

(Translation)

October 31, 2018

Dear Sirs and Madams:

Name of the Company:	NH Foods Ltd.
Representative:	Yoshihide Hata President and Representative Director (Code No. 2282, First Section of the Tokyo Stock Exchange)
Person to contact:	Masahito Kataoka Executive Officer, General Manager of Corporate Communication Department, Communication Strategy Division

**Notice of Reorganization of the Processed Foods Business Division and Merger of Sales
Companies (Consolidated Subsidiaries)**

Notice is hereby given, that NH Foods Ltd. (the “Company”), at the meeting of its Board of Directors held on October 31, 2018, resolved to reorganize the Processed Foods Business Division as follows. Also, in relation to the reorganization, it is hereby notified that it has determined that sales companies (consolidated subsidiaries) which mainly distribute hams, sausages and other processed foods are to be merged together:

Description

1. Reason for the reorganization

While the Company group has initiated “Medium-Term Management Plan 2020” from April 2018, the Processed Foods Business Division has characterized the term as the one for “establishing business environment for future growth” and has proceeded its consideration with setting “the No.1 Company in the industry which continues to be supported by and satisfy all the stakeholders” as its goal.

In addition to the business environment involving the Processed Foods Business Division becoming severer due to the changes of the distribution industry and consumer awareness, the acceleration of the globalization, and more serious domestic labor shortage, etc., the changes of the business environment has also accelerated. In order to respond to the changes of the environment in a speedy manner and nurture the business culture to try and challenge new things, we found it inevitable to make organizational changes, and decided to clarify the roles of NH Foods Ltd. and its subsidiaries in the Processed Foods Business Division and to make organizational changes to accommodate to the clarified functions.

2. Outline of the reorganization

(A) Clarified role of NH Foods Ltd.

To clarify the roles of NH Foods Ltd. and its subsidiaries in the Processed Foods Business Division, NH Foods Ltd. becomes to be responsible for functions of marketing and governance.

(B) Organizational changes to accommodate to the clarified functions

- ① Current respective marketing functions are to be consolidated and changed to the two management departments which are Processed Foods Management Department (processed foods development, technical development and manufacturing, etc.) and Sales Management Department (development sales and promotion, etc.)

Also, jurisdictions of the group companies will be realigned depending on their business categories of manufacturing and sales/distributions. Further, the sales function of NH Foods Ltd. is to be consolidated and basically transferred to the merged company below.

- ② As to the governance function of the Processed Foods Business Division, the assignment to the administrative division will be re-organized, the follow-up arrangement of the manufacturing and

sales lines are to be strengthened and the organization is to be trimmed down.

(C) Merger of sales companies (consolidated subsidiaries)

In response to the changes of consumer awareness toward food and sales channels, and to enable the organization to realize “Planning strategies with a sense of unity and its delivery”, “Enforcement of on-site capabilities and sales force”, and “Enhancement of effectiveness in sales”, Nipponham East Sales Ltd., Nipponham Hokkaido Sales Ltd. and Nipponham West Sales Ltd. which are consolidated subsidiaries, are planned to merge. The new company aims to be annual sales of 200 billion yen.

(D) Effective date

It is scheduled to be effective on April 1, 2019.

3. Summary of the merger

- (A) Schedules of the merger:
- | | |
|---|---------------------------|
| Board of Directors meeting of each company (approval of the merger agreement and execution) | Mid-February 2019 |
| Shareholders meetings of each company (approvals of the merger) | Late February 2019 |
| Merger date (Effective date of the merger) | April 1, 2019 (scheduled) |
- (B) Method of the merger: Absorption merger method where Nipponham East Sales Ltd. merges with Nipponham Hokkaido Sales Ltd. and Nipponham West Sales Ltd.
- (C) Allotment relating to the merger:
No new share issuance or delivery of cash, etc. is to be made for this merger.
- (D) Treatment of the share option or bond with share option for the merger:
Not applicable.

4. Summary of the merging parties (as of March 31, 2018)

	Absorbing company	Absorbed company
(1) Name	Nipponham East Sales Ltd.	Nipponham Hokkaido Sales Ltd.
(2) Location	ThinkPark Tower, 2-1-1 Osaki, Shinagawa-ku, Tokyo	2-10-1, Tomigaoka 2-jo, Teine-ku, Sapporo-City, Hokkaido
(3) Representative	Hidenori Yoshimoto, President and Representative Director	Kunio Sakai, President and Representative Director
(4) Main business	Wholesale business of food	Wholesale business of food
(5) Capital	141 million yen	78 million yen
(6) Establishment	March 10, 1976	February 25, 1977
(7) Number of issued and outstanding shares	282, 000 shares	156,000 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding ratio	NH Foods Ltd. 100%	NH Foods Ltd. 100%
(10) Operating results and financial positions for most recent fiscal year		
Fiscal year end	March 31, 2018	March 31, 2018
Net assets	1, 843 million yen	208 million yen
Total assets	11, 104 million yen	2, 034 million yen
Net assets per share (yen)	6, 536.4 yen	1, 335.8 yen
Net sales	75, 205 million yen	13, 462 million yen

	Absorbed company
(1) Name	Nipponham West Sales Ltd.
(2) Location	2-4-9 Umeda, Kita-ku, Osaka
(3) Representative	Hitoshi Yao, President and

	Representative Director
(4) Main business	Wholesale business of food
(5) Capital	88 million yen
(6) Establishment	August 1, 1975
(7) Number of issued and outstanding shares	358, 400 shares
(8) Fiscal year end	March 31
(9) Major shareholders and shareholding ratio	NH Foods Ltd. 100%
(10) Operating results and financial positions for most recent fiscal year	
Fiscal year end	March 31, 2018
Net assets	△188 million yen
Total assets	10, 757 million yen
Net assets per share (yen)	△523.4 yen
Net sales	69, 674 million yen

5. The company after the merger

(1) Name	Nipponham Sales Ltd. (tentative) *Nipponham East Sales Ltd. which is the absorbing company is planned to change its business name.
(2) Location	ThinkPark Tower, 2-1-1 Osaki, Shinagawa-ku, Tokyo
(3) Representative	Undecided.
(4) Purpose of the business	Sales of livestock products and general foods, manufacturing of livestock products and cooked foods, and other related business
(5) Capital	307 million yen
(6) Fiscal year end	March 31
(7) Major shareholder and shareholder ratio	NH Foods Ltd. 100%

6. Future outlook

The impact of the reorganization of the Processed Foods Business Division on the consolidated business results for the fiscal year ending March 31, 2019 is expected to be nil.

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