



Business Results

for the Second Quarter of FY2022/3



Unleash new potentials for protein

Nipponham Group Vision 2030



November 1, 2021
NH Foods Ltd.



I: Consolidated Business Results for FY2022/3 2Q

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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
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1. FY2021/3 Business Results at a Glance and FY2022/3 Forecasts
2. Balance Sheets / Capital Expenditures / Depreciation and Amortization
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1. FY2022/3 Business Profit Forecasts
2. Processed Foods Business Division: Outlook
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4. Overseas Business Division: Outlook

* The Company has adopted International Financial Reporting Standards (“IFRS”).

* Business profit is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while deducting adjustments in accordance with IFRS and non-recurring items.

* The Company discloses the baseball club business and new businesses in the “Others” category from the first quarter of the fiscal year under review for the purpose of enhancing new business areas. In addition, from the first quarter of the fiscal year under review, the Company has changed the calculation method of net sales in order to appropriately reflect the business results of the reportable segments.
For the above changes, figures prior to the previous fiscal year have been retroactively adjusted. However, figures before the fiscal year ended March 31, 2020 have not been audited.

* Due to rounding, numbers may not match totals.

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

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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 2Q (Jul.-Sep.) (1)

Results Summary

Increased sales and decreased profit in 2Q

Reason for increased sales: Recovery trend of overseas business and recovery in products for commercial-use and restaurants in Japan.

Reason for decreased profit: Profits were under pressure from a decline in sales volume of beef in Japan and high feed prices.

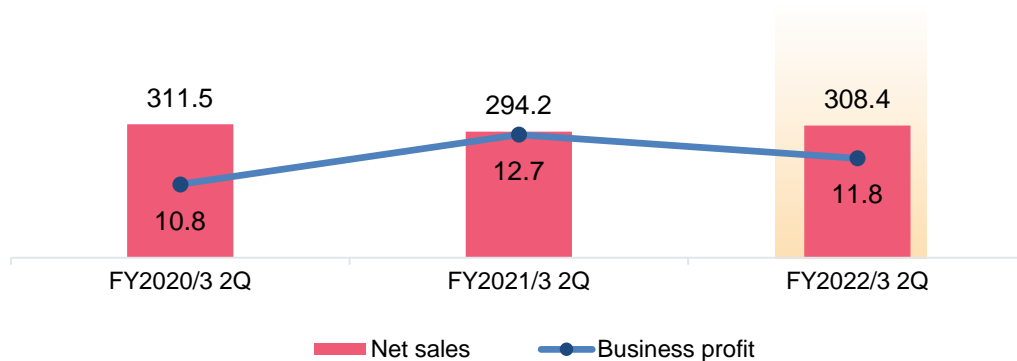
Increased sales and profit in 1st half

Reason for increased sales: Recovery in sales in Overseas business, domestic sustained sales to volume retailers, and recovery in domestic commercial-use products.

Reason for increased profit: Despite DX expenses, higher sales prices in Australian beef business and improved profits in marine products and extract/primary processing.

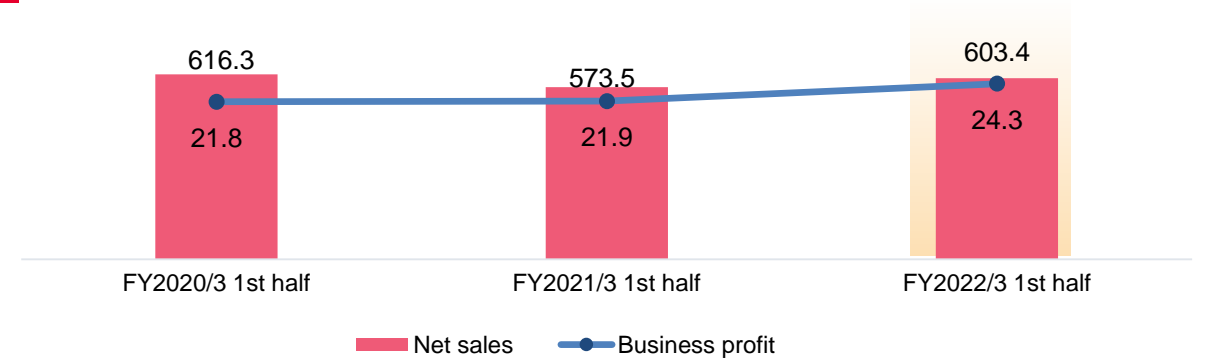
2Q Results (Jul.-Sep.)

(¥ billion)



1st Half Results (Apr.-Sep.)

(¥ billion)



Consolidated business results for FY2022/3 2Q

(¥ billion)

	2Q	Variance	Variance (%)	1st half	Variance	Variance (%)
Net sales	308.4	14.2	4.8%	603.4	29.9	5.2%
Business profit	11.8	(0.9)	(6.8)%	24.3	2.3	10.6%
Business profit ratio	3.8%	(0.5)%	-	4.0%	0.2%	-

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

2Q Results (Jul.-Sep.)

(¥ billion)

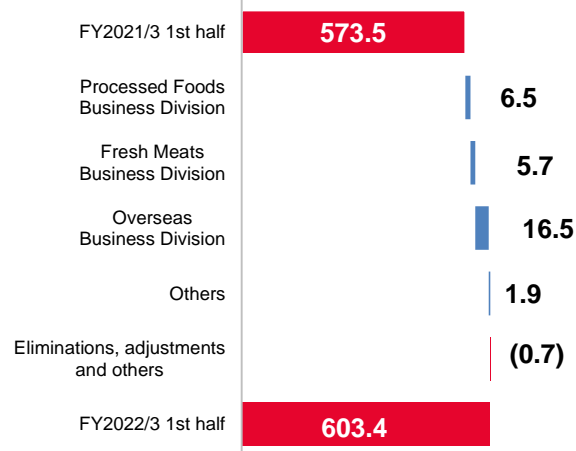
		FY2020/3 2Q	FY2021/3 2Q	FY2022/3 2Q	Variance	Variance (%)
Processed Foods Business Division	Net sales	125.8	122.1	124.7	2.6	2.1
	Business profit	2.9	3.7	3.7	0.0	(0.5)
Fresh Meats Business Division	Net sales	172.7	163.7	167.2	3.6	2.2
	Business profit	6.8	9.7	8.3	(1.4)	(14.9)
Overseas Business Division	Net sales	66.9	55.5	67.3	11.8	21.4
	Business profit	1.1	0.6	0.9	0.2	40.0
Others	Net sales	6.0	4.1	3.8	(0.3)	(6.8)
	Business profit	1.0	0.1	0.1	0.0	(10.0)
Eliminations, adjustments and others	Net sales	(59.9)	(51.2)	(54.7)	(3.5)	-
	Business profit	(1.0)	(1.4)	(1.0)	0.4	-
Consolidated	Net sales	311.5	294.2	308.4	14.2	4.8
	Business profit	10.8	12.7	11.8	(0.9)	(6.8)

1st Half Results (Apr.-Sep.)

(¥ billion)

		FY2020/3 1st half	FY2021/3 1st half	FY2022/3 1st half	Variance	Variance (%)
Processed Foods Business Division	Net sales	244.9	236.5	243.0	6.5	2.7
	Business profit	5.3	6.4	7.0	0.5	8.5
Fresh Meats Business Division	Net sales	345.0	324.2	329.8	5.7	1.7
	Business profit	14.3	18.3	17.8	(0.5)	(2.5)
Overseas Business Division	Net sales	131.6	111.2	127.8	16.5	14.9
	Business profit	1.9	0.5	0.6	0.1	25.1
Others	Net sales	12.0	6.3	8.2	1.9	30.2
	Business profit	2.4	(0.4)	0.4	0.8	-
Eliminations, adjustments and others	Net sales	(117.3)	(104.8)	(105.5)	(0.7)	-
	Business profit	(2.0)	(2.9)	(1.6)	1.3	-
Consolidated	Net sales	616.3	573.5	603.4	29.9	5.2
	Business profit	21.8	21.9	24.3	2.3	10.6

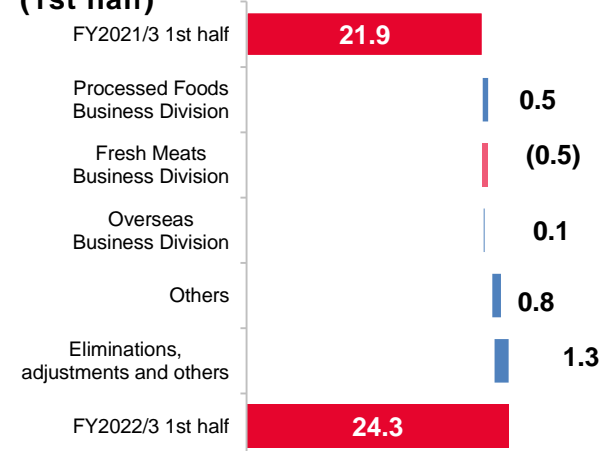
Changes in net sales (1st half)



Factor Analysis: Changes in net sales

- [Processed Foods Business Division]**
 - Sales increased as consumer products were maintained at the previous year's level, and commercial-use products also recovered
- Fresh Meats Business Division**
 - Sales increased mainly due to higher sales prices of imported fresh meat
- [Overseas Business Division]**
 - Sales increased due to global recovery in the sales environment
- [Others]**
 - Sales increased due to recovery in baseball club attendance

Changes in business profit (1st half)



Factor Analysis: Changes in business profit

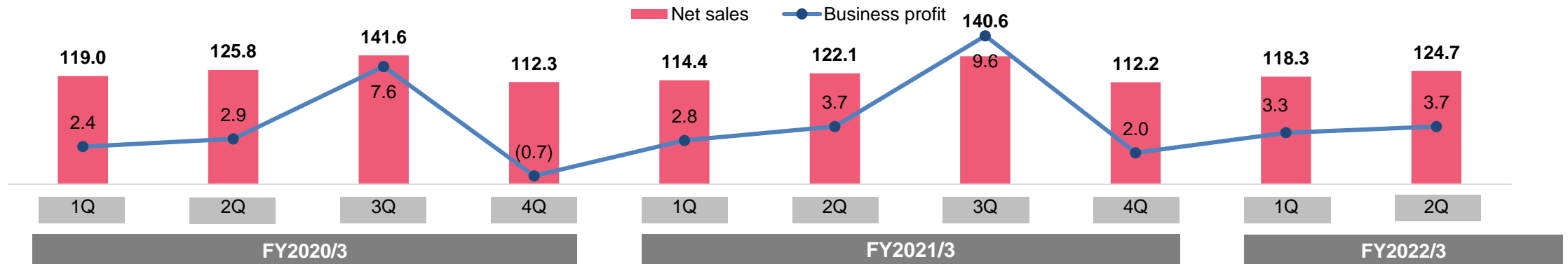
- [Processed Foods Business Division]**
 - Profit increased due to higher gross profit from sales volume expansion
- [Fresh Meats Business Division]**
 - Profit decreased due to higher feed costs and drop in sales volume of beef
- [Overseas Business Division]**
 - Profit increased driven by strong Australian beef business
- [Others]**
 - Profit increased due to recovery in baseball club attendance

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

Sales increased as consumer products were maintained at the previous year's level and commercial-use products also recovered. Profits increased due to higher gross profit reflecting sales growth.

(¥ billion)

	2Q				1st half			
	FY2021/3	FY2022/3	Variance	Variance (%)	FY2021/3	FY2022/3	Variance	Variance (%)
Net sales	122.1	124.7	2.6	2.1%	236.5	243.0	6.5	2.7%
Business profit	3.7	3.7	0.0	(0.5)%	6.4	7.0	0.5	8.5%
of which marine/dairy product, extract, etc.	0.7	0.9	0.1	14.9%	0.5	1.4	0.9	195.7%
Business profit ratio	3.0%	2.9%	(0.1)%	-	2.7%	2.9%	0.2%	-



Net Sales in FY2022/3 1st Half

Hams and sausages, deli and processed foods

- Consumer: Same level as the previous year due to sales expansion of our core brand *Ishigama Kobo* and new shelf-stable products
- Commercial-use: Sales increased with the launch of new products for convenience stores and restaurants

Marine/dairy products and extract/primary processing

- Consumer: Strong performance of *Vanilla Yogurt* but a drop in sales of cheese and canned foods
- Commercial-use: Growth in sales of sushi-toppings and other marine products, commercial-use cheese, and primary processing products

Business Profit in FY2022/3 1st Half

Hams and sausages, deli and processed foods

- Gross profit: Gross profit was secured thanks to volume expansion resulting from recovery in commercial-use products
- Expenses: Increase in advertising expenses mainly due to brand development and expenses related to sales growth

Marine/dairy products and extract/primary processing

- Gross profit: Gross profit was secured as a result of sales expansion of high-value-added products
- Expenses: Increase in expenses resulting from sales growth

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

Hams and sausages, deli and processed foods sales results

1) Products for consumer channels:

- **Hams and sausages:** The previous year's level was maintained through our promotion activities using web advertisements featuring famous celebrities, in addition to introducing large-bag type products to our core brand, *SCHAU ESSEN*, to meet growing stock demand.
- **Deli and processed foods:** Robust sales due to growth in chilled bakery and hamburg products resulting from stay-at-home consumption demand and the addition of newly launched shelf-stable products.



Proposed products with focus on preservability and stock demand



Products for which sales were strengthened to meet stay-at-home consumption demand



CHIKICHIKI Bone Chicken Skin Chips launched in the snack market

Year on year growth in sales by channel

		Volume	Amount
Hams and sausages	Consumer	98%	98%
	Commercial-use	107%	107%
	Total	100%	99%
Deli and processed foods	Consumer	101%	103%
	Commercial-use	103%	103%
	Total	102%	103%

Year on year sales comparison of consumer products

	Consumer products			Consumer products	
	1st half			1st half	
Hams and sausages	Wieners	99%	Deli and processed foods	Chilled bakery	113%
	Loin hams	98%		Chilled dish	92%
	Bacons	91%		Fried chicken	106%
	Yakibutas	101%		Hamburg and meatball	103%
	Total	98%		Total	103%

2) Products for commercial-use products:

Solid performance as a result of a recovery of products for convenience stores due to a rebound from last year and the introduction of new products for restaurants, despite the impact of COVID-19 in Thailand from July.

Gifts sales results

- Better-than-market growth of our core brands, *Utsukushi-no-Kuni* and *Honkakuha*, owing to sales promotion.
- Food loss reduced by switching from in-store samples to imitation samples.

Gift product sales results

		FY2021/3 Results	FY2022/3 Results
Summer gift-giving season	Overall sales	98%	96%
	(<i>Utsukushi-no-Kuni</i>)	89%	99%

Marine/dairy products and extract/primary processing sales results

- 1) Marine:** Strong sales for high profit sushi-toppings for volume retailers and restaurants and products manufactured in in-house factories.
- 2) Dairy products:** Sales of our core commercial-use cheese to restaurants and food manufacturers remained strong.

Yogurt remained flat from the previous year as drink yogurt was sluggish, despite the growth of our core brand, *Vanilla Yogurt* with a newly added flavor.



Baby cheese promoted through a sales expansion campaign



New flavor, *Vanilla Yogurt Golden Kiwi*

- 3) Extract/primary processing:** Strong sales centered on heat-processed products for convenience stores.

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

Factor Analysis: Changes in business profit

(¥ billion)

FY2022/3					
	1Q results	2Q results	1st half forecasts	1st half results	Variance
Hams and sausages, deli and processed foods	(0.2)	(0.3)	(0.7)	(0.5)	0.2
External factors	0.2	(0.3)	0.0	(0.1)	(0.1)
Principal raw material price	0.2	0.0	0.4	0.2	(0.2)
Other materials/fuels	0.0	(0.3)	(0.4)	(0.3)	0.1
Internal factors	(0.5)	0.0	(0.7)	(0.5)	0.2
Volume expansion	0.0	0.1	0.0	0.1	0.0
Improvement activities	(0.5)	(0.1)	(0.7)	(0.5)	0.2
Vendor and logistics	0.2	0.4	0.8	0.6	(0.1)
Marine/dairy products and extract/primary processing	0.9	0.2	0.7	1.0	0.3
DX costs	(0.3)	(0.3)	(1.3)	(0.6)	0.7
Total	0.6	0.0	(0.5)	0.5	1.0

Forecasts Variation Factor Analysis (1st Half)

[External factors] ¥(0.1) billion

Principal raw materials:

All materials except for those used for hamburg and bacon performed as expected

[Internal factors] ¥0.2 billion

Improvement activities:

Product mix improved as a result of sales expansion of products with high unit prices

[Vendor and logistics] ¥(0.1) billion

Logistics:

Acquired new sales, but was slow in improving efficiency

[Marine/dairy products and extract/primary processing] ¥0.3 billion

Marine:

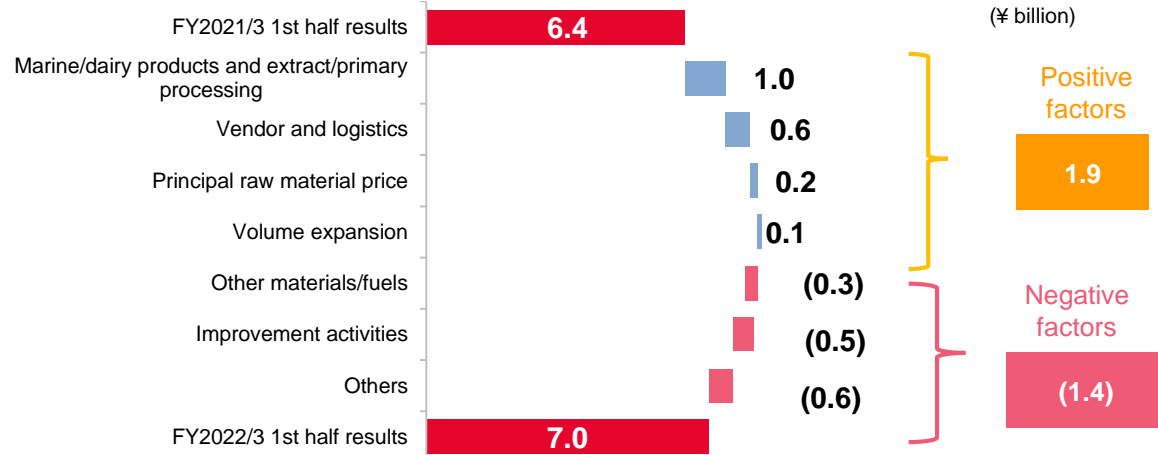
Strong sales of high-value-added products

Extract/primary processing:

Expansion of sales channels due to synergies

Better-than-expected results due to strong sales of products for the convenience store channel

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

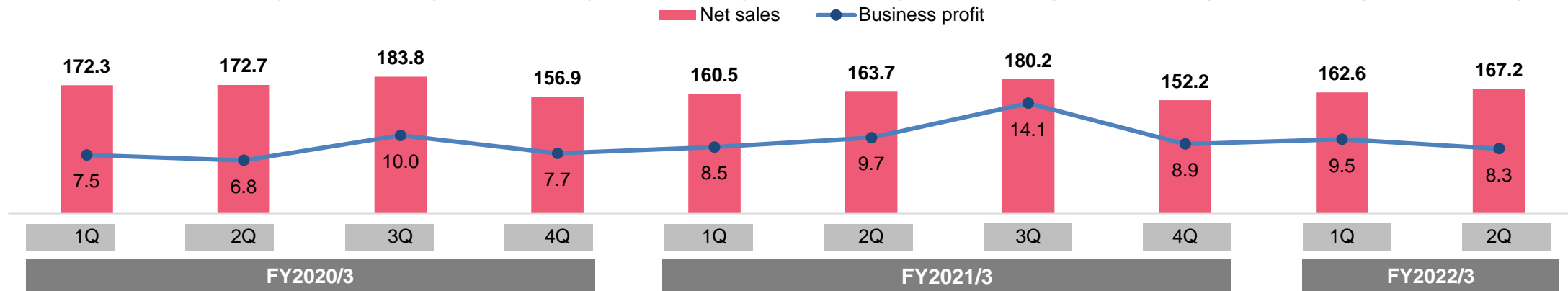


3. Segment Data: Fresh Meats Business Division (1)

Sales increased as sales prices of imported fresh meat rose. Profits decreased due to a rise in production costs for domestic pork and chicken and a drop in sales volume particularly of beef.

(¥ billion)

	2Q				1st half			
	FY2021/3	FY2022/3	Variance	Variance (%)	FY2021/3	FY2022/3	Variance	Variance (%)
Net sales	163.7	167.2	3.6	2.2%	324.2	329.8	5.7	1.7%
Business profit	9.7	8.3	(1.4)	(14.9)%	18.3	17.8	(0.5)	(2.5)%
Business profit ratio	5.9%	5.0%	(1.0)%	-	5.6%	5.4%	(0.2)%	-



Net Sales in FY2022/3 1st Half

- Sales: → Volume retailer channel remained largely the same as last year due to enhanced proposals for the growing home meals and deli dishes
- Sales were secured due to rising unit prices of imported fresh meat and the rising market price of domestic beef

Business Profit in FY2022/3 1st Half

- Production: → Profits were lower than last year due to high feed costs, weak pork market price in 1Q, and a decline in pig shipments
- Sales: → Profits were secured due to the recovery in the market price of imported chicken and efforts to source imported offal under the circumstances of low distribution volume

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

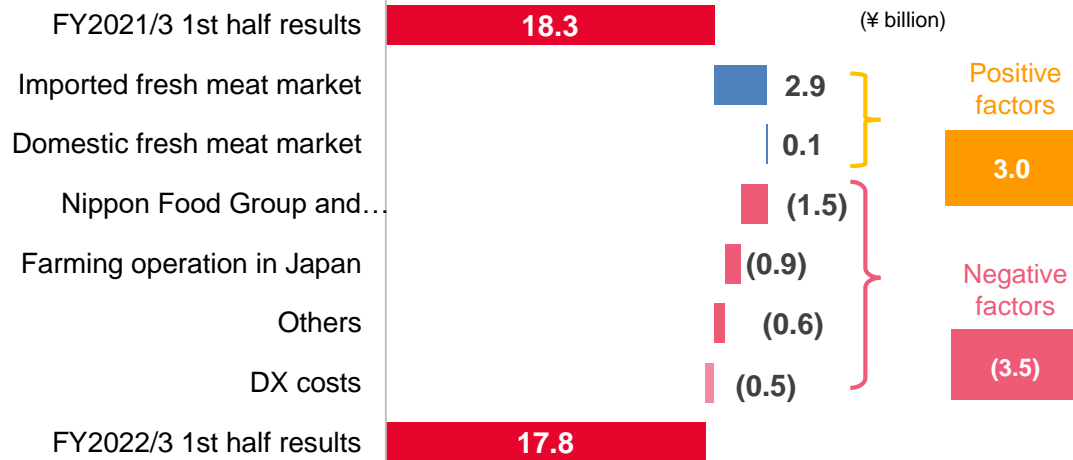
Factor Analysis: Changes in business profit

(¥ billion)

FY2022/3					
	1Q results	2Q results	1st half forecasts	1st half results	Variance
Imported fresh meat market	2.0	0.9	2.5	2.9	0.4
Domestic fresh meat market	0.3	(0.2)	0.4	0.1	(0.3)
Farming operation in Japan	(0.5)	(0.4)	(1.4)	(0.9)	0.5
Nippon Food Group and logistics operation	(0.6)	(1.0)	(0.6)	(1.5)	(1.0)
DX costs	(0.3)	(0.3)	(1.3)	(0.5)	0.8
Others	(0.1)	(0.5)	(0.0)	(0.6)	(0.6)
Total	1.0	(1.5)	(0.2)	(0.5)	(0.3)

* 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)



Forecasts Variation Factor Analysis (1st Half)

[Imported fresh meat market] ¥0.4 billion

Chicken:

Exceeded the plan due to improved inventory positions and costs being passed on to sales prices following demand recovery

Beef:

Exceeded the plan due to efforts to secure supply volume amid an improvement in inventory positions particularly for offal and a fall in distribution volume

[Domestic fresh meat market] ¥(0.3) billion

Pork:

Fell below the plan as costs could not be passed on to prices amid a harsh sales environment, with market prices being higher than anticipated from July onward

[Farming operation in Japan] ¥0.5 billion

Pork and chicken:

Exceeded the plan owing to stronger market prices than anticipated

[Nippon Food Group and logistics operation] ¥(1.0) billion

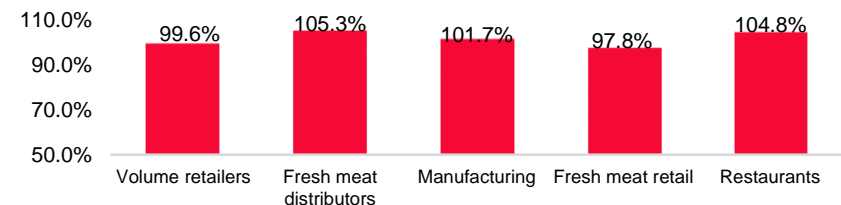
Sales:

Fell below the plan due to declines in sales of high-value-added products such as domestic / imported beef as a result of increased budget-minded trend mainly in the volume retailer channel

FY2022/3 1st Half Sales Results of four

Nippon Food Group companies:

Overall volume growth of 101%

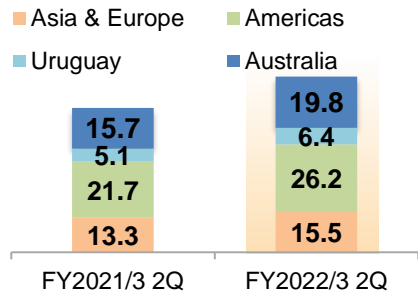


4. Segment Data: Overseas Business Division (1)

Sales increased due to improved sales environment in each area. Profits increased due to higher profits in the Australian business resulting from soaring sales prices of beef.

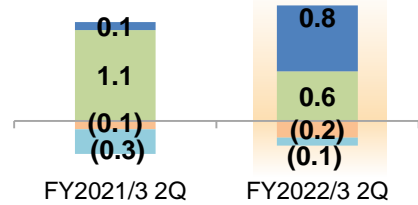
2Q Results (Jul.-Sep.)

[Net Sales]



	FY21/3	FY22/3	Variance	Variance (%)
Overseas total	55.5	67.3	11.8	21.4%
Australia	15.7	19.8	4.1	26.1%
Uruguay	5.1	6.4	1.3	26.0%
Americas	21.7	26.2	4.4	20.3%
Asia & Europe	13.3	15.5	2.2	16.2%

[Business Profit]



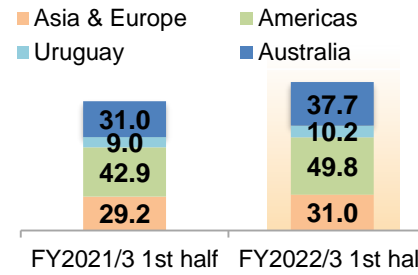
	FY21/3	FY22/3	Variance	Variance (%)
Overseas total	0.6	0.9	0.2	40.0%
Australia	0.1	0.8	0.7	479.2%
Uruguay	(0.3)	(0.1)	0.2	-
Americas	1.1	0.6	(0.6)	(49.6%)
Asia & Europe	(0.1)	(0.2)	(0.1)	-

Net Sales in FY2022/3 1st Half

- Australia**
 - Australia: Net sales increased due to high sales prices despite difficulties in collection
 - Uruguay: Net sales increased due to high sales prices
- Americas**
 - Net sales increased due to strong sales of processed products in North America and exports to Japan
- Asia & Europe**
 - ASEAN: Net sales increased due to a recovery in the volume of sales to Japan
 - Turkey: Net sales increased due to the high sales prices throughout the 1st half

1st Half Results (Apr.-Sep.)

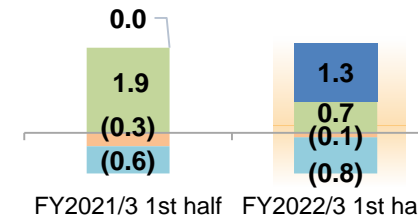
[Net Sales]



* 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.)

	FY21/3	FY22/3	Variance	Variance (%)
Overseas total	111.2	127.8	16.5	14.9%
Australia	31.0	37.7	6.6	21.3%
Uruguay	9.0	10.2	1.2	13.1%
Americas	42.9	49.8	7.0	16.3%
Asia & Europe	29.2	31.0	1.8	6.2%

[Business Profit]



	FY21/3	FY22/3	Variance	Variance (%)
Overseas total	0.5	0.6	0.1	25.1%
Australia	0.0	1.3	1.2	-
Uruguay	(0.6)	(0.8)	(0.1)	-
Americas	1.9	0.7	(1.2)	(64.9%)
Asia & Europe	(0.3)	(0.1)	0.2	—

Business Profit in FY2022/3 1st Half

- Australia**
 - Australia: Profits were secured throughout the 1st half thanks to sustained growth in demand
- Uruguay**
 - Uruguay: Profits were sluggish due to the impact of sales suspension to China
- Americas**
 - Profits were under pressure from a continuous rise in procurement prices of raw materials for processed products
- Asia & Europe**
 - Turkey: Profits were secured thanks to rising sales prices

4. Segment Data: Overseas Business Division (2)

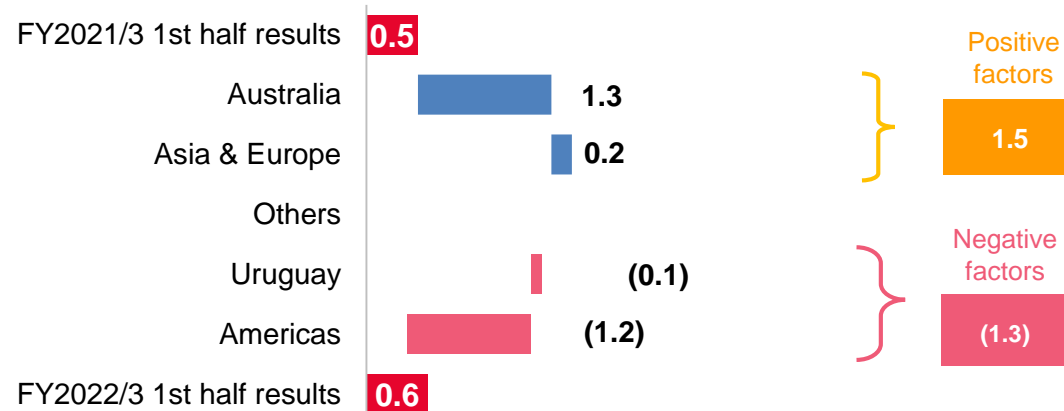
Factor Analysis: Changes in business profit

(¥ billion)

FY2022/3					
	1Q results	2Q results	1st half forecasts	1st half results	Variance
Australia	0.5	0.7	1.3	1.3	0.0
Uruguay	(0.4)	(0.2)	(0.5)	(0.1)	0.3
Americas	(0.7)	(0.6)	(1.1)	(1.2)	(0.2)
Asia & Europe	0.3	(0.1)	0.6	0.2	(0.4)
Others	0.0	0.0	0.0	0.0	0.0
Total	(0.1)	0.3	0.4	0.1	(0.2)

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

(¥ billion)



Forecast Variation Factor Analysis (1st Half)

[Australia] ¥0 billion

Procurement: Procurement costs remained high

Sales: Sales prices remained high due to supply shortage and demand recovery

→ As planned due to expansion of brand beef sales in Australia and steady performance of export sales

[Uruguay] ¥0.3 billion

Procurement: Procurement costs remained high throughout the 1st half

Sales: Sales volume fell below the plan due to a ban on exports to China
→ Exceeded the plan as a result of high sales prices

[Americas] ¥(0.2) billion

Fresh meat prices soared in the U.S. due to rising feed prices

→ Fell below the plan as profits were under pressure from high prices of raw materials

[Asia & Europe] ¥(0.4) billion

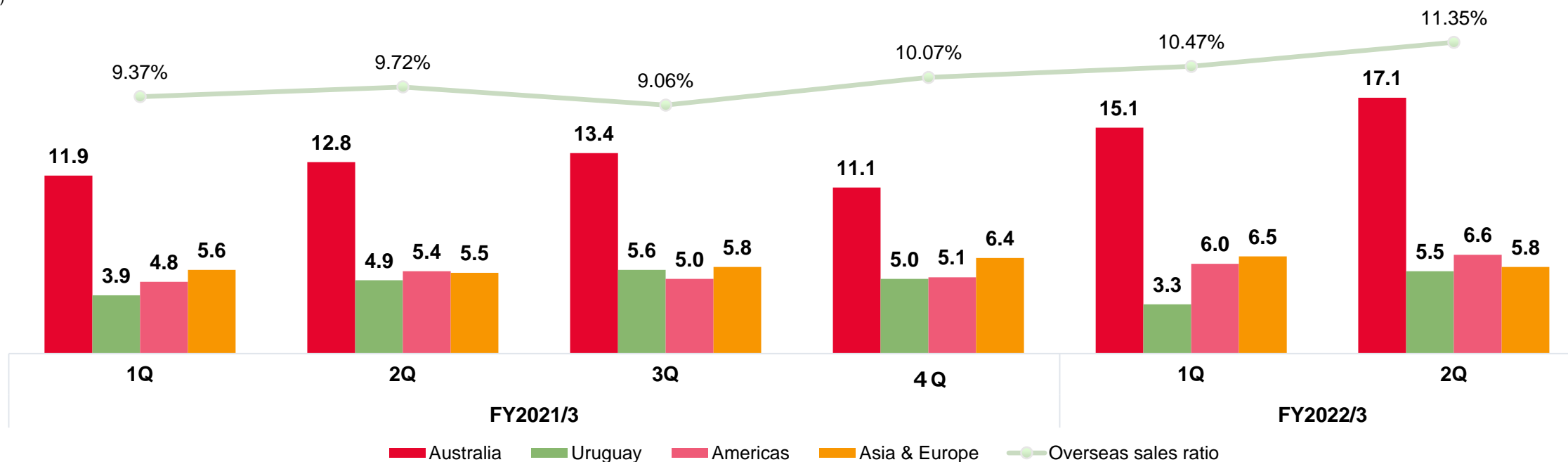
Thailand: Fell below the plan due to a fall in the factory utilization rate and an increase in the procurement prices of raw materials due to COVID-19

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

(¥ billion)

	FY2021/3					FY2022/3	
	1Q	2Q	3Q	4Q	Full year	1Q	2Q
Australia	11.9	12.8	13.4	11.1	49.2	15.1	17.1
Uruguay	3.9	4.9	5.6	5.0	19.4	3.3	5.5
Americas	4.8	5.4	5.0	5.1	20.3	6.0	6.6
Asia & Europe	5.6	5.5	5.8	6.4	23.3	6.5	5.8
Overseas total	26.2	28.6	29.8	27.5	112.2	30.9	35.0
Overseas sales ratio	9.37%	9.72%	9.06%	10.07%	9.54%	10.47%	11.35%

* Net sales figures represent net sales to external customers.
(¥ billion)



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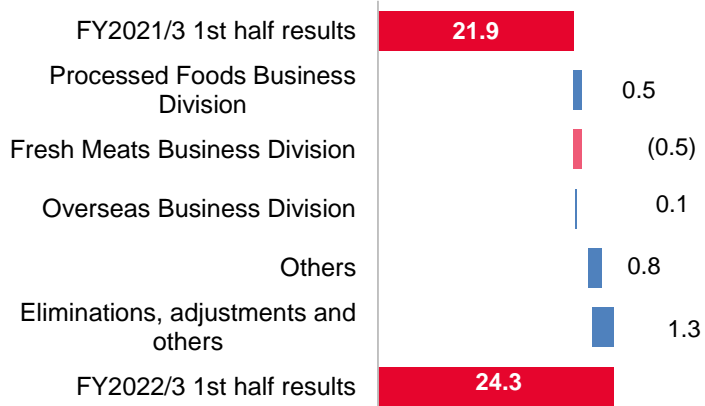
II: Outlook for FY2022/3

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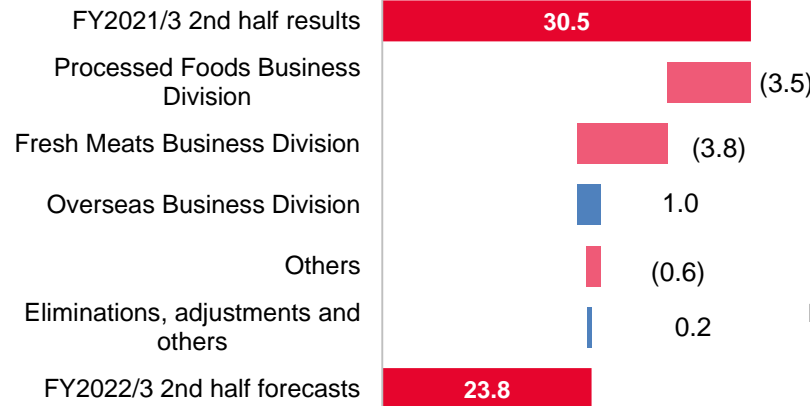
1. FY2022/3 Business Profit Forecasts
2. Processed Foods Business Division: Outlook
3. Fresh Meats Business Division: Outlook
4. Overseas Business Division: Outlook

1. FY2022/3 Business Profit Forecasts (1)

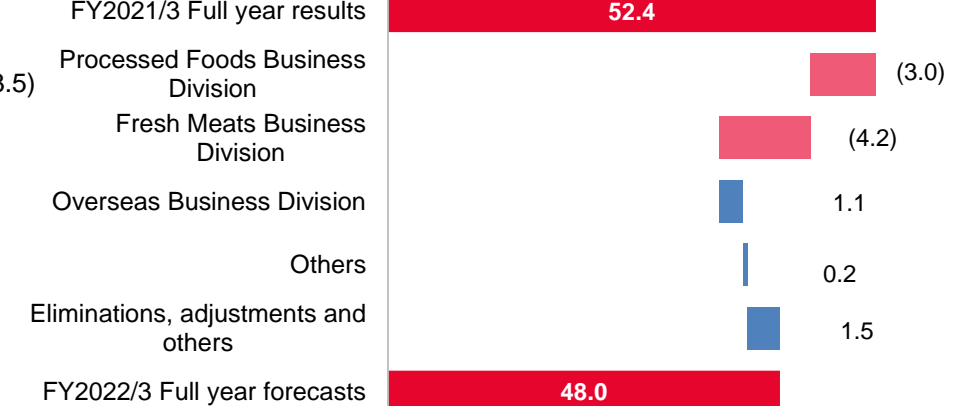
Changes in 1st half results



Changes in 2nd half forecasts



Changes in full year forecasts



(¥ billion)

(¥ billion)

	FY2022/3 1st half			FY2022/3 2nd half			FY2022/3 Full year		
	FY2021/3 1st half results	Results	Variance	FY2021/3 2nd half results	Forecasts	Variance	FY2021/3 Full year results	Forecasts	Variance
Processed Foods Business Division	6.4	7.0	0.5	11.5	8.0	(3.5)	18.0	15.0	(3.0)
Fresh Meats Business Division	18.3	17.8	(0.5)	23.0	19.2	(3.8)	41.2	37.0	(4.2)
Overseas Business Division	0.5	0.6	0.1	(0.6)	0.4	1.0	(0.1)	1.0	1.1
Others	(0.4)	0.4	0.8	(1.4)	(2.0)	(0.6)	(1.8)	(1.6)	0.2
Eliminations, adjustments and others	(2.9)	(1.6)	1.3	(2.0)	(1.8)	0.2	(4.9)	(3.4)	1.5
Total	21.9	24.3	2.3	30.5	23.8	(6.7)	52.4	48.0	(4.4)

1. FY2022/3 Business Profit Forecasts (2)

Changes from 1Q business profit forecasts

* 2nd half and full year forecasts are forecasts revised after 2Q.

	FY2022/3 1Q	FY2022/3 2Q			FY2022/3 1st half			FY2022/3 2nd half			FY2022/3 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	3.3	2.6	3.7	1.1	6.0	7.0	1.1	9.1	8.0	(1.1)	15.0	15.0	0.0
Fresh Meats Business Division	9.5	8.5	8.3	(0.3)	18.1	17.8	(0.3)	18.9	19.2	0.2	37.0	37.0	0.0
Overseas Business Division	(0.2)	1.1	0.9	(0.2)	0.9	0.6	(0.2)	(0.4)	0.4	0.7	0.5	1.0	0.5
Others	0.4	0.4	0.1	(0.3)	0.8	0.4	(0.3)	(2.0)	(2.0)	0.0	(1.2)	(1.6)	(0.4)
Eliminations, adjustments and others	(0.6)	(1.1)	(1.0)	0.0	1.6	(1.6)	0.0	(1.7)	(1.8)	(0.1)	(3.3)	(3.4)	(0.1)
Total	12.4	11.6	11.8	0.3	24.0	24.3	0.3	24.0	23.8	(0.2)	48.0	48.0	0.0

2. Processed Foods Business Division: Outlook

Business profit forecast for FY2022/3: ¥15.0 billion

Efforts in hams and sausages and deli and processed foods businesses

- Products for consumer channels

- Extend our customer base to young people and improve recognition by expanding sales of our core brands and conducting promotion activities using web advertisements for shelf-stable products, which we plan to develop as a new pillar
- Revamp packaging to reduce environmental impact

- Products for commercial-use channels

- Reassess low profit products and step up proposals of value-added products
- Realize further synergies through product proposal and development capitalizing on each company's strengths (sales channels and manufacturing)

- Efforts for gifts

- Launch an authentic French food series while expanding sales of our core brands to attract young customers
- Change packaging materials for some of our gift sets to reduce the amount of packaging. Take environmentally friendly initiatives

Efforts in marine/dairy products and extract/primary processing

- Marine products

- Step up sales of high profit, value-added products including products manufactured in in-house factories and sushi toppings

- Dairy products

- Expand sales of cheese, particularly value-added products with special attention to ingredients
- For yogurt products, strengthen sales of *Ísey SKYR* and bolster the production capacity of the strongly performing *Vanilla Yogurt*

- Extract/primary processing

- Create synergies using the Group's sales channels and develop and expand sales of shelf-stable extract products

Factor Analysis: Changes in profit forecasts

	FY2022/3 2nd half			FY2022/3 Full year		
	1Q forecasts	2Q forecasts	Variance	1Q forecasts	2Q forecasts	Variance
Hams and sausages, deli and processed foods	(1.5)	(1.5)	(0.0)	(2.2)	(2.0)	0.1
External factors	(2.0)	(2.6)	(0.6)	(2.0)	(2.7)	(0.7)
Principal raw material price	(1.3)	(1.5)	(0.1)	(0.9)	(1.2)	(0.3)
Other materials/fuels	(0.7)	(1.2)	(0.5)	(1.1)	(1.5)	(0.4)
Internal factors	0.5	1.1	0.6	(0.1)	0.7	0.8
Volume expansion	0.1	0.1	0.0	0.1	0.2	0.1
Improvement activities	0.5	1.0	0.6	(0.2)	0.5	0.7
Vendor and logistics	0.2	0.1	(0.2)	1.0	0.7	(0.3)
Marine/dairy products and extract/primary processing	0.1	(0.6)	(0.7)	0.8	0.4	(0.4)
DX costs	(1.4)	(1.6)	(0.2)	(2.7)	(2.2)	0.5
Total	(2.5)	(3.5)	(1.0)	(3.0)	(3.0)	(0.0)

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

	Channel	Full year forecast
Hams and sausages	Consumer	100%
	Commercial-use	109%
	Total	101%
Deli and processed foods	Consumer	102%
	Commercial-use	97%
	Total	100%

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

Hams and sausages		Deli and processed foods	
Category	Full year forecast	Category	Full year forecast
Wieners	100%	Chilled bakery	102%
Loin hams	101%	Chilled dish	97%
Bacon	97%	Fried chicken	102%
Yakibutas	101%	Hamburg and meatball	100%
Total	100%	Total	102%

3. Fresh Meats Business Division: Outlook

Business profit forecast for FY2022/3: ¥37.0 billion

Domestic fresh meat market

Market: Domestic production of fresh meat is expected to be significantly affected by feed prices

Chicken) The market price is expected to rise toward the end of the year and remain at about the same level as last year

Pork) Although the market price continues to be high, it is expected to weaken moving forward

(The Company's efforts)

Chicken and pork: Increase external sourcing while further improving productivity and expanding in-house integrated brand meat to offset soaring feed prices

Imported fresh meat market

Market: Procurement prices are expected to remain high due to global demand recovery and soaring feed prices, as well as unstable operations of production packers and disruption in logistics. Exchange rates must be monitored as well

(The Company's efforts)

Beef) Continue to develop suppliers and secure supply volume in coordination with the Overseas Business Division (e.g. Uruguay and Poland)

Pork) Secure volume by strengthening cooperation with suppliers and enhance proposals for brand meat in preparation for a recovery in demand for restaurants

Chicken) Secure volume of Brazilian products to counter the risk of Thailand facing production instability and work to cultivate other countries

Initiatives for fresh meats sales (Nippon Food Group)

Market: Channel trends and customer/consumer needs are constantly changing due to the impact of COVID-19

(The Company's efforts)

[Spread of brand meat]

- Conduct sales promotion and step up proposals for *Sakurahime*, which will celebrate its 20th anniversary in the next fiscal year
- Step up proposals on our advantages, especially of our in-house integration brands

[Further reinforcement of coordination between procurement and sales departments and sales expansion]

- Propose and develop products that meet changes in needs such as ready-made meals, deli dishes, and takeout products
- Strengthen proposals and structures for the restaurant channel for which recovery is expected
- Expand and make new proposals for co-operative and drugstore channels



Uruguay Branded beef

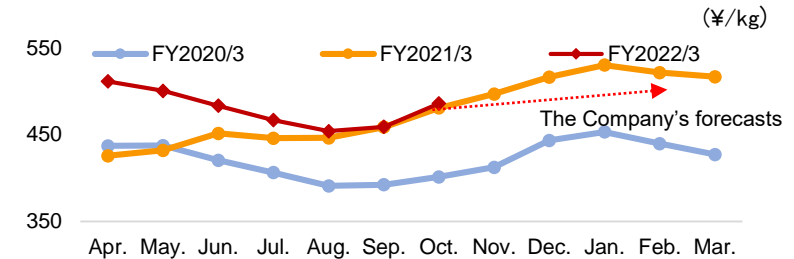


Product mascot Sakurahime-chan

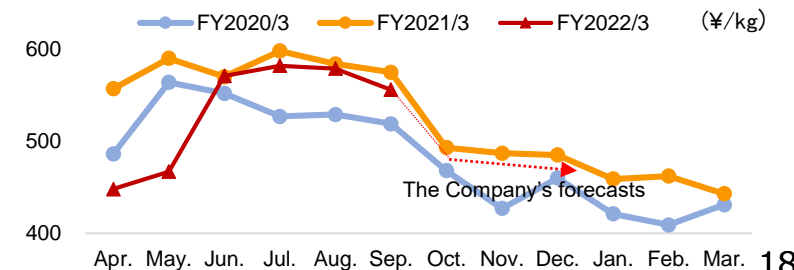
Factor Analysis: Changes in profit forecasts

	FY2022/3 2nd half			FY2022/3 Full year		
	1Q forecasts	2Q forecasts	Variance	1Q forecasts	2Q forecasts	Variance
Imported fresh meat market	(0.7)	(0.7)	0.0	1.9	2.3	0.4
Domestic fresh meat market	(0.9)	(0.6)	0.4	(0.5)	(0.5)	0.0
Farming operation in Japan	(1.2)	(1.7)	(0.5)	(2.6)	(2.6)	0.0
Nippon Food Group and logistics operation	0.0	0.5	0.5	(0.5)	(1.0)	(0.5)
DX costs	(1.3)	(1.4)	(0.2)	(2.5)	(1.9)	0.6
Others	0.0	0.0	0.0	0.0	(0.6)	(0.5)
Total	(4.0)	(3.8)	0.3	(4.2)	(4.2)	0.0

[Chicken market price] Based on weighted average for chicken market: Simple average unit price taken from Shokuhin Sangyo Shimbusha'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: ¥1.0 billion

Efforts in each area

[Americas Business]

Processing) Strong sales of processed products are expected to continue due to robust domestic consumption. Raw material costs are expected to remain high

➔ Increase profitability by improving productivity and expand sales channels

Export) Procurement prices are expected to remain high due to worker shortage and other factors

➔ Secure stable supply volume for Japan

[Asia & Europe Business]

Turkey) Sales prices are likely to weaken in a low-demand phase while costs are expected to rise

➔ Reduce costs through farm reorganization and productivity improvement and increase sales of value-added products

ASEAN) While the COVID-19 infection situation needs to be monitored, sales are expected to recover

➔ Recover sales volume and expand new products for Japan while enhancing local sales

[Australia Business]

Australia) Rising procurement prices and difficulty in collection will continue

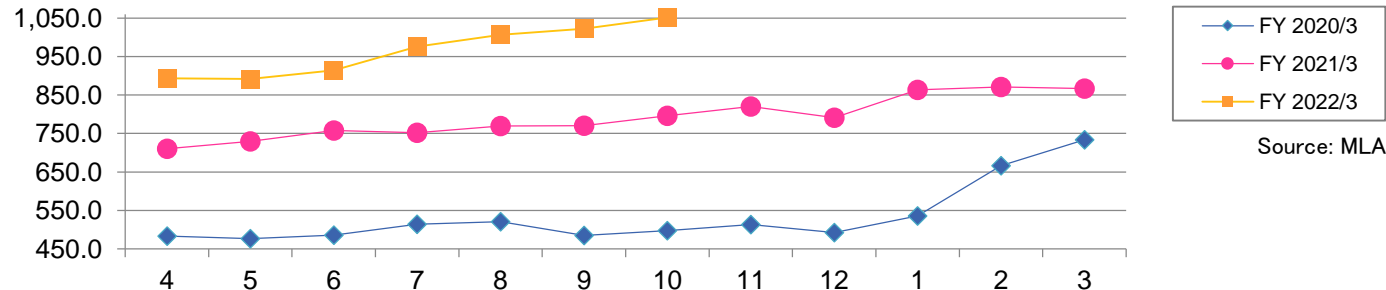
➔ Secure profits by expanding sales of brand meat and value-added products in preparation for demand recovery

Uruguay) High procurement prices are likely to continue

➔ Improve profits through strengthened coordination between procurement and sales

➔ Continue efforts to expand sales channels including branding enhancement

[Eastern Young Cattle Indicator (EYCI)]



Factor Analysis: Changes in business profit forecasts

	FY2022/3 2nd half			FY2022/3 Full year		
	1Q forecasts	2Q forecasts	Variance	1Q forecasts	2Q forecasts	Variance
Australia	0.2	1.1	0.9	1.0	2.3	1.2
Australia	0.3	1.1	0.8	1.5	2.4	0.9
Uruguay	(0.1)	0.0	0.1	(0.5)	(0.1)	0.4
Americas	(0.2)	(0.4)	(0.1)	(1.3)	(1.6)	(0.3)
Asia & Europe	0.3	0.2	(0.1)	0.9	0.4	(0.5)
Others	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.3	1.0	0.7	0.6	1.1	0.5

(Business profit forecasts)

	FY2022/3 2nd half		FY2022/3 Full year	
	1Q forecasts	2Q forecasts	1Q forecasts	2Q forecasts
Australia				
Australia	(0.3)	0.7	(0.0)	1.2
Uruguay	(0.4)	0.5	0.9	1.7
Uruguay	0.1	0.2	(1.0)	(0.6)
Americas	0.6	0.5	1.4	1.2
Asia & Europe	(0.2)	(0.3)	0.1	(0.4)
Others	(0.5)	(0.5)	(1.0)	(1.0)
Total	(0.4)	0.4	0.5	1.0

I: Consolidated Business Results for FY2022/3 2Q

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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

III: Consolidated Financial Results for FY2022/3 2Q

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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						FY2022/3 results and forecasts								
	1st half results	Variance (%)	2nd half results	Variance (%)	Full year results	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	573,484	(6.9)	602,617	(1.8)	1,176,101	(4.4)	603,365	5.2	-	576,635	(4.3)	-	1,180,000	0.3	-
Hams and sausages	64,643	2.0	67,782	0.3	132,425	1.1	63,874	(1.2)	0.5	63,626	(6.1)	(2.3)	127,500	(3.7)	(0.9)
Processed foods	108,111	(5.2)	115,474	0.6	223,585	(2.3)	115,817	7.1	2.5	109,783	(4.9)	(0.8)	225,600	0.9	0.8
Fresh meats	330,147	(7.8)	342,733	(3.1)	672,880	(5.5)	345,615	4.7	(1.4)	331,685	(3.2)	(2.9)	677,300	0.7	(2.1)
Beef	127,096	(16.8)	129,903	(9.9)	256,999	(13.4)	137,743	8.4	(7.7)	127,657	(1.7)	(8.0)	265,400	3.3	(7.9)
Pork	114,515	1.7	114,935	0.8	229,450	1.3	112,368	(1.9)	(0.5)	112,232	(2.4)	0.0	224,600	(2.1)	(0.2)
Chicken	78,386	(3.8)	87,836	3.9	166,222	0.1	85,786	9.4	1.8	82,814	(5.7)	(2.0)	168,600	1.4	(0.1)
Other fresh meats	10,150	(8.8)	10,059	(9.1)	20,209	(9.0)	9,718	(4.3)	(4.1)	8,982	(10.7)	(10.8)	18,700	(7.5)	(7.5)
Marine products	35,239	(8.3)	41,614	(1.6)	76,853	(4.8)	38,340	8.8	(0.9)	38,960	(6.4)	4.8	77,300	0.6	2.1
Dairy products	16,232	(4.0)	15,735	(5.8)	31,967	(4.9)	17,120	5.5	(0.5)	14,980	(4.8)	0.7	32,100	0.4	0.1
Others	19,112	(25.1)	19,279	4.7	38,391	(12.6)	22,599	18.2	-	17,601	(8.7)	-	40,200	4.7	-
(2) Cost of goods sold	469,396	(8.3)	494,971	(3.5)	964,367	(5.9)	495,577	5.6	-						
Gross profit	104,088	(0.5)	107,646	6.7	211,734	3.0	107,788	3.6	-						
Gross profit ratio	18.2%	-	17.9%	-	18.0%	-	17.9%	-	-						
(3) SG&A expenses	78,191	(3.7)	83,024	(2.2)	161,215	(2.9)	81,104	3.7	-						
Other income and expenses	657	-	(4,116)	-	(3,459)	-	(749)	-	-	(2,351)	-	-	(3,250)	-	-
Finance income and costs	(132)	-	540	-	408	-	(1,000)	-	-	(1,400)	-	-	(1,750)	-	-
Share of profit (loss) in investments accounted for using the equity method	2,308	704.2	(902)	-	1,406	3.8	3,104	34.5	-	1,896	-	-	1,000	(28.9)	-
Profit before tax	28,730	92.0	20,144	66.8	48,874	80.8	28,039	(2.4)	-	18,461	(8.4)	-	43,000	(12.0)	-
Income tax expense	9,916	121.9	7,900	117.2	17,816	119.8	8,342	(15.9)	-	5,658	(28.4)	-	13,500	(24.2)	-
Tax rate	34.5%	-	39.2%	-	36.5%	-	29.8%	-	-	30.7%	-	-	31.4%	-	-
Profit attributable to owners of parent	19,476	88.5	13,140	47.9	32,616	69.8	19,604	0.7	-	13,396	1.9	-	30,000	(8.0)	-
(4) Operating income (1)-(2)-(3)	25,897	10.3	24,622	53.7	50,519	27.9	26,684	3.0	-	20,316	(17.5)	-	47,000	(7.0)	-
(5) Foreign exchange gains (losses)	(1,063)	-	(1,518)	-	(2,581)	-	(781)	-	-	-	-	-	-	-	-
(6) Adjustments in accordance with IFRS and others	5,037	90.1	(4,363)	-	674	-	3,213	-	-	-	-	-	-	-	-
Business profit (4)-(5)-(6)	21,923	0.4	30,503	39.0	52,426	19.8	24,252	10.6	-	23,748	(22.1)	-	48,000	(8.4)	-

2. Balance Sheets / Capital Expenditures / Depreciation and Amortization

Consolidated balance sheets

(¥ million, %)

		FY2021/3	FY2022/3	Variance (%)	Variance
		Year-end	1st half		
(1)	Total assets	825,405	844,824	2.4	19,419
	Cash and cash equivalents	83,831	67,905	(19.0)	(15,926)
	Trade and other receivables	127,067	130,648	2.8	3,581
	Inventories	107,906	131,124	21.5	23,218
	Property, plant and equipment	325,629	331,048	1.7	5,419
	Right-of-use assets	38,362	35,703	(6.9)	(2,659)
	Other financial assets - non-current	35,796	38,000	6.2	2,204
	Deferred tax assets	26,056	24,123	(7.4)	(1,933)
	Total liabilities	381,096	389,244	2.1	8,148
	Trade and other payables	98,983	110,337	11.5	11,354
(2)	Interest-bearing liabilities	193,750	206,185	6.4	12,435
	Total equity attributable to owners of parent	433,595	444,818	2.6	11,223
	Non-controlling interests	10,714	10,762	0.4	48
	Total equity	444,309	455,580	2.5	11,271

Major reasons for increase/decrease

(1) Inventories

Increased ¥23.2 billion mostly in fresh meats, mainly pork and chicken

(2) Property, plant and equipment

Increased ¥5.4 billion mainly due to an increase in capital expenditures

Capital expenditures, depreciation and amortization

(¥ million, %)

	FY2021/3	FY2022/3				
	1st half	1st half			Full year	
	Results	Results	Variance (%)	Variance	Initial forecasts	Full year forecasts
Capital expenditures	40,295	25,490	(36.7)	(14,805)	81,700	98,600
Processed Foods Business Division	8,722	4,872	(44.1)	(3,850)	17,200	16,680
Fresh Meats Business Division	4,821	5,834	21.0	1,013	26,000	23,160
Overseas Business Division	2,785	1,436	(48.4)	(1,349)	7,000	6,620
Others	23,967	13,347	(44.3)	(10,620)	31,500	52,140
Depreciation and amortization	16,837	17,985	6.8	1,148	34,600	34,600

Consolidated statements of cash flows

(¥ million)

		FY2021/3	FY2022/3		FY2022/3
		1st half results	1st half results	Variance	Full year forecasts
(1)	Cash flows from operating activities	34,428	9,317	(25,111)	76,100
(2)	Cash flows from investing activities	(36,528)	(26,754)	9,774	(61,900)
(3)	Cash flows from financing activities	(4,697)	1,819	6,516	(26,300)

Major reasons for increase/decrease

(1) Cash flow from operating activities

With regard to operating activities, the increase in inventories amounted to ¥23,464 million, and income tax paid amounted to ¥13,328 million, while profit before tax amounted to ¥28,039 million, depreciation and amortization expense amounted to ¥18,029 million, and the increase in trade and other payables amounted to ¥11,508 million. As a result, net cash provided by operating activities amounted to ¥9,317 million.

(2) Cash flows from investing activities

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

(3) Cash flows from financing activities

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

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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.