRS and non-recurring items.

[Third quarter]

(millions of yen)

	Consolidated third quarter of the year ended March 31, 2021 (October 1, 2020 through December 31, 2020)		Consolidated third quarter of the year ending March 31, 2022 (October 1, 2021 through December 31, 2021)		Increase (decrease) from the third quarter of the previous fiscal year	
	Amount	% of sales	Amount	% of sales	Amount	The rate of increase (decrease)
Processed Foods Business Division						
Sales to external customers	133,298	94.8%	132,253	94.6%	(1,045)	(0.8)%
Intersegment sales	7,343	5.2%	7,593	5.4%	250	3.4%
Total net sales	140,641	100.0%	139,846	100.0%	(795)	(0.6)%
Segment profit	9,573	6.8%	7,136	5.1%	(2,437)	(25.5)%
Fresh Meats Business Division						
Sales to external customers	163,852	90.9%	174,923	90.7%	11,071	6.8%
Intersegment sales	16,397	9.1%	17,941	9.3%	1,544	9.4%
Total net sales	180,249	100.0%	192,864	100.0%	12,615	7.0%
Segment profit	14,123	7.8%	12,651	6.6%	(1,472)	(10.4)%
Overseas Business Division						
Sales to external customers	29,838	51.0%	40,068	56.0%	10,230	34.3%
Intersegment sales	28,669	49.0%	31,472	44.0%	2,803	9.8%
Total net sales	58,507	100.0%	71,540	100.0%	13,033	22.3%
Segment profit (loss)	(175)	(0.3)%	1,581	2.2%	1,756	—
Others						
Sales to external customers	2,326	74.3%	2,330	74.6%	4	0.2%
Intersegment sales	803	25.7%	795	25.4%	(8)	(1.0)%
Total net sales	3,129	100.0%	3,125	100.0%	(4)	(0.1)%
Segment loss	(454)	(14.5)%	(639)	(20.4)%	(185)	—
Eliminations, adjustments and others						
Net sales	(53,022)		(57,501)		(4,479)	
Segment profit	(1,076)		(851)		225	
Consolidated						
Total net sales	329,504	100.0%	349,874	100.0%	20,370	6.2%
Segment profit	21,991	6.7%	19,878	5.7%	(2,113)	(9.6)%

(Note) 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 excluding adjustments in accordance with IFRS and non-recurring items.

[Reference Information: Breakdown of Overseas Business Division]

[Cumulative third quarter]

(millions of yen)

	Consolidated cumulative third quarter of the year ended March 31, 2021 (April 1, 2020 through December 31, 2020)		Consolidated cumulative third quarter of the year ending March 31, 2022 (April 1, 2021 through December 31, 2021)		Increase (decrease) from the third quarter of the previous fiscal year	
	Amount	% of sales	Amount	% of sales	Amount	The rate of increase (decrease)
Asia and Europe						
Sales to external customers	16,934	39.3%	19,274	40.3%	2,340	13.8%
Intersegment sales	26,209	60.7%	28,597	59.7%	2,388	9.1%
Total net sales	43,143	100.0%	47,871	100.0%	4,728	11.0%
Segment loss	(552)	(1.3)%	(6)	(0.0)%	546	—
Americas						
Sales to external customers	15,236	23.2%	19,205	25.5%	3,969	26.1%
Intersegment sales	50,391	76.8%	56,053	74.5%	5,662	11.2%
Total net sales	65,627	100.0%	75,258	100.0%	9,631	14.7%
Segment profit	2,377	3.6%	1,070	1.4%	(1,307)	(55.0)%
Australia						
Sales to external customers	52,471	84.1%	67,468	86.4%	14,997	28.6%
Intersegment sales	9,942	15.9%	10,622	13.6%	680	6.8%
Total net sales	62,413	100.0%	78,090	100.0%	15,677	25.1%
Segment profit (loss)	(783)	(1.3)%	1,837	2.4%	2,620	—

(Note) Due to intersegment eliminations, the figures above do not agree with those of “Overseas Business Division” in the segment information.

[Third quarter]

(millions of yen)

	Consolidated third quarter of the year ended March 31, 2021 (October 1, 2020 through December 31, 2020)		Consolidated third quarter of the year ending March 31, 2022 (October 1, 2021 through December 31, 2021)		Increase (decrease) from the third quarter of the previous fiscal year	
	Amount	% of sales	Amount	% of sales	Amount	The rate of increase (decrease)
Asia and Europe						
Sales to external customers	5,841	41.7%	6,962	41.2%	1,121	19.2%
Intersegment sales	8,152	58.3%	9,938	58.8%	1,786	21.9%
Total net sales	13,993	100.0%	16,900	100.0%	2,907	20.8%
Segment profit (loss)	(247)	(1.8)%	88	0.5%	335	—
Americas						
Sales to external customers	4,980	21.9%	6,617	26.0%	1,637	32.9%
Intersegment sales	17,794	78.1%	18,818	74.0%	1,024	5.8%
Total net sales	22,774	100.0%	25,435	100.0%	2,661	11.7%
Segment profit	519	2.3%	417	1.6%	(102)	(19.7)%
Australia						
Sales to external customers	19,017	85.2%	26,490	87.7%	7,473	39.3%
Intersegment sales	3,311	14.8%	3,711	12.3%	400	12.1%
Total net sales	22,328	100.0%	30,201	100.0%	7,873	35.3%
Segment profit (loss)	(207)	(0.9)%	1,308	4.3%	1,515	—

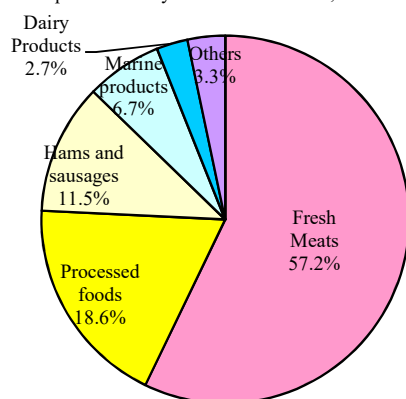
(Note) Due to intersegment eliminations, the figures above do not agree with those of “Overseas Business Division” in the segment information.

III Breakdown of Consolidated Net Sales

(millions of yen)

	Third quarter of the year ended March 31, 2021 (results)	Composition ratio	Third quarter of the year ending March 31, 2022 (results)	Composition ratio	The percentages indicate the rates of increase (decrease) from the third quarter of the previous fiscal year	Year ended March 31, 2021 (results)	Composition ratio	Year ending March 31, 2022 (plan)	Composition ratio
Hams and sausages	103,649	11.5%	102,663	10.8%	(1.0)%	132,425	11.3%	124,400	10.5%
Processed foods	168,070	18.6%	177,583	18.6%	5.7%	223,585	19.0%	219,000	18.6%
Fresh Meats	516,166	57.2%	549,662	57.7%	6.5%	672,880	57.2%	688,000	58.3%
Marine products	60,520	6.7%	63,231	6.6%	4.5%	76,853	6.5%	75,300	6.4%
Dairy Products	24,661	2.7%	26,002	2.7%	5.4%	31,967	2.7%	32,100	2.7%
Others	29,922	3.3%	34,098	3.6%	14.0%	38,391	3.3%	41,200	3.5%
Total	902,988	100.0%	953,239	100.0%	5.6%	1,176,101	100.0%	1,180,000	100.0%

Percentage of consolidated sales for the third quarter of the year ended March 31, 2021



Percentage of consolidated sales for the third quarter of the year ending March 31, 2022

