

August 1, 2022

BRIEF STATEMENT OF ACCOUNTS
FOR THE FIRST QUARTER OF THE YEAR ENDING MARCH 31, 2023

(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/
Representative:	Yoshihide Hata President and Representative Director
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TEL:	+81-6-7525-3042
Scheduled date of filing of quarterly report:	August 8, 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 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 first quarter of the year ending March 31, 2023 (April 1, 2022 through June 30, 2022):

(1) Consolidated operating results (cumulative):

(The percentages indicate the rates of increase (decrease) from the first 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)	%
First quarter of the year ending March 31, 2023	311,512	11.7	9,170	(26.2)	14,394	(6.9)	10,421	4.3	10,182	2.8	17,967	113.5
First quarter of the year ended March 31, 2022	278,829	–	12,425	34.6	15,465	–	9,996	10.3	9,906	5.6	8,414	(32.8)

(yen)

	Earnings per share (basic)	Earnings per share (diluted)
First quarter of the year ending March 31, 2023	99.49	99.47
First quarter of the year ended March 31, 2022	96.94	96.91

(Notes)

- Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while deducting adjustments in accordance with IFRS and non-recurring items.
- The marine products business relating to The Marine Foods Corporation, its subsidiaries, etc. has been reclassified to discontinued operations from the fourth quarter of the year ended March 31, 2022. As a result, loss from discontinued operations for the first quarter of the previous fiscal year is presented separately from those from continuing operations in the condensed consolidated statements of income. Consequently, only net sales and profit before tax from continuing operations are presented. The corresponding figures for the first quarter of the year ended March 31, 2022 have been reclassified in the same manner, and accordingly, percentages indicating the rates of increase (decrease) from the same period of the previous fiscal year are not presented.

(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)	(%)
First quarter of the year ending March 31, 2023	947,689	497,211	486,375	51.3
Year ended March 31, 2022	909,213	489,554	479,069	52.7

2. State of dividends:

	Annual dividend (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2022	—	—	—	102.00	102.00
Year ending March 31, 2023	—	—	—	—	—
Year ending March 31, 2023 (forecast)	—	—	—	110.00	110.00

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

3. Forecast of consolidated business results for the year ending March 31, 2023 (April 1, 2022 through March 31, 2023):

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

	Net sales		Business profit		Profit before tax		Profit attributable to owners of the parent		Earnings per share (basic)
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Second quarter (cumulative)	610,000	7.2	21,000	(13.4)	25,000	(10.9)	18,000	(8.2)	175.87
Whole-year period	1,240,000	5.6	43,000	(10.6)	42,000	(18.2)	31,000	(35.5)	302.88

(Note) Adjustment to the most recently publicized forecast of business results: Yes

(Note) In consideration of the recent developments of its business results, the Company has made adjustments to the forecasts of consolidated business results for the cumulative second quarter and the whole-year period of the fiscal year ending March 31, 2023. For details, please refer to “Notice of the Adjustment to the Forecast of Business Results” released today, August 1, 2022.

* 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:

First quarter of the year ending March 31, 2023:	102,958,904 shares
Year ended March 31, 2022:	102,958,904 shares

- 2) Number of shares of treasury stock as of the end of the period:
First quarter of the year ending March 31, 2023: 609,472 shares
Year ended March 31, 2022: 633,488 shares
- 3) Average number of shares outstanding during the period:
First quarter of the year ending March 31, 2023: 102,338,005 shares
First quarter of the year ended March 31, 2022: 102,185,139 shares

(Note) The number of shares of treasury stock as of the end of the period includes the number of the Company's shares (134,964 shares for the first quarter of the year ending March 31, 2023 and 137,759 shares for the year ended March 31, 2022) 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 (444,800 shares for the first quarter of the year ending March 31, 2023 and 466,200 shares for the year ended March 31, 2022) 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 results arising therefrom, or publicize such revised information. For information on the conditions precedent to the forecast of business results and cautionary notes for the use of the forecast of business results, please refer to "1. Qualitative Information on the Statement of Accounts for the First 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, August 1, 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 First Quarter of the Fiscal Year under Review

(1) Explanation on the Operating Results

Overview of Operating Results in General

The Japanese economy during the first quarter of the fiscal year under review showed signs of recovery as economic and social activities moved toward normalization from the impact of COVID-19. On the other hand, amid concerns over the prolonged crisis in Ukraine and the suppressed economic activities in China, the situation remained uncertain due to rising raw material prices and supply constraints, as well as the sharp depreciation of the yen caused by rising interest rates in other countries.

The food and fresh meats industry continued to face the unprecedentedly difficult situation due to a further increase in raw material prices and rising energy procurement costs caused by soaring crude oil 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 with profitability,” “Establish a growth model for 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.”

During the first quarter of the fiscal year under review, in response to continuously soaring raw material prices and rising energy costs, we strengthened our production, logistics, and sales structures in order to continue delivering high-quality, safe and secure products to our customers.

In addition, we worked to commercialize “PIG LABO,” a smart pig farming system that uses AI to diagnose physical conditions of and detect the estrus in pigs. Other initiatives include 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. We also announced a reorganization of the Group companies responsible for production in order to pursue an optimal business portfolio to improve ROIC.

Regarding the cross-group initiatives, we promoted projects in the areas of “logistics,” “sales,” and “free trade agreements” as cross-business strategies to transform business models for achieving sustainability and to maximize synergies.

Efforts to enhance the business structure were made in line with “NH Foods Group Fundamental Policy on Corporate Governance.”

As a result of these activities, for the first quarter of the fiscal year under review on a consolidated and cumulative basis, net sales increased by 11.7% from the same period of the previous fiscal year to ¥311,512 million. Business profit decreased by 26.2% to ¥9,170 million,

and profit before tax decreased by 6.9% to ¥14,394 million, while profit attributable to owners of the parent increased by 2.8% to ¥10,182 million, mainly due to a decrease in income tax expense, compared to the same period of the previous fiscal year.

Overview of Operating Segments

(Processed Foods Business Division)

In the Processed Foods Business Division as a whole, sales declined from the same period of the previous fiscal year with decreased sales in both consumer and commercial-use products reflecting the growing thriftiness of consumers, although voluntary restrictions on going out amid the COVID-19 pandemic were eased. The earnings environment was also challenging due to rising raw material and fuel prices, which were caused by soaring international grain and crude oil prices as well as a depreciating yen.

Hams and sausages, deli and processed foods sales results are broken down as follows. In the hams and sausages business, sales of commercial-use products to convenience store channels increased from the same period of the previous fiscal year, while sales of consumer products decreased associated with a price revision that triggered a decline in sales volume, despite our sales promotion efforts for the main product “*SCHAU ESSEN*” in collaboration with other food companies. In the deli and processed foods business, sales of consumer products declined from the same period of the previous year due to a drop in sales of “*Chuka Meisai*,” although sales of the mainstay “*Chilled Bakery*” were strong thanks to increased demand for snacks. Sales of commercial-use products also fell from the same period of the previous year reflecting lower sales to convenience store channels.

Extract/primary processing sales results are broken down as follows. In the extracts business, sales of soups to restaurant channels, mainly ramen shops, and commercial-use sauces to convenience store channels remained strong as people eased their self-restraint from going out. In the primary processing business, sales of unheated processed products to supermarkets recovered, resulting in an increase in the overall sales from the same period of the previous fiscal year, despite a fall in sales to convenience store channels.

Dairy products sales results are broken down as follows. In the yogurt and lactic acid probiotic beverages business, sales decreased from the same period of the previous fiscal year as sales of existing products to supermarket channels fell, along with lower sales volume after the price revision, though we released a new lineup of our mainstay consumer product, “*Vanilla Yogurt*” series: a drink-type yogurt. In the cheese business, sales of mainstay commercial-use products to restaurant channels rose due to the easing of the self-restraint in going out. 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 lower sales, a sharp rise primarily in raw material prices and fuel costs, and increased upfront costs for the development of DX.

As a result, for the first quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Processed Foods Business Division decreased by 16.3% from the same period of the previous fiscal year to ¥99,012 million, and business profit decreased by 63.3% from the same period of the previous fiscal year to ¥1,220 million.

(Fresh Meats Business Division)

In the domestic business, from the fiscal year under review, we have integrated the production and consignment divisions to reduce logistics costs and strengthen our ability to meet customer needs, aiming to further increase sales and profits.

In the domestic beef and pork business, sales of high-priced Wagyu beef struggled, but we stepped up sales of locally produced products that meet the needs of our business partners and consumers. Amid firm demand for pork, mainly from mass retailers, we strengthened proposals for domestically produced pork, “*Mugikomachi*,” and expanded sales volume. As a result, profit increased despite the impact of factors such as soaring feed and fuel prices in the production division.

In the domestic chicken business, amid continued strong demand mainly from mass retailers, we strived to increase the volume of chicken handled by strengthening procurement from external partners as well as in-house procurement. In addition, we planned and carried out a wide variety of campaigns that will run throughout the year to raise awareness of and expand sales channels for “*Sakurahime*,” a domestic chicken brand, to mark its 20th anniversary since its release. Although these efforts resulted in solid profit in the consignment division, the overall profit of the business declined owing to decreased profit in the production division, significantly affected by the steep rise in feed prices.

In exports, we expanded export volumes by capturing returned demand for beef and pork, especially in Asia.

In the import procurement division, demand for frozen pork and chicken remained firm in a relatively stable procurement environment, where we strengthened proposals to meet customer needs, mainly to restaurants. However, the division as a whole saw a decline in profit since demand for chilled beef and pork declined mainly among mass retailers due to a deteriorating procurement environment in terms of price, volume and shipment.

In the sales division, in cooperation with the domestic and import procurement divisions, proposals were strengthened for standardized products tailored to the needs of major channels such as mass retailers, co-ops, drug stores, and restaurants in each area, and for branded meats. We also strived to secure stable supply of meat by making full use of our distribution network, one of our strengths. As a result of these efforts, the division recorded an increase in profit.

As a result, for the first quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Fresh Meats Business Division increased by 10.1% from the same period of the previous fiscal year to ¥178,995 million, and business profit decreased by 25.9% to ¥7,060 million.

(Overseas Business Division)

In Asia and Europe operations, net sales increased from the same period of the previous fiscal year due to strong sales of chicken in Turkey and strong exports of meat in the U.K., as well as a recovery in sales of processed foods in Vietnam and Taiwan. Profit increased despite the struggles in Thailand and China with high prices of raw materials for processed products, thanks to sustained high sales prices in Turkey and increased exports from the U.K.

In Americas operations, net sales were higher than that of the same period of the previous year due to steady export of pork and firm sales of processed food at mass retailers in

the U.S., as well as strong pork exports from Chile. Profit increased due to gains from pork exports in Chile.

In Australia operations, net sales were higher than that of the same period of the previous year despite having struggles in collecting cattle in Australia, thanks to solid exports and domestic sales as well as recovered sales in Uruguay. While cattle collection prices remained high in Australia, profit increased due to favorable sales in Australia and efforts to improve the efficiency of factory operations. In Uruguay, the deficit narrowed due to a recovery in volume of sales to China.

As a result, for the first quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Overseas Business Division increased by 39.7% from the same period of the previous fiscal year to ¥84,423 million, and business profit amounted to ¥343 million (a business loss of ¥229 million for the same period of the previous fiscal year).

(Others)

Hokkaido Nippon-Ham Fighters, representing the Baseball and Ballpark Business, entered the regular season this year under the new leadership of the manager Tsuyoshi Shinjo. The Group has been hosting its games with thorough countermeasures in place against COVID-19. We worked to host games and attract more spectators than in the previous season by providing a safe and secure game-watching environment, resulting in an increase in both net sales and profit from the same period of the previous fiscal year.

Despite the ongoing negative impact of COVID-19 on spectator attendance such as toning down their sentiments, the Group will continue to take all possible COVID-19 countermeasures and manages its games under the slogan, “Fans are our treasure,” so that spectators can visit the stadium with a peace of mind.

In the health support business operated by the Research & Development Center, we continued to actively promote sales of functional food ingredients by resuming face-to-face business negotiations, as well as delivering seminars and conducting business negotiations online. In addition, in the health food category, we sought to increase awareness of “*IMIDEA*,” food with functional claims, through sales promotion activities both on the internet and in the real world.

In the New Business, etc., we endeavored to raise recognition of two newly launched D2C (Direct to Consumer) services: “Meatful” in the entertainment business; and “Table for All” in the wellness business, to acquire new customers.

As a result, for the first quarter of the fiscal year under review on a consolidated and cumulative basis, net sales of the Others increased by 12.7% from the same period of the previous fiscal year to ¥4,970 million, and business profit increased by 117.2% from the same period of the previous fiscal year to ¥819 million.

(2) Explanation on the Financial Position

<Financial position>

At the end of the first quarter of the fiscal year under review, total assets increased by 4.2% from the end of the previous fiscal year to ¥947,689 million, as inventories and assets held for sale increased by ¥24,133 million and ¥4,230 million, respectively, although cash and cash equivalents and investments accounted for using the equity method decreased by ¥7,154 million and ¥3,642 million, respectively. Liabilities increased by 7.3% from the end of the previous fiscal year to ¥450,478 million as interest-bearing liabilities and trade and other payables increased by ¥30,187 million and ¥11,825 million, respectively, although other financial liabilities decreased by ¥11,281 million. Interest-bearing liabilities stood at ¥241,594 million.

Total equity attributable to owners of the parent increased by ¥7,306 million from the end of the previous fiscal year to ¥486,375 million, and the equity ratio of owners of the parent decreased by 1.4 percentage points from the end of previous fiscal year to 51.3%.

<Cash flows>

With regard to operating activities, profit before tax amounted to ¥14,394 million, depreciation and amortization expense amounted to ¥9,369 million, and the increase in trade and other payables amounted to ¥10,801 million, while the increase in inventories amounted to ¥22,878 million and income tax paid amounted to ¥3,207 million. As a result, net cash provided by operating activities amounted to ¥3,869 million.

With regard to investing activities, acquisition of fixed assets amounted to ¥27,013 million, and payments for sales of business amounted to ¥3,559 million. As a result, net cash used in investing activities amounted to ¥30,445 million.

With regard to financing activities, proceeds from debt amounted to ¥35,011 million, while cash dividends amounted to ¥10,447 million and repayments of debt amounted to ¥9,153 million. As a result, net cash provided by financing activities amounted to ¥16,098 million.

As a result, cash and cash equivalents at the end of the first quarter of the fiscal year under review decreased by ¥7,154 million from the end of the previous fiscal year to ¥78,220 million.

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

In consideration of the recent developments of its business results, the Company has made adjustments to the forecasts of consolidated business results for the cumulative second quarter and the whole-year period of the fiscal year ending March 31, 2023. For details, please refer to “Notice of the Adjustment to the Forecast of Business Results” released today, August 1, 2022.

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, 2022 (as of March 31, 2022)	First quarter of the year ending March 31, 2023 (as of June 30, 2022)
(Assets)		
Current Assets		
Cash and cash equivalents	85,374	78,220
Trade and other receivables	136,017	139,799
Inventories	119,980	144,113
Biological assets	32,755	33,845
Other financial assets	24,648	29,134
Other current assets	15,096	18,432
Assets held for sale	436	4,666
Total Current Assets	414,306	448,209
Non-current Assets		
Property, plant and equipment	345,022	356,659
Right-of-use assets	46,090	45,002
Biological assets	1,240	1,268
Intangible assets and goodwill	15,269	16,473
Investments accounted for using the equity method	12,410	8,768
Other financial assets	35,232	31,267
Deferred tax assets	26,279	26,517
Other non-current assets	13,365	13,526
Total Non-current Assets	494,907	499,480
Total Assets	909,213	947,689
(Liabilities and Equity)		
Current Liabilities		
Interest-bearing liabilities	90,056	121,572
Trade and other payables	103,719	115,544
Income taxes payable	6,494	3,045
Other financial liabilities	42,056	30,685
Other current liabilities	39,594	43,097
Total Current Liabilities	281,919	313,943
Non-current Liabilities		
Interest-bearing liabilities	121,351	120,022
Retirement benefit liabilities	12,951	13,112
Other financial liabilities	754	844
Deferred tax liabilities	1,045	933
Other non-current liabilities	1,639	1,624
Total Non-current Liabilities	137,740	136,535
Total Liabilities	419,659	450,478

(millions of yen)

	Year ended March 31, 2022 (as of March 31, 2022)	First quarter of the year ending March 31, 2023 (as of June 30, 2022)
Equity		
Common stock	36,294	36,294
Capital surplus	71,272	71,301
Retained earnings	360,900	360,641
Treasury stock, at cost	(2,856)	(2,748)
Accumulated other comprehensive income	13,459	20,887
Total Equity Attributable to Owners of the Parent	479,069	486,375
Non-controlling Interests	10,485	10,836
Total Equity	489,554	497,211
Total Liabilities and Equity	909,213	947,689

(Note) Breakdown of accumulated other comprehensive income

	Year ended March 31, 2022	First quarter of the year ending March 31, 2023
Financial assets measured at fair value through other comprehensive income	9,639	7,416
Exchange differences on translation of foreign operations	3,820	13,471

(2) Condensed Consolidated Statements of Income

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2022 (consolidated) (April 1, 2021 through June 30, 2021)	Cumulative first quarter of the year ending March 31, 2023 (consolidated) (April 1, 2022 through June 30, 2022)
Net Sales	278,829	311,512
Cost of Goods Sold	226,845	264,446
Selling, General and Administrative Expenses	37,522	39,961
Other Income	659	12,330
Other Expenses	1,120	6,233
Financial Income	1,229	439
Financial Costs	504	893
Share of Profit in Investments Accounted for Using the Equity Method	739	1,646
Profit before Tax	15,465	14,394
Income Tax Expense	4,700	3,659
Profit from Continuing Operations	10,765	10,735
Loss from Discontinued Operations - Net of Applicable Income Taxes	(769)	(314)
Profit	9,996	10,421
Profit Attributable to:		
Owners of the Parent		
Continuing Operations	10,663	10,496
Discontinued Operations	(757)	(314)
Total	9,906	10,182
Non-controlling Interests		
Continuing Operations	102	239
Discontinued Operations	(12)	—
Total	90	239
Profit	9,996	10,421

Earnings per Share		
Earnings per share (basic)	96.94 yen	99.49 yen
Continuing Operations	104.34 yen	102.56 yen
Discontinued Operations	(7.40) yen	(3.07) yen
Earnings per share (diluted)	96.91 yen	99.47 yen
Continuing Operations	104.31 yen	102.54 yen
Discontinued Operations	(7.40) yen	(3.07) yen

(3) Condensed Consolidated Statements of Comprehensive Income

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2022 (consolidated) (April 1, 2021 through June 30, 2021)	Cumulative first quarter of the year ending March 31, 2023 (consolidated) (April 1, 2022 through June 30, 2022)
Profit	9,996	10,421
Other Comprehensive Income (Loss)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plans	(1)	(3)
Financial assets measured at fair value through other comprehensive income	(1,244)	(2,225)
Total	(1,245)	(2,228)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(294)	8,654
Share of other comprehensive income of investments accounted for using the equity method	(43)	1,120
Total	(337)	9,774
Total Other Comprehensive Income (Loss)	(1,582)	7,546
Comprehensive Income	8,414	17,967
Comprehensive Income Attributable to:		
Owners of the Parent	8,319	17,606
Non-controlling Interests	95	361
Comprehensive Income	8,414	17,967

(4) Condensed Consolidated Statements of Changes in Equity

Consolidated cumulative first quarter of the year ended March 31, 2022 (April 1, 2021 through June 30, 2021)

(millions of yen)

	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income				Total		
					Remeasurement of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Subtotal			
Balance as of April 1, 2021	36,294	71,240	320,577	(3,532)	—	9,954	(938)	9,016	433,595	10,714	444,309
Profit			9,906					—	9,906	90	9,996
Other comprehensive loss					(1)	(1,244)	(342)	(1,587)	(1,587)	5	(1,582)
Comprehensive income	—	—	9,906	—	(1)	(1,244)	(342)	(1,587)	8,319	95	8,414
Dividends			(9,604)					—	(9,604)	(6)	(9,610)
Acquisition of treasury stock				(1)				—	(1)	—	(1)
Disposal of treasury stock		2		92				—	94	—	94
Share-based payment transactions		26						—	26	—	26
Other		0						—	0	(60)	(60)
Transfer of accumulated other comprehensive income to retained earnings			(2)		1	1		2	—	—	—
Total transactions with owners	—	28	(9,606)	91	1	1	—	2	(9,485)	(66)	(9,551)
Balance as of June 30, 2021	36,294	71,268	320,877	(3,441)	—	8,711	(1,280)	7,431	432,429	10,743	443,172

Consolidated cumulative first quarter of the year ending March 31, 2023 (April 1, 2022 through June 30, 2022)

(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, 2022	36,294	71,272	360,900	(2,856)	—	9,639	3,820	13,459	479,069	10,485	489,554
Profit			10,182					—	10,182	239	10,421
Other comprehensive income					(3)	(2,224)	9,651	7,424	7,424	122	7,546
Comprehensive income	—	—	10,182	—	(3)	(2,224)	9,651	7,424	17,606	361	17,967
Dividends			(10,437)					—	(10,437)	(10)	(10,447)
Acquisition of treasury stock				(1)				—	(1)	—	(1)
Disposal of treasury stock		(8)		109				—	101	—	101
Share-based payment		37						—	37	—	37
Transfer of accumulated other comprehensive income to retained earnings			(4)		3	1		4	—	—	—
Total transactions with owners	—	29	(10,441)	108	3	1	—	4	(10,300)	(10)	(10,310)
Balance as of June 30, 2022	36,294	71,301	360,641	(2,748)	—	7,416	13,471	20,887	486,375	10,836	497,211

(5) Condensed Consolidated Statements of Cash Flows:

(millions of yen)

	Cumulative first quarter of the year ended March 31, 2022 (April 1, 2021 through June 30, 2021)	Cumulative first quarter of the year ending March 31, 2023 (April 1, 2022 through June 30, 2022)
Cash Flows from Operating Activities		
Profit before tax	15,465	14,394
Loss before tax from discontinued operations	(726)	(405)
Depreciation and amortization expense	8,949	9,369
Impairment losses (reversal of impairment losses)	450	(1,898)
Decrease (increase) in fair value of biological assets	(1,679)	(804)
Financial income and costs	267	454
Loss (gain) on sales of business	—	405
Decrease (increase) in trade and other receivables	1,096	(3,057)
Decrease (increase) in inventories	(14,981)	(22,878)
Decrease (increase) in biological assets	(80)	41
Decrease (increase) in other assets	68	(1,038)
Increase (decrease) in trade and other payables	8,105	10,801
Increase (decrease) in other liabilities	3,534	3,135
Others—net	1,571	(6,631)
Interest received	20	234
Dividends received	772	5,152
Interest paid	(317)	(198)
Income tax paid	(9,960)	(3,207)
Cash Flows from Operating Activities	12,554	3,869
Cash Flows from Investing Activities		
Acquisition of fixed assets	(14,747)	(27,013)
Proceeds from sales of fixed assets	9	37
Decrease (increase) in time deposits	(11)	(14)
Acquisition of other financial assets	(23)	(20)
Sale and redemption of other financial assets	10	169
Payments for sales of business	—	(3,559)
Others—net	(9)	(45)
Cash Flows from Investing Activities	(14,771)	(30,445)
Cash Flows from Financing Activities		
Cash dividends	(9,610)	(10,447)
Increase (decrease) in short-term bank loans	5,069	600
Proceeds from debt	8,843	35,011
Repayments of debt	(11,976)	(9,153)
Acquisition of treasury stock	(1)	(0)
Proceeds from sales of treasury stock	87	87
Others—net	(61)	—
Cash Flows from Financing Activities	(7,649)	16,098
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(64)	2,796
Hyperinflation Adjustment	—	528
Net Increase (Decrease) in Cash and Cash Equivalents	(9,930)	(7,154)
Cash and Cash Equivalents at the Beginning of the Period	83,831	85,374
Cash and Cash Equivalents at the End of the Period	73,901	78,220

(6) Note on the Premises of a Going Concern

Not applicable.

(7) Notes 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 providing services, and the geographical areas where it sells products or provides services. The Group manages its operations by the business segment.

Processed Foods Business Division	—	Mainly domestic production and sales of hams and sausages, processed foods, 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 has classified the marine products business relating to The Marine Foods Corporation, its subsidiaries, etc. as discontinued operations from the year ended March 31, 2022. Therefore, the corresponding figures for the cumulative first quarter of the year ended March 31, 2022 have been reclassified accordingly.

However, the Processed Foods Business Division in the reportable segments includes the marine products business that has been classified as discontinued operations.

The Group consists of 70 subsidiaries and 7 associates.

For the consolidated cumulative first quarter of the year ended March 31, 2022 (April 1, 2021 through June 30, 2021):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated (before adjustment for discontinued operations)	Transfer to discontinued operations	Consolidated (after adjustment for discontinued operations)
Net sales									
Sales to external customers	111,971	148,181	30,867	3,581	294,600	347	294,947	(16,118)	278,829
Intersegment sales	6,294	14,418	29,575	827	51,114	(51,114)	–	–	–
Total	118,265	162,599	60,442	4,408	345,714	(50,767)	294,947	(16,118)	278,829
Segment profit (loss)	3,323	9,524	(229)	377	12,995	(570)	12,425	(300)	12,125

For the consolidated cumulative first quarter of the year ending March 31, 2023 (April 1, 2022 through June 30, 2022):

(millions of yen)

	Processed Foods Business Division	Fresh Meats Business Division	Overseas Business Division	Others	Total	Eliminations, adjustments and others	Consolidated (before adjustment for discontinued operations)	Transfer to discontinued operations	Consolidated (after adjustment for discontinued operations)
Net sales									
Sales to external customers	92,458	163,542	48,540	4,159	308,699	2,813	311,512	–	311,512
Intersegment sales	6,554	15,453	35,883	811	58,701	(58,701)	–	–	–
Total	99,012	178,995	84,423	4,970	367,400	(55,888)	311,512	–	311,512
Segment profit	1,220	7,060	343	819	9,442	(272)	9,170	–	9,170

- (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. The amounts of net sales, profits, and losses of The Marine Foods Corporation, its subsidiaries, etc. included in the Processed Foods Business Division have been reclassified to “Transfer to discontinued operations” for the cumulative first quarter of the year ended March 31, 2022.

2. Note on discontinued operations

1) Overview of discontinued operations

The Company, at the meeting of its Board of Directors held on February 9, 2022, determined to transfer all of its shares and related assets of its consolidated subsidiary, The Marine Foods Corporation (“Marine Foods”), to Sojitz Corporation, and the share transfer was completed on March 31, 2022.

As a result, the marine products business relating to Marine Foods has been classified as discontinued operations from the fourth quarter of the year ended March 31, 2022.

2) Name and nature of business of the subsidiary and the segment that included the divested business

Name of the subsidiary	The Marine Foods Corporation
Nature of business	Manufacturing and sale of processed marine food products and import and sale of marine raw materials
Applicable segment	Processed Foods Business Division

3) Number of shares sold, percentage of ownership after the sale, and gain or loss on sale

Numbers of shares owned before the sale	22,666,000 shares (Number of voting rights: 22,666,000) (Percentage of voting rights held: 100.0%)
Number of shares sold	22,666,000 shares (Number of voting rights: 22,666,000)
Percentage of ownership after the sale	— share (Number of voting rights: —) (Percentage of voting rights held: — %)

4) Profit (loss) from discontinued operations

Details of profit (loss) from discontinued operations are as follows.

	(millions of yen)	
	Cumulative first quarter of the year ended March 31, 2022 (consolidated) (April 1, 2021 through March 31, 2022)	Cumulative first quarter of the year ending March 31, 2023 (consolidated) (April 1, 2022 through March 31, 2023)
Net sales	16,118	—
Gain (loss) on sales of business (Note)	—	(405)
Other profit (loss)	(16,844)	—
Loss before tax from discontinued operations	(726)	(405)
Income tax expense	(43)	91
Loss from discontinued operations	(769)	(314)

(Note) Gain (loss) on sales of business classified as discontinued operations in the cumulative first quarter of the year ending March 31, 2023 was due to an adjustment to the transfer price of The Marine Foods' shares held by the Company pursuant to the share transfer agreement.

First quarter of
the year ending March 31, 2023

Supplementary materials

NH Foods Ltd.

August 1, 2022

Note: The Company has classified certain business as discontinued operations from the fourth quarter of the year ended March 31, 2022. Accordingly, the corresponding figures for

I Financial Highlights

Consolidated Accounts

(millions of yen)

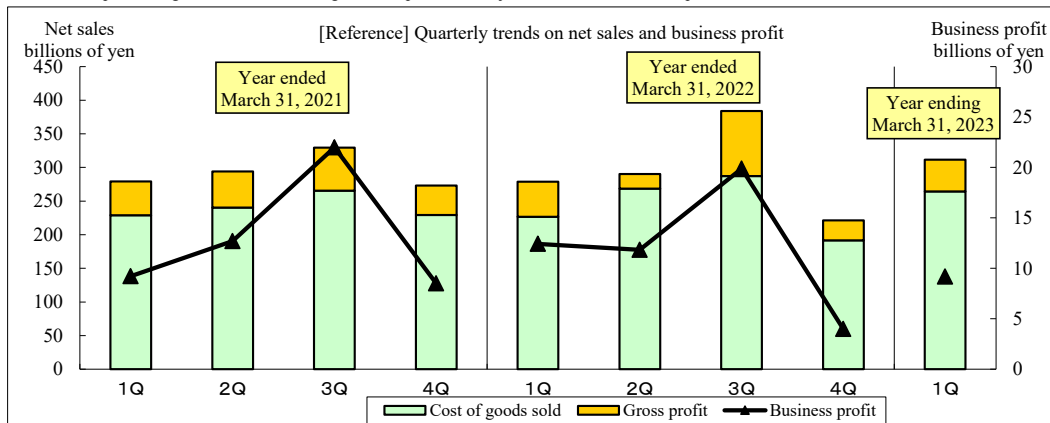
	First quarter of the year ended March 31, 2021 (results)	First quarter of the year ended March 31, 2022 (results)	First quarter of the year ending March 31, 2023 (results)	The percentages indicate the rates of increase (decrease) from the first quarter of the previous fiscal year	Year ended March 31, 2022 (results)	Cumulative second quarter of the year ending March 31, 2023 (plan)	Year ending March 31, 2023 (plan)
Net sales	279,305	278,829	311,512	11.7%	1,174,389	610,000	1,240,000
Gross profit	50,236	51,984	47,066	(9.5)%	200,028		
Business profit	9,230	12,425	9,170	(26.2)%	48,116	21,000	43,000
Profit before tax	13,035	15,465	14,394	(6.9)%	51,366	25,000	42,000
Equity attributable to owners of the parent	9,384	9,906	10,182	2.8%	48,049	18,000	31,000

(Note) Figures for the year ended March 31, 2021 include discontinued operations.

Gross profit margin	18.0%	18.6%	15.1%	17.0%		
Business profit margin	3.3%	4.3%	2.9%	3.9%	3.4%	3.5%
Return on equity (ROE)	2.3%	2.3%	2.1%	10.5%		6.3%
Return on invested capital (ROIC)	1.1%	1.3%	0.9%	5.0%		4.1%

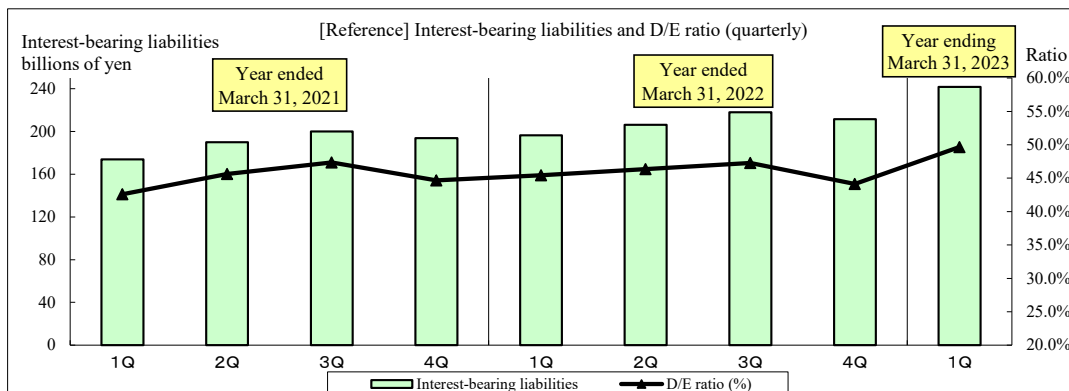
(Note) Figures for the first quarter of the year ended March 31, 2021 include discontinued operations.

Business profit margin was calculated using business profit after adjustment on discontinued operations.



	First quarter of the year ended March 31, 2021 (results)	First quarter of the year ended March 31, 2022 (results)	First quarter of the year ending March 31, 2023 (results)	Year ended March 31, 2022 (results)	Year ending March 31, 2023 (plan)
Total assets	769,247	824,388	947,689	909,213	
Total equity attributable to owners of the parent	407,922	432,429	486,375	479,069	
Interest-bearing liabilities	173,751	196,459	241,594	211,407	
D/E ratio	0.43	0.45	0.50	0.44	
Capital expenditures	10,547	8,276	17,769	80,395	94,200
Depreciation expense	8,388	8,925	9,353	36,379	37,700

(millions of yen)



II Segment Information

(millions of yen)

	Consolidated cumulative first quarter of the year ended March 31, 2022 (April 1, 2021 through June 30, 2021)		Consolidated cumulative first quarter of the year ending March 31, 2023 (April 1, 2022 through June 30, 2022)		Increase (decrease) from the first 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	111,971	94.7%	92,458	93.4%	(19,513)	(17.4)%
Intersegment sales	6,294	5.3%	6,554	6.6%	260	4.1%
Total net sales	118,265	100.0%	99,012	100.0%	(19,253)	(16.3)%
Segment profit	3,323	2.8%	1,220	1.2%	(2,103)	(63.3)%
Fresh Meats Business Division						
Sales to external customers	148,181	91.1%	163,542	91.4%	15,361	10.4%
Intersegment sales	14,418	8.9%	15,453	8.6%	1,035	7.2%
Total net sales	162,599	100.0%	178,995	100.0%	16,396	10.1%
Segment profit	9,524	5.9%	7,060	3.9%	(2,464)	(25.9)%
Overseas Business Division						
Sales to external customers	30,867	51.1%	48,540	57.5%	17,673	57.3%
Intersegment sales	29,575	48.9%	35,883	42.5%	6,308	21.3%
Total net sales	60,442	100.0%	84,423	100.0%	23,981	39.7%
Segment profit (loss)	(229)	(0.4)%	343	0.4%	572	—
Others						
Sales to external customers	3,581	81.2%	4,159	83.7%	578	16.1%
Intersegment sales	827	18.8%	811	16.3%	(16)	(1.9)%
Total net sales	4,408	100.0%	4,970	100.0%	562	12.7%
Segment profit	377	8.6%	819	16.5%	442	117.2%
Eliminations, adjustments and others						
Net sales	(50,767)		(55,888)		(5,121)	
Segment profit	(570)		(272)		298	
Consolidated (before adjustment for discontinued operations)						
Total net sales	294,947	100.0%	311,512	100.0%	16,565	5.6%
Segment profit	12,425	4.2%	9,170	2.9%	(3,255)	(26.2)%
Transfer to discontinued operations						
Total net sales	(16,118)		—		16,118	
Segment profit	(300)		—		300	
Consolidated (after adjustment for discontinued operations)						
Total net sales	278,829	100.0%	311,512	100.0%	32,683	11.7%
Segment profit	12,125	4.3%	9,170	2.9%	(2,955)	(24.4)%

(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]

(millions of yen)

	Consolidated cumulative first quarter of the year ended March 31, 2022 (April 1, 2021 through June 30, 2021)		Consolidated cumulative first quarter of the year ending March 31, 2023 (April 1, 2022 through June 30, 2022)		Increase (decrease) from the first 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	6,495	42.0%	8,686	45.8%	2,191	33.7%
Intersegment sales	8,972	58.0%	10,284	54.2%	1,312	14.6%
Total net sales	15,467	100.0%	18,970	100.0%	3,503	22.6%
Segment profit	148	1.0%	180	0.9%	32	21.6%
Americas						
Sales to external customers	5,979	25.3%	8,096	27.0%	2,117	35.4%
Intersegment sales	17,685	74.7%	21,908	73.0%	4,223	23.9%
Total net sales	23,664	100.0%	30,004	100.0%	6,340	26.8%
Segment profit	90	0.4%	113	0.4%	23	25.6%
Australia						
Sales to external customers	18,393	84.8%	31,758	87.3%	13,365	72.7%
Intersegment sales	3,308	15.2%	4,608	12.7%	1,300	39.3%
Total net sales	21,701	100.0%	36,366	100.0%	14,665	67.6%
Segment profit (loss)	(227)	(1.0)%	309	0.8%	536	—

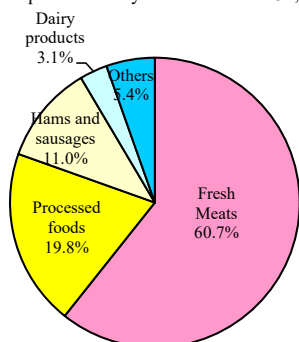
(Note) Due to intersegment eliminations, the figures above do not agree with those of “Overseas Business Division” in the segment information.

III Breakdown of Consolidated Net Sales

(millions of yen)

	First quarter of the year ended March 31, 2022 (results)		First quarter of the year ending March 31, 2023 (results)		The percentages indicate the rates of increase (decrease) from the first quarter of the previous fiscal year	Year ended March 31, 2022 (results)		Year ending March 31, 2023 (plan)	
	Amount	Composition ratio	Amount	Composition ratio		Amount	Composition ratio	Amount	Composition ratio
Hams and sausages	30,791	11.0%	29,924	9.6%	(2.8)%	131,147	11.2%	132,000	10.6%
Processed foods	55,077	19.8%	55,052	17.7%	(0.0)%	224,976	19.2%	227,000	18.3%
Fresh Meats	169,224	60.7%	198,276	63.6%	17.2%	722,843	61.5%	774,000	62.4%
Dairy Products	8,631	3.1%	8,932	2.9%	3.5%	35,214	3.0%	36,000	2.9%
Others	15,106	5.4%	19,328	6.2%	27.9%	60,209	5.1%	71,000	5.8%
Total	278,829	100.0%	311,512	100.0%	11.7%	1,174,389	100.0%	1,240,000	100.0%

Percentage of consolidated sales for the first quarter of the year ended March 31, 2022



Percentage of consolidated sales for the first quarter of the year ending March 31, 2023

