

Minutes of the Web Conference for the Fourth Quarter of the Fiscal Year Ending March 31, 2024
(Main Q&As)

Date & Time: May 10, 2024 (Friday) 18:30-19:30

Q1. What is the plan for Processed Foods Business Division for the current fiscal year?

A1. Improvements in the product mix and improvement activities, which have been realized since the previous fiscal year, will continue to materialize in the current fiscal year. However, we expect labor and logistics costs to increase compared to the previous fiscal year. We incorporate certain environmental changes in raw material prices, but if there are greater than anticipated changes in the external environment from the second half, we will secure profits by making full use of various measures such as price revisions. In addition, from the current fiscal year, we changed the breakdown of changes in profits in the Processed Foods Division and classified them as cost of sales, profit, and expenses based on the profit and loss statement.

Q2. What is the performance of Fresh Meats Business Division in the previous fiscal year and the plan for the current fiscal year?

A2. In the imported fresh meats business, valuation losses on inventory assets and foreign currency contracts under the accounting system were less than expected due to a 4Q of about 1 billion yen, but the sales trend of fresh meats remained steady for the full year. We need to closely monitor foreign exchange rates for feed prices from the second half in the plan for this fiscal year, but we aim to reduce feed costs, including through self-help efforts.

Q3. What are 4Q business environment in Australia of Overseas Business Division and the forecasts for the current fiscal year?

A3. We fell short of the target in 4Q because the number of processed cattle did not increase due to the soaring in cattle prices and the shortage of workers. At present, cattle prices are also declining, and the purchasing environment is improving. The shortage of workers is also gradually recovering, and the production system is also returning. In sales, Australian beef received strong demands due to a shortage of U.S. beef production and high price. We also intend to expand earnings this fiscal year, including by expanding sales of our new brand Australian-produced *Omugi-gyu ANGUS* for the Japanese market.

Q4. What is the plan for the business profit for the current fiscal year of ¥48 billion?

The global external environment has not improved significantly, and this plan has been carefully estimated. Changing exchange rates and soaring import prices can be risks for the plan. In particular, beef and pork produced in North America are rising. We make progress in diversifying procurement from overseas and in passing on price increases domestically to absorb getting worse in the external environment and achieve our plan.

Q5. What is the forecast of the profit attributable to owners of the parent decline for the current fiscal year?

We expect impairment losses on fixed assets, which are within other income and expenses, to be approximately ¥5 billion mainly in the Processed business Division, which is considered to be a temporary factor.

Q6. What is the forecast for capital investment in the next medium-term management plan 2026?

A6. We expect capital investment in the next medium-term management plan to be around ¥150 billion, unchanged from the previous outlook. Capital investment will increase by ¥18.8 billion year-on-year to ¥63 billion in this term, but will be restrained in the second year and beyond. Details of capital investment will be explained again at the medium-term management plan 2026 briefing.