



Business Results

for the Year Ended March 31, 2020

May 15, 2020 (Fri.)

NH Foods Ltd.

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- * The Company has adopted International Financial Reporting Standards (“IFRS”) since FY2019/3.
- * For the purpose of clarifying income derived from business activities, NH Foods Ltd. and its subsidiaries (the “Group”) uses business profit instead of operating income from forecast of consolidated business results for the year ended March 31, 2020 onward. Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and making adjustments of foreign exchange gains and losses determined by the Group, adjustments in accordance with IFRS, and adjustments of non recurring items.
- * Due to rounding, numbers may not match totals.
- * The novel coronavirus will be referred to as COVID-19.

I



Consolidated Business Results for FY2020/3

1. Consolidated Business Results for 4Q (Jan.-Mar.)
2. Segment Data: Processed Foods Business Division
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6. External Customer Net Sales Results in Major Overseas Geographical Areas

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Consolidated Financial Results for FY2020/3

Results Summary

Decreased sales and increased profit in 4Q

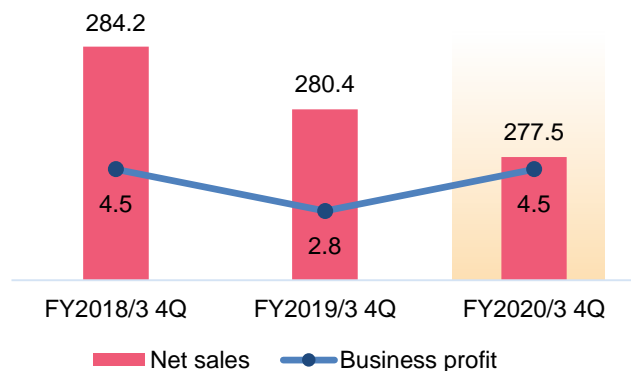
- Reason for decreased sales: Commercial channel struggled due to COVID-19.
- Reason for increased profit: Volume retailers performed well due to increased demand for ready-made meals.

Decreased sales and increased profit in 1Q-4Q

- Reason for decreased sales: The market prices of the marine products dropped throughout the year.
- Reasons for increased profit: Priority measures to improve profitability of Processed Foods Business Division; recovery of Australian business.

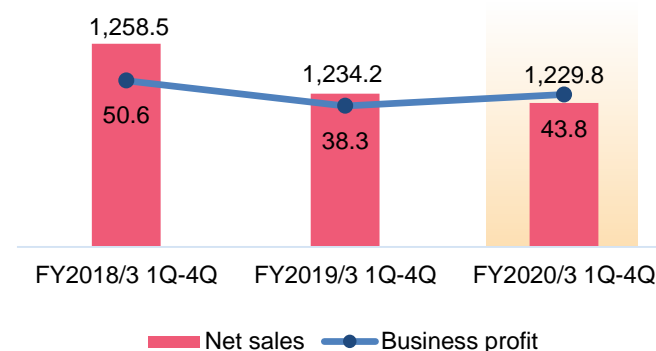
4Q Results (Jan.-Mar.)

(¥ billion)



1Q-4Q Results

(¥ billion)



Consolidated business results for 4Q of FY2020

(¥ billion)

	4Q	Variance	Variance (%)	1Q-4Q	Variance	Variance (%)
Net sales	277.5	(2.9)	(1.0)%	1,229.8	(4.4)	(0.4)%
Business profit	4.5	1.7	60.9%	43.8	5.5	14.3%
Business profit ratio	1.6%	0.6	-	3.6%	0.5	-
ROE	-			4.8%	0	-

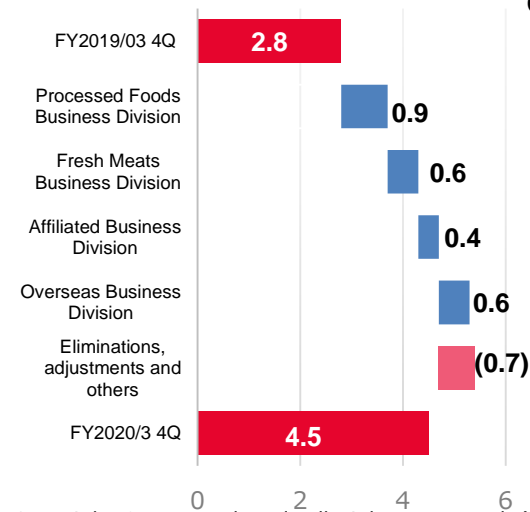
1. Consolidated Business Results for 4Q (Jan.-Mar.)

4Q Results (Jan.-Mar.)

(¥ billion)

		FY2018/3 4Q	FY2019/3 4Q	FY2020/3 4Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	80.7	80.0	81.6	1.6	1.9
	Business profit	(1.6)	(0.1)	0.8	0.9	-
Fresh Meats Business Division	Net sales	177.1	173.7	177.0	3.2	1.9
	Business profit	8.4	7.0	7.6	0.6	8.0
Affiliated Business Division	Net sales	35.1	33.4	30.8	(2.6)	(7.8)
	Business profit	(0.8)	(0.6)	(0.3)	0.4	-
Overseas Business Division	Net sales	60.3	57.8	57.0	(0.7)	(1.3)
	Business profit	(1.7)	(1.8)	(1.2)	0.6	-
Eliminations, adjustments and others	Net sales	(69.1)	(64.5)	(68.8)	(4.4)	-
	Business profit	(0.1)	(1.7)	(2.4)	(0.7)	-
Consolidated	Net sales	284.2	280.4	277.5	(2.9)	(1.0)
	Business profit	4.5	2.8	4.5	1.7	60.9

Changes in business profit (4Q)



Factor Analysis: Changes in business profit

[Processed Foods Business Division]
Consumer products performed well due to COVID-19. Commercial-use products struggled.

[Fresh Meats Business Division]
Sales of domestic chicken/pork to volume retailers performed well.

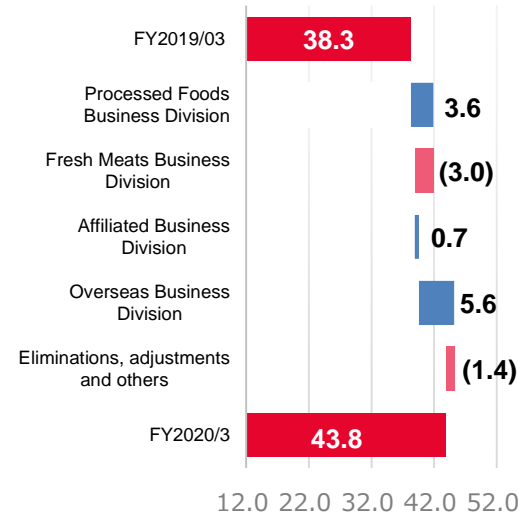
[Overseas Business Division]
Uruguay struggled.

Full Year Results (Apr.-Mar.)

(¥ billion)

		FY2018/3	FY2019/3	FY2020/3	Variance	Variance (%)
Processed Foods Business Division	Net sales	355.5	353.1	353.8	0.7	0.2
	Business profit	5.9	7.8	11.4	3.6	45.7
Fresh Meats Business Division	Net sales	778.4	757.0	771.8	14.9	2.0
	Business profit	47.2	35.7	32.8	(3.0)	(8.3)
Affiliated Business Division	Net sales	163.5	155.1	142.9	(12.2)	(7.8)
	Business profit	1.7	0.4	1.1	0.7	148.3
Overseas Business Division	Net sales	254.2	255.2	255.0	(0.2)	(0.1)
	Business profit	(4.7)	(3.8)	1.8	5.6	-
Eliminations, adjustments and others	Net sales	(293.2)	(286.2)	(293.7)	(7.5)	-
	Business profit	0.6	(1.9)	(3.3)	(1.4)	-
Consolidated	Net sales	1,258.5	1,234.2	1,229.8	(4.4)	(0.4)
	Business profit	50.6	38.3	43.8	5.5	14.3

Changes in business profit (full year)



Factor Analysis: Changes in business profit

[Processed Foods Business Division]
Core brands performed well. Ready-made meals for commercial-use struggled.

[Fresh Meats Business Division]
Domestic fresh meat struggled.

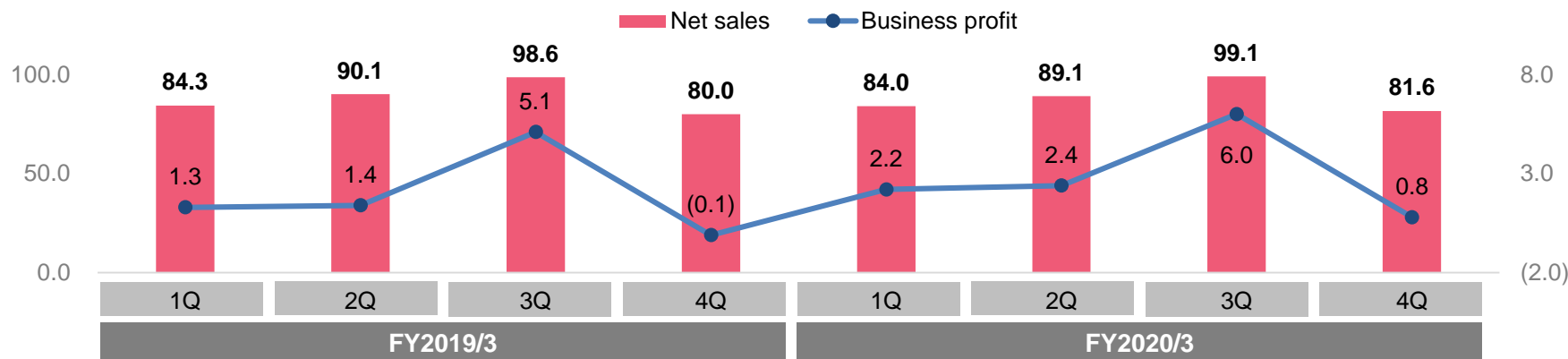
[Overseas Business Division]
Australia: Effects appeared in improvement activities. Supported by favorable external environments.

2. Segment Data: Processed Foods Business Division (1)

- Net sales and profit increased by labor saving efforts and higher unit sales price through core brand growth.

(¥ billion)

	4Q				Full year			
	FY2019/3	FY2020/3	Variance	Variance (%)	FY2019/3	FY2020/3	Variance	Variance (%)
Net sales	80.0	81.6	1.6	1.9%	353.1	353.8	0.7	0.2%
Business profit	(0.1)	0.8	0.9	-	7.8	11.4	3.6	45.7%
Business profit ratio	(0.1)%	1.0%	1.1	-	2.2%	3.2%	1.0	-



Net Sales in FY2020/3 Full Year

Existing business (hams and sausages, deli and processed foods)

- Consumer Sales increased due to strong core products.
- Commercial-use Sales struggled due to review of unprofitable products.

Vendor, logistics and consumer frozen foods businesses

- Vendor Sales increased in new category products.
- Logistics Sales increased due to acquisition of new customers.

Business Profit in FY2020/3 Full Year

Existing business (hams and sausages, deli and processed foods)

- Gross profit Unit sales price increased due to improved product mix.
- Expenses Labor costs reduced through labor saving efforts.

Vendor, logistics and consumer frozen foods businesses

- Vendor Profitability was enhanced through in-plant improvement activities.
- Logistics businesses Profit increased due to joint delivery initiatives.

Sales results by channel

1) Consumer products

- Hams and sausages:

Sales of wiener, loin ham, and bacon products all grew.

SCHAU ESSEN products in particular performed well due to online promotions as well as the addition of new flavors.

- Deli and processed foods:

Sales increased in high unit price hamburgs and chilled bakery products, whose new products in new price ranges were launched.

2) Commercial-use products

As a result of focusing on profitability by reducing unprofitable products, sales for major restaurant channels, and side dish and ready-made meal chains decreased.

Year-on-year growth in sales by channel

		Volume	Amount
Hams and sausages	Consumer	103%	103%
	Commercial-use	96%	96%
	Total	101%	101%
Deli and processed foods	Consumer	101%	103%
	Commercial-use	86%	87%
	Total	94%	95%

Major brands sales results

Created new market with SCHAU ESSEN

Enhanced Sales for the high price line chilled bakery brand *Kanade*



First new flavors
launched in 2019

"SCHAU ESSEN Hot Chili"

"SCHAU ESSEN Cheddar & Camembert"

TV commercials were used for
the high price line brand *Kanade*

Year-on-year sales comparison of consumer products

Hams and sausages	Consumer products	1st half	2nd half	Full year	Deli and processed foods	Consumer products	1st half	2nd half	Full year
	Wieners	102%	103%	103%		Chilled bakery	103%	105%	104%
	Loin hams	109%	114%	112%		Chilled dish	97%	99%	98%
	Bacon	101%	107%	104%		Fried chicken	100%	103%	102%
	Yakibutas	91%	91%	91%		Hamburg and meatball	101%	114%	108%
	Total	102%	105%	103%		Total	100%	105%	103%

Sales of gift products results

		FY2019/3 results	FY2020/3 results
Summer gift-giving season	Overall sales	91%	92%
	(Utsukushi-no-Kuni)	90%	101%
Year-end gift-giving season	Overall sales	88%	95%
	(Utsukushi-no-Kuni)	97%	95%
Total	Overall sales	89%	94%
	(Utsukushi-no-Kuni)	95%	97%
	Utsukushi-no-Kuni sales ratio	34%	35%

Gift product sales results

94% of the level of that in the previous year, putting nearly at the same level as the ham gift market overall.



Factor Analysis: Changes in business profit

(¥ billion)

FY2020/3					
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Existing businesses	2.3	0.9	1.9	3.2	1.2
External factors	0.9	0.1	0.6	1.0	0.4
Principal raw material price	1.2	(0.2)	0.8	1.0	0.2
Other materials/fuels	(0.3)	0.2	(0.2)	(0.1)	0.2
Internal factors	1.4	0.8	1.3	2.2	0.9
Volume expansion	(0.6)	0.2	(0.7)	(0.4)	0.3
Improvement activities	2.0	0.7	2.1	2.6	0.6
Vendor and logistics	0.6	0.1	0.8	0.7	(0.1)
Others	(0.2)	(0.1)	(0.5)	(0.3)	0.2
Total	2.7	0.9	2.2	3.6	1.4

Forecasts Variation Factor Analysis (Full Year)

[External factors] ¥0.4 billion

Principal/other raw material prices were slightly higher than expected, mainly in pork and sheep casing.

[Internal factors] ¥0.9 billion

Volume expansion: Growth of consumer products.

Improvement activities:

Gross profit increased due to improved product mix.

Cost reduction through labor saving efforts.

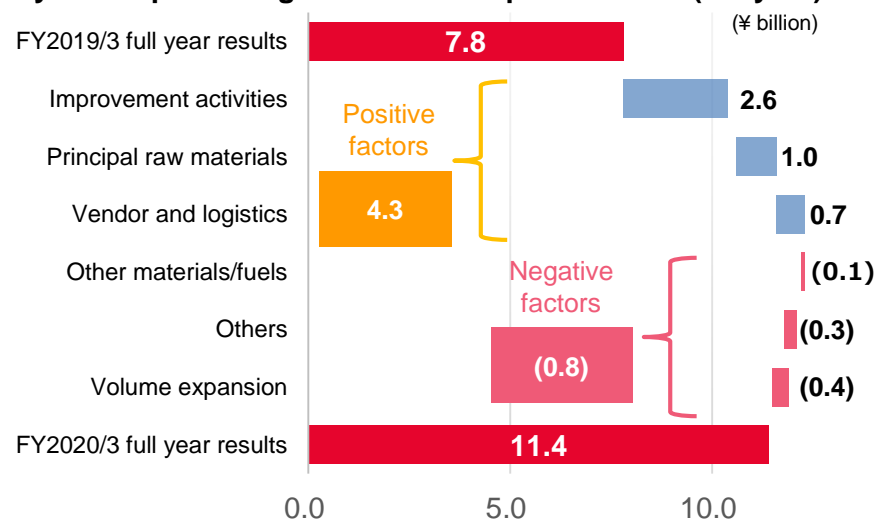
[Vendor and logistics] ¥(0.1) billion

Vendor business:

Despite some improvement, sales fell short of plan.

Logistics: As planned.

Factor Analysis Graph: Changes in business profit results (full year)

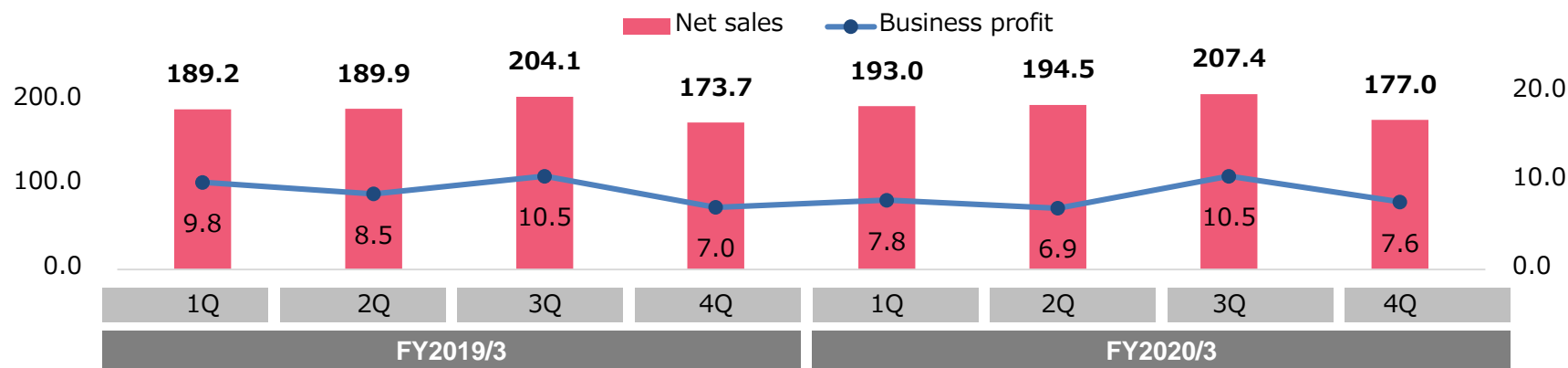


3. Segment Data: Fresh Meats Business Division (1)

- Net sales increased but profit decreased due to reduced market prices for domestic chicken and the instable domestic pork market.

(¥ billion)

	4Q				Full year			
	FY2019/3	FY2020/3	Variance	Variance (%)	FY2019/3	FY2020/3	Variance	Variance (%)
Net sales	173.7	177.0	3.2	1.9%	757.0	771.8	14.9	2.0%
Business profit	7.0	7.6	0.6	8.0%	35.7	32.8	(3.0)	(8.3)%
Business profit ratio	4.1%	4.3%	0.2	-	4.7%	4.2%	(0.5)	-



Net Sales in FY2020/3 Full Year

- Receipt/sales → Sales volume of domestic chicken/pork increased, leading to higher sales.

Business Profit in FY2020/3 Full Year

- Production → Domestic chicken market price fell. Domestic pork productivity declined.
- Receipt → Domestic pork market price was instable. Competition intensified due to increased domestic chicken supply.
- Sales → Sales volume rose and profit increased.

Factor Analysis: Changes in business profit

(¥ billion)

FY2020/3					
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Imported fresh meat market	(0.1)	0.1	(0.5)	(0.0)	0.5
Domestic fresh meat market	(2.6)	0.1	(2.9)	(2.5)	0.4
Farming operation in Japan	(1.9)	0.1	(2.6)	(1.8)	0.8
Growth in Nippon Food Group	(0.1)	0.4	0.0	0.3	0.3
Others	1.2	(0.1)	1.0	1.0	0.1
Total	(3.5)	0.6	(5.0)	(3.0)	2.1

Forecasts Variation Factor Analysis (Full Year)

[Imported fresh meat market] ¥0.5 billion

Sales volume increased even in under unstable conditions, such as in frozen pork, due partly to the impact of ASF.

[Domestic fresh meat market] ¥0.4 billion

Sales volume increased mainly in pork.

[Farming operation in Japan] ¥0.8 billion

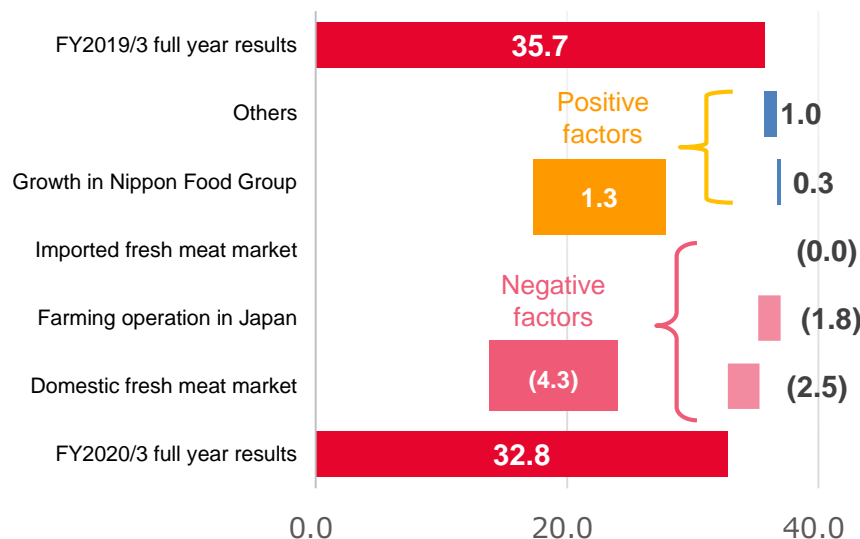
Domestic market prices of pork and chicken exceeded expectations.

[Growth in Nippon Food Group] ¥0.3 billion

Sales volume to mass retailers increased due to the impact of COVID-19.

Factor Analysis Graph: Changes in business profit results (full year)

(¥ billion)



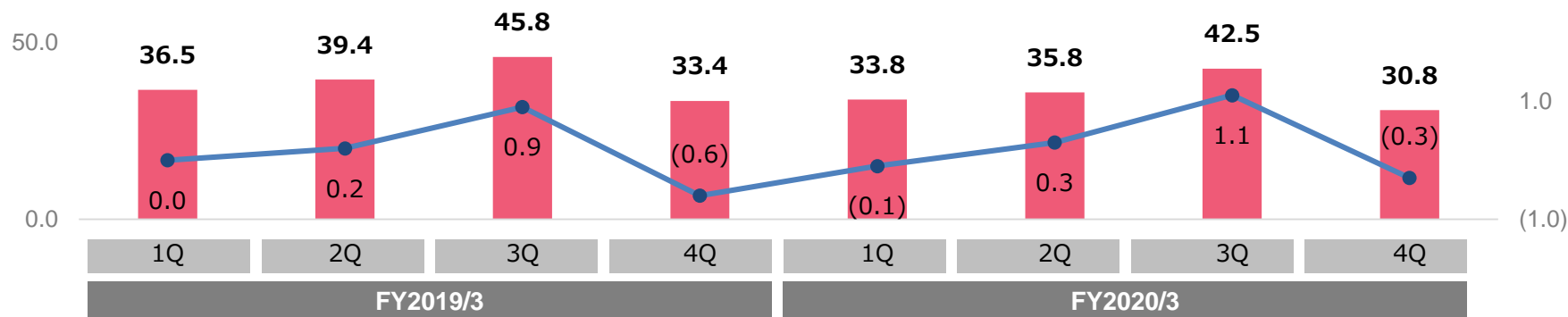
4. Segment Data: Affiliated Business Division

- Net sales decreased in the marine products business, but profit increased due to improved profitability.

(¥ billion)

	4Q				Full year			
	FY2019/3	FY2020/3	Variance	Variance(%)	FY2019/3	FY2020/3	Variance	Variance(%)
Net sales	33.4	30.8	(2.6)	(7.8)	155.1	142.9	(12.2)	(7.8)
Business profit	(0.6)	(0.3)	0.4	-	0.4	1.1	0.7	148.3
Business profit ratio	(1.9)%	(0.8)%	1.1	-	0.3%	0.8%	0.5	-

Net sales Business profit



Net Sales in FY2020/3 Full Year

- Marine products business → Sales struggled due to roe sales and removing of unprofitable items.
- Dairy products business → Sales of core yogurt products such as *Vanilla Yogurt* were strong and sales of cheeses for CVS chains grew.

Business Profit in FY2020/3 Full Year

- Marine products business → Profit ratio increased by removing unprofitable items and improving gross profit of core products such as shrimp and crab products.
- Dairy products business → Gross profit increased due to sales growth, and productivity improved due to full-scale operation of the Takasaki Plant.

5. Segment Data: Overseas Business Division (1)

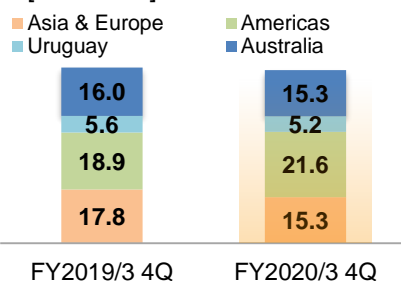
- Profit increased due to internal initiatives for improvement and favorable external environments in Australia.

*Net sales and business profit figures are amounts before the elimination of intersegment sales.
(The figures for all overseas segments do not match the overseas total, due to elimination of intersegment transactions.)

4Q Results (Jan.-Mar.)

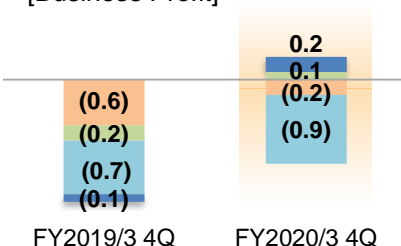
(¥ billion)

[Net Sales]



	FY19/3	FY20/3	Variance	Variance (%)
Overseas total	57.8	57.0	(0.7)	(1.3)%
Australia	16.0	15.3	(0.7)	(4.2)%
Uruguay	5.6	5.2	(0.4)	(7.7)%
Americas	18.9	21.6	2.7	14.2%
Asia & Europe	17.8	15.3	(2.5)	(14.1)%

[Business Profit]

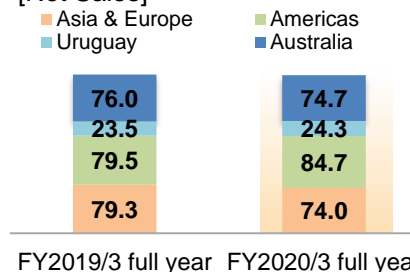


	FY19/3	FY20/3	Variance	Variance (%)
Overseas total	(1.8)	(1.2)	0.6	-
Australia	(0.1)	0.2	0.2	-
Uruguay	(0.7)	(0.9)	(0.2)	-
Americas	(0.2)	0.1	0.3	-
Asia & Europe	(0.6)	(0.2)	0.4	-

Full Year Results (Apr.-Mar.)

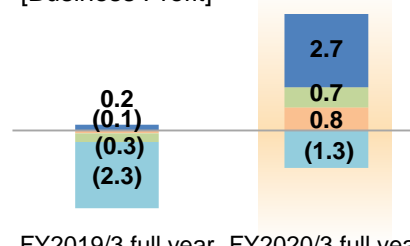
(¥ billion)

[Net Sales]



	FY19/3	FY20/3	Variance	Variance (%)
Overseas total	255.2	255.0	(0.2)	(0.1)%
Australia	76.0	74.7	(1.3)	(1.7)%
Uruguay	23.5	24.3	0.8	3.2%
Americas	79.5	84.7	5.1	6.4%
Asia & Europe	79.3	74.0	(5.3)	(6.7)%

[Business Profit]



	FY19/3	FY20/3	Variance	Variance (%)
Overseas total	(3.8)	1.8	5.6	-
Australia	0.1	2.7	2.6	-
Uruguay	(2.3)	(1.3)	1.0	-
Americas	(0.3)	0.7	1.0	-
Asia & Europe	(0.1)	0.8	0.9	-

Net Sales in FY2020/3 Full Year

Australia Business

- Australia
- Uruguay

While unit price of beef export increased, net sales declined due to the exchange rate. Sales of beef to China increased.

Americas Business

Asia & Europe

Meat exports to Japan grew.

Sales declined in Asia, but performed well in Turkey due to strong chicken market.

Business Profit in FY2020/3 Full Year

Australia Business

- Australia
- Uruguay

Productivity improved and sales to China grew. Rising sales prices up until 3Q reduced deficit.

Americas Business

Profitability of processed products in North America improved.

Asia & Europe

Chicken sales prices in Turkey were high.

5. Segment Data: Overseas Business Division (2)

Factor Analysis: Changes in business profit

(¥ billion)

FY2020/3					
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Australia	2.9	0.2	3.4	2.6	(0.8)
Uruguay	0.7	(0.2)	0.9	1.0	0.1
Americas	0.8	0.3	0.9	1.0	0.1
Asia & Europe	0.6	0.4	0.8	1.0	0.2
Others	0.1	(0.1)	0.0	0.0	0.0
Total	5.0	0.6	6.0	5.6	(0.4)

Forecasts Variation Factor Analysis (Full Year)

[Australia] ¥(0.8) billion

Struggled as livestock prices increased significantly due to impact from rainfall after the new year.

[Uruguay] ¥0.1 billion

Unit prices for China declined due to the impact of COVID-19.

[Americas] ¥0.1 billion

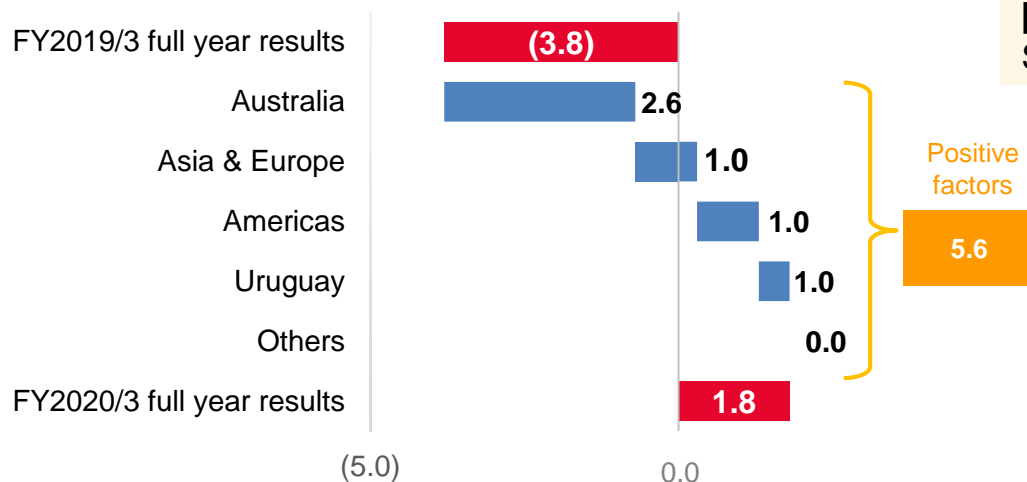
Manufacturing and sales expenses declined in the processed foods business in North America.

[Asia & Europe] ¥0.2 billion

Sales prices were high in Turkey.

Factor Analysis Graph: Changes in business profit results (full year)

(¥ billion)



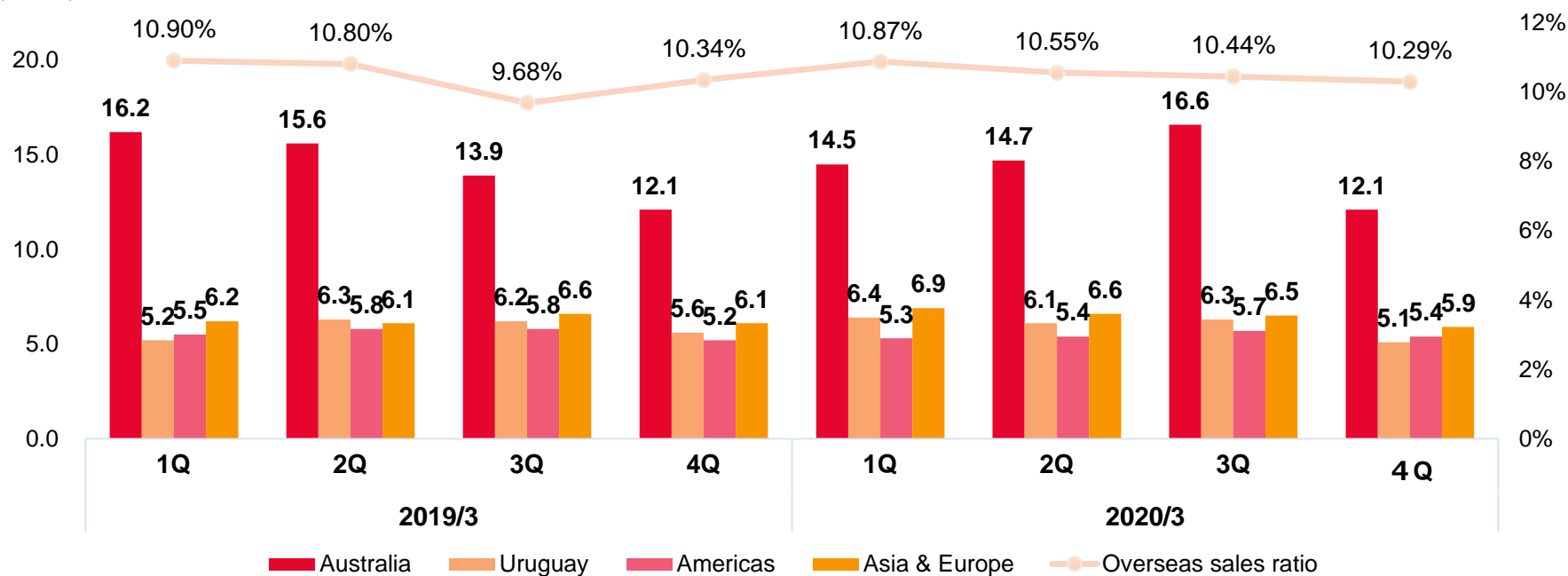
6. External Customer Net Sales Results in Major Overseas Geographical Areas

(¥ billion)

	2019/3					2020/3				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4 Q	Full year
Australia	16.2	15.6	13.9	12.1	57.7	14.5	14.7	16.6	12.1	58.0
Uruguay	5.2	6.3	6.2	5.6	23.5	6.4	6.1	6.3	5.1	23.8
Americas	5.5	5.8	5.8	5.2	22.4	5.3	5.4	5.7	5.4	21.9
Asia & Europe	6.2	6.1	6.6	6.1	25.0	6.9	6.6	6.5	5.9	26.0
Overseas total	33.2	33.9	32.5	29.0	128.5	33.1	32.9	35.1	28.6	129.6
Overseas sales ratio	10.90%	10.80%	9.68%	10.34%	10.42%	10.87%	10.55%	10.44%	10.29%	10.54%

*Net sales figures represent net sales to external customers.

(¥ billion)



I



Consolidated Business Results

II



Outlook for FY2021/3

1. Changes in External Environment
Caused by COVID-19
2. FY2021/3 Business Profit Forecasts
3. Processed Foods Business Division:
Outlook
4. Fresh Meats Business Division:
Outlook
5. Overseas Business Division: Outlook

III



Consolidated Financial Results for FY2020/3

1. Changes in External Environment Caused by COVID-19

	January	February	March	April	May
Overseas	Spread of infection in China		Global pandemic Signs of the end of pandemic in China		
Japan	Fewer inbound visitors	No unnecessary outings	Request of self-restraint for large-scale events Elementary and junior high schools all closed; encouraged to work from home	State of emergency (7 prefectures) State of emergency (nationwide)	State of emergency extended nationwide Expert meeting Proposal of "new lifestyle"
Processed Foods Business			▶ Rapid increase in demand for home meals ▶ Impact on sales to restaurants begins to appear	▶ Surge in demand for home meals in urban areas ▶ Rapid increase in demand for home meals nationwide ▶ Decrease in cafe/family restaurant demand ▶ Increase in fast-food demand	
Fresh Meats Business	▶ Impact mainly on (upscale) restaurants (Japanese <i>wagyu</i> beef)		▶ Increased demand for pork and chicken for volume retailers ▶ Decreased demand for pork and chicken for restaurants		
Overseas Business	▶ Decrease in exports to China, mainly in the Australia business		▶ Demand in China returns slightly		

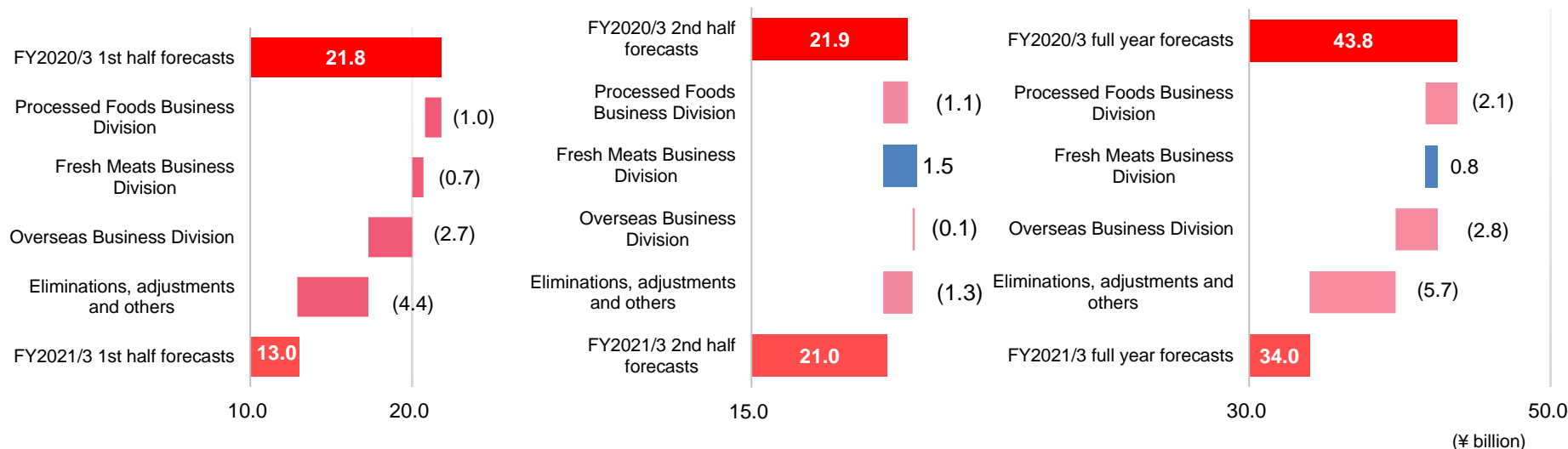
2. FY2021/3 Business Profit Forecasts

Changes in 1st half forecasts

Changes in 2nd half forecasts

Changes in full year forecasts

(¥ billion)



		FY2021/3 1st half			FY2021/3 2nd half			FY2021/3 full year		
		FY2020/3 1st half results	Forecasts	Variance	FY2020/3 2nd half results	Forecasts	Variance	FY2020/3 full year results	Forecasts	Variance
Processed Foods Business Division		5.4	4.4	(1.0)	8.2	7.1	(1.1)	13.6	11.5	(2.1)
of which marine & dairy product, extract, etc.		0.8	(1.1)	(1.9)	1.4	0.6	(0.8)	2.2	(0.5)	(2.7)
Fresh Meats Business Division		14.1	13.4	(0.7)	17.6	19.1	1.5	31.7	32.5	0.8
Overseas Business Division		1.9	(0.8)	(2.7)	(0.1)	(0.2)	(0.1)	1.8	(1.0)	(2.8)
Eliminations, adjustments and others		0.4	(4.0)	(4.4)	(3.7)	(5.0)	(1.3)	(3.3)	(9.0)	(5.7)
of which value creation expenses		(0.2)	(1.1)	(1.0)	(0.4)	(1.4)	(1.0)	(0.6)	(2.5)	(2.0)
of which profit or loss of baseball club (consolidated)		1.0	(2.5)	(3.5)	(3.1)	(3.5)	(0.4)	(2.1)	(6.0)	(3.9)
of which others		(0.4)	(0.4)	0.1	(0.2)	(0.1)	0.1	(0.7)	(0.5)	0.1
Total		21.8	13.0	(8.8)	21.9	21.0	(0.9)	43.8	34.0	(9.8)

* The figures for FY2020/3, which are provisional, were revised retrospectively due to the change of jurisdiction in FY2021/3 (integration of former Affiliated Business Division and extract/primary meat processing business into the Processed Foods Business Division).

Business profit forecast for FY2021/3: ¥11.5 billion

Initiatives to secure profit:

Respond to changes in the external environment caused by COVID-19

(1) Existing businesses

- Hams and sausages, deli and processed foods

While commercial-use products will fall due to COVID-19, sales are expected to stay flat due to acquisition of stock/EC demand and core brand product growth.

In addition, while the prices of principal raw materials, mainly pork, are expected to deteriorate, a better product mix and labor saving efforts will help secure as much profit as in the previous year.

- Dairy products, marine products

While growth in sales of consumer products, mainly yogurts and cheeses is expected, sales and profit are expected to struggle overall.

- Extract, primary meat processing

Profit is expected to decrease due to the impact of COVID-19 together with the struggle for securing menus for restaurants and ready-made meals.

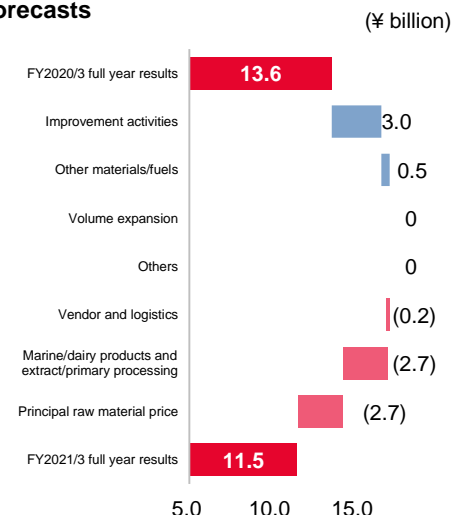
(2) Synergy effects

Maximize mutual strengths and expand profits by integrating the former Affiliated Business Division (dairy and marine products business) and the Fresh Meats Business Division's extract/primary meat processing business into the Processed Foods Business Division.

Specifically, establish six project teams for sales, manufacturing, purchasing, development, logistics, and management and aim for the early manifestation of synergy effects.

Factor Analysis: Changes in business profit forecasts

	1st half forecasts	2nd half forecasts	Full year forecasts
Hams and sausages, deli and processed foods	1.1	(0.4)	0.8
External factors	(1.1)	(1.2)	(2.3)
Principal raw material price	(1.4)	(1.3)	(2.7)
Other materials/fuels	0.3	0.1	0.5
Internal factors	2.2	0.8	3.0
Volume expansion	0.0	0.0	0.0
Improvement activities	2.2	0.8	3.0
Vendor and logistics	(0.2)	0.0	(0.2)
Marine/dairy products and extract/primary processing	(1.9)	(0.8)	(2.7)
Others	0.0	0.0	0.0
Total	(1.0)	(1.1)	(2.1)



Efforts in Hams and Sausages, and Deli and Processed Foods

(1) Consumer → Work on improving profitability

- Continuous initiatives to develop hit products and create a new category.
- Product development based on stock/EC demand and the establishment of sales systems.
- Higher unit prices by expanding sales of core brands.

(2) Commercial-use → Expand sales while securing appropriate profit

- Proposals that respond to changes in the social environment and labor shortages facing customers.
- Development of brand products for commercial use.

(3) Gifts → Expand sales of *Utsukushi-no-Kuni*, postal gifts, and year-round gifts

Net sales forecasts by channel
(year-on-year comparison)

	Channel	Full year forecast
Hams and sausages	Consumer	106%
	Commercial-use	84%
	Total	101%
Deli and processed foods	Consumer	110%
	Commercial-use	85%
	Total	100%



New category *SCHAU BACORON*, which is expected to expand sales in various applications



Make-in-the-Bag Chicken Omelet Rice, expected to increase consumption of shelf-stable products

Net sales forecasts of consumer products
(year-on-year comparison)

Hams and sausages	Category	Full year	Deli and processed foods	Category	Full year
	Wieners	104%		Chilled bakery	105%
	Loin hams	92%		Chilled dish	103%
	Bacons	97%		Fried chicken	102%
	Yakibutas	103%		Hamburg and meatball	103%
	Total	106%		Total	110%



Isey SKYR™, a high-protein milk product landing Japan for the first time

Efforts in marine/dairy products and extract/primary processing

(1) Marine

(2) Dairy products

(3) Extract, primary meat processing

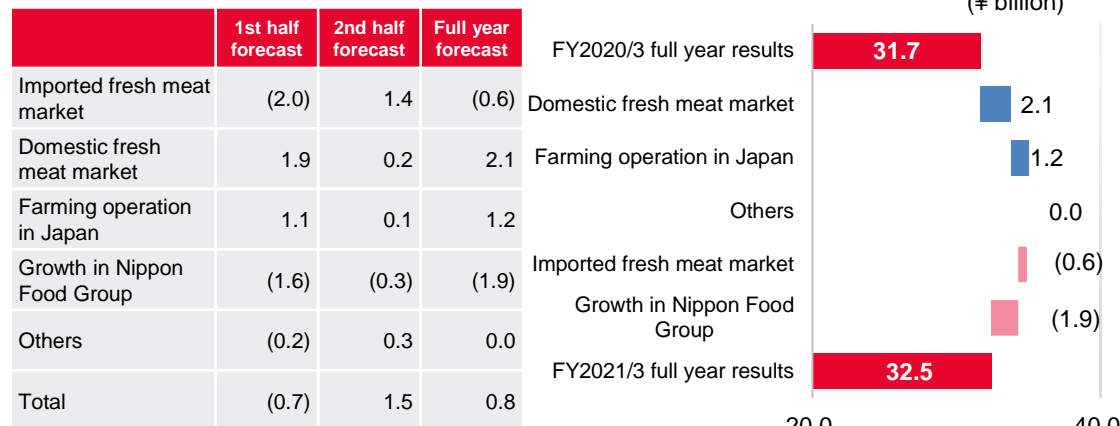
- ➔ Strengthen cooperation with customers. Create synergies in logistics and product development.
- ➔ In the yogurt business, create a new market through effective promotion activities centered on *Isey SKYR*. Expand market share in the cheese business by strengthening the development of high-value-added products and sales capabilities.
- ➔ Aim to expand sales by cooperating with the sales section of the Processed Foods Business Division, centered on extracts and heat-processed products such as roasted beef.

Efforts for synergy effects

- Curb raw material and material prices through purchase integration.
- Secure new sales by integrating sales channels.
- Create new value and expand areas through integrated development.
- Improve loading efficiency through logistics integration.
- Improve the operating rate of production lines through production integration.

Business profit forecast for FY2021/3: ¥32.5 billion

Factor Analysis: Changes in business profit forecasts



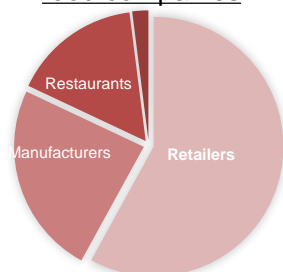
* Extract/primary processing business, previously included in the Growth in Nippon Food Group, was transferred to the Processed Foods Business Division from FY2021/3.

Initiatives to secure profit:

Amid uncertainties about COVID-19, secure profit through integration

- Channel mix: The ratio of sales to volume retailers will rise

Sales composition of food companies



Volume retailers) Focus on stable supply

New)

Strengthen added value proposals through branding
Strengthen approaches to EC channels
Prepare for the export of Japanese *wagyu* beef in anticipation of recovery in demand after COVID-19

- Product mix: Increase in demand for domestic pork and chicken due to increased demand for home meals

Focus on stable supply of domestic pork and chicken, including Integrated System from Production through Marketing.
Expand sales of chilled beef and pork in imported meat and secure profits from frozen products
→ Thawed product proposal for volume retailers
Utilization of foods locally processed overseas such as to-go through restaurant/ready-made meal channels

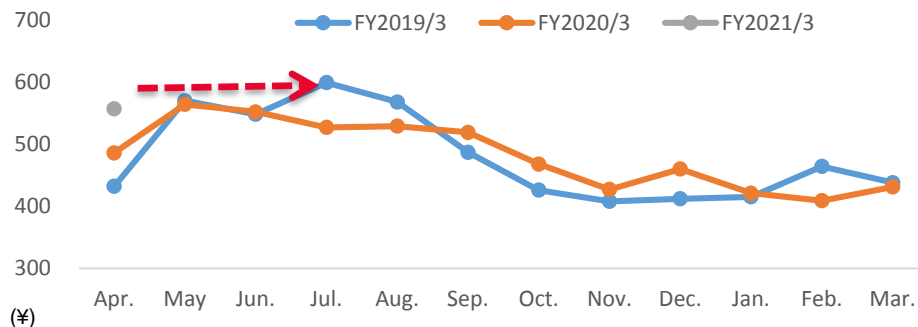
- Efficient production system (domestic production business)

Pork) Continue to improve productivity and disease prevention, and continue to build a stable production system.

Chicken) In response to strong demand, production companies have responded by increasing their supply capacity in recent years. We also recovered a poultry house that was damaged by the Hokkaido Iburi Tobu Earthquake last year, and re-established the supply system. We will work to improve productivity and aim for a stable supply.

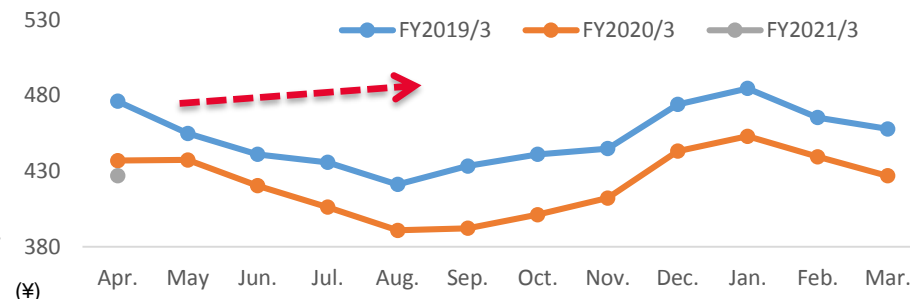
Domestic fresh meat market

[Pork market price] “Excellent” pork average of three markets (Tokyo, Saitama, Yokohama)



[Chicken market price]

Weighted average for chicken market: Simple average unit price taken from Shokuhin Sangyo Shimbunsha's Daily meat & livestock



- Demand for domestic pork and chicken is increasing due to the expansion of consumption from staying at home due to COVID-19. Consequently, pork market prices have been above the previous year's prices since April. Meanwhile, the supply of chicken is ample, but increased demand has resulted in balanced supply and demand.

Imported fresh meat market

- Beef) It is expected that North American packers will temporarily stop operating plants due to COVID-19, and that costs will rise due to the surge in livestock prices in Australia, resulting in purchasing difficulties.
- Pork) In the same way as beef, impacts of COVID-19 will leave the procurement of chilled pork uncertain due to production decreases in North America. Meanwhile, we expect stable procurement of frozen pork from Europe and South America.
- Chicken) Consumption declined due to sluggish demand in restaurants due to COVID-19. Both Brazil and Thailand keep up production capacity, suggesting a potential price drop.

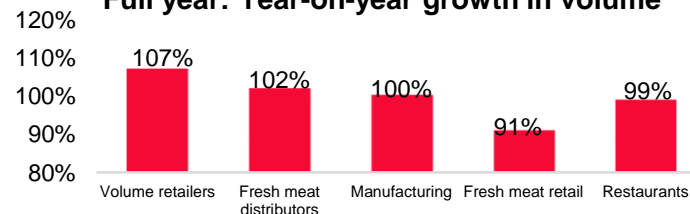
Fresh meat sales (Nippon Food Group)

- We anticipate that volume retailers will grow, mainly in the first half of the year, and secure sales volumes by fulfilling its supply responsibility.
- Strengthen proposals to volume retail channels for items used in restaurants, and aim to expand sales against a backdrop of a diverse product lineup.

FY2020/3 Full Year Sales Results:

Overall volume growth of 103%

Full year: Year-on-year growth in volume

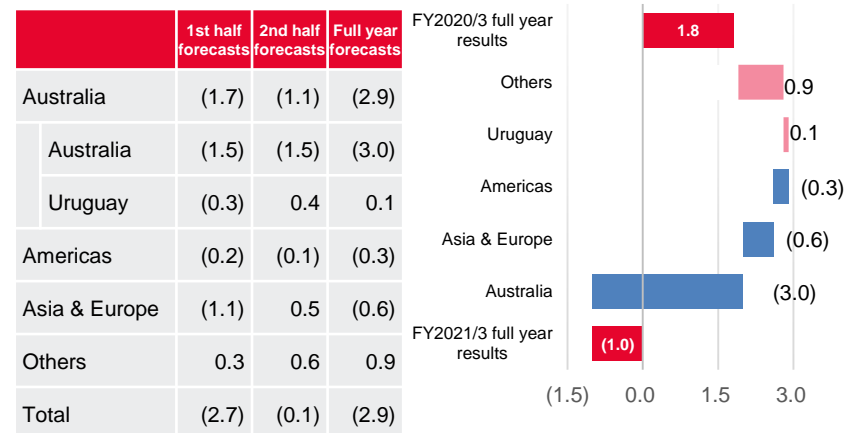


Business profit forecast for FY2021/3: ¥(1.0) billion

Business profit forecasts

	1st half			2nd half			Full year		
	FY2020/3 results	2021/3 forecasts	Variance	2020/3 results	2021/3 forecasts	Variance	2020/3 results	2021/3 forecasts	Variance
Australia	1.0	(0.8)	(1.7)	0.5	(0.6)	(1.1)	1.5	(1.4)	(2.9)
Australia	1.4	(0.1)	(1.5)	1.3	(0.2)	(1.5)	2.7	(0.3)	(3.0)
Uruguay	(0.4)	(0.7)	(0.3)	(0.9)	(0.5)	0.4	(1.3)	(1.1)	0.1
Americas	0.4	0.3	(0.2)	0.3	0.1	(0.1)	0.7	0.4	(0.3)
Asia & Europe	1.0	(0.1)	(1.1)	(0.2)	0.3	0.5	0.8	0.2	(0.6)
Others	(0.5)	(0.3)	0.3	(0.6)	0.0	0.6	(1.1)	(0.3)	0.9
Total	1.9	(0.8)	(2.7)	(0.1)	(0.2)	(0.1)	1.8	(1.0)	(2.9)

Factor Analysis: Changes in business profit forecasts



Main reasons for decrease in profit

- Australia)** While we expect a decrease in profits due to a significant deterioration of the external environment (high livestock prices, uncertain supply-demand relations around the world) in addition to operations based on social distancing due to COVID-19, we will continue to work to reduce profit declines through internal improvements (optimal factory operation days, yield improvements, sales mix).
- Uruguay)** While China, a major export destination, is on a recovery trend, demand in the EU and the US is decreasing. We will reduce the deficit by rebuilding marketing, reviewing sales areas and product mixes, and rebuilding collection systems.
- Americas)** Meat exports to Japan are expected to struggle due to a deterioration in the procurement environment as a result of COVID-19.
- Turkey)** Costs are expected to rise as feed prices rise due to weaker exchange rates. Demand is declining due to COVID-19, and it will take some time to pass the costs on to sales prices.

⇒ Despite previous year's increased profit, FY2021/3 will see decreased profits. We will use the year to establish a firm foothold.

Efforts in various areas

Australia)

Accelerate efforts to reduce volatility in a harsh external environment.

- Strengthen sales to areas such as China, where signs of a recovery in demand are beginning to appear
- Branding with added value is successful to a certain extent. Continue promotion.
- Amid severe operations such as social distancing being requested, make internal improvements such as optimal operations.

Uruguay)

Begin fundamental reforms to improve profitability.

- Improve customer portfolio by focusing on sales outside of China, on which we are highly dependent.
- Strengthen branding and marketing.
- Review collection systems.
- Strengthen other governance in general.

Americas)

Strengthen efforts to stabilize earnings centered on North America.

- Strengthen the development and marketing of processed products in North America.
- Strengthen branding of meat export business to Japan.
- Review the wholesale business in North America, which is highly dependent on restaurants.

Future direction for medium- to long-term growth, based on the above

- (1) Formulation of portfolio direction
- (2) Optimal value chain establishment
- (3) Strengthening of collaboration with the Processed Foods Business Division and Fresh Meats Business Division

I



Consolidated Business Results

II



Outlook

III



Consolidated Financial Results for FY2020/3

1. FY2020/3 Business Results at a Glance and FY2021/3 Forecasts
2. Selling, General and Administrative Expenses / Other Operating Costs and Expenses / Other Income
3. Balance Sheets / Capital Expenditures / Depreciation and Amortization
4. Cash Flows

1. FY2020/3 Business Results at a Glance and FY2021/3 Forecasts

(¥ million, %)

		FY 2020/3 results						FY 2021/3 forecasts								
		1st half	Variance	2nd half	Variance	Full year	Variance	1st half	Variance	Volume growth rate	2nd half	Variance	Volume growth rate	Full year	Variance	Volume growth rate
(1)	Net sales	616,266	(0.3)	613,560	(0.4)	1,229,826	(0.4)	580,000	(5.9)	-	620,000	1.0	-	1,200,000	(2.4)	-
	Hams and sausages	63,394	1.2	67,588	2.9	130,982	2.0	64,500	1.7	1.5	68,400	1.2	1.9	132,900	1.5	1.7
	Processed foods	114,059	(0.9)	114,774	(3.2)	228,833	(2.1)	111,000	(2.7)	(2.1)	113,800	(0.8)	(1.3)	224,800	(1.8)	(1.7)
	Fresh meats	357,962	1.3	353,791	1.0	711,753	1.2	333,600	(6.8)	(7.6)	357,400	1.0	1.9	691,000	(2.9)	(2.9)
	Beef	152,689	1.5	144,224	(2.0)	296,913	(0.2)	135,800	(11.1)	(10.7)	139,100	(3.6)	(7.4)	274,900	(7.4)	(9.2)
	Pork	112,645	0.6	113,967	4.3	226,612	2.5	110,000	(2.3)	(7.2)	116,400	2.1	3.7	226,400	(0.1)	(1.6)
	Chicken	81,504	5.5	84,528	1.2	166,032	3.2	77,500	(4.9)	(5.9)	90,900	7.5	5.9	168,400	1.4	0.1
	Other fresh meats	11,124	(18.0)	11,072	6.2	22,196	(7.5)	10,300	(7.4)	(6.0)	11,000	(0.7)	0.5	21,300	(4.0)	(2.8)
	Marine products	38,433	(8.7)	42,291	(8.1)	80,724	(8.4)	35,800	(6.9)	(5.3)	42,300	0.0	0.5	78,100	(3.3)	(2.3)
	Dairy products	16,908	(0.9)	16,706	3.0	33,614	1.0	16,600	(1.8)	1.1	16,500	(1.2)	(0.8)	33,100	(1.5)	0.2
	Others	25,510	(8.4)	18,410	(4.9)	43,920	(7.0)	18,500	(27.5)	-	21,600	17.3	-	40,100	(8.7)	-
(2)	Cost of goods sold	511,628	(0.6)	512,668	(1.2)	1,024,296	(0.9)									
	Gross profit	104,638	1.1	100,892	3.9	205,530	2.5									
	Gross profit ratio	17.0%	-	16.4%	-	16.7%	-									
(3)	SG&A expenses	81,161	(1.1)	84,869	(1.6)	166,030	(1.4)									
	Other income and expenses	(7,939)	-	(3,259)	-	(11,198)	-	(400)	-	-	(2,700)	-	-	(3,100)	-	-
	Finance income and costs	(862)	-	(1,756)	-	(2,618)	-	(1,300)	-	-	(1,600)	-	-	(2,900)	-	-
	Share of profit (loss) in investments accounted for using the equity method	287	(55.5)	1,068	291.2	1,355	47.6	200	(30.3)	-	300	(71.9)	-	500	(63.1)	-
	Profit before tax	14,963	(35.4)	12,076	70.2	27,039	(10.7)	13,000	(13.1)	-	14,500	20.1	-	27,500	1.7	-
	Income tax expense	4,469	(36.6)	3,637	(13.4)	8,106	(27.9)	4,000	(10.5)	-	4,500	23.7	-	8,500	4.9	-
	Tax rate	29.9%	-	30.1%	-	30.0%	-	30.8%	-	-	31.0%	-	-	30.9%	-	-
	Profit attributable to owners of parent	10,331	(36.9)	8,883	178.5	19,214	(1.8)	9,500	(8.0)	-	10,500	18.2	-	20,000	4.1	-
(4)	Operating income (1)-(2)-(3)	23,477	9.6	16,023	47.8	39,500	22.4	14,500	(38.2)	-	18,500	15.5	-	33,000	(16.5)	-
(5)	Foreign exchange gains (losses)	(1,005)	-	(1,197)	-	(2,202)	-	-	-	-	-	-	-	-	-	-
(6)	Adjustments in accordance with IFRS and others	2,650	201.8	(4,720)	-	(2,070)	-	-	-	-	-	-	-	-	-	-
	Business profit (4)-(5)-(6)	21,832	(0.2)	21,940	33.5	43,772	14.3	13,000	(40.5)	-	21,000	(4.3)	-	34,000	(22.3)	-

★ Other income and expenses for 1st half and full year of FY2020/3 include optional retirement-related expenses of approx. ¥8.5 billion.

Selling, General and Administrative Expenses

(¥ million, %)

		FY2019/3	FY2020/3		
		Results	Results	Variance (%)	Variance
	SG&A expenses	168,338	166,030	(1.4)	(2,308)
(1)	Personnel	72,603	71,625	(1.3)	(978)
(2)	Advertising	7,964	6,748	(15.3)	(1,216)
	Logistics	40,528	41,169	1.6	641
	Others	47,243	46,488	(1.6)	(755)

Major reasons for increase/decrease

(1) Personnel costs reduced by ¥1.0 billion

Salary/bonus payments decreased due to a decrease in employees

(2) Advertising expenses decreased by ¥1.2 billion

Decreased due to review of advertising methods and utilizing the online ads

Other Income and Expenses

(¥ million)

		FY2019/3	FY2020/3	
		Results	Results	Variance
	Other income and expenses/finance income and costs	(2,916)	(13,816)	(10,900)
	Fixed assets	(6,106)	(5,613)	493
	Foreign exchange gains (losses)	2,923	(344)	(3,267)
(1)	Optional retirement-related expenses	-	(8,472)	(8,472)
	Interest expenses	(1,300)	(1,597)	(297)
	Others	1,567	2,210	643

Major reasons for increase/decrease

(1) Optional retirement-related expenses of ¥8.5 billion

Consolidated balance sheets

(¥ million, %)

		FY2019/3	FY2020/3	Variance (%)	Variance
		Year-end	Year-end		
(1)	Total assets	741,388	768,861	3.7	27,473
(2)	Cash and cash equivalents	48,108	72,399	50.5	24,291
	Trade and other receivables	153,260	130,213	(15.0)	(23,047)
	Inventories	113,415	114,520	1.0	1,105
	Property, plant and equipment	289,898	284,060	(2.0)	(5,838)
	Right-of-use assets	0	35,545	-	35,545
	Other financial assets - non-current	34,125	32,647	(4.3)	(1,478)
	Deferred tax assets	28,004	29,745	6.2	1,741
	Total liabilities	336,030	352,264	4.8	16,234
	Trade and other payables	111,573	99,802	(10.6)	(11,771)
(3)	Interest-bearing liabilities	147,009	176,493	20.1	29,484
	Total equity attributable to owners of parent	401,014	404,414	0.8	3,400
	Non-controlling interests	4,344	12,183	180.5	7,839
	Total equity	405,358	416,597	2.8	11,239

Major reasons for increase/decrease

(1) Total assets

Increased by ¥27.5 billion mainly due to increased cash and cash equivalents and the recording of right-of-use assets due to changes in accounting standards

(2) Right-of-use assets

Increased by ¥35.5 billion due to accounting standards for leases

(3) Interest-bearing liabilities

Increased by ¥29.5 billion mainly due to the impact of changes in accounting standards for leases and the issuance of bonds

Capital expenditures, depreciation and amortization

(¥ million, %)

	FY2019/3	FY2020/3				FY2021/3
	Full year results	Full year forecasts	Full year results	Variance (%)	Variance	Full year forecasts
Capital expenditures	47,820	50,000	47,802	(0.0)	(18)	104,400
Processed Foods Business Division	11,981	13,000	13,810	15.3	1,829	27,900
Fresh Meats Business Division	19,776	14,000	12,506	(36.8)	(7,270)	31,800
Affiliated Business Division	9,107	4,000	2,414	(73.5)	(6,693)	-
Overseas Business Division	4,903	6,800	6,032	23.0	1,129	6,900
Other facilities	2,053	12,200	13,040	535.2	10,987	37,800
Depreciation and amortization	22,417	33,000	33,038	47.4	10,621	34,400

Consolidated statements of cash flows

(¥ million)

		FY2019/3	FY2020/3		FY2021/3
		Full year results	Full year results	Variance	Full year forecasts
(1)	Cash flow from operating activities	30,844	65,464	34,620	70,100
(2)	Cash flow from investing activities	(45,110)	(36,728)	8,382	(84,500)
(3)	Cash flow from financing activities	2,932	(3,077)	(6,009)	(7,400)

Major reasons for increase/decrease

(1) Cash flow from operating activities

Net cash provided by operating activities amounted to ¥65.5 billion, mainly due to profit before tax of ¥27.0 billion, depreciation of ¥33.3 billion and a decrease in trade and other receivables of ¥22.0 billion, despite a decrease in trade payables of ¥11.0 billion.

(2) Cash flow from investing activities

Net cash used in investing activities amounted to ¥36.7 billion, mainly due to the acquisition of fixed assets of ¥36.8 billion.

(3) Cash flow from financing activities

Net cash used in financing activities amounted to ¥3.1 billion, mainly due to the repayments of debts of ¥39.0 billion, despite proceeds from debts of ¥38.7 billion.

Contact

Public & Investor Relations Department

NH Foods Ltd.

ThinkParkTower

2-1-1 Osaki, Shinagawa-ku, Tokyo 141-6013

Tel: +81-3-4555-8024 Fax: +81-3-4555-8189

Forward-looking statements

This presentation includes forecasts regarding targets, strategies and earnings. These forecasts are based on information available at the current time and contain certain assumptions about the future. They are subject to numerous external uncertainties in areas such as economic environment, market trends and exchange rates.

Actual performance may differ significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.