

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

Date & Time: February 1, 2024 (Thursday) 15:00-16:00

Q1. What is the reduction of the full-year plan for the effects of improvement activities in the Processed Foods Business Division? What is the impact of the fire?

The reduction was due to the shortfall in sales volume of mainstay products. *Schau Essen* is recovering, and the sales environment is not changing compared to 2Q. The impact of the fire at the distribution center on January 11 will cause 4Q to lose 600 million yen for the sales opportunity loss. This is a temporary effect, and while aiming to eliminate it by the end of this fiscal year, there is a possibility that the impact will remain until early April.

Q2. What is the outlook for the Processed Foods Business Division for the next fiscal year?

Product standard changes and product price revisions will be implemented from April 1 (partially March 1). In the next fiscal year, various costs, mainly for main raw materials, are expected to increase, but will be offset by the effects of revisions. We will improve the product mix by focusing on sales of the mainstay brand *Schau Essen*. Most of the effects of structural reforms are expected to materialize after the second year of the medium-term management plan 2026.

Q3. What is the outlook of domestic chicken market and sales section (Nippon Food Group companies) for the current fiscal year?

Domestic chicken farm business lowered its full-year profit forecast due to the impact of continued high feed prices. In the sales section, the sales price has also been lowered with the market decline of domestic chicken, and the growth of profit is slowing down. However, sales volume has remained at a favorable level from the previous year, and there is no significant change in the sales environment.

Q4. What is the outlook for the Fresh Meats business Division for the next fiscal year?

In domestic production, the impact of feed costs will remain, but we will expand sales of Australian beef, which is benefiting from reduced production of U.S. beef, and secure profits. The sales section strengthens sales volume expansion in urban areas. In terms of internal improvements, we will work to improve profitability in the domestic pork business and promote reforms, such as improving the cost of the farm business and reviewing sales methods.

Q5. What is the outlook for the Australia business of the Overseas Business Division for the current and next year?

The situation in January of the Australian business is that shipment restraints occurred due to the effects of rainfall, and cattle prices rose, so the situation in the purchase of cattle is a headwind. We will strengthen sales to the U.S., Japanese, and Australia for the next fiscal year.

Q6. What is the outlook for the Overseas business Division for the next fiscal year?

Although there are concerns about business profits in the Asia and Europe business for the next fiscal year, given that profits will increase in Australia and ASEAN and maintain profits at the same level as this fiscal year in the Americas, we will image profits of around ¥5 billion and scrutinize it in the future.