

FY2023 1Q
Financial results
briefing

Business Results

for the first Quarter of FY2023/3

2022/8/1

NH Foods Ltd.

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Unleash new potentials for protein

NH Foods Group Vision 2030

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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.

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

FY2023/3 1Q results

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance	Variance (%)
Net sales	278.8	311.5	32.7	11.7%
Business profit	124.0	9.2	(3.2)	(26.2)%
(Business profit from continuing operation)	12.1		(3.0)	(24.4)%
Business profit ratio	4.3%	2.9%	(1.4)%	-
Profit before tax	15.5	14.4	(1.1)	(7.1)%
Profit attributable to owners of the parent	9.9	10.2	0.3	2.8%
Profit from continuing operations	10.7	10.5	(0.2)	(1.6)%
Profit from discontinued operations	(0.8)	(0.3)	0.5	-

Reasons for year on year changes

Net sales were 11.7% higher, passing along higher costs of imported supplies in prices, and higher selling prices for beef and chicken in the Overseas Business segment.

Business profit declined due to worsening external conditions for the Processed Foods and Fresh Meats Business Divisions, as well as a volume decline resulting from price revisions.

Profit before tax was 7.1% lower. This resulted from a decline in operating income and an increase in non-operating expenses.

Profit attributable to owners of the parent rose by 2.8% thanks to lower income tax expenses and an increase in quarterly profit attributable to non-controlling interests.

1. Financial Highlights (2) Business Profit by Segment

Despite the contribution from the Overseas Business Division, quarterly business profit was lower due to worsening external conditions for domestic business operations, and a decline in sales volumes for flagship brands following price revisions.

Business Profit by Segment

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance	Variance (%)
Processed Foods Business Division	3.3	1.2	(2.1)	(63.3)%
(Continuing operations)	3.0		(1.8)	(59.6)%
Fresh Meats Business Division	9.5	7.1	(2.5)	(25.9)%
Overseas Business Division	(0.2)	0.3	0.6	—
Baseball Club Business and others	0.4	0.8	0.4	117.2%
Eliminations, adjustments and others	(0.6)	(0.3)	0.3	—
Consolidated	12.4	9.2	(3.3)	(26.2)%

Reasons for year on year changes

Processed Foods Business Division

The prices of principal raw materials and other materials, electric power, and fuels rose higher than expected.

Profit margins improved thanks to higher unit prices following price revisions, but reduced sales volumes for flagship brands resulted in lower profit.

Fresh Meats Business Division

Pressure on earnings from production operations due to soaring feed prices could not be absorbed, and profit declined.

Overseas Business Division

Profit increased, reflecting progress on passing along higher costs in prices for beef in Australia and chicken in Turkey.

Baseball Club Business and others

Spectator numbers increased year on year thanks to the easing of entry restrictions and the *Big Boss* effect. Profit was higher.

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

Revenue was lower due to reduced sales volumes following price hikes. Profit declined because of soaring prices for principal raw materials and other materials, electric power, and fuels, and a deteriorating product mix.

FY2023/3 results

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance	Variance (%)
Net sales	118.2	99.0	(19.3)	(16.3)%
(Net sales from continuing operations)	102.1		(3.1)	(3.1)%
Business profit	3.3	1.2	(2.1)	(63.3)%
(Business profit from continuing operations)	3.0	1.2	(1.8)	(59.6)%
Business profit ratio	3.0%	1.2%	(1.8)%	—

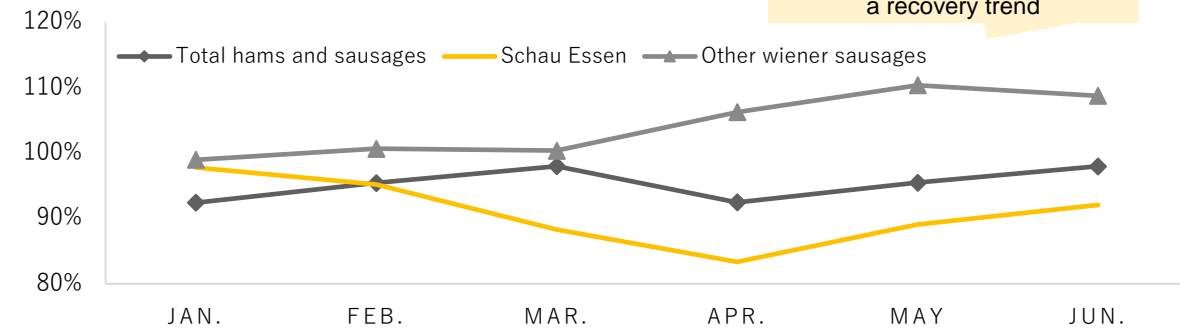
Net sales by channel/consumer product category (year on year)

Hams and sausages	Volume	Amount	Hams and sausages	Amount	Deli and processed foods	Amount
Consumer	95%	95%	Wieners	99%	Chilled bakery	102%
Commercial-use	101%	101%	Loin hams	108%	Chilled dish	86%
Deli and processed foods	Volume	Amount	Bacons	103%	Fried chicken	106%
Consumer	89%	95%	Yakibutas	98%	Hamburg and meatball	94%
Commercial-use	95%	99%	Consumer	95%	Consumer	95%

Sales of consumer products

- Hams and sausages: Sales of large packs of *Schau Essen* and were higher, but sales of standard products declined due to reduced sales promotion opportunities following the price revisions, and the shift of consumer spending toward lower-priced products.
- Deli and processed foods: Sales increased due to expanding demand for chilled bakery products and other snacks. Sales of chilled dishes were lower because of a decline in sales promotion opportunities immediately after the price adjustments.
- Dairy products: Despite the introduction of *Vanilla Yogurt Drink* and other new products, revenue was lower because of slow sales of standard vanilla yogurt.

Net sales (value)



Sales of commercial products

- Hams and sausages: Despite a challenging sales environment due to price hikes, revenue remained at the previous year's level thanks to increased sales to convenience stores.
- Deli and processed products: Sales to convenience stores were lower because of soaring raw material prices.
- Dairy products and extract/primary processing: Revenue remained strong thanks to expanding demand for products for the restaurant industry.

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

Factor analysis:

Changes in business profit (¥ billion)

	FY2023/3 1Q results
Hams and sausages, deli and processed foods	(1.4)
External factors	(2.4)
Principal raw material prices	(1.0)
Other materials/fuels	(1.5)
Internal factors	1.1
Effect of price adjustments	0.7
Improvement activities	0.3
Dairy/marine products and extract/primary processing	0
DX costs	(0.4)
Total	(1.8)

* Year on year comparisons with continuing operations, excluding discontinued operations (The Marine Foods Corp.)

Variation factor analysis

[External factors] ¥(2.4) billion

Procurement costs were substantially higher due to a weaker yen and soaring procurement prices and transportation costs.

(Breakdown of key items)

Principal raw materials: Higher prices for all livestock categories (beef, pork, chicken)

Other materials: Soaring prices not only for sheep casings and oil, but also packaging materials

Fuels: Across-the-board rise in energy costs

[Internal factors] ¥1.1 billion

Effect of price adjustments:

Unit prices were higher because of price adjustments, but sales volumes fell due to weak consumer spending. The decline in sales volumes caused operating rates in manufacturing plants to fall, leading to higher fixed cost ratios, and it was not possible to offset the deterioration of external conditions.

Improvement activities: Reduced sales of flagship brands caused the product mix to deteriorate.

[Dairy/marine products and extract/primary processing] ¥0.0 billion

Dairy products: Soaring cheese prices caused major users to reduce the quantities used, resulting in lower revenue. Price hikes for yogurt products caused a decline in sales volumes for the flagship *Vanilla Yogurt* range.

Extract/primary processing: Satisfactory earnings were achieved good thanks to the recovery of demand in the restaurant industry.

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

Revenue increased, in part because of higher selling prices for imported beef and chicken. Profit was lower because earnings from domestic production operations came under pressure from soaring production costs.

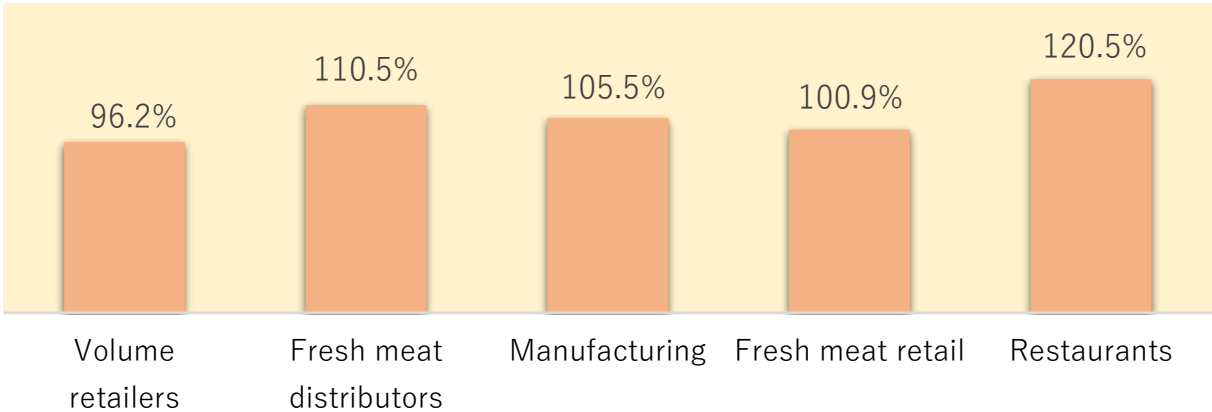
FY2023/3 results

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance	Variance (%)
Net sales	162.6	179.0	16.4	10.1%
Business profit	9.5	7.1	(2.5)	(25.9)%
Business profit ratio	5.9%	3.9%	(1.9)%	-

Sales volumes by channel (year on year)

FY2023/3 Sales Results of four Nippon Food Group companies:
Overall volume growth of 103.4%



Sales by livestock type

- Beef: Revenue increased because of sharply higher procurement prices for imported products, resulting in higher selling prices.
- Pork: Higher market prices for domestic pork and sharply higher procurement prices for imported products resulted in higher selling prices and revenue growth.
- Chicken: Procurement prices for imported products were sharply higher, but it was possible to pass along higher costs in prices thanks to firm demand. Revenue increased.

Sales by channel

- Volume retailers: Selling prices were adjusted to reflect soaring procurement prices for imported products, resulting in an increase in the value of sales. However, quantities were lower year on year due to reduced sales, especially for beef.
- Restaurants: Sales expanded thanks to higher unit selling prices for beef and the full-scale resumption of economic activities. However, the recovery is not yet complete.

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

Factor analysis:

Changes in business profit (¥ billion)

	FY2023/3 1Q results
Domestic beef/pork business	0.1
Domestic chicken business	(1.7)
Imported fresh meats business	(0.3)
Food sales	0.7
DX costs	(0.4)
Others	(0.8)
Total	(2.5)

Variation factor analysis

[Domestic beef/pork business] ¥0.1 billion

Production: Prices remained firm, but profit margins came under pressure from soaring feed and fuel prices.

Consignment business (beef): Profit increased thanks to strong demand for domestic products driven by soaring import prices.

[Domestic chicken business] ¥(1.7) billion

Production: Profit was lower due to weakening market prices at the start of the period, and soaring prices for feed and fuel.

Consignment business: Profit increased because of firm demand, in part because of a shift to domestic products driven by the recovery of the restaurant business and sharply higher import prices. Another factor was strong sales of *Sakurahime* chicken, which was launched 20 years ago.

[Imported fresh meats business] ¥(0.3) billion

Beef: Imports declined because of sharply higher procurement prices and shipping delays, etc.

Pork: Sales of frozen products were stable thanks to the recovery of the restaurant business, but demand for chilled products weakened due to a shift to domestic products in response to shipping delays and procurement issues.

Chicken: Procurement prices soared, but domestic market prices also climbed, so it was possible to pass on the increases, resulting in higher profit.

[Food sales] ¥0.7 billion

Sales: Sales to volume retailers were impacted by falling demand due to soaring prices and consumers' price-consciousness. However, the meat category mix improved thanks to increased marketing to the restaurant industry, which is on a recovery trend. Sales of branded fresh meats also increased.

[Others] ¥(0.8) billion

There was a valuation loss on inventories, especially imported beef.

4. Segment Data: Overseas Business Division (1)

Both revenue and profit increased thanks to progress on price adjustments for beef sales by the Australian business and chicken sales in Turkey.

FY2023/3 results

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance	Variance (%)
Net sales	60.4	84.4	24.0	39.7%
Business profit	(0.2)	0.3	0.6	-
Business profit ratio	-	0.4%	-	-

Results by region

[Australia]

Australia: The number of cattle processed increased, and sales volumes were higher year on year. Selling prices also remained strong, resulting in higher revenue.

Uruguay: Revenue was substantially higher thanks to a recovery in sales to China.

[Americas]

Processed products: Sales of processed chicken products remained strong.

Exports: Pork exports to Japan were strong.

[Asia & Europe]

Thailand (Processed products): Exports to Japan declined because of soaring raw material prices and the weak yen.

Turkey (Chicken): Revenue increased thanks to progress on price hikes to reflect sharply higher production costs.

Breakdown of net sales

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance	Variance (%)
Australia	21.7	36.4	14.7	67.6%
Australia	17.8	25.8	7.9	44.5%
Uruguay	3.9	10.6	6.7	174.3%
Americas	23.7	30.0	6.3	26.8%
Asia & Europe	15.5	19.0	3.5	22.6%
Eliminations, adjustments and others	(0.4)	(0.9)	(0.5)	-
Total	60.4	84.4	24.0	39.7%

External customer net sales results

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance	Variance (%)
Australia	18.4	31.8	13.4	72.7%
Australia	15.1	22.6	7.5	49.7%
Uruguay	3.3	9.1	5.8	175.8%
Americas	6.0	8.1	2.1	35.4%
Asia & Europe	6.5	8.7	2.2	33.7%
Total	30.9	48.5	17.7	57.3%

4. Segment Data: Overseas Business Division (2)

Factor analysis:

Changes in business profit

(¥ billion)

	FY2023/3 1Q results
Australia	0.5
Australia	0.2
Uruguay	0.3
Americas	0.0
Asia & Europe	0.0
Others	0.0
Total	0.6

Variation factor analysis

[Australia] ¥ 0.2 billion

Profit was higher, thanks to the achievement of profitability through an increase in the number of cattle processed, as well as a firm trend in selling prices. A rise in the percentage of branded products also contributed to earnings.

[Uruguay] ¥ 0.3 billion

Livestock prices increased more than expected, but selling prices remained high because of firm demand, resulting in higher profit.

[Americas] ¥ 0.0 billion

Earnings came under pressure from higher prices for raw materials (chicken meat) and rising logistics and energy costs.

[Asia & Europe] ¥ 0.0 billion

Thailand: Profit was lower because of reduced export volumes and higher prices for raw materials (chicken meat).

Turkey: Profit was higher thanks to progress on price adjustments to reflect soaring production costs.

Business profit

(¥ billion)

	FY2022/3 1Q	FY2023/3 1Q	Variance
Australia	(0.2)	0.3	0.5
Australia	0.5	0.7	0.2
Uruguay	(0.7)	(0.4)	0.3
Americas	0.1	0.1	0.0
Asia & Europe	0.1	0.2	0.0
Others	(0.2)	(3.0)	0.0
Total	(0.2)	0.3	0.6

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Business profit forecast for FY2023/3

(¥ billion)

	FY2022/3 full year results	FY2023/3 full year forecasts	Variance	Variance (%)
Net sales	1174.4	1240.0	65.6	5.6%
Business profit	48.1	43.0	(5.1)	(10.6)%
(Profit from continuing operations)	45.8		(2.8)	(6.1)%
Business profit ratio	4.1%	3.5%	(0.6)%	-
Profit before tax	51.4	42.0	(9.4)	(18.2)%
Profit attributable to owners of the parent	48.0	31.0	(17.0)	(35.5)%

Reasons for year on year changes

Rising unit prices for fresh meat and volume growth are expected to result in higher net sales.

A 6.1% decline in business profit is predicted, based on the revision of the plan by the Processed Foods Business Division.

Profit for the period before tax will be impacted by last year’s gains (losses) on investments accounted for using the equity method. A decline of 18.2% is predicted.

Profit attributable to owners of the parent is expected to be 35.5% lower due to the sale of shares in The Marine Foods Corp. and other factors.

1. Plan Highlights (2)

The plan was revised to reflect worse-than-expected deterioration in the external environment. In addition to initiatives in each segment, we aim to achieve the targets in the plan by pursuing company-wide strategies, including cross-segment projects.

Changes in the FY2023/3 business profit targets compared with the initial plan (¥ billion)

	FY2023/3													
	1Q	2Q	1st half				2nd half				Full year			
	Results	Forecasts	Initial forecasts	Forecasts	Change from plan	Variance	Initial forecasts	Forecasts	Change from plan	Variance	Initial forecasts	Forecasts	Change from plan	Variance
Processed Foods Business Division	1.2	0.0	4.4	1.2	(3.2)	(4.7)	5.6	5.8	0.2	(0.8)	10.0	7.0	△ 3	(5.4)
Fresh Meats Business Division	7.1	10.9	18.0	18.0	0.0	0.2	18.0	18.0	0.0	0.2	36.0	36.0	0	0.4
Overseas Business Division	0.3	0.6	0.9	0.9	0.0	0.3	2.1	2.1	0.0	0.3	3.0	3.0	0	0.6
Baseball Club Business and others	0.8	1.5	2.3	2.3	0.0	1.9	(2.3)	(2.3)	0.0	(0.3)	0.0	0.0	0	1.6
Eliminations, adjustments and others	(0.3)	(1.2)	(1.6)	(1.4)	0.2	0.2	(1.4)	(1.6)	(0.2)	(0.2)	(3.0)	(3.0)	0	0.0
Total	9.2	11.8	24.0	21.0	(3.0)	(2.1)	22.0	22.0	0.0	(0.7)	46.0	43.0	△ 3	(2.8)

* Year on year changes exclude discontinued operations (The Marine Foods Corp.) and are based on comparisons with continuing operations.

Business profit targets by segment

Processed Foods Business Division: The results were below the planned figures for the year due to volume declines and higher raw material prices. We will reach our earnings target through further price revisions, the reduction of items, and the expansion of flagship brand sales.

Fresh Meats Business Division: Performance was impacted by soaring feed prices. We will achieve our earnings targets by using our co-creation network to improve feed efficiency, and by pursuing complementation across all our value chains.

Overseas Business Division: We will achieve our target earnings thanks to the impetus from the Australian business, together with price revisions for processed chicken products in the Americas business, and the expansion of production volumes. We will continue to target profit growth.

Baseball Club Business and others: We aim to achieve profit growth through a continuing recovery in spectator numbers, in part because of the *Big Boss* effect.

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2. Processed Foods Business Division: Outlook

Business profit forecast for FY2023/3: ¥7.0 billion

Factor analysis: Changes in profit forecasts

(¥ billion)

	2Q forecasts	1st half	2nd half	Full year
Hams and sausages, deli and processed foods	(2.4)	(3.8)	(0.7)	(4.5)
External factors	(3.8)	(6.3)	(8.6)	(14.8)
Principal raw material price	(1.6)	(2.6)	(4.5)	(7.0)
Other materials/fuels	(2.2)	(3.7)	(4.1)	(7.8)
Internal factors	1.4	2.5	7.9	10.3
Effect of price adjustments	0.9	1.6	6.6	8.2
Improvement activities	0.6	0.9	1.3	2.1
Dairy/marine products and extract/primary processing	0.1	0.1	0.5	0.6
DX costs	(0.6)	(1.0)	(0.6)	(1.6)
Total	(2.9)	(4.7)	(0.8)	(5.4)

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	99%	100%	Wieners	101%	Chilled bakery	102%
Commercial-use	101%	103%	Loin hams	110%	Chilled dish	97%
Deli and processed foods	Volume	Amount	Bacons	107%	Fried chicken	105%
Consumer	96%	99%	Yakibutas	101%	Hamburg and meatball	98%
Commercial-use	95%	98%	Consumer	100%	Consumer	99%

[External factors] ¥(14.8) billion

The external environment is deteriorating, in part because of the continuing weak-yen trend.

(Breakdown of key items)

Principal raw materials: Deteriorating because of reduced supply volumes, especially for pork, and rising transportation costs in North America

Other materials: Remaining higher prices of sheep casing and packaging prices, etc.,

Fuels: Rising heavy fuel oil prices

[Internal factors] ¥10.3 billion

Price adjustments: As in the previous period, starting to revise prices in October

Improvement activities: Improving factory productivity through SKU reductions

[Dairy/marine products and extract/primary processing] ¥0.6 billion

Dairy products: Continuing to revise cheese prices and increasing yogurt sales through sales promotion initiatives

Extract/primary processing: In addition to raising prices to offset higher costs, developing products manufactured in-house and increase marketing efforts

<Major efforts>

(Efforts focusing on consumer products)

- Extension of the *Schau Essen* range, increased marketing efforts for large packs, etc.
- Sales promotions, etc., using the *Big Boss*
- Intensive marketing of flagship brands (e.g., *Chuka Meisai*), development of new categories
- Continuing development of new sales channels

(Efforts focusing on commercial-use products)

- Development of value-added products and new category products

3. Fresh Meats Business Division: Outlook

Business profit forecast for FY2023/3: ¥36.0 billion

Factor analysis: Changes in profit forecasts (¥ billion)

	2Q forecasts	1st half	2nd half	Full year
Domestic beef/pork business	0.3	0.4	0.3	0.8
Domestic chicken business	(0.8)	(2.6)	(0.6)	(3.1)
Imported fresh meats business	0.9	0.6	0.3	0.9
Food sales	1.6	2.4	0.7	3.1
DX costs	(0.5)	(1.0)	(0.6)	(1.5)
Others	1.2	0.3	0.0	0.3
Total	2.7	0.2	0.2	0.4

[Domestic beef/pork business] ¥ 0.8 billion

Production: Feed prices continue to rise, but the impact on profit has been mitigated by partially reflecting the increases in carcass prices.

Consignment business: Domestic market prices are expected to remain high. We aim to achieve profit growth by hiking prices to reflect this.

Initiatives: We will achieve target volumes by improving pork production and increasing external procurement.

[Domestic chicken business] ¥(3.1) billion

Production: Soaring feed prices have had a major impact, and profit will decline further.

Consignment business: Demand is expanding in step with a shift to domestic products driven by price-conscious consumers and soaring import prices. We will increase profit by hiking prices to reflect sharply higher market prices.

Initiatives: We will respond to demand growth by increasing *Sakurahime* chicken production and expanding external procurement.

[Imported fresh meats business] ¥ 0.9 billion

Beef/Pork: Procurement prices remain high because of strong global demand trends. Logistics disruptions are continuing. Profits will be lower because of reduced procurement quantities.

Chicken: The profit decline will be reduced, thanks to firm price trends reflecting steady global demand and economic advantages.

Initiatives: We aim to stabilize procurement by developing new source countries and increasing procurement of beef produced in the Americas.

[Food sales] ¥ 3.1 billion

Sales: Sales to volume retailers will slow as consumers become more price-conscious. We will achieve profit growth by expanding sales volumes through other channels.

Initiatives: We aim to achieve a volume recovery and improve profit margins by further expanding marketing to volume retailers. We will establish specialized units for the restaurant and co-op channels and achieve profit growth through flexible proposal marketing linked to demand.

4. Overseas Business Division: Outlook

Business profit forecast for FY2023/3: ¥3.0 billion

Factor analysis: Changes in profit forecasts (¥ billion)

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

Business profit forecasts (¥ billion)

	2Q forecasts	1st half	2nd half	Full year
Australia	0.6	0.9	1.6	2.5
Australia	0.8	1.5	1.5	3.0
Uruguay	(0.2)	(0.6)	0.1	(0.5)
Americas	0.4	0.5	1.4	1.8
Asia & Europe	(0.1)	0.1	(0.3)	(0.2)
Others	(0.3)	(0.6)	(0.6)	(1.2)
Total	0.6	0.9	2.1	3.0

[Australia] ¥(0.1) billion

Cattle processing numbers are on a recovery trend, but the result is expected to be lower than projected because of rain and worker shortages. Global demand is expected to remain firm.

Initiatives: We will improve the branded fresh meat ratio and step-up marketing in Asia and within Australia.

[Uruguay] ¥0.0 billion

Livestock prices are expected to remain high because of firm global demand.

Initiatives: We will strengthen marketing of high-value-added beef to the United States. We aim to stabilize earnings by leveling production operations.

[Americas] ¥0.7 billion

The prices of raw materials (chicken meat), logistics costs, and energy costs are expected to remain on a steep uptrend.

Initiatives: We will achieve target earnings by revising prices, and by increasing profit through the expansion of production volumes.

[Asia & Europe] ¥0.2 billion

Thailand: The weak yen and soaring raw material prices continue to impact exports to Japan.

Initiatives: We will achieve the earnings target by leveling production lines and improving productivity.

Turkey: Feed prices will remain high because of the exchange rate and the influence of neighboring countries.

Initiatives: We will continue to achieve target earnings by passing on cost increases through 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 results	1st half results	Full year results	1Q results	Variance (%)	1st half forecasts	Variance (%)	Full year forecasts	Variance (%)
(1)	Net sales	278,829	569,118	1,174,389	311,512	11.7	610,000	7.2	1,240,000	5.6
(2)	Cost of goods sold	226,845	468,057	974,361	264,446	16.6	510,000	9.0	1,033,000	6.0
	Gross profit	51,984	101,061	200,028	47,066	(9.5)	100,000	(1.0)	207,000	3.5
	Gross profit ratio	18.6%	17.8%	17.0%	15.1%	-	16.4%	-	16.7%	-
(3)	Selling, General and Administrative	37,522	75,502	157,950	39,961	6.5	80,000	6.0	168,000	6.4
	Other income and expenses	(461)	(596)	2,055	6,097	-	3,700	-	1,200	-
	Finance income and costs	725	10	(1,791)	(454)	-	(700)	-	(1,200)	-
	Share of profit (loss) in investme	739	3,100	9,024	1,646	122.7	2,000	(35.5)	3,000	(66.8)
	Profit before tax	15,465	28,073	51,366	14,394	(6.9)	25,000	(10.9)	42,000	(18.2)
	Income tax expense	4,700	8,069	12,668	3,659	(22.1)	6,500	(19.4)	11,000	(13.2)
	Tax rate	30.4%	28.7%	24.7%	25.4%	-	26.0%	-	26.2%	-
	Profit attributable to owners of th	9,906	19,604	48,049	10,182	2.8	18,000	(8.2)	31,000	(35.5)
	Profit from continuing operatio	10,663	19,917	38,944	10,496	(1.6)	18,500	(7.5)	31,500	(19.1)
	Profit from discontinued opera	(757)	(313)	9,105	(314)	-	(500)	-	(500)	-
(4)	Operating income (1)-(2)-(3)	14,462	25,559	42,078	7,105	(50.9)	20,000	(21.7)	39,000	(7.3)
(5)	Foreign exchange gains (losses)	(607)	(781)	(2,997)	(2,759)	-	-	-	-	-
(6)	Adjustments in accordance with	2,944	3,213	(746)	694	(76.4)	-	-	-	-
(7)	Adjustment for discontinued ope	(300)	(1,125)	(2,295)	-	-	-	-	-	-
	Business profit (4)-(5)-(6)-(7)	12,425	24,252	48,116	9,170	(26.2)	21,000	(13.4)	43,000	(10.6)

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

(¥ million, %)

	FY2022/3 results			FY2023/3 forecasts								
	1Q results	1st half results	Full year results	1Q results	Variance (%)	Volume growth rate	1st half forecasts	Variance (%)	Volume growth rate	Full year forecasts	Variance (%)	Volume growth rate
Hams and sausages	30,791	63,874	131,147	29,924	(2.8)	(5.2)	64,000	0.2	(0.4)	132,000	0.7	(0.3)
Processed foods	55,077	111,560	224,976	55,052	—	(7.6)	113,000	1.3	(0.6)	227,000	0.9	(1.1)
Fresh meats	169,224	345,615	722,843	198,276	17.2	3.5	374,000	8.2	3.3	774,000	7.1	2.6
Beef	65,424	137,743	293,908	84,094	28.5	14.8	153,000	11.1	10.2	327,000	11.3	9.6
Pork	54,992	112,368	230,762	60,074	9.2	3.8	121,000	7.7	0.0	242,000	4.9	0.0
Chicken	43,876	85,786	179,549	49,192	12.1	(2.9)	90,000	4.9	2.0	186,000	3.6	0.9
Other fresh meats	4,932	9,718	18,624	4,916	(0.3)	17.9	10,000	2.9	0.2	19,000	2.0	0.1
Dairy products	8,631	17,120	35,214	8,932	3.5	(5.0)	18,000	5.1	2.6	36,000	2.2	0.7
Others	15,106	30,949	60,209	19,328	27.9	—	41,000	32.5	—	71,000	17.9	—
Total	278,829	569,118	1,174,389	311,512	11.7	—	610,000	7.2	—	1,240,000	5.6	—

* 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	1Q results	Variance (%)	Variance
Total assets	909,213	947,689	4.2	38,476
Total liabilities	419,659	450,478	7.3	30,819
Total equity attributable to owners of parent	479,069	486,375	1.5	7,306
Non-controlling interests	10,485	10,836	3.3	351
Total equity	489,554	497,211	1.6	7,657

Capital expenditures, depreciation and amortization

(¥ million, %)

	FY2022/3	FY2023/3			
	1Q results	1Q results	Variance (%)	Variance	Full year forecasts
Capital expenditures	8,276	17,769	114.7	9,493	94,200
Processed Foods Business Division	3,102	1,529	△ 50.7	△ 1,573	16,000
Fresh Meats Business Division	1,420	3,513	147.4	2,093	31,300
Overseas Business Division	1,039	918	△ 11.6	△ 121	10,300
Others	2,715	11,809	335.0	9,094	36,600
Depreciation and amortization	8,925	9,353	4.8	428	37,700

Consolidated statements of cash flows

(¥ million, %)

	FY2022/3	FY2023/3		
	1Q results	1Q results	Variance	Full year forecasts
Cash flows from operating activities	12,554	3,869	(8,685)	66,500
Cash flows from investing activities	(14,771)	(30,445)	(15,674)	(93,700)
Cash flows from financing activities	(7,649)	16,098	23,747	9,300

Major reasons for increase/decrease

(1) Total Assets

Increased ¥24.1 billion mainly due to inventories
Increased ¥11.6 billion mainly due to property, plant and equipment

(2) Cash flows from operating activities

With regard to operating activities, profit before tax amounted to ¥14.4 billion, depreciation and amortization expense amounted to ¥9.4 billion, and the increase in trade and other payables amounted to ¥10.8 billion, while the increase in inventories amounted to ¥22.9 billion and income tax paid amounted to ¥3.2 billion. As a result, net cash provided by operating activities amounted to ¥3.9 billion.

(3) Cash flows from investing activities

With regard to investing activities, acquisition of fixed assets amounted to ¥27.0 billion, and payments for sales of business amounted to ¥3.6 billion. As a result, net cash used in investing activities amounted to ¥30.4 billion.

(4) Cash flows from financing activities

With regard to financing activities, proceeds from debt amounted to ¥35.0 billion, while cash dividends amounted to ¥10.4 billion, and repayments of debt amounted to ¥9.2 billion. As a result, net cash provided by financing activities amounted to ¥16.1 billion.

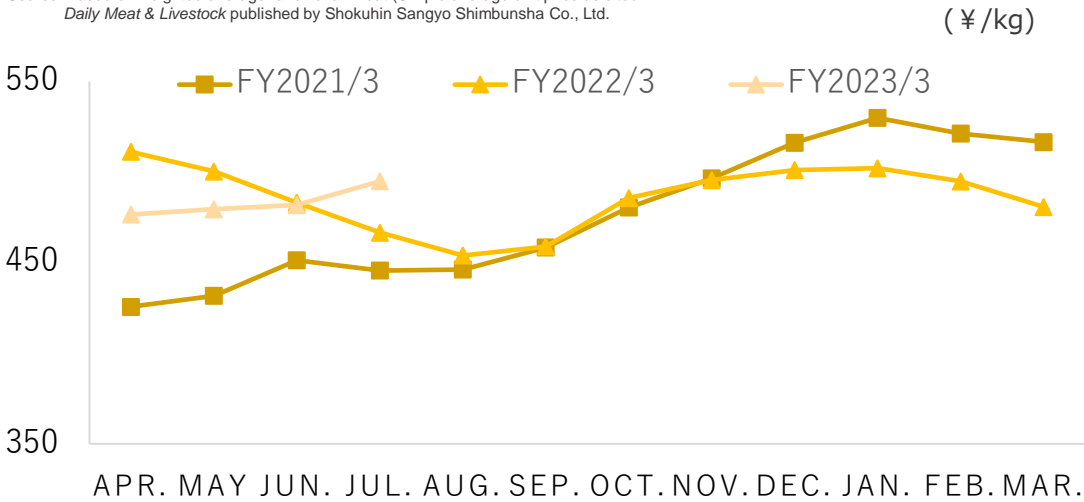
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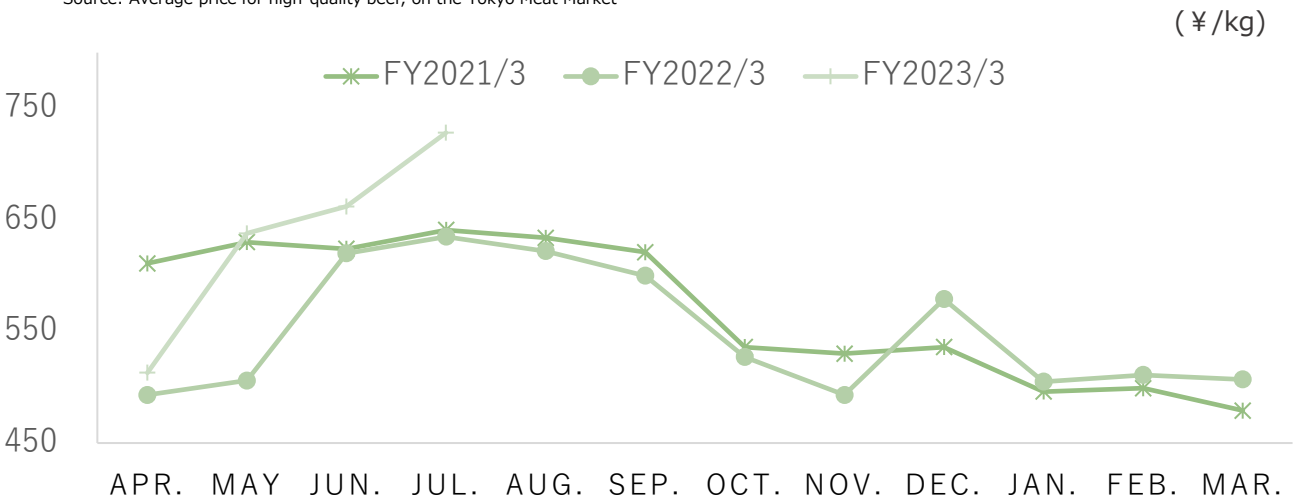
[Domestic chicken market price]

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.



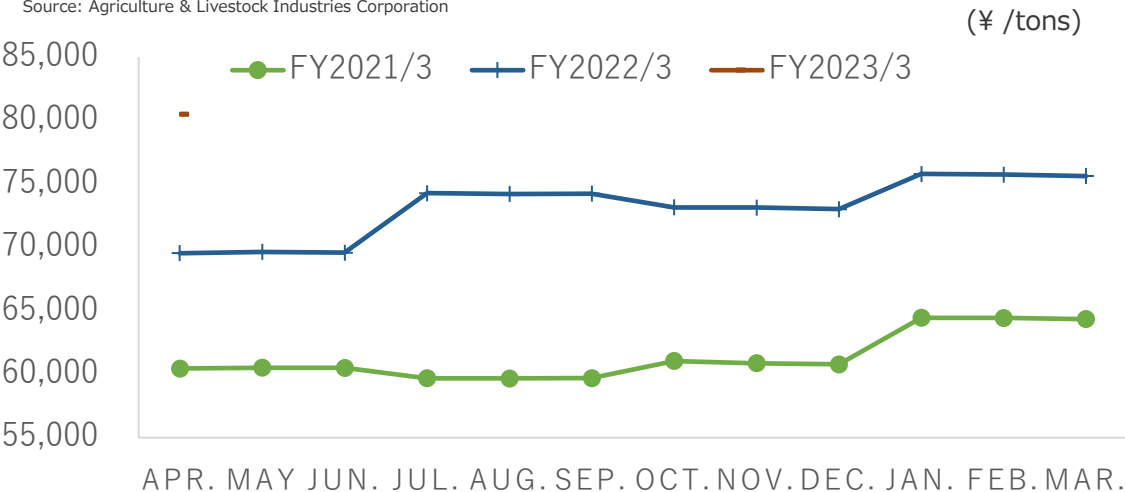
[Domestic pork market price]

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



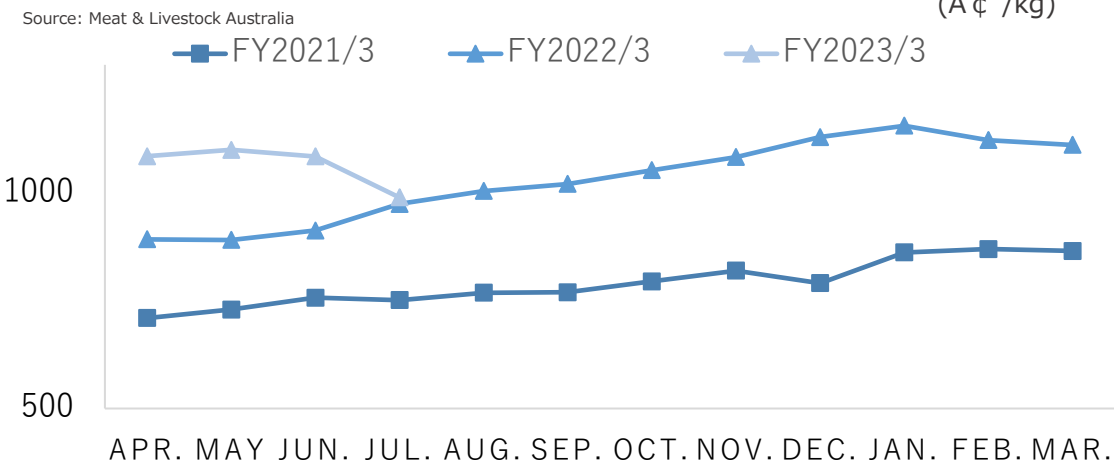
[Compound feed price]

Source: Agriculture & Livestock Industries Corporation

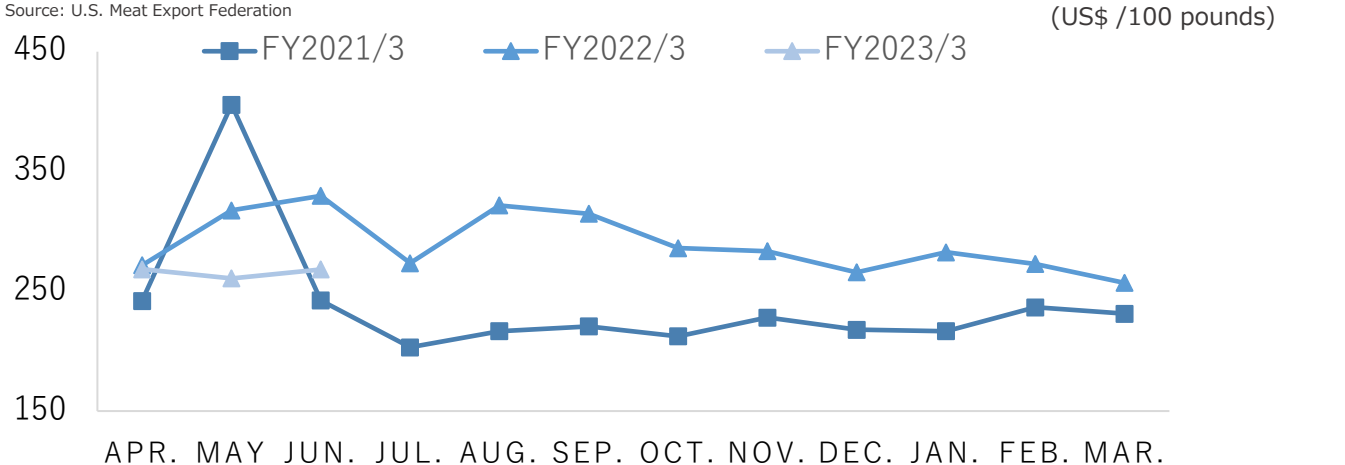


5. External Environment: Market

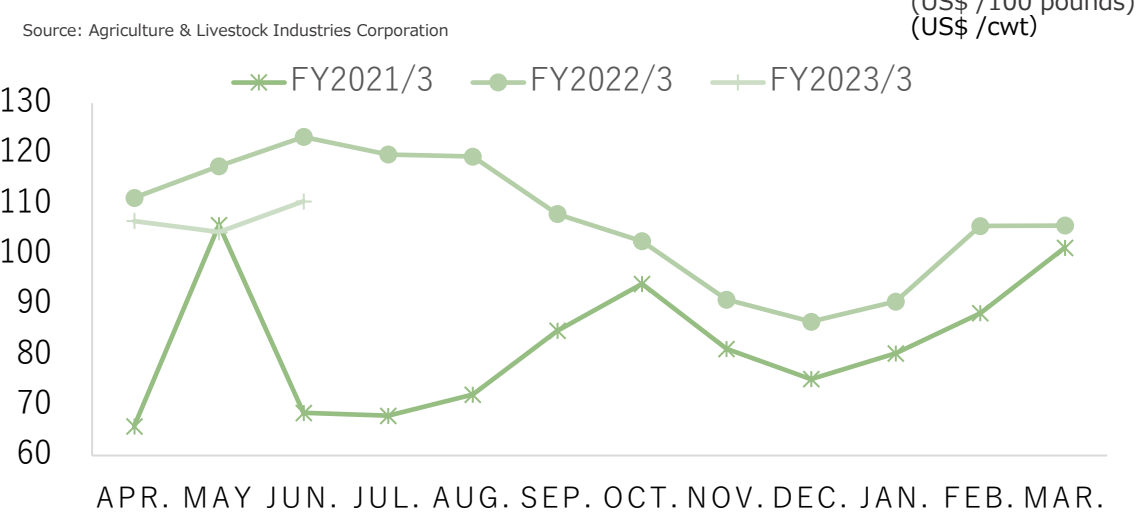
[Eastern Young Cattle Indicator (EYCI)]



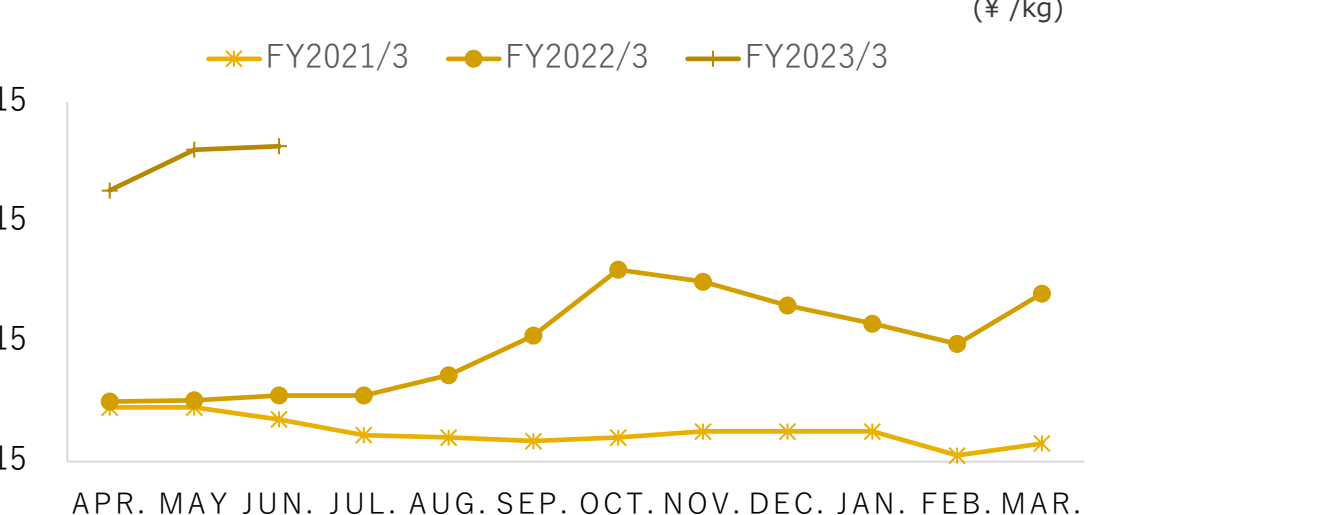
[Cut-out value of American beef (wholesale benchmark price)]



[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.