



Business Results

for the Second Quarter of FY2021/3

November 5, 2020 (Thu.)

NH Foods Ltd.

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Consolidated Financial Results for FY2021/3 2Q

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- * The Company has adopted International Financial Reporting Standards (“IFRS”).
- * 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 have been integrated into the Processed Foods Business Division in FY2021/3, business profit is shown in a breakdown. In addition, figures before FY2020/3 have been retroactively adjusted. (According to NH Foods calculations, but not audited.)

I



**Consolidated Business
Results for FY2021/3 2Q**

1. Consolidated Business Results for 2Q (Jul.-Sep.)
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

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**Consolidated Financial
Results for FY2021/3 2Q**

Results Summary

Decreased sales and increased profit in 2Q

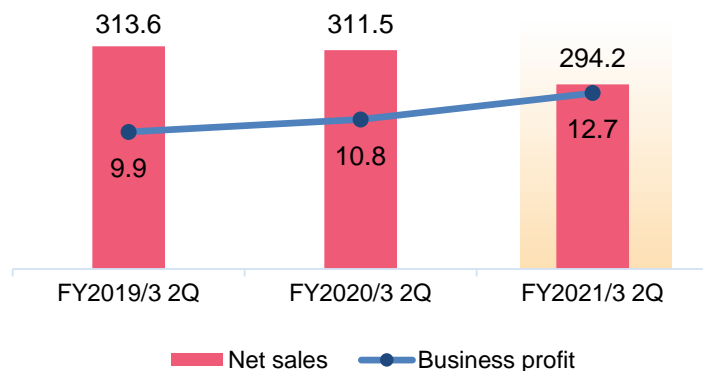
- Reason for decreased sales: Sales decreased for commercial-use products due to COVID-19
- Reason for increased profit: Volume retailers performed well due to increased demand for home meals and ready-made meals

Decreased sales and increased profit in 1st half

- Reason for decreased sales: Decreased sales for commercial-use products and deterioration of the overseas sales environment
- Reasons for increased profit: Strong performance in consumer products and steady market price of domestic fresh chicken meat

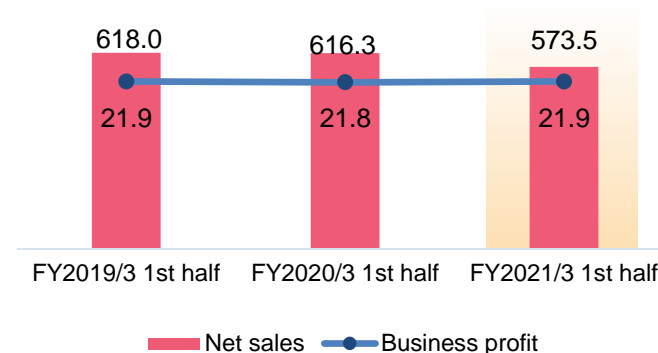
2Q Results (Jul.-Sep.)

(¥ billion)



1st Half Results (Apr.-Sep.)

(¥ billion)



Consolidated business results for FY2021/3 2Q

(¥ billion)

	2Q	Variance	Variance (%)	1st half	Variance	Variance (%)
Net sales	294.2	(17.3)	(5.6)%	573.5	(42.8)	(6.9)%
Business profit	12.7	1.9	18.0%	21.9	0.1	0.4%
Business profit ratio	4.3%	0.9%	-	3.8%	0.3%	-

1. Consolidated Business Results for 2Q (Jul.-Sep.)

2Q Results (Jul.-Sep.)

(¥ billion)

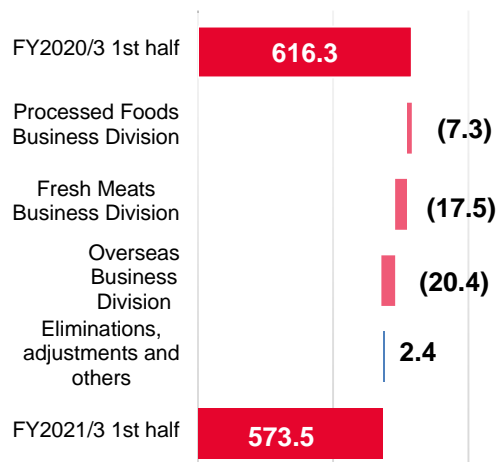
		FY2019/3 2Q	FY2020/3 2Q	FY2021/3 2Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	139.0	134.0	130.8	(3.2)	(2.4)
	Business profit	1.9	2.9	3.7	0.8	28.9
Fresh Meats Business Division	Net sales	186.1	190.3	181.8	(8.6)	4.5
	Business profit	8.2	6.7	9.7	3.0	44.5
Overseas Business Division	Net sales	67.5	67.0	55.6	(11.4)	(17.0)
	Business profit	(0.8)	1.1	0.6	(0.5)	(44.9)
Eliminations, adjustments and others	Net sales	(79.0)	(79.8)	(74.0)	5.8	-
	Business profit	0.6	0.1	(1.3)	(1.4)	-
Consolidated	Net sales	313.6	311.5	294.2	(17.3)	(5.6)
	Business profit	9.9	10.8	12.7	1.9	18.0

1st Half Results (Apr.-Sep.)

(¥ billion)

		FY2019/3 1st half	FY2020/3 1st half	FY2021/3 1st half	Variance	Variance (%)
Processed Foods Business Division	Net sales	268.8	260.5	253.3	(7.3)	(2.8)
	Business profit	3.7	5.2	6.4	1.2	22.7
Fresh Meats Business Division	Net sales	371.6	379.2	361.7	(17.5)	(4.6)
	Business profit	17.6	14.2	18.2	4.0	27.9
Overseas Business Division	Net sales	131.7	131.8	111.4	(20.4)	(15.5)
	Business profit	(0.9)	1.9	0.5	(1.4)	(73.3)
Eliminations, adjustments and others	Net sales	(154.1)	(155.3)	(152.9)	2.4	-
	Business profit	1.5	0.5	(3.2)	(3.7)	-
Consolidated	Net sales	618.0	616.3	573.5	(42.8)	(6.9)
	Business profit	21.9	21.8	21.9	0.1	0.4

Changes in net sales (1st half)



Factor Analysis: Changes in net sales

[Processed Foods Business Division]

Sales of commercial-use products declined due to the impact of COVID-19

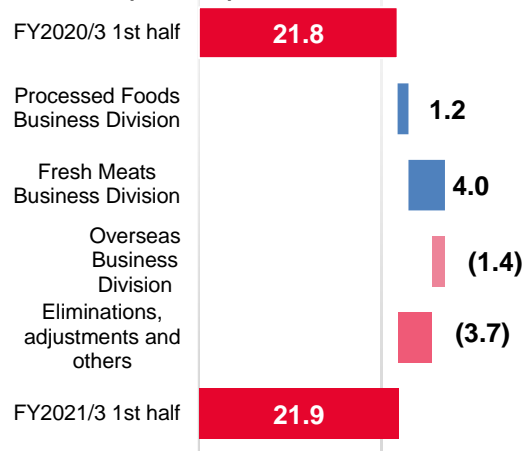
[Fresh Meats Business Division]

Sales volume to restaurants decreased

[Overseas Business Division]

Sales of beef decreased and export volume to Japan decreased

Changes in business profit (1st half)



Factor Analysis: Changes in business profit

[Processed Foods Business Division]

Growth in core brand

[Fresh Meats Business Division]

Market prices were steady, mainly for domestic chicken and pork

[Overseas Business Division]

Sales environment of beef deteriorated globally

[Eliminations, adjustments and others]

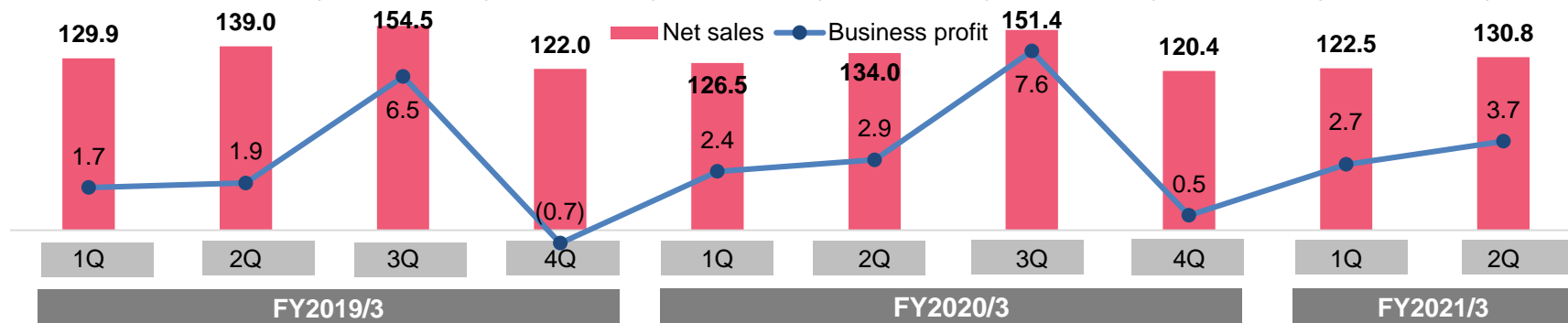
Profits from the baseball club deteriorated

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

Profit increased due to improved gross profit unit price thanks to growth in sales of consumer products, despite decreased sales from the decline in sales of commercial-use products.

(¥ billion)

	2Q				1st half			
	FY2020/3	FY2021/3	Variance	Variance (%)	FY2020/3	FY2021/3	Variance	Variance (%)
Net sales	134.0	130.8	(3.2)	(2.4)%	260.5	253.3	(7.3)	(2.8)%
Business profit	2.9	3.7	0.8	28.9%	5.2	6.4	1.2	22.7%
of which marine/dairy product, extract, etc.	0.5	0.7	0.2	37.0%	0.8	0.5	(0.3)	(41.1)%
Business profit ratio	2.1%	2.8%	0.7%	-	2.0%	2.5%	0.5%	-



Net Sales in 1st Half of FY2021/3

Hams and sausages, deli and processed foods

- Consumer: Strong sales for core brands
- Commercial-use: Sales to restaurants and convenience stores declined

Marine/dairy products and extract/primary processing

- Consumer: Sales of core dairy products and new products were strong
- Commercial-use: Sales decreased for ingredients for restaurants, sushi toppings, and cheese for bakeries

Business Profit in 1st Half of FY2021/3

Hams and sausages, deli and processed foods

- Gross profit: Product mix improved due to growth in core brand
- Expenses: Covered rising logistics costs, etc. by reducing labor costs, etc.

Marine/dairy products and extract/primary processing

- Gross profit: While consumer product ratio of dairy products and marine products increased, sales decreased mainly for restaurants such as ramen shops
- Expenses: Improved due to reduced variable costs and improvements in labor costs, etc.

Sales results by channel

1) Consumer products

- Hams and sausages:

Growing demand for home meals → Growth in wiener and bacon products

- Deli and processed foods:

Growing demand for home meals → Shelf-stable, hamburg, chilled dish, and chilled bakery products grew

2) Commercial-use products:

Decreased due to stagnant demand from restaurants

Year-on-year growth in sales by channel

		FY2020/3 1st half results	Volume	Amount
Hams and sausages	Consumer	107%	107%	108%
	Commercial-use	82%	82%	84%
	Total	101%	101%	103%
Deli and processed foods	Consumer	109%	109%	110%
	Commercial-use	81%	81%	82%
	Total	96%	96%	98%

Major brands sales results

Major brands → Strong performance



Core brand SCHAU ESSEN series



The Four Cheese Hamburg Steak performed well with home meal demand

Gifts → Firm performance



Renewed Honkakuha gifts

Year-on-year sales comparison of consumer products

		Consumer products	1st half			Consumer products	1st half
Hams and sausages	Wieners		107%	Deli and processed foods	Chilled bakery		114%
	Loin hams		96%		Chilled dish		108%
	Bacon		115%		Fried chicken		100%
	Yakibutas		101%		Hamburg and meatball		119%
	Total		108%		Total		110%

Gift product sales results

		FY2020/3 results	FY2021/3 results
Summer gift-giving season	Overall sales	92%	98%
	(Utsukushi-no-Kuni)	101%	89%

Gift product sales results

Grew more than the growth rate of the market, mainly thanks to the renewal of our core “Honkakuha,” the newly introduced “Gourmet Letter,” and side dish gifts using Maboroshi no Miso

Marine/dairy products and extract/primary processing results

(1) Marine

→ Highly profitable salmon, trout and eel performed strongly. Sushi chains and some other restaurants are recovering, but sales decreased compared to last year.

(2) Dairy products

→ Sales of our core Vanilla Yogurt and new product Ísey SKYR are strong. Sales of commercial-use cheese decreased due to bakery and restaurant channels struggling.

(3) Extract, primary meat processing

→ Sales decreased due to ramen shops and other restaurant channels struggling

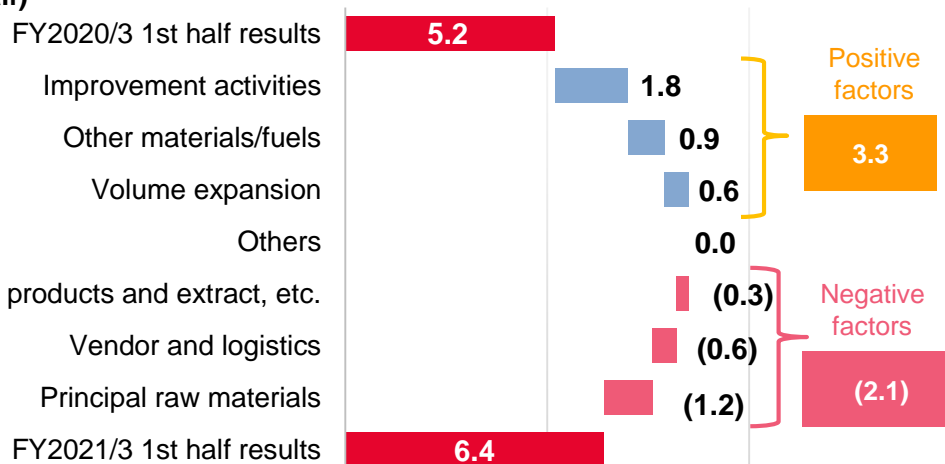
Factor Analysis: Changes in business profit

(¥ billion)

FY2021/3					
	1Q results	2Q results	1st half forecasts	1st half results	Variance
Hams and sausages, deli and processed foods	1.1	0.9	1.6	2.1	0.5
External factors	(0.3)	(0.1)	(0.9)	(0.4)	0.6
Principal raw material price	(0.6)	(0.6)	(1.4)	(1.2)	0.2
Other materials/fuels	0.3	0.5	0.5	0.9	0.4
Internal factors	1.4	1.0	2.5	2.4	(0.1)
Volume expansion	0.3	0.3	0.3	0.6	0.3
Improvement activities	1.1	0.8	2.2	1.8	(0.4)
Vendor and logistics	(0.3)	(0.3)	(0.3)	(0.6)	(0.3)
Marine/dairy products and extract/primary processing	(0.5)	0.2	(1.2)	(0.3)	0.9
Others	0.0	0.0	(0.1)	0.0	0.1
Total	0.4	0.8	0.0	1.2	1.1

Factor Analysis Graph: Changes in business profit results (1st half)

(¥ billion)



Forecasts Variation Factor Analysis (1st Half)

[External factors] ¥0.6 billion

Sheep casings and fuel prices were better than expected

[Internal factors] ¥(0.1) billion

Volume expansion:

Core consumer products centered on deli products exceeded the forecast

Improvement activities:

Expenses improved more than forecasted, but improvements to gross profit through the product mix did not meet the forecast

[Vendor and logistics] ¥(0.3) billion

Vendor:

In addition to the Kansai Plant growing beyond forecast, we realized effects from our new investments in the frozen food business, and exceeded the forecast

Logistics:

Did not reach forecasts, due to decreased external sales such as restaurants caused by COVID-19 and an increase in temporary expenses associated with the operation of our new center

[Marine/dairy products and extract/primary processing] ¥0.9 billion

Dairy products:

Yogurt performed well, but sales from our cheese business were sluggish and did not reach the forecast

Marine, extract/primary processing:

Exceeded forecast mainly due to improvements to product mix and improved labor costs

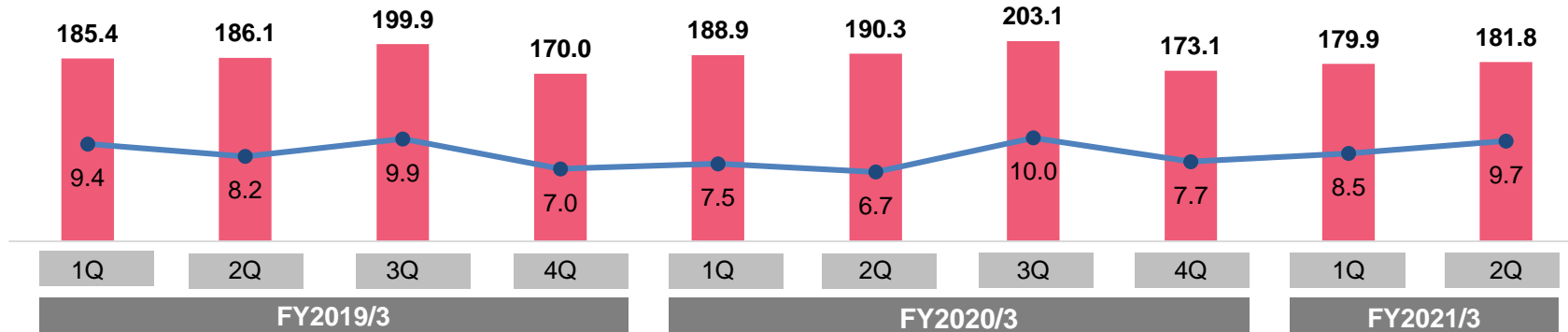
3. Segment Data: Fresh Meats Business Division (1)

Sales declined due to lower sales volume to restaurants, but profit increased due to strong sales of domestic brand meat with high profit ratio

(¥ billion)

	2Q				1st half			
	FY2020/3	FY2021/3	Variance	Variance (%)	FY2020/3	FY2021/3	Variance	Variance (%)
Net sales	190.3	181.8	(8.6)	(4.5)%	379.2	361.7	(17.5)	(4.6)%
Business profit	6.7	9.7	3.0	44.5%	14.2	18.2	4.0	27.9%
Business profit ratio	3.5%	5.3%	1.8%	-	3.8%	5.0%	1.3%	-

Net sales Business profit



Net Sales in 1st Half of FY2021/3

- Sales → Restaurant and inbound demand declined sharply, and sales volume of high-priced beef as well as imported frozen pork and chicken decreased
- Sales → Volume retailer channels grew

Business Profit in 1st Half of FY2021/3

- Production → Domestic chicken and pork market prices remained strong
- Production → Feed prices fell and costs decreased
- Sales → Sales of domestic brand meat were strong
- Sales → Fresh meat sales to volume retailers were strong
- Sales → The restaurant channel is recovering, especially at yakiniku restaurants

Factor Analysis: Changes in business profit

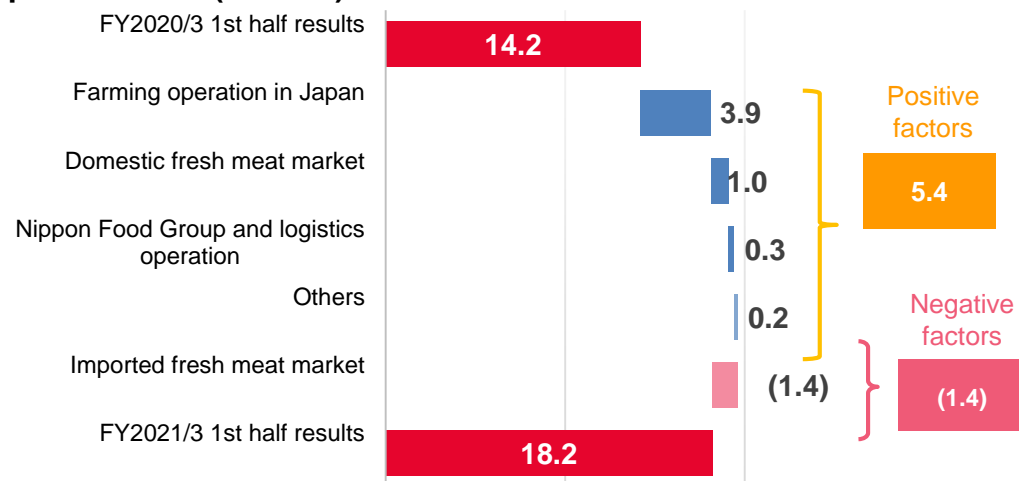
(¥ billion)

FY2021/3					
	1Q results	2Q results	1st half forecasts	1st half results	Variance
Imported fresh meat market	(1.5)	0.1	(1.6)	(1.4)	0.2
Domestic fresh meat market	0.4	0.6	1.4	1.0	(0.5)
Farming operation in Japan	1.7	2.2	2.3	3.9	1.6
Nippon Food Group and logistics operation	(0.0)	0.3	(0.6)	0.3	0.9
Others	0.5	(0.3)	0.1	0.2	0.1
Total	1.0	3.0	1.6	4.0	2.3

* 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 (1st half)

(¥ billion)



Forecasts Variation Factor Analysis (1st Half)

[Imported fresh meat market] ¥0.2 billion

Chicken:

Market price declined due to excess supply of Brazilian chicken

Pork:

Purchase costs rose due to the impact of COVID-19

Beef:

High market price and product shortages for Australian beef due to decline in production

US beef is strong for volume retailers

[Domestic fresh meat market] ¥(0.5) billion

Pork fell below forecast due to high carcass prices and low product prices

Chicken is growing centered on the brand *Sakurahime*

[Farming operation in Japan] ¥1.6 billion

Domestic chicken and pork market prices exceeded expectations

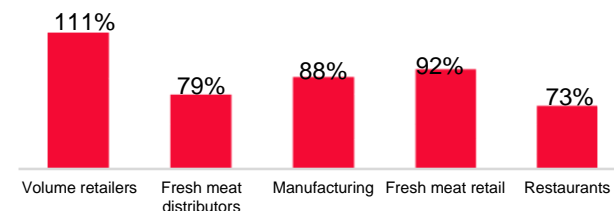
Productivity improved, mainly for chicken

[Nippon Food Group and logistics operation] ¥0.9 billion

Sales:

Increased profits by expanding sales of brand meat for volume retailers

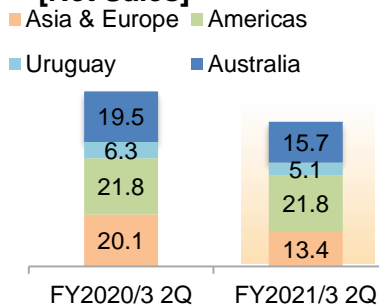
FY2021/3 1st Half Sales Results of Nippon Food Group: Overall volume growth of 96%



Soaring livestock prices in Australia and beef sales environment which did not recover globally led to decreased sales and profits

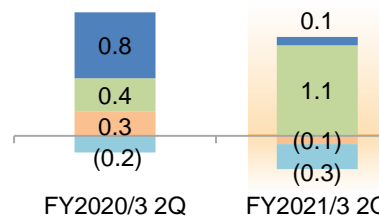
2Q Results

[Net Sales]



	FY20/3	FY21/3	Variance	Variance (%)
Overseas total	67.0	55.6	(11.4)	(17.0)%
Australia	19.5	15.7	(3.7)	(19.1)%
Uruguay	6.3	5.1	(1.3)	(20.3)%
Americas	21.8	21.8	(0.1)	(0.2)%
Asia & Europe	20.1	13.4	(6.8)	(33.7)%

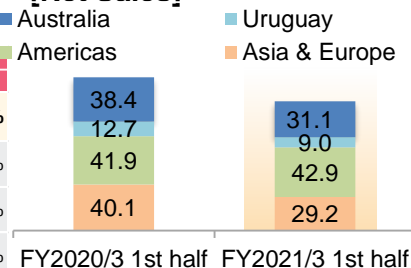
[Business Profit]



	FY20/3	FY21/3	Variance	Variance (%)
Overseas total	1.1	0.6	(0.5)	(44.9)%
Australia	0.8	0.1	(0.7)	(85.2)%
Uruguay	(0.2)	(0.3)	(0.1)	-
Americas	0.4	1.1	0.8	205.5%
Asia & Europe	0.3	(0.1)	(0.4)	-

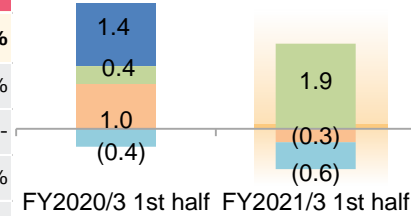
1st Half Results

[Net Sales]



	FY20/3	FY21/3	Variance	Variance (%)
Overseas total	131.8	111.4	(20.4)	(15.5)%
Australia	38.4	31.1	(7.3)	(19.1)%
Uruguay	12.7	9.0	(3.7)	(29.0)%
Americas	41.9	42.9	1.0	2.5%
Asia & Europe	40.1	29.2	(11.0)	(27.3)%

[Business Profit]



	FY20/3	FY21/3	Variance	Variance (%)
Overseas total	1.9	0.5	(1.4)	(73.3)%
Australia	1.4	0.0	(1.3)	(97.3)%
Uruguay	(0.4)	(0.6)	(0.2)	-
Americas	0.4	1.9	1.4	318.0%
Asia & Europe	1.0	(0.3)	(1.3)	-

* Net sales and business profit figures are amounts before the elimination of intersegment sales.
(The sum of figures for each region does not match the "overseas total," due to the elimination of intersegment transactions.)

Net Sales in 1st Half of FY2021/3

Australia Business

- Australia: Decreased number of cattle processed and decline in sales price

- Uruguay: Sales of beef to China decreased

Americas Business

- Americas: Sales of processed foods are strong due to rising demand for home meals

Asia & Europe

- Asia & Europe: Decreased exports to Japan from Asia and Europe
Chicken sales price remained weak in Turkey

Business Profit in 1st Half of FY2021/3

Australia Business

- Australia: Livestock prices remained high, but sales prices were sluggish

- Uruguay: Sales prices fell due to weak currency in neighboring countries

Americas Business

- Americas: Sales of core brand processed foods remained strong

Asia & Europe

- Asia & Europe: Depreciation of the Turkish currency raised feed costs

Factor Analysis: Changes in business profit (¥ billion)

FY2021/3					
	1Q results	2Q results	1st half forecasts	1st half results	Variance
Australia	(0.6)	(0.7)	(1.5)	(1.3)	0.2
Uruguay	(0.1)	(0.1)	(0.3)	(0.2)	0.0
Americas	0.7	0.8	(0.2)	1.4	1.6
Asia & Europe	(0.9)	(0.5)	(1.1)	(1.3)	(0.2)
Others	0.1	(0.0)	0.3	0.1	(0.2)
Total	(0.9)	(0.5)	(2.7)	(1.4)	1.3

Forecast Variation Factor Analysis (1st Half)

[Australia] ¥0.2 billion

Brand beef for consumers grew more than forecasted

[Uruguay] ¥0.0 billion

Unit sales price for beef for China fell due to intensified competition with neighboring countries

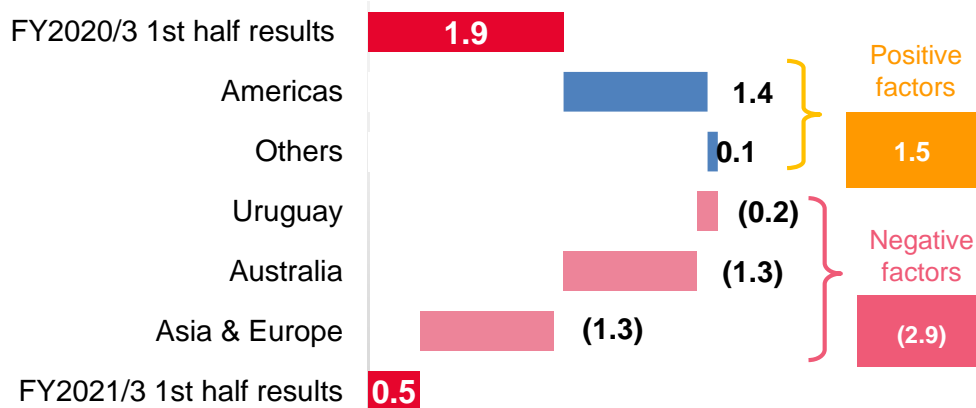
[Americas] ¥1.6 billion

Increased volume and reduced sales expenses in the Processed Foods Business in North America

[Asia & Europe] ¥(0.2) billion

- Slumping demand for chicken in Turkey and rising feed costs due to weak exchange rates
- Decreased export volume to Japan

Factor Analysis Graph: Changes in business profit results (1st half) (¥ billion)



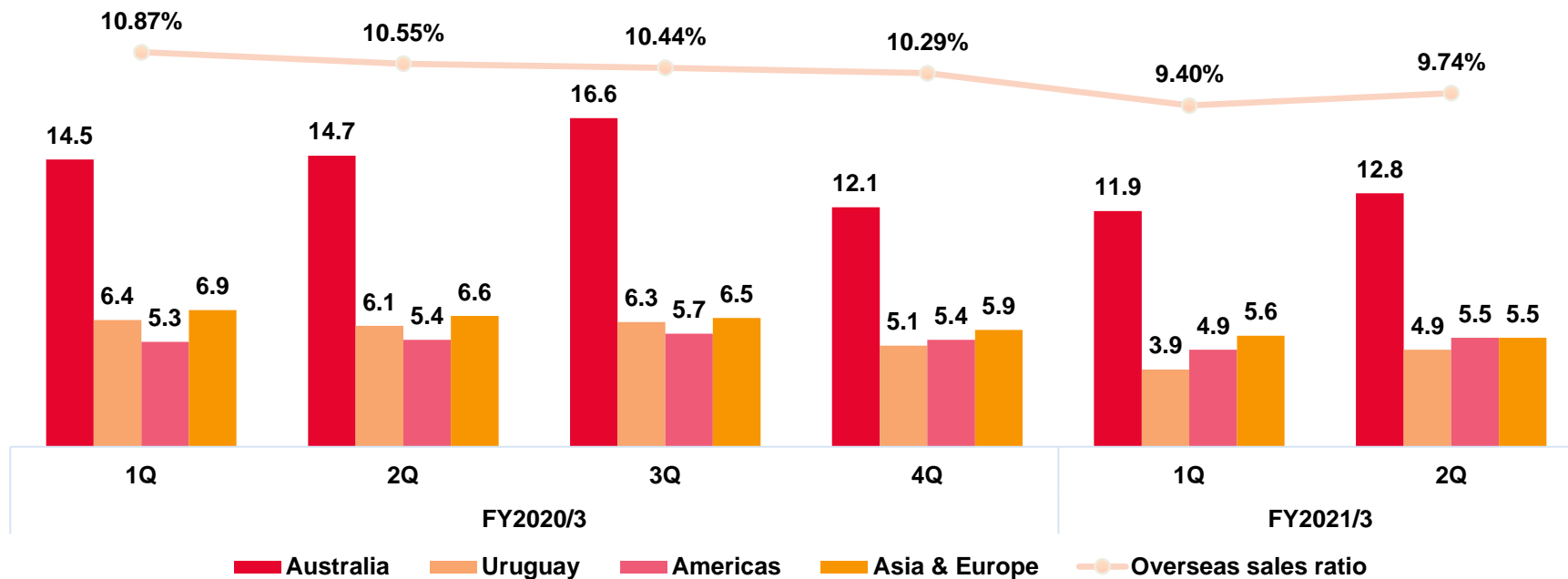
5. External Customer Net Sales Results in Major Overseas Geographical Areas

(¥ billion)

	FY2020/3					FY2021/3	
	1Q	2Q	3Q	4Q	Full year	1Q	2Q
Australia	14.5	14.7	16.6	12.1	58.0	11.9	12.8
Uruguay	6.4	6.1	6.3	5.1	23.8	3.9	4.9
Americas	5.3	5.4	5.7	5.4	21.9	4.9	5.5
Asia & Europe	6.9	6.6	6.5	5.9	26.0	5.6	5.5
Overseas total	33.1	32.9	35.1	28.6	129.6	26.2	28.6
Overseas sales ratio	10.87%	10.55%	10.44%	10.29%	10.54%	9.40%	9.74%

* Net sales figures represent net sales to external customers.

(¥ billion)



I



**Consolidated Business
Results for FY2021/3 2Q**

II



Outlook for FY2021/3

1. FY2021/3 Business Profit Forecasts
2. Processed Foods Business Division:
Outlook
3. Fresh Meats Business Division:
Outlook
4. Overseas Business Division: Outlook

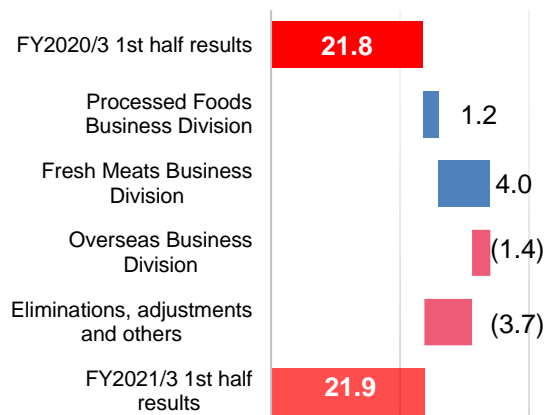
III



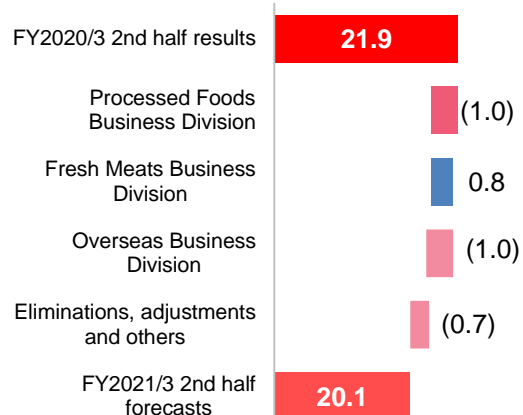
**Consolidated Financial
Results for FY2021/3 2Q**

1. FY2021/3 Business Profit Forecasts

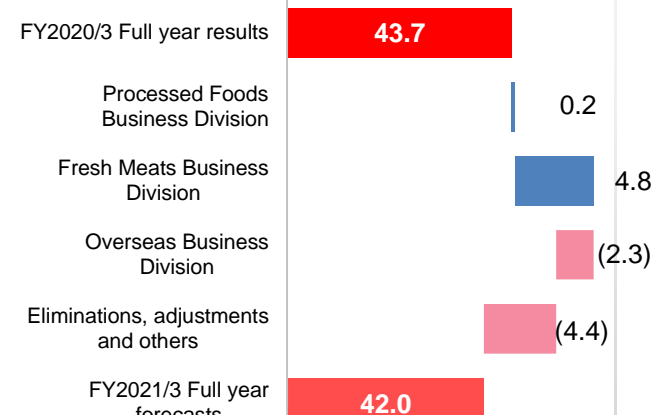
Changes in 1st half results



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	Results	Variance	FY2020/3 2nd half results	Forecasts	Variance	FY2020/3 Full year results	Forecasts	Variance
Processed Foods Business Division	5.2	6.4	1.2	8.1	7.0	(1.0)	13.3	13.4	0.2
of which marine/dairy product, extract, etc.	0.8	0.5	(0.3)	1.4	0.6	(0.8)	2.2	1.0	(1.2)
Fresh Meats Business Division	14.2	18.2	4.0	17.7	18.5	0.8	31.9	36.7	4.8
Overseas Business Division	1.9	0.5	(1.4)	(0.1)	(1.0)	(1.0)	1.9	(0.5)	(2.3)
Eliminations, adjustments and others	0.4	(3.2)	(3.6)	(3.7)	(4.5)	(0.7)	(3.3)	(7.7)	(4.4)
of which value creation expenses	(0.2)	(1.1)	(0.9)	(0.4)	(1.4)	(1.0)	(0.6)	(2.5)	(1.9)
of which profit or loss of baseball club (consolidated)	1.0	(1.6)	(2.7)	(3.1)	(3.0)	0.2	(2.1)	(4.6)	(2.5)
of which others	(0.4)	(0.5)	(0.0)	(0.2)	(0.1)	0.1	(0.7)	(0.6)	0.1
Total	21.8	21.9	0.1	21.9	20.1	(1.9)	43.8	42.0	(1.7)

Revised the full year forecast upward to ¥42.0 billion reflecting 1st half results

Changes from 1Q business profit forecasts

* 2nd half and full year forecasts are forecasts revised after 2Q. (¥ billion)

	FY2021/3 1Q		FY2021/3 2Q		FY2021/3 1st half			FY2021/3 2nd half			FY2021/3 Full year		
	Results	1Q Forecasts	Results	Variance	1Q Forecasts	Results	Variance	1Q Forecasts	2Q Forecasts	Variance	1Q Forecasts	2Q Forecasts	Variance
Processed Foods Business Division	2.7	2.6	3.7	1.1	5.3	6.4	1.1	7.0	7.0	0.0	12.3	13.4	1.1
of which marine/dairy product, extract, etc.	(0.3)	(0.2)	0.7	0.9	(0.5)	0.5	0.9	0.6	0.6	0.0	0.1	1.0	0.9
Fresh Meats Business Division	8.5	7.4	9.7	2.3	15.9	18.2	2.3	19.1	18.5	(0.6)	35.0	36.7	1.7
Overseas Business Division	(0.1)	(0.7)	0.6	1.3	(0.8)	0.5	1.3	(0.2)	(1.0)	(0.8)	(1.0)	(0.5)	0.5
Eliminations, adjustments and others	(1.9)	(2.4)	(1.3)	1.1	(4.3)	(3.2)	1.1	(5.0)	(4.5)	0.5	(9.3)	(7.7)	1.6
of which value creation expenses	(0.5)	(0.6)	(0.6)	0.0	(1.1)	(1.1)	0.0	(1.4)	(1.4)	0.0	(2.5)	(2.5)	0.0
of which profit or loss of baseball club (consolidated)	(1.1)	(1.4)	(0.5)	0.9	(2.5)	(1.6)	0.9	(3.5)	(3.0)	0.5	(6.0)	(4.6)	1.4
of which others	(0.3)	(0.4)	(0.2)	0.2	(0.7)	(0.5)	0.2	(0.1)	(0.1)	0.0	(0.8)	(0.6)	0.2
Total	9.2	6.8	12.7	5.9	16.1	21.9	5.9	21.0	20.1	(0.9)	37.0	42.0	5.0

Business profit forecast for FY2021/3: ¥13.4 billion

Initiatives to secure profit:

- Improve profitability by expanding sales of core brands
- Realize integration synergy effects with marine/dairy product business and extract/primary processing business

Factor Analysis: Changes in business profit forecasts

(¥ billion)

	FY2021/3 2nd half			FY2021/3 Full year		
	1Q forecasts	2Q Forecasts	Variance	1Q forecasts	2Q Forecasts	Variance
Hams and sausages, deli and processed foods	(0.3)	(0.3)	0.0	1.3	1.8	0.5
External factors	(1.2)	(1.2)	0.0	(2.1)	(1.5)	0.6
Principal raw material price	(1.3)	(1.3)	0.0	(2.7)	(2.5)	0.2
Other materials/fuels	0.1	0.1	0.0	0.6	1.0	0.4
Internal factors	0.9	0.9	0.0	3.4	3.3	(0.1)
Volume expansion	0.0	0.0	0.0	0.3	0.6	0.3
Improvement activities	0.9	0.9	0.0	3.1	2.7	(0.4)
Vendor and logistics	0.0	0.0	0.0	(0.2)	(0.5)	(0.3)
Marine/dairy products and extract/primary processing	(0.8)	(0.8)	0.0	(2.0)	(1.1)	0.9
Others	0.0	0.0	0.0	(0.1)	0.0	0.1
Total	(1.0)	(1.0)	0.0	(1.0)	0.2	1.2

FY2020/3 full year results

13.3

Improvement activities

2.7

Other materials/fuels

1.0

Volume expansion

0.6

Others

0.0

Vendor and logistics

(0.5)

Marine/dairy products, extract, etc.

(1.1)

Principal raw material price

(2.5)

FY2021/3 full year forecasts

13.4

Initiatives for synergy effects

By integrating the marine/dairy products business and extract/primary processing business into the Processed Foods Business Division, we have launched and are now operating six projects in order to realize synergy effects through integration of various functions.

- Sales Integration: Utilizing the strengths of each company, creating new sales channels and categories
- Manufacturing Integration: Rebuild our manufacturing system and improve our productivity by sharing manufacturing methods and technologies
- Purchasing Integration: Reduce costs through economies of scale and standard changes
- Marketing Integration: Analyze purchasing data and establish new methods for advertising and sales promotions
- Logistics Integration: Reconstruct an optimal logistics network and logistics system
- Management Integration: Streamline back office departments and realize efficient working styles

Examples



Ishigama Kobo Cheese
 Manufacturing Plant: HOKO Co., LTD., Nishinomiya Plant
 Sales: NH Foods Ltd.
 NH Foods marketing, Ltd.



Collaboration gifts with the former Affiliated Business Division, containing canned mackerel
 Scheduled for launch as year-end gifts

Efforts in Hams and Sausages, and Deli and Processed Foods

(1) Consumer → Change towards trend of saving money in home meal demand

- Launch TV commercials for core products
- Continue to sell products such as big packs to meet the times
- Conduct remote advertising activities as a new method of sales promotions

(2) Commercial-use → Go To Campaign* contribute to recovery trend

- Review sales system in response to changes in the environment
- Focus on categories where we have strengths

(3) Gifts → Increased demand for home cooking and changes in purchase methods caused by COVID-19

- Renew our *Utsukushi-no-Kuni* commercials to strengthen the brand
- Develop collaboration gifts with the former Affiliated Business Division
- Introduce *Gourmet Letter* as a gift that customers can give casually

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	108%
	Loin hams	94%		Chilled dish	104%
	Bacon	102%		Fried chicken	100%
	Yakibutas	101%		Hamburg and meatball	110%
	Total	106%		Total	108%

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

	Channel	Full year forecast
Hams and sausages	Consumer	106%
	Commercial-use	87%
	Total	102%
Deli and processed foods	Consumer	108%
	Commercial-use	87%
	Total	99%



New sales promotions to connect remotely



Gourmet Letter



Utsukushi-no-Kuni new commercial

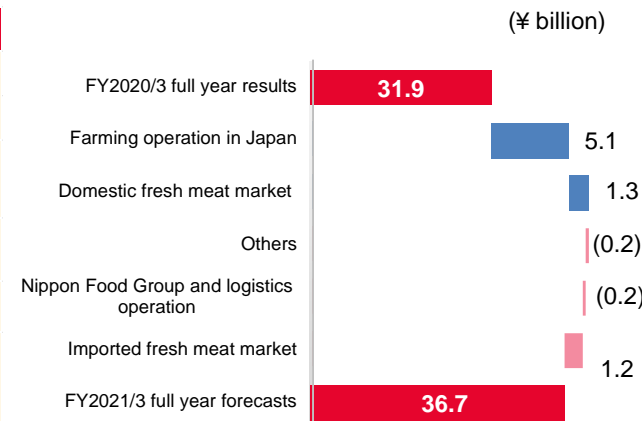
Efforts in marine/dairy products and extract/primary processing businesses

- (1) Marine → Secure profits by selecting and focusing on high-profit products such as crabs and sushi toppings
- (2) Dairy products → In the yogurt business, continue promotional activities such as launching *Ísey SKYR Drink*
Expand sales in the cheese business by expanding sales of commercial-use products to bakeries and selling in new sales channels
- (3) Extract, primary meat processing business → Secure profit by strengthening proposals for growth channels and thoroughly managing costs

Business profit forecast for FY2021/3: ¥36.7 billion

Factor Analysis: Changes in business profit forecasts

	FY2021/3 2nd half			FY2021/3 Full year		
	1Q forecasts	2Q Forecasts	Variance	1Q forecasts	2Q Forecasts	Variance
Imported fresh meat market	1.4	0.1	(1.2)	(0.2)	(1.2)	(1.0)
Domestic fresh meat market	0.2	0.3	0.1	1.6	1.3	(0.3)
Farming operation in Japan	0.1	1.2	1.2	2.4	5.1	2.7
Nippon Food Group and logistics operation	(0.3)	(0.5)	(0.2)	(1.0)	(0.2)	0.8
Others	0.1	(0.4)	(0.5)	0.2	(0.2)	(0.4)
Total	1.4	0.8	(0.6)	3.0	4.8	1.7

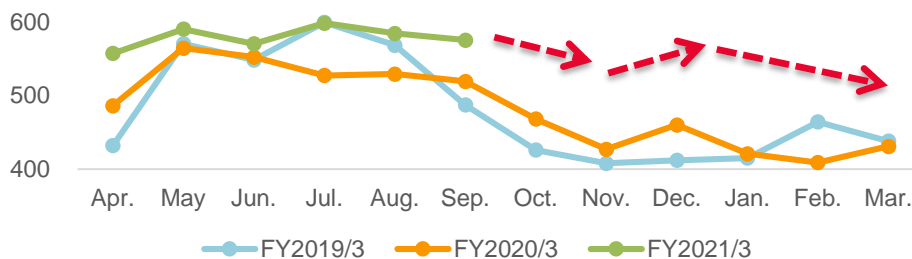


* Extract/primary processing business, previously included in the Nippon Food Group and logistics operation, was transferred to the Processed Foods Business Division from FY2021/3

Initiatives to secure profit:

- **Brush up brand strategy and channel strategy**
- **Strengthen sales of imported fresh meat following a gradual recovery of the restaurant and other channels**

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

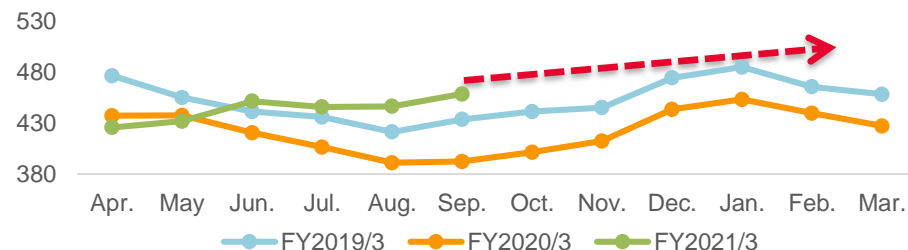


(¥)

The market price of domestic pork is expected to exceed those of the previous year, but continue following the trend of usual years.

[Chicken market price]

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



(¥)

The market price of domestic chicken is expected to be higher than the previous year.

Domestic fresh meat market

- Beef) With the effect of the Go To Campaign, falling market prices will be on a recovery trend
- Pork) The number of livestock shipped domestically and the supply of imported chilled pork will recover, so carcass market prices are also expected to stabilize
- Chicken) Home meal demand will remain strong, and market prices are expected to remain steady

Imported fresh meat market

- Beef) High market prices of Australian beef are expected to continue. Although domestic production and market prices of American beef have stabilized, attention must be given to trends in China
- Pork) Due to the impact of COVID-19, attention must be given to operation of North American packers and buying trends in China
- Chicken) Market price of imported chicken is expected to recover on the back of the gradual recovery of restaurant demand, high market price of domestic chicken, and a shortage of frozen inventory for processed foods

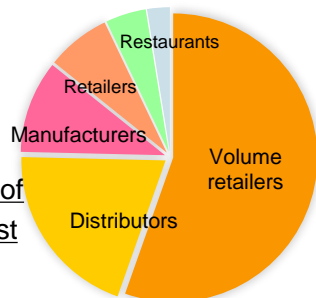
Fresh meats sales (Nippon Food Group)

- Improve channel mix to recover restaurant demand, partly due to the Go To Campaign
- Strengthen and nurture our brand to create value

Main measures of the Fresh Meats Business Division

Improve channel mix

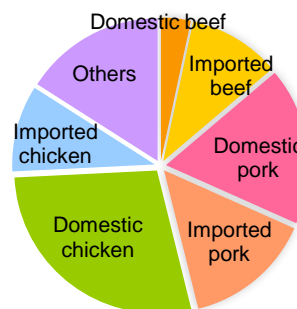
- Increased demand in volume retailer channel due to COVID-19
- Strengthen initiatives for undeveloped channels such as drug stores and e-commerce



Sales composition of food companies (1st half results)

Improve product mix

- Expand sales of high-priced beef
- Expand procurement countries such as Polish beef
- Expand brands including California Pork
- Expand sales of health-conscious fresh meats



Livestock type for FY2021/3 (1st half results)

Expand sales of brand meat

- Strengthen sales of high-profit products with added value, such as *Sakurahime* and *Mugikomachi*

⇒ Established Fresh Meats Marketing & Promotion Department (from Oct. 2020)
Strengthen brand strategy



Business profit forecast for FY2021/3: ¥(0.5) billion

Initiatives to secure profit:

- Improve sales unit price through branding
- Expand sales of processed foods
- Strengthen sales to Japan

Factor Analysis: Changes in business profit forecasts

(¥ billion)

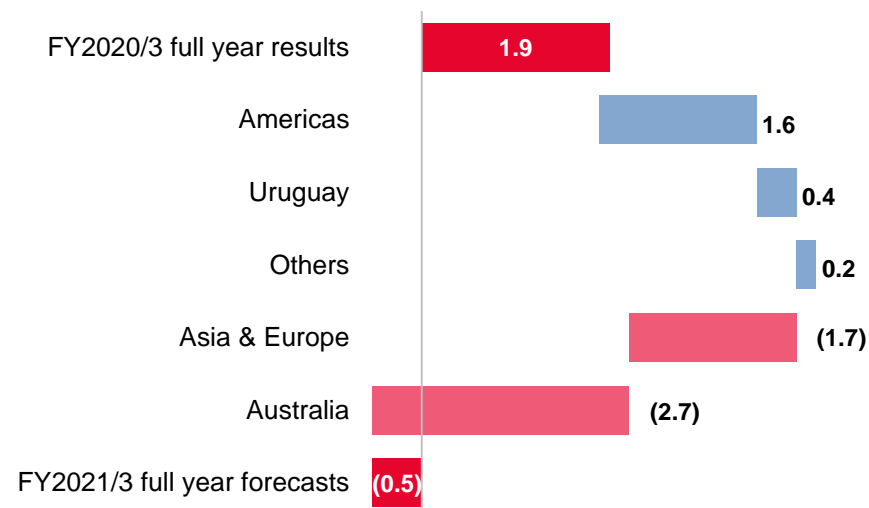
	FY2021/3 2nd half			FY2021/3 Full year		
	1Q forecasts	2Q forecasts	Variance	1Q forecasts	2Q forecasts	Variance
Australia	(1.1)	(0.8)	0.3	(2.9)	(2.4)	0.5
Australia	(1.5)	(1.4)	0.1	(3.0)	(2.7)	0.3
Uruguay	0.4	0.6	0.2	0.1	0.4	0.2
Americas	(0.1)	0.2	0.3	(0.3)	1.6	1.9
Asia & Europe	0.5	(0.4)	(0.9)	(0.6)	(1.7)	(1.2)
Others	0.6	0.1	(0.5)	0.9	0.2	(0.7)
Total	(0.1)	(1.0)	(0.8)	(2.9)	(2.3)	0.5

Business profit forecasts

(¥ billion)

	FY2021/3 2nd half		FY2021/3 Full year	
	1Q forecasts	2Q forecasts	1Q forecasts	2Q forecasts
Australia	(0.6)	(0.3)	(1.4)	(0.9)
Australia	(0.2)	(0.0)	(0.3)	0.0
Uruguay	(0.5)	(0.3)	(1.1)	(0.9)
Americas	0.1	0.4	0.4	2.3
Asia & Europe	0.3	(0.6)	0.3	(0.9)
Others	0.0	(0.5)	(0.3)	(1.0)
Total	(0.2)	(1.0)	(1.0)	(0.5)

Factor Analysis: Changes in business profit forecasts



Efforts in various areas

[Asia & Europe]

- Thailand) Continued decrease in exports of commercial-use products for Japan.
 - ▶ Enhance product proposals to meet customer needs
- Turkey) Domestic demand will continue to decline
 - ▶ Expand sales to strong volume retailers

[Americas]

- Processed foods) Strong domestic consumption is expected to continue.
 - ▶ Strengthen sales of core brand processed foods
- Export) Stable purchase prices due to recovery of production in America.
 - ▶ Strengthen exports to Japan
 - ▶ Close attention must be paid to the production system due to COVID-19

[Australia]

- It is expected that beef will take a certain amount of time to recover due to the decline in global demand and the persistently high livestock price due to the cattle cycle.
- ▶ While the number of cattle processed continues to decrease, we will expand sales of high-value-added brand beef.
 - ▶ Continuous internal improvement and augmentation
 - ▶ Sales are uncertain due to COVID-19



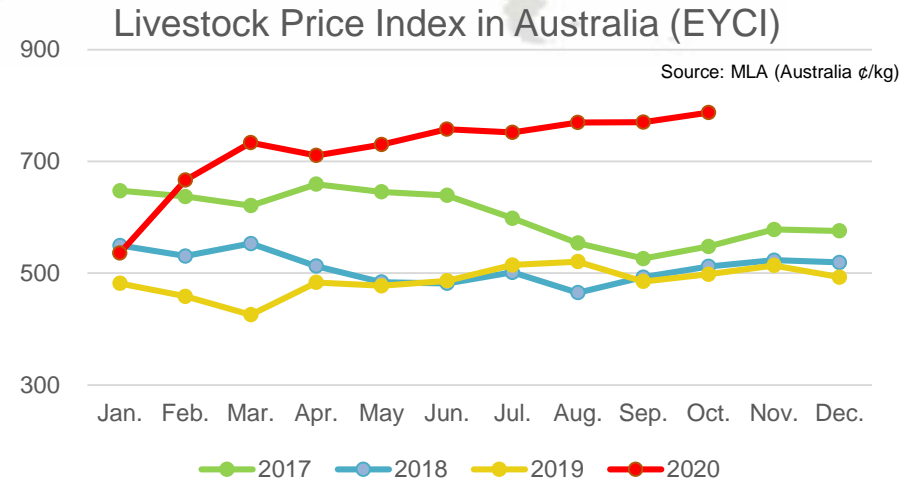
ANGUS RESERVE won first place in the MSA Grade Brand Beef category in an Australian brand beef contest



The award ceremony

[Uruguay]

- Intensifying competition with neighboring countries
- ▶ Strengthen internal improvement in a harsh external environment
 - ▶ Revise livestock purchasing methods by strengthening relationships with farmers
 - ▶ Strengthen price bargaining power by reviewing our marketing and sales organization
 - ▶ Operation management appropriate for supply and demand balance



I



**Consolidated Business
Results for FY2021/3 2Q**

II



Outlook for FY2021/3

III



**Consolidated Financial
Results for FY2021/3 2Q**

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

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

(¥ million. %)

	FY2020/3 results						FY2021/3 results and forecasts								
	1st half	Variance	2nd half	Variance	Full year	Variance	1st half results	Variance	Volume growth rate	2nd half forecasts	Variance	Volume growth rate	Full year forecasts	Variance	Volume growth rate
(1) Net sales	616,266	(0.3)	613,560	(0.4)	1,229,826	(0.4)	573,484	(6.9)	-	606,516	(1.1)	-	1,180,000	(4.1)	-
Hams and sausages	63,394	1.2	67,588	2.9	130,982	2.0	64,643	2.0	0.5	68,257	1.0	0.8	132,900	1.5	0.7
Processed foods	114,059	(0.9)	114,774	(3.2)	228,833	(2.1)	108,111	(5.2)	(4.6)	116,189	1.2	(0.1)	224,300	(2.0)	(2.4)
Fresh meats	357,962	1.3	353,791	1.0	711,753	1.2	330,147	(7.8)	(6.6)	343,653	(2.9)	(4.2)	673,800	(5.3)	(5.4)
Beef	152,689	1.5	144,224	(2.0)	296,913	(0.2)	127,096	(16.8)	(14.3)	134,104	(7.0)	(7.2)	261,200	(12.0)	(10.9)
Pork	112,645	0.6	113,967	4.3	226,612	2.5	114,515	1.7	(4.6)	114,285	0.3	(5.4)	228,800	1.0	(5.0)
Chicken	81,504	5.5	84,528	1.2	166,032	3.2	78,386	(3.8)	(2.5)	83,714	(1.0)	(1.9)	162,100	(2.4)	(2.2)
Other fresh meats	11,124	(18.0)	11,072	6.2	22,196	(7.5)	10,150	(8.8)	(15.4)	11,550	4.3	2.4	21,700	(2.2)	(6.4)
Marine products	38,433	(8.7)	42,291	(8.1)	80,724	(8.4)	35,239	(8.3)	(7.0)	42,161	(0.3)	(4.1)	77,400	(4.1)	(5.5)
Dairy products	16,908	(0.9)	16,706	3.0	33,614	1.0	16,232	(4.0)	(3.5)	17,868	7.0	4.3	34,100	1.4	0.3
Others	25,510	(8.4)	18,410	(4.9)	43,920	(7.0)	19,112	(25.1)	-	18,388	(0.1)	-	37,500	(14.6)	-
(2) Cost of goods sold	511,628	(0.6)	512,668	(1.2)	1,024,296	(0.9)	469,396	(8.3)	-	-	-	-	-	-	-
Gross profit	104,638	1.1	100,892	3.9	205,530	2.5	104,088	(0.5)	-	-	-	-	-	-	-
Gross profit ratio	17.0%	-	16.4%	-	16.7%	-	18.2%	-	-	-	-	-	-	-	-
(3) SG&A expenses	81,161	(1.1)	84,869	(1.6)	166,030	(1.4)	78,191	(3.7)	-	-	-	-	-	-	-
Other income and expenses	(7,939)	-	(3,259)	-	(11,198)	-	657	-	-	(4,157)	-	-	(3,500)	-	-
Finance income and costs	(862)	-	(1,756)	-	(2,618)	-	(132)	-	-	(1,668)	-	-	(1,800)	-	-
Share of profit (loss) in investments accounted for using the equity method	287	(55.5)	1,068	291.2	1,355	47.6	2,308	-	-	(8)	-	-	2,300	69.7	-
Profit before tax	14,963	(35.4)	12,076	70.2	27,039	(10.7)	28,730	92.0	-	9,270	(23.2)	-	38,000	40.5	-
Income tax expense	4,469	(36.6)	3,637	(13.4)	8,106	(27.9)	9,916	121.9	-	3,084	(15.2)	-	13,000	60.4	-
Tax rate	29.9%	-	30.1%	-	30.0%	-	34.5%	-	-	33.3%	-	-	34.2%	-	-
Profit attributable to owners of parent	10,331	(36.9)	8,883	178.5	19,214	(1.8)	19,476	88.5	-	6,524	(26.6)	-	26,000	35.3	-
(4) Operating income (1)-(2)-(3)	23,477	9.6	16,023	47.8	39,500	22.4	25,897	10.3	-	15,103	(5.7)	-	41,000	3.8	-
(5) Foreign exchange gains (losses)	(1,005)	-	(1,197)	-	(2,202)	-	(1,063)	-	-	-	-	-	-	-	-
(6) Adjustments in accordance with IFRS and others	2,650	201.8	(4,720)	-	(2,070)	-	5,037	90.1	-	-	-	-	-	-	-
Business profit (4)-(5)-(6)	21,832	(0.2)	21,940	33.5	43,772	14.3	21,923	0.4	-	20,077	(8.5)	-	42,000	(4.0)	-

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

Consolidated balance sheets

(¥ million, %)

	FY2020/3	FY2021/3	Variance (%)	Variance
	Year-end	1st half		
Total assets	768,861	782,074	1.7	13,213
Cash and cash equivalents	72,399	65,434	(9.6)	(6,965)
Trade and other receivables	130,213	123,681	(5.0)	(6,532)
Inventories	114,520	114,927	0.4	407
(1) Property, plant and equipment	284,060	305,149	7.4	21,089
Right-of-use assets	35,545	37,458	5.4	1,913
Other financial assets - non-current	32,647	35,215	7.9	2,568
Deferred tax assets	29,745	26,743	(10.1)	(3,002)
Total liabilities	352,264	354,686	0.7	2,422
Trade and other payables	99,802	98,554	(1.3)	(1,248)
(2) Interest-bearing liabilities	176,493	189,865	7.6	13,372
Total equity attributable to owners of parent	404,414	415,940	2.9	11,526
Non-controlling interests	12,183	11,448	(6.0)	(735)
Total equity	416,597	427,388	2.6	10,791

Major reasons for increase/decrease

(1) Property, plant and equipment

Mainly due to capital expenditures (of which ¥16.1 billion for a new baseball stadium)

(2) Interest-bearing liabilities

Due primarily to an increase in short-term bank loans

Capital expenditures, depreciation and amortization

(¥ million, %)

	FY2020/3	FY2021/3				
	1st half	1st half			Full year	
	Results	Results	Variance (%)	Variance	Initial forecasts	Full year forecasts
Capital expenditures	16,612	40,295	142.6	23,683	104,400	104,400
Processed Foods Business Division	6,931	8,722	25.8	1,791	27,900	28,700
Fresh Meats Business Division	4,551	4,821	5.9	270	31,800	26,600
Overseas Business Division	2,454	2,785	13.5	331	6,900	6,900
Others	2,676	23,967	-	21,291	37,800	42,200
Depreciation and amortization	16,279	16,837	3.4	558	34,400	34,400

Consolidated statements of cash flows

(¥ million)

		FY2020/3	FY2021/3		FY2021/3
		1st half results	1st half results	Variance	Full year forecasts
(1)	Cash flows from operating activities	33,298	34,428	1,130	71,900
(2)	Cash flows from investing activities	(19,434)	(36,528)	(17,094)	(85,200)
(3)	Cash flows from financing activities	(571)	(4,697)	(4,126)	(7,800)

Major reasons for increase/decrease

(1) Cash flow from operating activities

Net cash provided by operating activities amounted to ¥34.4 billion, mainly due to profit before tax of ¥28.7 billion, depreciation and amortization of ¥16.9 billion and a decrease in trade and other receivables of ¥6.7 billion, despite income tax paid of ¥6.5 billion and decrease in other liabilities of ¥4.9 billion.

(2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥36.5 billion, mainly due to the acquisition of fixed assets of ¥36.9 billion.

(3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥4.7 billion, mainly due to cash dividends of ¥9.3 billion and repayments of debts of ¥18.4 billion, despite proceeds from debt of ¥15.1 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.