



# Business Results

for the Fourth Quarter of FY2021/3



May 10, 2021  
NH Foods Ltd.

## I : Consolidated Business Results for FY2021/3

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- \* The Company has adopted International Financial Reporting Standards (“IFRS”).
- \* 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.
- \* As our Affiliated Business Division and the extract/primary processing business, which was previously managed by the Fresh Meats Business Division, have been integrated into the Processed Foods Business Division in FY2021/3, their respective business profits are shown in a breakdown. In addition, figures before FY2020/3 have been retroactively adjusted. (According to NH Foods calculations, but not audited.)

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## **II : Outlook for FY2022/3**

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1. **FY2022/3 Business Profit Forecasts**
2. **Processed Foods Business Division: Outlook**
3. **Fresh Meats Business Division: Outlook**
4. **Overseas Business Division: Outlook**

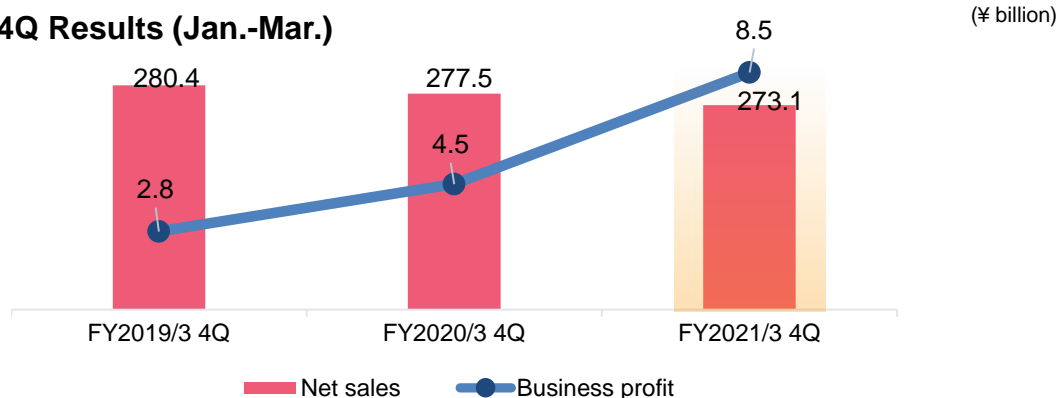
# 1. Consolidated Business Results for the Full Year (1)

## Results Summary

### Decreased sales and increased profit in 4Q

- Reason for decreased sales: Continued weakness in demand for commercial-use products
- Reason for increased profit: Consumer products sold strongly due to ongoing high demand for home meals

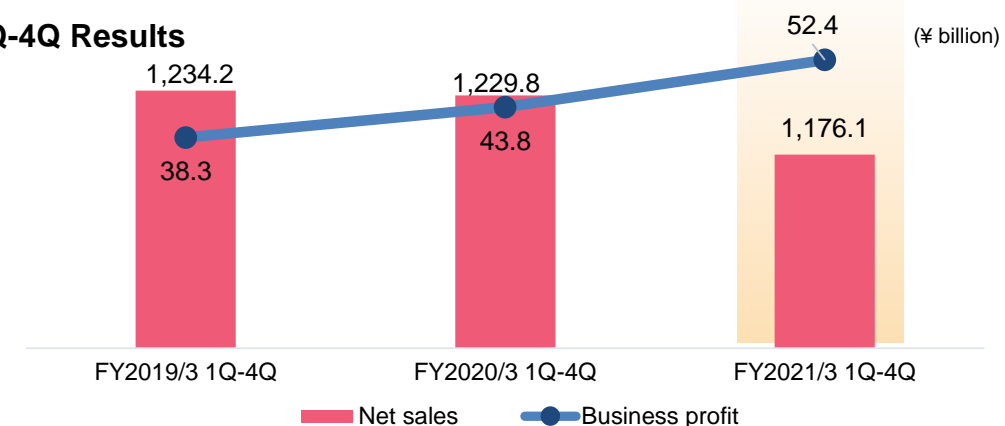
#### 4Q Results (Jan.-Mar.)



### Decreased sales and increased profit in 1Q-4Q

- Reason for decreased sales: Decreased net sales of commercial-use products in Japan and deterioration of the overseas sales environment
- Reason for increased profit: Strong sales of profitable core brand products and brand meat

#### 1Q-4Q Results



### Consolidated business results for FY2021/3 4Q

(¥ billion)

	4Q	Variance	Variance (%)	1Q-4Q	Variance	Variance (%)
Net sales	273.1	(4.4)	(1.6)%	1,176.1	(53.7)	(4.4)%
Business profit	8.5	4.0	87.8%	52.4	8.7	19.8%
Business profit ratio	3.1%	-	-	4.5%	-	-

# 1. Consolidated Business Results for the Full Year (2)

## 4Q Results (Jan.-Mar.)

(¥ billion)

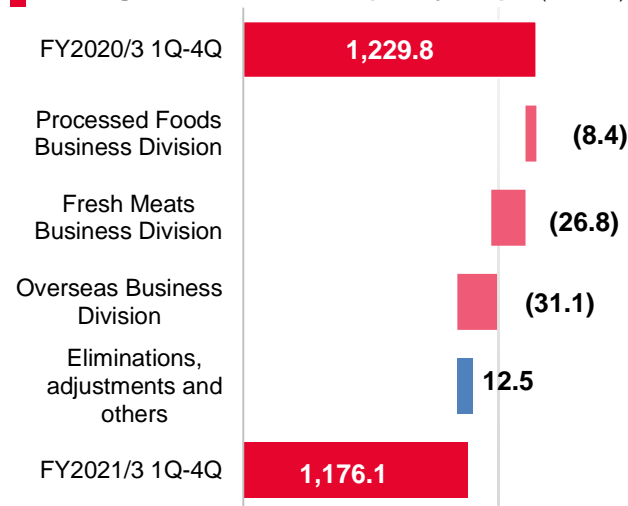
		FY2019/3 4Q	FY2020/3 4Q	FY2021/3 4Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	122.0	120.4	119.9	(0.5)	(0.4)
	Business profit	(0.7)	0.5	1.9	1.5	325.1
Fresh Meats Business Division	Net sales	170.0	173.1	166.4	(6.8)	(3.8)
	Business profit	7.0	7.7	8.8	1.1	14.7
Overseas Business Division	Net sales	57.8	57.0	54.0	(3.1)	(5.4)
	Business profit	(1.8)	(1.2)	(0.4)	0.8	-
Eliminations, adjustments and others	Net sales	(69.3)	(73.0)	(67.1)	5.9	-
	Business profit	(1.7)	(2.4)	(1.8)	0.6	-
Consolidated	Net sales	280.4	277.5	273.1	(4.4)	(1.5)
	Business profit	2.8	4.5	8.5	4.0	87.8

## Full Year Results (Apr.-Mar.)

(¥ billion)

		FY2019/3	FY2020/3	FY2021/3	Variance	Variance (%)
Processed Foods Business Division	Net sales	545.4	532.3	523.9	(8.4)	(1.6)
	Business profit	9.5	13.3	17.9	4.6	34.7
Fresh Meats Business Division	Net sales	741.5	755.5	728.7	(26.8)	(3.6)
	Business profit	34.5	31.9	41.1	9.2	28.9
Overseas Business Division	Net sales	255.2	255.0	223.9	(31.1)	(12.2)
	Business profit	(3.8)	1.8	(0.1)	(1.9)	-
Eliminations, adjustments and others	Net sales	(307.8)	(312.9)	(300.4)	12.5	-
	Business profit	(1.9)	(3.3)	(6.5)	(3.2)	-
Consolidated	Net sales	1,234.2	1,229.8	1,176.1	(53.7)	(4.4)
	Business profit	38.3	43.8	52.4	8.7	19.8

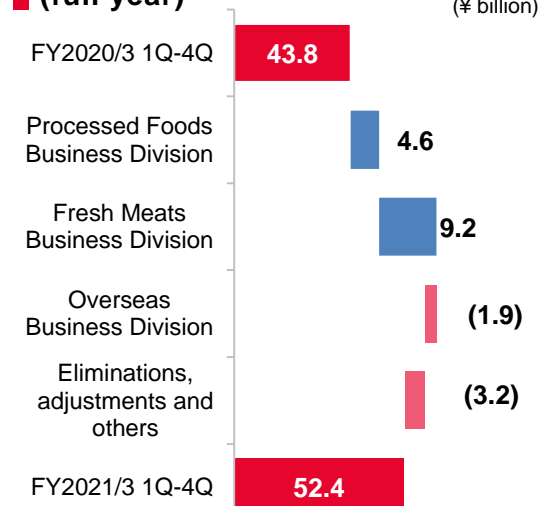
## Changes in net sales (full year) (¥ billion)



## Factor Analysis: Changes in net sales

- [Processed Foods Business Division]**
  - Decrease in sales of commercial-use products
- [Fresh Meats Business Division]**
  - Decrease in sales to restaurants
- [Overseas Business Division]**
  - Decline in sales volume due to the lower number of cattle raised in Australia
  - Decrease in exports to Japan due to sluggish commercial-use products

## Changes in business profit (full year) (¥ billion)



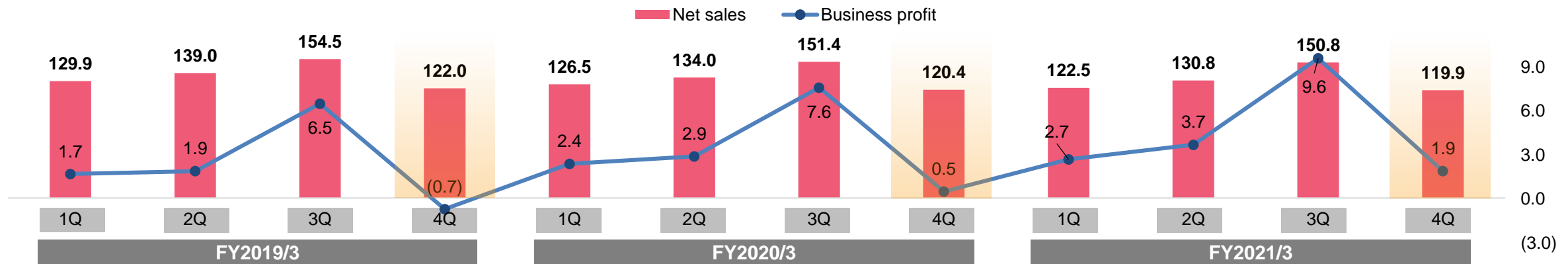
## Factor Analysis: Changes in business profit

- [Processed Foods Business Division]**
  - Growth in consumer products
  - Improved product mix
- [Fresh Meats Business Division]**
  - Strong market price trend, mainly for domestic chicken
  - Strong sales of brand meat
- [Overseas Business Division]**
  - High cattle prices continued throughout the year in Australia
  - Decrease in profits due to a decline in commercial-use products for the Japanese market
- [Eliminations and adjustments] (Baseball club)**
  - Decrease in profits due to fewer matches and no spectator games

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

(¥ billion)

	4Q				1Q - 4Q			
	FY2020/3	FY2021/3	Variance	Variance(%)	FY2020/3	FY2021/3	Variance	Variance(%)
Net sales	120.4	119.9	(0.5)	(0.4)%	532.3	523.9	(8.4)	(1.6)%
Business profit	0.5	1.9	1.5	325.1%	13.3	17.9	4.6	34.7%
of which marine/dairy product, extract, etc.	(0.3)	0.2	0.5	-	2.2	3.1	1.0	100.1%
Business profit ratio	0.4%	1.6%	1.2%	-	2.5%	3.4%	0.9%	-



### Net Sales in FY2021/3 Full Year

#### Hams and sausages, deli and processed foods

- Consumer → Strong sales for core brands throughout the year
- Commercial-use → Decline in demand from convenience stores and restaurant channels

#### Marine/dairy products and extract/primary processing

- Consumer → Growth in sales of *Vanilla Yogurt*
- Commercial-use → Decline in sales, especially for commercial-use cheese, marine products, and extract

### Business Profit in FY2021/3 Full Year

#### Hams and sausages, deli and processed foods

- Gross profit → Product mix improved due to increased sales of core consumer products
- Expenses → Advertising and other expenses decreased, while logistics costs increased

#### Marine/dairy products and extract/primary processing

- Gross profit → Decrease in gross profit due to lower sales of commercial-use products
- Expenses → Decrease in labor costs and logistics costs

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

### Hams and sausages, deli and processed foods sales results

- **Consumer products:** Growth in hams, sausages, deli and processed foods, supported by stay-at-home demand
  - Hams and sausages: Significant growth overall in consumer products, especially for major products
  - Deli and processed foods: Significant growth in each consumer product, particularly in hamburg and chilled bakery products
  - Gifts: Our core brand *Honkakuha*, which was overhauled, captures self-consumption demand

**Year-on-year growth in sales by channel**

	FY2021/3 full year results	Volume	Amount
Hams and sausages	Consumer	104%	105%
	Commercial-use	86%	88%
	Total	100%	102%
Deli and processed foods	Consumer	107%	110%
	Commercial-use	85%	85%
	Total	97%	100%

Our core brand *SCHAU ESSEN* products showed strong sales throughout the year



*KANADE*, which allows customers to enjoy the taste of freshly baked pizzeria pizza at home



*Kiwamiyaki Hamburg*, which makes the usual dinner table a little luxurious and is particular about its rich, grilled taste



Our core brand *Honkakuha*, which was overhauled last year



**Year-on-year sales comparison of consumer products**

	Consumer products					Consumer products			
	1st half	2nd half	Full year	Total		1st half	2nd half	Full year	Total
Hams and sausages	Wieners	107%	102%	105%	Deli and processed foods	Chilled bakery	114%	114%	115%
	Loin hams	96%	91%	94%		Chilled dish	108%	104%	105%
	Bacon	115%	100%	107%		Fried chicken	100%	102%	102%
	Yakibutas	101%	102%	101%		Hamburg and meatball	119%	112%	115%
	Total	108%	102%	105%		Total	110%	109%	110%

- **Commercial-use products:** Sluggish sales for convenience stores, restaurants and deli products throughout the year

### Marine/dairy products and extract/primary processing results

- **Marine products:** Sales of other channels such as volume retailers are growing, in contrast to the sluggish restaurant sales
- **Dairy products:** Although sales of *Vanilla Yogurt* were strong, sales of drink yogurt were sluggish
- **Extract, primary processing:** Decrease in sales due to weak demand from restaurants



*Gorotto Salmon Bowl*, perfect for salmon rice bowls and as a sushi roll ingredient



*Vanilla Yogurt*, a dessert yogurt that tastes like vanilla ice cream



*Stamina En*, a popular series since its launch in 2003

**Year-on-year comparison of gift product sales results**

		FY2020/3 results	FY2021/3 results
Summer gift-giving season	Overall sales	92%	98%
	( <i>Utsukushi-no-Kuni</i> )	101%	89%
Year-end gift-giving season	Overall sales	95%	98%
	( <i>Utsukushi-no-Kuni</i> )	95%	95%
Total	Overall sales	94%	98%
	( <i>Utsukushi-no-Kuni</i> )	97%	93%

## 2. Segment Data: Processed Foods Business Division (3)

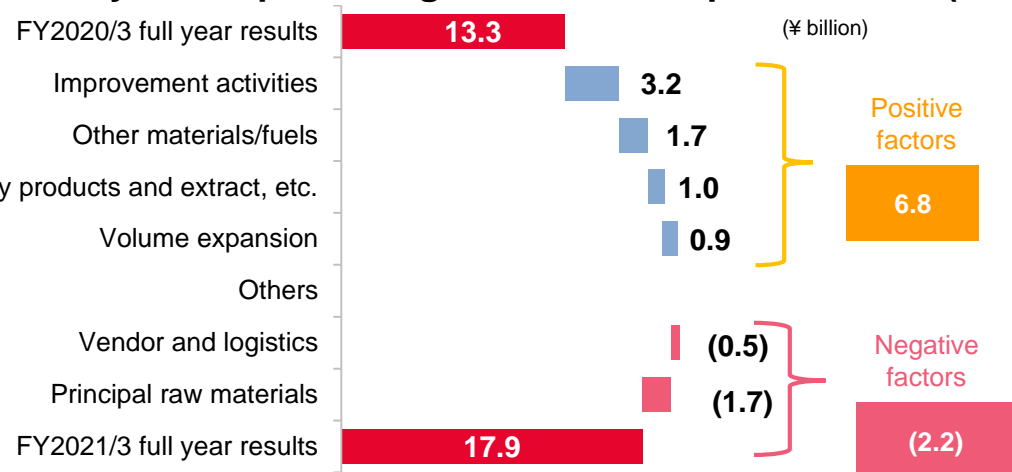
### Factor Analysis: Changes in business profit

(¥ billion)

FY2021/3					
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Hams and sausages, deli and processed foods	3.1	1.0	3.1	4.1	1.0
External factors	(0.2)	0.2	(0.4)	0.0	0.4
Principal raw material price	(1.5)	(0.1)	(1.7)	(1.7)	0.0
Other materials/fuels	1.3	0.4	1.4	1.7	0.3
Internal factors	3.3	0.8	3.5	4.1	0.7
Volume expansion	0.8	0.2	0.8	0.9	0.1
Improvement activities	2.6	0.6	2.7	3.2	0.5
Vendor and logistics	(0.4)	(0.1)	(0.5)	(0.5)	0.0
Marine/dairy products and extract/primary processing	0.4	0.5	0.5	1.0	0.5
Others	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>3.2</b>	<b>1.5</b>	<b>3.1</b>	<b>4.6</b>	<b>1.5</b>

\* Due to rounding, numbers may not match totals.

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



### Forecasts Variation Factor Analysis (Full Year)

#### [External factors] ¥0.4 billion

Other materials/fuels:  
Improved centered on sheep casings

#### [Internal factors] ¥0.7 billion

Volume expansion:  
Growth in consumer products  
Improvement activities:  
Reduction in expenses due to lower sales promotion expenses

#### [Vendor and logistics] ¥0.0 billion

Vendor:  
Improvement through introduction of new items and reduction of labor costs  
Logistics:  
Underachievement of sales in external logistics

#### [Marine/dairy products and extract/primary processing] ¥0.5 billion

Marine:  
Improved product mix  
Dairy products:  
Increased sales in *Vanilla Yogurt*  
Extract/primary processing:  
Improvement, partly due to sales channel synergies

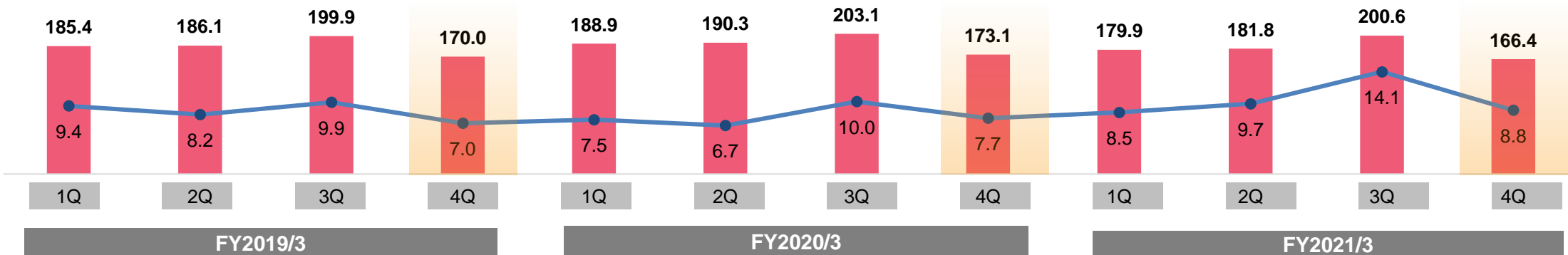


### 3. Segment Data: Fresh Meats Business Division (1)

(¥ billion)

	4Q				Full Year			
	FY2020/3	FY2021/3	Variance	Variance (%)	FY2020/3	FY2021/3	Variance	Variance (%)
Net sales	173.1	166.4	(6.8)	(3.9)%	755.5	728.7	(26.8)	(3.6)%
Business profit	7.7	8.8	1.1	14.7%	31.9	41.1	9.2	28.9%
Business profit ratio	4.4%	5.3%	0.9%	-	4.2%	5.6%	1.4%	-

Net sales Business profit



#### Net Sales in FY2021/3 Full Year

- Sales → Despite a difficult sales environment, including a sharp decline in restaurants and inbound demand due to the spread of COVID-19, sales in the volume retailer channel grew

#### Business Profit in FY2021/3 Full Year

- Production → Domestic chicken and pork market prices remained strong Increase in the production of domestic chicken and improvement in productivity
- Sales → Sales of brand meat to volume retailers trended strongly Increased demand led to costs being passed on, especially for domestic chicken and pork, and profits were secured

### 3. Segment Data: Fresh Meats Business Division (2)

#### Factor Analysis: Changes in business profit

(¥ billion)

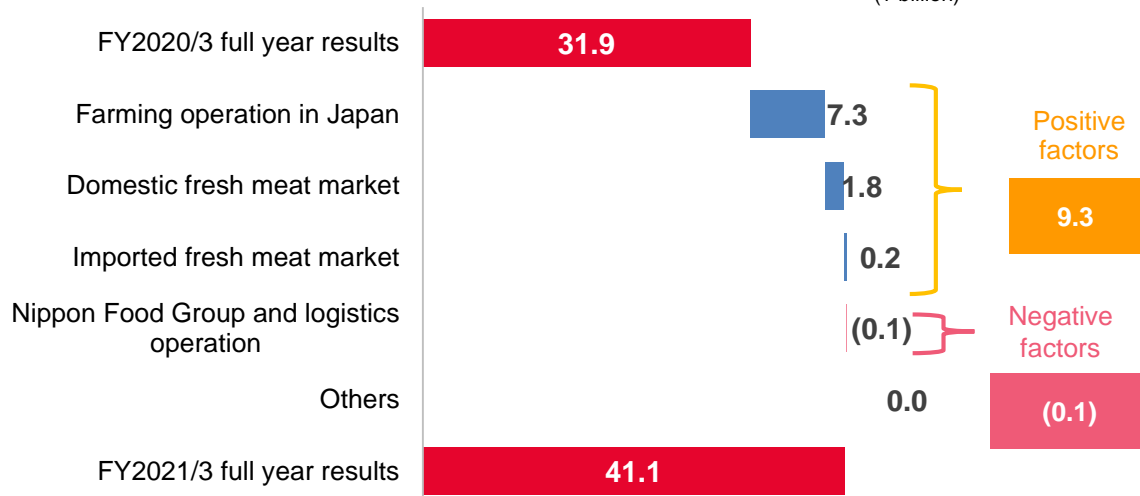
FY2021/3					
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Imported fresh meat market	0.1	0.1	(0.2)	0.2	0.4
Domestic fresh meat market	1.4	0.4	1.7	1.8	0.1
Farming operation in Japan	6.0	1.4	6.1	7.3	1.2
Nippon Food Group and logistics operation	0.6	(0.6)	0.1	(0.1)	(0.2)
Others	0.0	0.0	(0.2)	0.0	0.2
<b>Total</b>	<b>8.1</b>	<b>1.2</b>	<b>7.5</b>	<b>9.3</b>	<b>1.7</b>

\* Due to rounding, numbers may not match totals.

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

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

(¥ billion)



#### Forecasts Variation Factor Analysis (Full Year)

##### [Imported fresh meat market] ¥0.4 billion

Chicken:

Improved market conditions, increased sales volume of value-added products

##### [Domestic fresh meat market] ¥0.1 billion

Pork:

Sales of brand meat increased centered on *Mugikomachi*

Chicken:

Sales of *Sakurahime* and other brand meat increased supported by strong demand

##### [Farming operation in Japan] ¥1.2 billion

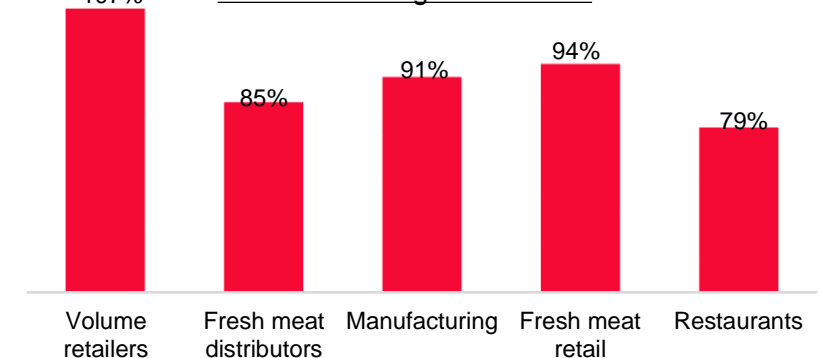
Profits increased for domestic chicken, because the increase in the number of chicken processed and market conditions were greater than expected

##### [Nippon Food Group and logistics operation] ¥(0.2) billion

Sales:

Fell short of plan due to a slowdown in demand for home meals, slower growth in sales at volume retailers, and weaker sales in the restaurant channel

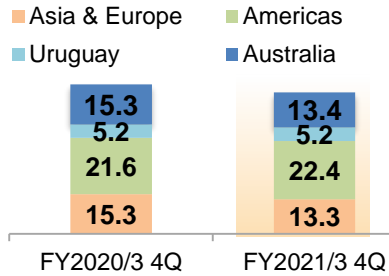
FY2021/3 Full Year Sales Results of Nippon Food Group:  
Overall volume growth of 97%



# 4. Segment Data: Overseas Business Division (1)

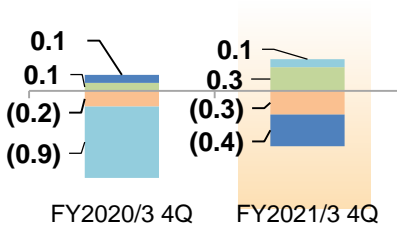
## 4Q Results

### [Net Sales]



	FY20/3	FY21/3	Variance	Variance (%)
<b>Overseas total</b>	<b>57.0</b>	<b>54.0</b>	<b>(3.1)</b>	<b>(5.4)%</b>
Australia	15.3	13.4	1.9	(12.4)%
Uruguay	5.2	5.2	0.0	0.1%
Americas	21.6	22.4	0.8	3.8%
Asia & Europe	15.3	13.3	(2.0)	(13.1)%

### [Business Profit]



	FY20/3	FY21/3	Variance	Variance (%)
<b>Overseas total</b>	<b>(1.2)</b>	<b>(0.4)</b>	<b>0.8</b>	-
Australia	0.1	(0.4)	0.5	-
Uruguay	(0.9)	0.1	1.0	-
Americas	0.1	0.3	0.3	307.1%
Asia & Europe	(0.2)	(0.3)	(0.1)	-

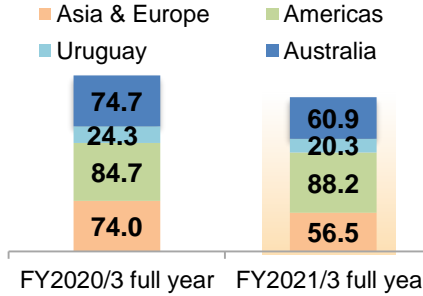
## Net Sales in FY2021/3 Full Year

- Australia**
  - Australia
  - Uruguay

Lower sales volume due to a reduction in the number of cattle processed  
In 4Q, unit sales prices to China showed a recovery trend, but did not reach the level of the previous year
- Americas**
  - Increase in fresh meat exports to Japan
- Asia & Europe**
  - Thailand, EU
  - Decline in exports of processed products and raw materials for processing to Japan

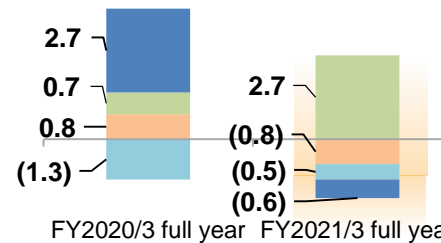
## Full Year Results

### [Net Sales]



	FY20/3	FY21/3	Variance	Variance (%)
<b>Overseas total</b>	<b>255.0</b>	<b>223.9</b>	<b>(31.1)</b>	<b>(12.2)%</b>
Australia	74.7	60.8	(13.8)	(18.6)%
Uruguay	24.3	20.3	(4.0)	(16.7)%
Americas	84.7	88.2	3.5	4.1%
Asia & Europe	74.0	56.5	(17.5)	(23.7)%

### [Business Profit]



	FY20/3	FY21/3	Variance	Variance (%)
<b>Overseas total</b>	<b>1.8</b>	<b>(0.1)</b>	<b>(1.9)</b>	-
Australia	2.7	(0.6)	(3.3)	-
Uruguay	(1.3)	(0.5)	0.8	-
Americas	0.7	2.7	2.0	291.1%
Asia & Europe	0.8	(0.8)	(1.6)	-

## Business Profit in FY2021/3 Full Year

- Australia**
  - Australia
  - Uruguay

Historically high livestock prices and reduced production and sales volume throughout the year  
In 2nd half, sales system was reviewed and the amount of loss was reduced
- Americas**
  - Strong sales of processed products in the US throughout the year
- Asia & Europe**
  - Thailand
  - Turkey
  - Decreased profits due to weak exports to Japan
  - Profitability under pressure from higher costs due to high feed prices

## 4. Segment Data: Overseas Business Division (2)

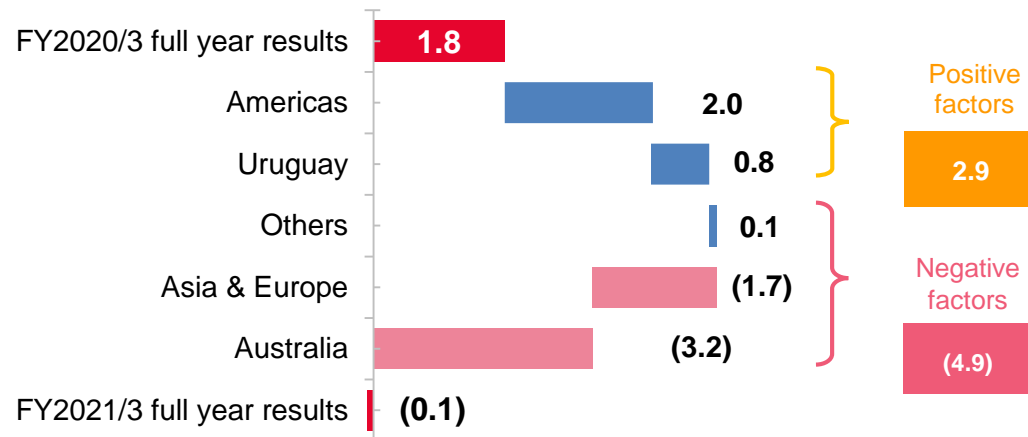
### Factor Analysis: Changes in business profit

(¥ billion)

FY2021/3					
	1Q-3Q results	4Q results	Full year forecasts	Full year results	Variance
Australia	(2.8)	(0.4)	(3.0)	(3.2)	(0.2)
Uruguay	(0.2)	1.0	0.4	0.8	0.3
Americas	1.8	0.3	1.7	2.0	0.3
Asia & Europe	(1.5)	(0.1)	(1.7)	(1.7)	0.0
Others	0.1	0.0	0.2	0.1	(0.1)
<b>Total</b>	<b>(2.7)</b>	<b>0.8</b>	<b>(2.3)</b>	<b>(1.9)</b>	<b>0.4</b>

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

(¥ billion)



### Forecasts Variation Factor Analysis (Full Year)

#### [Australia] ¥(0.2) billion

Lower than expected due to higher production costs and lower net sales as a result of a decline in the number of livestock processed

#### [Uruguay] ¥0.3 billion

Production:

Livestock prices fell more than expected in 4Q

Sales:

Improvement in unit sales prices due to strengthened sales activities

#### [Americas] ¥0.3 billion

Stable sales of processed foods and lower expenses in North America

Increase in fresh meat exports to Japan

#### [Asia & Europe] ¥0.0 billion

Increased domestic sales in Greater China

Higher production costs due to the weak Turkish lira and higher grain prices

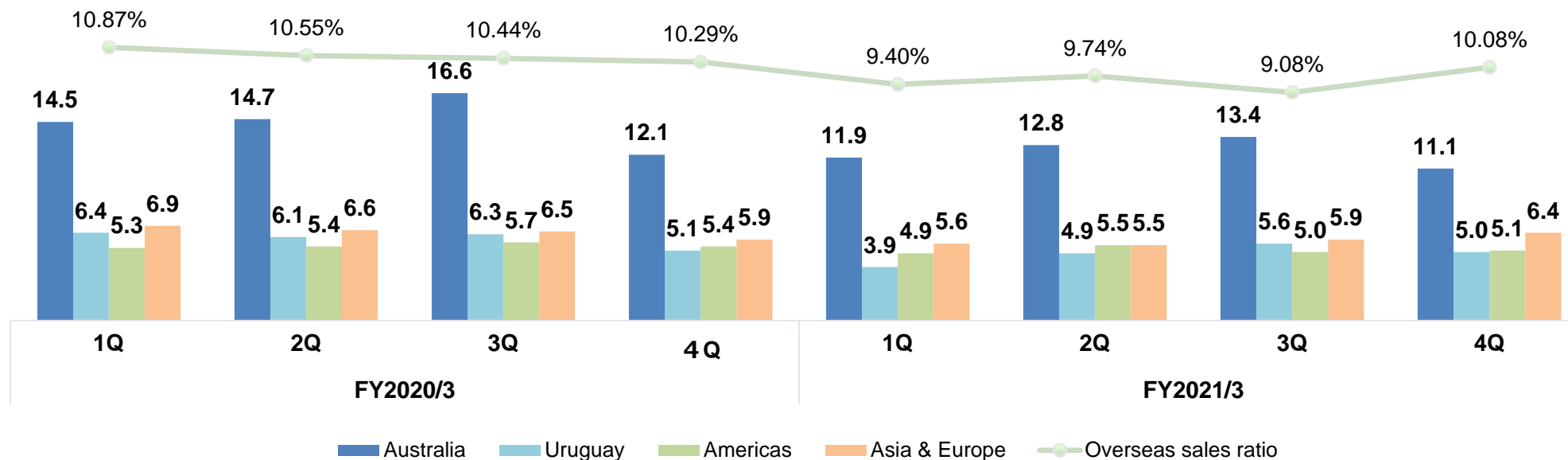
## 5. External Customer Net Sales Results in Major Overseas Geographical Areas

(¥ billion)

	FY2020/3					FY2021/3				
	1Q	2Q	3Q	4 Q	Full year	1Q	2Q	3Q	4 Q	Full year
<b>Australia</b>	14.5	14.7	16.6	12.1	58.0	11.9	12.8	13.4	11.1	49.2
<b>Uruguay</b>	6.4	6.1	6.3	5.1	23.8	3.9	4.9	5.6	5.0	19.4
<b>Americas</b>	5.3	5.4	5.7	5.4	21.9	4.9	5.5	5.0	5.1	20.4
<b>Asia &amp; Europe</b>	6.9	6.6	6.5	5.9	26.0	5.6	5.5	5.9	6.4	23.4
<b>Overseas total</b>	33.1	32.9	35.1	28.6	129.6	26.2	28.6	29.9	27.6	112.3
<b>Overseas sales ratio</b>	10.87%	10.55%	10.44%	10.29%	10.54%	9.40%	9.74%	9.08%	10.08%	9.56%

\* Net sales figures represent net sales to external customers.

(¥ billion)



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2. Balance Sheets / Capital Expenditures / Depreciation and Amortization
3. Cash Flows

## II: Outlook for FY2022/3

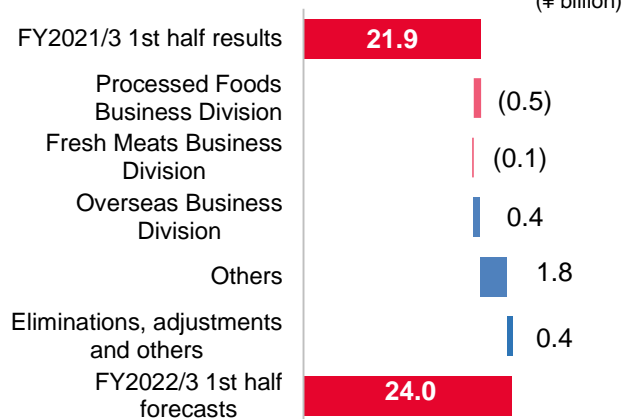
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1. FY2022/3 Business Profit Forecasts
2. Processed Foods Business Division: Outlook
3. Fresh Meats Business Division: Outlook
4. Overseas Business Division: Outlook

# 1. FY2022/3 Business Profit Forecasts

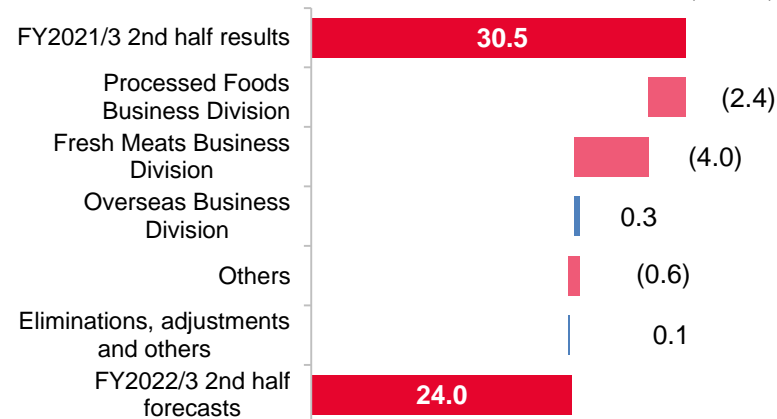
## Changes in 1st half forecasts

(¥ billion)



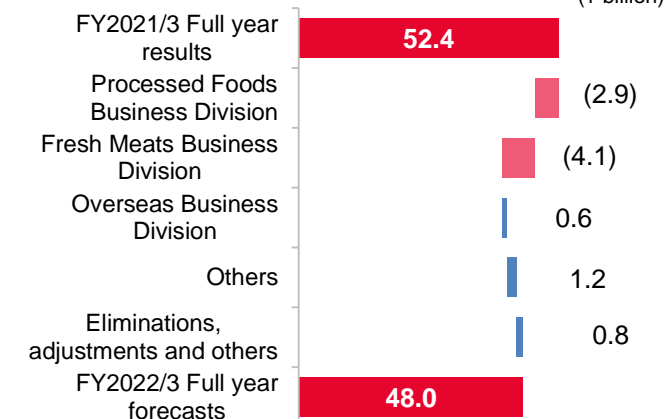
## Changes in 2nd half forecasts

(¥ billion)



## Changes in full year forecasts

(¥ billion)



(¥ billion)

	FY2022/3 1st half			FY2022/3 2nd half			FY2022/3 Full year		
	FY2021/3 1st half results	Forecasts	Variance	FY2021/3 2nd half results	Forecasts	Variance	FY2020/3 Full year results	Forecasts	Variance
Processed Foods Business Division	6.4	5.9	(0.5)	11.5	9.1	(2.4)	17.9	15.0	(2.9)
Fresh Meats Business Division	18.2	18.1	(0.1)	22.9	18.9	(4.0)	41.1	37.0	(4.1)
Overseas Business Division	0.5	0.9	0.4	(0.6)	(0.4)	0.3	(0.1)	0.5	0.6
Others	(0.3)	1.5	1.8	(1.4)	(2.0)	(0.6)	(1.7)	(0.5)	1.2
Eliminations, adjustments and others	(2.9)	(2.3)	0.6	(1.9)	(1.7)	0.1	(4.8)	(4.0)	0.8
<b>Total</b>	<b>21.9</b>	<b>24.0</b>	<b>2.1</b>	<b>30.5</b>	<b>24.0</b>	<b>(6.5)</b>	<b>52.4</b>	<b>48.0</b>	<b>(4.4)</b>

(Note) Profit for FY2022/3 Full year includes ¥5.0 billion of DX-related costs.

(Note) "Others" mainly include profit and loss related to Hokkaido Nippon-Ham Fighters.

(Note) For FY2021/3 (results), profit and loss related to Hokkaido Nippon-Ham Fighters has been reclassified from "Eliminations, adjustments and others" to "Others."

## 2. Processed Foods Business Division: Outlook

**Business profit forecast for FY2022/3: ¥15.0 billion**

**Medium-Term Management Plan 2023 initiatives:**

**Contribute to society by creating and providing new value and increase corporate value**

- **Build the foundation for the creation of hit products**
- **Re-build manufacturing systems from a company-wide perspective**

**Efforts in hams and sausages, and deli and processed foods businesses**

- **Consumer products**
  - Expand sales of core brands and strengthen new product development to meet new demand
  - Develop shelf-stable products to reduce food loss and new “protein pillars” such as soy meat
- **Commercial-use products**
  - Strengthen proposals for growth channels and create synergies by leveraging the Group
  - Differentiate by developing high-value-added products

**Efforts in marine/dairy products and extract/primary processing**

- **Marine products**
  - Concentrate sales on sushi toppings and higher priced products
- **Dairy products**
  - Expand sales of *Vanilla Yogurt* and establish market for *Ísey SKYR*
  - Develop products using the soft cheese line
- **Extract/primary processing**
  - Expand the market through the launch of new shelf-stable extract products and generate synergies by leveraging the Group's sales channels

**Factor Analysis: Changes in business profit forecasts**

	1st half forecasts	2nd half forecasts	Full year forecasts
Hams and sausages, deli and processed foods	(0.7)	(1.4)	(2.1)
External factors	0.0	(2.0)	(2.0)
Principal raw material price	0.4	(1.3)	(0.9)
Other materials/fuels	(0.4)	(0.7)	(1.1)
Internal factors	(0.6)	0.6	(0.1)
Volume expansion	0.0	0.1	0.1
Improvement activities	(0.7)	0.5	(0.2)
Vendor and logistics	0.7	0.2	1.0
Marine/dairy products and extract/primary processing	0.7	0.1	0.9
DX costs	(1.3)	(1.4)	(2.6)
Total	(0.5)	(2.4)	(2.9)

	(¥ billion)
FY2021/3 Full year results	17.9
Vendor and logistics	1.0
Marine/dairy products and extract/primary processing	0.9
Volume expansion	0.1
Improvement activities	(0.2)
Principal raw material price	(0.9)
Other materials/fuels	(1.1)
DX costs	(2.6)
FY2022/3 Full year forecasts	15.0

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

	Channel	Full year forecast
Hams and sausages	Consumer	99%
	Commercial-use	103%
	Total	100%
Deli and processed foods	Consumer	97%
	Commercial-use	108%
	Total	101%

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

Category	Full year forecast	Category	Full year forecast
Wieners	100%	Chilled bakery	97%
Loin hams	100%	Chilled dish	100%
Bacon	98%	Fried chicken	100%
Yakibutas	99%	Hamburg and meatball	101%
Total	99%	Total	97%



# 3. Fresh Meats Business Division: Outlook

**Business profit forecast for FY2022/3: ¥37.0 billion**

**Medium-Term Management Plan 2023 initiatives:**

**Create a sustainable value chain based on strong integration**

- **Strengthen procurement by improving productivity and deepening relationships with external partners**
- **Strengthen sales by increasing brand meat and capture key channels**

**Outlook for domestic fresh meat market and efforts to improve productivity**

- Market** Although market prices of both pork and chicken is expected to be at the same level as the previous year, there is a concern that feed prices may rise
- Pork production** Improve our own productivity and strengthen our supply capabilities through external partnerships
- Chicken production** Strengthen supply capabilities through both expansion of own production and external partnerships

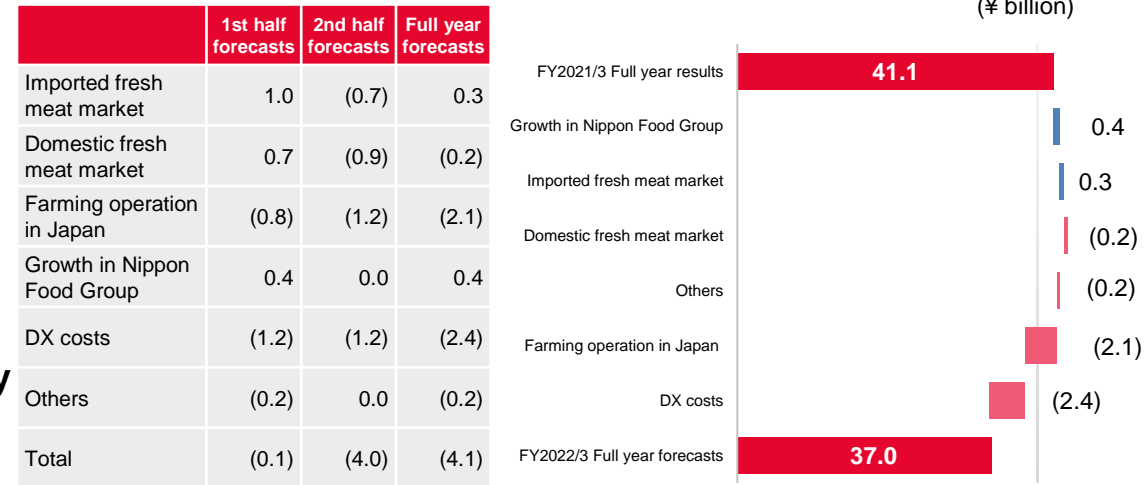
**Outlook for imported fresh meat market and efforts to strengthen our procurement capabilities**

- Beef** Despite a challenging environment due to increasing global demand, secure sales volume by developing new supply countries
- Pork** As competition intensifies due to strong purchasing in China, use the Group's procurement network to secure supplies
- Chicken** Focus on profitable sales amidst a sense of future high prices due to rising grain prices

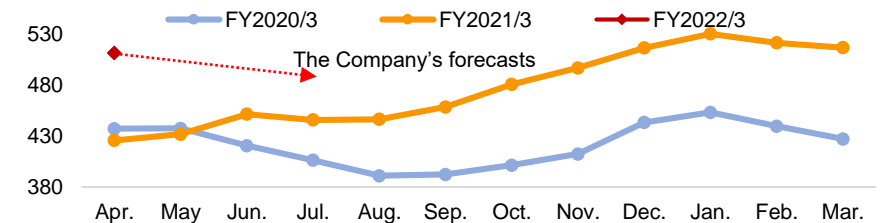
**Sales strategy and marketing**

- Branding** Develop an economically valuable brand following on from *Sakurahime*  
Create brands with high social value and an ESG perspective
- Channel strategy** Emphasize and dedicate key channels, such as volume retailers, co-operatives, restaurants, and drugstores  
Develop and propose value-added products that meet the needs of customers in each key channel

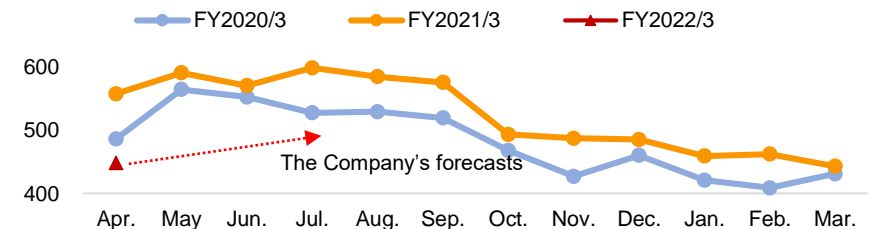
**Factor Analysis: Changes in business profit forecasts**



**[Chicken market price]** Results are based on the weighted average for chicken market: Simple average unit price taken from Shokuhin Sangyo Shimbunsha's Daily meat & livestock



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



## 4. Overseas Business Division: Outlook

### Business profit forecast for FY2022/3: ¥0.5 billion

### Medium-Term Management Plan 2023 initiatives: Building a growth model

- Structural changes in existing businesses
- Enhancing processed products in key markets

### Efforts in each area

**Americas** Stabilize profits by using strong processed products as a starting point for the future (Processed foods) Lead line corrections and productivity improvements in order to increase sales volume  
(Export) Despite a difficult external environment due to high local market prices, focus on developing value-added products as a link between Japan and suppliers

### Asia & Europe

(Thailand) Strengthen the development of new products and improve productivity  
(Turkey) Expanding sales of value-added products in a difficult external environment of high grain prices and the weak Turkish lira

**Australia** Promote a strategy of differentiation in a difficult environment with persistently high livestock prices

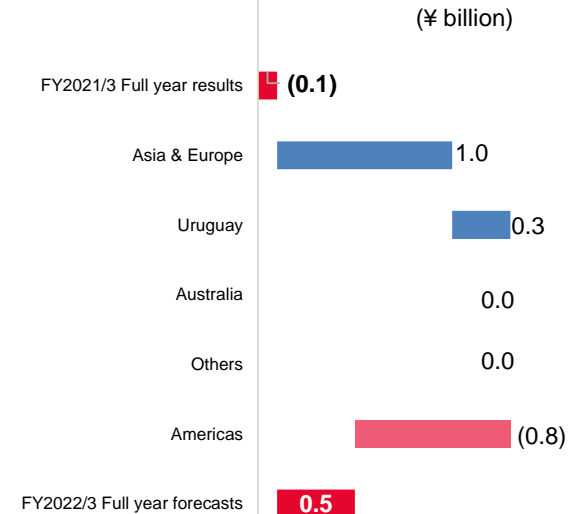
- Continue branding and reinforce sales of high-value-added products
- Enhance efforts to improve fattening productivity
- Promote production optimization and efficiency in processing plants

**Uruguay** Strengthen sales by diversifying our destination countries as the export environment recovers

- Improve profitability by strengthening the link between sales and purchasing of calves
- Increase sales in Japan, South Korea and other Asian countries
- Enhance the development of high-value-added products, including those for use in the US
- Develop branding in collaboration with suppliers

### Factor Analysis: Changes in business profit forecasts

	1st half forecasts	2nd half forecasts	Full year forecasts
Americas	(0.5)	(0.2)	(0.8)
Asia & Europe	0.7	0.3	1.0
Australia	0.2	0.2	0.4
Australia	(0.2)	0.3	0.0
Uruguay	0.4	(0.1)	0.3
Others	0.0	0.0	0.0
Total	0.4	0.2	0.6



### Business profit forecasts

(¥ billion)

	1st half			2nd half			Full year		
	FY2021/3 results	FY2022/3 forecasts	Variance	FY2021/3 results	FY2022/3 forecasts	Variance	FY2021/3 results	FY2022/3 forecasts	Variance
Americas	1.9	1.4	(0.5)	0.9	0.6	(0.2)	2.7	2.0	(0.8)
Asia & Europe	(0.3)	0.4	0.7	(0.5)	(0.2)	0.3	(0.8)	0.2	1.0
Australia	(0.6)	(0.4)	0.2	(0.5)	(0.3)	0.2	(1.0)	(0.7)	0.4
Australia	0.0	(0.2)	(0.2)	(0.6)	(0.3)	0.3	(0.6)	(0.5)	0.0
Uruguay	(0.6)	(0.2)	0.4	0.2	0.1	(0.1)	(0.5)	(0.2)	0.3
Others	(0.5)	(0.5)	0.0	(0.5)	(0.5)	0.0	(1.0)	(1.0)	0.0
Total	0.5	0.9	0.4	(0.6)	(0.4)	0.2	(0.1)	0.5	0.6

## I : Consolidated Business Results for FY2021/3

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1. Consolidated Business Results for the Full Year
2. Segment Data: Processed Foods Business Division
3. Segment Data: Fresh Meats Business Division
4. Segment Data: Overseas Business Division
5. External Customer Net Sales Results in Major Overseas Geographical Areas

## III: Consolidated Financial Results for FY2021/3

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1. FY2021/3 Business Results at a Glance and FY2022/3 Forecasts
2. Balance Sheets / Capital Expenditures / Depreciation and Amortization
3. Cash Flows

## II : Outlook for FY2022/3

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1. FY2022/3 Business Profit Forecasts
2. Processed Foods Business Division: Outlook
3. Fresh Meats Business Division: Outlook
4. Overseas Business Division: Outlook

# 1. FY2021/3 Business Results at a Glance and FY2022/3 Forecasts

(¥ million, %)

		FY2021/3 results					
		1st half	Variance	2nd half	Variance	Full year	Variance
(1)	Net sales	573,484	(6.9)	602,617	(1.8)	1,176,101	(4.4)
	Hams and sausages	64,643	2.0	67,782	0.3	132,425	1.1
	Processed foods	108,111	(5.2)	115,474	0.6	223,585	(2.3)
	Fresh meats	330,147	(7.8)	342,733	(3.1)	672,880	(5.5)
	Beef	127,096	(16.8)	129,903	(9.9)	256,999	(13.4)
	Pork	114,515	1.7	114,935	0.8	229,450	1.3
	Chicken	78,386	(3.8)	87,836	3.9	166,222	0.1
	Other fresh meats	10,150	(8.8)	10,059	(9.1)	20,209	(9.0)
	Marine products	35,239	(8.3)	41,614	(1.6)	76,853	(4.8)
	Dairy products	16,232	(4.0)	15,735	(5.8)	31,967	(4.9)
	Others	19,112	(25.1)	19,279	4.7	38,391	(12.6)
(2)	Cost of goods sold	469,396	(8.3)	494,971	(3.5)	964,367	(5.9)
	Gross profit	104,088	(0.5)	107,646	6.7	211,734	3.0
	Gross profit ratio	18.2%	-	17.9%	-	18.0%	-
(3)	SG&A expenses	78,191	(3.7)	83,024	(2.2)	161,215	(2.9)
	Other income and expenses	657	-	(4,116)	-	(3,459)	-
	Finance income and costs	(132)	-	540	-	408	-
	Share of profit (loss) in investments accounted for using the equity method	2,308	704.2	(902)	-	1,406	3.8
	Profit before tax	28,730	92.0	20,144	66.8	48,874	80.8
	Income tax expense	9,916	121.9	7,900	117.2	17,816	119.8
	Tax rate	34.5%	-	39.2%	-	36.5%	-
	Profit attributable to owners of parent	19,476	88.5	13,140	47.9	32,616	69.8
(4)	Operating income (1)-(2)-(3)	25,897	10.3	24,622	53.7	50,519	27.9
(5)	Foreign exchange gains (losses)	(1,063)	-	(1,518)	-	(2,581)	-
(6)	Adjustments in accordance with IFRS and others	5,037	90.1	(4,363)	-	674	-
	Business profit (4)-(5)-(6)	21,923	0.4	30,503	39.0	52,426	19.8

		FY2022/3 forecasts								
		1st half	Variance	Volume growth rate	2nd half	Variance	Volume growth rate	Full year	Variance	Volume growth rate
		580,000	1.1	-	600,000	(0.4)	-	1,180,000	0.3	-
		64,400	(0.4)	(0.4)	68,100	0.5	0.3	132,500	0.1	(0.0)
		109,400	1.2	1.0	114,200	(1.1)	(1.0)	223,600	0.0	(0.0)
		333,500	1.0	0.9	340,800	(0.6)	(1.0)	674,300	0.2	(0.1)
		127,200	0.1	(0.4)	130,200	0.2	(1.3)	257,400	0.2	(0.9)
		114,800	0.2	0.1	114,800	(0.1)	(0.0)	229,600	0.1	0.0
		81,000	3.3	2.3	85,600	(2.5)	(1.8)	166,600	0.2	0.2
		10,500	3.4	2.1	10,200	1.4	1.7	20,700	2.4	1.9
		35,600	1.0	0.3	41,700	0.2	0.5	77,300	0.6	0.4
		16,300	0.4	0.1	15,800	0.4	0.6	32,100	0.4	0.4
		20,800	8.8	-	19,400	0.6	-	40,200	4.7	-
		(1,200)	-	-	(2,050)	-	-	(3,250)	-	-
		(1,300)	-	-	(450)	-	-	(1,750)	-	-
		500	(78.3)	-	500	-	-	1,000	(28.9)	-
		24,000	(16.5)	-	19,000	(5.7)	-	43,000	(12.0)	-
		7,500	(24.4)	-	6,000	(24.1)	-	13,500	(24.2)	-
		31.3%	-	-	31.6%	-	-	31.4%	-	-
		17,000	(12.7)	-	13,000	(1.1)	-	30,000	(8.0)	-
		26,000	0.4	-	21,000	(14.7)	-	47,000	(7.0)	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		24,000	9.5	-	24,000	(21.3)	-	48,000	(8.4)	-

## 2. Balance Sheets / Capital Expenditures / Depreciation and Amortization

### Consolidated balance sheets

(¥ million, %)

	FY2020/3	FY2021/3	Variance (%)	Variance
	Year-end	Year-end		
Total assets	768,861	825,405	7.4	56,544
Cash and cash equivalents	72,399	83,831	15.8	11,432
Trade and other receivables	130,213	127,067	(2.4)	(3,146)
Inventories	114,520	107,906	(5.8)	(6,614)
(1) Property, plant and equipment	284,060	325,629	14.6	41,569
Right-of-use assets	35,545	38,362	7.9	2,817
Other financial assets - non-current	32,647	35,796	9.6	3,149
Deferred tax assets	29,745	26,056	(12.4)	(3,689)
Total liabilities	352,264	381,096	8.2	28,832
Trade and other payables	99,802	98,983	(0.8)	(819)
(2) Interest-bearing liabilities	176,493	193,750	9.8	17,257
Total equity attributable to owners of parent	404,414	433,595	7.2	29,181
Non-controlling interests	12,183	10,714	(12.1)	(1,469)

### Major reasons for increase/decrease

#### (1) Property, plant and equipment

Mainly due to an increase in capital expenditures (of which ¥19.0 billion for a new baseball stadium)

#### (2) Interest-bearing liabilities

Due primarily to an increase in lease obligations and the issue of corporate bonds

### Capital expenditures, depreciation and amortization

(¥ million, %)

	FY2020/3	FY2021/3			FY2022/3	
	Full year results	Full year forecasts	Results	Variance (%)	Variance	Full year forecasts
Capital expenditures	47,802	84,700	82,902	73.4	35,100	81,700
Processed Foods Business Division	16,995	26,700	26,032	53.2	9,037	17,200
Fresh Meats Business Division	11,735	18,300	15,966	36.1	4,231	26,000
Overseas Business Division	6,032	5,100	4,955	(17.9)	(1,077)	7,000
Others	13,040	34,600	35,949	175.7	22,909	31,500
Depreciation and amortization	33,038	34,400	33,939	2.7	901	34,600

### Consolidated statements of cash flows

(¥ million)

		FY2020/3	FY2021/3		FY2022/3
		Full year results	Full year results	Variance	Full year forecasts
(1)	Cash flows from operating activities	65,464	82,518	17,054	76,100
(2)	Cash flows from investing activities	(36,728)	(57,827)	(21,099)	(65,200)
(3)	Cash flows from financing activities	(3,077)	(14,934)	(11,857)	(26,300)

### Major reasons for increase/decrease

#### (1) Cash flow from operating activities

Net cash provided by Sales activities amounted to ¥82.5 billion, mainly due to profit before tax of ¥48.9 billion, depreciation and amortization expense of ¥34.1 billion, despite corporate income tax of ¥10.3 billion, and a increase in other assets ¥8.8 billion.

#### (2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥57.8 billion, mainly due to payment for capital investment of ¥59.4 billion.

#### (3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥14.9 billion, mainly due to cash dividends of ¥9.3 billion and repayments of debts of ¥66.4 billion, despite proceeds from debt of ¥70.4 billion and sale of treasury stock of ¥0.2 billion.

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### 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.