

NH Foods Group Fact Book 2021



NH Foods Group
Fact Book 2021

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Unleash new potentials for protein
NH Foods Group Vision 2030



<https://www.nipponham.co.jp/eng/>

Pursuing customer satisfaction by providing the *Joy of Eating*

Since its founding in 1942, the NH (Nippon Ham) Foods Group has created new food culture by responding to changing consumer needs, and by expanding the potential of food through the development of new categories. We aim to achieve further growth under Vision2030, which we formulated in 2021 with the theme of “unleash new potentials for protein.”



Net sales
¥1,176.1 billion
 (FY2020)

Business domains
 Processed Foods Business Division → Page 7
 Fresh Meats Business Division → Page 8
 Overseas Business Division → Page 9



- 1942** [C] Establishment of the Tokushima Meat Processing Plant
Introduction of new food culture in Japan with the start of ham and sausage production
- 1963** [C] Merger between Tokushima Ham Co., Ltd. and Torisei Ham Co., Ltd., company name changed to Nippon Meat Packers, Inc.
- 1966** [P] Launch of the *Winny* range of delicious bite-sized skinless wiener sausages
- 1967** [C] Promotion to the 1st Section of the Osaka Securities Exchange and Tokyo Stock Exchange
- 1968** [F] Start of in-house production of chicken
- 1969** [C] Establishment of the Consumer Delegate Committee System as the basis of a unique monitoring structure
- 1981** [P] Entry into the seafood processing business with the acquisition of the Marine Foods Corporation
Launch of *Thin Slice* Hams, an ultrathin sliced ham product for health-conscious consumers
- 1985** [P] Launch of *SCHAU ESSEN* coarse-ground pork wieners for authentic sausage aficionados
- 1986** [C] Formulation of NH Foods Corporate Philosophies, Management Principles, and Action Guidelines

- 1970** [F] Establishment of the Fresh Meats Business Department
Establishment of Japan Food Corporation
- 1970–1990** Establishment of fresh meat sales companies and development of nationwide sales networks
- 1972** [P] Entry into the processed food business in response to the diversification of Japan's food culture
- 1973** [F] Expansion into the pork production and processing business with the establishment of Nippon Pork Co., Ltd. (now Nippon Food Packer Kagoshima, Inc.)
- [C] Establishment of the Nippon-Ham Fighters Baseball Club Co., Ltd., marking the group's entry into the professional sports business (now Hokkaido Nippon-Ham Fighters, Baseball Club Co., Ltd.)
- 1977** [O] Start of overseas expansion with the acquisition of Day-Lee Meats, Inc., of Los Angeles, USA (now Day-Lee Foods, Inc.)
- 1988** Creation of an integration system in Australia through the acquisition of Whyalla Feedlot
- 1989** Establishment of Thai Nippon Foods Co., Ltd., expansion of processed food manufacturing facilities
- 1981** [P] Entry into the seafood processing business with the acquisition of the Marine Foods Corporation
Launch of *Thin Slice* Hams, an ultrathin sliced ham product for health-conscious consumers
- 1985** [P] Launch of *SCHAU ESSEN* coarse-ground pork wieners for authentic sausage aficionados
- 1986** [C] Formulation of NH Foods Corporate Philosophies, Management Principles, and Action Guidelines

- 1991** [C] Completion of the Research and Development Center in Tsukuba, Ibaraki as a base for research relating to food safety and quality and health foods/ingredients
- 1997** Launch of the *apilight* range of allergen-free products
- 1992** [P] Launch of the yogurt and lactic acid probiotic beverages business through the takeover of the business of Kansai Luna, Inc. (now Nippon Luna, Inc.), a pioneer of the yogurt beverage business in Japan
- 1993** [F] Creation of a system for rapid delivery of high-quality fresh meats, establishment of the 100th business site in the Nippon Food Group
- 1994** [P] Launch of the *Chuka Meisai* series of easy-to-prepare authentic Chinese meals
- 1995** [P] Entry into the seasoning extract business with the establishment of Nippon Pure Food, Inc.
- 1997** [O] Start of *Omugi-gyu* (grain-fed cattle) fattening at the Whyalla Feedlot in Australia

- 2002** [C] Implementation of management reforms and creation of the Compliance Promotion Division following the discovery of labeling irregularities within the NH Foods Group
- [F] Launch of the *Sakurahime* range as a major brand of Japanese-produced chicken
- [F] Establishment of Nippon Logistics Center, Inc., one of Japan's biggest logistics centers, to enhance the NH Foods Group's rapid delivery capacity for fresh meat
- 2003** [P] Acquisition of shareholding in Hoko Suisan Co., Ltd. (now Hoko Co., Ltd.), expansion into the cheese business
- 2004** [C] Launch of the *Minna-no-Shokutaku* series of allergen-free products
- 2005** [C] Adoption of a group brand
Launch of *Glucosamine Chondroitin EX*, a health supplement formulated to utilize the full benefits of the bounty of nature
- 2006** [P] Launch of the *Domestic Premium Utsukushi-no-Kuni* range of gift products developed using the integration system

- 2011** [C] Formulation of NH Foods Group Environmental Policy
- [C] Launch of products with carbon footprint labeling
- [P] Start-up of the *Irodori Kitchen* series of loin ham products developed with the emphasis on aroma and flavor
- 2013** [P] Launch of *Sucre et Sucre* (now *SUCRECAFÉ*) range of convenient but delicious breakfast foods
- 2014** [C] Adoption of updated group brand
- 2015** [O] Acquisition of Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret Ve Sanayi A.S., a poultry hatcheries business in Turkey, in response to increasing demand for chicken driven by heightened health consciousness
- 2016** [O] Establishment of the Overseas Business Division
- [C] Identification of the five CSR material issues
- 2017** [O] Expansion of the beef supply network through the acquisition of a shareholding in Breeders & Packers Uruguay S.A. (BPU)
- [C] Formulation of the NH Foods Group CSR Procurement Policy
- 2019** [P] Introduction of the *SCHAU ESSEN* series as a brand extension

Total market value
¥488.4 billion
 (FY2020)

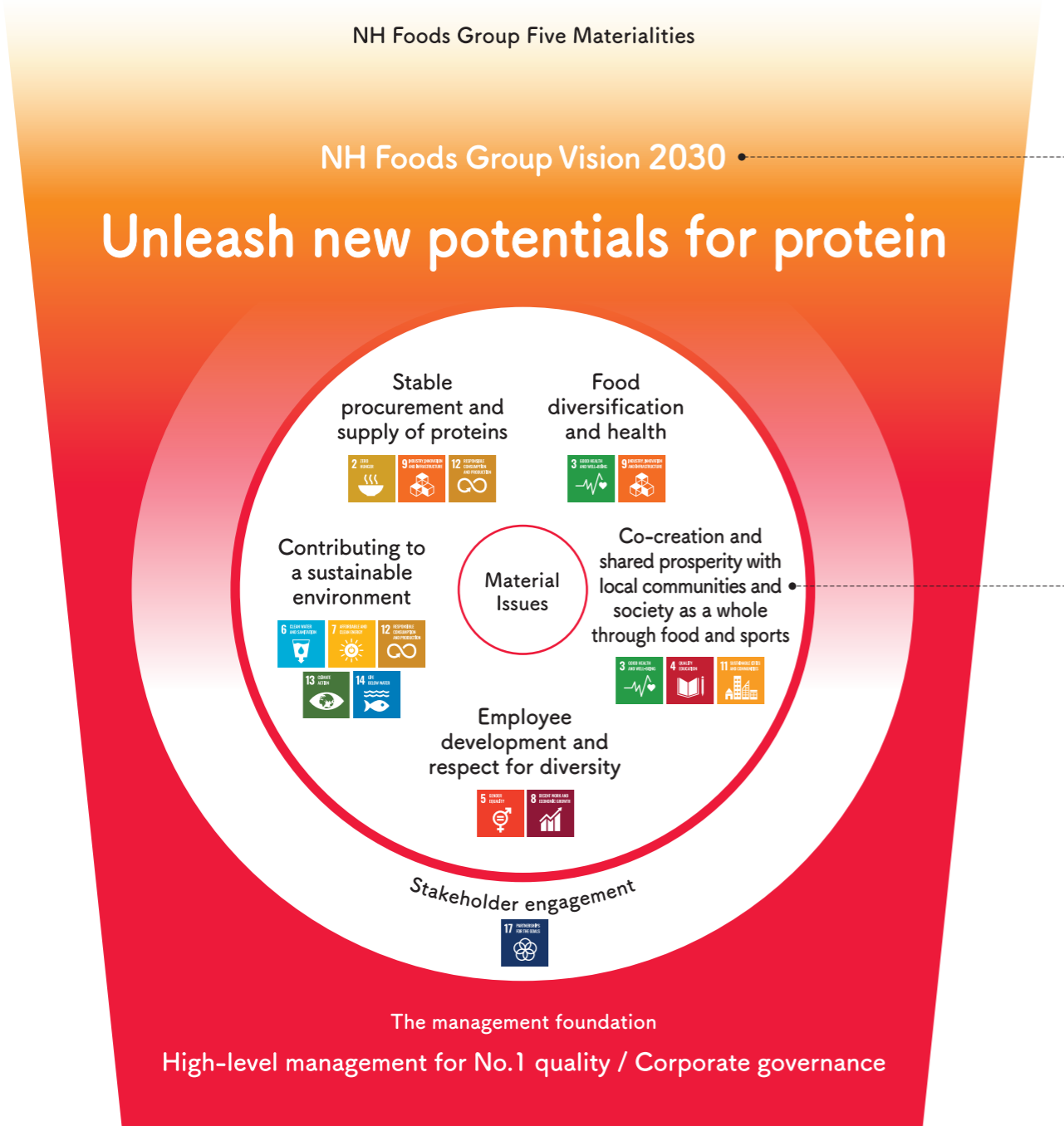
- 2020** [P] Launch of *NatuMeat* in response to growing demand for meat substitutes
- [C] Declaration of support for the recommendations of the TCFD
- [C] Admission to RSPO membership
- 2021** [C] Formulation of Vision2030—
“Unleash new potentials for protein”

— Net Sales
 - - - Total market value

[C] : Company-wide
 [P] : Processed Foods Business Division
 [F] : Fresh Meats Business Division
 [O] : Overseas Business Division

Our Vision for the Joy of Eating in 2030

Throughout its history, the NH Foods Group has explored the potential of protein in a continuing quest to fulfill its corporate commitment to enhancing the *Joy of Eating*. As part of our ongoing response to a rapidly changing business environment, we have recently formulated Vision2030, in which we define our aspirations for the achievement of social and business sustainability in the period to 2030. We have also identified the Five Materialities, which encapsulate the social issues that need to be overcome in order to realize the goals in Vision2030.



Vision2030

Unleash new potentials for protein

NH Foods Group will unleash new ideas beyond existing domains to expand new potentials for protein as the power of life.

We will endeavor to create diverse dietary lifestyles so people can experience the *Joy of Eating* more freely, while ensuring a stable supply of food with respect to the environment and society.

The Five Materialities

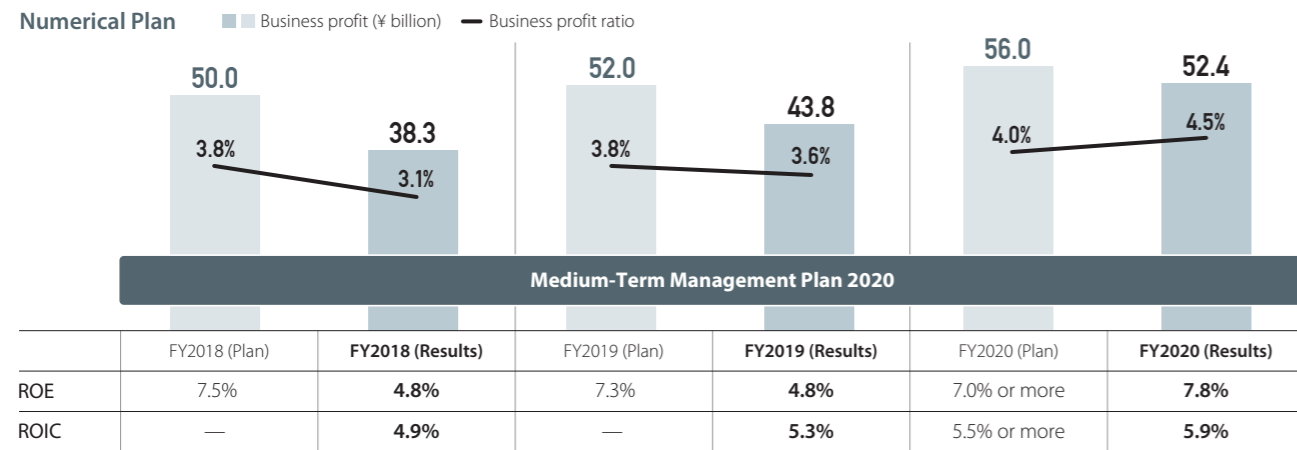
Materialities	Social issues	Main indicators and policies
Stable procurement and supply of proteins	Stable procurement and supply of proteins	<ul style="list-style-type: none"> Promote CSR procurement (By FY2030, inform important primary suppliers of policies and have 100% SAQ*1 implementation, disseminate policies to important secondary suppliers and implement SAQ) Implementation of animal welfare initiatives Develop and utilize new technologies such as smart livestock farming
	Greater choice of protein	<ul style="list-style-type: none"> Expand sales of plant-derived protein products (FY2030 shipment amount: ¥10 billion)
	Food safety and reliability	<ul style="list-style-type: none"> Promote acquisition of third-party certification (FSSC22000, SQF, BRC, JFS, etc.)
Food diversification and health	Food allergy support	<ul style="list-style-type: none"> Expansion of and enlightenment regarding food allergy-related products (FY2030 shipment amount: ¥4 billion)
	Health promotion	<ul style="list-style-type: none"> Research and commercialization of new ingredients to improve cognitive function (supply equivalent of 3 million meals a year by FY2026)
	Food diversification	<ul style="list-style-type: none"> Develop and sell products that respond to a diverse range of cultures, religions, etc.
Contributing to a sustainable environment	Responding to climate change	<ul style="list-style-type: none"> Reduce CO₂ emissions from fossil fuels by at least 46% by FY2030 (compared to FY2013)*2
	Resource saving and recycling	<ul style="list-style-type: none"> Reduce water consumption by 5% by FY2030 (compared to FY2019: Basic unit per production quantity)*2 Reduce waste emissions by 5% by FY2030 (compared to FY2019: Basic unit per production quantity)*2 Achieve a waste recycling rate of at least 92% by FY2030*2
	Addressing biodiversity	<ul style="list-style-type: none"> 100% use of RSPO-certified palm oil by FY2030 (including Book & Claim)
Co-creation and shared prosperity with local communities and society as a whole through food and sports	Local community development	<ul style="list-style-type: none"> Promote activities for co-creation with local communities through sports (new HOKKAIDO BALLPARK, sports/food education classes, etc.) Promote community contribution activities, including cultural activities (cooperation and clean-up activities for local events, etc.) Promote social welfare activities through food (supplying food to food banks and "Kodomo Shokudo", etc.)
	Employee development and respect for diversity	<ul style="list-style-type: none"> Support for job satisfaction Foster a corporate culture that encourages employees to take on challenges
Employee development and respect for diversity	Enhancing job satisfaction for employees	<ul style="list-style-type: none"> Support for job satisfaction Foster a corporate culture that encourages employees to take on challenges
	Respect for diversity	<ul style="list-style-type: none"> Promote a diverse range of working styles Education regarding human rights policies and establishment of human rights due diligence system

*1 SAQ: Self-Assessment Questionnaire. *2 Medium-term environmental targets are for Japan only.

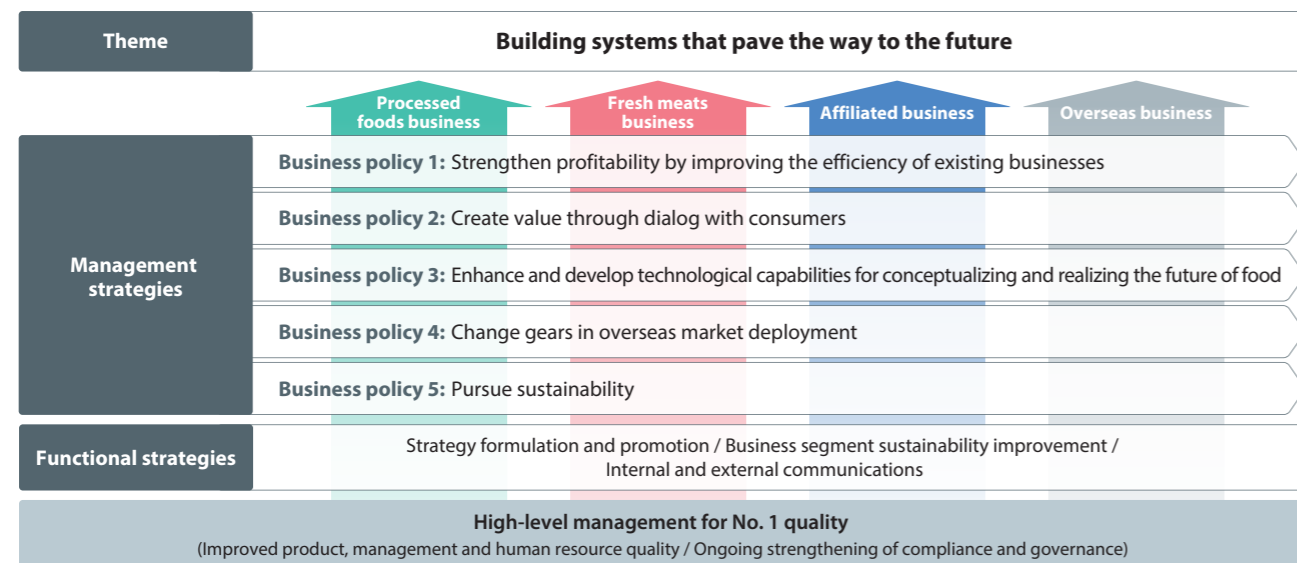
We aim to maximize corporate value by contributing to the solution of social issues through our business activities.

We have formulated management policies designed to realize the goals in Vision2030 over the next six years. We aim to maximize our corporate value by combining the improvement of our social value through initiatives guided by the Materialities, with the improvement of business value through our business strategies.

Medium-Term Management Plan 2020



Overview of the Medium-Term Management Plan 2020

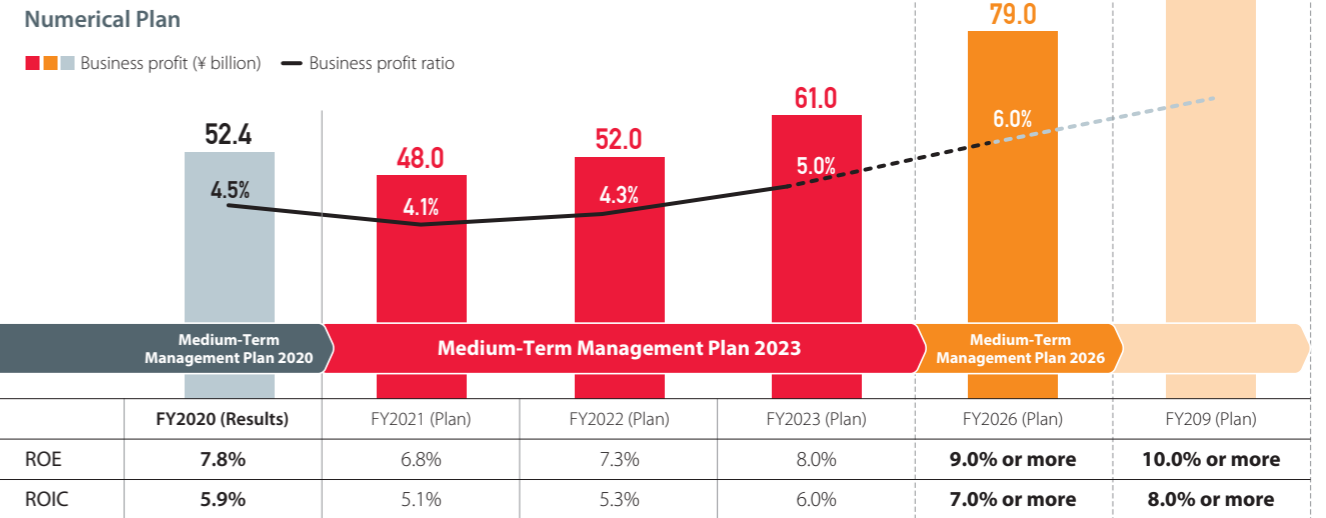


We are realizing our strategies by building systems that pave the way to the future. Our efforts to strengthen profitability by improving the efficiency of existing businesses have resulted in profitability improvements through the extension of key brands in the Processed Food Business, the expansion of production structures in the Fresh Meats Business, and increased sales of brand meats. There have also been indications of improvement in our Overseas Business operations. Benefits from our focus on creating value through dialog with consumers include an improvement in product development capabilities through

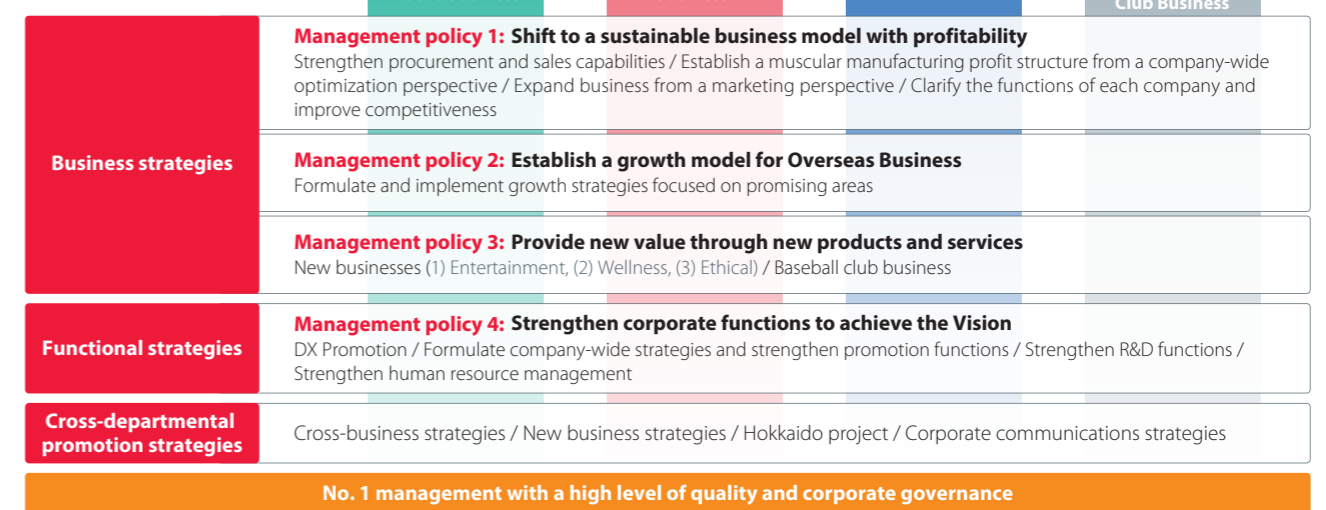
the use of big data analysis and other methods. Our policy of enhancing and developing technological capabilities for conceptualizing and realizing the future of food has resulted in the launch of the smart pork project and the start of R&D focusing on cultured meat, as well as the acquisition of a patent based on research into the use of an imidazole peptide to improve cognitive functions, including memory retention. Under our policy of pursuing sustainability, we have declared support for and joined various international initiatives, including the TCFD.

Medium-Term Management Plan 2023

Shifting to sustainable business models through the reinforcement and restructuring of existing businesses



Overview of the Medium-Term Management Plan 2023



Medium-Term Management Plans 2023 and 2026 cover a six-year time span. They were formulated from a company-wide perspective with the aim of strengthening structural reforms focused on existing businesses, pursuing sustainability, and nurturing businesses in growth areas. Under Medium-Term Management Plan 2023, we will work to improve productivity and ROIC through KPI management and the use of DX. We also aim to reduce risks, expand opportunities, and transition to sustainable business models, while responding to social issues

through activities based on the Materialities. At the same time, we will leverage our history and the strengths of our existing businesses to drive expansion into growth areas. Efforts to strengthen our business base will center on continual business reforms leading to the realization of Vision2030 through sustained enhancement of the quality of our products, human resources, and management based on our management commitment to being number one in quality, combined with further enhancement of corporate governance.

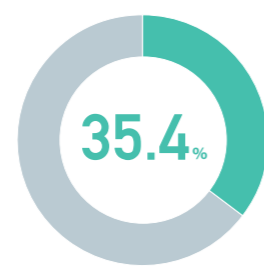
Processed Foods Business Division

Responding to diverse needs through product development from a consumer perspective

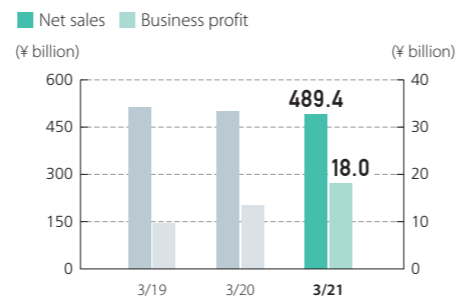
The Processed Foods Business Division has built an extensive range of long-selling products and products with top market shares, especially ham, sausages, processed foods, and dairy products. It also contributes to food culture in other areas, such as seafood and seasoning extracts, by using our advanced product development capabilities to respond to consumer needs. Under Medium-Term Management Plan 2023, we will work to improve productivity in our manufacturing plants and strengthen existing businesses, while also taking up challenges in new business areas. We will use our advanced product development capabilities to respond to demand in the areas of pre-cooked and home-use foods, and the needs of health-conscious consumers. We will also expand sales of *NatuMeat* and develop allergy-care products and food products that can be stored at room temperature.



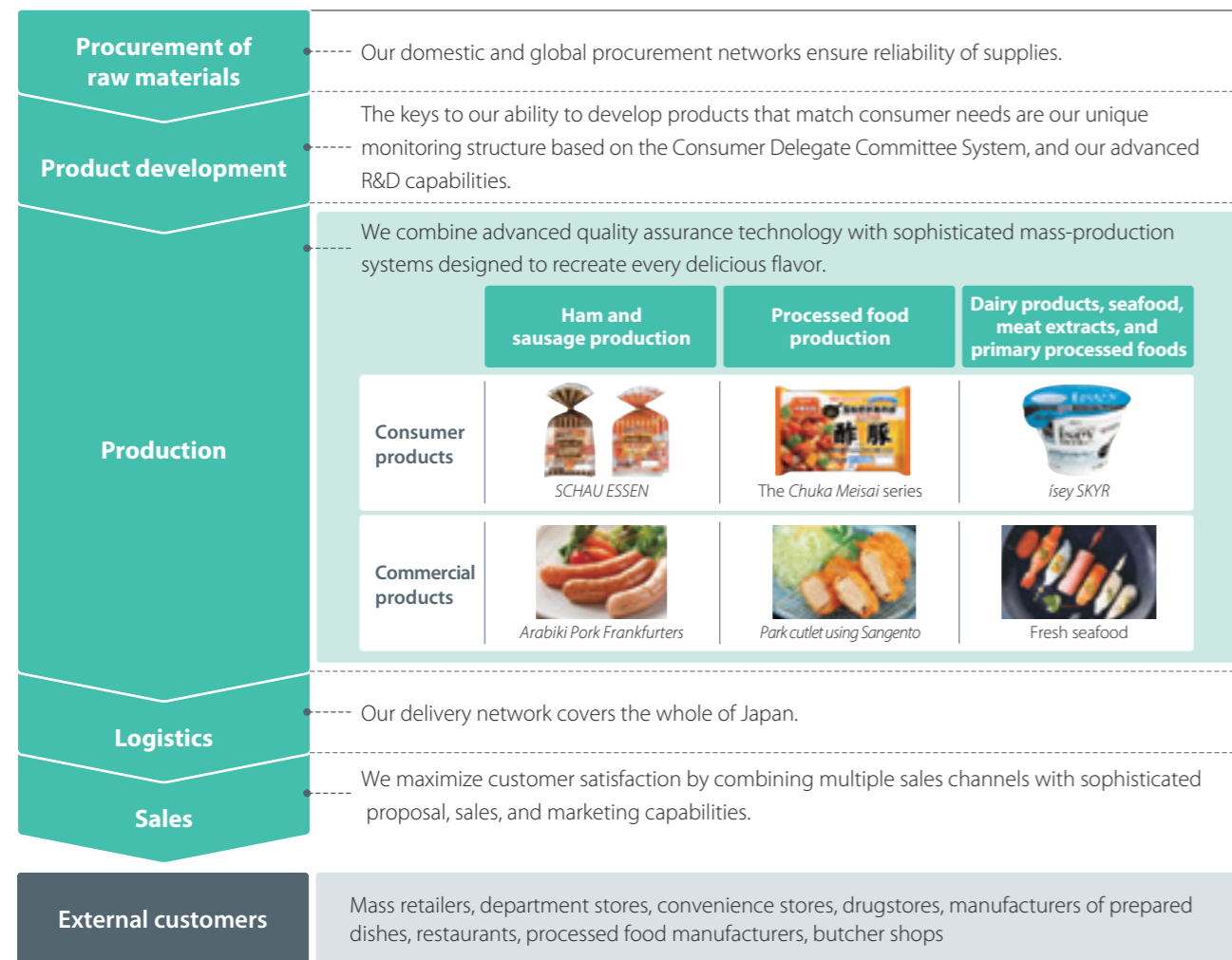
Share of Net Sales (fiscal year ended March 2021)



Net Sales / Business Profit



Strengths of each value chain



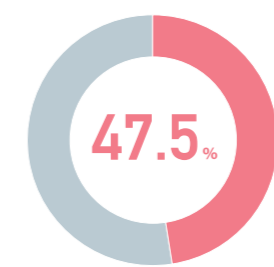
Fresh Meats Business Division

Supporting dietary lifestyles through the development of a sustainable value chain

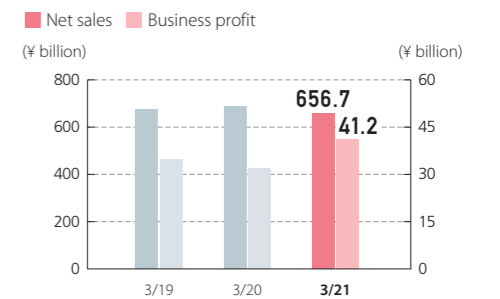
The Fresh Meats Business Division has built an integration system covering all stages from the production of pork and chicken through to sales, together with fresh meat procurement networks and food company sales networks in Japan and overseas. We currently handle one-fifth of all meat sold in Japan in volume terms. Under Medium-Term Management Plan 2023, we are working to achieve further enhancement of our procurement and marketing capabilities. We will strengthen our procurement capabilities both by increasing in-house production and also by utilizing outside sources. Enhancements to our marketing capabilities will include differentiation through the development and introduction of branded meats. We will also implement measures that contribute to the global environment and society, leading to the creation of a sustainable value chain.



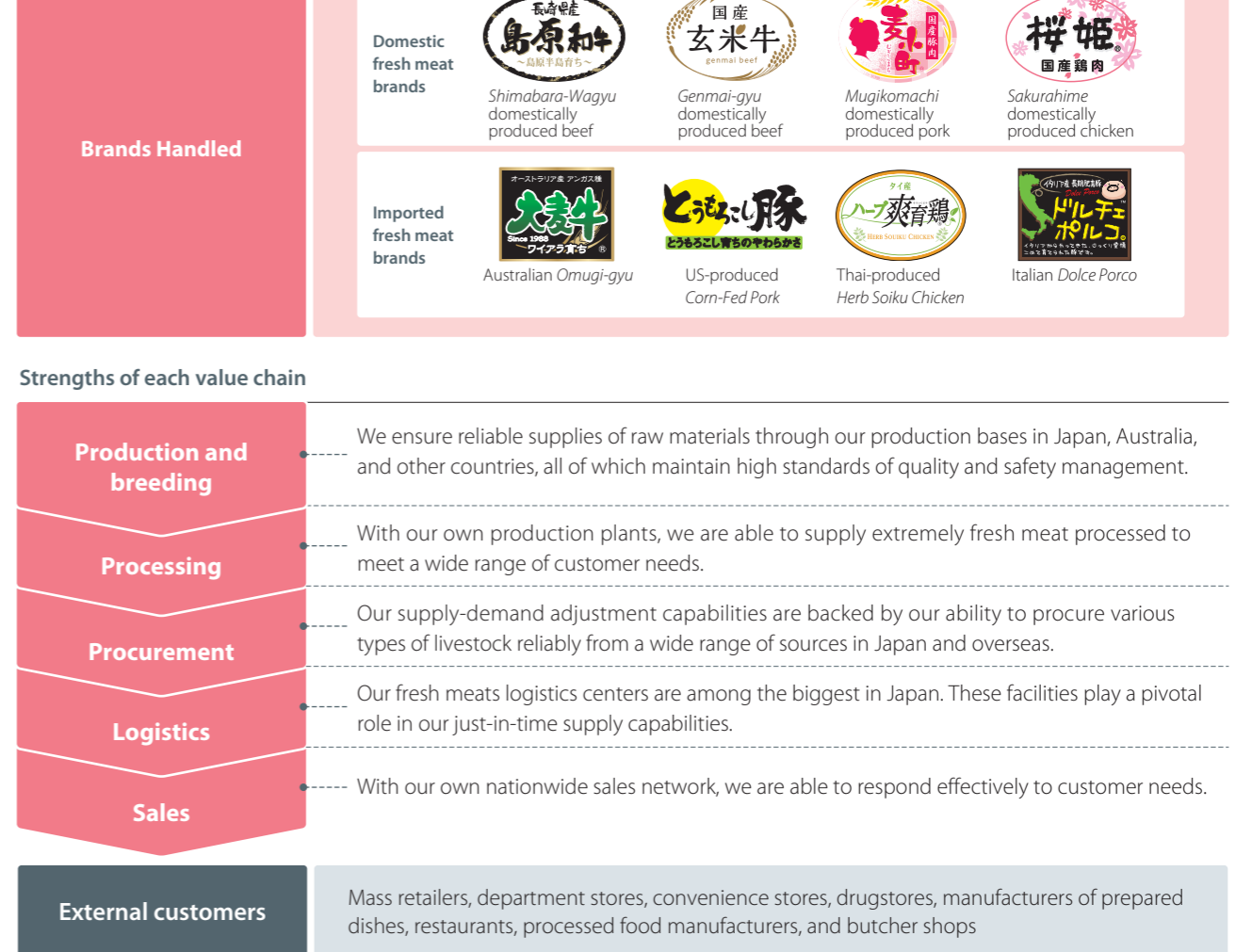
Share of Net Sales (fiscal year ended March 31, 2021)



Net Sales / Business Profit



Strengths of each value chain



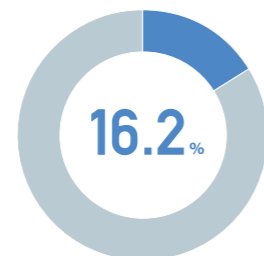
Overseas Business Division

Offering food ideas from various countries and regions through our global business operations

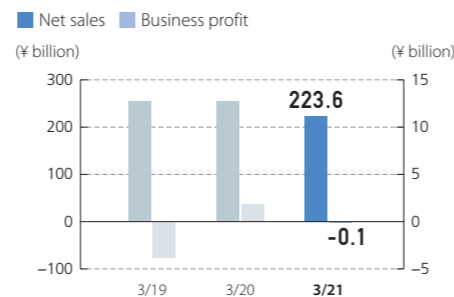
The Overseas Business Division is responsible for business development in Asia, Europe, the Americas, and Australia. In addition to exports to Japan, local sales, and sales to third countries, we also develop products based on local food culture. We use know-how developed in Japan to provide a wide variety of products and services. Under Medium-Term Management Plan 2023, we will further stabilize our profit base by restructuring existing businesses. We will work to expand sales through initiatives to increase exports to Japan and local sales, and through increased marketing of processed foods, especially in North America and ASEAN.



Share of Net Sales (fiscal year ended March 31, 2021)



Net Sales / Business Profit



Products handled by region



Brands handled



External customers

Sales in Japan, local sales, and exports to third countries

Research and Development Center

Sharing the Joy of Eating through research and development

As the main R&D facility for the NH Foods Group, the Research and Development Center engages in research targeted toward the creation of delicious foods, and contribution to waste reduction and the development of the recycling society. Its activities are guided by the four visions described below.

Four Visions for the Research and Development Center

Sustainable Production of Food

The Center is working toward the evolution of integration technology through R&D in various areas, including the scientific investigation of delicious flavors, the development of technology to improve farm productivity, and R&D focusing on the well-being of livestock and the global environment.

Happy Food, Happy Life

In addition to research relating to food allergens and functional ingredients that contribute to health maintenance and enhancement, the Center also aims to use knowledge gained through nutritional support for athletes to contribute to the creation of a healthier society through food and sport.

World-leading Expertise in Food Safety

The Center is the NH Foods Group's main unit for technology development and guidance in the field of food safety inspection technology. Its activities include the development of detection technologies for allergens, harmful microorganisms, toxins, and harmful residues.

Creating New Value

The Center develops commercial products based on a variety of food ingredients, such as collagen and placental extracts. It has obtained a patent for an imidazole peptide with memory maintenance and improvement functions and will now focus on the development of functional products.

Hokkaido Nippon-Ham Fighters

Contributing to mental and physical health through sports

NH Foods Ltd. manages and supports Hokkaido Nippon-Ham Fighters, a professional baseball team, as the team's general partner. We are also building the Hokkaido Ballpark, which is scheduled to open in 2023, as a new home for the team. Through these activities, we aim to expand profits while also contributing to the regional community.

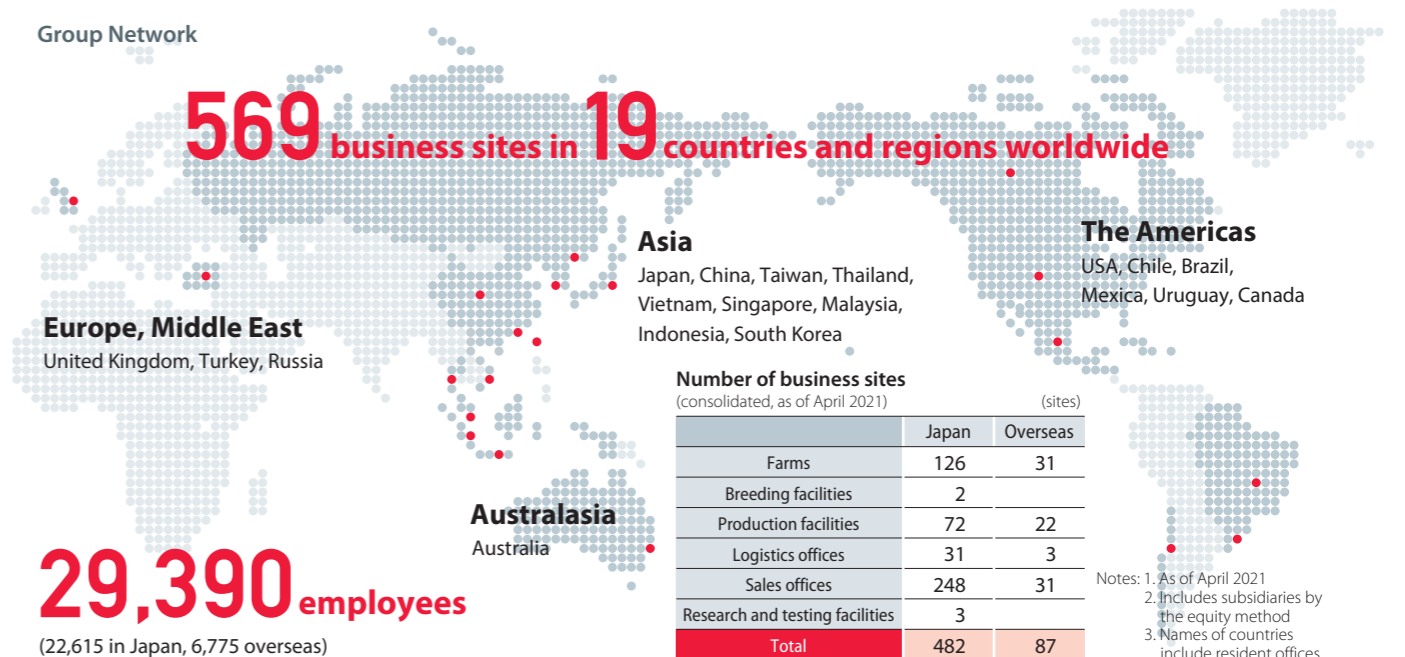


Participation in the management of a professional sports team



Construction of the Hokkaido Ballpark

Group Network



Consolidated Financial Statements (past nine years)

NH Foods Ltd. and Subsidiaries
For the Years Ended March 31

	USGAAP							IFRS			
	3/13	3/14	3/15	3/16	3/17	3/18	3/18	3/19	3/20	3/21	
Net sales	¥ 1,011,619	1,110,766	1,199,956	1,229,324	1,202,293	1,269,201	1,258,463	1,234,180	1,229,826	1,176,101	
Operating income	30,447	36,089	47,770	49,207	53,802	49,218	—	—	—	—	
Profit before tax [Net profit for the period from continuing operations before income taxes, etc.]	30,552	35,673	43,797	35,309	49,112	50,455	52,798	30,267	27,039	48,874	
Profit attributable to owners of the parent [Net profit attributable to owners of the parent]	16,459	24,524	31,048	21,779	35,004	37,147	37,552	19,561	19,214	32,616	
Business profit	—	—	—	—	—	—	50,589	38,311	43,772	52,426	
Total assets	610,293	627,220	661,567	682,855	720,276	755,076	734,528	741,388	768,861	825,405	
Total equity attributable to owners of the parent	293,414	320,984	353,664	356,353	404,126	440,793	417,982	401,014	404,414	433,595	
Interest-bearing liabilities	149,821	144,901	136,758	154,583	138,284	110,948	111,401	147,009	176,493	193,750	
Cash flows from operating activities	37,407	32,952	29,681	52,535	65,254	54,626	53,284	30,844	65,464	82,518	
Cash flows from investing activities	(22,384)	(27,021)	(31,517)	(49,139)	(38,271)	(49,006)	(48,194)	(45,110)	(36,728)	(57,827)	
Free cash flow	15,023	5,931	(1,836)	3,396	26,983	5,620	5,090	(14,266)	28,736	24,691	
Cash flows from financing activities	(10,964)	(9,373)	(17,187)	8,182	(11,439)	(27,508)	(27,110)	2,932	(3,077)	(14,934)	
Capital expenditures	33,285	29,152	35,694	36,799	43,765	41,466	41,201	47,820	47,802	82,902	
Depreciation and amortization	19,323	18,649	18,951	19,445	19,765	21,234	20,714	22,417	33,038	33,939	
Per share amounts											
Basic earnings per share [Basic net profit per share attributable to owners of the parent]											
Continuing operations (¥)	¥ 182.94	¥ 248.02	¥ 297.70	¥ 245.56	¥ 343.59	¥ 348.46	¥ 352.26	¥ 183.21	¥ 186.70	¥ 317.97	
Discontinued operations (¥)	(24.10)	(3.79)	7.16	(31.72)	(0.12)	—	—	—	—	—	
Total (¥)	¥ 158.84	¥ 244.23	¥ 304.86	¥ 213.84	¥ 343.47	¥ 348.46	¥ 352.26	¥ 183.21	¥ 186.70	¥ 317.97	
Diluted earnings per share [Diluted earnings per share for the period attributable to owners of the parent]											
Continuing operations (¥)	¥ 164.56	¥ 225.27	¥ 279.50	¥ 230.61	¥ 322.66	¥ 342.07	¥ 350.00	¥ 181.48	¥ 186.64	¥ 317.89	
Discontinued operations (¥)	(21.68)	(3.44)	6.72	(29.72)	(0.12)	—	—	—	—	—	
Total (¥)	¥ 142.88	¥ 221.83	¥ 286.22	¥ 200.89	¥ 322.54	¥ 342.07	¥ 350.00	¥ 181.48	¥ 186.64	¥ 317.89	
Total equity per share attributable to owners of the parent (¥)	¥ 2,944.20	¥ 3,151.94	¥ 3,472.37	¥ 3,498.72	¥ 3,832.95	¥ 4,100.70	¥ 3,888.48	¥ 3,896.64	¥ 3,929.43	¥ 4,243.70	
Cash dividends (¥)	¥ 24.00	¥ 37.00	¥ 46.00	¥ 33.00	¥ 52.00	¥ 53.00	¥ 53.00	¥ 90.00	¥ 90.00	¥ 94.00	
Financial indicators											
Business profit ratio (%)	—	—	—	—	—	—	4.0	3.1	3.6	4.5	
Operating profit ratio (%)	3.0	3.2	4.0	4.0	4.5	3.9	—	—	—	—	
Return on equity (ROE) (%)	5.6	8.0	9.2	6.1	9.2	8.8	9.4	4.8	4.8	7.8	
Return on invested capital (ROIC) (%)	4.3	4.9	6.4	6.5	7.0	6.2	6.6	4.9	5.3	5.9	
Total equity attributable to owners of the parent ratio [Total equity ratio] (%)	48.1	51.2	53.5	52.2	56.1	58.4	56.9	54.1	52.6	52.5	
Interest-bearing liabilities / Equity ratio [Equity ratio] (Times)	0.51	0.45	0.39	0.43	0.34	0.25	0.27	0.37	0.44	0.45	
Interest coverage ratio (Times)	22.8	21.3	24.2	35.1	57.4	44.7	43.1	24.2	40.6	61.6	
Payout ratio (consolidated) (%)	30.2	30.3	30.2	30.9	30.3	30.4	30.1	49.1	48.2	29.6	

Notes:

- NH Foods Ltd. has voluntarily applied International Financial Reporting Standards (IFRS) to consolidated financial statements for the first quarter of the fiscal year ended March 31, 2019. Where items differ from the USGAAP or IFRS standards, the corresponding USGAAP item is shown in [].
- Figures have been rounded to the nearest unit.
- As of April 1, 2018, NH Foods Ltd. carried out a share consolidation at a ratio of one share for each two shares of common stock. Total NH Foods Ltd. shareholders' equity per share, basic earnings per share attributable to NH Foods Ltd. shareholders and diluted earnings per share attributable to NH Foods Ltd. shareholders were computed on the assumption that the share consolidation was carried out at the beginning of the fiscal year ended March 31, 2013. Cash dividends represent the actual payment prior to the relevant share consolidation.
- Operating income represents net sales less cost of goods sold and selling, general and administrative expenses.
- Starting from the fiscal year ended March 31, 2020, NH Foods Group discloses business profit (calculated by deducting the cost of goods sold, and selling, general and administrative expenses from net sales, and making adjustments of currency gains and losses as determined by the Group, adjustments in accordance with IFRS, and adjustments of non-recurring items) in place of the operating income results disclosed previously. The purpose of this change is to provide a clear indication of profit earned through business activities. The figures for the fiscal years ended March 31, 2018 and March 31, 2019 have been restated retroactively.

- Interest-bearing liabilities under USGAAP consists of short-term bank loans, current maturities of long-term debt and long-term debt, less current maturities (including zero coupon convertible bonds) in the consolidated balance sheets.
- Capital expenditures represent the additions to tangible and intangible fixed assets. Since the fiscal year ended March 2020, capital expenditures have consisted of changes in property, plant and equipment, right-of-use assets, and intangible assets.
- Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets. Since the fiscal year ended March 2020, depreciation and amortization have consisted of depreciation of property, plant and equipment, right-of-use assets, and intangible assets.
- ROE (%) = Profit attributable to owners of the parent / Average total equity attributable to owners of the parent × 100
Free cash flow (million yen) = Cash flows provided by operating activities + Cash flows used in investing activities
Total equity attributable to owners of the parent ratio (%) = Total equity attributable to owners of the parent / Total assets × 100
Interest-bearing liabilities/equity ratio (times) = Interest-bearing liabilities / Total equity attributable to owners of the parent
Interest coverage ratio (times) = Cash flows provided by operating activities / Interest paid

Consolidated Financial Summary

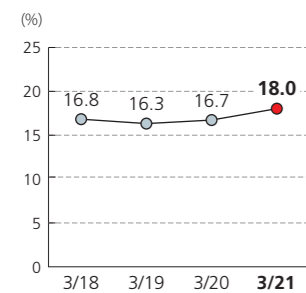
Profitability Indicators

(%)

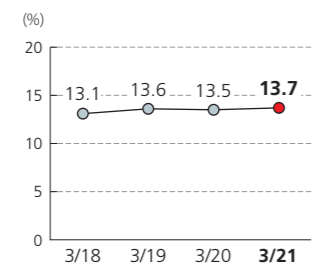
	3/18	3/19	3/20	3/21
Gross profit ratio	16.8	16.3	16.7	18.0
Selling, general and administrative expenses ratio	13.1	13.6	13.5	13.7
Business profit ratio	4.0	3.1	3.6	4.5
Return on sales ^{*1}	3.0	1.6	1.6	2.8

*1 Return on sales (%) = Profit attributable to Owners of The Parent/Net sales×100

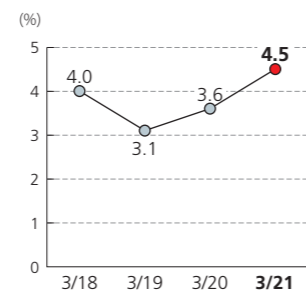
Gross profit ratio



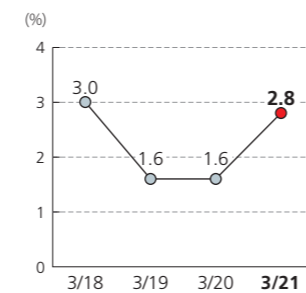
Selling, general and administrative expenses ratio



Business profit ratio



Return on sales



Total Assets, Total Equity attributable to Owners of The Parent and Interest-Bearing Liabilities

(¥ million)

	3/18	3/19	3/20	3/21
Total assets	734,528	741,388	768,861	825,405
Total equity attributable to owners of the parent	417,982	401,014	404,414	433,595
Interest-bearing liabilities	111,401	147,009	176,493	193,750

Stability and Liquidity Indicators

	3/18	3/19	3/20	3/21
Total equity attributable to owners of the parent ratio (%) ^{*2}	56.9	54.1	52.6	52.5
Interest-bearing liabilities/equity ratio (Times) ^{*3}	0.27	0.37	0.44	0.45
Interest-bearing liabilities/cash flow ratio (%) ^{*4}	47.8	21.0	37.1	42.6
Interest coverage ratio (Times) ^{*5}	43.1	24.2	40.6	61.6

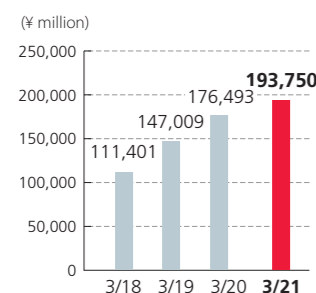
*2 Total equity attributable to owners of the parent ratio [NH Foods Ltd. shareholders' equity ratio] (%) = Total equity attributable to owners of the parent/Total assets×100

*3 Interest-bearing liabilities/equity ratio (Times) = Interest-bearing liabilities/Total equity attributable to owners of the parent

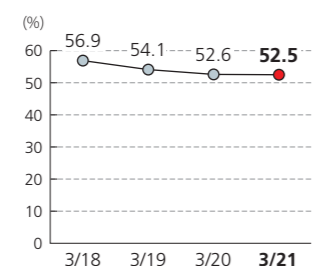
*4 Interest-bearing liabilities/cash flow ratio (%) = Net cash provided by operating activities/Interest-bearing liabilities×100

*5 Interest coverage ratio (Times) = Net cash provided by operating activities/Interest paid

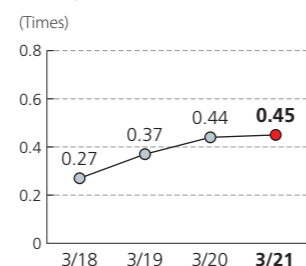
Interest-bearing liabilities



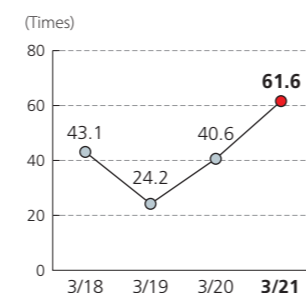
Total equity attributable to owners of the parent ratio



Interest-bearing liabilities/equity ratio



Interest coverage ratio



Return Indicators

(%)

	3/18	3/19	3/20	3/21
Return on equity (ROE) ^{*6}	9.4	4.8	4.8	7.8
Return on invested capital (ROIC) ^{*7}	6.6	4.9	5.3	5.9

*6 Return on equity (ROE) (%) = Profit attributable to owners of the parent/Average total equity attributable to owners of the parent×100

*7 Return on invested capital (ROIC) (%) = Invested capital turnover × Business profit rate – Tax rate

Efficiency Indicators

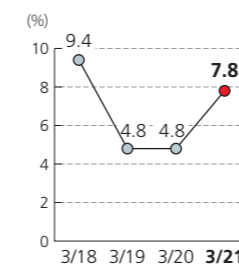
	3/18	3/19	3/20	3/21
Inventory turnover (Times) ^{*8}	12.0	11.3	10.8	10.6
Total assets turnover (Times) ^{*9}	1.8	1.7	1.6	1.5
Inventory turnover (Days) ^{*10}	30.3	32.4	33.8	34.5

*8 Inventories turnover (Times) = Net sales/Average inventories

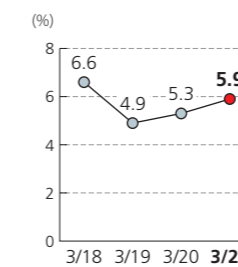
*9 Total assets turnover (Times) = Net sales/Average total assets

*10 Inventories turnover (Days) = 365/Inventories turnover

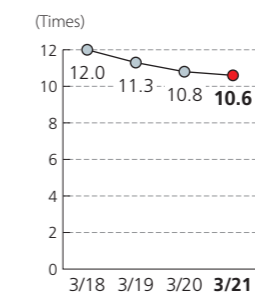
Return on equity (ROE)



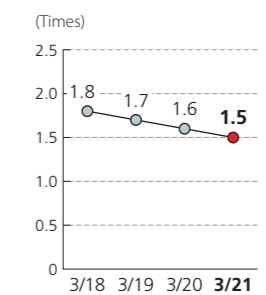
Return on invested capital (ROIC)



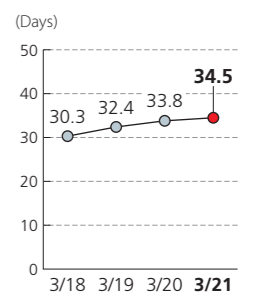
Inventories turnover



Total assets turnover



Inventories turnover



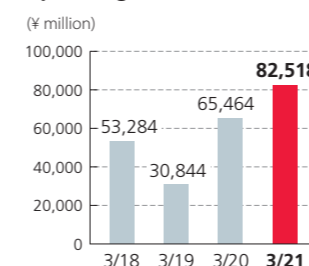
Cash Flows

(¥ million)

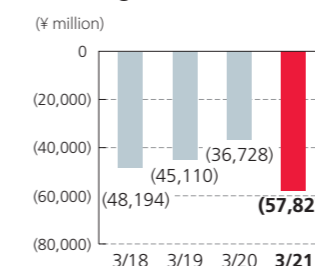
	3/18	3/19	3/20	3/21
Cash flows from operating activities	53,284	30,844	65,464	82,518
Cash flows from investing activities	(48,194)	(45,110)	(36,728)	(57,827)
Free cash flow ^{*11}	5,090	(14,266)	28,736	24,691
Cash flows from financing activities	(27,110)	2,932	(3,077)	(14,934)
Cash and cash equivalents at end of the year	58,290	48,108	72,399	83,831

*11 Free cash flow = Net cash from operating activities + Net cash from investing activities

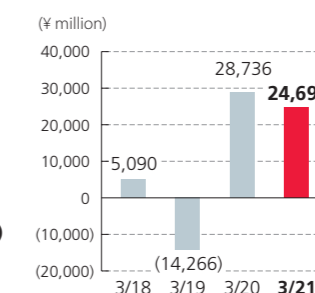
Cash flows from operating activities



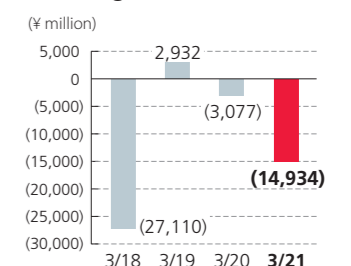
Cash flows from investing activities



Free cash flow



Cash flows from financing activities

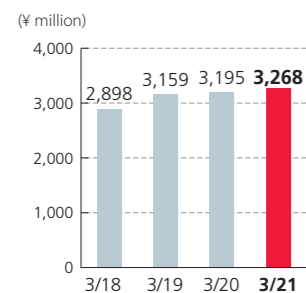


R&D, Capital Expenditures, Depreciation and Amortization

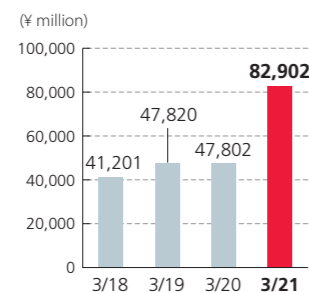
(¥ million)

	3/18	3/19	3/20	3/21
R&D expenditures	2,898	3,159	3,195	3,268
Capital expenditures	41,201	47,820	47,802	82,902
Depreciation and amortization	20,714	22,417	33,038	33,939

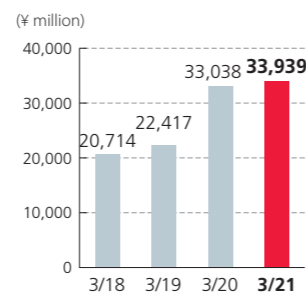
R&D expenditures



Capital expenditures



Depreciation and amortization



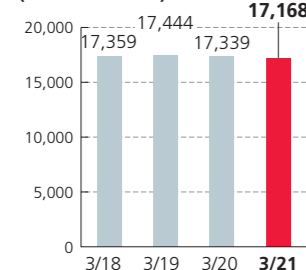
Other Data

	3/18	3/19	3/20	3/21
Number of employees (consolidated)	17,359	17,444	17,339	17,168
Average number of temporary employees	13,296	13,396	12,791	12,222
Dividend per share (¥)*1	53.0	90.0	90.0	94.0
Payout ratio (consolidated) (%)	30.1	49.1	48.2	29.6
Stock price *2				
High (¥)	4,435 [3,660]	4,830	4,940	5,100
Low (¥)	4,295 [2,142]	3,655	2,900	3,220

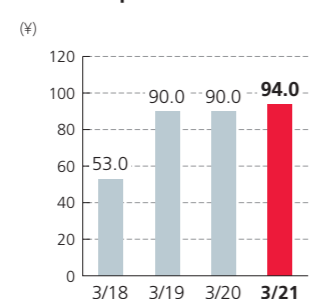
*1 Cash dividends represent the actual payment prior to the relevant share consolidation.

*2 For the fiscal year ended March 31, 2018, the highest and lowest stock price after the consolidation of shares is stated and the highest and lowest stock price before the stock consolidation is stated in "[]".

Number of employees (consolidated)



Dividend per share



Segment Information

By Operating Segment

(¥ million)

	3/18	3/19	3/20	3/21	
Processed Foods Business Division	Net sales	525,351	512,302	498,781	489,362
	(1) External customers	500,748	487,607	473,953	463,526
	(2) Intersegment	24,603	24,695	24,828	25,836
	Segment expenses	516,058	502,739	485,413	471,385
	Segment profit	9,293	9,563	13,368	17,977
	Assets	292,057	301,254	293,662	308,769
	Depreciation and amortization	8,974	10,130	11,168	11,720
Capital expenditures	23,005	27,096	16,995	26,032	
Fresh Meats Business Division	Net sales	690,094	673,000	685,630	656,668
	(1) External customers	617,396	603,661	612,545	591,576
	(2) Intersegment	72,698	69,339	73,085	65,092
	Segment expenses	644,550	638,409	653,597	615,425
	Segment profit	45,544	34,591	32,033	41,243
	Assets	318,754	336,738	342,144	341,364
	Depreciation and amortization	6,785	7,241	7,752	8,012
Capital expenditures	11,961	13,768	11,735	15,966	
Overseas Business Division	Net sales	253,895	254,789	254,649	223,649
	(1) External customers	125,662	128,237	129,374	112,155
	(2) Intersegment	128,233	126,552	125,275	111,494
	Segment expenses	258,605	258,549	252,799	223,753
	Segment profit (loss)	(4,710)	(3,760)	1,850	(104)
	Assets	122,255	125,146	115,226	123,427
	Depreciation and amortization	2,516	2,722	3,115	3,126
Capital expenditures	4,812	4,903	6,032	4,955	
Others	Net sales	17,156	17,181	16,553	11,758
	(1) External customers	13,893	13,874	13,288	8,581
	(2) Intersegment	3,263	3,307	3,265	3,177
	Segment expenses	16,273	16,204	15,992	13,536
	Segment profit	883	977	561	(1,778)
	Assets	13,353	12,900	29,377	27,535
	Depreciation and amortization	245	252	269	258
Capital expenditures	229	163	1,092	19,181	
Consolidated	Net sales	1,258,463	1,234,180	1,229,826	1,176,101
	(1) External customers	1,258,463	1,234,180	1,229,826	1,176,101
	(2) Intersegment	0	0	0	0
	Segment expenses	1,207,874	1,195,869	1,186,054	1,123,675
	Segment profit	50,589	38,311	43,772	52,426
	Assets	734,528	741,388	768,861	825,405
	Depreciation and amortization	20,714	22,417	33,038	82,902
Capital expenditures	41,201	47,820	47,802	33,939	

Notes:

1. As of April 1, 2020, the Affiliated Business Division was renamed to the Dairy & Marine Products Division and placed under the administration of the Processed Foods Business Division. As a result, the three operating segments will now be the Processed Foods Business Division, the Fresh Meats Business Division, and the Overseas Business Division. The processed meat products / extract manufacturing and sales company that was formerly under the jurisdiction of the Fresh Meats Business Division has been transferred to the Processed Foods Business Division.

2. Depreciation and amortization consist of depreciation of property, plant and equipment and amortization of intangible assets.

3. Capital expenditures represent the additions to property, plant and equipment and intangible assets.

4. From the fiscal year ended March 31, 2020, the new "segment profit" is calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, and accounting for foreign exchange gains and losses determined by the Group, while excluding adjustments in accordance with IFRS and non-recurring items. "Segment profit" for the fiscal years ended March 31, 2018 and 2019 are presented by applying the new calculation method from the viewpoint of the comparability with the fiscal year ended March 31, 2020.

5. Consolidated is deducted Eliminations, Adjustments and Others from each business division.

6. From the first quarter of the fiscal year ending March 2022, the Company has classified the team business and new business into "Other" for the purpose of expanding into new business areas.

In addition, from the first quarter of the fiscal year ending March 2022, we have changed the method of calculating sales in order to more appropriately reflect the performance of the reporting segment. Regarding this change, the figures before the previous fiscal year have been retroactively revised. However, the figures before the fiscal year ended March 2020 have not been audited.

Consolidated Financial Statements (IFRS)

By Geographical Area

(¥ million)

		3/18	3/19	3/20	3/21
Asia & Europe	Net sales	81,436	79,191	73,898	56,423
	(1) External customers	25,366	24,850	25,869	23,324
	(2) Intersegment	56,070	54,341	48,029	33,099
	Segment profit (loss)	(188)	(152)	809	(818)
Americas	Net sales	76,969	79,432	84,547	88,050
	(1) External customers	21,556	22,331	21,757	20,288
	(2) Intersegment	55,413	57,101	62,790	67,762
	Segment profit (loss)	(599)	(344)	698	2,722
Australia	Net sales	97,875	99,306	98,826	80,947
	(1) External customers	78,740	81,056	81,749	68,543
	(2) Intersegment	19,135	18,250	17,077	12,404
	Segment profit (loss)	(3,032)	(2,123)	1,466	(1,048)

Notes: 1. The total of each area is not equal to the Overseas Business Division total, by reason of the elimination of intersegment transactions.
2. The Americas includes North and South American businesses.
3. Breeders & Packers Uruguay S.A. is included in Australia.

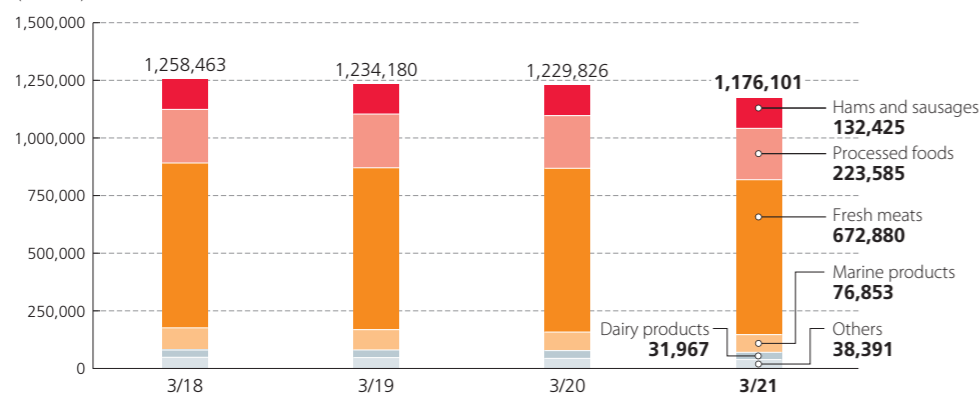
Net Sales by Product Category

(¥ million)

	3/18	3/19	3/20	3/21
Hams and sausages	132,404	128,356	130,982	132,425
Processed foods	233,089	233,655	228,833	223,585
Fresh meats	716,343	703,557	711,753	672,880
Beef	293,287	297,583	296,913	256,999
Pork	227,186	221,157	226,612	229,450
Chicken	172,501	160,821	166,032	166,222
Other fresh meats	23,369	23,996	22,196	20,209
Marine products	93,804	88,138	80,724	76,853
Dairy products	34,191	33,270	33,614	31,967
Others	48,632	47,204	43,920	38,391
Total	1,258,463	1,234,180	1,229,826	1,176,101

Net Sales by Product Category

(¥ million)



Consolidated Statements of Financial Position

(¥ million)

	3/18	3/19	3/20	3/21
Assets				
Current assets				
Cash and cash equivalents	58,290	48,108	72,399	83,831
Trade and other receivables	154,781	153,260	130,213	127,067
Inventories	105,422	113,415	114,520	107,906
Biological assets	24,830	25,971	21,335	23,581
Other financial assets	14,558	12,041	11,701	15,082
Other current assets	4,893	5,468	5,583	8,561
Total current assets	362,774	358,263	355,751	366,028
Non-current assets				
Property, plant and equipment	269,143	289,898	284,060	325,629
Right-of-use assets	—	—	35,545	38,362
Biological assets	2,057	1,877	1,883	1,314
Intangible assets and goodwill	10,329	7,097	8,953	10,608
Investments accounted for using the equity method	14,426	14,400	13,910	9,011
Other financial assets	40,638	34,125	32,647	35,796
Deferred tax assets	24,772	28,004	29,745	26,056
Other non-current assets	10,389	7,724	6,367	12,601
Total non-current assets	371,754	383,125	413,110	459,377
Total assets	734,528	741,388	768,861	825,405
Liabilities and equity				
Current liabilities				
Interest-bearing liabilities	48,979	62,746	55,924	59,322
Trade and other payables	113,984	111,573	99,802	98,983
Income taxes payable	6,557	2,738	3,178	9,748
Other financial liabilities	23,560	18,123	18,877	25,290
Other current liabilities	38,904	38,788	35,966	35,822
Total current liabilities	231,984	233,968	213,747	229,165
Non-current liabilities				
Interest-bearing liabilities	62,422	84,263	120,569	134,428
Retirement benefit liabilities	13,513	14,118	14,920	14,543
Other financial liabilities	1,187	1,105	719	683
Deferred tax liabilities	1,306	1,326	732	581
Other non-current liabilities	1,228	1,250	1,577	1,696
Total non-current liabilities	79,656	102,062	138,517	151,931
Total liabilities	311,640	336,030	352,264	381,096
Equity				
Common stock	36,291	36,294	36,294	36,294
Capital surplus	72,818	72,672	72,639	71,240
Retained earnings	300,076	286,934	294,018	320,577
Treasury stock, at cost	(16)	(202)	(173)	(3,532)
Accumulated other comprehensive income	8,813	5,316	1,636	9,016
Total equity attributable to owners of the parent	417,982	401,014	404,414	433,595
Non-controlling Interests	4,906	4,344	12,183	10,714
Total equity	422,888	405,358	416,597	444,309
Total liabilities and equity	734,528	741,388	768,861	825,405

Consolidated Statements of Income

(¥ million)

	3/18	3/19	3/20	3/21
Net sales	1,258,463	1,234,180	1,229,826	1,176,101
Cost of goods sold	1,047,478	1,033,577	1,024,296	964,367
Selling, general and administrative expenses	165,155	168,338	166,030	161,215
Gain from the transfer through the posting system	2,273	—	—	—
Other income	6,506	8,510	3,592	8,497
Other expenses	3,808	9,292	14,790	11,956
Financial income	2,220	1,427	1,285	1,942
Financial costs	1,292	3,561	3,903	1,534
Share of profit (loss) in investments accounted for using The equity method	1,069	918	1,355	1,406
Profit before tax	52,798	30,267	27,039	48,874
Income tax expense	15,074	11,250	8,106	17,816
Profit	37,724	19,017	18,933	31,058
Profit attributable to:				
Owners of the parent	37,552	19,561	19,214	32,616
Non-controlling interests	172	(544)	(281)	(1,558)
Profit	37,724	19,017	18,933	31,058

Consolidated Statements of Cash Flows

(¥ million)

	3/18	3/19	3/20	3/21
Operating activities				
Profit before tax	52,798	30,267	27,039	48,874
Depreciation and amortization expenses	21,200	22,865	33,336	34,109
Impairment losses	1,292	4,937	3,904	7,069
Decrease (increase) in fair value of biological assets	461	187	1,205	(192)
Financial income and costs	(928)	2,134	2,618	(408)
Decrease (increase) in trade and other receivables	(21,884)	1,386	21,968	3,817
Decrease (increase) in inventories	(199)	(8,113)	(2,316)	7,722
Decrease (increase) in biological assets	4,745	(2,110)	1,005	113
Decrease (increase) in other assets	(143)	2,678	555	(8,815)
Increase (decrease) in trade and other payables	9,915	(2,222)	(10,964)	(1,252)
Increase (decrease) in other liabilities	2,519	38	(3,772)	(507)
Others - net	(385)	(6,287)	(1,143)	648
Interest received	689	719	675	287
Dividends received	1,180	1,573	2,304	2,735
Interest paid	(1,235)	(1,273)	(1,611)	(1,339)
Income tax paid	(16,741)	(15,935)	(9,339)	(10,343)
Cash flows from operating activities	53,284	30,844	65,464	82,518
Investing activities				
Acquisition of fixes assets	(31,796)	(47,504)	(36,898)	(59,398)
Proceeds from sales of fixed assets	3,181	978	607	1,423
Decrease (increase) in time deposits	3,602	2,836	(610)	259
Acquisition of other financial assets	(2,482)	(1,077)	(84)	(182)
Sales and redemption of other financial assets	1,808	527	42	673
Investments in associated companies	(8,929)	(38)	(120)	—
Net increase (decrease) in cash and cash equivalents resulting from purchase of business	(13,404)	—	—	—
Net increase (decrease) in cash and cash equivalents resulting from sale of business	608	—	—	—
Others - net	(782)	(832)	335	(602)
Cash flows from investing activities	(48,194)	(45,110)	(36,728)	(57,827)
Financing activities				
Cash dividends	(10,980)	(11,403)	(9,271)	(9,269)
Increase (decrease) in short-term bank loans	(4,221)	9,026	(2,001)	(4,840)
Proceeds from debt	6,198	40,970	38,714	70,393
Repayments of debt	(19,074)	(16,060)	(39,019)	(66,351)
Contributions from non-controlling interests	1,063	406	8,563	2
Acquisitions from non-controlling interests	—	—	—	(1,489)
Acquisition of treasury stock	(10)	(20,007)	(4)	(3,567)
Sale of treasury stock	—	—	—	187
Others - net	(86)	0	(59)	0
Cash flows from financing activities	(27,110)	2,932	(3,077)	(14,934)
Effect of exchange rate changes on cash and cash equivalents	(406)	1,152	(1,368)	1,675
Net increase (decrease) in cash and cash equivalents	(22,426)	(10,182)	24,291	11,432
Cash and cash equivalents at beginning of the year	80,716	58,290	48,108	72,399
Cash and cash equivalents at end of the year	58,290	48,108	72,399	83,831

Corporate Data

Corporate name	NH Foods Ltd.
Established	May 30, 1949
Capital	¥36,294 million
President	Yoshihide Hata
Employees	Consolidated 29,390 Non-Consolidated 2,252 Note: Including the average number of temporary employees
Main businesses	<ul style="list-style-type: none"> • Manufacture and sale of processed meats (hams and sausages, etc.) and cooked foods (retort-packed foods, pre-prepared foods, etc.) • Breeding of livestock, and processing and sale of fresh meats • Production and sale of marine and dairy products
Head office	Breezé Tower, 4-9, Umeda 2-chome, Kita-ku, Osaka 530-0001, Japan
Telephone	+81-6-7525-3026

Main Companies of the Group

Production and Breeding	<ul style="list-style-type: none"> • Nippon White Farm Co., Ltd. • Interfarm Co., Ltd. • Nippon White Farm Niigata Co., Ltd. • Whyalla Beef Pty. Ltd. (Australia) 		
Packing and Processing of Fresh Meats	<ul style="list-style-type: none"> • Nippon Food Packer, Inc. • Nippon Food Packer Kagoshima, Inc. • Nippon Food Packer Shikoku, Inc. • Nippon Food Packer Tsugaru Co., Ltd. • Usune Co., Ltd. • Miyazaki Beef Center Co., Ltd. • Nippon Pure Food, Inc. • Oakey Beef Exports Pty. Ltd. (Australia) • Wingham Beef Exports Pty. Ltd. (Australia) • Thomas Borthwick & Sons Pty. Ltd. (Australia) • Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi (Turkey) • Breeders & Packers Uruguay S.A. (Uruguay) 	Sales of Hams and Sausages, and Processed Foods	<ul style="list-style-type: none"> • NHF Manufacturing (Malaysia) Sdn. Bhd. (Malaysia) • PT NH Foods Diamond Indonesia (Indonesia) • NH Foods Marketing Ltd. • Nipponham Customer Communications Ltd.
Sales of Fresh Meats	<ul style="list-style-type: none"> • Higashi Nippon Food, Inc. • Kanto Nippon Food, Inc. • Naka Nippon Food, Inc. • Nishi Nippon Food, Inc. • NHJF Corporation • Minami Nippon Fresh Foods Co., Ltd. • NH Foods Australia Pty. Ltd. (Australia) • Beef Producers Australia Pty. Ltd. (Australia) • Day-Lee Foods, Inc. (USA) • Nippo Food (Shanghai) Co., Ltd. (China) 	Production and Sales of Processed Marine Products	<ul style="list-style-type: none"> • Marine Foods Corporation • The Hoko Co., Ltd. • Kushiro Marusui Co., Ltd.
Production and Sales of Hams and Sausages	<ul style="list-style-type: none"> • Nipponham Factory Ltd. • Nipponham Hokkaido Factory Ltd. • Nipponham Northeast Ltd. • Kyodo Foods Co., Ltd. • Japan Assorted Business Services Co., Ltd. • Nipponham Southwest Ltd. • Hakodate Carl Raymon Co., Ltd. • Kamakura Ham Tomioka Co., Ltd. • NH Foods Vietnam Joint Stock Company (Vietnam) • Redondo's, LLC (USA) 	Production and Sales of Fermented Milk, Lactic Acid Probiotic Beverages, and Dairy Products (Cheese)	<ul style="list-style-type: none"> • Nippon Luna, Inc. • Hoko Co., Ltd. (ROLF Division)
Production of Processed Foods	<ul style="list-style-type: none"> • Nipponham Processed Foods Ltd. • Nipponham Delicatessen Ltd. • Premium Kitchen Co., Ltd. • Shandong Rilong Foodstuffs Co., Ltd. (China) • Thai Nippon Foods Co., Ltd. (Thailand) 	Production and Sales of Extract Seasonings	<ul style="list-style-type: none"> • Nippon Pure Food, Inc. • Pure Food Asia, Inc. (Taiwan)
		Production and Sales of Freeze-Dried and Frozen Foods	<ul style="list-style-type: none"> • Nipponham Frozen Foods Ltd. • Hoko Co., Ltd.
		Professional Sports	<ul style="list-style-type: none"> • Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. • Fighters Sports & Entertainment Co., Ltd.
		IT, Services, and Other Businesses	<ul style="list-style-type: none"> • Nipponham System Solutions Ltd. • Nipponham Business Associe Ltd. • Nipponham Career Consulting Ltd. • Nipponham Engineering Ltd.
		Logistics and Trading	<ul style="list-style-type: none"> • Nippon Logistics Group, Inc. • Nippon Chilled Logistics, Inc. • Nippon Logistics Center, Inc. • Nippon Daily Net Co., Ltd. • Nippon Route Service Co., Ltd. • Japan Food Corporation • NH Foods Chile Y Compania Limitada (Chile) • NH Foods Mexicana S.A.DE C.V. (Mexico) • NH Foods Singapore Pte. Ltd. (Singapore) • NH Foods Thailand Ltd. (Thailand) • Thai Nippon Cold Storage Co., Ltd. (Thailand) • NH Foods Taiwan Ltd. (Taiwan) • NH Foods U.K. Ltd. (The United Kingdom)

Share Data

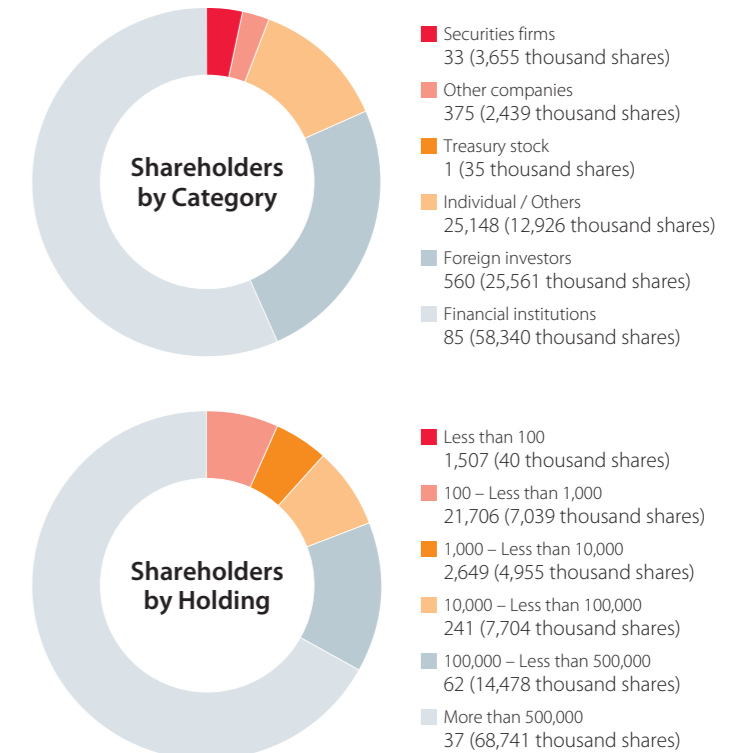
Authorized shares	285,000,000
Issued and outstanding	102,958,904
Shareholders	26,202

Major Shareholders (Leading 10 by holding)

Name of shareholder	Holding (1,000s of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,663	15.33
Custody Bank of Japan, Ltd. (Trust account)	7,224	7.07
The Hyakujushi Bank, Ltd.	3,768	3.69
Meiji Yasuda Life Insurance Company	3,677	3.60
The Norinchukin Bank	2,963	2.90
Nippon Life Insurance Company	2,785	2.73
MUFG Bank, Ltd.	2,747	2.69
Sumitomo Mitsui Banking Corporation	2,325	2.28
JPMorgan Securities Japan Co., Ltd.	1,626	1.59
The Kyoei Fire and Marine Insurance Company, Limited	1,613	1.58

Note: In addition to the list above, NH Foods Ltd. holds 35 thousand shares of common stock.

Distribution of Shares



Stock Price Trend

