

Consolidated Financial Results Briefing
for the Fiscal Year Ended March 2023 Q&A Summary

Date: Wednesday, May 24, 2023

Speakers: Masaru Ikemi, Representative Director, President & CEO

Sadahiko Hanzawa, Representative Director, Executive Vice President

Seiichi Hiroshima, Managing Executive Officer

Q. The overseas operations grew significantly in the FY ended March 2023. Please tell us about the sustainability and further growth potential of this business.

Growth in overseas operations is one of the Group's major strategies, with half of its operating income been earned overseas in the FY ended March 2023. In addition to the growth of the pet food business in Thailand, the handling range of pollock quota in North America has increased, and while 30% is the maximum per company group, we have secured a 27% resource access rights. In Europe, where demand for marine products is strong, four companies were consolidated, which was a major factor in growth as well.

The global economy is slightly stagnant due to inflation, but pet food continues to perform well. Although we lowered our full-year forecast for the pet food business for FY ending March 2024, the strain on logistics have normalized and by entering an inventory adjustment phase, as suppliers refrained from placing orders after having secured larger inventories during the COVID-19 pandemic, the situation is already back to normal now. Alaska Pollock prices were also down for a while, mainly in Europe, but have stabilized now. Our company's advantage lies in the fact that we have the ability to secure marine resources, and in pet food, we have made it clear that the raw materials we use are free of IUU and human rights violations, while those are high barriers for new companies to enter the market. I believe volatility is not very high in our overseas business.

An additional matter is the expansion into frozen foods in North America. The U.S. frozen food market is nearly seven times* the size of the Japanese market. Although we are behind our competitors, we have invested in a local frozen food sales company and have begun to make efforts in this area. We have also just started to expand our nursing care food business in China in mid-March, and we believe that we can expand the sustainability and growth of overseas development further.

Q. What is your plan for the current FY (ending March 2024) and the plan for the next FY (ending March 2025) (from slide 12 of the financial results briefing materials). While other companies in the same industry plan to increase net sales and operating income in the FY ending March 2024, why are Maruha Nichiro's net sales and operating incomes down? Maybe there is a reaction to market conditions for marine products, but the conditions for fish prices should be the same as other companies. Is it hard to hope for sustainable and stable earnings growth?

Although there has been an adjustment phase with respect to fluctuations in fish prices, the current situation is that they have not fallen as much as expected. The primary reason for the decline in net sales and operating income this fiscal year is our overseas business. The fiscal year for our overseas companies is from January to December, and since we could see trends in the first quarter when planning the budget for this fiscal year, we took this into consideration when formulating our plan. We did not make the plan for lower net sales and operating income because of the significant impact of fish prices.

Q. Do you have any goals for areas or fish species you would like to acquire in the medium to long term in terms of fishing rights and resource access concessions?

There is a global competition for marine resources. It is not easy to obtain the resources we are aiming for, and many countries have restrictions on foreign investment. While our company has relationships with 70 countries and regions, besides local suppliers and people who operate fishing vessels, it is quite difficult unless we aim for opportunities at the time of generational change of the other party or finding partners who wish to collaborate with larger capital. It is not a matter of targeting and securing resources, but rather how to win those opportunities that emerge.

Q. Maruha Nichiro's operating income in aquaculture appear to be low compared to peers. It is difficult to see a growth image for your aquaculture business, but how are you planning your strategy?

Profitability is weaker than our peers for farmed fish other than Bluefin tuna. However, we

have established an aquaculture development center for yellowtail and amberjack, which do not rely on natural seedlings, to be able to handle our own aquaculture technology, and we are also working with government agencies.

Q. Is the market for marine products on the rise overall? Or are you more resilient due to internal efforts? (Review of business balance, inventory holdings, etc.)

The difference from the past is the widening gap between Japanese market requirements and rising international market prices for marine products and the problem of not being able to source enough fish in Japan (problem of marine resources). The key point is how to solve these problems while enhancing our procurement capabilities. Our wholesale business has the most important role of sourcing a wide variety of marine resources from all over the country. In the past, wholesalers were no more than our selling partners, but under this new scheme, fish sourced by the wholesalers can now be purchased by Maruha Nichiro (Marine Products Trading Unit, Foodstuff Distribution Business Unit, etc.) for further distribution to various channels. This is our unique strength, and no other company has this wholesalers' function. We intend to continue to grow while making use of this business.

Q. What is your management approach and philosophy toward achieving 1x PBR?

In the current medium-term management plan, we have set MNV (Maruha Nichiro Value) with an awareness of capital cost management. In addition to economic value, we have announced nine materiality and KPIs for social and environmental value, and we would like to show our stakeholders that we are making solid efforts in areas on top of the balance sheet.

Q. It seems like the reason PBR is below 1x is because it is easy to be perceived as being influenced by market conditions. Are you building a system to avoid being seen as a market-sensitive company?

Due to the rising global demand for marine products and future population growth, the image of "fish = healthy food, high protein" is spreading overseas. There is some volatility due to the management of marine resources but holding rights of marine resources will provide us with more alternatives where/who we sell to and create a structure that allows us to find the

best practices in the market.

Q. You have achieved the target for the final year of the medium-term management plan ahead of schedule. Is there any possibility of revising the plan for the FY ending March 2025?

Originally, with FY2027 in sight, we formulated the current medium-term plan as the first stage. We would like to take a little more time to consider with closer examination of the environment and our company's capabilities.

※This document is not a complete transcript of the Q&A session and has been edited by Maruha Nichiro Corporation.