

Foodstuff Distribution Business Segment Business Briefing

September 20, 2024

Maruha Nichiro Corporation (TSE : 1333)



■ Overview and Vision of the Foodstuff Distribution Business Segment

- Positioning of the Foodstuff Distribution Business Segment P.4
- Business Model and Competitive Advantage / Performance P.5~6
- Vision / Key Points to Enhance Profitability / Financial Targets P.7~9

■ Initiatives for Strengthening Profitability

- BtoB Market in Japan / Growing Market for HMR and Food Service P.11~12
- Development & Providing Value-added Products that Solve Market Issues P.13
- Product Portfolio P.14
- Strengthening Intra-group Collaboration in the Tuna Business P.15~17
- Potential of the Agricultural Food Business P.18
- Strengthening Sales in Overseas BtoB Markets P.19~21
- Approach to Growth Investment P.22
- Conclusion P.23

■ Appendix (Overview of each Unit and Results by Unit) P.25~30

Overview and Vision of the Foodstuff Distribution Business Segment

Positioning of the Foodstuff Distribution Business Segment MARUHA NICHIRO

Foodstuff Distribution Business Segment (For BtoB market)

- Marine Products Trading Unit
- Foodstuff Distribution Biz Unit
- Agricultural Foods & Meat and Products Biz Unit

As a segment that maximizes the value chain, we offer **differentiated and valuable products** to meet the needs of a **wide variety of business categories**.

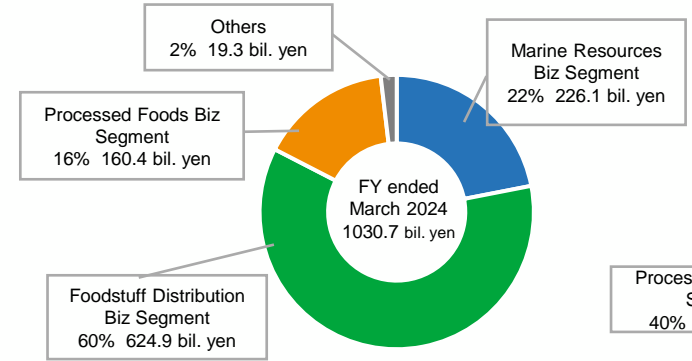
Strengthening the value chain

Strengthen business portfolio management

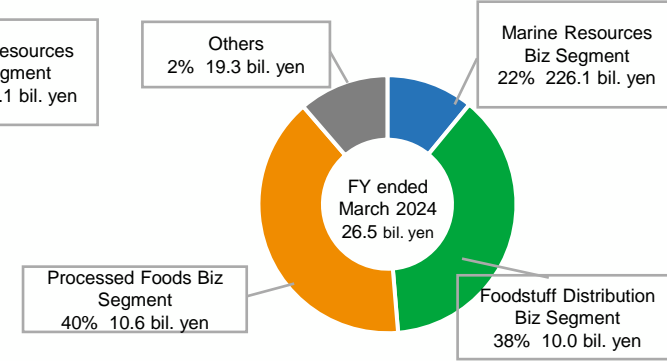
Strengthen overseas strategies

Sustainability management promotion

Net Sales (By Segment)



Operating Income (by Segment)



Marine Resources Business Segment (Procurement)

- Fishery Biz Unit • Aquaculture Biz Unit
- North America Operations Unit

We are **one of the world's largest suppliers of marine products** and a source of a strong value chain, delivering safe and secure natural bounty to the global market.

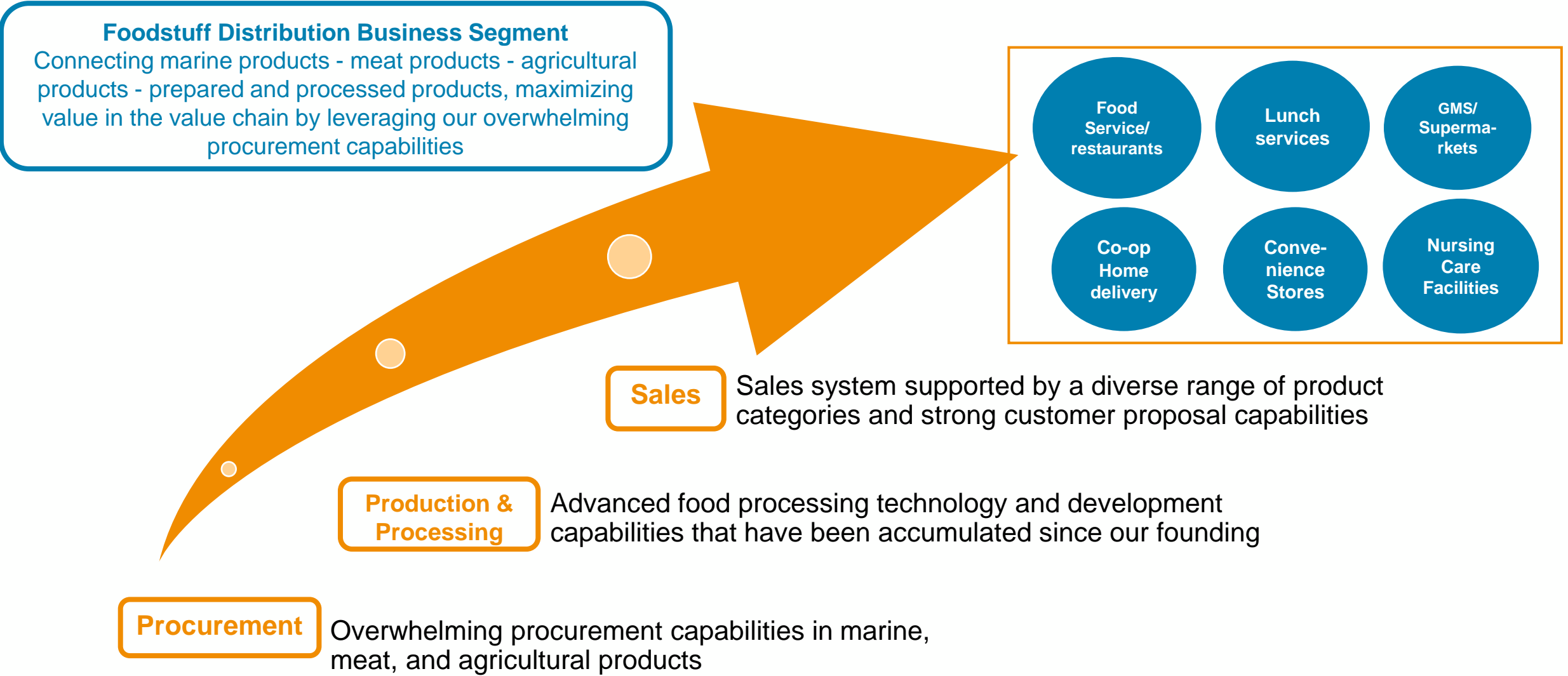
Processed Foods Business Segment (For BtoC market)

- Processed Foods Biz Unit • Fine Chemicals Unit

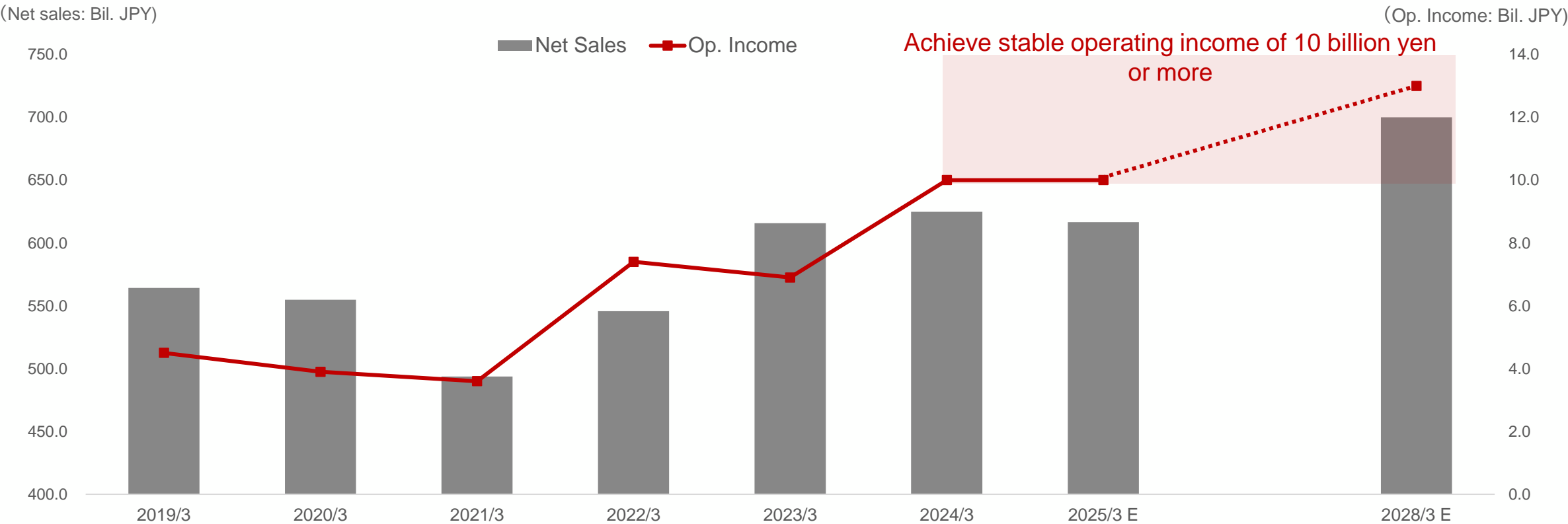
We contribute to people's health and happiness by offering **high value-added products** with great taste through our **excellent product development and technological capabilities**, utilizing our stable raw material procurement capabilities.

collaboration

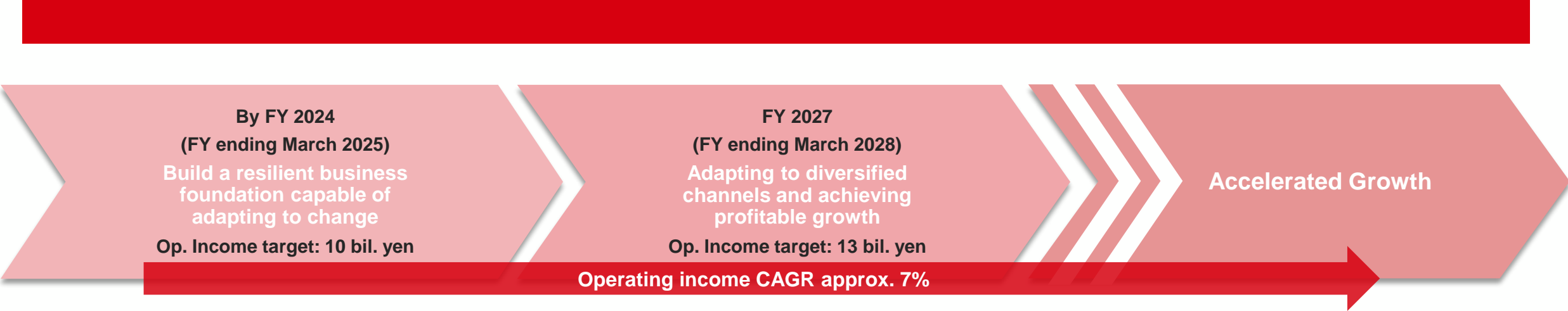
collaboration



Foodstuff Distribution Business Segment Performance



*Figures for the FY ended March 2022 and thereafter are after the application of the "Accounting Standard for Revenue Recognition".



**BtoB Business Domain Within our Group
(Foodstuff Distribution Business Segment
Plan for the FY ending March 2025)**

Net Sales: 616.6 billion yen
Op. Income: 10 billion yen
ROIC: 3.7%

Marine Products (including wholesale)	Meat Products	Agricultural Products	Cooked & Processed Products
--	------------------	--------------------------	-----------------------------------

Key Points of Enhancing Profitability

- ✓ Improve efficiency by renewing or eliminating products
- ✓ Realize joint distribution within the Group
- ✓ Adapt to diversifying channels
- ✓ Strengthen overseas development of marine products, institutional-use products, and nursing food products
- ✓ Review and evaluate business portfolio
- ✓ Development of professional talents

Net sales: 700 billion yen
Op. income : 13 billion yen
ROIC : 4.5%

Vision:

**Establish the No. 1 position in
the BtoB domain as be a Global
Foodstuff Distribution Company**

Net Sales: 800 billion yen
Op. Income: Over 15 billion yen
ROIC : 5.0%

Key Points to Enhance Profitability

Initiative	Related Pages in this Document
Improve efficiency by renewing or eliminating products	→Page 13 “Providing Value-added Products that Solve Market Issues”
Realize joint distribution within the Group	→Page 14 “Product Portfolio”
Adapt to diversifying channels	→Pages 15-17 “Strengthening Intra-group Collaboration in the Tuna Business”
Strengthen overseas development of marine products, institutional-use products, and nursing food products	→Page 18 “Potential of the Agricultural Food Business”
Strengthen overseas development of marine products, institutional-use products, and nursing food products	→ Pages 19-21 “Strengthening Sales in Overseas BtoB Markets”
Review and evaluate business portfolio	— (In the Next Medium-term Management Plan)
Development of professional talents	— (In the Next Medium-term Management Plan)

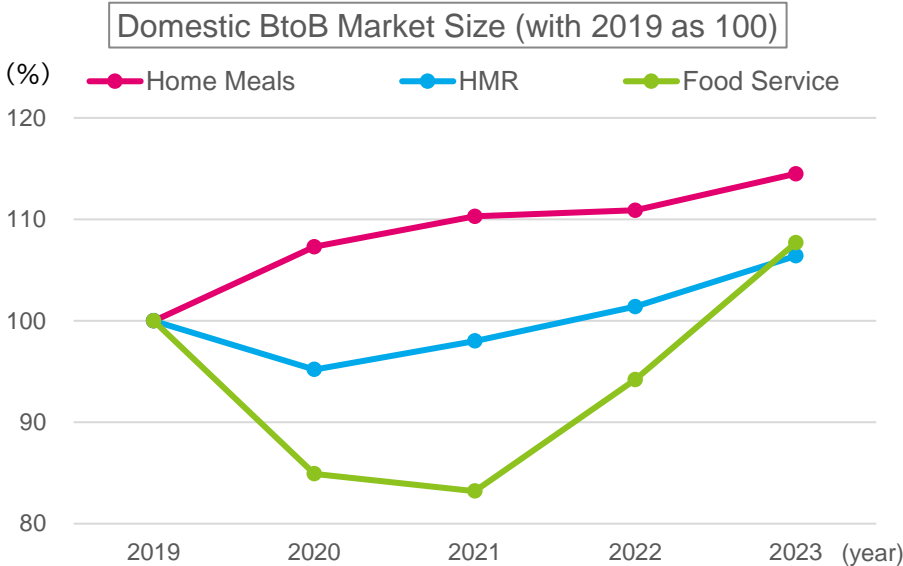
Foodstuff Distribution Business Segment Financial Targets MARUHA NICHIRO

	Results for the FY ended March 2024	Forecast for the FY ending March 2025	Target for the FY ending March 2028
Net sales	624.9 billion yen	616.6 billion yen	700.0 billion yen
(Overseas Net sales)	3.5 billion yen	4.4 billion yen	10.0 billion yen
(Overseas Net sales ratio)	0.6 %	0.7 %	1.4 %
Operating income	10.0 billion yen	10.0 billion yen	13.0 billion yen
(Operating income ratio)	1.6 %	1.6 %	1.9 %
EBITDA	13.3 billion yen	—	—
ROIC	4.1 %	3.7 %	4.5 %

Medium- to long-term Measures for Enhancing Profitability		Invested Capital
Japan (Domestic)	Overseas	
<ul style="list-style-type: none"> • Improve profit margin (Price revision, strengthening sales in focused categories and channels) • Improve efficiency by renewing or eliminating products • Develop and expand high-value-added products that are not affected by marine product market prices 	<ul style="list-style-type: none"> • Strengthen sales of marine products and institutional-use products. • Strengthen sales of nursing care food business 	<ul style="list-style-type: none"> • Overall optimization through restructuring of production and sales. • Improve capital efficiency by renewing or eliminating products. • Increase inventory turnover and reduce working capital.

Initiatives for Strengthening Profitability





BtoB market in Japan



BtoB Business Domain Within our Group
(Foodstuff Distribution Business Segment)
Forecast for the FY ending March 2025

Net Sales: 616.6 billion yen / Op. Income: 10 billion yen

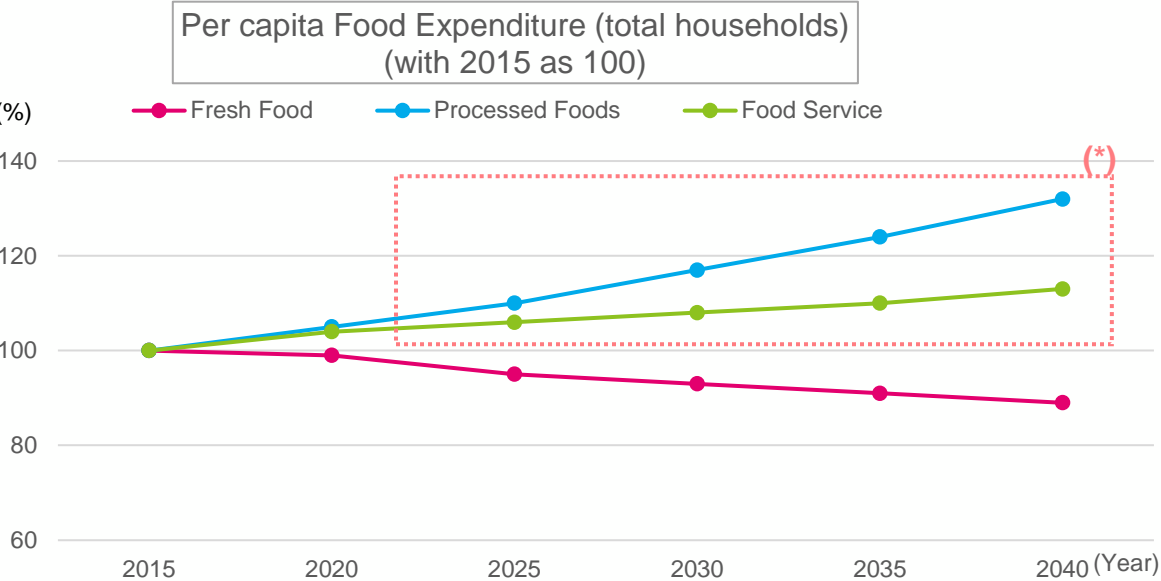


Unit: trillion JPY	Jan-Dec 2021	Outlook (our forecast)
Home Meal Market	14.2	
HMR (Home Meal Replacement) Market	10.1	
Food Service (dining out) Market	15.4	
Institutional Lunch Service Market	2.9	

Market size for manufacturers:
approximately 11.4 trillion yen

Source:
 Home Meal: Japan Chain Stores Association (total excluding prepared foods) × DCS market size
 HMR meals: Japan Prepared Foods Association (market size of prepared foods)
 Food Service/Dining out: Japan Food Service Association (total of commercial catering and food and beverage sectors)
 Institutional Lunch Service: Japan Food Service Association (total of group meals)
 Wholesale for institutional use: Frozen Foods Yearbook

Growing Market for HMR (Home Meal Replacement) and Food Service



*The increase in the unit price of food service due to inflation is not included in this estimate, so the figures in the frame may be significantly higher in the future.
Source: Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries “Future Estimation of Food Consumption in Japan (2019 Ver.)”

External Environment & Social Issues

Aging population

Decline in the working population

Lifestyle Changes

Increased inbound demand

Rising production costs

Addressing Sustainability Issues

Forecast for the Home Meal Market

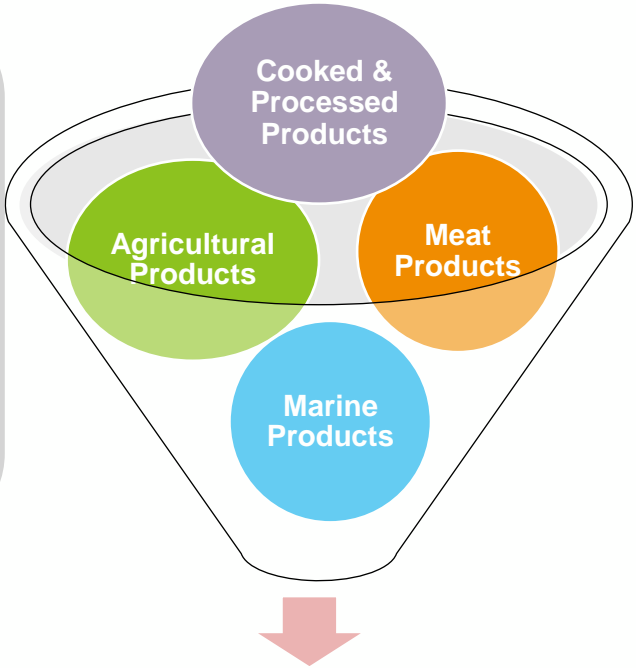
Sales volume of marine products is expected to decline in the medium to long term.



On the other hand, sales volume of prepared foods is projected to increase.

Forecast for the HMR and Food Service (dining out) Market

• Due to changes in the external environment, sales volume is expected to increase.



Focus on the growing HMR and Food Service (dining out) Market

Provide products that address market challenges by utilizing temperature ranges of frozen, refrigerated, and room temp. conditions.

Development & Providing Value-added Products that Solve Market Issues



Convenient &
time-saving



Energy
Saving



Maintain customer costs
by reducing labor costs



New Proposals

Responding to Market Needs

- ✓ Convenient and time-saving products for the growing HMR and Food Service markets
 - Possible for small-scale operations
 - Reduces sales opportunity loss
 - Ensures consistent quality
- ✓ A wide range of nursing care food products addressing the super-aging society
 - Easy preparation for all types of food forms
 - Eases the challenge of meal planning and meeting nutritional needs for facility users
 - Possible for small-scale operations
 - Ensures consistent quality

Examples:

Non-Pre-fried Tempura Squid

- ✓ No shrinkage and softness of the squid because it is not heated during the production process and is heated for the first time at the customer's kitchen
- ✓ Crispy batter and crispy quality no matter who cooks it



Easy Side Dish Set

- ✓ Just defrost and eat
- ✓ High nutrition, delicious, and convenient
- ✓ Soft mousse texture that can be easily mashed with the tongue
- ✓ Increasing demand during breakfast times in care facilities, where there is often a shortage of staff



Crossing temperature boundaries to develop new product lines

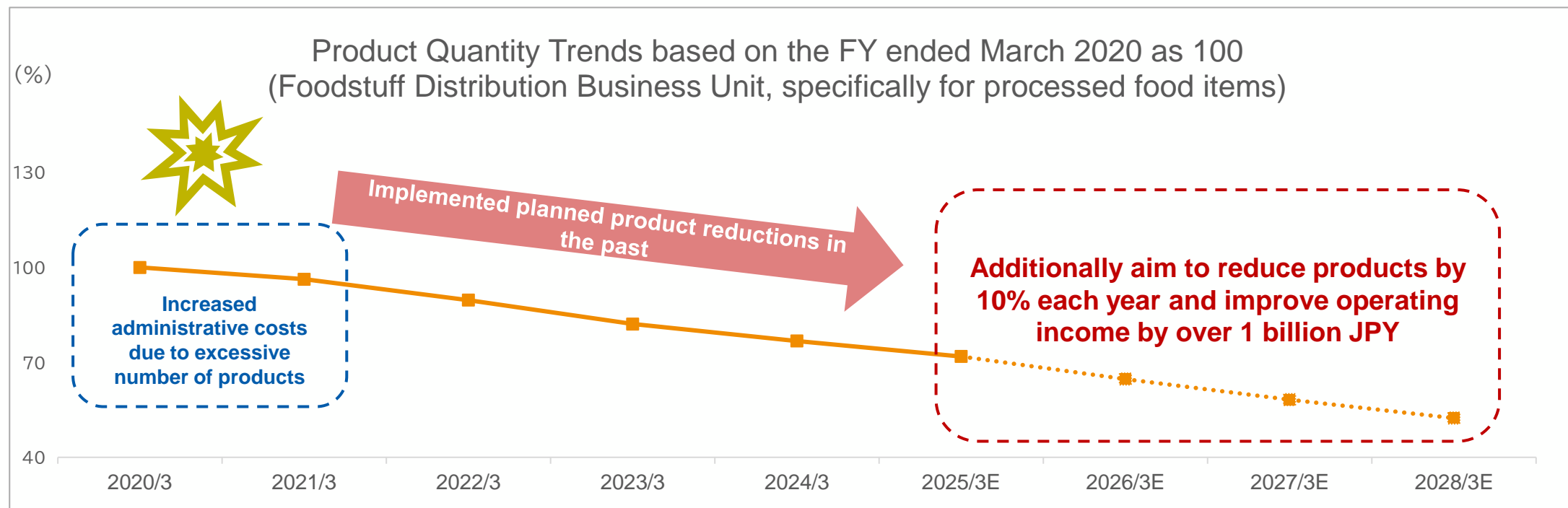
- ✓ The Foodstuff Distribution Biz Unit with diverse sales channels will act as a function connecting the value chain, utilizing existing business assets to execute a more proposal-oriented business.

(Examples)

Linkage of room temperature and chilled products
Linkage of chilled and frozen products

Contributing to the growth of the HMR market

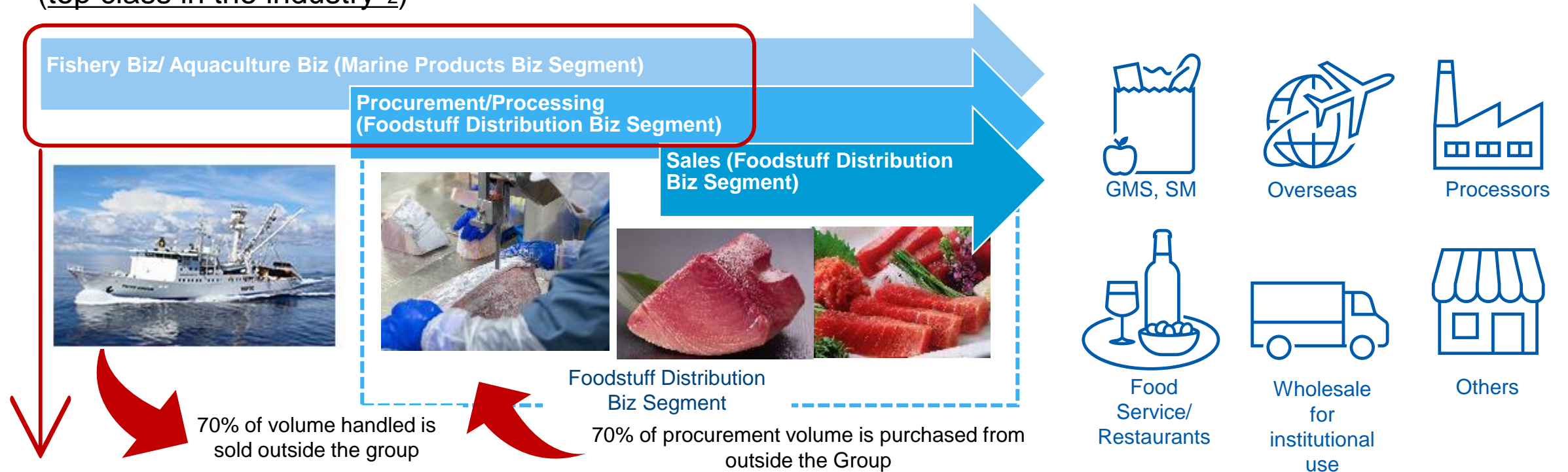
- ✓ Convenience store side dishes as toppings
- ✓ Supermarket side dishes
- ✓ Co-op home delivery meal kits



1. While increasing the number of products to expand market share, management costs increased
2. Promoting efficiency through selection and concentration on key categories and channels
3. Increase sales by focusing more on each individual product
4. Promote joint distribution within the Group in line with the product portfolio
5. Along with points 3 and 4, we aim to achieve an improvement in operating income of over 1 billion JPY by the end of the FY ending March 2028 (compared to the end of the FY ending March 2025)

Strengthening Intra-group Collaboration in the Tuna Business

Total handling volume across the Group: approx. 47,000 tons^{*1}
(top class in the industry^{*2})



Current Issue: Approximately 70% of the total volume handled in the fishery, aquaculture, procurement, and processing stages is transacted with companies outside the Group. There is a need to strengthen collaboration beyond sales segments to external companies and reconstruct the value chain within the Group.

^{*1}: Results before consolidation adjustments for the FY 2022 / Company data

^{*2}: The domestic supply of tuna species in 2022 was 312,000 tons (excluding bonito) / Source: Fisheries Agency, "Supply and Prices of Bonito and Tuna Species in Japan"

(Topics) Strength of Tuna Business “Yellowfin Tuna”

✓ A tuna-specialized company that handles all types of tuna (wild and farmed, fresh and frozen, primary and secondary processed products).

✓ Manufactures tuna products using sustainable yellowfin tuna.



MSC-C-51737



Maruha Nichiro Ocean

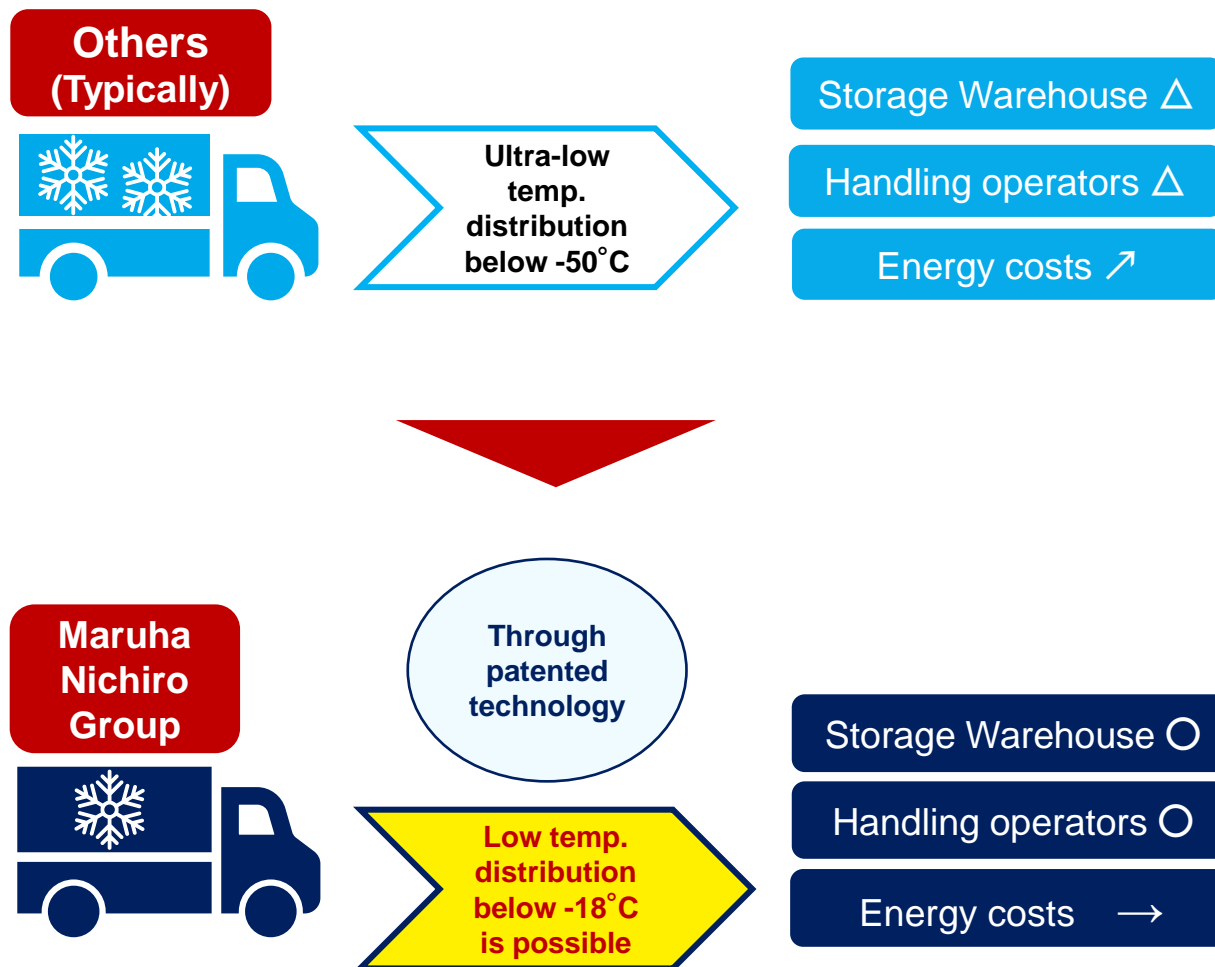


Maruha Nichiro
Utsunomiya Plant

✓ Produces tuna products that can be distributed at temperatures below -18°C , the same as standard frozen foods.

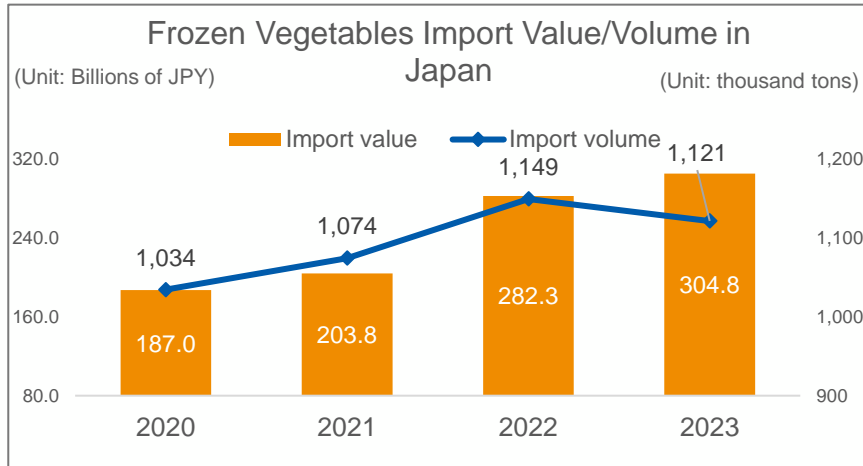


(Topics) Strength of Tuna Business “Frozen Minced Tuna”

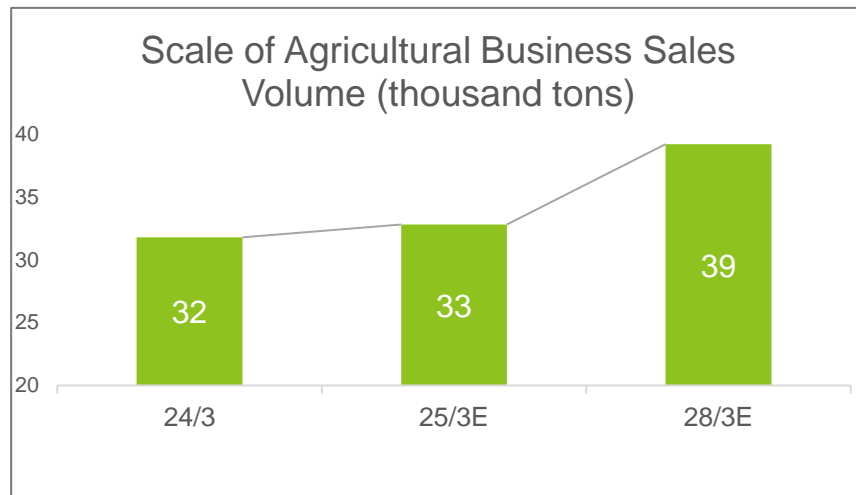


- ① Expanding patented technology within the Group that enables distribution at temperatures below -18°C.
- ② By allowing storage at the same temperature range as standard frozen foods, thereby reducing energy costs associated with storage.
- ③ With easier handling, more operators can handle the products, making it possible to increase the volume of tuna products handled.





Source: Government statistics, "e-stat," Agricultural, Forestry and Fishery Products by category (imports)



Our Group's Strengths

- ✓ Unified management of cultivation in dedicated farms
- ✓ Thorough inspection system and traceability management
- ✓ Top class domestic share of frozen vegetables
(e.g.) Top share of Taiwanese edamame

Challenges and Initiatives

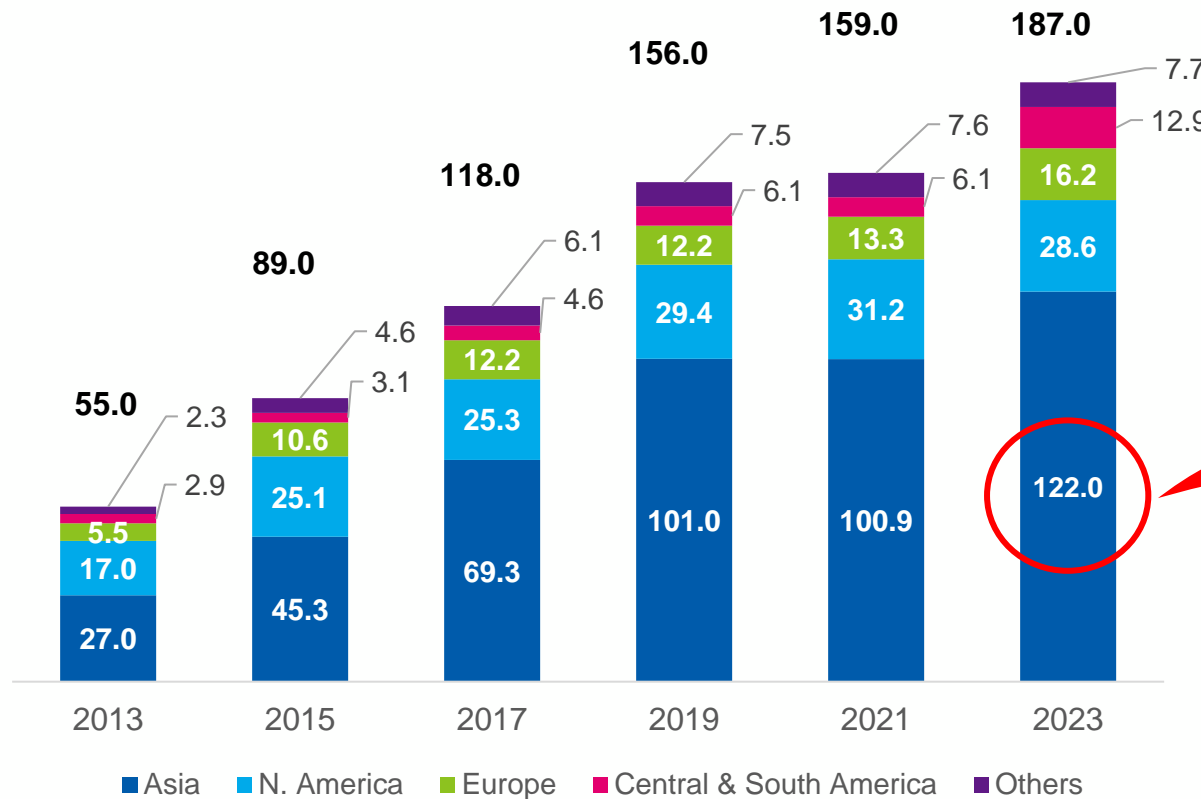
- ✓ Previously focused primarily on procurement functions
- ✓ Moving forward, we will oversee the entire process from procurement to sales, advancing product development from the customer's perspective
- ✓ Strengthen collaboration with the Foodstuff Distribution Biz Unit

Agricultural Products x Marine & Meat Products, Agricultural Products x Diverse Customer Channels

- ✓ **For prepared foods and co-op home delivery**
(e.g., meal kits, etc.)
- ✓ **For the food service industry and Group plants**
(e.g., Combining agricultural products with marine and meat products for raw material supply → Reducing manufacturing processes and management costs.)

Providing value-added products by leveraging our advantage in raw material procurement and strengthening intra-Group collaboration as "One Maruha Nichiro"

Approximate Number of
Japanese Restaurants Abroad (trend)
(Unit: thousands of stores)



In Asia, the number of Japanese restaurants increased 4.5 times in 10 years (see left)

Indonesia, Thailand, China, and Vietnam, where our Group has bases, account for more than 70% of the total number of restaurants in Asia.
(see table below)

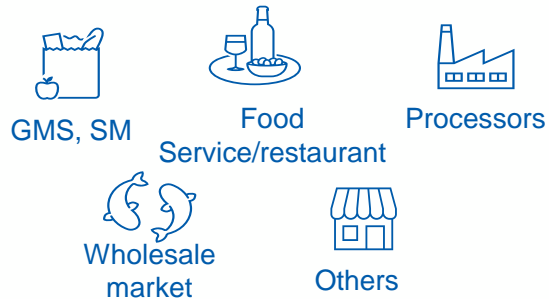
Number of Restaurants in Countries
where the Group has Bases

Indonesia	4,000
Thailand	5,330
China	78,760
Vietnam	1,620
Asia total	122,000

Source: Ministry of Agriculture, Forestry and Fisheries, "Survey on the Number of Japanese Restaurants Abroad."

<Current Sales Flow>

Primarily domestic sales

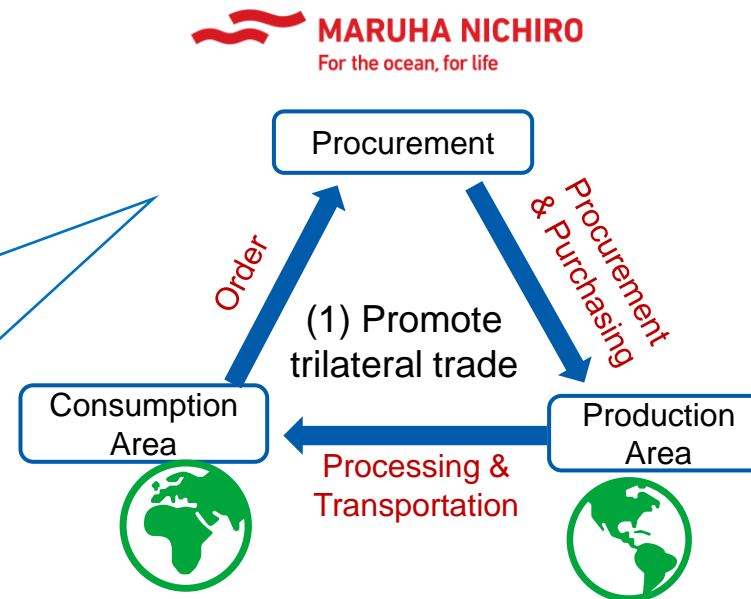


Example: Sai Gon Food Joint Stock Company (Vietnam)



<Future Vision>

Strengthen overseas sales utilizing our Group bases and selecting domestic and international sales destinations based on product characteristics



(2) Our overseas bases will act as supply hubs and work together with our business partners to expand their business overseas

Strengthening sales in overseas markets and developing new markets by using overseas Group bases as a starting point

(Reference) Major Maruha Nichiro Group Overseas Bases



Approach to Growth Investment

Production Bases

- Addressing energy conservation and labor-saving measures
- Restructuring to improve plant production efficiency
- Selecting and prioritizing items in conjunction with sales

M&A

- Investment in the development of overseas sales channels
- Venturing into new genres

Digital Transformation

- Investing in systems to enhance operational efficiency
- Investment in product management systems

Human Resources

- Training at overseas Group bases (dispatch of business and sales staff)
- Developing specialists through personnel rotation with other departments
- Investing talent in key business areas

TOPICS

Selected as a "Noteworthy DX Company 2024"

We have been recognized and selected by The Ministry of Economy, Trade and Industry, The Tokyo Stock Exchange and the Information-technology Promotion Agency, Japan for our notable efforts in contributing to corporate value through initiatives such as streamlining business operations and establishing a DX Promotion Committee to advance internal digital transformation. This is the first time we have been selected for this recognition.



DX注目企業2024
Digital Transformation

- 1) One Maruha Nichiro
- 2) Optimization of the Entire Value Chain
- 3) Utilize Existing Business Assets
- 4) Strengthen Overseas Sales

Appendix

Marine Products Trading Unit Overview

Unmatched marine product procurement capabilities as the world's largest top trader of marine products

→ Engage in trade with approx. 70 different countries and regions



Strengths/Advantages:

Global procurement capabilities realized through the Group's access to marine resources and the maintenance of strong relationships with major suppliers of various commodities around the world

Large number of fish species with the No. 1 market share in Japan that can meet diverse user needs → Diverse sales channels for a wide range of business categories

Procurement:

Of the various fish species handled, shrimp and octopus hold the largest shares in Japan

Shrimp
(worldwide)



Approx. 38,000 tons per year
Domestic share approx. 19%

Octopus
(West Africa)



Approx. 4,800 tons per year
Domestic share approx. 27%

Foodstuff Distribution Business Unit Overview

Combine the Group's product development and processing technology capabilities.

Propose differentiated products to a variety of channels, including food service/ restaurants, lunch services, GMS, SM, co-op home deliveries, convenience stores, and nursing care facilities.



Strengths/Advantages:

Diverse sales channels that cover almost all BtoB markets and allow direct interaction with many customers

Food processing facilities to meet diverse user needs, including frozen, refrigerated, and room temperatures

Expand customer-driven sales, service, and problem-solving through channel-based organization

Nursing care foods with highly unique product categories unique to our Company

Agricultural Foods & Meat and Products Business Unit

Overview

Procure, process, and sell agricultural products, meat, and processed meat products domestically and internationally (in approx. 16 different countries and regions).



Strengths/Advantages:

Ability to collaborate within the Group to ensure a stable supply of various meats and processed meat products from around the world

Thorough traceability of products through a unique quality control system

Top-class domestic share in volume of imported pork handled

Foodstuff Distribution Biz Segment 1Q Results for the FY Ending March 2025

(JPY in Billions)

	Net Sales				Operating Income						Ordinary Income			
	Mar/25 1Q	Mar/24 1Q	YoY change		Mar/25 1Q		Mar/24 1Q		YoY change		Mar/25 1Q	Mar/24 1Q	YoY change	
				(%)		Ratio (%)		Ratio (%)		(%)				(%)
Marine Products Trading Unit	71.8	74.3	-2.5	-3.4%	1.6	2.3%	2.0	2.7%	-0.4	-18.1%	1.8	2.1	-0.3	-16.3%
Foodstuff Distribution Biz Unit	58.3	55.9	2.4	+4.3%	1.5	2.6%	1.6	2.9%	-0.1	-5.3%	1.7	1.7	0.0	+1.9%
Agricultural Foods & Meat and Products Biz Unit	25.0	26.2	-1.2	-4.5%	0.6	2.5%	0.6	2.4%	0.0	+1.4%	1.0	0.8	0.2	+19.7%
Segment Total	155.1	156.4	-1.3	-0.9%	3.8	2.4%	4.2	2.7%	-0.4	-10.4%	4.5	4.6	-0.2	-3.3%
(Domestic)	154.3	155.4	-1.1	-0.7%	3.8	2.5%	4.3	2.7%	-0.4	-9.9%	-	-	-	-
(Overseas)	0.8	1.0	-0.2	-21.7%	-0.0	-	-0.0	-	-0.0	-	-	-	-	-

【Reference】 Foodstuff Distribution Biz Segment Results by Unit for the Most Recent Four Years

(JPY in Billions)

	Net Sales				Operating Income			
	Mar/2022	Mar/2023	Mar/2024	Mar/2025 (Forecast)	Mar/2022	Mar/2023	Mar/2024	Mar/2025 (Forecast)
Marine Products Trading Unit	279.8	309.3	298.1	285.8	4.6	3.5	2.5	4.0
Foodstuff Distribution Biz Unit	194.8	223.8	234.4	245.9	2.1	2.5	6.2	4.8
Agricultural Foods & Meat and Products Biz Unit	71.1	86.0	92.4	84.9	0.7	0.8	1.3	1.2
Foodstuff Distribution Biz Segment Total	545.7	619.1	624.9	616.6	7.4	6.9	10.0	10.0
(Domestic)	543.7	615.8	621.4	612.3	7.4	7.2	10.1	9.8
(Overseas)	2.0	3.3	3.5	4.4	0.0	-0.3	-0.1	0.1

*Figures in this slide are prepared for reference only (figures for the FY ended March 2022 are approximate estimates).

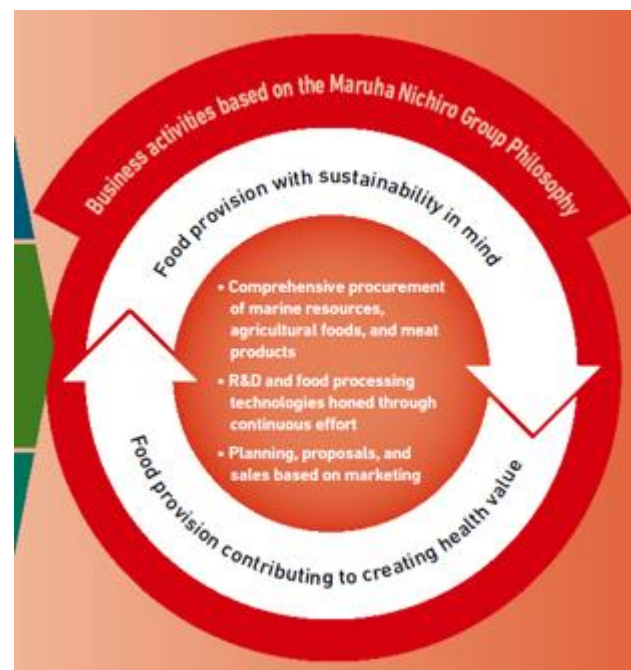
*Domestic: Total of Maruha Nichiro Corporation + domestic consolidated subsidiaries;
Overseas: Total of overseas consolidated subsidiaries

Integrated Report and Sustainability Report published (in Japanese)

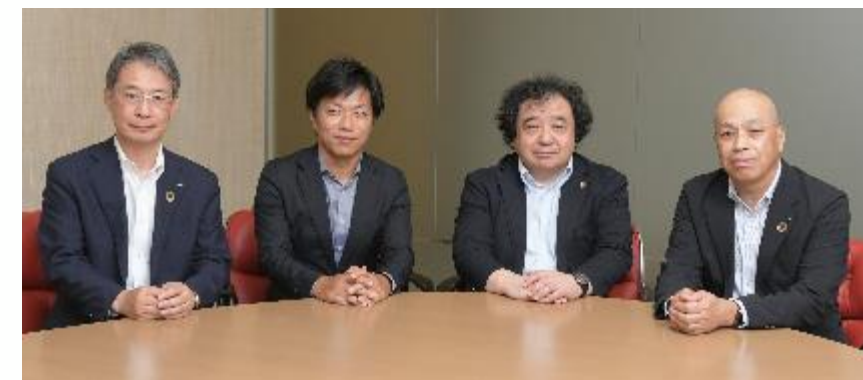
■Feature 1: The Maruha Nichiro Group's Mission to Sustainably Supply Marine Products for the Next 100 years



■Feature 2: Food Promoting Project that Contributes to Creating Health Sustainability



■Feature 3: Building a Supply Chain that Leaves No One Behind



English version of the Integrated Report will be posted on our website in November 2024
https://www.maruha-nichiro.com/sustainability/report_archives.html

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.