

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

Date & Time: August 1, 2023 (Tuesday) 15:00-16:00

Q1. What is our business profit forecast for the FY24/3?

We have left our business profit plan unchanged due to uncertainty about the external environment, but we aim to achieve our initial target of more than ¥38 billion in business profits, with a view to ¥40 billion.

Q2. What is the difference between the previous year and this full-year improvement activity of ¥ -2.6 billion in the Processed Foods Business Division?

The major factors behind this were the delayed recovery in sales of *Chuka Meisai* and the increase in the proportion of low-profit products. Another factor is spending on advertising to improve the value of *Schau Essen* and other brands.

Q3. What is the outlook of low-profit products of the Processed Foods Business Division?

Because raw material prices remain high and it is difficult to secure profits, we will optimize its producing system and revise prices in order to keep down producing costs and secure appropriate profits.

Q4. What is the profit level of the Fresh Meats Business Division?

1Q's business profit ratio was 5.3%, an improvement of 1.3% from the previous year. Growth in Food sales is beyond our expectations, and we believe it will drive the fresh meats business this fiscal year. As the sales environment improves, Food sales can fully demonstrate their capabilities. As a result, we forecast it can maintain profit margins of 5% to 6% going forward.

Q5. What are the imported meat inventories of the Fresh Meats Business Division?

It is true that the domestic inventory level is high, but it is attributable to concerns of rising prices and uncertainty about the future, such as the expansion of avian flu (AI) in chicken meat produced in Brazil. Our inventory is also at a high level, but we are proceeding with planned purchases based on a reflection of the previous year, and we are able to control inventory. Imported chicken is not expected to have an AI impact, so the market may rise depending on AI and the forecast may be exceeded.

Q6. What is the outlook for the full-year business profit target for Australia business of the Overseas Business Division to be-¥700 million YoY?

In 1Q, the sales volume of Australian beef exceeded the previous year, but sales prices were lower than expected due to sluggish global demand. We expect a gradual recovery in the future as cattle prices are falling. From a medium-to long-term perspective, the competitiveness of Australian beef will increase partly due to the projected decline in U.S. beef production.

Q7. What is the outlook for the Ballpark Business?

Hokkaido Ballpark F Village opened, and the business model changed greatly. We are developing a system that can attract customers even in the off-season. We would like to achieve our initial target for operating profit of ¥2.6 billion.