

# Supplementary Materials

## Consolidated Financial Results for the 1<sup>st</sup> Quarter of Fiscal Year Ending March 2024

August 7, 2023

Maruha Nichiro Corporation (TSE:1333)

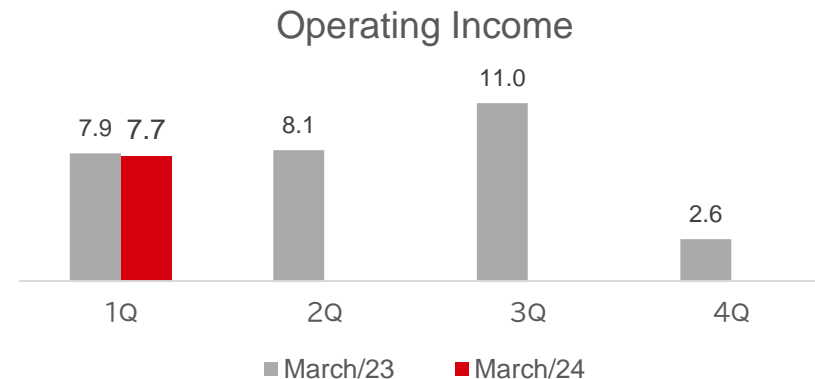
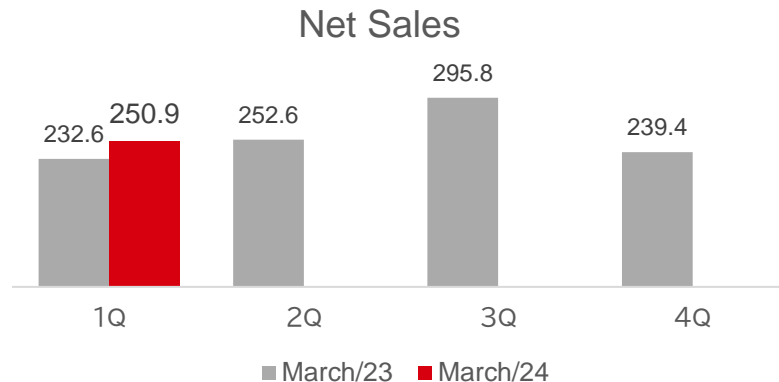


# 1<sup>st</sup> Quarter Financial Highlights

Net sales increased by 7.9% YoY due to continued high prices in the marine products market and the impact of price hikes of food products. Struggles in Marine Products Business Segment led to decrease of 2.3% YoY in operating income.

(JPY in Billions)

	Jun/23	Jun/22	Year on year		Full year forecast	
			Change	%		1Q/Fyf
Net Sales	250.9	232.6	18.3	+7.9%	980.0	25.6%
Operating Income	7.7	7.9	-0.2	-2.3%	27.0	28.5%
Ordinary Income	11.2	12.2	-1.0	-7.9%	27.0	41.5%
Profit attributable to owners of parent	6.7	7.7	-1.0	-13.3%	18.5	36.0%



## Key Points of 1<sup>st</sup> Quarter Financial Results

### Although there was a decrease in operating income YoY in the Marine Products Business Segment, units other than Fishery Business Unit exceeded the plan.

- Operating income decreased due to lower catch volume and higher fuel costs as a result of reduced operations of vessels in the Fishery Business Unit.

(Fishery Business Unit operating income: -1.0 billion JPY, -0.5 billion JPY YoY)

- Sluggish market prices and sales delays for Alaska Pollock business (North America) of the Overseas Business Unit.

Decline in sales volume following inventory adjustments of users (customers) in North America led to decrease in operating income in pet food business (Thailand).

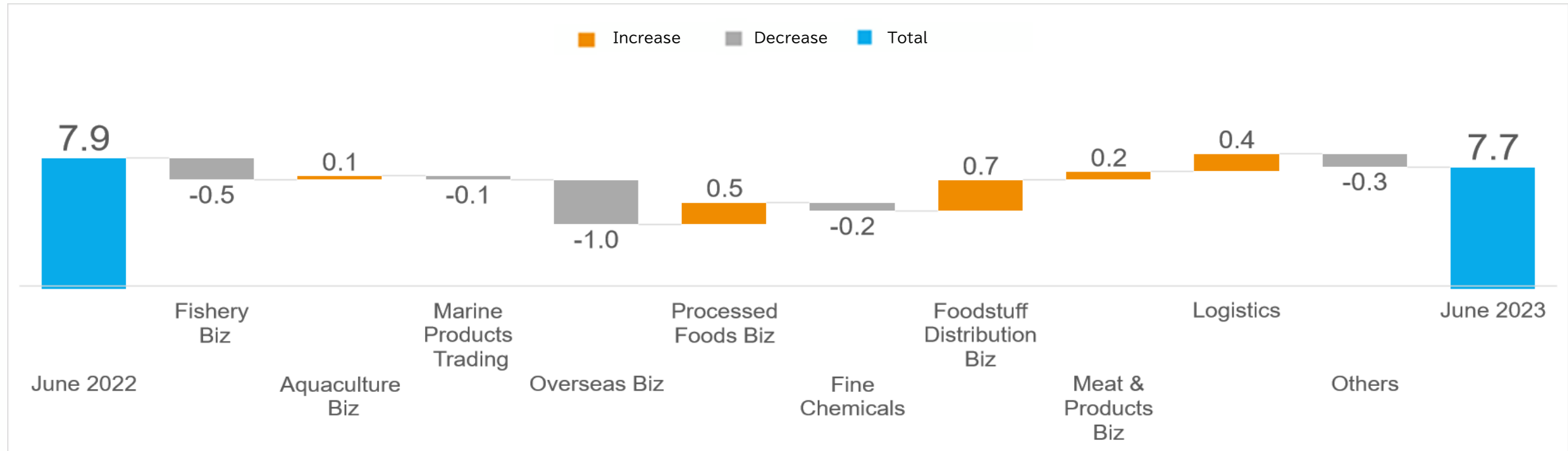
(Overseas Business Unit operating income: 1.8 billion JPY, -1.0 billion JPY YoY)

### Operating income recovered in the Processed Foods Business Segment and Foodstuff Distribution Business Segment through price hikes implemented since the previous fiscal year.

- Operating income increased due to price hikes and improved operational efficiency and productivity through SKU reductions, etc.

(Operating income for the two segments totaled 3.7 billion JPY, +1.2 billion JPY YoY)

# Factors of Increase/Decrease in Operating Income



Decrease in catch volume due to reduced operation of fishing vessels and a surge in fuel costs

Sales prices of major fish species remain high

Decreased consumption of some fish species such as salmon and frozen tuna due to high prices, resulting in a drop in sales prices

Sluggish market for Alaska Pollock and sales delays in N. America, along with weak sales for pet food business in N. America (Thailand)

Diffusion of price hikes

Remained mostly in line with plan

Steady sales to food service, nursing care food, lunch services. Improved biz efficiency and productivity through price hikes and SKU reduction, etc.

Price increases due to rising meat market prices, strong sales of imported meat

Demand for storage remained high esp. in metropolitan areas. Continuing high electricity and other costs reflected in prices

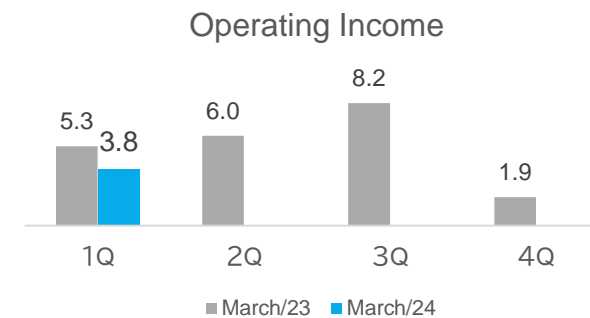
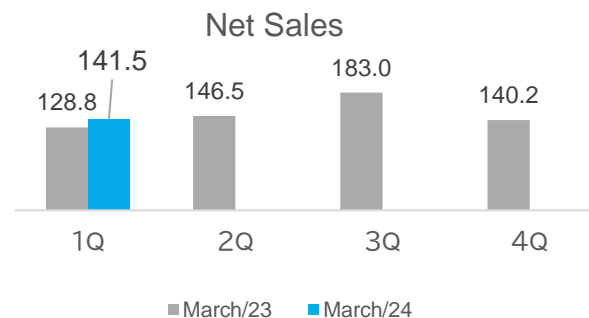
Increase in corporate expenses and other expenses including labor costs

# Marine Products Business Segment

29% decrease in operating income due to a decrease in catch volume and a surge in fuel costs in the fishery business, along with the impact of inventory adjustments of users (customers) in the pet food business.

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Jun/23	Jun/22	YoY		Jun/23	Jun/22	YoY	
			Change	%			Change	%
Fishery Business	8.9	7.6	1.3	+17.0%	-1.0	-0.5	-0.5	-
Aquaculture Business	4.1	4.1	0.0	+1.1%	0.8	-0.7	0.1	+9.9%
Marine Products Trading	73.4	71.9	1.5	+2.1%	2.2	2.3	-0.1	-5.9%
Overseas Business	55.1	45.2	9.8	+21.8%	1.8	2.8	-1.0	-34.8%
Segment Total	141.5	128.8	12.7	+9.9%	3.8	5.3	-1.5	-28.8%



# Marine Products Business Segment

- **Fishery Business**

**【Overview】** While sales of major fish species, including Patagonian Toothfish were strong, resulting in increased net sales, operating income decreased due to reduced catch quantities caused by decreased fishing vessel operation and surge in fuel costs.

**【Forecast】** By implementing cost controls in response to the surge in fuel prices, reassessing operational structures, and increasing in-house processing capabilities, as well as diversifying sales channels, we aim to enhance profitability.

- **Aquaculture Business**

**【Overview】** Net sales and op. income increased due to increased sales volumes primarily of yellowtail and amberjack, along with sustained high prices for major fish species.

**【Forecast】** Concern about rising costs due to soaring fuel and feed costs ⇒ Work to mitigate the impact by optimizing costs, including reviewing formula feed, improving rearing technology, and strengthening collaborations with reliable trading partners. Will promote sales diversification through collaboration within the group, including tuna.

# Marine Products Business Segment

- **Marine Products Trading**

【Overview】 Although net sales increased due to the overall market price of marine products remaining high, the sales price of some fish species, such as salmon and frozen tuna, declined due to decreased consumption caused by high prices, resulting in a decrease in operating income.

【Forecast】 Expand sales by strengthening cooperation between trading and wholesale and ensure stable profits through thorough inventory control.

- **Overseas Business**

<N. America> 【Overview】 Although supply increased due in part to increased Alaska Pollock resources, market prices remained sluggish and sales were delayed, resulting in high net sales and decrease in operating income.

【Forecast】 In response to high production costs, we will control costs by optimizing the allocation of plant personnel and improving production efficiency. Aim for early sales of manufactured products amid weak market conditions.

<Europe> 【Overview】 Net sales and operating income increased due to steady growth of subsidiaries in the previous fiscal year.

【Forecast】 Strengthen governance of subsidiaries and foster group synergies.

<Asia> 【Overview】 Net sales and operating income decreased due to weak sales in the pet food business as a result of inventory adjustments of users in North America.

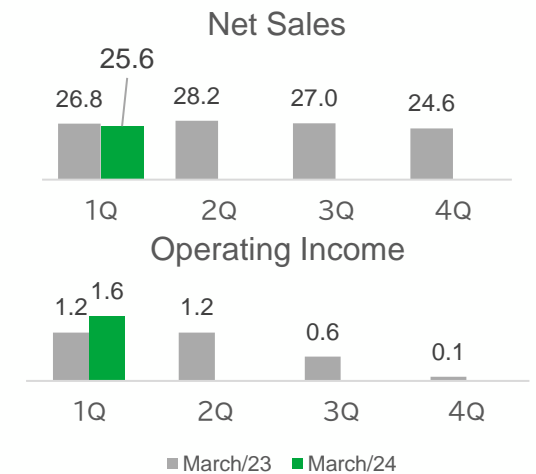
【Forecast】 Customer inventory adjustments are expected to recover in the second half of the year. In addition to enhancing competitive advantage through product development, we will strive to maintain sales volume through new sales channels.

# Processed Foods Business Segment

Overall op. income increased by 27% due to price increases in the Processed Foods biz unit

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Jun/23	Jun/22	YoY		Jun/23	Jun/22	YoY	
			Change	%			Change	%
Processed Foods Business	24.0	24.8	-0.8	-3.4%	1.3	0.8	0.5	+64.2%
Fine Chemicals	1.7	2.0	-0.3	-14.9%	0.3	0.4	-0.2	-40.6%
Segment Total	25.6	26.8	-1.1	-4.2%	1.6	1.2	0.3	+27.0%



- Processed Foods Business**

**【Overview】** With more people going out to eat in restaurants, and consumers economizing food purchases due to price hikes, the processed foods biz Unit struggled in terms of volume and sales. Although net sales decreased due to the loss from the fire at the Hiroshima Plant in the previous year, op. income increased due to price hikes.

**【Forecast】** If the cost of raw materials continue to rise, we will consider reviewing products and appropriately revising prices. In frozen foods, secure profits from noodles for which production facilities were expanded in the previous FY. Expand business in the growing noodle and prepared side dish categories. In the medium-to long-term, we aim to improve profitability by reviewing our business structure, including improving unprofitable products and reorganizing our factories.

- Fine Chemicals**

**【Overview】** Sales to the health food sector were strong and progressed as planned.

**【Forecast】** Expansion of active pharmaceutical ingredients (EPA, heparin) and efforts in the field of “preventive food and pre-illness diet”.

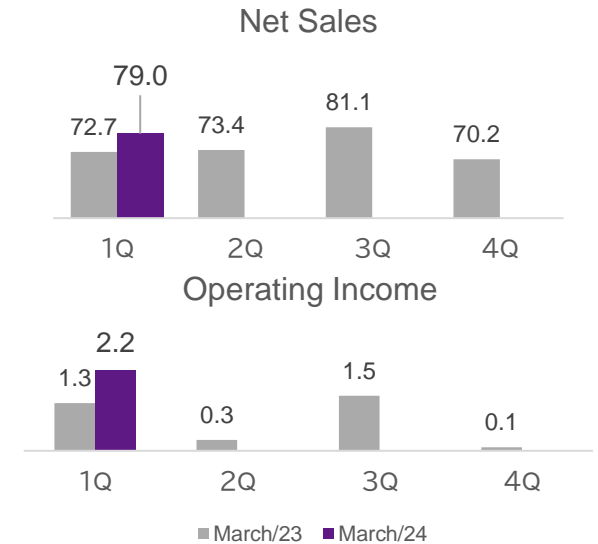


# Foodstuff Distribution Business Segment

In addition to price hikes, operational efficiency and productivity improvements were successful, resulting in an overall profit increase of 68%

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Jun/23	Jun/22	YoY		Jun/23	Jun/22	YoY	
			Change	%			Change	%
Foodstuff Distribution Business	52.8	52.1	0.7	+1.3%	1.5	0.8	0.7	+81.5%
Meat and Products Business	26.2	20.5	5.7	+27.6%	0.6	0.4	0.2	+42.0%
Segment Total	79.0	72.7	6.4	+8.7%	2.2	1.3	0.9	+67.8%



- Foodstuff Distribution Business**

**【Overview】** Steady sales to food service, nursing care food, home delivery, and lunch services. Net sales and operating income increased due to improved business efficiency and productivity through price hikes and SKU reduction, etc..

**【Forecast】** Strengthen cooperation within the group, go beyond the framework of marine products, meat products, and processed food products for commercial use and strengthen customer-oriented sales capabilities. Grasping business needs in line with market changes and expanding sales channels by cultivating new markets. Continue productivity improvement.

- Meat and Products Business**

**【Overview】** Both net sales and operating income increased due to price hikes for meat products in line with higher overall meat market prices and steady sales of imported meat.

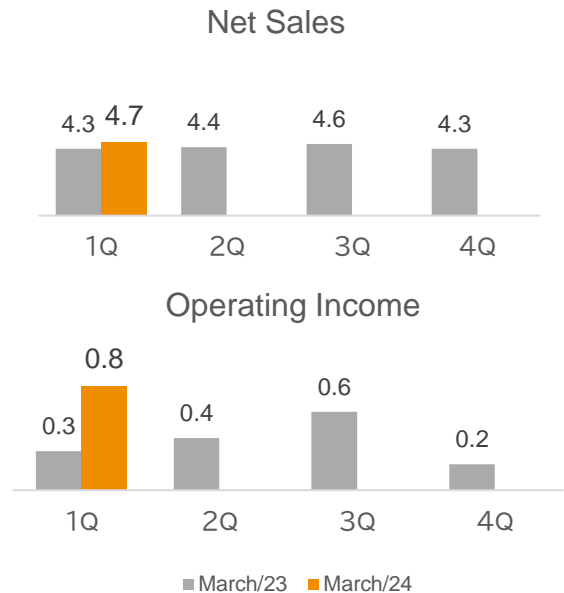
**【Forecast】** Respond to market needs by utilizing a diverse domestic and overseas procurement networks. Maximize profitability by promoting intra-group collaboration.

# Logistics Segment

Steady capture of storage demand, operating income increased by 126%

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Jun/23	Jun/22	YoY		Jun/23	Jun/22	YoY	
			Change	%			Change	%
Logistics	4.7	4.3	0.4	+9.1%	0.8	0.3	0.4	+126.1%



- **Logistics**

**【Overview】** Both net sales and operating income increased due to high inventory volumes, especially in metropolitan areas, as well as the reflection in continued high prices of electricity and other costs.

**【Forecast】** Promote efficiency through the introduction of digitization and labor-saving technologies. Continuously work to reduce CO<sub>2</sub> emissions by introducing energy saving equipment. In response to the 2024 problem, we will strengthen our logistics infrastructure by promoting modal shifts and reducing waiting times for shipments.

# Appendix

# Consolidated Statement of Income for 1Q of FY Ending March 2024

(JPY in Billions)

	Jun/23	Jun/22	Change	Remarks
Net Sales	250.9	232.6	18.3	
Cost of Sales	216.9	198.7	18.1	
Gross profit	34.1	33.9	0.2	
Expense	26.4	26.0	0.3	
Operating Income	7.7	7.9	-0.2	
Non-operating Revenues	4.4	4.8	-0.4	Foreign exchange gain (1.6)
Non-operating Expenses	0.8	0.5	0.3	
Ordinary Income	11.2	12.2	-1.0	
Extraordinary Income	0.1	0.4	-0.3	
Extraordinary Loss	0.6	0.3	0.3	
Income before Tax	10.7	12.2	-1.5	
Taxes	3.5	3.3	0.2	
Profit attributable to non-controlling interests	0.6	1.3	-0.7	
Profit attributable to owners of parent	6.7	7.7	-1.0	

# Consolidated Balance Sheet for 1Q of FY Ending March 2024

	Jun/23	Mar/23	Change	Remarks(Year-end change)
Current assets	414.7	392.6	22.1	Cash & deposit (-4.9), Trade notes & accounts receivable (+5.5), inventories (+19.3)
Fixed assets	245.7	244.6	1.2	
Total	660.5	637.2	23.2	
Current liabilities	271.4	265.4	5.9	Trade notes & accounts payable (+3.6), Short-term loans payable (-2.5)
Long-term liabilities	170.6	159.3	11.3	Long-term loans payable (+11.9)
Total liabilities	441.9	424.7	17.2	
Shareholders' equity	167.0	163.6	3.4	
Other cumulative comprehensive income	16.9	14.7	2.3	
Non-controlling interests	34.6	34.2	0.4	
Total shareholders' equity	218.5	212.5	6.0	
Total	660.5	637.2	23.2	
Interest-bearing debt	310.5	301.1	9.3	(includes Bonds +5.0)
Capital Adequacy Ratio	27.9%	28.0%	-0.1	

(JPY in Billions)

## **Increase in Assets (23.2 Billion JPY)**

-Increase in trade notes & accounts receivable due to strong sales of marine products and meat products.

-Increase in inventories due to seasonal factors. \*Including the effect of exchange rates on assets of overseas companies.  
(+3.3 billion JPY)

## **Increase in Liabilities (17.2 Billion JPY)**

-Increase in interest-bearing debt due to increase in working capital.  
-Increase in notes and accounts payable and operating accounts payable.

# Consolidated Cash Flows for 1Q of FY Ending March 2024

(JPY in Billions)

	Jun/23	Jun/22	Change	Main contents
Cash flows from operating activities	-6.2	-20.7	14.5	Net income before taxes and adjustments 10.7 Depreciation and amortization 4.3 Decrease(Increase(-)) in trade accounts receivable -4.9 Decrease(Increase(-)) in inventories -17.0 Increase(Decrease(-)) in trade accounts payable 2.1 Increase(Decrease(-)) in other CL 5.4 Corporate taxes paid -3.3
Cash flows from investing activities	-2.4	-14.4	12.0	Payments for purchases of tangible fixed assets -2.9 Purchase of intangible assets -0.5 Interest and dividend income received 0.8
Cash flows from financing activities	3.2	30.2	-27.1	Increase(Decrease(-)) in short-term borrowing -8.8 Increase(Decrease(-)) in long-term loans payable 17.3 Cash dividends paid -3.3 Dividends paid to non-controlling interests -1.2 Interest expenses paid -0.7
Cash and cash equivalents at end of period	28.5	20.5	8.0	-

# Results for 1Q of FY Ending March 2024 (by segment/unit)

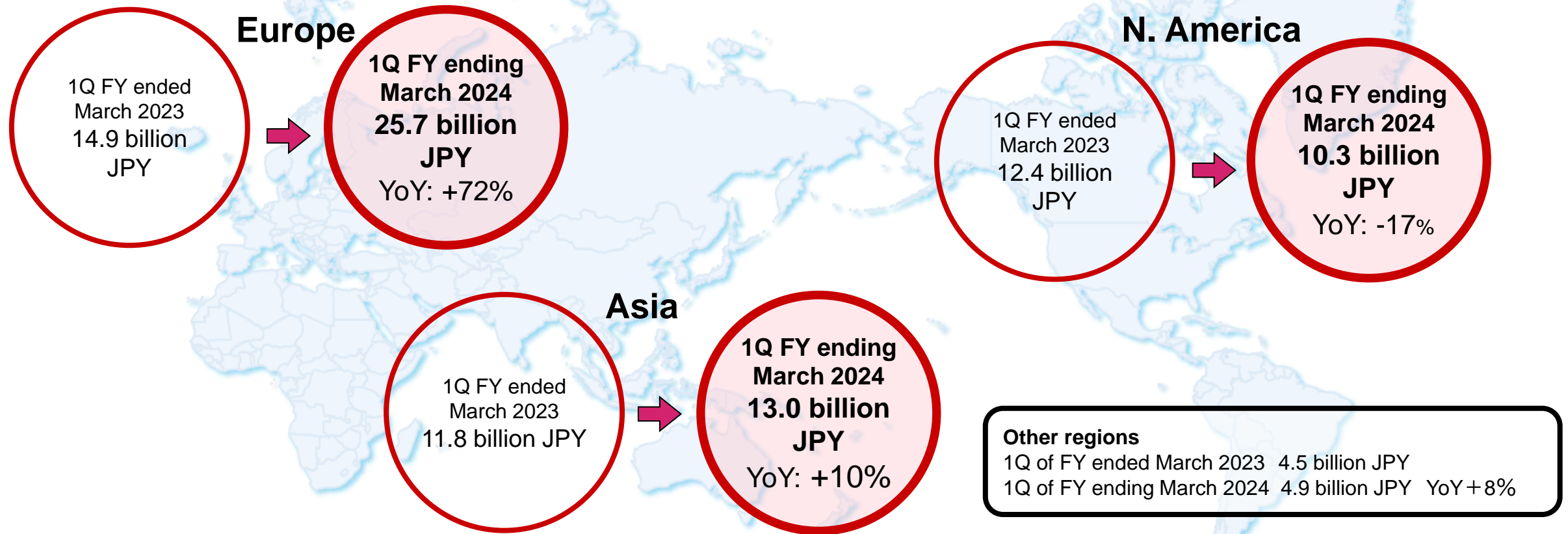
(JPY in Billions)

Segment	Unit	Net Sales					Operating Income				
		Jun/23	Jun/22	Change	Full year Forecast	1Q/Fyf	Jun/23	Jun/22	Change	Full year Forecast	1Q/Fyf
Marine Products Business	Fishery Business	8.9	7.6	1.3	45.8	19.4%	-1.0	-0.5	-0.5	2.6	-
	Aquaculture Business	4.1	4.1	0.0	14.2	29.0%	0.8	0.7	0.1	0.2	398.0%
	Marine Products Trading	73.4	71.9	1.5	268.0	27.4%	2.2	2.3	-0.1	3.9	55.6%
	Overseas Business	55.1	45.2	9.8	232.7	23.7%	1.8	2.8	-1.0	10.6	17.0%
	Segment Sub Total	141.5	128.8	12.7	560.8	25.2%	3.8	5.3	-1.5	17.4	21.7%
Processed Foods Business	Processed Foods Business	24.0	24.8	-0.8	103.6	23.1%	1.3	0.8	0.5	3.3	39.5%
	Fine Chemicals	1.7	2.0	-0.3	8.0	20.8%	0.3	0.4	-0.2	1.4	18.6%
	Segment Sub Total	25.6	26.8	-1.1	111.7	22.9%	1.6	1.2	0.3	4.7	33.3%
Foodstuff Distribution Business	Foodstuff Distribution Business	52.8	52.1	0.7	212.5	24.9%	1.5	0.8	0.7	2.9	52.6%
	Meat and Products Business	26.2	20.5	5.7	76.1	34.5%	0.6	0.4	0.2	0.9	69.6%
	Segment Sub Total	79.0	72.7	6.4	288.6	27.4%	2.2	1.3	0.9	3.8	56.6%
Logistics	Logistics	4.7	4.3	0.4	18.6	25.1%	0.8	0.3	0.4	1.5	51.4%
	Others	0.1	0.1	-0.0	0.4	23.8%	0.1	0.1	0	0.2	35.5%
	Common Cost	-	-	-	-	-	-0.7	-0.4	-0.3	-0.6	-
	Total	250.9	232.6	18.3	980.0	25.6%	7.7	7.9	-0.2	27.0	28.5%

# Overseas Net Sales for 1Q of FY Ending March 2024

Overseas Net sales	1Q of FY ended March 2023	1Q of FY ending March 2024	March 2025 target
	43.7 billion JPY	53.9 billion JPY	215.0 billion JPY

Overseas Net sales ratio	1Q of FY ended March 2023	1Q of FY ending March 2024	March 2025 target
	18.8%	21.5%	22.4%





**For Inquiries, please contact**

**Investor Relations Group  
Corporate Planning Department  
Maruha Nichiro Corporation  
E-mail: [ir-info@maruha-nichiro.co.jp](mailto:ir-info@maruha-nichiro.co.jp)**

**Thank You**



This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about Maruha Nichiro and its group companies that are not historical facts. These forward-looking statements are based on current forecasts, estimates, assumptions, plans, beliefs and evaluations in light of information currently available to management.

In preparing forecasts and estimates, Maruha Nichiro and its group companies have used, as their basis, certain assumptions as necessary, in addition to confirmed historical facts. However, due to their nature, there is no guarantee that these statements and assumptions will prove to be accurate in the future. Maruha Nichiro therefore wishes to caution readers that these statements, facts and certain assumptions are subject to a number of risks and uncertainties and may prove to be inaccurate.

The markets in which Maruha Nichiro and its group companies operate are highly susceptible to rapid changes. Furthermore, Maruha Nichiro and its group companies operate not only in Japan, but in many other countries. As such, factors that can have significant effects on its results include, but are not limited to, shifts in technology, demand, prices, competition, economic environments and foreign exchange rates.

This material has been designed as part of Maruha Nichiro's public relations and IR activities. It was not created with the purpose of soliciting investors to buy or sell Maruha Nichiro's stock or any other securities.