

FY2023 3Q

Financial results
briefing

Business Results

for the Third Quarter of FY2023/3

January 31, 2023

NH Foods Ltd.

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Unleash new potentials for protein

NH Foods Group Vision 2030

The environment for our fresh meats business and overseas business operations changed dramatically in the 3Q. Profit from our flagship processed food brands was substantially lower, with a ¥17.1 billion* year on year decline.

(Processed Foods Business Division)

Schau Essen sales shifted to a recovery trend in the 3Q, but the results were below target because of a slow recovery in sales volumes for major brands for which price revisions were implemented.

(Fresh Meats Business Division)

The food sales business is on recovering steadily, but sales prices were lower due to a decline in domestic demand for imported fresh meats. Earnings came under pressure from inventories of high-cost imported fresh meats, and the result was significantly below target.

(Overseas Business Division)

Performance benefited from the price revisions of North American processed food to reflect higher costs, as well as growth in sales volumes. However, the result was substantially below target, mainly because of greater-than-expected decline in selling prices for beef.

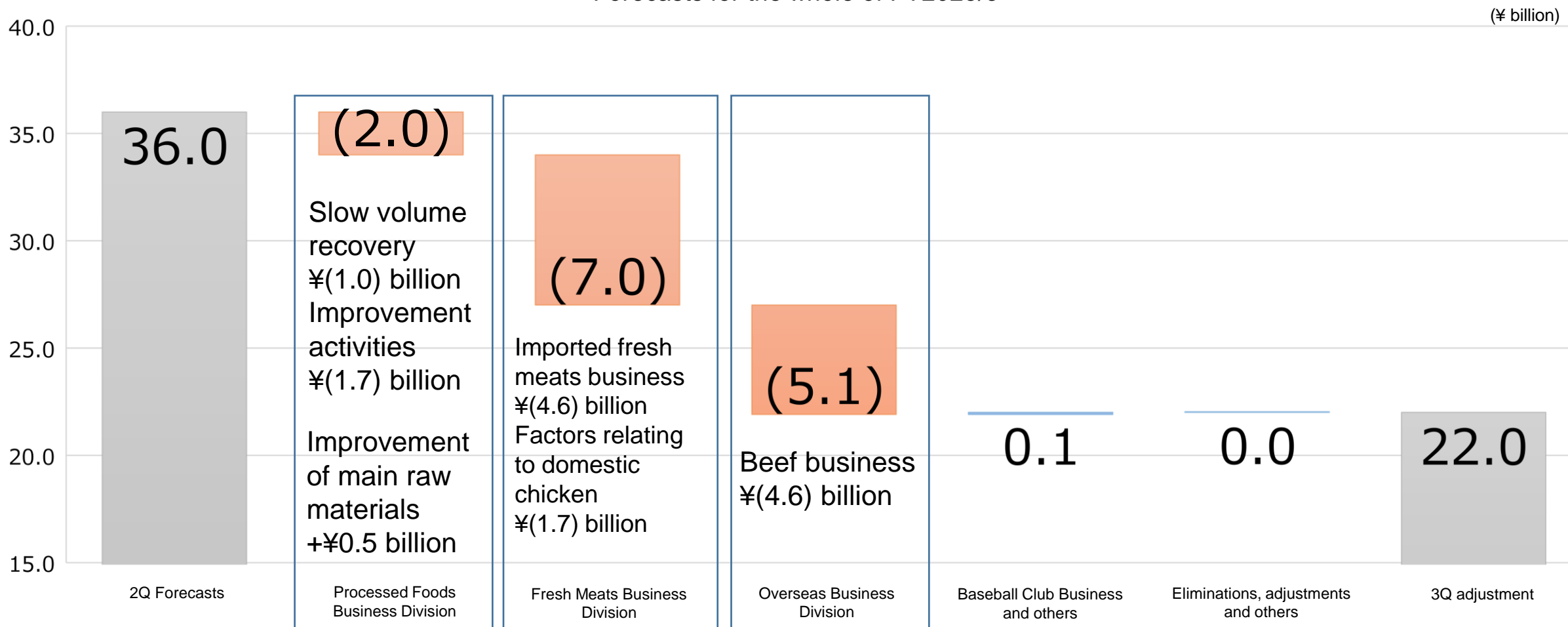
* The figures exclude the marine food business of The Marine Foods Corporation and its affiliated companies.

Analysis of Main Reasons for Differences from Yearly Targets

We are very concerned about the three downward adjustments, which have further heightened our awareness of the need for restructuring.

We will promptly review our profit structure and recover business profit to the level of ¥40.0 billion for the next fiscal year.

Forecasts for the whole of FY2023/3



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* 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 The Marine Foods Corporation and its affiliated companies, our shareholding in which was sold.

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1. Financial Highlights (1) Cumulative 3Q Results for FY2023/3

(¥ billion)

	1st half	3Q	1Q-3Q	Variance	Variance (%)
Net sales	634.0	352.1	986.1	90.0	10.0%
Business profit	15.2	9.5	24.7	(19.4)	(44.0)%
(Business profit from continuing operation)				(17.1)	(40.9)%
Business profit ratio	2.4%	2.7%	2.5%	(2.2)%	-
Profit before tax	22.3	2.9	25.2	(23.9)	(48.7)%
Profit attributable to owners of the parent	15.5	3.7	19.2	(17.5)	(47.7)%

Reasons for year on year changes in 1Q-3Q

Net sales

10.0% increase thanks to higher unit prices for domestic and overseas meats

Business profit

44.0% decline due to slow recovery of sales volumes for flagship processed food brands, a worsening supply-demand balance for imported fresh meats, and the declining profitability of the overseas beef business

Profit before tax

48.7% decline due to lower business profit and operating income, and other factors

Profit attributable to owners of the parent

47.7% decline due to reduced profit before tax

1. Financial Highlights (2) Business Profit by Segment

	(¥ billion)				
	1st half	3Q	1Q-3Q	Variance	Variance (%)
Processed Foods Business Division	1.3	4.7	6.0	(8.1)	(57.5)%
(Continuing operations)				(5.9)	(49.4)%
Fresh Meats Business Division	14.2	8.3	22.6	(7.9)	(25.9)%
Overseas Business Division	(0.9)	(1.7)	(2.7)	(4.9)	-
Baseball Club Business and others	1.9	(0.7)	1.2	1.4	-
Eliminations, adjustments and others	(1.3)	(1.1)	(2.4)	0.1	-
Consolidated	15.2	9.5	24.7	(17.1)	(40.9)%

Reasons for year on year changes in 1Q-3Q

Processed Foods Business Division

Profit was lower because of a slow recovery in sales volumes after price revisions, and soaring prices for principal and secondary materials, electric power, and fuels.

Fresh Meats Business Division

Domestic demand for imported fresh meats has weakened in the second half of the fiscal year, and earnings are under pressure from high-cost inventories. Profit from domestic chicken was also lower because of procurement problems resulting from avian influenza.

Overseas Business Division

Demand declined in the beef business in the second half due to market appreciation. Profit declined as high raw material costs could not be fully passed on to sales prices.

Baseball Club Business and others

Profit from professional baseball rose thanks to a year on year increase in spectator numbers.

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

Unit prices rose in the 3Q thanks to price revisions, but revenues and profit were lower because of the slow recovery of flagship brands and increases in electric power and fuel costs that could not be offset.

FY2023/3 results

(¥ billion)

	1st half	3Q	1Q-3Q	Variance	Variance (%)
Net sales					
	204.0	116.8	320.8	(62.0)	(16.2)%
(Net sales from continuing operations)				(4.9)	(1.5)%
Business profit				(8.1)	(57.5)%
	1.3	4.7	6.0	(5.9)	(49.4)%
(Business profit from continuing operations)				(5.9)	(49.4)%
Business profit ratio	0.7%	4.0%	1.9%	(1.8)%	-

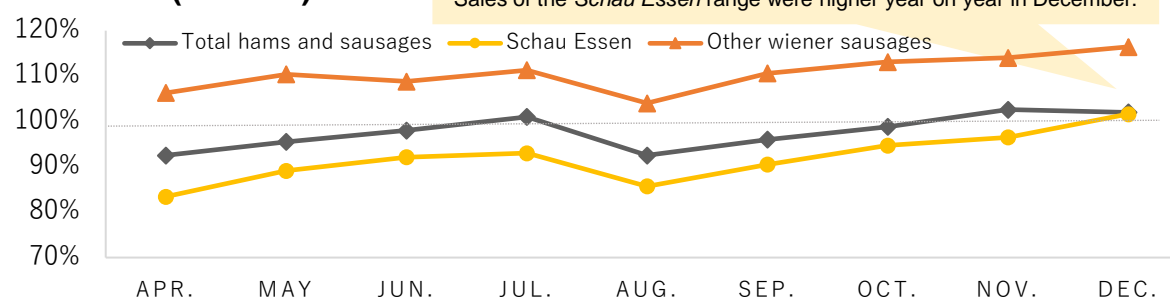
Net sales by channel/consumer product category (year on year)

Hams and sausages	Volume	Amount	Hams and sausages	Amount	Deli and processed foods	Amount
Consumer	95.5%	97.7%	Wieners	96.1%	Chilled bakery	102.7%
Commercial-use	102.3%	104.6%	Loin hams	109.3%	Chilled dish	90.1%
Deli and processed foods	Volume	Amount	Bacons	104.9%	Fried chicken	99.5%
Consumer	89.7%	97.6%	Char-siu pork	104.0%	Hamburg and meatball	102.7%
Commercial-use	95.5%	103.7%	Consumer	97.7%	Consumer	97.6%

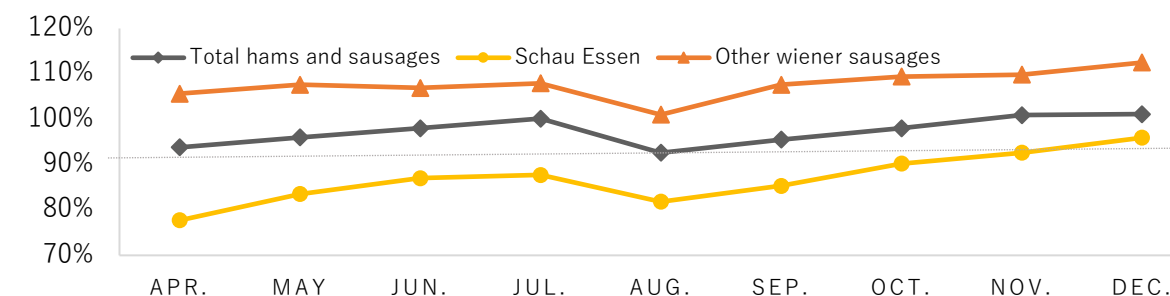
1Q-3Q sales of consumer products

- Hams and sausages: Revenue down due to slow recovery of *Schau Essen*
- Deli and processed foods: Revenue lower after *Chuka Meisai* sales volumes failed to recover despite specification changes

Net sales (Amount)



Net sales (Number of packs)



1Q-3Q sales of commercial products

- Hams and sausages: Revenue higher thanks to enhanced sales to convenience store chains
- Deli and processed foods: Strong sales to fast food chains reflected in higher revenues

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

Factor analysis: Changes in business profit

(¥ billion)

	1st half results	3Q results	1Q-3Q results
Hams and sausages, deli and processed foods	(3.9)	(1.3)	(5.2)
External factors	(6.1)	(4.3)	(10.4)
Principal raw material prices	(2.5)	(1.8)	(4.2)
Other materials/fuels	(3.6)	(2.5)	(6.1)
Internal factors	2.2	3.0	5.2
Effect of price revisions	1.4	2.9	4.3
Improvement activities	0.8	0.1	0.9
Dairy/marine products and extract/primary processing	0.1	0.2	0.4
DX costs	(0.8)	(0.3)	(1.1)
Total	(4.5)	(1.3)	(5.9)

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

Analysis of reasons for year on year variations in 1Q-3Q

[Hams and sausages, deli and processed foods] ¥(5.2) billion

(External factors) ¥ (10.4) billion

Principal raw materials: Sharply higher raw material costs affecting all livestock categories

Other materials/fuels: Soaring prices, especially for sheep casings, electric power, and fuels

(Internal factors) ¥5.2 billion

Effect of price adjustments: Selling prices rose thanks to two price revisions, but this was not enough to offset external factors, due to a slow volume recovery and deteriorating product mix.

Improvement activities: Profit rose thanks to the centralization of manufacturing operations on highly productive lines, and the reduction of labor costs.

[Dairy/marine products and extract/primary processing] ¥0.4 billion

Cheese: The earnings target was achieved thanks to strong sales of commercial cheese.

Yogurt: Earnings fell due to the lack of a volume recovery after a price revision affecting *Vanilla Yogurt*.

Extract/primary processing: The earnings target was achieved thanks to increased sales of high-margin items.

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

Revenue was higher thanks to higher unit prices for imported fresh meats and domestic chicken. However, profit was lower because earnings came under pressure from inventories of high-cost imported fresh meats, as well as the impact of avian influenza.

FY2023/3 results

(¥ billion)

	1st half	3Q	1Q-3Q	Variance	Variance (%)
Net sales	361.7	208.5	570.2	47.5	9.1%
Business profit	14.2	8.3	22.6	(7.9)	(25.9)%
Business profit ratio	3.9%	4.0%	4.0%	(1.9)%	-

1Q-3Q sales by livestock type

- Beef: Revenue was higher thanks to increased sales of domestic beef and higher unit prices for imported beef.
- Pork: Revenue increased because a recovery in the restaurant sector was reflected in strong sales of imported frozen pork.
- Chicken: Price-consciousness drove a shift from other livestock types, resulting in firm demand and higher revenue.

1Q-3Q sales by channel

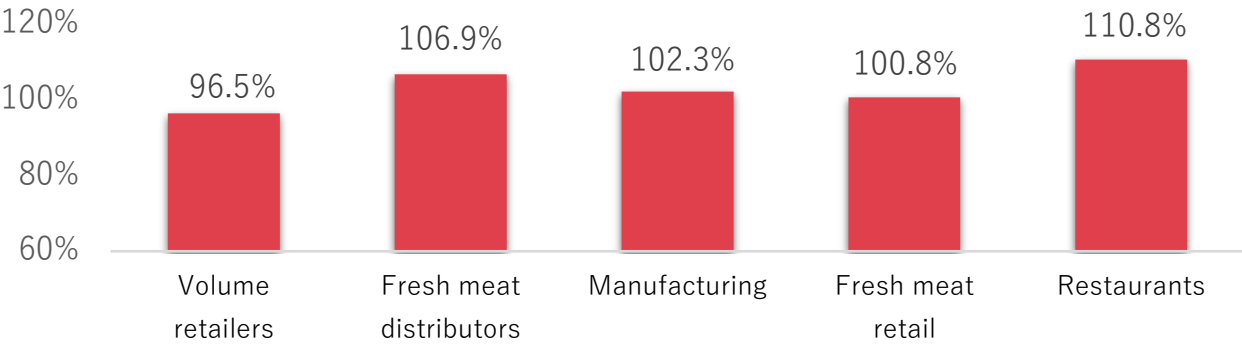
- Volume retailers: Sales slowed because of a recovery in the restaurant sector and sharply higher selling prices for beef and pork. .
- Restaurants: Demand has not yet returned to pre-COVID levels, but a recovery is in progress, especially in urban areas.

1Q-3Q total : Expansion of *wagyu* export business

- Progress on new market development was aided by exchange rate trends.
(*Wagyu* exports reached 118% of the previous year's level.)

1Q-3Q sales volumes by channel (year on year)

FY2023/3 Sales Results of four Nippon Food Group companies:
Overall volume growth of 100.9%



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

Factor analysis: Changes in business profit

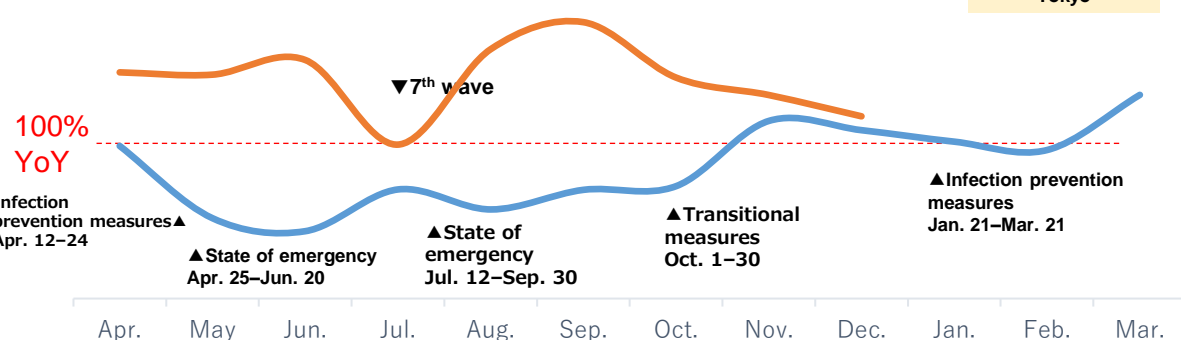
(¥ billion)

	1st half results	3Q results	1Q-3Q results
Domestic beef/pork business	(0.3)	0	(0.2)
Domestic chicken business	(2.1)	(0.7)	(2.8)
Imported fresh meats business	(2.1)	(4.0)	(6.0)
Food sales	1.4	0.8	2.1
DX costs	(0.9)	(0.4)	(1.3)
Others	0.4	(0.1)	0.3
Total	(3.6)	(4.3)	(7.9)

Year on year comparison of profit for 4 food companies

— 2021 — 2022

COVID responses in Tokyo



Analysis of reasons for year on year changes in 1Q-3Q

[Domestic beef/pork business] ¥(0.2) billion

Production: Profit was lower due to soaring feed prices and slow progress on productivity improvement measures.

Consignment business: High prices for imported fresh meats drove a shift to domestic products. Profit was higher, in part because of progress on price hikes to pass on higher costs.

[Domestic chicken business] ¥(2.8) billion

Production: Profit declined due to soaring feed prices and the impact of avian influenza.

Consignment business: Profit was higher because of securing the sales volume by increasing external procurement.

[Imported fresh meats business] ¥(6.0) billion

In the second half, earnings came under pressure because weaker domestic demand hindered efforts to pass on these cost increases through prices. Profit declined because of lost sales opportunities resulting from supply chain disruptions caused by the late arrival of vessels.

[Food sales] ¥2.1 billion

Sales: Volume retail channels were affected by a demand downturn driven by consumers' efforts to reduce spending. However, we took steps to improve profitability. Profit was higher thanks to increased marketing efforts in step with the recovery in the restaurant sector, as well as the expansion of initiatives by specialist units.

4. Segment Data: Overseas Business Division (1)

Revenue was higher thanks to a volume increase in sales of Australian beef and the higher unit prices. However, this was not enough to offset rising feed, production and manufacturing costs, and profit declined.

FY2023/3 results

(¥ billion)

	1st half	3Q	1Q-3Q	Variance	Variance (%)
Net sales	169.3	81.3	250.6	51.3	25.7%
Business profit	(0.9)	(1.7)	(2.7)	(4.9)	-
Business profit ratio	-	-	-	-	-

Breakdown of net sales by region

(¥ billion)

	1st half	3Q	1Q-3Q	Variance	Variance (%)
Australia	70.3	34.7	105.0	26.9	34.5%
Australia	53.1	25.6	78.7	19.5	33.0%
Uruguay	17.3	9.1	26.4	7.4	39.2%
Americas	63.0	32.0	95.1	19.8	26.3%
Asia & Europe	37.8	14.9	52.7	4.9	10.2%
Total	169.3	81.3	250.6	51.3	25.7%

External customer net sales results

(¥ billion)

	1st half	3Q	1Q-3Q	Variance	Variance (%)
Australia	61.8	31.5	93.3	25.9	38.3%
Australia	46.5	23.3	69.8	19.0	37.3%
Uruguay	15.3	8.2	23.5	6.9	41.5%
Americas	17.5	8.5	25.9	6.7	35.1%
Asia & Europe	17.5	7.3	24.9	5.6	28.9%
Total	96.8	47.3	144.1	38.2	36.0%

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

1Q-3Q results by region

[Australia]

Australia: Sales increased in the first half due to strong sales.

Uruguay: Revenue increased due to an increase in imports following the lifting of the beef embargo on China that occurred in the first half of the previous fiscal year.

[Americas]

Processed products: Revenue was higher thanks to the expansion of manufacturing volumes and price revisions.

Exports: A strong trend in pork exports from South America resulted in higher revenue.

[Asia & Europe]

ASEAN: Sales increased due to a recovery in demand as the impact of COVID-19 in the previous fiscal year was mitigated.

Turkey: Revenue rose because of higher selling prices for chicken due to domestic inflation.

4. Segment Data: Overseas Business Division (2)

Factor analysis: Changes in business profit

(¥ billion)

	1st half results	3Q	1Q-3Q results
Australia	(1.1)	(3.1)	(4.1)
Australia	(0.4)	(2.1)	(2.5)
Uruguay	(0.7)	(0.9)	(1.6)
Americas	(0.2)	0.3	0.1
Asia & Europe	(0.2)	(0.5)	(0.7)
Others	(0.1)	(0.1)	(0.2)
Total	(1.6)	(3.3)	(4.9)

Business profit

(¥ billion)

	1st half	3Q	1Q-3Q results	Variance	Variance (%)
Australia	(0.5)	(1.8)	(2.3)	(4.1)	-
Australia	0.9	(1.1)	(0.2)	(2.5)	-
Uruguay	(1.4)	(0.7)	(2.1)	(1.6)	-
Americas	0.4	0.7	1.1	0.1	5.7%
Asia & Europe	(0.3)	(0.4)	(0.7)	(0.7)	-
Others	(0.5)	(0.3)	(0.8)	(0.2)	-
Total	(0.9)	(1.7)	(2.7)	(4.9)	-

Reasons for year on year changes in 1Q-3Q

[Australia] ¥(4.1) billion

(Australia) ¥(2.5) billion

Profit declined due to continued high prices for livestock price and sluggish export sales prices.

(Uruguay) ¥(1.6) billion

Profit declined due to continued high prices for livestock price and sluggish export sales prices.

[Americas] ¥0.1 billion

(Processed products)

Profitability has improved in the 2Q of the fiscal year thanks to progress on price revisions, but profit is lower due to the continuing impact of the 1Q trends.

(Meat exports)

Profit increased due to strong pork exports.

[Asia & Europe] ¥(0.7) billion

(Turkey)

Profit declined because of further increases in feed and manufacturing prices, which could not be fully passed on through selling prices.

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1. Plan Highlights (1)

Business profit forecast for FY2023/3

(¥ billion)

	FY2022/3	FY2023/3			
	Full year results	2Q Forecasts	3Q Forecasts	Variance	Variance
Net sales	1,174.4	1,270.0	1,270.0	95.6	8.1%
Business profit	48.1	36.0	22.0	(26.1)	(54.3)
(Profit from continuing operations)	45.8			(23.8)	(52.0)
Business profit ratio	3.9%	2.8%	1.7%	(2.2)	-
Profit before tax	51.4	35.0	22.0	29.4	(57.2)
Profit attributable to owners of the parent	48.0	26.0	17.0	31.0	(64.6)

Reasons for year on year changes

Net sales

As forecast in the 2Q, sales were 8.1% higher.

Business profit

Profits from the Processed Foods, Fresh Meats, and Overseas Business Divisions will be lower throughout the second half, and the business profit forecast for the whole year has therefore been lowered to ¥22.0 billion.

Profit before tax

Profit before tax will be 57.2% lower due to the decline in business profit and operating income.

Profit attributable to owners of the parent

The result will be 64.6% lower due to the decline in profit before tax.

1. Plan Highlights (2)

There has been substantial downward adjustment, in part because of greater-than-expected changes in the external environment. However, we are still working with a sense of urgency to modify our revenue structure.

	FY2022/3											
	1st half		3Q	4Q	2nd half				Full year			
	FY2022/3 results	Results	Results	Forecasts	FY2022/3 results	2Q forecasts	3Q forecasts	Variance from forecast	FY2022/3 results	2Q forecasts	3Q forecasts	Variance from forecast
Processed Foods Business Division	5.9	1.3	4.7	(0.5)	6.5	6.2	4.2	(2.0)	12.4	7.5	5.5	(2.0)
Fresh Meats Business Division	17.8	14.2	8.4	3.4	17.8	18.8	11.8	(7.0)	35.6	33.0	26.0	(7.0)
Overseas Business Division	0.6	(0.9)	(1.7)	(2.3)	1.8	1.0	(4.1)	(5.1)	2.4	0.1	(5.0)	(5.1)
Baseball Club Business and others	0.4	1.9	(0.7)	(2.5)	(2.0)	(3.3)	(3.2)	0.1	(1.6)	(1.4)	(1.3)	0.1
Eliminations, adjustments and others	(1.6)	(1.3)	(1.1)	(0.8)	(1.4)	(1.9)	(1.9)	0	(3.0)	(3.2)	(3.2)	0
Total	23.1	15.2	9.5	(2.7)	22.7	20.8	6.8	(14.0)	45.8	36.0	22.0	(14.0)

Business profit targets by segment

- Processed Foods Business Division:** Despite a recovery in the external environment and *Schau Essen* sales, the results are expected to fall below the 2Q plan level due to the lingering impact of trends up to the 3Q.
- Fresh Meats Business Division:** Sales growth is expected thanks to a recovery in the restaurant sector and other factors. However, demand for imported fresh meats has shrunk more than expected, and the supply-demand balance has deteriorated. The results are likely to be below the 2Q plan level.
- Overseas Business Division:** The results, especially for the Australian business, are expected to be significantly below the 2Q plan level because of lower-than-anticipated selling prices for exporting beef.

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2. Processed Foods Business Division: Outlook

Business profit forecast for FY2023/3: ¥5.5 billion

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

Hams and sausages	Volume	Amount	Hams and sausages	Amount	Deli and processed foods	Amount
Consumer	96.7%	98.7%	Wieners	97.8%	Chilled bakery	102.5%
Commercial-use	98.3%	100.2%	Loin hams	108.8%	Chilled dish	88.8%
Deli and processed foods	Volume	Amount	Bacons	104.9%	Fried chicken	100.6%
Consumer	90.6%	96.9%	Char-siu pork	105.3%	Hamburg and meatball	104.8%
Commercial-use	92.2%	98.9%	Consumer	98.7%	Consumer	96.9%

Factor analysis: Changes in profit forecasts

(¥ billion)

	2nd half			Full year		
	2Q forecasts	3Q forecasts	Variance	2Q forecasts	3Q forecasts	Variance
Hams and sausages, deli and processed foods	0	(2.3)	(2.3)	(3.9)	(6.1)	(2.3)
External factors	(8.8)	(8.3)	0.5	(14.9)	(14.4)	0.5
Principal raw material price	(4.0)	(3.4)	0.7	(6.5)	(5.9)	0.7
Other materials/fuels	(4.7)	(4.9)	(0.2)	(8.3)	(8.5)	(0.2)
Internal factors	8.8	6.1	(2.7)	11.0	8.2	(2.7)
Effect of price revisions	6.9	5.9	(1.0)	8.3	7.3	(1.0)
Improvement activities	1.9	0.2	(1.7)	2.7	0.9	(1.7)
Dairy/marine products and extract/primary processing	0.3	0.4	0.1	0.4	0.5	0.1
DX costs	(0.6)	(0.4)	0.2	(1.4)	(1.2)	0.2
Total	(0.4)	(2.3)	(2.0)	(4.9)	(6.9)	(2.0)

Major efforts

(Consumer products)

- We will continue sales promotion initiatives for *Schau Essen*, which is now on a recovery trend. We aim to achieve an early recovery in sales volumes through brand extensions, including a larger bag and new products.
- We aim to achieve the gross profit target by expanding sales of *Morning Serve* and other new products.
- We will rebrand the *Chuka Meisai* range with the aim of achieving a recovery in the next fiscal year.

(Commercial-use products)

- We aim to achieve the gross profit target through enhanced marketing of priority high-margin products.

Full-year analysis of reasons for variations from the profit forecasts

[Hams and sausages, deli and processed foods] ¥(2.3) billion

(External factors) ¥0.5 billion

Principal raw materials: We expect the procurement environment for beef and pork to improve earlier than projected.

Fuels: Results are likely to be lower than the target levels in the plan because of greater-than-expected cost increases (LNG, etc.).

(Internal factors) ¥(2.7) billion

Price adjustments: Sales volumes for flagship brands have not yet recovered, and the results are likely to fall short of the target levels in the plan.

Improvement activities: The results are expected to be below target because of the expansion of sales promotion activities in an effort to drive a volume recovery and strengthen branding in the next fiscal year.

[Dairy/marine products and extract/primary processing] ¥0.1 billion

Dairy products: The target levels in the plan are likely to be exceeded, in part because of cheese price revisions.

3. Fresh Meats Business Division: Outlook

Business profit forecast for FY2023/3: ¥26.0 billion

Factor analysis: Changes in profit forecasts (¥ billion)

	2nd half			Full year		
	2Q forecast	3Q forecast	Variance	2Q forecast	3Q forecast	Variance
Domestic beef/pork business	(0.1)	(0.8)	(0.7)	(0.4)	(1.0)	(0.7)
Domestic chicken business	1.0	(0.7)	(1.7)	(1.1)	(2.8)	(1.7)
Imported fresh meats business	(0.6)	(5.2)	(4.6)	(2.7)	(7.2)	(4.6)
Food sales	1.4	1.8	0.3	2.8	3.1	0.3
DX costs	(0.6)	(0.5)	0.1	(1.5)	(1.4)	0.1
Others	(0.2)	(0.6)	(0.4)	0.3	(0.2)	(0.4)
Total	1.0	(6.0)	(7.0)	(2.6)	(9.6)	(7.0)

Full-year analysis of reasons for variations from the profit forecasts

[Domestic beef/pork business] ¥(0.7) billion
Production: We will continue to negotiate over feed prices and work to improve productivity, but the results are expected to be below the target levels in the plan due to impact of rising production costs.
Consignment: We expect to exceed the target levels in the plan by securing procurement volumes through the expansion of external procurement activities.

[Domestic chicken business] ¥(1.7) billion
Production: We will implement comprehensive disease countermeasures and work to restore production volumes. However, the results are expected to be below the target levels in the plan due to impact of avian influenza.
Consignment: We aim to expand profits through marketing initiatives linked to the 20th anniversary of *Sakurahime* chicken and the expansion of external procurement. However, the results are expected to fall short of the targets in the plan because of rising procurement prices driven by tight market inventories.

[Imported fresh meats business] ¥(4.6) billion
Beef/Pork/Chicken: We will work to achieve an early transition to appropriately priced inventories. However, sales of high-cost fresh meat inventories will continue until 4Q because of weakening demand, and the results are expected to fall short of the target levels in the plan.

[Food sales] ¥0.3 billion
 We expect to exceed the targets in the plan, thanks to expanded initiatives for each channel.
Volume retailer channel: Sales of imported fresh meats will decline in volume terms, but we will expand sales of domestic fresh meats by stepping up proposal activities focusing on regional products and existing and new fresh meat brands.
Restaurant channel: We will expand sales by analyzing each business category and stepping up proposal activities. We will establish new bases for area development.

4. Overseas Business Division: Outlook

Business profit forecast for FY2023/3: ¥(5.0) billion

Factor analysis: Changes in profit forecasts (¥ billion)

	2nd half			Full year		
	2Q forecast	3Q forecast	Variance	2Q forecast	3Q forecast	Variance
Australia	(1.2)	(5.8)	(4.6)	(2.3)	(6.9)	(4.6)
Australia	(1.2)	(4.2)	(3.0)	(1.6)	(4.5)	(3.0)
Uruguay	0	(1.6)	(1.6)	(0.7)	(2.3)	(1.6)
Americas	1.1	1.0	(0.1)	0.8	0.8	(0.1)
Asia & Europe	(0.4)	(0.9)	(0.5)	(0.6)	(1.1)	(0.5)
Others	(0.2)	(0.1)	0.1	(0.3)	(0.2)	0.1
Total	(0.8)	(5.8)	(5.1)	(2.3)	(7.4)	(5.1)

Business profit forecasts (¥ billion)

	2nd half			Full year		
	2Q forecast	3Q forecast	Variance	2Q forecast	3Q forecast	Variance
Australia	0.9	(3.8)	(4.6)	0.3	(4.3)	(4.6)
Australia	0.6	(2.4)	(3.0)	1.5	(1.5)	(3.0)
Uruguay	0.2	(1.4)	(1.6)	(1.2)	(2.8)	(1.6)
Americas	1.6	1.6	(0.1)	2.0	2.0	(0.1)
Asia & Europe	(0.8)	(1.3)	(0.5)	(1.1)	(1.6)	(0.5)
Others	(0.7)	(0.6)	0.1	(1.2)	(1.2)	0.1
Total	1.0	(4.1)	(5.1)	0.1	(5.0)	(5.1)

Full-year analysis of reasons for variations from the profit forecasts

[Australia] ¥(4.6) billion

Australia ¥(3.0) billion

An appropriate production structure linked to supply-demand balance will result in improved earnings. However, weak export sales prices are expected to squeeze earnings.

Uruguay: ¥(1.6) billion

We will work to improve productivity, but weak export sales prices are expected to squeeze earnings.

[Americas] ¥(0.1) billion

As expected, sales of processed products are expanding, and profitability is improving.

[Asia & Europe] ¥(0.5) billion

Turkey

We will work to pass on cost increases through prices while reducing production costs through changes to feed mixes. However, the results are expected to fall short of the targets due to a weaker lira, and continuing sharp rises in feed and fuel prices.

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

(¥ million, %)

		FY2022/3 results			FY2023/3 forecasts					
		1Q-3Q results	4Q results	Full year results	1Q-3Q results	Variance (%)	4Q forecasts	Variance (%)	Full year forecasts	Variance (%)
1)	Net sales	896,129	278,260	1,174,389	986,103	10.0	283,897	2.0	1,270,000	8.1
2)	Cost of goods sold	736,638	237,723	974,361	845,817	14.8	239,183	0.6	1,085,000	11.4
	Gross profit	159,491	40,537	200,028	140,286	(12.0)	44,714	10.3	185,000	(7.5)
	Gross profit ratio	17.8%	14.6%	17.0%	14.2%	-	15.8%	-	14.6%	-
3)	Selling, General and Administrative expenses	115,377	42,573	157,950	124,262	7.7	45,738	7.4	170,000	7.6
	Other income and expenses	22	2,033	2,055	5,361	-	(2,361)	-	3,000	-
	Finance income and costs	(1,188)	(603)	(1,791)	608	-	(108)	-	500	-
	Share of profit (loss) in investments accounted for	6,161	2,863	9,024	3,181	(48.4)	319	(88.9)	3,500	(61.2)
	Profit before tax	49,109	2,257	51,366	25,174	(48.7)	(3,174)	-	22,000	(57.2)
	Income tax expense	12,758	(90)	12,668	5,380	(57.8)	(880)	-	4,500	(64.5)
	Tax rate	26.0%	-	24.7%	21.4%	-	-	-	20.5%	-
	Profit attributable to owners of the parent	36,747	11,302	48,049	19,219	(47.7)	(2,219)	-	17,000	(64.6)
4)	Operating income (1)-(2)-(3)	44,114	(2,036)	42,078	16,024	(63.7)	(1,024)	-	15,000	(64.4)
5)	Foreign exchange gains (losses)	(1,654)	(1,343)	(2,997)	(9,047)	-	-	-	-	-
6)	Adjustments in accordance with IFRS and others	3,901	(4,647)	(746)	346	-	-	-	-	-
7)	Adjustment for discontinued operations	(2,263)	(32)	(2,295)	-	-	-	-	-	-
	Business profit (4)-(5)-(6)-(7)	44,130	3,986	48,116	24,725	(44.0)	(2,725)	-	22,000	(54.3)

* Business profit figures for the previous fiscal year include the results for the marine foods business, including that of The 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 results								
	1Q-3Q results	4Q results	Full year results	1Q-3q results	Variance (%)	Volume growth	4Q forecasts	Variance (%)	Volume growth	Full year forecasts	Variance (%)	Volume growth
Hams and sausages	102,663	28,484	131,147	101,502	(1.1)	(3.0)	28,498	0.0	(5.5)	130,000	(0.9)	(3.6)
Processed foods	170,710	54,266	224,976	179,350	5.1	(4.6)	55,650	2.6	(8.6)	235,000	4.5	(5.5)
Fresh meats	549,662	173,181	722,843	622,515	13.3	2.1	176,485	1.9	(0.3)	799,000	10.5	1.5
Beef	225,719	68,189	293,908	262,416	16.3	8.0	67,584	(0.9)	4.1	330,000	12.3	7.2
Pork	174,273	56,489	230,762	189,863	8.9	2.5	58,137	2.9	0.0	248,000	7.5	1.9
Chicken	135,062	44,487	179,549	155,282	15.0	(1.4)	46,718	5.0	(2.4)	202,000	12.5	(1.7)
Other fresh meats	14,608	4,016	18,624	14,954	2.4	1.4	4,046	0.7	(5.2)	19,000	2.0	0.1
Dairy products	26,002	9,212	35,214	27,533	5.9	(6.2)	9,467	2.8	(5.3)	37,000	5.1	(6.0)
Others (including marine products)	47,092	13,117	60,209	55,203	17.2	—	13,797	5.2	—	69,000	14.6	—
Total	896,129	278,260	1,174,389	986,103	10.0	—	283,897	2.0	—	1,270,000	8.1	—

* Because category sales are calculated as segment totals, the figures do not match segment sales.

* 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	3Q	Variance (%)	Variance
Total assets	909,213	984,219	8.2	75,006
Total liabilities	419,659	480,833	14.6	61,174
Total equity attributable to owners of parent	479,069	492,669	2.8	13,600
Non-controlling interests	10,485	10,717	2.2	232
Total equity	489,554	503,386	2.8	13,832

Consolidated statements of cash flows

(¥ million, %)

	FY2022/3	FY2023/3		
	1Q-3Q results	1Q-3Q results	Variance	Full year forecasts
Cash flows from operating activities	(5,293)	(29,754)	(24,461)	29,000
Cash flows from investing activities	(30,449)	(30,932)	(483)	(75,800)
Cash flows from financing activities	11,695	37,956	26,261	32,400

Capital expenditures, depreciation and amortization

(¥ million, %)

	FY2022/3	FY2023/3			
	1Q-3Q results	1Q-3Q results	Variance (%)	Variance	Full year forecasts
Capital expenditures	44,167	47,305	7.1	3,138	76,800
Processed Foods Business Division	6,833	5,376	(21.3)	(1,457)	12,260
Fresh Meats Business Division	11,132	12,409	11.5	1,277	19,900
Overseas Business Division	2,137	2,483	16.2	346	8,630
Baseball Club	15,321	18,109	18.2	2,788	21,670
Others	8,744	8,928	2.1	184	144,340
Depreciation and amortization	27,057	28,313	4.6	1,256	38,700

Major reasons for increase/decrease

(1) Total Assets

These include a ¥60.8 billion increase in trade receivables due to seasonal factors, etc., and a ¥27.7 billion increase in inventory assets.

(2) Cash flows from operating activities

With regard to operating activities, the increase in trade and other receivables amounted to ¥60.8 billion, the increase in inventories amounted to ¥27.5 billion, and income tax paid amounted to ¥13.3 billion, while profit before tax amounted to ¥25.2 billion, and depreciation and amortization expense amounted to ¥28.4 billion. As a result, net cash used in operating activities amounted to ¥29.8 billion.

(3) Cash flows from investing activities

With regard to investing activities, acquisition of fixed assets amounted to ¥46.0 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 ¥30.9 billion.

(4) Cash flows from financing activities

With regard to financing activities, the increase in short-term bank loans amounted to ¥12.8 billion, and proceeds from debt amounted to ¥106.5 billion, while cash dividends amounted to ¥10.4 billion and repayments of debt amounted to ¥71.3 billion. As a result, net cash provided by financing activities amounted to ¥38.0 billion.

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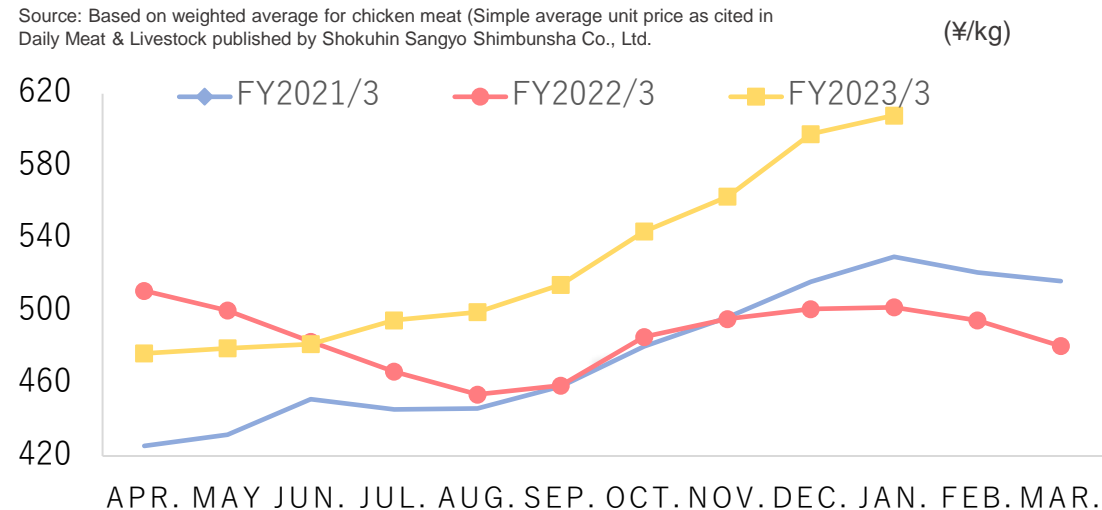
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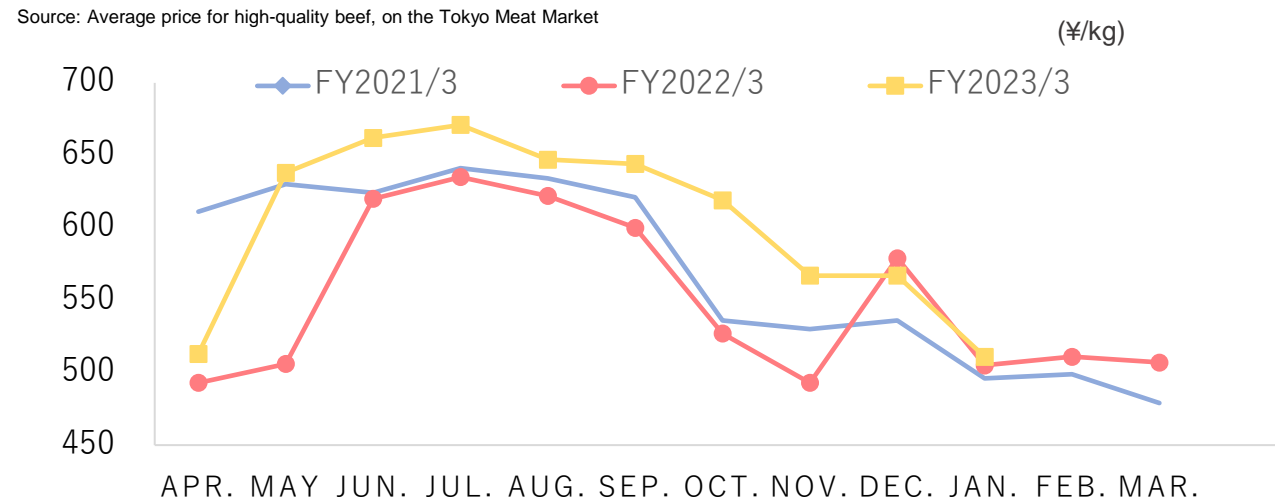
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4. External Environment: Market (1)

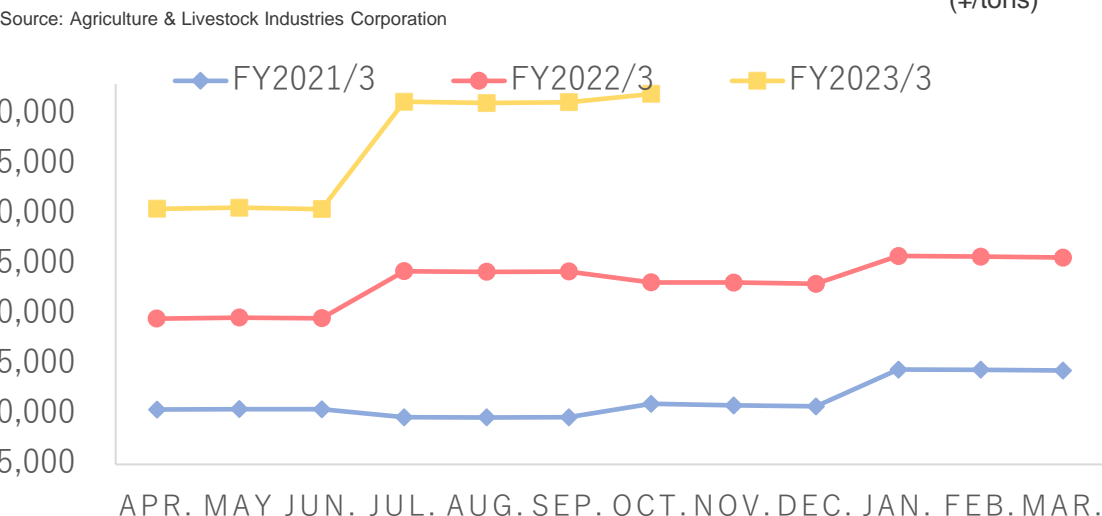
[Domestic chicken market price]



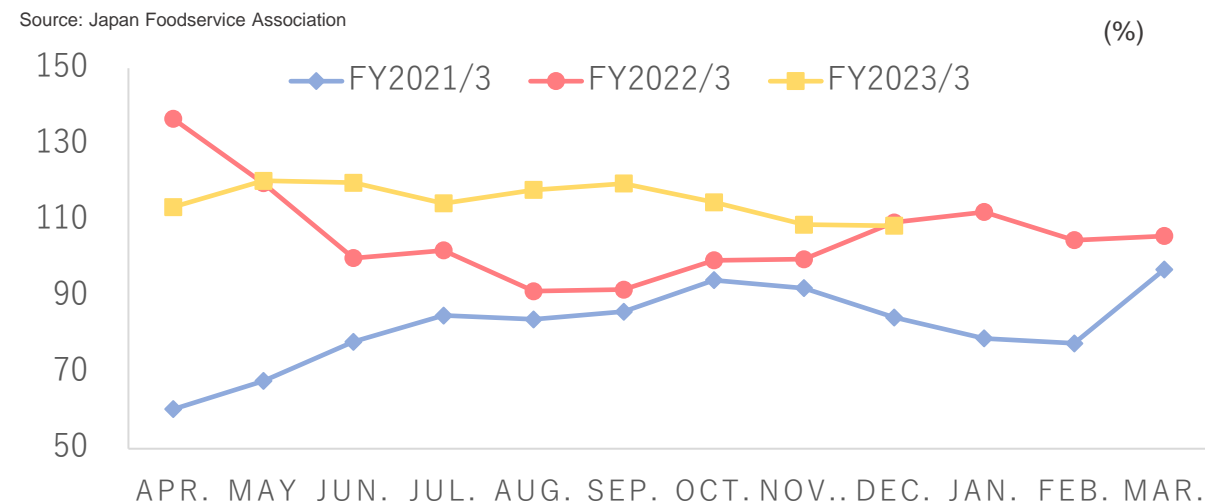
[Domestic pork market price]



[Compound feed price]

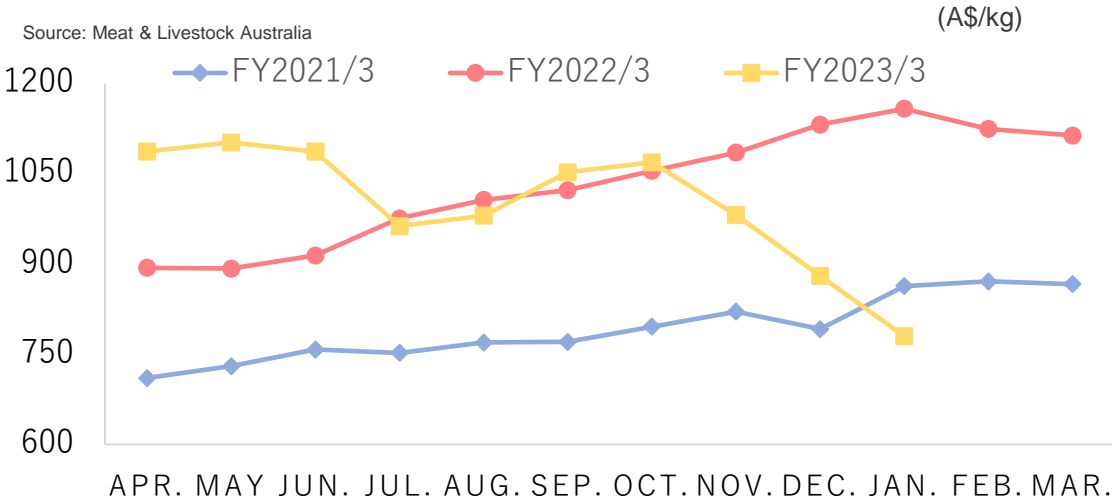


[Year on year comparisons of monthly restaurant sales]

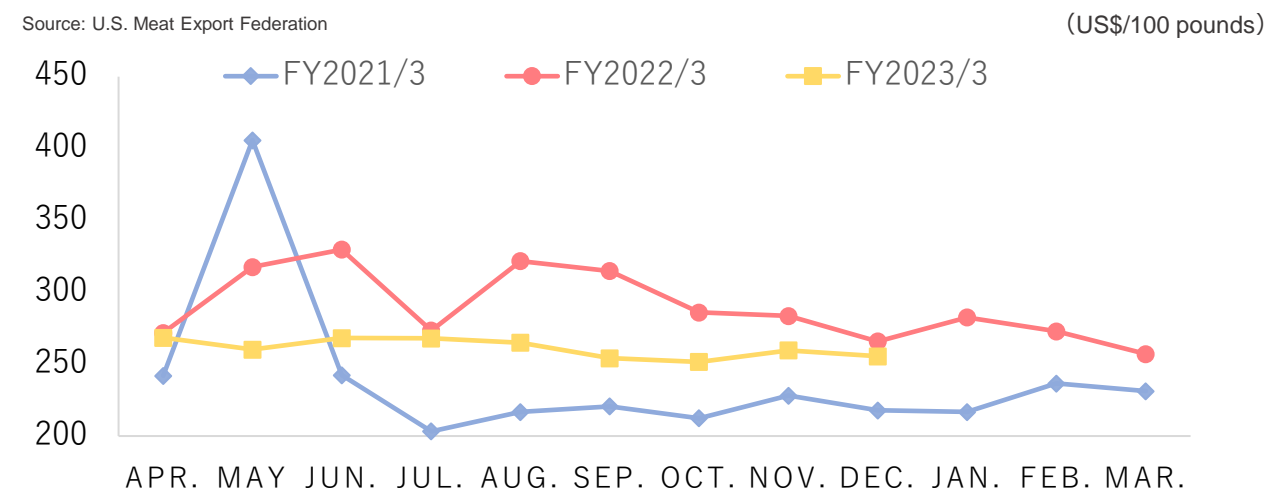


5. External Environment: Market (2)

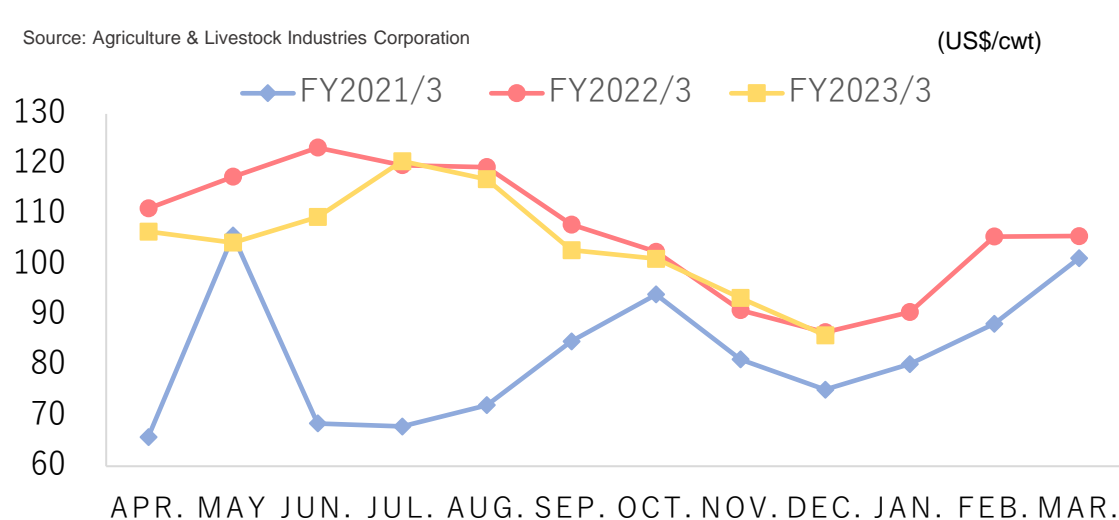
[Eastern Young Cattle Indicator (EYCI)]



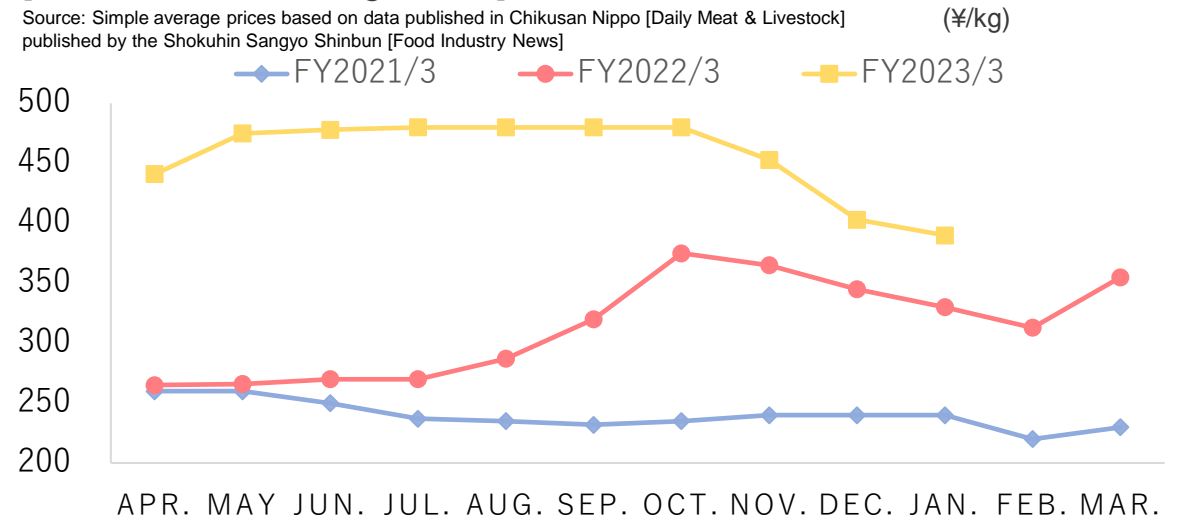
[Cut-out value of American beef (wholesale benchmark price)]



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



[Price of Brazilian thigh meat]



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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.