

Mid-Term Management Plan Briefing**Q&A Summary**

Date: Friday, March 28, 2025

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Q. What is the probability of profit improvement in the Marine Resources Business Segment?

Please explain the timeline for structural reforms in Japan, the specifics of strengthening downstream strategies, and the background and probability of the North American Alaska pollock business becoming profitable.

-Fishery Business:

- We will withdraw from businesses where marine resources are unstable both in Japan and overseas.
<e.g.>
 - The tuna longline vessels (in Japanese waters) and the snapper business (Indian Ocean) have already been addressed.
 - The halibut business (Atlantic Ocean) will move forward with consideration of whether to continue or discontinue operations.
- Operational efficiency will be improved by replacing old vessels with new ones, as the operation of vessels is declining due to aging and resource management is relatively stable in the overseas fishing.
<e.g.>
 - Purse seiner in the skipjack tuna business.
 - Trawler in New Zealand.
 - In the Australian Patagonian toothfish business, the number of vessels was reduced, but operational capacity was maintained through new vessels.

-North America Alaska Pollock Operations:

The market is expected to normalize as demand for Alaska pollock has been stimulated, and the supply of Russian pollock, which had been a factor in the soft market, has stabilized.

-Downstream Strategy:

In the Marine Resources Business Segment, all businesses have a very high ratio of providing raw materials to the market.

For example, the tuna caught by domestic purse seine vessels is not only provided to the market as raw material, but now, in collaboration with the processing division of the Foodstuff Distribution Business

Segment, it is processed into "tuna tataki" (minced tuna) and distributed to the market through the sales network of the same segment.

In the North American Alaska pollock business, surimi (raw material for fish paste products) is being turned into imitation crab sticks (kanikama) within the group and then distributed as a finished product to the market. However, currently, this ratio is still only just over 10%. By increasing the ratio of final products within the group, we can establish a structure that is not influenced by market prices. We hope to increase this ratio as we move forward with our business alliance with Kibun Foods.

Q. To achieve a long-term vision of having an overseas operating income ratio of over 70%, could you outline the priorities for growth investments in overseas areas and businesses?

Currently, we have not set a major focus regarding the priority areas by region, but securing access to marine resources, which we had previously emphasized, has become increasingly difficult in recent years. The business models we aim to focus on moving forward include the production of frozen foods and other products in Europe and North America, as well as the ability to supply products to the end market. While still under consideration, we are also looking into investing in brands that can sell finished products in the pet food business in Thailand.

Q. Operating income is expected to grow in the Foodstuff Distribution Business Segment, with the strengthening and promotion of the value cycle, but please explain why domestic operating income will not grow much over the next three years.

While our plan is somewhat conservative, Japan is experiencing a decline in population, which is leading to a significant decrease in consumption. The construction of the value cycle is planned to shift more toward overseas markets rather than focusing on the domestic market.

Q. What is your view (conservative, neutral, or challenging) on the plan to achieve an operating income of 40 billion yen for the Fiscal Year Ending March 2028?

Between conservative and neutral. Looking at the numbers alone, if the Marine Resources Business Segment recovers as expected, and if both the Foodstuff Distribution Business Segment and the Processed Foods Business Segment continue as they have, 40 billion yen is not challenging. However, there are uncertainties in the external environment of the Marine Resources Business Segment (problems with natural marine resources, increased costs for new vessels, etc.), so we consider it "between conservative and neutral."

Q. Regarding P/B ratio of 1x, do you have any plans to implement share buybacks or additional shareholder returns while observing stock price trends?

One thing we would like to focus on is strengthening our Investor Relations (IR) activities. In the past, we faced challenges with bad debts and non-performing fixed assets which hindered our ability to stabilize net income. However, these issues have been resolved in recent years, and as a result, our profits are now more directly reflected in our earnings. We recognize that we have been behind in our IR efforts and aim to address this moving forward.

While we are still in a phase where continued investment is necessary and have not yet made any specific plans regarding share buybacks, we will assess our cash flow situation and respond flexibly as the circumstances evolve.

Q. Do you plan to change all brand names in conjunction with the company name change? Also, could you share your approach for raising awareness of the new company name both domestically and internationally?

For our own products, all brand names will be changed. At this point for our group companies, which have their own brands, such as AIXIA and Yayoi Sun Foods (although under consideration), we have no plans to change their names. We will make changes to group companies that have "Maruha Nichiro" in their name.

Q. For about 20 years since the time of Maruha, you have set the goal of strengthening overseas sales capabilities in your mid-term management plans. Has the expansion progressed as originally envisioned? Also, you mentioned that the company name change is one factor in strengthening overseas operations. What measures are in place to promote the new company name internationally?

At the beginning of the previous medium-term management plan (FY Ended March 2022), the overseas net sales ratio was about 19%, but it is now about 26%, and the overseas ordinary income ratio has reached 46% (about 33% in FY Ended March 2022). (For reference: overseas net sales accounted for about 6% of total net sales in FY Ended March 2005)

Regarding the company name change, one factor was that "Maruha Nichiro" is difficult for overseas audiences to pronounce and understand. As a Japanese company, we intentionally chose to use "Umi" for "Ocean." Going forward, we aim to expand overseas with the momentum that "Umi" becomes a universal term (Example of a Japanese word becoming a universal term: "sushi").

Q. By establishing RHQ (Regional Headquarters), is there a risk of reduced collaboration between regions? Additionally, in terms of the business in each segment across regions, who holds the authority—the head of the RHQ or the head of each segment?

We believe that market needs differ significantly across regions. In promoting the value cycle, it is essential to quickly incorporate regional needs and translate them into business actions. As for priorities, we aim to create a system where the GHO (Global Head Office) at headquarters evaluates investment returns and makes decisions. By establishing the Overseas Business Strategy Division, we intend to create a structure where discussions are conducted with consideration for the entire group, fostering more in-depth discussions and ensuring better alignment across regions.

Q. What are your advantages over other companies in terms of resource procurement capabilities, processing technology, and food product supply capabilities.

- **Resource Procurement Capabilities:** We are extremely confident in our ability to procure marine resources. With connections in over 70 countries and regions, we can offer products tailored to the needs of consumers. Additionally, beyond marine products, we have nearly 100 billion yen in net sales from meat products and agricultural products. Our procurement network across these three sectors is a distinct advantage for our company.
- **Processing Technology:** We have inherited production and development capabilities since the Nichiro era. Our ability to handle various temperature ranges (frozen, refrigerated/chilled, and ambient) and the processing technology we've developed over the years are key strengths.
- **Food Product Supply Capabilities:** Ultimately, it comes down to how many sales channels we control. Our group has a vast network, covering retail, foodservice, lunch services, convenience stores, home delivery services and nursing care facilities. This broad distribution reach is a major competitive advantage.

Q. You have announced an increase in your ownership stake in Seafood Connection. Do you plan to eventually acquire 100% of the company?

Yes, we intend to acquire 100%.

*This document is not a complete transcript of the questions and answers at the briefing and has been edited by Maruha Nichiro Corporation.