

IR DAY 1st part: Strategy for the Fresh Meats Business Division

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Q1. What are the sales of processed foods in the Fresh Meats Business Division?

A1. We used to sell processed products in the past, but there were various barriers, such as issues between business divisions. Currently, we have launched a new department for sales of processed products and are deepening cooperation with them. Due to changes in lifestyles, demand for products with a high degree of processing is increasing. We will flexibly propose processed products that meet the needs of not only processed products in the processed foods business, but also primary processed products and imported products in the fresh meat business.

Q2. What is the maximization of value chain profits in the domestic pork business?

A2. We try to review the current sales method. When the carcass market prices fluctuate, parts (single-part) sales are affected by market prices, but set (all-part) sales can be sold at relatively stable sales prices. On the other hand, set sales also involve a certain risk for business partners, so it is necessary to set the value that meets the business partner's satisfaction. In this regard, pork production on carbon neutral farms has been evaluated.

Q3. What is the use of AI forecasts in forecasting supply and demand?

A3. At present, the data from the past is accumulated, and it is in the stage of starting the verification of the prediction accuracy. In the implementation, the operation of imported frozen products, especially chicken, is expected to be effective. Introduction of AI forecasting reduces purchases for which margins cannot be secured.

Q4. What is our strategy for the future?

A4. We announced the processing business in our current medium-term plan, but will shift to external assets for beef, improve production indicators for pork, and strengthen in-house and external procurement for chicken. For the consignment department, we will develop products that make it easier to appeal to the price of branded meats, etc., and will develop procurement countries that offer lower prices. Domestic beef exports are currently only in Southeast Asia, but in the future, we would like to expand the areas.

Q5. What is our approach to the next medium-term plan?

A5. In addition to pursuing a 25% market share, we aim to expand our market share through revenue-driven

sales. In this fiscal year, we focused on improving the inventory turnover ratio, and the profit scale has recovered. We aim to achieve a recovery in business profit of at least ¥40 billion and a business profit margin of 5% at an early stage, and to achieve a record high in FY3/27. Capital investment is centered on the domestic chicken business, which is a pillar of our growth strategy, in addition to dealing with aging facilities.