

# Supplementary Materials

## Financial Results For the Fiscal Year Ended March

### 2023 (April 2022-March 2023)

May 8, 2023

Maruha Nichiro Corporation (TSE : 1333)



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# **Business Overview for the Fiscal Year Ended March 2023**

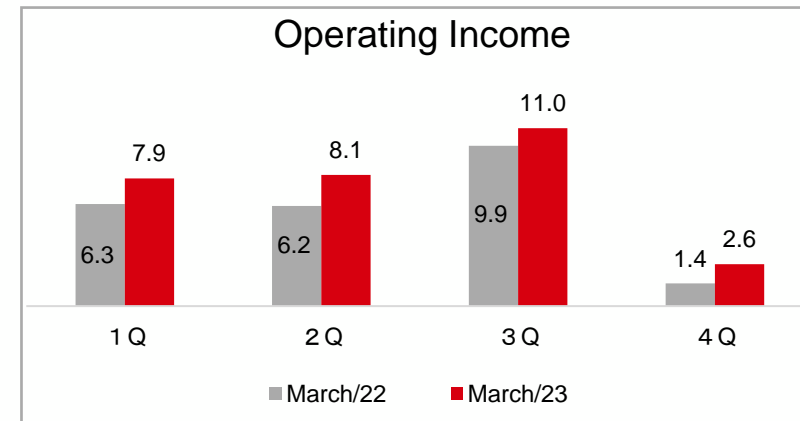
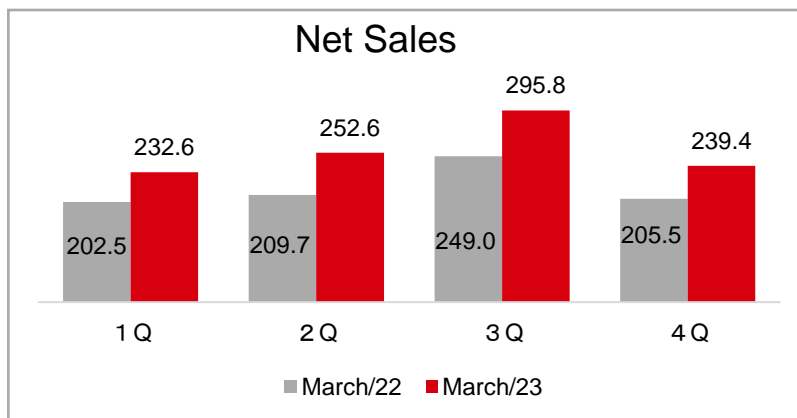
## Full Year Financial Highlights for the FY Ended March 2023

Net sales significantly exceeded the annual plan, reaching 1 trillion yen for the first time since the merger, due to rising fish prices and price revisions for processed foods.

Operating income, ordinary income, and profit attributable to owners of parent also reached their highest levels since the merger as well.

(JPY in Billions)

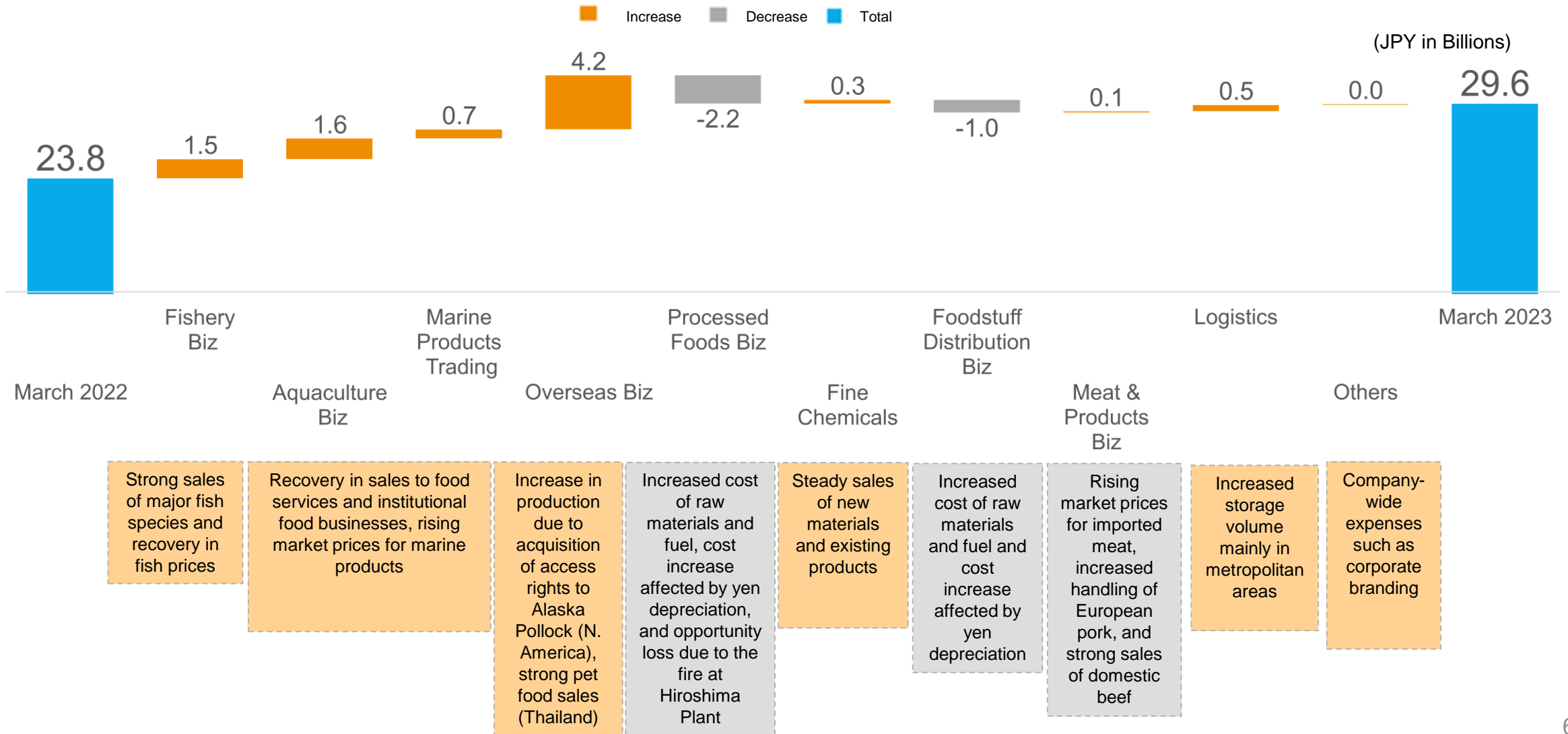
	Mar/23	Mar/22	Change	Change (%)
Net Sales	1,020.5	866.7	153.8	+17.7%
Operating Income	29.6	23.8	5.8	+24.2%
Ordinary Income	33.5	27.6	5.9	+21.4%
Profit attributable to owners of parent	18.6	16.9	1.7	+10.0%



## Key Points for 4Q Financial Results

- **In the Marine Products Biz Segment, although some marine products market prices declined in 4Q, strong performance up to 3Q offset the overall decline, resulting in significant YoY increases in net sales and op. income.**
  - The Marine Products Trading Unit, which had performed well until 3Q, slowed down in 4Q due to the drop in the market prices of some fish species and the fading anticipation of high prices of some fish species after reaching their peaks. Op. income increased due to strong performance up to 3Q.  
(Marine Products Trading Unit op. income: +0.7 billion yen YoY)
  - Pet food business (Thailand) and Alaska Pollock operations (North America) in the Overseas Business Unit drove strong performance.  
(Overseas Business Unit op. income +4.2 billion yen YoY)
- **The Processed Food Business Segment and Foodstuff Distribution Business Segment struggled due to increased costs and a delay in the timing of raising prices.**
  - Decrease in op. income due to the inability to cover the cost increase during 4Q.  
(Operating income of the 2 segments combined: -2.8 billion yen YoY)
  - Price increase implemented in February 2023 will contribute to the FY ending March 2024.

# Factors of Increase/Decrease in Operating Income

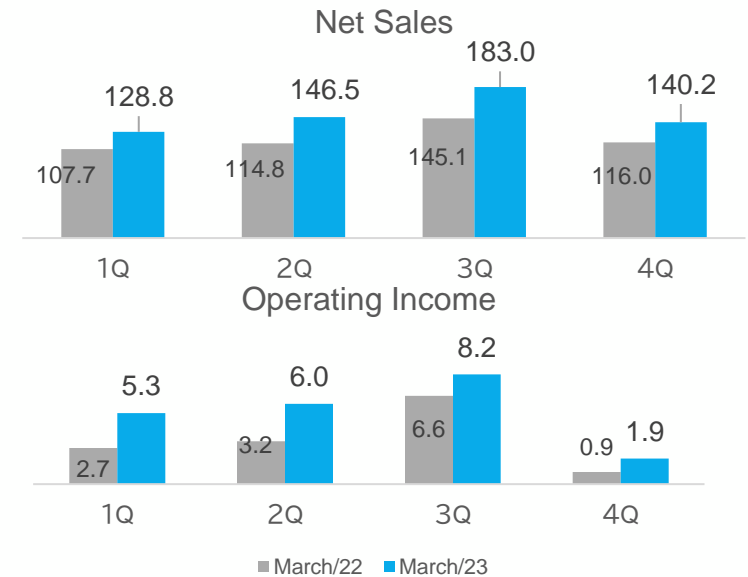


# Marine Products Business Segment

60% increase in op. income due to good performance through 3Q, including recovery in fish prices, rising market prices, and increased sales volume.

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Mar/23	Mar/22	Change	YoY change	Mar/23	Mar/22	Change	YoY change
Fishery Business	42.2	31.5	10.8	+34.2%	1.8	0.3	1.5	+569.4%
Aquaculture Business	15.9	14.6	1.2	+8.4%	1.6	-0.0	1.6	—
Marine Products Trading	309.9	278.6	31.4	+11.3%	4.5	3.8	0.7	+19.2%
Overseas Business	230.5	158.9	71.5	+45.0%	13.4	9.3	4.2	+44.7%
Segment Total	598.5	483.6	114.9	+23.8%	21.4	13.3	8.0	+60.2%



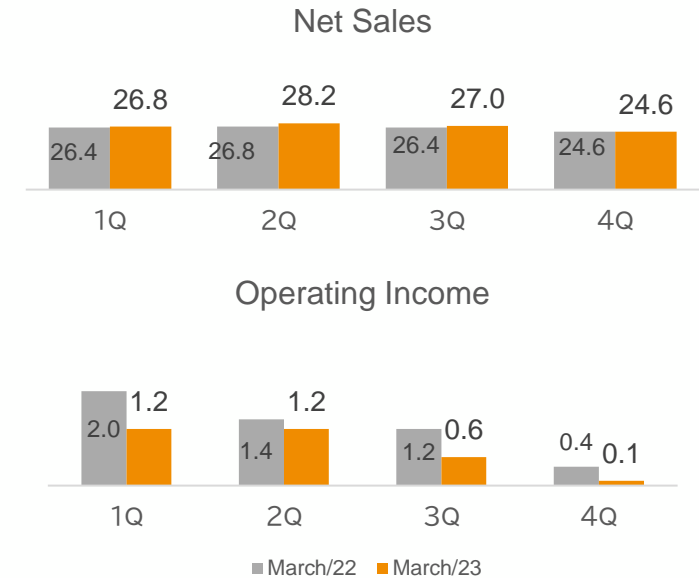
- **Fishery** Net sales increased due to strong sales of Patagonian Toothfish. Op. income increased due to recovery of fish prices.
- **Aquaculture** Both net sales and op. income increased due to an increase in sales volume and recovery in sales prices of yellowtail and amberjack, mainly to GMS, SM and restaurants, as well as higher market prices for tuna and other major fish species.
- **Marine Products Trading** Both net sales and op. income increased, supported by a recovery in sales to food services and institutional food businesses as well as firm fish prices for marine products in general.
- **Overseas** **<N. America>** Increased production due to improved production efficiency and newly acquired Alaska pollock resources. In addition, net sales and op. income increased due to higher selling prices in a robust market. **<Europe>** Net sales and op. income increased due to purchases and sales corresponding to increased demand for marine products and an increase in the number of subsidiaries. **<Asia>** Both net sales and op. income increased due to strong sales of pet food business to North America and strong USD against Thai Baht.

# Processed Foods Business Segment

Overall profit declined 39% due to cost increases and price revision discrepancies in the Processed Foods Unit.

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Mar/23	Mar/22	Change	YoY change	Mar/23	Mar/22	Change	YoY change
Processed Foods Business	98.9	97.4	1.5	+1.6%	1.7	3.9	-2.2	-56.0%
Fine Chemicals	7.8	6.8	0.9	+13.5%	1.4	1.1	0.3	+23.5%
Segment Total	106.6	104.2	2.4	+2.3%	3.1	5.1	-1.9	-38.5%



- Processed Foods** Despite struggling in terms of volume due to cooling consumer sentiment and budget-minded consumers caused by overall food price hikes, Net sales increased due to continued demand for ready-made meals, the effect of price revisions, and successful measures to expand sales. On the other hand, op. income decreased due to continued high raw material and energy costs, as well as the impact of foreign exchange rate fluctuations. Frozen foods lost sales opportunities due to the loss of the Hiroshima Plant.
- Fine Chemicals** Net sales and op. income increased as sales of heparin for pharmaceuticals and sales of materials for health foods remained strong.

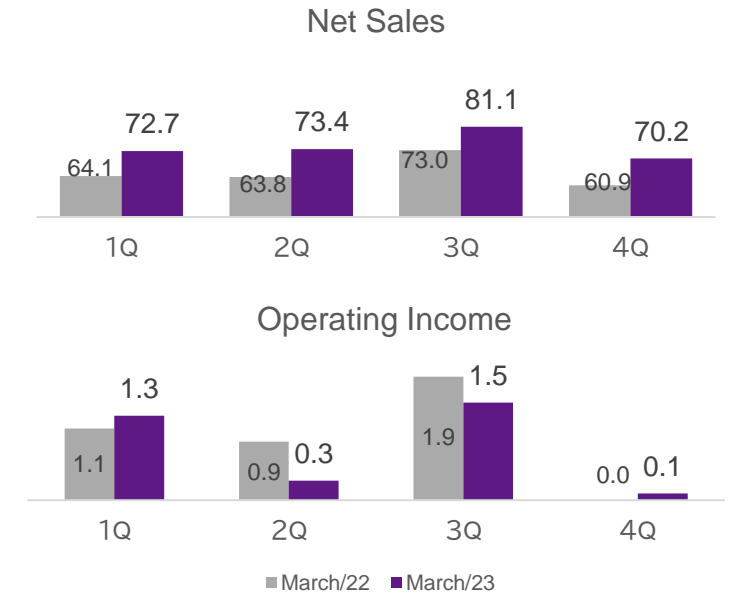


# Foodstuff Distribution Business Unit

Overall op. income declined 21% due to cost increases and price revision discrepancies in the Foodstuff Distribution Biz unit.

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Mar/23	Mar/22	Change	YoY change	Mar/23	Mar/22	Change	YoY change
Foodstuff Distribution Business	211.3	190.8	20.5	+10.7%	2.3	3.2	-1.0	-30.1%
Meat and Products Business	86.0	71.1	14.9	+21.0%	0.8	0.7	0.1	+18.7%
Segment Total	297.3	261.9	35.4	+13.5%	3.1	3.9	-0.8	-21.4%



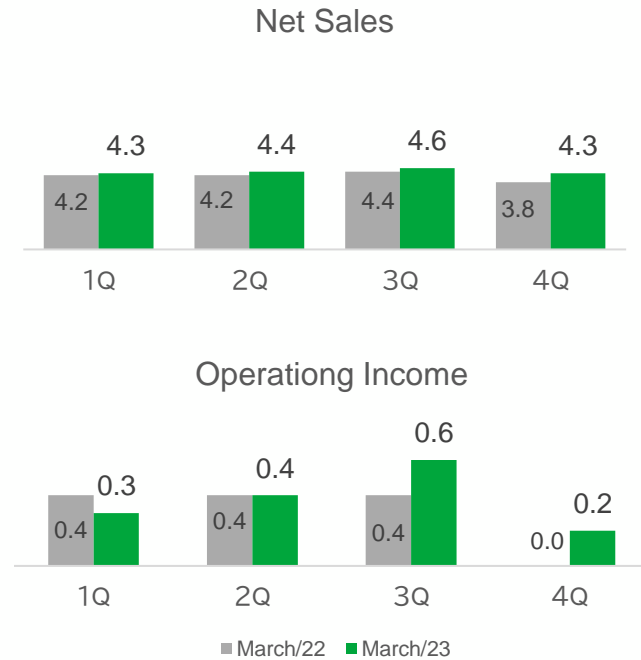
- Foodstuff Distribution** Sales to food services recovered, and sales of lunch services and nursing care food also remained strong, resulting in an increase in net sales. On the other hand, despite price revisions and efforts to improve productivity and efficiency, this was not enough to compensate for cost increases due to soaring raw material, energy costs and the ongoing depreciation of the yen, resulting in a decline in profit.
- Meat and Products** Both net sales and op. income increased due to higher overall imported meat market prices, increased handling of European pork, and steady sales of domestic beef.

# Logistics Segment

Profit increased by 44% due to steady storage demand

(JPY in Billions)

Unit	Net Sales				Operating Income			
	Mar/23	Mar/22	Change	YoY change	Mar/23	Mar/22	Change	YoY change
Logistics	17.6	16.6	1.0	+6.1%	1.6	1.1	0.5	+43.8%



- Logistics** Despite a significant increase in power costs due to the hike in electricity rates, net sales and op. income increased due to steady demand for storage, especially in metropolitan areas.

# **Business Conditions and Future Measures for Fiscal Year ending March 2024**

## Full Year forecast for FY Ending March 2024

- Marine product prices remain high. In order to start the fiscal year with high-priced sourcing, we will focus on early inventory sales.
- Price revisions implemented in the previous FY contributed to the food products business, offsetting the cost increase.
- Given the stalling of the European and U.S. economies due to inflation, a YoY decline in op. income in the first half of the year is expected.

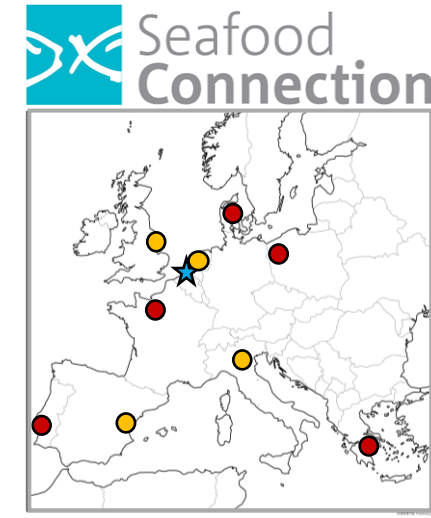
(JPY in Billions)

	Mar/23	Mar/24 Forecast	Mar/25 Forecast (Final year of Mid-term Management Plan)
Net Sales	1,020.5	980.0	960.0
Operation Income	29.6	27.0	27.0
Ordinary Income	33.5	27.0	—
Profit attributable to owners of parent	18.6	18.5	—

# Marine Products Business Segment

(JPY in Billions)

Segment	Unit	Net Sales				Operating Income			
		Mar/24	Mar/23	Change	YoY change	Mar/24	Mar/23	Change	YoY change
Marine Products Business	Fishery Business	45.8	42.2	3.5	+8.5%	2.6	1.8	0.8	+46.6%
	Aquaculture Business	14.2	15.9	-1.6	-10.5%	0.2	1.6	-1.4	-87.8%
	Marine Products Trading	268.0	309.9	-41.9	-13.5%	3.9	4.5	-0.6	-13.8%
	Overseas Business	232.7	230.5	2.3	+1.0%	10.6	13.4	-2.8	-21.1%
	Segment Sub Total	560.8	598.5	-37.7	-6.3%	17.4	21.4	-4.0	-18.6%



- **Fishery** Improve profitability by controlling costs in response to soaring fuel prices, reviewing the operation system, and diversifying sales routes by increasing in-house processing.
- **Aquaculture** 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 increasing exports. Will promote sales diversification through collaboration within the group, including tuna.
- **Marine Products Trading** The global market is in a high price range, and the biz environment for procurement costs will be difficult this FY. Expand sales by strengthening cooperation between trading and wholesale and ensure stable profits through thorough inventory control.
- **Overseas** **<N. America>** In response to rising labor costs and persistently high fuel prices, we will reduce costs by optimally allocating plant personnel and improving production efficiency and make maximum use of Alaska pollock catch quotas. **<Europe>** Earnings from a subsidiary acquired in the previous fiscal year will contribute to earnings for the full year. Strengthen governance and foster group synergy. **<Asia>** The pet food business in Thailand will enter an inventory adjustment phase in N. America, its main market. In addition to enhancing competitive advantage through product development, the company will strive to maintain sales volume by developing new sales channels.

# Processed Foods Business Segment

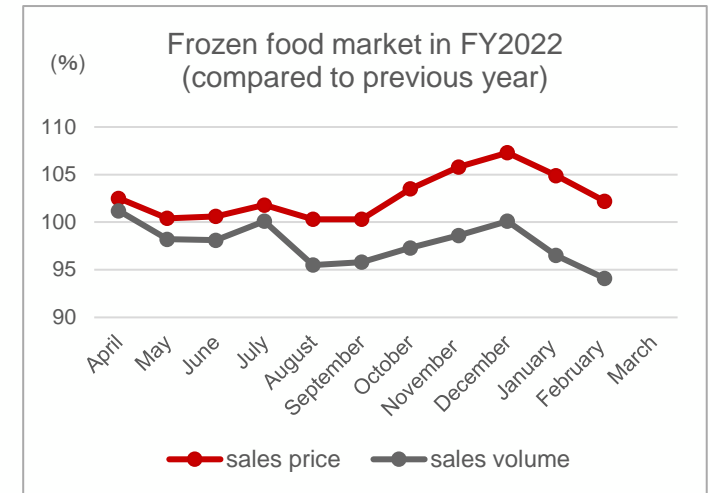
Although the price revisions implemented in the previous fiscal year were largely accepted, the business environment remained severe due to securing raw materials and increasing costs.

(JPY in Billions)

Segment	Unit	Net Sales				Operating Income			
		Mar/24	Mar/23	Change	YoY change	Mar/24	Mar/23	Change	YoY change
Processed Foods Business	Processed Foods Business	103.6	98.9	4.8	+4.8%	3.3	1.7	1.6	+90.3%
	Fine Chemicals	8.0	7.8	0.3	+3.0%	1.4	1.4	0.0	+1.4%
	Segment Sub Total	111.7	106.6	5.0	+4.7%	4.7	3.1	1.6	+50.9%

- Processed Foods** 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** Focus on expanding sales of newly handled commercial products (non-denatured collagen, secondary processed products). Expansion of active pharmaceutical ingredients (EPA, heparin) and efforts in the field of “preventive food and pre-illness diet”.



Source: Intage SCI-p Frozen cooked Products/Agricultural Market (Maruha Nichiro by Category) April 2022-March 2023 Cumulative Avg. Sales Scale (Amount/Volume) YoY



(Left) Facilities are being expanded for "Gomoku Ankake Yakisoba" (noodle category)  
 (Right) Representative products such as "karaage" in the prepared foods category we are putting focus on

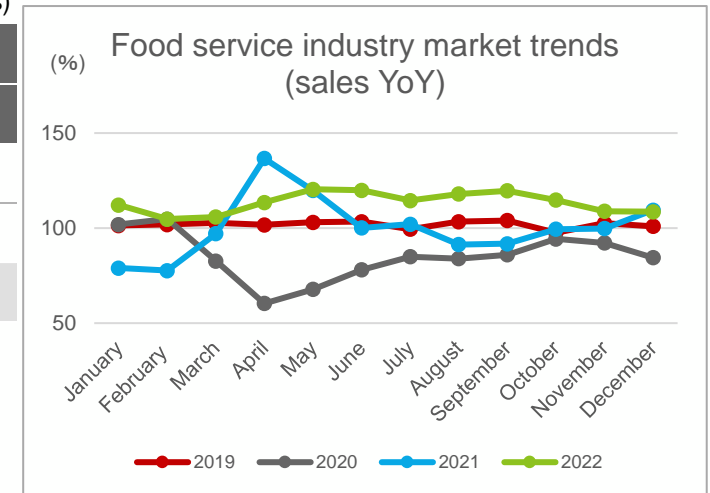
# Foodstuff Distribution Business Unit

Food service is on the road to recovery, but the inflationary environment of high costs continues.

(JPY in Billions)

Segment	Unit	Net Sales				Operating Income			
		Mar/24	Mar/23	Change	YoY change	Mar/24	Mar/23	Change	YoY change
Foodstuff Distribution Business	Foodstuff Distribution Business	212.5	211.3	1.2	+0.6%	2.9	2.3	0.7	+28.6%
	Meat and Products Business	76.1	86.0	-9.9	-11.5%	0.9	0.8	0.1	+8.2%
	Segment Sub Total	288.6	297.3	-8.8	-2.9%	3.8	3.1	0.7	+23.1%

- Foodstuff Distribution** 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. Productivity improvement.
- Meat and Products** Respond to market needs by utilizing a diverse domestic and overseas procurement networks. Maximize profitability by promoting intra-group collaboration.



Source: Japan Food Service Industry Association

# Logistics Segment

Storage demand is recovering, but the environment of rising costs, including energy and labor costs continues.

(JPY in Billions)

Segment	Unit	Net Sales				Operating Income			
		Mar/24	Mar/23	Change	YoY change	Mar/24	Mar/23	Change	YoY change
Logistics	Logistics	18.6	17.6	0.9	+5.6%	1.5	1.6	-0.1	-5.2%



## TOPIC

~Securing a sustainable logistics system~

[Maruha Nichiro Logistics Inc. expanded its cold storage warehouse at Kawasaki Daiichi Logistics Center \(Kanagawa Prefecture\) \(scheduled to start operation in March 2025\)](#)

- Expansion of storage space to improve the Group's logistics efficiency.
- Introduction of energy-saving equipment to reduce environmental impact.
- Promote labor saving and automate the movement of products in the warehouse.

- **Logistics** Aim to improve profits by appropriately passing on the increase in costs due to increases in power costs and labor costs associated with rising electricity rates. In response to the 2024 problem, we will strengthen our logistics infrastructure by promoting modal shifts and reducing waiting times for shipments. 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.



# Shareholder Returns

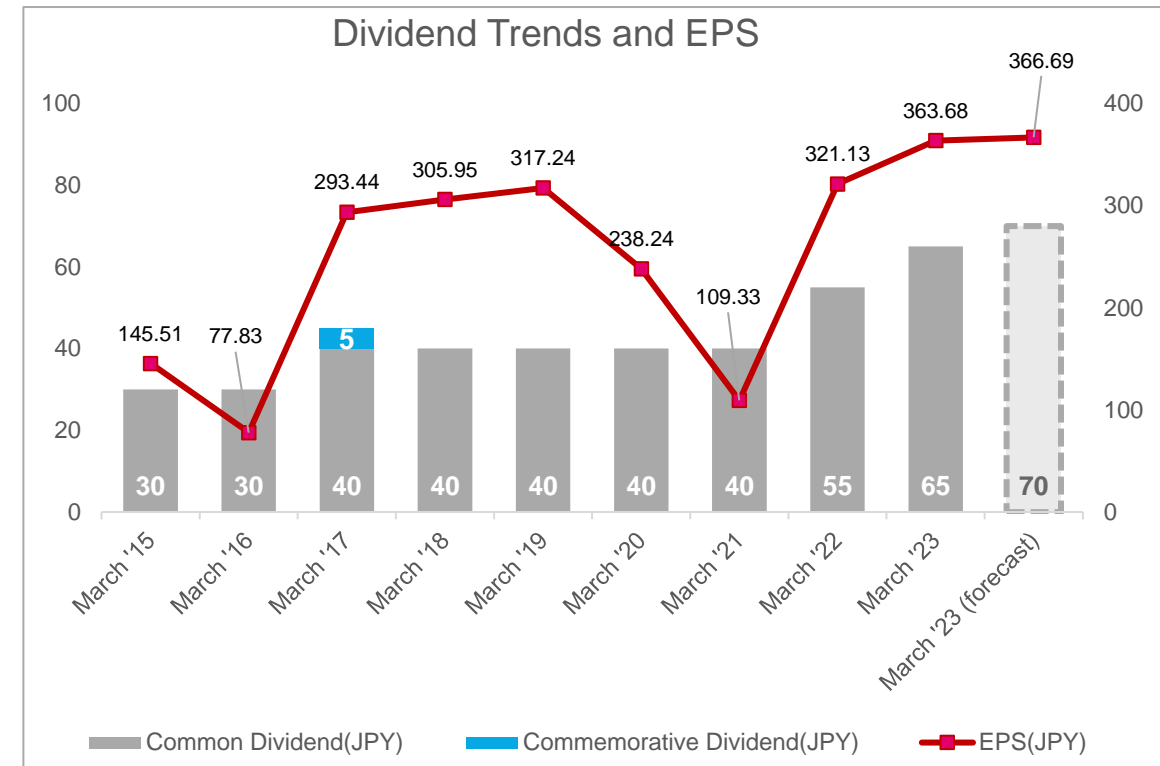
Taking into consideration the Company's business performance and financial position, the Company has increased the dividend for the end of the FY ended March 2023 by 10 yen per share.

## Basic Policy

Stable generation of operating cash flow to reinvest in growth and continue stable shareholder returns.

## Dividends from Surplus

- Taking into consideration the Company's business performance and financial position, the year-end dividend for the FY ended March 2023, will be increased by 10 yen per share to 65 yen per share.
- For the fiscal year ending March 2024, in addition to the introduction of an interim dividend system, we will increase the dividend by 5 yen per share to 70 yen (interim 35 yen, year-end 35 yen) from the fiscal year ended March 2023, in order to promote long-term stable profit distribution to shareholders.  
※To be proposed at the 79th Ordinary General Meeting of Shareholders.



Going forward, we will continue to consider flexible return policies on the premise of maintaining financial discipline.

# Appendix

# Consolidated Statement of Income

(JPY in Billions)

	Mar/23	Mar/22	Change	Remarks
Net Sales	1,020.5	866.7	153.8	
Cost of Sales	885.2	746.2	139.0	
Gross profit	135.3	120.5	14.8	
Expense	105.7	96.7	9.0	
Operating Income	29.6	23.8	5.8	
Non-operating Revenues	7.3	6.0	1.3	Foreign exchange gain (2.3)
Non-operating Expenses	3.4	2.3	1.1	
Ordinary Income	33.5	27.6	5.9	
Extraordinary Income	4.4	2.2	2.2	Gain on sales of non-current assets (2.4), Gain on sales of investment securities (0.8)
Extraordinary Loss	6.3	2.2	4.1	Loss on disposal of non-current assets (2.1), Loss on fire at Hiroshima Plant (3.1)
Income before Tax	31.5	27.5	4.0	
Taxes	7.1	7.2	-0.1	
Profit attributable to non-controlling interests	5.9	3.4	2.5	
Profit attributable to owners of parent	18.6	16.9	1.7	

# Consolidated Balance Sheet

(JPY in Billions)

	Mar/23	Mar/22	Change	Remarks
Current assets	392.6	324.3	68.3	Cash & deposit (+8.7), trade notes & accounts receivable (+16.4), inventories (+44.0)
Fixed assets	244.6	224.3	20.3	Tangible fixed assets (+8.7), Intangible fixed assets (+9.7)
Total	637.2	548.6	88.6	
Current liabilities	265.4	221.5	43.9	Trade notes & accounts payable (+5.5), Short-term loans payable (+35.8)
Long-term liabilities	159.3	139.2	20.1	Long-term loans payable (+9.8), bonds (+5.0)
Total liabilities	424.7	360.7	64.0	
Shareholders' equity	163.6	153.3	10.3	Capital surplus (+10.6), Treasury stock (-0.2)
Other cumulative comprehensive income	14.7	6.9	7.8	
Non-controlling interests	34.2	27.7	6.5	
Total shareholders' equity	212.5	187.9	24.6	
Total	637.2	548.6	88.6	
Interest-bearing debt	301.1	250.6	50.5	
Capital Adequacy Ratio	28.0%	29.2%	-1.2	

## **Increase in Assets (88.6 billion JPY)**

- Increase in trade notes & accounts receivable due to strong sales, high raw material prices and seasonal factors
- Increase in inventories (mainly marine and meat products)
- Increase in tangible and intangible assets due to acquisition of Alaska Pollock-related assets in North America

## **Increase in Liabilities (64.0 billion JPY)**

- Increase in trade notes and accounts payable (+5.5 billion yen YoY)
- Increase in interest-bearing debt (+50.5 billion yen YoY/ mainly due to higher procurement prices in the trading business and increased borrowings in connection with expansion of European business)

# Consolidated Statements of Cash Flows

(JPY in Billions)

	Mar/23	Mar/22	Change	Main contents
Cash flows from operating activities	-0.0	19.2	-19.3	Net income before taxes and adjustments 31.5 Depreciation and amortization 15.1 Decrease(Increase(-)) in trade accounts receivable -9.8 Decrease(Increase(-)) in inventories -35.2 Increase(Decrease(-)) in trade accounts payable 1.7 Corporate taxes paid -5.5
Cash flows from investing activities	-23.9	-10.3	-13.6	Payments for purchases of tangible fixed assets -20.4 Proceeds from sales of tangible fixed assets 4.6 Proceeds from sales and redemption of investment securities 3.2 Purchase of shares of subsidiaries resulting in change in scope of consolidation -3.3
Cash flows from financing activities	30.3	-17.2	47.5	Increase(Decrease(-)) in short-term borrowing 25.6 Proceeds from long-term borrowing 61.2 Repayments of long-term debt -48.4 Proceeds from issuance of bonds 5.0 Purchase of treasury shares -5.4 Cash dividends paid -2.9
Cash and cash equivalents at end of period	33.4	24.4	8.9	-

# Results for the FY ended March 2023 (by segment/unit)

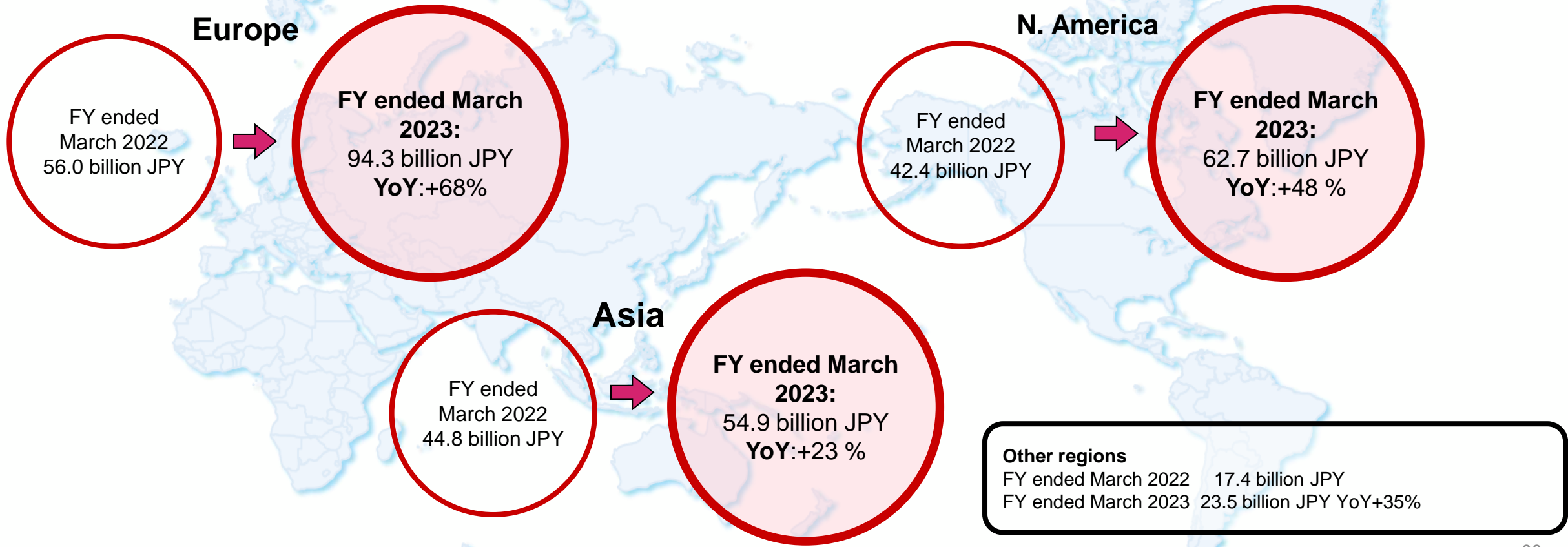
(JPY in Billions)

Segment	Unit	Net Sales					Operating Income				
		Mar/23	Mar/22	Change	Full year Forecast	4Q/Fyf	Mar/23	Mar/22	Change	Full year Forecast	4Q/Fyf
Marine Products Business	Fishery Business	42.2	31.5	10.8	39.5	+6.8%	1.8	0.3	1.5	1.5	+17.8%
	Aquaculture Business	15.9	14.6	1.2	14.8	+7.0%	1.6	0.0	1.6	1.3	+23.3%
	Marine Products Trading	309.9	278.6	31.4	281.6	+10.0%	4.5	3.8	0.7	4.9	-8.1%
	Overseas Business	230.5	158.9	71.5	222.8	+3.4%	13.4	9.3	4.2	10.9	+23.3%
	Segment Sub Total	598.5	483.6	114.9	558.8	+7.1%	21.4	13.3	8.0	18.7	+14.3%
Processed Foods Business	Processed Foods Business	98.9	97.4	1.5	95.8	+3.2%	1.7	3.9	-2.2	2.9	-39.3%
	Fine Chemicals	7.8	6.8	0.9	7.7	+0.8%	1.4	1.1	0.3	1.4	-3.3%
	Segment Sub Total	106.6	104.2	2.4	103.5	+3.0%	3.1	5.1	-1.9	4.3	-27.3%
Foodstuff Distribution Business	Foodstuff Distribution Business	211.3	190.8	20.5	207.7	+1.7%	2.3	3.2	-1.0	2.5	-8.3%
	Meat and Products Business	86.0	71.1	14.9	81.9	+5.0%	0.8	0.7	0.1	0.5	+56.4%
	Segment Sub Total	297.3	261.9	35.4	289.6	+2.7%	3.1	3.9	-0.8	3.0	+3.2%
Logistics	Logistics	17.6	16.6	1.0	17.6	+0.0%	1.6	1.1	0.5	1.4	+16.8%
	Others	0.4	0.4	-0.0	0.4	-0.2%	0.3	0.2	0.1	0.2	+24.7%
	Common Cost	-	-	-	-	-	0.1	0.2	-0.1	-0.5	-125.8%
	Total	1,020.5	866.7	153.8	970.0	+5.2%	29.6	23.8	5.8	27.0	+9.5%

# Overseas Net Sales for the FY ended March 2023

Overseas Net sales	FY ended March 2022	FY ended March 2023	FY ending March 2025 (Forecast)
	160.6 billion JPY	235.4 billion JPY	215.0 billion JPY

Overseas Net sales ratio	FY ended March 2022	FY ended March 2023	FY ending March 2025 (Forecast)
	18.5%	23.1%	22.4%



# Forecast for the FY ending March 2024 (by segment/unit)

(JPY in Billions)

Segment	Unit	Net Sales				Operating Income			
		Mar/24	Mar/23	Change	YoY change	Mar/24	Mar/23	Change	YoY change
Marine Products Business	Fishery Business	45.8	42.2	3.5	+8.5%	2.6	1.8	0.8	+46.6%
	Aquaculture Business	14.2	15.9	-1.6	-10.5%	0.2	1.6	-1.4	-87.8%
	Marine Products Trading	268.0	309.9	-41.9	-13.5%	3.9	4.5	-0.6	-13.8%
	Overseas Business	232.7	230.5	2.3	+1.0%	10.6	13.4	-2.8	-21.1%
	Segment Sub Total	560.8	598.5	-37.7	-6.3%	17.4	21.4	-4.0	-18.6%
Processed Foods Business	Processed Foods Business	103.6	98.9	4.8	+4.8%	3.3	1.7	1.6	+90.3%
	Fine Chemicals	8.0	7.8	0.3	+3.0%	1.4	1.4	0.0	+1.4%
	Segment Sub Total	111.7	106.6	5.0	+4.7%	4.7	3.1	1.6	+50.9%
Foodstuff Distribution Business	Foodstuff Distribution Business	212.5	211.3	1.2	+0.6%	2.9	2.3	0.7	+28.6%
	Meat and Products Business	76.1	86.0	-9.9	-11.5%	0.9	0.8	0.1	+8.2%
	Segment Sub Total	288.6	297.3	-8.8	-2.9%	3.8	3.1	0.7	+23.1%
Logistics	Logistics	18.6	17.6	0.9	+5.6%	1.5	1.6	-0.1	-5.2%
Others		0.4	0.4	0	0.0%	0.2	0.3	-0.1	-28.1%
Common Cost		-	-	-	-	-0.6	0.1	-0.8	-
Total		980.0	1,020.5	-40.5	-4.0%	27.0	29.6	-2.5	-8.7%



**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.

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