

**Foodstuff Distribution Business Segment, Business Briefing**

**Q&A Summary**

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**Q. What is the upside to 13 billion yen in operating income for the FY ending March, 2028? What about net sales and operating income growth in the Foodstuff Distribution Business Unit? Also, is the operating income growth less because you are taking depreciation into account for the plant reorganization (although it actually grows more in terms of EBITDA)?**

We are discussing the reorganization of its production bases not only in the Foodstuff Distribution Business Segment, but also on a group-wide basis, taking into account production details, production capacity, and spare capacity to make a list of plants. We believe that the reorganization will not only improve production efficiency, but also improve the overlap that occurs in the process from raw material procurement to sales at each site, thereby increasing gross profit. Related to the product portfolio, we will move forward with a structure that pursues operating margin rather than focusing on net sales.

As I explained using the tuna business as an example, we would like to aim for a level of 13 billion yen or more as we optimize the horizontal linkages that have been weak among the group and segments.

<Foodstuff Distribution Business Unit target for the FY ending March 2028, >

Net sales: approx. 280 billion yen

Operating income: approx. 5.5 billion yen

**Q. The ROIC target for FY ending March 2028 is 4.5%, but there appears to be no change in invested capital. While this may be affected by the reorganization of production bases, please tell us the ROIC assumptions and upside for further improvement in invested capital (in addition to SKU reduction).**

While the 4.5% ROIC is a segment-level figure, for example, within the Marine Products Trading Unit, there are departments involved in trading, wholesale, and sales of value-added products, each with differing ROICs based on their business characteristics. We are currently formulating the next Medium-term Management Plan and are discussing a differentiated approach to capital investment across these departments. Please let us provide a more detailed explanation of this when we announce the upcoming Medium-term Management Plan.

**Q. How do you view profitability in relation to the target of 10 billion yen in overseas net sales for the FY ending March 2028?**

We have set an operating income target of 15 billion yen for the Foodstuff Distribution Business Segment for the FY ending March 2031. At that time, we are aiming for overseas net sales of 40 billion yen and an operating income of at least 2 billion yen. We would like to further increase segment profit from 13 billion yen to 15 billion yen in the process. We are aiming for an operating income of at least 2 billion yen in the segment.

**Q. Regarding the product portfolio, what percentage of net sales is accounted for by items subject to SKU reduction?**

Currently, there are approximately 2,500 items of frozen foods for institutional use (including group companies), and we would like to reduce approximately 800 items by the FY ending March 2028. The items to be reduced account for about 10% of total net sales and operating income. Since the items included in the top 30% of sales of frozen foods for institutional use account for about 90% of total net sales and operating income, eliminating the 800 items to be reduced will not affect net sales and operating income to any significant degree.

**Q. Is the reduction of about 800 items a minimum mandatory goal rather than an effort goal?**

This is an indispensable target. The number of items is a major loss in both production and sales, and we will eliminate items that are less than the daily production lot or have

low operating profit margins, making a reduction of 800 items an indispensable goal.

**Q. In terms of the strategy for the Foodstuff Distribution Business Unit, please tell us about the profitability of each sales channel and the channels you would like to particularly strengthen in the future, including your perspective on where you can more easily demonstrate your strengths.**

Specialized departments have been established for each of the six sales channels: food services/restaurants, lunch services, GMS & supermarkets, co-op home delivery, convenience stores, and nursing care facilities. As shown on page 12 of the presentation materials, we expect processed foods and food service (dining out) to grow in the future, with particular focus on food services, lunch services, and nursing care facilities as channels. In terms of profitability, since most of the food service products are ingredient-based, we tend to promote business between the scale of sales rather than the profit margin. For lunch services and nursing care food, we can offer our unique processed products, which provide a certain level of profit margin and added value.

**Q. “One Maruha Nichiro” and ‘Optimization of the Entire Value Chain’ are the ideal, but why have they not been achieved so far? Why have you not been able to do this in the past? What has changed and what will change in the future?**

As you know, Maruha and Nichiro merged to form Maruha Nichiro Seafoods, Maruha Nichiro Foods, and Maruha Nichiro Meat & Products, initially under a holding company system. Taking the meat and products business as an example, in the past, the meat and products business alone was isolated within the group, and there was almost no communication with other businesses. Now, with marine products, meat products, agricultural products, and processed foods all belonging to the same segment, the procurement of raw materials for meat and product development, including group companies, have become much more collaborative than before. The establishment of horizontal ties has broadened the horizons of employees in each unit within the Foodstuff Distribution Business Segment (Marine Products Trading, Foodstuff Distribution Business, and Agricultural Foods & Meat and Products), , leading to an

increase in collaborative efforts with other businesses.

**Q. Regarding the strengthening of intra-group collaboration within the tuna business, could you provide specific details on the expected effects on revenue improvement?**

Until now, the business has grown through individual optimization in fisheries, aquaculture, procurement, processing, and sales. As we collaborate as “One Maruha Nichiro”, we will also streamline our production bases. In terms of procurement (purchasing), we will capture sales and profits that had been lost to outside the group through purchases from outside sources and sales to external parties within the supply chain. In terms of production, the group companies will be able to shift from individual distribution to joint distribution (which will result in a cost advantage). As for our minced tuna products, we have not yet leveraged our patented technology across the group, so we will pursue a unified strategy as one company. Regarding the tuna business, meetings have already begun with all the related companies, and we have high expectations for the future.

**Q. We understand that some companies are accelerating the acquisition of overseas companies to distribute Japanese food ingredients. If so, what conditions or restrictions, if any, do you require for acquisitions or capital tie-ups?**

It would take time for us to start up overseas sales from scratch. We need partners who are familiar with the local food culture, and we are considering acquisitions and alliances as options.

**Q. Please tell us exactly how you plan to strengthen overseas sales. Will you increase direct sales by augmenting human resources, and what types of products will be prioritized for strengthening sales?"?**

As shown on page 20 of the presentation material, (1) trilateral trade and (2) our company becoming a partner of our customers to develop overseas markets together. Furthermore, we are currently working on various projects to address areas where we

have not been able to engage in direct sales, including aspects related to human resources. While we naturally possess processing technologies developed in Japan, we will conduct extensive research on overseas markets to align with market needs. There is still room for growth in overseas sales, and we aim to accelerate our expansion in the future.

**Q. What is your approach to the impact of foreign exchange fluctuations on business profits?**

When we formulated this FY's forecast, the yen had depreciated significantly. We anticipated that the procurement prices for marine products would lead to severe costs, and we have been engaged in negotiations for price adjustments. Recently, with a slight appreciation of the yen, it is not necessarily bad for our trading business. For the Foodstuff Distribution Business Unit's prepared and processed products, which involve many imports, I believe this trend will have a positive impact.

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