

BRIEF STATEMENT OF ACCOUNTS
FOR THE SECOND 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:	November 8, 2021
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 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 second quarter of the year ending March 31, 2022 (April 1, 2021 through September 30, 2021):

(1) Consolidated operating results (cumulative):

(The percentages indicate the rates of increase (decrease) from the second 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)	%
Second quarter of the year ending March 31, 2022	603,365	5.2	24,252	10.6	28,039	(2.4)	19,697	4.7	19,604	0.7	20,549	(0.8)
Second quarter of the year ended March 31, 2021	573,484	(6.9)	21,923	0.4	28,730	92.0	18,814	79.3	19,476	88.5	20,705	155.8

(yen)

	Earnings per share (basic)	Earnings per share (diluted)
Second quarter of the year ending March 31, 2022	191.80	191.75
Second quarter of the year ended March 31, 2021	189.32	189.26

(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)	(%)
Second quarter of the year ending March 31, 2022	844,824	455,580	444,818	52.7
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:

Second 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:

Second quarter of the year ending March 31, 2022: 703,015 shares

Year ended March 31, 2021: 784,890 shares

3) Average number of shares outstanding during the period:

Second quarter of the year ending March 31, 2022: 102,211,246 shares

Second quarter of the year ended March 31, 2021: 102,876,200 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 second 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 (530,300 shares for the second 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 Second 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 institutional investors and analysts on Monday, November 1, 2021. 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 Second Quarter of the Fiscal Year under Review

(1) Explanation on the Operating Results

Overview of Operating Results in General

The Japanese economy during the second quarter of the fiscal year under review remained unpredictable, although it showed some signs of recovery from the difficult situation amid the impact of COVID-19.

The food and fresh meats industry showed some positive signs of recovery, while the outlook remained unpredictable as the downturn of commercial-use products due to the slump in demand from restaurants affected by the prolonged declaration of a state of emergency or the quasi-emergency measures.

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 second 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 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 for the improvement 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” or 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 second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales increased by 5.2% from the same period of the previous fiscal year to ¥603,365 million. Business profit increased by 10.6% to ¥24,252 million, and profit before tax decreased by 2.4% to ¥28,039 million. Profit attributable to owners of the parent increased by 0.7% to ¥19,604 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 commercial-use channels increased from the same period of the previous fiscal year. 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 as the sales promotion of the main product “SCHAU ESSEN” at mass retailer channels and the web advertisements for new products featuring famous celebrities to attract younger customers. Overall sales of summer gifts decreased from the same period of the previous fiscal year although sales increased more than the market owing to the demand for ambient foods for home consumption.

In the processed foods business, sales to mass retailer channels increased making up for the impact of COVID-19. This was attributable to the significant growth in the pizza category, including 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 to convenience store and restaurant channels including barbecue restaurants recovered, resulting in the increase of 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 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.

In terms of profit of the Processed Foods Business Division as a whole, an increase was achieved mainly due to the improved gross profit rate in line with improved product mix associated with the growth of main brand products despite the increase of expenses due to advertising costs for brand development and upfront costs for DX.

As a result, for the second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Processed Foods Business Division increased by 2.7% from the same period of the previous fiscal year to ¥243,000 million, and business profit increased by 8.5% to ¥6,997 million.

(Fresh Meats Business Division)

In the sales division, the restaurant and wholesale markets continued to face a severe environment due to the impact of COVID-19. Profit decreased mainly due to struggles with sales of high-end food, especially beef, caused by the surge in the imported meat market or a money-conscious mindset of consumers although the demand for dining at home continued to be strong, especially at mass retailers. Under these circumstances, the Group worked to increase sales volume and brand awareness though proposing recipes targeting people by age group and

household composition, utilizing point of purchase advertising (POP), and appealing the branded domestic chicken meats, “Sakurahime,” at Cerezo Osaka’s ”NH Foods Group Supporting Match.”

In the procurement division, we strived for a stable supply and secured profit by leveraging our in-house procurement network, encouraging procurement and market penetration in third countries, and strengthening cooperation with the supplier plants where our employees are stationed. On the other hand, we struggled to secure products for import due to labor shortages and domestic demand expansion on the way to the recovery from the COVID-19 in the main countries of origin.

In the production division, profit decreased affected by the surge in the feed market despite our efforts to improve internal costs or the factory utilization rate of in-house processing plants.

As a result, for the second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Fresh Meats Business Division increased by 1.7% from the same period of the previous fiscal year to ¥329,829 million, and business profit decreased by 2.5% to ¥17,809 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 in Turkey and the U.K. despite a decrease in sales volume of processed foods in ASEAN and Greater China. Profit increased mainly due to the sales prices maintained high in Turkey.

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 higher 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 exports to China and for domestic sales despite the struggles with collecting cattle in Australia. In Uruguay, net sales were higher than that of the same period of the previous year due to favorable sales prices despite the temporary suspension of sales to China. Profit increased due to favorable sales prices in Australia, despite continued high cattle collection prices in Australia and a decrease in the number of cattle collected. On the other hand, in Uruguay, profit decreased due to the impact of the suspension period of sales to China.

As a result, for the second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Overseas Business Division increased by 14.9% from the same period of the previous fiscal year to ¥127,783 million, and business profit increased by 25.1% to ¥628 million.

(Others)

Hokkaido Nippon-Ham Fighters, representing the Baseball and Ballpark Business, increased net sales and profit from the same period of the previous fiscal year due to the increased number of games with spectators from the season's opening despite the suspension of games during the Tokyo 2020 Games or stadium capacity limits as part of the measures against the COVID-19. However the situation is still severe and the Group will continue to take all possible COVID-19 countermeasures, and manage its games so that guests can visit the stadium with a peace of mind.

In the health support business operated by the Research & Development Center, we promoted sales in Japan by introducing functional food ingredients or food inspection kits with online video distribution. As a result, net sales and profit were higher than the same period of the previous fiscal year.

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 second quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Others segment increased by 30.2% from the same period of the previous fiscal year to ¥8,236 million, and business profit amounted to ¥431 million (a business loss of ¥351 million for the same period of previous fiscal year).

(2) Explanation on the Financial Position

<Financial position>

At the end of the second quarter of the fiscal year under review, total assets increased by 2.4% from the end of the previous fiscal year to ¥844,824 million, as inventories and property, plant and equipment increased by ¥23,218 million and ¥5,419 million, respectively, although cash and cash equivalents and right-of-use assets decreased by ¥15,926 million and ¥2,659 million, respectively. Liabilities increased by 2.1% from the end of the previous fiscal year to ¥389,244 million, as interest-bearing liabilities and trade and other payables increased by ¥12,435 million and ¥11,354 million, respectively although other financial liabilities decreased by ¥6,537 million. Interest-bearing liabilities stood at ¥206,185 million.

Total equity attributable to owners of the parent increased by ¥11,223 million from the end of the previous fiscal year to ¥444,818 million, and the equity ratio of owners of the parent increased by 0.2 percentage points from the end of the previous fiscal year to 52.7%.

<Cash flows>

With regard to operating activities, the increase in inventories amounted to ¥23,464 million, and income tax paid amounted to ¥13,328 million, while profit before tax amounted to ¥28,039 million, depreciation and amortization expense amounted to ¥18,029 million, and the

increase in trade and other payables amounted to ¥11,508 million. As a result, net cash provided by operating activities amounted to ¥9,317 million.

With regard to investing activities, acquisition of fixed assets amounted to ¥26,965 million. As a result, net cash used in investing activities amounted to ¥26,754 million.

With regard to financing activities, cash dividends amounted to ¥9,610 million and repayments of debt amounted to ¥28,839 million, while the increase in short-term bank loans amounted to ¥23,456 million, and proceeds from debt amounted to ¥16,534 million. As a result, net cash provided by financing activities amounted to ¥1,819 million.

As a result, cash and cash equivalents at the end of the second quarter of the fiscal year under review decreased by ¥15,926 million from the end of the previous fiscal year to ¥67,905 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)	Second quarter of the year ending March 31, 2022 (as of September 30, 2021)
(Assets)		
Current Assets		
Cash and cash equivalents	83,831	67,905
Trade and other receivables	127,067	130,648
Inventories	107,906	131,124
Biological assets	23,581	25,854
Other financial assets	15,082	12,941
Other current assets	8,561	9,026
Total Current Assets	366,028	377,498
Non-current Assets		
Property, plant and equipment	325,629	331,048
Right-of-use assets	38,362	35,703
Biological assets	1,314	1,295
Intangible assets and goodwill	10,608	12,799
Investments accounted for using the equity method	9,011	11,558
Other financial assets	35,796	38,000
Deferred tax assets	26,056	24,123
Other non-current assets	12,601	12,800
Total Non-current Assets	459,377	467,326
Total Assets	825,405	844,824
(Liabilities and Equity)		
Current Liabilities		
Interest-bearing liabilities	59,322	85,701
Trade and other payables	98,983	110,337
Income taxes payable	9,748	3,567
Other financial liabilities	25,290	18,726
Other current liabilities	35,822	33,378
Total Current Liabilities	229,165	251,709
Non-current Liabilities		
Interest-bearing liabilities	134,428	120,484
Retirement benefit liabilities	14,543	14,511
Other financial liabilities	683	710
Deferred tax liabilities	581	148
Other non-current liabilities	1,696	1,682
Total Non-current Liabilities	151,931	137,535
Total Liabilities	381,096	389,244

(millions of yen)

	Year ended March 31, 2021 (as of March 31, 2021)	Second quarter of the year ending March 31, 2022 (as of September 30, 2021)
Equity		
Common stock	36,294	36,294
Capital surplus	71,240	71,266
Retained earnings	320,577	330,603
Treasury stock, at cost	(3,532)	(3,166)
Accumulated other comprehensive income	9,016	9,821
Total Equity Attributable to Owners of the Parent	433,595	444,818
Non-controlling Interests	10,714	10,762
Total Equity	444,309	455,580
Total Liabilities and Equity	825,405	844,824

(Note) Breakdown of accumulated other comprehensive income

	Year ended March 31, 2021	Second quarter of the year ending March 31, 2022
Financial assets measured at fair value through other comprehensive income	9,954	11,580
Exchange differences on translation of foreign operations	(938)	(1,759)

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

(millions of yen)

	Cumulative second quarter of the year ended March 31, 2021 (consolidated) (April 1, 2020 through September 30, 2020)	Cumulative second quarter of the year ending March 31, 2022 (consolidated) (April 1, 2021 through September 30, 2021)
Net Sales	573,484	603,365
Cost of Goods Sold	469,396	495,577
Selling, General and Administrative Expenses	78,191	81,104
Other Income	1,992	1,436
Other Expenses	1,335	2,185
Financial Income	942	392
Financial Costs	1,074	1,392
Share of Profit in Investments Accounted for Using the Equity Method	2,308	3,104
Profit before Tax	28,730	28,039
Income Tax Expense	9,916	8,342
Profit	18,814	19,697
Profit Attributable to:		
Owners of the Parent	19,476	19,604
Non-controlling Interests	(662)	93
Profit	18,814	19,697

Earnings per Share		
Earnings per share (basic)	189.32 yen	191.80 yen
Earnings per share (diluted)	189.26 yen	191.75 yen

[Second quarter]

(millions of yen)

	Second quarter of the year ended March 31, 2021 (consolidated) (July 1, 2020 through September 30, 2020)	Second quarter of the year ending March 31, 2022 (consolidated) (July 1, 2021 through September 30, 2021)
Net Sales	294,179	308,418
Cost of Goods Sold	240,327	255,777
Selling, General and Administrative Expenses	39,394	40,719
Other Income	370	796
Other Expenses	782	1,048
Financial Income	124	147
Financial Costs	667	880
Share of Profit in Investments Accounted for Using the Equity Method	2,192	2,363
Profit before Tax	15,695	13,300
Income Tax Expense	5,944	3,599
Profit	9,751	9,701
Profit Attributable to:		
Owners of the Parent	10,092	9,698
Non-controlling Interests	(341)	3
Profit	9,751	9,701

Earnings per Share		
Earnings per share (basic)	98.14 yen	94.86 yen
Earnings per share (diluted)	98.11 yen	94.83 yen

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

(millions of yen)

	Cumulative second quarter of the year ended March 31, 2021 (consolidated) (April 1, 2020 through September 30, 2020)	Cumulative second quarter of the year ending March 31, 2022 (consolidated) (April 1, 2021 through September 30, 2021)
Profit	18,814	19,697
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plans	—	(2)
Financial assets measured at fair value through other comprehensive income	1,720	1,654
Total	1,720	1,652
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	332	(809)
Share of other comprehensive income of investments accounted for using the equity method	(161)	9
Total	171	(800)
Total Other Comprehensive Income	1,891	852
Comprehensive Income	20,705	20,549
Comprehensive Income Attributable to:		
Owners of the Parent	21,419	20,435
Non-controlling Interests	(714)	114
Comprehensive Income	20,705	20,549

[Second quarter]

(millions of yen)

	Second quarter of the year ended March 31, 2021 (consolidated) (July 1, 2020 through September 30, 2020)	Second quarter of the year ending March 31, 2022 (consolidated) (July 1, 2021 through September 30, 2021)
Profit	9,751	9,701
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	(206)	2,898
Total	(206)	2,897
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(958)	(515)
Share of other comprehensive income of investments accounted for using the equity method	(397)	52
Total	(1,355)	(463)
Total Other Comprehensive Income (Loss)	(1,561)	2,434
Comprehensive Income	8,190	12,135
Comprehensive Income Attributable to:		
Owners of the Parent	8,650	12,116
Non-controlling Interests	(460)	19
Comprehensive Income	8,190	12,135

(4) Condensed Consolidated Statements of Changes in Equity

Consolidated cumulative second quarter of the year ended March 31, 2021 (April 1, 2020 through September 30, 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, 2020	36,294	72,639	294,018	(173)	—	7,178	(5,542)	1,636	404,414	12,183	416,597
Profit			19,476					—	19,476	(662)	18,814
Other comprehensive income						1,718	225	1,943	1,943	(52)	1,891
Comprehensive income	—	—	19,476	—	—	1,718	225	1,943	21,419	(714)	20,705
Dividends			(9,263)					—	(9,263)	(6)	(9,269)
Acquisition of treasury stock		(1)		(664)				—	(665)	—	(665)
Disposal of treasury stock		(15)		15				—	0	—	0
Share-based payment transactions		34						—	34	—	34
Establishment of subsidiaries								—	—	2	2
Other		1						—	1	(17)	(16)
Transfer of accumulated other comprehensive income to retained earnings			(288)			288		288	—	—	—
Total transactions with owners	—	19	(9,551)	(649)	—	288	—	288	(9,893)	(21)	(9,914)
Balance as of September 30, 2020	36,294	72,658	303,943	(822)	—	9,184	(5,317)	3,867	415,940	11,448	427,388

Consolidated cumulative second quarter of the year ending March 31, 2022 (April 1, 2021
through September 30, 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			19,604					—	19,604	93	19,697
Other comprehensive income					(2)	1,654	(821)	831	831	21	852
Comprehensive income	—	—	19,604	—	(2)	1,654	(821)	831	20,435	114	20,549
Dividends			(9,604)					—	(9,604)	(6)	(9,610)
Acquisition of treasury stock				(1)				—	(1)	—	(1)
Disposal of treasury stock		(14)		367				—	353	—	353
Share-based payment transactions		40						—	40	—	40
Other		0						—	0	(60)	(60)
Transfer of accumulated other comprehensive income to retained earnings			26		2	(28)		(26)	—	—	—
Total transactions with owners	—	26	(9,578)	366	2	(28)	—	(26)	(9,212)	(66)	(9,278)
Balance as of September 30, 2021	36,294	71,266	330,603	(3,166)	—	11,580	(1,759)	9,821	444,818	10,762	455,580

(5) Condensed Consolidated Statements of Cash Flows:

(millions of yen)

	Cumulative second quarter of the year ended March 31, 2021 (April 1, 2020 through September 30, 2020)	Cumulative second quarter of the year ending March 31, 2022 (April 1, 2021 through September 30, 2021)
Cash Flows from Operating Activities		
Profit before tax	28,730	28,039
Depreciation and amortization expense	16,935	18,029
Impairment losses	275	874
Decrease (increase) in fair value of biological assets	(1,700)	(953)
Financial income and costs	132	1,000
Decrease (increase) in trade and other receivables	6,684	(3,797)
Decrease (increase) in inventories	(70)	(23,464)
Decrease (increase) in biological assets	850	(1,915)
Decrease (increase) in other assets	(2,870)	(1,488)
Increase (decrease) in trade and other payables	(1,175)	11,508
Increase (decrease) in other liabilities	(4,889)	(2,405)
Others—net	(2,812)	(2,987)
Interest received	110	97
Dividends received	1,375	830
Interest paid	(624)	(723)
Income tax paid	(6,523)	(13,328)
Cash Flows from Operating Activities	34,428	9,317
Cash Flows from Investing Activities		
Acquisition of fixed assets	(36,919)	(26,965)
Proceeds from sales of fixed assets	243	226
Decrease (increase) in time deposits	252	(3)
Acquisition of other financial assets	(142)	(41)
Sale and redemption of other financial assets	22	106
Others—net	16	(77)
Cash Flows from Investing Activities	(36,528)	(26,754)
Cash Flows from Financing Activities		
Cash dividends	(9,268)	(9,610)
Increase (decrease) in short-term bank loans	8,528	23,456
Proceeds from debt	15,101	16,534
Repayments of debt	(18,393)	(28,839)
Acquisition of treasury stock	(665)	(2)
Proceeds from sales of treasury stock	0	341
Others—net	0	(61)
Cash Flows from Financing Activities	(4,697)	1,819
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(168)	(308)
Net Increase (Decrease) in Cash and Cash Equivalents	(6,965)	(15,926)
Cash and Cash Equivalents at the Beginning of the Period	72,399	83,831
Cash and Cash Equivalents at the End of the Period	65,434	67,905

(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 80 subsidiaries and 9 associates.

For the consolidated cumulative second quarter of the year ended March 31, 2021 (April 1, 2020 through September 30, 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	224,010	289,435	54,803	4,811	573,059	425	573,484
Intersegment sales	12,496	34,739	56,442	1,517	105,194	(105,194)	—
Total	236,506	324,174	111,245	6,328	678,253	(104,769)	573,484
Segment profit (loss)	6,448	18,261	502	(351)	24,860	(2,937)	21,923

For the consolidated cumulative second quarter of the year ending March 31, 2022 (April 1, 2021 through September 30, 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	230,143	299,716	65,878	6,614	602,351	1,014	603,365
Intersegment sales	12,857	30,113	61,905	1,622	106,497	(106,497)	—
Total	243,000	329,829	127,783	8,236	708,848	(105,483)	603,365
Segment profit	6,997	17,809	628	431	25,865	(1,613)	24,252

- (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 second quarter of the year ended March 31, 2021 have been reclassified based on operating segment information of the cumulative second quarter of the year ending March 31, 2022.

For the consolidated second quarter of the year ended March 31, 2021 (July 1, 2020 through September 30, 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	115,642	146,434	28,609	3,355	294,040	139	294,179
Intersegment sales	6,499	17,243	26,884	753	51,379	(51,379)	—
Total	122,141	163,677	55,493	4,108	345,419	(51,240)	294,179
Segment profit	3,694	9,732	612	60	14,098	(1,405)	12,693

For the consolidated second quarter of the year ending March 31, 2022 (July 1, 2021 through September 30, 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	118,172	151,535	35,011	3,033	307,751	667	308,418
Intersegment sales	6,563	15,695	32,330	795	55,383	(55,383)	—
Total	124,735	167,230	67,341	3,828	363,134	(54,716)	308,418
Segment profit	3,674	8,285	857	54	12,870	(1,043)	11,827

- (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” 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 second quarter of the year ended March 31, 2021 have been reclassified based on operating segment information of the second 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 second 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.

Second quarter of
the year ending March 31, 2022

Supplementary materials

NH Foods Ltd.

November 1, 2021

I Financial Highlights

Consolidated Accounts

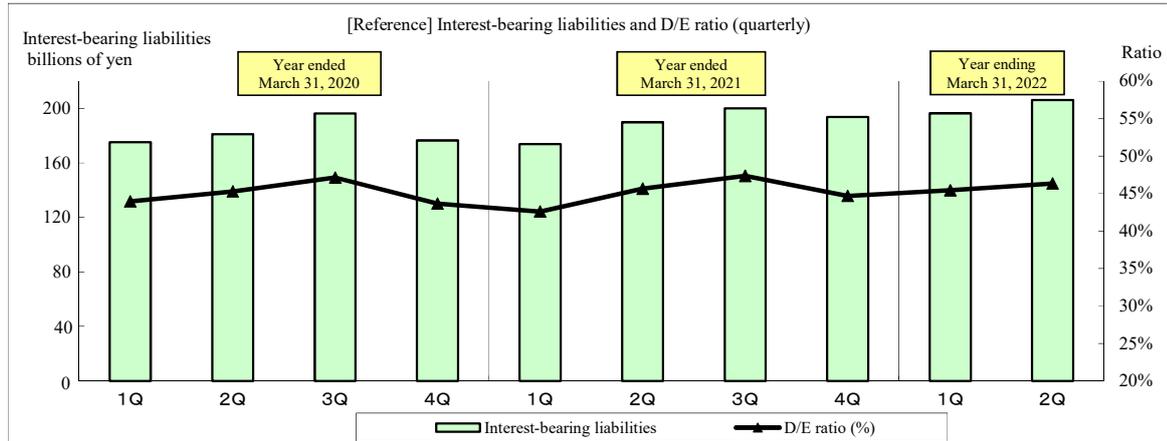
(millions of yen)

	Second quarter of the year ended March 31, 2020 (results)	Second quarter of the year ended March 31, 2021 (results)	Second quarter of the year ending March 31, 2022 (results)	The percentages indicate the rates of increase (decrease) from the second quarter of the previous fiscal year	Year ended March 31, 2021 (results)	Year ending March 31, 2022 (plan)
Net sales	616,266	573,484	603,365	5.2%	1,176,101	1,180,000
Gross profit	104,638	104,088	107,788	3.6%	211,734	
Business profit	21,832	21,923	24,252	10.6%	52,426	48,000
Profit before tax	14,963	28,730	28,039	(2.4)%	48,874	43,000
Equity attributable to owners of the parent	10,331	19,476	19,604	0.7%	32,616	30,000
Gross profit margin	17.0%	18.2%	17.9%		18.0%	
Business profit margin	3.5%	3.8%	4.0%		4.5%	4.1%
Return on equity (ROE)	2.6%	4.7%	4.5%		7.8%	6.8%
Return on invested capital (ROIC)	2.6%	2.5%	2.6%		5.9%	5.1%



(millions of yen)

	Second quarter of the year ended March 31, 2020 (results)	Second quarter of the year ended March 31, 2021 (results)	Second quarter of the year ending March 31, 2022 (results)	Year ended March 31, 2021 (results)	Year ending March 31, 2022 (plan)
Total assets	770,867	782,074	844,824	825,405	
Total equity attributable to owners of the parent	399,815	415,940	444,818	433,595	
Interest-bearing liabilities	181,098	189,865	206,185	193,750	
D/E ratio	0.45	0.46	0.46	0.45	
Capital expenditures	16,612	40,295	25,490	82,902	98,600
Depreciation expense	16,279	16,837	17,985	33,939	34,600



II Segment Information

[Cumulative second quarter]

(millions of yen)

	Consolidated cumulative second quarter of the year ended March 31, 2021 (April 1, 2020 through September 30, 2020)		Consolidated cumulative second quarter of the year ending March 31, 2022 (April 1, 2021 through September 30, 2021)		Increase (decrease) from the second 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	224,010	94.7%	230,143	94.7%	6,133	2.7%
Intersegment sales	12,496	5.3%	12,857	5.3%	361	2.9%
Total net sales	236,506	100.0%	243,000	100.0%	6,494	2.7%
Segment profit	6,448	2.7%	6,997	2.9%	549	8.5%
Fresh Meats Business Division						
Sales to external customers	289,435	89.3%	299,716	90.9%	10,281	3.6%
Intersegment sales	34,739	10.7%	30,113	9.1%	(4,626)	(13.3)%
Total net sales	324,174	100.0%	329,829	100.0%	5,655	1.7%
Segment profit	18,261	5.6%	17,809	5.4%	(452)	(2.5)%
Overseas Business Division						
Sales to external customers	54,803	49.3%	65,878	51.6%	11,075	20.2%
Intersegment sales	56,442	50.7%	61,905	48.4%	5,463	9.7%
Total net sales	111,245	100.0%	127,783	100.0%	16,538	14.9%
Segment profit	502	0.5%	628	0.5%	126	25.1%
Others						
Sales to external customers	4,811	76.0%	6,614	80.3%	1,803	37.5%
Intersegment sales	1,517	24.0%	1,622	19.7%	105	6.9%
Total net sales	6,328	100.0%	8,236	100.0%	1,908	30.2%
Segment profit (loss)	(351)	(5.5)%	431	5.2%	782	—
Eliminations, adjustments and others						
Net sales	(104,769)		(105,483)		(714)	
Segment profit	(2,937)		(1,613)		1,324	
Consolidated						
Total net sales	573,484	100.0%	603,365	100.0%	29,881	5.2%
Segment profit	21,923	3.8%	24,252	4.0%	2,329	10.6%

(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.

[Second quarter]

(millions of yen)

	Consolidated second quarter of the year ended March 31, 2021 (July 1, 2020 through September 30, 2020)		Consolidated second quarter of the year ending March 31, 2022 (July 1, 2021 through September 30, 2021)		Increase (decrease) from the second 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	115,642	94.7%	118,172	94.7%	2,530	2.2%
Intersegment sales	6,499	5.3%	6,563	5.3%	64	1.0%
Total net sales	122,141	100.0%	124,735	100.0%	2,594	2.1%
Segment profit	3,694	3.0%	3,674	2.9%	(20)	(0.5)%
Fresh Meats Business Division						
Sales to external customers	146,434	89.5%	151,535	90.6%	5,101	3.5%
Intersegment sales	17,243	10.5%	15,695	9.4%	(1,548)	(9.0)%
Total net sales	163,677	100.0%	167,230	100.0%	3,553	2.2%
Segment profit	9,732	5.9%	8,285	5.0%	(1,447)	(14.9)%
Overseas Business Division						
Sales to external customers	28,609	51.6%	35,011	52.0%	6,402	22.4%
Intersegment sales	26,884	48.4%	32,330	48.0%	5,446	20.3%
Total net sales	55,493	100.0%	67,341	100.0%	11,848	21.4%
Segment profit	612	1.1%	857	1.3%	245	40.0%
Others						
Sales to external customers	3,355	81.7%	3,033	79.2%	(322)	(9.6)%
Intersegment sales	753	18.3%	795	20.8%	42	5.6%
Total net sales	4,108	100.0%	3,828	100.0%	(280)	(6.8)%
Segment profit	60	1.5%	54	1.4%	(6)	(10.0)%
Eliminations, adjustments and others						
Net sales	(51,240)		(54,716)		(3,476)	
Segment profit	(1,405)		(1,043)		362	
Consolidated						
Total net sales	294,179	100.0%	308,418	100.0%	14,239	4.8%
Segment profit	12,693	4.3%	11,827	3.8%	(866)	(6.8)%

(Note) Segment 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.

[Reference Information: Breakdown of Overseas Business Division]

[Cumulative second quarter]

(millions of yen)

	Consolidated cumulative second quarter of the year ended March 31, 2021 (April 1, 2020 through September 30, 2020)		Consolidated cumulative second quarter of the year ending March 31, 2022 (April 1, 2021 through September 30, 2021)		Increase (decrease) from the second 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	11,093	38.1%	12,312	39.8%	1,219	11.0%
Intersegment sales	18,057	61.9%	18,659	60.2%	602	3.3%
Total net sales	29,150	100.0%	30,971	100.0%	1,821	6.2%
Segment loss	(305)	(1.0)%	(94)	(0.3)%	211	—
Americas						
Sales to external customers	10,256	23.9%	12,588	25.3%	2,332	22.7%
Intersegment sales	32,597	76.1%	37,235	74.7%	4,638	14.2%
Total net sales	42,853	100.0%	49,823	100.0%	6,970	16.3%
Segment profit	1,858	4.3%	653	1.3%	(1,205)	(64.9)%
Australia						
Sales to external customers	33,454	83.5%	40,978	85.6%	7,524	22.5%
Intersegment sales	6,631	16.5%	6,911	14.4%	280	4.2%
Total net sales	40,085	100.0%	47,889	100.0%	7,804	19.5%
Segment profit (loss)	(576)	(1.4)%	529	1.1%	1,105	—

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

[Second quarter]

(millions of yen)

	Consolidated second quarter of the year ended March 31, 2021 (July 1, 2020 through September 30, 2020)		Consolidated second quarter of the year ending March 31, 2022 (July 1, 2021 through September 30, 2021)		Increase (decrease) from the second 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	5,534	41.5%	5,817	37.5%	283	5.1%
Intersegment sales	7,806	58.5%	9,687	62.5%	1,881	24.1%
Total net sales	13,340	100.0%	15,504	100.0%	2,164	16.2%
Segment loss	(115)	(0.9)%	(242)	(1.6)%	(127)	—
The Americas						
Sales to external customers	5,424	24.9%	6,609	25.3%	1,185	21.8%
Intersegment sales	16,320	75.1%	19,550	74.7%	3,230	19.8%
Total net sales	21,744	100.0%	26,159	100.0%	4,415	20.3%
Segment profit	1,117	5.1%	563	2.2%	(554)	(49.6)%
Australia						
Sales to external customers	17,650	85.0%	22,585	86.2%	4,935	28.0%
Intersegment sales	3,108	15.0%	3,603	13.8%	495	15.9%
Total net sales	20,758	100.0%	26,188	100.0%	5,430	26.2%
Segment profit (loss)	(162)	(0.8)%	756	2.9%	918	—

(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)

	Second quarter of the year ended March 31, 2021 (results)		Second quarter of the year ending March 31, 2022 (results)		The percentages indicate the rates of increase (decrease) from the second quarter of the previous fiscal year	Year ended March 31, 2021 (results)		Year ending March 31, 2022 (plan)	
		Composition ratio		Composition ratio			Composition ratio		Composition ratio
Hams and sausages	64,643	11.3%	63,874	10.6%	(1.2)%	132,425	11.3%	127,500	10.8%
Processed foods	108,111	18.9%	115,817	19.2%	7.1%	223,585	19.0%	225,600	19.1%
Fresh Meats	330,147	57.6%	345,615	57.3%	4.7%	672,880	57.2%	677,300	57.4%
Marine products	35,239	6.1%	38,340	6.4%	8.8%	76,853	6.5%	77,300	6.6%
Dairy Products	16,232	2.8%	17,120	2.8%	5.5%	31,967	2.7%	32,100	2.7%
Others	19,112	3.3%	22,599	3.7%	18.2%	38,391	3.3%	40,200	3.4%
Total	573,484	100.0%	603,365	100.0%	5.2%	1,176,101	100.0%	1,180,000	100.0%

