

FY2023 2Q

Financial results
briefing

Business Results

for the second Quarter of FY2023/3

2022/10/31

NH Foods Ltd.

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Unleash new potentials for protein

NH Foods Group Vision 2030

CONTENTS

1. ^{FY2023/3} Results/Segment Results

- 4. Financial Highlights (1) FY2023/3 2Q Results
- 5. Financial Highlights (2) Business Profit by Segment
- 7. Segment Data: Processed Foods Business Division
- 9. Segment Data: Fresh Meats Business Division
- 11. Segment Data: Overseas Business Division

2. ^{FY2023/3} Plan

- 14. Plan Highlights
- 17. Processed Foods Business Division: Outlook
- 18. Fresh Meats Business Division: Outlook
- 19. Overseas Business Division: Outlook

3. ^{FY2023/3} Key Financial Data/Reference Data

- 21. FY2022/3 Business Results at a Glance and FY2023/3 Forecasts
- 22. FY2022/3 Sales by Product Category and FY2023/3 Forecasts
- 23. Balance Sheets / Capital Expenditures / Depreciation and Amortization / Statements of Cash Flows
- 25. External Environment: Market

- The Company has adopted International Financial Reporting Standards (“IFRS”).
- Starting with its consolidated financial forecasts for the fiscal year ended March 2020, the NH Foods Group has switched from the disclosure of operating income to the disclosure of business profit (calculated by deducting the cost of goods sold and selling, general and administrative expenses from net sales, accounting for foreign exchange gains and losses determined by the Group, and adjusting for IFRS compliance and non-recurring items). The purpose of this change was to provide a clearer indication of profit from business operations.
- Due to rounding, numbers may not match totals.
- Net sales, profit before tax, and business profit for the previous fiscal year are for continuing operations. The figures exclude results for marine foods operations, including those of Marine Foods Corporation and its affiliated companies, our shareholding in which was sold.

CONTENTS

1. FY2023/3 Results / Segment Results

- 4. Financial Highlights (1) FY2023/3 2Q Results
- 5. Financial Highlights (2) Business Profit by Segment
- 7. Segment Data: Processed Foods Business Division
- 9. Segment Data: Fresh Meats Business Division
- 11. Segment Data: Overseas Business Division

2. FY2023/3 Plan

- 14. Plan Highlights
- 17. Processed Foods Business Division:
Outlook
- 18. Fresh Meats Business Division: Outlook
- 19. Overseas Business Division: Outlook

3. FY2023/3 Key Financial Data / Reference Data

- 21. FY2022/3 Business Results at a Glance and FY2023/3
Forecasts
- 22. FY2022/3 Sales by Product Category and FY2023/3
Forecasts
- 23. Balance Sheets / Capital Expenditures / Depreciation
and Amortization / Statements of Cash Flows
- 25. External Environment: Market

1 . Financial Highlights (1) FY2023/3 2Q Results

Results for the first half of FY2023/3

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|---|-------------|-------------|----------------------|----------|--------------|
| Net sales | 311.5 | 322.5 | 634.0 | 64.9 | 11.4 |
| Business profit | | | | (9.0) | (37.3) |
| (Business profit from continuing operation) | 9.2 | 6.0 | 15.2 | (7.9) | (34.3) |
| Business profit ratio | 2.9% | 1.9% | 2.4% | (1.7)% | - |
| Profit before tax | 14.4 | 7.9 | 22.3 | (5.8) | (20.6) |
| Profit attributable to owners of the parent | 10.2 | 5.3 | 15.5 | (4.1) | (21.0) |

Reasons for year on year changes in the first-half results

Net sales increased by 11.4% thanks to the adjustment of selling prices in Japan and overseas to offset sharply higher procurement prices for fresh meats.

Business profit declined due to deterioration in the environment for the Processed Foods, Fresh Meats, and Overseas Business Divisions.

Profit before tax was 20.6% lower. This resulted from a decline in operating income and an increase in non-operating expenses.

Profit attributable to the parent was 21.0% lower due to a decline in business profit.

1. Financial Highlights (2)

Business Profit by Segment

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|--------------------------------------|-------------|-------------|----------------------|----------|--------------|
| Processed Foods Business Division | 1.2 | 0.1 | 1.3 | (5.7) | (80.9)% |
| (Continuing operations) | | | | (4.5) | (77.3)% |
| Fresh Meats Business Division | 7.1 | 7.2 | 14.2 | (3.6) | (20.2)% |
| Overseas Business Division | 0.3 | (1.3) | (0.9) | (1.6) | - |
| Baseball Club Business and others | 0.8 | 1.1 | 1.9 | 1.5 | 347.3% |
| Eliminations, adjustments and others | (0.3) | (1.1) | (1.3) | 0.3 | - |
| Consolidated | 9.2 | 6.0 | 15.2 | (7.9) | (34.3)% |

Reasons for year on year changes in the first-half results

Processed Foods Business Division

Profit declined because of continuing rises in the prices of main and subsidiary materials and electric power charges, and the delayed recovery of sales volumes for flagship brands following price revisions.

Fresh Meats Business Division

Profit was lower due to the impact of soaring feed prices since the start of the second quarter. There was also a decline in domestic demand resulting from sharply higher prices for imported fresh meats.

Overseas Business Division

Profit was lower because of worsening returns from the beef business.

Baseball Club Business and others

Profit was higher compared with the first half of the previous year, when there were fewer games due to a disrupted professional baseball schedule.

CONTENTS

1. FY2023/3 Results/Segment Results

- 4. Financial Highlights (1) FY2023/3 2Q Results
- 5. Financial Highlights (2) Business Profit by Segment
- 7. **Segment Data: Processed Foods Business Division**
- 9. **Segment Data: Fresh Meats Business Division**
- 11. **Segment Data: Overseas Business Division**

2. FY2023/3 Plan

- 14. Plan Highlights
- 17. Processed Foods Business Division:
Outlook
- 18. Fresh Meats Business Division: Outlook
- 19. Overseas Business Division: Outlook

3. FY2023/3 Key Financial Data/ Reference Data

- 21. FY2022/3 Business Results at a Glance and FY2023/3
Forecasts
- 22. FY2022/3 Sales by Product Category and FY2023/3
Forecasts
- 23. Balance Sheets / Capital Expenditures / Depreciation
and Amortization / Statements of Cash Flows
- 25. External Environment: Market

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

Sales were lower due to a volume decline in sales of consumer products following price revisions. Sharply higher prices for main and subsidiary materials and electric power caused profit to decline.

FY2023/3 results

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|--|-------------|-------------|----------------------|----------|--------------|
| Net sales | | | | (39.0) | (16.0)% |
| (Net sales from continuing operations) | 99.0 | 105.0 | 204.0 | (4.7) | (2.3)% |
| Business profit | | | | (5.7) | (80.9)% |
| (Business profit from continuing operations) | 1.2 | 0.1 | 1.3 | (4.5) | (77.3)% |
| Business profit ratio | 1.2% | 0.1% | 0.7% | - | - |

Net sales by channel/consumer product category (year on year)

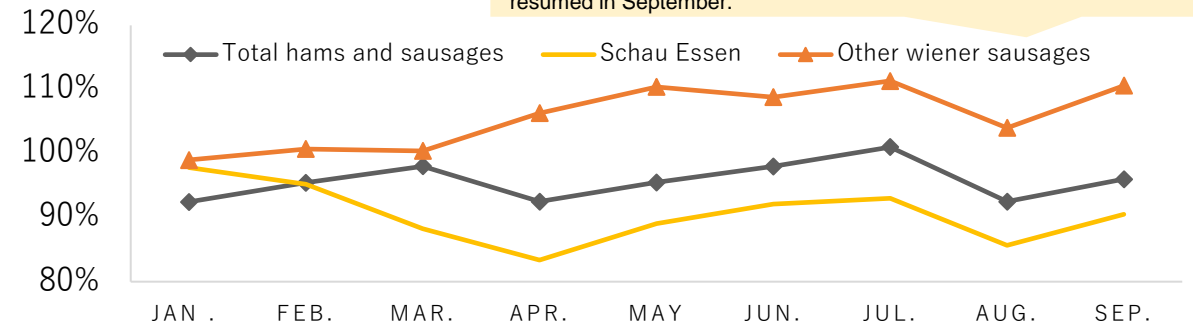
| Hams and sausages | Volume | Amount | Hams and sausages | Amount | Deli and processed foods | Amount |
|--------------------------|--------|--------|-------------------|--------|--------------------------|--------|
| Consumer | 95% | 96% | Wieners | 93% | Chilled bakery | 103% |
| Commercial-use | 106% | 107% | Loin hams | 109% | Chilled dish | 84% |
| Deli and processed foods | Volume | Amount | Bacons | 104% | Fried chicken | 101% |
| Consumer | 91% | 97% | Char-siu pork | 101% | Hamburg and meatball | 99% |
| Commercial-use | 94% | 100% | Consumer | 96% | Consumer | 97% |

1st half-Sales of consumer products

Lower sales due to a delayed recovery in sales of flagship brands after price revisions

- Hams and sausages: Roast ham products and *Hojun Wiener* sold well, but sales of *Schau Essen* sausages were lower due to a delayed recovery after price revisions.
- Deli and processed foods: Despite increased demand for snack foods and strong sales of chilled bakery products, sales of the *Chuka Meisai* range declined due to soaring vegetable prices and a delayed recovery after price revisions.

Net sales (value)



1st half-Sales of commercial product

- Hams and sausages: Sales were higher thanks to buoyant sales of products to convenience stores.
- Deli and processed foods : Sales to convenience stores were lower due to the impact of price revisions.

Dairy products, marine products, extracts, primary processing

- Consumer (dairy) products: Despite strong sales of *Torokeru(Smooth) Lassi*, sales were lower due to the slow recovery of *Vanilla Yogurt* sales after the price revisions.
- Commercial products : Sales increased thanks to strong demand for commercial cheese and extracts for the restaurant industry.

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

Factor analysis: Changes in business profit

(¥ billion)

| | 1 Q results | 2Q results | 1st half forecasts | 1st half results | Variance |
|--|-------------|------------|--------------------|------------------|----------|
| Hams and sausages, deli and processed foods | (1.4) | (2.5) | (3.8) | (3.9) | (0.1) |
| External factors | (2.4) | (3.6) | (6.3) | (6.1) | 0.2 |
| Principal raw material prices | (1.0) | (1.5) | (2.6) | (2.5) | 0.1 |
| Other materials/fuels | (1.5) | (2.1) | (3.7) | (3.6) | 0.1 |
| Internal factors | 1.1 | 1.1 | 2.5 | 2.2 | (0.3) |
| Effect of price revisions | 0.7 | 0.7 | 1.6 | 1.4 | (0.2) |
| Improvement activities | 0.3 | 0.4 | 0.9 | 0.8 | (0.1) |
| Dairy/marine products and extract/primary processing | 0 | 0.2 | 0.1 | 0.1 | 0 |
| DX costs | (0.4) | (0.4) | (1.0) | (0.8) | 0.2 |
| Total | (1.8) | (2.7) | (4.7) | (4.5) | (0.1) |

Analysis of reasons for variations from the 1st half plan

[Hams and sausages, deli and processed foods] ¥(0.1) billion

(External factors) ¥0.2 billion

Principal raw materials, other materials, and fuels :

Despite a fall in the value of yen from the first half onwards, procurements in the first half were largely in line with the plan.

(Internal factors) ¥(0.3) billion

Effect of price adjustments:

As anticipated in the plan, selling prices rose due to price revisions. However, profit was lower due to a delayed recovery in sales volumes after the revisions.

Improvement activities:

The product mix deteriorated due to the delayed recovery in sales volumes for flagship brands.

[Dairy/marine products and extract/primary processing] ¥0 billion

Cheese: The target was exceeded thanks to strong sales of cheese to the restaurant industry.

Yogurt: The result fell short of the target because of the delayed recovery of sales volumes for *Vanilla Yogurt* following the price revisions.

Extract/primary processing: The target was not achieved due to a volume decline in sales to convenience stores.

* Year on year comparisons are based on continuing operations, excluding the marine food business of Marine Foods Corporation and its affiliated companies.

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

Despite increased sales due to higher unit selling prices for imported and domestic meats, profit was lower because of higher-than-expected increases in feed and fuel prices.

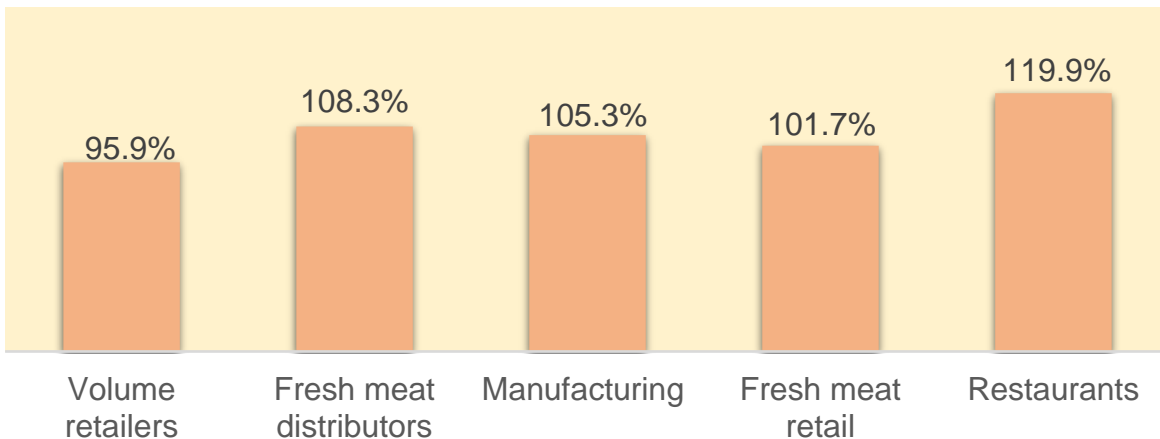
FY2023/3 results

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|-----------------------|-------------|-------------|----------------------|----------|--------------|
| Net sales | 179.0 | 182.7 | 361.7 | 31.8 | 9.6% |
| Business profit | 7.1 | 7.2 | 14.2 | (3.6) | (20.2)% |
| Business profit ratio | 3.9% | 3.9% | 3.9% | - | - |

Sales volumes by channel (year on year)

FY2023/3 Sales Results of four Nippon Food Group companies:
Overall volume growth of 101.4%



1st half sales by livestock type

- Beef: Sales increased thanks to increased sales of domestic beef and higher unit prices for imported beef.
- Pork: Sales were higher following price hikes to reflect higher domestic pork prices and sharply higher import procurement prices.
- Chicken: Sales increased thanks to higher sales volumes and unit prices for domestic chicken, reflecting demand growth driven by heightened price-consciousness.

1st half sales by channel

- Volume retailers: Sales volumes were lower year on year due the reduced frequency of sales promotions by volume retailers. However, the value of sales rose thanks to price hikes to reflect cost increases.
- Restaurants: In addition to the recovery of the restaurant channel, the value of sales increased faster than the market recovery thanks to the proposal of products to meet needs.

1st half expansion of export business

- We displayed *wagyu* at an export expo and developed new sales channels in Asia. (*Wagyu* export volumes were up 126% year on year)

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

Factor analysis: Changes in business profit

(¥ billion)

| | 1 Q results | 2Q results | 1st half forecasts | 1st half results | Variance |
|-------------------------------|--------------|--------------|--------------------|------------------|--------------|
| Domestic beef/pork business | 0.1 | (0.4) | 0.4 | (0.3) | (0.7) |
| Domestic chicken business | (1.7) | (0.4) | (2.6) | (2.1) | 0.5 |
| Imported fresh meats business | (0.3) | (1.8) | 0.6 | (2.1) | (2.7) |
| Food sales | 0.7 | 0.6 | 2.4 | 1.4 | (1.0) |
| DX costs | (0.4) | (0.5) | (1.0) | (0.9) | 0.1 |
| Others | (0.8) | 1.2 | 0.3 | 0.4 | 0.1 |
| Total | (2.5) | (1.1) | 0.2 | (3.6) | (3.8) |

Analysis of reasons for variations from the 1st half plan

[Domestic beef/pork business] ¥(0.7) billion

Production: Profit was below target mainly because of higher feed prices.

Consignment business: Price hikes failed to keep pace with rising market prices, and profit fell below the target level

[Domestic chicken business] ¥0.5 billion

Production: Chicken prices were firmer than expected, but profit was below the target level because of rising feed prices.

Consignment business: Chicken demand expanded due to increased price-consciousness. There was also a shift to domestic chicken because of sharply higher prices for imported meats. Profit exceeded the target level thanks to steady progress on price hikes.

[Imported fresh meats business] ¥(2.7) billion

Sharply higher procurement prices resulted in higher selling prices, leading to a decline in domestic demand. Profit was lower.

Beef: Local livestock prices continued to rise, leading to persistently higher procurement prices. Profit was below the target level.

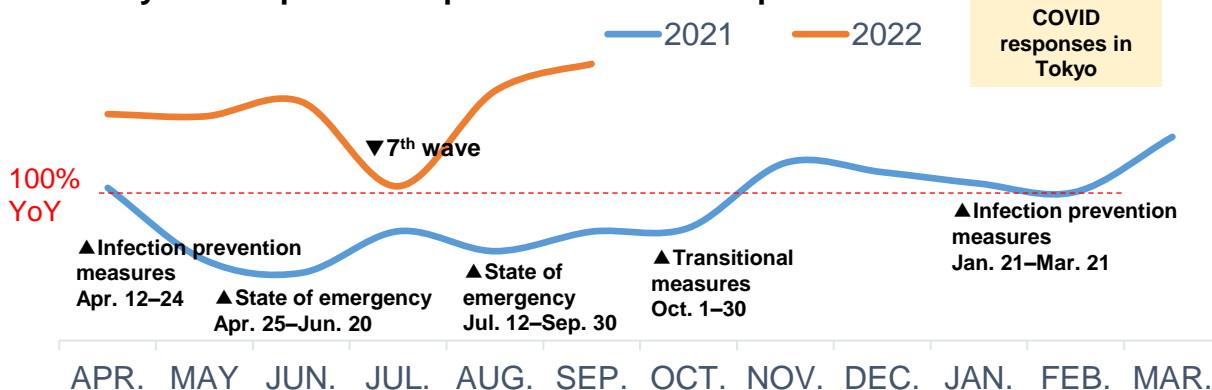
Pork: Sales of frozen pork remained strong thanks to a recovery in the restaurant industry. However, sharply higher chilled pork prices caused demand to shift to domestic pork. Profit was below the target level.

[Food sales] ¥(1.0) billion

Sales: In addition to a recovery in restaurant demand, collaborative efforts with imported meat consignment segments resulted in higher sales volumes and a sustained recovery. However, profit fell below the target level due to the impact of the 7th COVID wave.

Logistics: Profit was below the target level due to rising power, fuel, and transportation costs, stagnating movements of imported fresh meats, and other factors.

Year on year comparison of profit for 4 food companies



4. Segment Data: Overseas Business Division (1)

Higher sales volumes and unit prices lifted the revenues for the Overseas Business segment as a whole. However, this was not enough to offset higher production, manufacturing, and feed costs and other factors, and profit declined.

FY2023/3 results

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|-----------------------|-------------|-------------|----------------------|----------|--------------|
| Net sales | 84.4 | 84.9 | 169.3 | 41.6 | 32.5% |
| Business profit | 0.3 | (1.3) | (0.9) | (1.6) | - |
| Business profit ratio | 0.4% | - | - | - | - |

1st half results by region

[Australia]

Australia: Sales were higher thanks to firm selling prices and a recovery in the number of cattle processed.

Uruguay: Sales increased following the resumption of beef sales to China, to which it was not possible to export in the previous year.

[Americas]

Processed products: We responded to strong demand by expanding manufacturing lines, resulting in higher sales.

Exports: There was strong demand in South American pork, and sales increased.

[Asia & Europe]

Thailand (processed products): Sales were lower due to the delayed recovery of processed food exports to Japan.

Turkey (Chicken): Sales continued to increase year on year in value terms.

Breakdown of net sales by region

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|---------------|-------------|-------------|----------------------|----------|--------------|
| Australia | 36.4 | 34.0 | 70.3 | 22.5 | 46.9% |
| Australia | 25.8 | 27.3 | 53.1 | 15.4 | 40.9% |
| Uruguay | 10.6 | 6.7 | 17.3 | 7.1 | 69.1% |
| Americas | 30.0 | 33.0 | 63.0 | 13.2 | 26.5% |
| Asia & Europe | 19.0 | 18.9 | 37.8 | 6.9 | 22.1% |
| Total | 84.4 | 84.9 | 169.3 | 41.6 | 32.5% |

External customer net sales results

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|---------------|-------------|-------------|----------------------|----------|--------------|
| Australia | 31.8 | 30.1 | 61.8 | 20.8 | 50.9% |
| Australia | 22.6 | 23.9 | 46.5 | 14.3 | 44.4% |
| Uruguay | 9.1 | 6.2 | 15.3 | 6.6 | 74.5% |
| Americas | 8.1 | 9.4 | 17.5 | 4.9 | 38.7% |
| Asia & Europe | 8.7 | 8.8 | 17.5 | 5.2 | 42.2% |
| Total | 48.5 | 48.3 | 96.8 | 30.9 | 46.9% |

* The net sales total for Overseas Business does not match the figures for individual regions due to the exclusion of inter-segment transactions.

4. Segment Data: Overseas Business Division (2)

Factor analysis: Changes in business profit

(¥ billion)

| | 1 Q results | 2Q results | 1st half forecasts | 1st half results | Variance |
|---------------|-------------|--------------|--------------------|------------------|--------------|
| Australia | 0.5 | (1.6) | 0.4 | (1.1) | (1.4) |
| Australia | 0.2 | (0.6) | 0.2 | (0.4) | (0.6) |
| Uruguay | 0.3 | (1.0) | 0.2 | (0.7) | (0.8) |
| Americas | 0 | (0.3) | (0.2) | (0.2) | (0.1) |
| Asia & Europe | 0 | (0.2) | 0.2 | (0.2) | (0.4) |
| Others | 0 | (0.1) | (0.1) | (0.1) | 0 |
| Total | 0.6 | (2.1) | 0.3 | (1.6) | (1.8) |

Business profit

(¥ billion)

| | FY2023/3 1Q | FY2023/3 2Q | 1st half of FY2023/3 | Variance | Variance (%) |
|---------------|-------------|--------------|----------------------|--------------|--------------|
| Australia | 0.3 | (0.8) | (0.5) | (1.1) | - |
| Australia | 0.7 | 0.2 | 0.9 | (0.4) | (29.4)% |
| Uruguay | (0.4) | (1.0) | (1.4) | (0.7) | - |
| Americas | 0.1 | 0.3 | 0.4 | (0.2) | (36.6)% |
| Asia & Europe | 0.2 | △ 0.5 | (0.3) | (0.2) | - |
| Others | (0.3) | △ 0.3 | (0.5) | (0.1) | - |
| Total | 0.3 | △ 1.3 | (0.9) | (1.6) | - |

Analysis of reasons for variations from the 1st half plan

[Australia]

(Australia) ¥(0.6) billion

The result was below the target level due to a higher cost ratio for beef.

(Uruguay) ¥(0.8) billion

The result was below the target level due to a higher cost ratio resulting from sharply higher beef livestock prices.

[Americas] ¥(0.1) billion

(Processed products)

The result was below target due to sharply higher chicken raw material prices.

(Meat exports)

The result was below target due to exchange rate factors.

[Asia & Europe] ¥(0.4) billion

(Turkey)

Despite price revisions, the result was below the target level due to cost increases driven by soaring feed prices and the weakness of the lira.

CONTENTS

1. FY2023/3 Results/Segment Results

- 4. Financial Highlights (1) FY2023/3 2Q Results
- 5. Financial Highlights (2) Business Profit by Segment
- 7. Segment Data: Processed Foods Business Division
- 9. Segment Data: Fresh Meats Business Division
- 11. Segment Data: Overseas Business Division

2. FY2023/3 Plan

- 14. Plan Highlights
- 17. Processed Foods Business Division:
Outlook
- 18. Fresh Meats Business Division: Outlook
- 19. Overseas Business Division: Outlook

3. FY2023/3 Key Financial Data/ Reference Data

- 21. FY2022/3 Business Results at a Glance and FY2023/3
Forecasts
- 22. FY2022/3 Sales by Product Category and FY2023/3
Forecasts
- 23. Balance Sheets / Capital Expenditures / Depreciation
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- 25. External Environment: Market

1. Plan Highlights (1)

Business profit forecast for FY2023/3

(¥ billion)

| | FY2022/3 full year results | 1Q Forecasts | 2 Q Forecasts | Variance | Variance (%) |
|---|----------------------------|--------------|---------------|----------|--------------|
| Net sales | 1,174.4 | 1,240.0 | 1,270.0 | 95.6 | 8.1% |
| Business profit | 48.1 | 43.0 | 36.0 | (12.1) | (25.2)% |
| (Profit from continuing operations) | 45.8 | | | (9.8) | (21.4)% |
| Business profit ratio | 3.9% | 3.5% | 2.8% | (1.1)% | - |
| Profit before tax | 51.4 | 42 | 35.0 | (16.4) | (31.9)% |
| Profit attributable to owners of the parent | 48.0 | 31 | 26.0 | (22.0) | (45.9)% |

Reasons for year on year changes

Net sales

Sales are expected to increase thanks to rising meat prices and higher sales volumes.

Business profit

Profit is expected to be lower due to the impact of a reduced first-half profit from the Fresh Meats Business, and lower profit from the Overseas Business over the whole year.

Profit before tax

Profit before tax is expected to decline 31.9% due to the impacts from lower business profit and equity earnings in affiliates in the previous fiscal year

Profit attributable to owners of the parent

Profit is expected to be 45.9% lower due the impact of the sale of Marine Foods Corporation and other factors.

1. Plan Highlights (2)

We revised the plans for the Fresh Meats and Overseas Business Divisions because of higher-than-expected feed prices, the impact of exchange rate trends, and soaring overseas cattle prices. We lowered the target to ¥36 billion to reflect reduced profit in the Fresh Meats Business from the soaring feed prices and forex impact and the revised forecast for the Overseas Business to account for high beef livestock prices. We expect to secure profits through recovery of sales of flagship brands in the Processed Foods Business Division and food sales in the Fresh Meats Business Division along with comprehensive efficiency improvement measures.

(¥ billion)

Changes in the FY2023/3 business profit targets compared with the initial plan

| | 1st half | | | | 2nd half | | | | Full year | | | |
|-------------------------------------|------------------|--------------|---------|------------------------|------------------|--------------|--------------|--------------------------|------------------|--------------|--------------|--------------------------|
| | FY2022/3 results | 1Q forecasts | Results | Variance from forecast | FY2022/3 results | 1Q forecasts | 2Q forecasts | Difference from forecast | FY2022/3 results | 1Q forecasts | 2Q forecasts | Difference from forecast |
| Processed Foods Business Division | 5.9 | 1.2 | 1.3 | 0.1 | 6.5 | 5.8 | 6.2 | 0.4 | 12.4 | 7.0 | 7.5 | 0.5 |
| Fresh Meats Business Division | 17.8 | 18.0 | 14.2 | (3.8) | 17.8 | 18 | 18.8 | 0.8 | 35.6 | 36.0 | 33.0 | (3.0) |
| Overseas Business Division | 0.6 | 0.9 | (0.9) | (1.8) | 1.8 | 2.1 | 1.0 | (1.1) | 2.4 | 3.0 | 0.1 | (2.9) |
| Baseball Club Business and others | 0.4 | 2.3 | 1.9 | (0.4) | (2.0) | (2.3) | (3.3) | (1.0) | (1.6) | 0.0 | (1.4) | (1.4) |
| Eliminations, adjustments and other | (1.6) | (1.4) | (1.3) | 0.1 | (1.4) | (1.6) | (1.9) | (0.3) | (3.0) | (3.0) | (3.2) | (0.2) |
| Total | 23.1 | 21.0 | 15.2 | (5.8) | 22.7 | 22 | 20.8 | (1.2) | 45.8 | 43.0 | 36.0 | (7.0) |

Business profit targets by segment

Processed Foods Business Division:

We are aiming for an early recovery in sales of flagship brands through enhanced TV commercials and sales promotions. We will secure profit through efficiency improvements, including an increased focus on manufacturing of high-productivity lines, the consolidation of product lines, and the reduction of labor costs.

Fresh Meats Business Division:

Profit declined in the first half due to rising feed prices and soaring prices for imported fresh meats. However, we will secure profit in second half, thanks to improvements in the meat mix and channel mix resulting from the recovery of food sales, as well as efficiency improvements achieved through organizational restructuring.

Overseas Business Division:

We will achieve an earnings recovery by expanding sales volumes in North America, where we have made progress with price revisions. However, we have revised the plan to reflect the impact of higher costs and lower selling prices on the overseas fresh meat business.

Baseball Club Business and others:

We have revised the plan for the second half because of advance costs arising from the opening of the ballpark.

CONTENTS

1. FY2023/3 Results / Segment Results

- 4. Financial Highlights (1) FY2023/3 2Q Results
- 5. Financial Highlights (2) Business Profit by Segment
- 7. Segment Data: Processed Foods Business Division
- 9. Segment Data: Fresh Meats Business Division
- 11. Segment Data: Overseas Business Division

2. FY2023/3 Plan

- 14. Plan Highlights
- 17. Processed Foods Business Division:
Outlook
- 18. Fresh Meats Business Division: Outlook
- 19. Overseas Business Division: Outlook

3. FY2023/3 Key Financial Data / Reference Data

- 21. FY2022/3 Business Results at a Glance and FY2023/3
Forecasts
- 22. FY2022/3 Sales by Product Category and FY2023/3
Forecasts
- 23. Balance Sheets / Capital Expenditures / Depreciation
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- 25. External Environment: Market

2. Processed Foods Business Division: Outlook

Business profit forecast for FY2023/3: ¥7.5 billion

Factor analysis: Changes in profit forecasts

(¥ billion)

| | 2nd half | | | Full year | | |
|--|--------------|--------------|----------|--------------|--------------|----------|
| | 1Q forecasts | 2Q forecasts | Variance | 1Q forecasts | 2Q forecasts | Variance |
| Hams and sausages, deli and processed foods | (0.7) | 0 | 0.7 | (4.5) | (3.9) | (0.6) |
| External factors | (8.6) | (8.8) | (0.2) | (14.8) | (14.9) | (0.1) |
| Principal raw material price | (4.5) | (4.0) | 0.4 | (7.0) | (6.5) | 0.5 |
| Other materials/fuels | (4.1) | (4.7) | (0.7) | (7.8) | (8.3) | (0.6) |
| Internal factors | 7.9 | 8.8 | 0.9 | 10.3 | 11.0 | 0.6 |
| Effect of price revisions | 6.6 | 6.9 | 0.3 | 8.2 | 8.3 | 0.1 |
| Improvement activities | 1.3 | 1.9 | 0.6 | 2.1 | 2.7 | 0.5 |
| Dairy/marine products and extract/primary processing | 0.5 | 0.3 | (0.3) | 0.6 | 0.4 | (0.3) |
| DX costs | (0.6) | (0.6) | 0 | (1.6) | (1.4) | 0.2 |
| Total | (0.8) | (0.4) | 0.4 | (5.4) | (4.9) | 0.5 |

Net sales targets by channel/consumer product category (year on year)

| Hams and sausages | Volume | Amount |
|--------------------------|--------|--------|
| Consumer | 96% | 97% |
| Commercial-use | 98% | 99% |
| Deli and processed foods | Volume | Amount |
| Consumer | 92% | 96% |
| Commercial-use | 92% | 95% |

| Hams and sausages | Amount | Deli and processed foods | Amount |
|-------------------|--------|--------------------------|--------|
| Wieners | 98% | Chilled bakery | 101% |
| Loin hams | 109% | Chilled dish | 96% |
| Bacon | 104% | Fried chicken | 101% |
| Char-siu pork | 101% | Hamburg and meatball | 102% |
| Consumer | 97% | Consumer | 96% |

2nd half analysis of reasons for variations from the profit forecasts

[Hams and sausages, deli and processed foods] ¥0.7 billion

(External factors) ¥(0.2) billion

Principal raw materials: The recovery in the procurement environment, especially for beef, is exceeding our expectations.

Other materials: Prices for wheat, powdered egg white, packaging materials, and other materials will be sharply higher due to global inflation

Fuels: Heavy oil prices will rise further.

(Internal factors) ¥0.9 billion

Price adjustments: We will maximize the benefits of price revisions in February and October.

Improvement activities: We will consolidate lines and reduce labor costs.

[Dairy/marine products and extract/primary processing] ¥(0.3) billion

Dairy products: We will revise prices, but performance will continue to be impacted by sharply higher prices for cheese, fuel, and electric power.

Extracts, primary processed products: We will revise prices, but performance will still be affected by soaring prices for beef raw materials, electric power, and fuel.

<Major efforts>

(Consumer products)

- We will expand sales of flagship brands through enhanced promotions, including TV commercials.
- We will secure gross profit through the expansion of new product sales.
- We will continue to optimize our product portfolio through the consolidation of product lines.

(Commercial-use products)

- We will expand the introduction of standard products and seasonal items through the enhancement of menu proposal activities.
- We will enhance operational stability through production-sales collaboration.

3. Fresh Meats Business Division: Outlook

Business profit forecast for FY2023/3: ¥33.0 billion

Factor analysis: Changes in profit forecasts

(¥ billion)

| | 2nd half | | | Full year | | |
|-------------------------------|--------------|--------------|------------|--------------|--------------|--------------|
| | 1Q forecasts | 2Q forecasts | Change | 1Q forecasts | 2Q forecasts | Change |
| Domestic beef/pork business | 0.3 | (0.1) | (0.5) | 0.8 | (0.4) | (1.1) |
| Domestic chicken business | (0.6) | 1.0 | 1.6 | (3.1) | (1.1) | 2.1 |
| Imported fresh meats business | 0.3 | (0.6) | (0.9) | 0.9 | (2.7) | (3.6) |
| Food sales | 0.7 | 1.4 | 0.7 | 3.1 | 2.8 | (0.3) |
| DX costs | (0.6) | (0.6) | 0 | (1.5) | (1.5) | 0.1 |
| Others | 0 | (0.2) | (0.2) | 0.3 | 0.3 | (0.1) |
| Total | 0.2 | 1.0 | 0.8 | 0.4 | (2.6) | (3.0) |

2nd half analysis of reasons for variations from the profit forecasts

[All domestic business areas]

External factors, such as feed and fuel prices, will continue to affect performance in the second half. However, we will work to reduce costs through collaboration with feed companies and organizational changes.

[Domestic beef/pork business] ¥(0.5) billion

Production: We will continue our efforts to improve productivity. We aim to expand production volumes and reduce costs.

Consignment (beef): We will enhance earning potential through *wagyu* exports.

Consignment (pork): We will secure earnings by hiking prices to reflect cost increases.

[Domestic chicken business] ¥1.6 billion

Production: We will expand production of *Sakurahime* chicken and optimize inventory management and cold storage costs.

Consignment (chicken): We will expand production-sales collaboration toward an increase in the sales share of *Sakurahime* chicken. We will also expand outside procurement. We will enhance profitability through increased exports of *Sakurahime* chicken.

[Imported fresh meats business] ¥(0.9) billion

The reduction of procurement volumes is expected to continue across the whole market due to sharply higher procurement prices.

Beef/Pork: We aim to stabilize procurement by increasing imports from countries that have a price advantage.

Chicken: We aim to expand sales of chicken from Thailand, where production is on a recovery trend.

[Food sales] ¥0.7 billion

The recovery in the restaurant industry is expected to continue, in part because of a turnaround in inbound tourism.

Sales: We will work to increase the sales share of branded fresh meats. Our newly formed restaurant sales team will work to expand sales.

4. Overseas Business Division: Outlook

Business profit forecast for FY2023/3: ¥0.1 billion

Factor analysis: Changes in profit forecasts

(¥ billion)

| | 2nd half | | | Full year | | |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q forecasts | 2Q forecasts | Change | 1Q forecasts | 2Q forecasts | Change |
| Australia | (0.5) | (1.2) | (0.8) | (0.1) | (2.3) | (2.2) |
| Australia | (0.3) | (1.2) | (0.8) | (0.1) | (1.6) | (1.4) |
| Uruguay | (0.1) | 0 | 0.1 | 0 | (0.7) | (0.7) |
| Americas | 0.8 | 1.1 | 0.2 | 0.7 | 0.8 | 0.2 |
| Asia & Europe | 0.1 | (0.4) | (0.5) | 0.2 | (0.6) | (0.9) |
| Others | (0.1) | (0.2) | (0.1) | (0.2) | (0.3) | (0.1) |
| Total | 0.3 | (0.8) | (1.1) | 0.6 | (2.3) | (2.9) |

Business profit forecasts

(¥ billion)

| | 2nd half | | | Full year | | |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1Q forecasts | 2Q forecasts | Change | 1Q forecasts | 2Q forecasts | Change |
| Australia | 1.6 | 0.9 | (0.8) | 2.5 | 0.3 | (2.2) |
| Australia | 1.5 | 0.6 | (0.8) | 3.0 | 1.5 | (1.4) |
| Uruguay | 0.1 | 0.2 | 0.1 | (0.5) | (1.2) | (0.8) |
| Americas | 1.4 | 1.6 | 0.2 | 1.8 | 2.0 | 0.2 |
| Asia & Europe | (0.3) | (0.8) | (0.5) | (0.2) | (1.1) | (0.9) |
| Others | (0.6) | (0.7) | (0.1) | (1.2) | (1.2) | (0.1) |
| Total | 2.1 | 1.0 | (1.1) | 3.0 | 0.1 | (2.9) |

2nd half analysis of reasons for variations from the profit forecasts

[Australia] (¥0.8 billion)

Selling prices are expected to fall due to softening demand in China.

Australia (¥0.8 billion)

Beef livestock prices are gradually falling, but the number of cattle processed is not expected to rise until the 4th quarter.

We will enhance branding and marketing.

Uruguay: ¥0.1 billion

Procurement prices are expected to fall further than the decline in beef selling prices. We will maximize earnings by optimizing production structures.

[Americas] ¥0.2 billion

Profitability will improve with the normalization of chicken raw material prices and the effects of price revisions.

[Asia & Europe] (¥0.5 billion)

Thailand

Raw material prices are expected to remain high. We will strengthen product supplies to convenience stores and food service companies in Japan.

Turkey

Production costs will continue to rise because of the weak lira and higher feed prices. We will maximize earnings by optimizing the product mix.

CONTENTS

1. FY2023/3 Results / Segment Results

- 4. Financial Highlights (1) FY2023/3 2Q Results
- 5. Financial Highlights (2) Business Profit by Segment
- 7. Segment Data: Processed Foods Business Division
- 9. Segment Data: Fresh Meats Business Division
- 11. Segment Data: Overseas Business Division

2. FY2023/3 Plan

- 14. Plan Highlights
- 17. Processed Foods Business Division:
Outlook
- 18. Fresh Meats Business Division: Outlook
- 19. Overseas Business Division: Outlook

3. FY2023/3 Key Financial Data / Reference Data

- 21. FY2022/3 Business Results at a Glance and FY2023/3
Forecasts
- 22. FY2022/3 Sales by Product Category and FY2023/3
Forecasts
- 23. Balance Sheets / Capital Expenditures / Depreciation
and Amortization / Statements of Cash Flows
- 25. External Environment: Market

1. FY2022/3 Business Results at a Glance and FY2023/3 Forecasts

(¥ million, %)

| | | FY2022/3 results | | | FY2023/3 forecasts | | | | | |
|-----|---|------------------|------------------|-------------------|--------------------|--------------|--------------------|--------------|---------------------|--------------|
| | | 1st half results | 2nd half results | Full year results | 1st half results | Variance (%) | 2nd half forecasts | Variance (%) | Full year forecasts | Variance (%) |
| (1) | Net sales | 569,118 | 605,271 | 1,174,389 | 634,024 | 11.4 | 635,976 | 5.1 | 1,270,000 | 8.1 |
| (2) | Cost of goods sold | 468,057 | 506,304 | 974,361 | 541,782 | 15.8 | 531,218 | 4.9 | 1,073,000 | 10.1 |
| | Gross profit | 101,061 | 98,967 | 200,028 | 92,242 | (8.7) | 104,758 | 5.9 | 197,000 | (1.5) |
| | Gross profit ratio | 17.8% | 16.4% | 17.0% | 14.5% | - | 16.5% | - | 15.5% | - |
| (3) | Selling, General and Administrative expenses | 75,502 | 82,448 | 157,950 | 81,644 | 8.1 | 87,356 | 6.0 | 169,000 | 7.0 |
| | Other income and expenses | (596) | 2,651 | 2,055 | 9,027 | - | (4,527) | - | 4,500 | - |
| | Finance income and costs | 10 | (1,801) | (1,791) | 20 | - | (1,020) | - | (1,000) | - |
| | Share of profit (loss) in investments accounted for using the equity method | 3,100 | 5,924 | 9,024 | 2,646 | (14.6) | 854 | (85.6) | 3,500 | (61.2) |
| | Profit before tax | 28,073 | 23,293 | 51,366 | 22,291 | (20.6) | 12,709 | (45.4) | 35,000 | (31.9) |
| | Income tax expense | 8,069 | 4,599 | 12,668 | 5,892 | (27.0) | 3,108 | (32.4) | 9,000 | (29.0) |
| | Tax rate | 28.7% | 19.7% | 24.7% | 26.4% | - | 24.5% | - | 25.7% | - |
| | Profit attributable to owners of the parent: | 19,604 | 28,445 | 48,049 | 15,480 | (21.0) | 10,520 | (63.0) | 26,000 | (45.9) |
| (4) | Operating income (1)-(2)-(3) | 25,559 | 16,519 | 42,078 | 10,598 | (58.5) | 17,402 | 5.3 | 28,000 | (33.5) |
| (5) | Foreign exchange gains (losses) | (781) | (2,216) | (2,997) | (5,973) | - | - | - | - | - |
| (6) | Adjustments in accordance with IFRS and others | 3,213 | (3,959) | (746) | 1,367 | - | - | - | - | - |
| (7) | Adjustment for discontinued operations | (1,125) | (1,170) | (2,295) | - | - | - | - | - | - |
| | Business profit (4)-(5)-(6)-(7) | 24,252 | 23,864 | 48,116 | 15,204 | (37.3) | 20,796 | (12.9) | 36,000 | (25.2) |

* Business profit figures for the previous fiscal year include the results for the marine foods business, including that of Marine Foods Corporation and its affiliated companies, our shareholding in which has since been sold.

2. FY2022/3 Sales by Product Category and FY2023/3 Forecasts

(¥ million, %)

| | FY2022/3 results | | | FY2023/3 forecasts | | | | | | | | |
|------------------------------------|------------------|------------------|-------------------|--------------------|--------------|---------------|--------------------|--------------|---------------|---------------------|--------------|---------------|
| | 1st half results | 2nd half results | Full year results | 1st half results | Variance (%) | Volume growth | 2nd half forecasts | Variance (%) | Volume growth | Full year forecasts | Variance (%) | Volume growth |
| Hams and sausages | 63,874 | 67,273 | 131,147 | 62,683 | (1.9) | (2.7) | 67,317 | 0.1 | (1.8) | 130,000 | (0.9) | (2.3) |
| Processed foods | 111,560 | 113,416 | 224,976 | 116,383 | 4.3 | (3.2) | 117,617 | 3.7 | 0 | 234,000 | 4.0 | (1.6) |
| Fresh meats | 345,615 | 377,228 | 722,843 | 398,607 | 15.3 | 1.5 | 399,393 | 5.9 | (0.5) | 798,000 | 10.4 | 0.5 |
| Beef | 137,743 | 156,165 | 293,908 | 167,981 | 22.0 | 5.0 | 161,019 | 3.1 | (1.6) | 329,000 | 11.9 | 1.7 |
| Pork | 112,368 | 118,394 | 230,762 | 121,533 | 8.2 | 2.8 | 123,467 | 4.3 | 1.7 | 245,000 | 6.2 | 2.3 |
| Chicken | 85,786 | 93,763 | 179,549 | 99,320 | 15.8 | (1.3) | 104,680 | 11.6 | (1.5) | 204,000 | 13.6 | (1.4) |
| Other fresh meats | 9,718 | 8,906 | 18,624 | 9,773 | 0.6 | 1.9 | 10,227 | 14.8 | (2.0) | 20,000 | 7.4 | 0.1 |
| Dairy products | 17,120 | 18,094 | 35,214 | 18,126 | 5.9 | (4.2) | 19,874 | 9.8 | (4.6) | 38,000 | 7.9 | (4.4) |
| Others (including marine products) | 30,949 | 29,260 | 60,209 | 38,225 | 23.5 | - | 31,775 | 8.6 | - | 70,000 | 16.3 | - |
| Total | 569,118 | 605,271 | 1,174,389 | 634,024 | 11.4 | - | 635,976 | 5.1 | - | 1,270,000 | 8.1 | - |

* Excluding results from discontinued operations (The Marine Foods Corp.)

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

Consolidated balance sheets

(¥ million)

| | FY2022/3 | FY2023/3 | | |
|---|----------|----------|--------------|----------|
| | Year-end | 1st half | Variance (%) | Variance |
| Total assets | 909,213 | 946,987 | 4.2 | 37,774 |
| Total liabilities | 419,659 | 440,968 | 5.1 | 21,309 |
| Total equity attributable to owners of parent | 479,069 | 494,786 | 3.3 | 15,717 |
| Non-controlling interests | 10,485 | 11,233 | 7.1 | 748 |
| Total equity | 489,554 | 506,019 | 3.4 | 16,465 |

Capital expenditures, depreciation and amortization

(¥ million)

| | FY2022/3 | FY2023/3 | | | Full year forecasts |
|-----------------------------------|------------------|------------------|--------------|----------|---------------------|
| | 1st half results | 1st half results | Variance (%) | Variance | |
| Capital expenditures | 25,490 | 32,770 | 28.6 | 7,280 | 86,700 |
| Processed Foods Business Division | 4,872 | 3,479 | (28.6) | (1,393) | 14,320 |
| Fresh Meats Business Division | 5,834 | 7,607 | 30.4 | 1,773 | 27,020 |
| Overseas Business Division | 1,436 | 1,646 | 14.6 | 210 | 8,610 |
| Baseball Club | 7,691 | 14,254 | 85.3 | 6,563 | 22,200 |
| Others | 5,657 | 5,784 | 2.2 | 127 | 14,550 |
| Depreciation and amortization | 17,985 | 18,818 | 4.6 | 833 | 37,700 |

Consolidated statements of cash flows

(¥ million)

| | FY2022/3 | FY2023/3 | | |
|--------------------------------------|------------------|------------------|----------|---------------------|
| | 1st half results | 1st half results | Variance | Full year forecasts |
| Cash flows from operating activities | 9,317 | (13,354) | (22,671) | 55,800 |
| Cash flows from investing activities | (26,754) | (26,545) | 209 | (85,100) |
| Cash flows from financing activities | 1,819 | 11,938 | 10,119 | 18,700 |

Major reasons for increase/decrease

(1) Total Assets

Increased ¥39.5 billion mainly due to inventories

Increased ¥17.5 billion mainly due to property, plant and equipment

(2) Cash flows from operating activities

With regard to operating activities, the increase in trade and other receivables amounted to ¥11.2 billion, the increase in inventories amounted to ¥37.6 billion, and income tax paid amounted to ¥7.1 billion, while profit before tax amounted to ¥22.3 billion, and depreciation and amortization expense amounted to ¥18.8 billion. As a result, net cash used in operating activities amounted to ¥13.4 billion.

(3) Cash flows from investing activities

With regard to investing activities, acquisition of fixed assets amounted to ¥36.4 billion, while the decrease in short-term loans receivable amounted to ¥8.7 billion. As a result, net cash used in investing activities amounted to ¥26.5 billion.

(4) Cash flows from financing activities

With regard to financing activities, the increase in short-term bank loans amounted to ¥17.6 billion, and proceeds from debt amounted to ¥46.0 billion, while cash dividends amounted to ¥10.4 billion and repayments of debt amounted to ¥41.6 billion. As a result, net cash provided by financing activities amounted to ¥11.9 billion.

CONTENTS

1. FY2023/3 Results/Segment Results

- 4. Financial Highlights (1) FY2023/3 2Q Results
- 5. Financial Highlights (2) Business Profit by Segment
- 7. Segment Data: Processed Foods Business Division
- 9. Segment Data: Fresh Meats Business Division
- 11. Segment Data: Overseas Business Division

FY2023/3 Plan

- 14. Plan Highlights
- 17. Processed Foods Business Division:
Outlook
- 18. Fresh Meats Business Division: Outlook
- 19. Overseas Business Division: Outlook

FY2023/3 3. Key Financial Data/ Reference Data

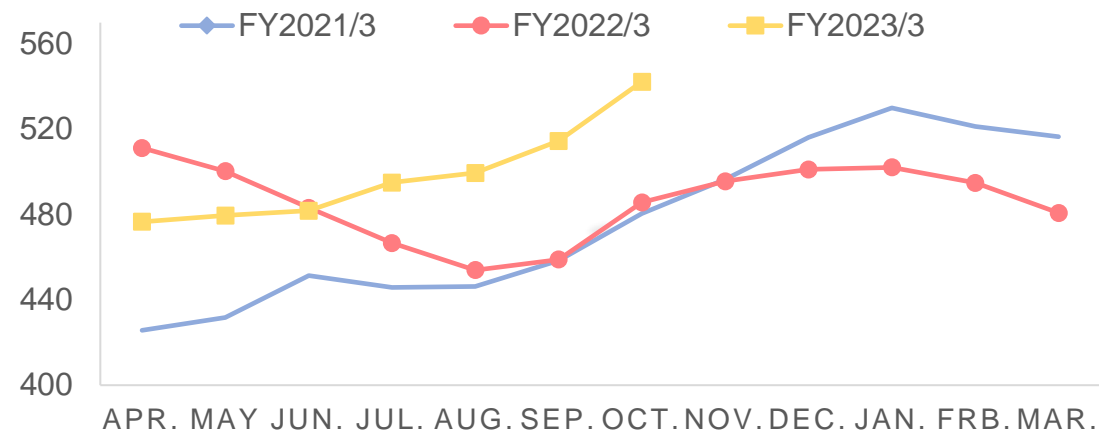
- 21. FY2022/3 Business Results at a Glance and FY2023/3
Forecasts
- 22. FY2022/3 Sales by Product Category and FY2023/3
Forecasts
- 23. Balance Sheets / Capital Expenditures / Depreciation
and Amortization / Statements of Cash Flows
- 25. External Environment: Market

4. External Environment: Market

[Domestic chicken market price]

Source: Based on weighted average for chicken meat (Simple average unit price as cited in Daily Meat & Livestock published by Shokuhin Sangyo Shimbussha Co., Ltd.

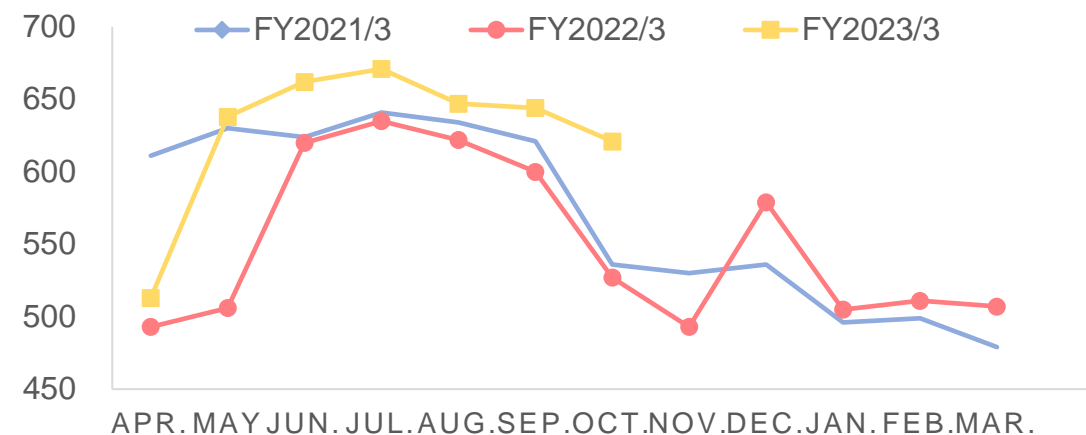
(¥/kg)



[Domestic pork market price]

Source: Average price for high-quality beef, on the Tokyo Meat Market

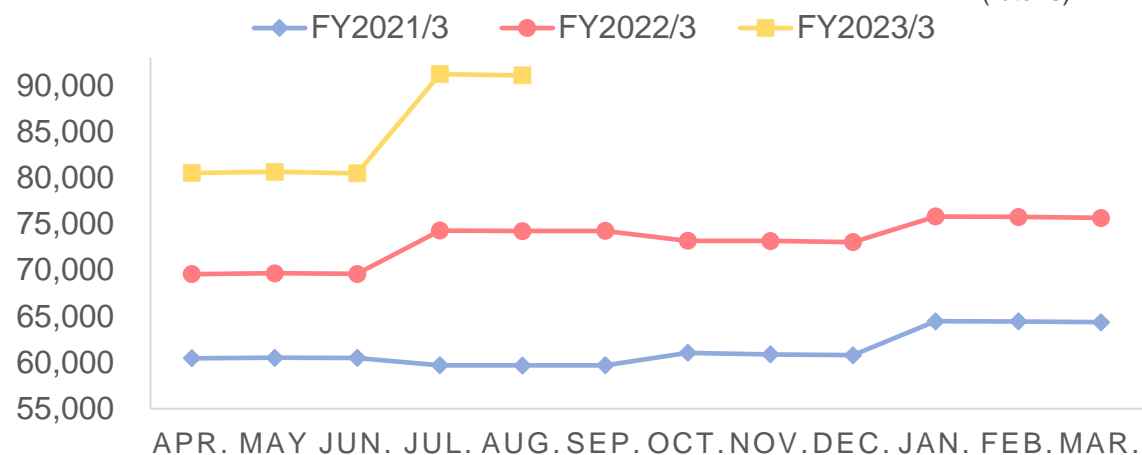
(¥/kg)



[Compound feed price]

Source: Agriculture & Livestock Industries Corporation

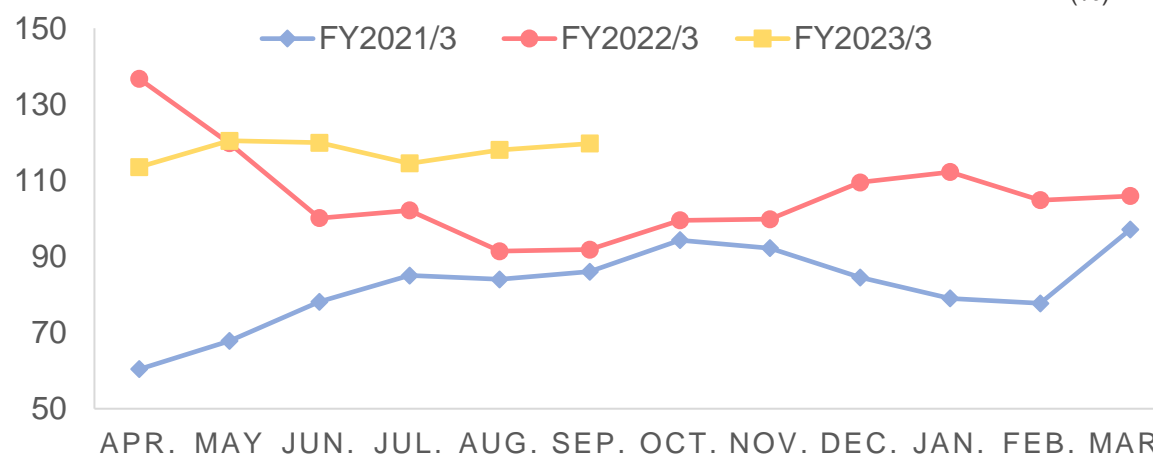
(¥/tons)



[Year on year comparisons of monthly restaurant sales]

Source: ALIC

(%)

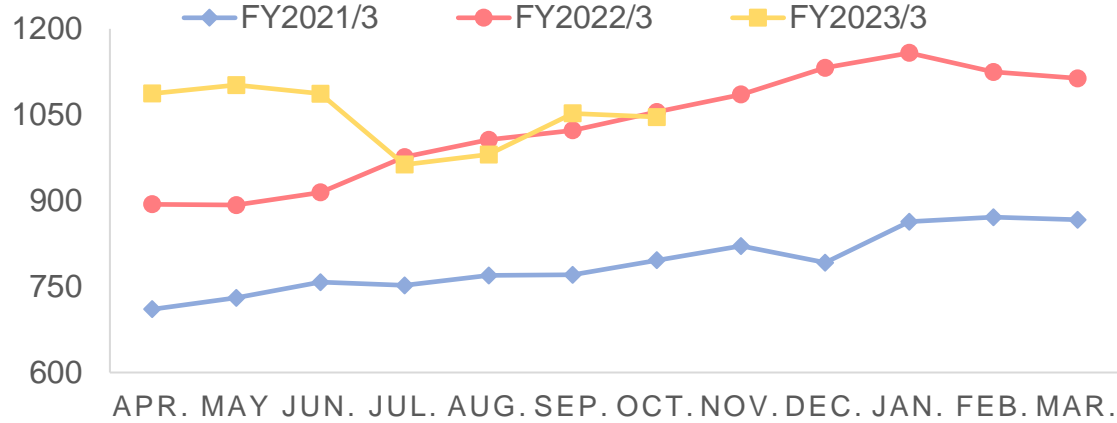


5. External Environment: Market

[Eastern Young Cattle Indicator (EYCI)]

Source: Meat & Livestock Australia

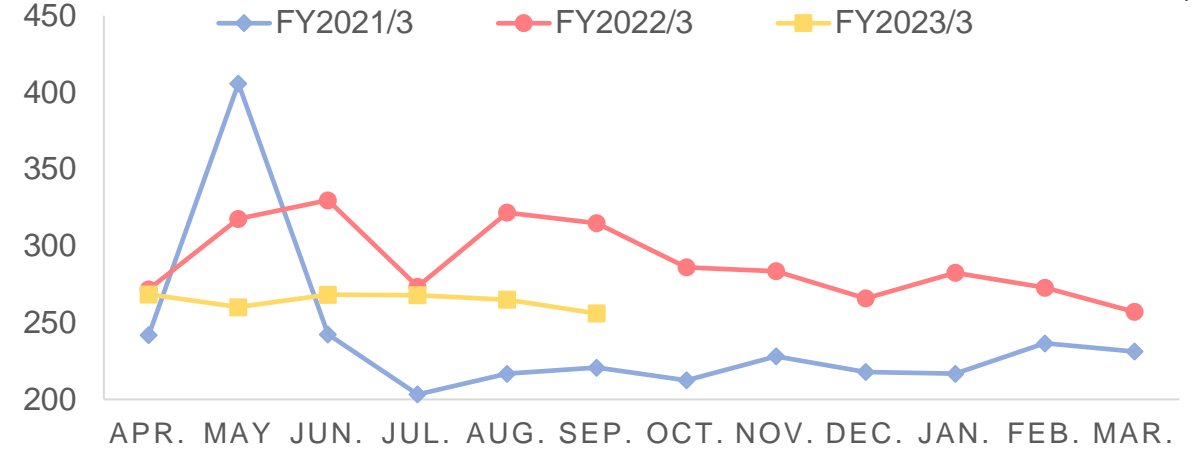
(A ¢ /kg)



[Cut-out value of American beef (wholesale benchmark price)]

Source: U.S. Meat Export Federation

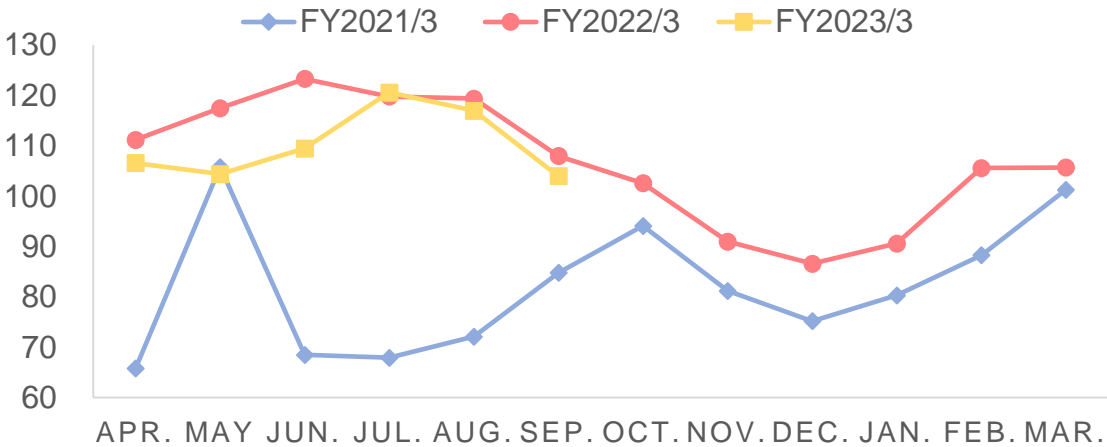
(US\$/100 pounds)



[Cut-out value of the American pork (carcass basis)]

Source: Agriculture & Livestock Industries Corporation

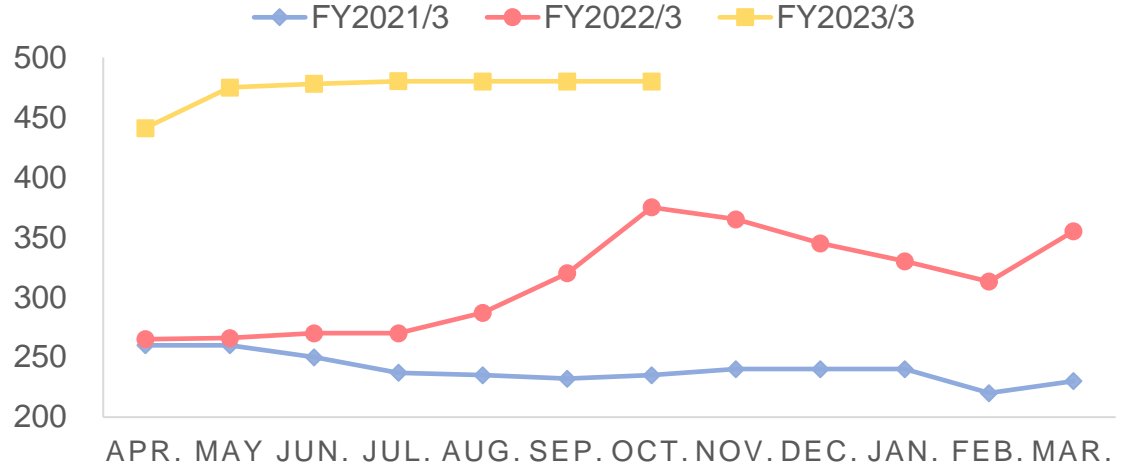
(US \$/cwt)



[Price of Brazilian thigh meat]

Source: Simple average prices based on data published in Chikusan Nippo [Daily Meat & Livestock] published by the Shokuhin Sangyo Shinbun [Food Industry News]

(¥/kg)



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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.