

Business Results for the First Quarter of FY2024/3(abridged version) (1)

* The beef business relating to Breeders & Packers Uruguay S.A. ("BPU") has been reclassified to discontinued operations from the fourth quarter of the consolidated accounting period ended March 31, 2023. As a result, the quarterly profit (loss) from discontinued operations is presented separately from the results for continuing operations in the condensed consolidated statements of income. Consequently, only net sales and quarterly profit before tax from continuing operations are shown.

【FY2024/3 1Q Results and Full year Forecasts】

(¥ million)

	FY2023/3 1Q results	FY2024/3					
		1Q results	Variance	variance(%)	Full year forecasts	Full year initial forecasts	Variance
Net Sales	302,378	322,175	19,797	6.5	1,260,000	1,260,000	0
Processed Foods Business Division	99,012	103,543	4,531	4.6	420,000	420,000	0
Fresh Meats Business Division	178,995	193,925	14,930	8.3	720,000	720,000	0
Overseas Business Division	84,423	75,231	(9,192)	(10.9)	295,000	295,000	0
Ballpark and other Business	4,970	8,747	3,777	76.0	25,000	25,000	0
Eliminations and adjustments	(55,876)	(53,105)	2,771	-	(200,000)	(200,000)	0
Non-continuing operations	(9,146)	(6,166)	2,980	-	-	-	0
Business Profit	9,170	12,140	2,970	32.4	38,000	38,000	0
Processed Foods Business Division	1,220	790	(430)	(35.2)	6,500	6,500	0
Fresh Meats Business Division	7,060	10,243	3,183	45.1	32,000	32,000	0
Overseas Business Division	343	(254)	(597)	-	1,700	1,700	0
Continuing operations	655	371	(284)	(43.4)	-	-	0
Ballpark and other Business	819	2,464	1,645	200.9	1,500	1,500	0
Eliminations and adjustments	(272)	(1,103)	(831)	-	(3,700)	(3,700)	0
Income before income tax	14,720	18,785	4,065	27.6	34,000	34,000	0
Income tax expense	3,811	5,763	1,952	51.2	10,500	10,500	0
Profit attributable owners of parent	10,182	11,749	1,567	15.4	23,000	23,000	0

【Breakdown of overseas Business Division】

(¥ million)

		FY2023/3		FY2024/3				
		1Q results	Net sales(%)	1Q results	Net sales(%)	Variance	Variance(%)	Full year forecasts
Overseas Business Division	Net sales	84,423	-	75,231	-	(9,192)	(10.9)	295,000
	External Customer Net Sales	48,540	57.5	45,944	61.1	(2,596)	(5.3)	-
	Intersegment	35,883	42.5	29,287	38.9	(6,596)	(18.4)	-
	Business profit	343	-	(254)	-	(597)	-	1,700
Australia	Net sales	36,366	-	32,096	-	(4,270)	(11.7)	-
	External Customer Net Sales	31,758	87.3	29,861	93.0	(1,897)	(6.0)	-
	Intersegment	4,608	12.7	2,235	7.0	(2,373)	(51.5)	-
	Non-continuing operations	9,146	-	6,166	-	(2,980)	(32.5)	-
	Business profit	309	-	(802)	-	(1,111)	-	△10
Non-continuing operations	(312)	-	(625)	-	(313)	-	-	
Americas	Net sales	30,004	-	30,504	-	500	1.7	-
	External Customer Net Sales	8,096	27.0	8,567	28.1	471	5.8	-
	Intersegment	21,908	73.0	21,937	71.9	29	0.1	-
	Business profit	113	-	673	-	560	495.6	2,590
Asia& Europe	Net sales	18,970	-	12,804	-	(6,166)	(32.5)	-
	External Customer Net Sales	8,686	45.8	7,516	58.7	(1,170)	(13.5)	-
	Intersegment	10,284	54.2	5,288	41.3	(4,996)	(48.6)	-
	Business profit	180	-	179	-	(1)	(0.6)	320

【Balance Sheets】

(¥ million)

	End of FY2022/3	End of FY2023/3	FY2024/3 1Q	Variance(%)	Variance
Cash and cash equivalents	85,374	64,986	74,987	15.4	10,001
Trade and other receivables	136,017	146,660	138,087	△ 5.8	(8,573)
Inventories	119,980	141,930	151,942	7.1	10,012
Biological assets	32,755	27,984	29,104	4.0	1,120
Other current assets	40,180	46,458	46,856	0.9	398
Total current assets	414,306	428,018	440,976	3.0	12,958
Property, plant and equipment	345,022	364,381	363,772	(0.2)	(609)
Right-of-use assets	46,090	40,898	40,746	△ 0.4	(152)
Biological assets	1,240	1,517	1,536	1.3	19
Others	102,555	102,341	104,925	2.5	2,584
Total Non-current Assets	494,907	509,137	510,979	0.4	1,842
Total Assets	909,213	937,155	951,955	1.6	14,800
Interest-bearing liabilities	90,056	102,199	99,536	△ 2.6	(2,663)
Trade and other payables	103,719	106,027	114,766	8.2	8,739
Others	88,144	70,310	70,624	△ 0.9	(84)
Total Current liabilities	281,919	278,536	284,926	2.3	6,390
Interest-bearing liabilities	121,351	139,856	139,756	△ 0.1	(100)
Other non-current liabilities	16,389	15,982	16,358	0.9	376
non-current liabilities	137,740	155,838	156,114	0.2	276
Total Equity Attributable to Owners of the Par	479,069	492,913	499,889	1.4	6,976
Non-controlling Interests	10,485	9,868	11,026	11.7	1,158
Total Equity	489,554	502,781	510,915	1.6	8,134
Total Liabilities and Equity	909,213	937,155	951,955	1.6	14,800

【Statements of Cash Flows】

(¥ million)

	FY2022/3 1Q	FY2023/3 1Q	FY2024/3 1Q
Profit before tax	15,465	14,720	18,785
Depreciation and amortization	8,949	9,369	9,786
Increase (decrease) in receivables	1,096	(3,057)	9,793
Increase (decrease) in inventories	(14,981)	(22,878)	(7,985)
Increase (decrease) in biological assets	(80)	41	883
Increase (decrease) in trade payables	8,105	10,801	7,147
Others	(6,000)	(5,127)	(2,132)
Cash flows from operating activities	12,554	3,869	36,277
Acquisition of fixed assets, proceeds from sales of fixed assets	(14,747)	(27,013)	(11,184)
Others	(24)	(3,432)	1,035
Cash flows from investing activities	(14,771)	(30,445)	(10,149)
Cash flows from financing activities	(7,649)	16,098	(20,104)

* FY2022/3 1Q includes discontinued operations (BPU)

【Capital expenditures, depreciation and amortization】

(¥ million)

	FY2023/3 1Q results	FY2024/3				Medium-Term Management Plan 2023
		1Q results	Variance	Variance(%)	Full year forecasts	
Capital expenditures	17,769	10,569	(7,200)	(40.5)	70,100	248,000
Processed Foods Business Division	1,529	1,719	190	12.4	12,100	45,700
Fresh Meats Business Division	3,513	4,617	1,104	31.4	29,200	78,100
Overseas Business Division	918	1,149	231	25.2	10,400	18,800
Ballpark and other Business	8,459	544	(7,915)	(93.6)	200	105,400
Eliminations and adjustments	3,350	2,540	(810)	(24.2)	18,200	-
Depreciation and amortization	9,353	9,942	589	6.3	40,700	112,600

Business Results for the First Quarter of FY2024/3(abridged version) (2)

【Segment Results and Factor analysis of changes in business profit】

[Consolidated results]

		(¥ billion)					
		1Q results	1st half forecasts	2nd half forecasts	Full year initial forecasts	Full year initial forecasts	Variance
Net Sales							
	Processed Foods Business Division	103.5	-	-	420.0	420.0	0
	Fresh Meats Business Division	193.9	-	-	720.0	720.0	0
	Overseas Business Division	75.2	-	-	295.0	295.0	0
	Ballpark and other Business	8.7	-	-	25.0	25.0	0
	Eliminations and adjustments	(53.1)	-	-	(200.0)	(200.0)	0
	Non-continuing operations	(6.2)	-	-	-	-	0
	Total	322.2	-	-	1,260.0	1,260.0	0

		(¥ billion)					
		1Q Results	1st half forecasts	2nd half forecasts	Full year initial forecasts	Full year initial forecasts	Variance
Business Profit							
	Processed Foods Business Division	0.8	1.7	4.7	6.5	6.5	0.0
	(Dairy/marine products and extract/primary processing)	1.0	0.4	1.1	1.4	1.4	0.0
	Fresh Meats Business Division	10.2	14.5	17.5	32.0	32.0	0.0
	Overseas Business Division	(0.3)	(0.7)	2.4	1.7	1.7	0.0
	Ballpark and other Business	2.5	6.6	(5.1)	1.5	1.5	0.0
	Eliminations and adjustments	(1.1)	(2.1)	(1.6)	(3.7)	(3.7)	0.0
	Total	12.1	20.0	18.0	38.0	38.0	0.0

[Processed Foods Business Division]

		(¥ billion)			
		1Q Results	Full year initial forecasts	Full year initial forecasts	Variance
Business profit		0.8	6.5	6.5	0.0
	Hams and sausages, deli and processed foods	△ 0.9	3.4	2.5	(1.0)
	(External factor(1) Principal raw material prices)	△ 2.0	(4.9)	(4.3)	0.7
	(External factor(2) Other material)	△ 1.5	(4.3)	(3.7)	0.6
	(External factor(3) Energy costs)	△ 0.3	(1.1)	(0.2)	0.9
	(Internal factor(1) Effect of price revisions)	3.3	10.1	9.5	(0.6)
	(Internal factor(1) Improvement activities)	△ 0.4	3.7	1.1	(2.6)
	Dairy/marine products and extract/primary processing	0.6	0.1	0.6	0.5
	DX costs	△ 0.1	(2.0)	(1.6)	0.4
	Total	△ 0.4	1.5	1.5	0.0

Analysis of reasons for year on year variations (1Q)	
Persistently high pork prices due to the weak yen and production cuts by US packers	
Sharply higher prices for packaging, materials, powdered albumin, and sheep intestines	
Soaring electric power costs	
Volume effect ¥(0.4) billion, Unit price effect ¥3.7 billion	
Product mix deterioration due to an increase in the proportion of low-margin products Cost increases resulting from the expansion of sales promotion activities compared with the previous year	
Emergence of benefits from price revisions by multiple companies	

[Fresh Meats Business Division]

		(¥ billion)			
		1Q Results	Full year initial forecasts	Full year initial forecasts	Variance
Business profit		10.2	32.0	32.0	0.0
	Domestic beef/pork business	(0.4)	0.0	(0.9)	(0.9)
	Domestic chicken business	1.9	0.5	1.2	0.7
	Imported fresh meats business	0.4	3.4	2.9	(0.5)
	Food sales	1.2	1.0	1.8	0.8
	DX costs	0.1	(1.2)	(0.8)	0.4
	Others	0.0	(0.8)	(1.2)	(0.4)
	Total	3.2	2.9	2.9	0.0

Analysis of reasons for year on year variations (1Q)	
Production: It was affected by soaring feed costs. Consignment: Price adjustments did not keep pace with soaring pork prices.	
Production: A sharp increase in feed prices was offset by passing on price increases for branded fresh meats.	
Consignment: Sales volume was increased by in-house production and expansion of external procurement	
Despite improved sales of chilled beef and pork, the figures were impacted by a reactionary downswing in chicken sales after a strong FY23/3 1Q result.	
Volume retailers: Sales volume increased in urban areas. Restaurants: Improved meat mix thanks to a recovery in the beef category	

[Overseas Business Division]

		(¥ billion)			
		1Q Results	Full year initial forecasts	Full year initial forecasts	Variance
Business profit		(0.3)	1.7	1.7	0.0
	Australia	(0.8)	0.4	3.3	(0.7)
	Uruguay	(0.3)	1.3	1.2	(0.1)
	Americas	0.6	0.5	0.9	0.4
	Asia & Europe	0.0	1.1	1.5	0.4
	Others	(0.1)	(0.1)	(0.1)	0.0
	Total	(0.6)	6.7	6.7	0.0

Analysis of reasons for year on year variations (1Q)	
Lower cattle prices were outweighed by a bigger decline in selling prices, resulting in reduced profit.	
Despite efforts to reduce losses through planned production cuts, lower export prices resulted in reduced profit.	
Profit was higher thanks to volume growth driven by strong sales of processed foods in North America, as well as the stability of raw material prices compared with the previous year.	
The chicken business in Turkey recorded higher unit prices, but profit was lower due to the effects of soaring feed prices.	

【Breakdown of Sales Results by products】

		(¥ million)					
		FY2023/3	FY2024/3				
		1Q results	1Q results	Variance	Variance(%)	Volume Growth(%)	Full year forecasts
	Hams and sausages	29,924	31,038	1,114	3.7	(1.1)	132,000
	Processed foods	55,052	58,720	3,668	6.7	(4.2)	237,000
	Fresh meats	189,890	203,750	13,860	7.3	(1.3)	787,000
	Beef	75,708	79,717	4,009	5.3	3.6	307,000
	Pork	60,074	65,240	5,166	8.6	(0.6)	246,000
	Chicken	49,192	54,541	5,349	10.9	(2.5)	216,000
	Other fresh meats	4,916	4,252	(664)	(13.5)	(37.7)	18,000
	Dairy products	8,932	9,890	958	10.7	(0.9)	37,000
	Others	18,580	18,777	197	1.1	-	67,000
	Total	302,378	322,175	19,797	6.5	-	1,260,000

*Due to rounding, numbers may not match totals