

CEO Small Meeting Q&A Summary

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Marine Resource Business & Value Cycle Management

Q: What factors contributed to the significant operating income in the Foodstuff Distribution Business Segment in past mid-term management plans? Also, how will you improve the value cycle of the marine resources business in the upcoming (current) plan, especially in relation to efforts centered on Alaska pollock?

The Foodstuff Distribution Business Segment generated operating income by responding accurately to lifestyle changes, from home meals to prepared foods and food service/restaurants, through total package proposals combining marine, meat, and agricultural products. In the marine resources business, we aim to stabilize profits and hedge market fluctuation risks by processing raw materials and delivering them to consumers. Specifically, we plan to build a value cycle where surimi (fish paste products) is processed in-house all the way to the final product.

Q: Can you update us on the progress of the marine resources business, particularly the value cycle management of Alaska pollock, which is key to this mid-term management plan? Also, what are the prospects for achieving the plan? How will you address the impacts of market fluctuations?

Improving the in-house processing rate of products using surimi produced in North America is an urgent issue. We will promote this through the expansion of surimi processing facilities in the U.S. and our partnership with Kibun Foods (mutual entry into overseas markets as well as the domestic chilled and frozen markets). By increasing the usage rate within our group, we aim to build a revenue structure that is resilient to market fluctuations.

Q: Could you explain the impact of tariffs from the U.S.-China trade war and the potential increase in demand for Alaska pollock, as well as the outlook for consumption in the U.S. market? Additionally, could you provide more details on the synergy with Kibun Foods, including raw material provision?

During the processing of Alaska pollock, residues are converted into fishmeal, part of which is exported to China. While there is a risk that fishmeal exports may be impacted, sales to the U.S. market (domestic sales) are expected to grow as a result of tariff

avoidance measures. We plan to address this by expanding our processing facilities (Trans-Ocean Products). Our partnership with Kibun Foods is progressing steadily, with joint products already launched in the market. Going forward, the mutual utilization of manufacturing facilities will become a critical element in strengthening our collaboration.

Q: What steps are being taken to turn the marine resources business from a loss to a profit, particularly through the expansion of surimi processing capacity to reduce volatility and achieve profitability?

In the short term, the market has been weak due to the increased distribution of Russian pollock, but it is now recovering. We anticipate breaking even with the North American pollock business soon. For long-term value improvement, it is essential to process more internally within the company and group. Reducing production costs is also a critical issue, and we have taken steps like integrating production sites.

Q: What are the risks of volatility in the marine resources business, and how are you addressing them? Also, could you update us on the current status of resource management?

A key factor behind the volatility in the marine resources business is the lag in effective resource management. To mitigate this risk, we are focusing our efforts on fisheries operating in regions where sustainable resource management is in place. We believe that such well-managed fishing grounds offer the potential for stable earnings. Regarding resource management in the waters surrounding Japan, we recognize that further improvements are needed.

Q: What are the challenges of promoting the value cycle after the establishment of the RHQ, and how can regional strengths be leveraged?

In the Asian region, a lack of horizontal collaboration within regions, due to differences in competitiveness and tariffs, has been a challenge. Moving forward, we will build value cycles that leverage regional strengths by transitioning to customer-oriented, proposal-based business and promoting optimal production site selection.

Improving Profitability of the Marine Resources Business

Q: What are the measures for improving the profitability of the marine resources business, and what are the expected effects in the mid-term management plan?

We are facing a deficit of 4.8 billion JPY (forecast for the previous period after restructuring the organization for the fiscal year ending March 2026). Our goal is to achieve a 5 billion JPY operating income by the last year of the mid-term management plan. By

withdrawing from unprofitable fisheries, replacing old fishing vessels (plans to build three new vessels in New Zealand, Australia, and Japan are in place), and concentrating investment on well-managed fish species, we aim to improve profitability. The aquaculture business is facing challenges such as rising feed costs and growth issues due to global warming. We are addressing these through techniques like submerging fish cages, changing aquaculture facility locations, introducing fish species that can grow in high temperatures, and land-based aquaculture (Atlantic salmon). Including the recovery of (primarily) the North American business, we expect to achieve the 5 billion JPY target.

Q: Is it possible to establish the profitability of the fishery business within three years, and what strategies are in place for further growth over the next ten years?

Improving the profitability of the fishery business is achievable, and a certain level of progress is expected over the next three years. For further growth in the next ten years, expanding overseas and improving profitability will be key. Successful cases such as the European marine product distribution business and pet food business in Thailand will be expanded, and we will push for long-term growth strategies such as expanding the frozen food business in the U.S. market.

Q: Given the forecasted long-term shortage of marine resources, what are your strengths, strategies for acquiring market share, and the potential of aquaculture?

In response to the anticipated long-term shortage of marine resources, we are working on expanding overseas aquaculture business, land-based aquaculture that is not affected by the environment, and research and development of cultured marine resources. Additionally, we aim to expand our market share by strengthening collaboration with trusted suppliers in 70 countries and regions around the world, thereby maintaining and expanding a stable supply system.

Investment Strategy and Financial Matters

Q: With operating cash flow at 150 billion JPY, total investments of 180 billion JPY, and growth investments of 140 billion JPY, what is your approach to capital efficiency, borrowing, balance sheet conditions, and the prioritization of inorganic investments in the next mid-term management plan?

In the previous mid-term management plan, the investment budget was 150 billion JPY, but actual spending was around 90 billion JPY. We will carefully select and invest in projects that offer expected returns. Exchange rate fluctuations are also considered. In inorganic investments, we will focus on areas such as land-based aquaculture and health-functional foods like DHA. We have partnered with a Canadian company on microalgae-

derived DHA, recognizing this as a necessary investment under the theme of providing health.

Q: Given the decrease in the receivables turnover ratio and cash flow over the past 10 years, what specific measures are in place to enhance cash inflows and generation capabilities?

We aim to promote ROIC management and set goals that reflect the characteristics of each business. The awareness of improving ROIC has grown across the company, and we will continue to deepen the understanding of individual businesses to improve the financial structure.

Q: In light of the free cash flow situation, what are your thoughts on inorganic growth investments, and how will the financial strategy change with the current high level of borrowing?

Previously, borrowing from financial institutions was the main source of funding, but we now plan to increase the ratio of direct financing (corporate bonds, commercial papers, etc.) to about 30%. During the mid-term management plan period, we aim to maintain the net debt-equity ratio (D/E) at around 1.0 and will carry out active investments.

Q: In the context of the aggressive investment plan in the current mid-term management plan, what areas will you focus on for investment, and what is your approach to investment efficiency? Additionally, how do you approach the expansion of overseas businesses (Seafood Connection, Kingfisher), and the investment ratio?

We will focus on providing sustainable protein, global expansion, fisheries (new ship investments for resource-managed fishing grounds), aquaculture (land-based aquaculture, etc.), global expansion (strengthening processing business in Europe, expanding pet food production in Thailand), and health value (functional materials such as DHA derived from microalgae). Regarding investment efficiency, we have been selecting and executing projects that offer expected returns. In our overseas businesses, we are expanding operations in Europe (Seafood Connection), while in Thailand (Kingfisher), we are working on business expansion with consideration for our local partner relationships. The investment ratio is determined by a comprehensive evaluation of the growth potential and profitability of each business. The investment ratio is determined based on a comprehensive assessment of growth potential and profitability.

Q: What is the reason for expanding the scale of capital expenditures in the current mid-term management plan, particularly with respect to overseas investments, and how does this compare to the past? What risks are involved in overseas investments?

In the current mid-term management plan, we are increasing capital expenditures to actively invest in overseas projects (such as building a pet food business value chain). In the past, we refrained from investing in some projects due to the impact of exchange rate fluctuations and insufficient returns, but going forward, we will focus on investment decisions based on expected returns. When making overseas investments, we will carefully consider risks such as political and economic changes and country risks.

ROIC and Corporate Value Enhancement

Q: Can you tell us about the comparison between Seafood Connection's ROIC and the company-wide ROIC, and how it will contribute to improving ROIC in the future?

Seafood Connection's ROIC is high at around 10%, and we believe that improving this ratio will significantly contribute to improving the company-wide ROIC.

Q: Can you explain the validity of the ROIC targets for the fiscal year ending March 2028 (3.8% for marine resources business, 5.5% for foodstuff distribution business), the impact on achieving a PBR of 1x, and the measures to further improve ROIC?

In Japan, we recognize that the value of marine products is currently undervalued. Drawing from successful examples of overseas companies (such as Norwegian salmon farming), we aim to enhance the value of our products by appealing to their health benefits. Referring to the high ROIC (over 10%) in our European business, we will work to improve the profitability of our marine resources business. Through these initiatives, we aim to improve ROIC and contribute to achieving a PBR of 1x.

Q: Regarding whether your company is viewed as a growth stock or a stable (value) stock, could you provide insight into your investment strategy and how you plan to explain this to shareholders? Additionally, what are the outlooks for improvements in ROIC and ROE going forward?

We emphasize investments for growth and hope to be evaluated as a growth stock. Investments will be limited to those that are expected to yield future returns, and we will carefully explain their significance to our shareholders. Regarding ROIC and ROE, we aim for mid- to long-term improvements through increased profitability and efficient asset utilization.

Q: Can you comment on your expectations for improving the valuation and transitioning from being seen as a value stock to a growth stock through your growth strategy?

By focusing on improving the growth rate and making the starting point of this mid-term management plan clearer, we aim to vividly depict the growth story. We will aim to improve market evaluation by steadily executing our growth strategy.

Q: Could you explain the reason for holding this CEO Small Meeting after a six-year interval, and what specific IR initiatives are being taken to enhance the company's valuation?

The strong desire to enhance corporate value is the reason for holding this Small Meeting. The completion of addressing the negative legacy from past new investments and the stabilization of our financial health has provided the backdrop. Although IR activities had stalled due to the handling of unprofitable businesses in the past, since last year, we've started highlighting the strengths of our foodstuff distribution business and European businesses individually. Steady information dissemination to our investors is important, and we need to ensure they understand that the marine product distribution business has low risk of market fluctuations. We aim to clearly communicate growth stories such as high added-value, aquaculture, and expansion of overseas frozen food businesses, resolve the gap between the company's true value and stock price, and actively conduct IR activities to achieve a PBR of 1x.

Overseas Strategy and Global Expansion

Q: Can you tell us about the KPI of achieving a 15% ratio of GSSI certified products by 2030, particularly that it's based on Maruha Nichiro's standards and not global standards, and the potential for acquiring certification and promoting it in Europe?

Europe has a higher awareness of sustainability compared to Japan and also has its own EU standards. We believe a review of the aggregation method is necessary, as in Europe, many products meet the standards even without certification. This creates a challenge, as products are not evaluated solely based on whether they carry a certification mark. At the same time, we recognize the importance of promoting products that are certified.

Q: What are the specific strategies to achieve the long-term vision of becoming one of the top 10 Global Meat and Seafood Protein Providers in 10 years? What unique know-how or intellectual property does your company have that competitors do not, and what are the strengths of your business?

We will continue winning in marine resources, health value markets (increasing DHA

production, developing odorless DHA and adding it to food products, and entering the pre-disease and preventive health markets), and global expansion of nursing care foods. Microalgae-derived DHA has a competitive edge, and we hold the top market share in the nursing care food sector in Japan, enjoying strong trust from our customers.

Q: Can you explain your company's unique strengths and growth strategy contributions in comparison to the top 10 benchmark companies of the Global Meat and Seafood Protein Providers (excluding MOWI)?

With only MOWI among the top 10 companies in the marine products sector, our company has a large goal of becoming a global leader in protein supply, not just benefiting from scale advantages. We focus on the increased demand for marine products and the improvement of health value and will implement growth strategies using our unique strengths.

Q: What is the purpose of setting up an RHQ in your glocal strategy, and what benefits are expected?

Previously, our overseas strategy had been somewhat opportunistic with individual optimization. By setting up an RHQ, we aim to centralize the investment needs of each region and establish a system where the head office can review the overall investment plan. This will lead to a more strategic overseas expansion that takes regional characteristics into account.

Q: What is your current trade relations with China, the impact of tariffs on your performance, the connection with North American pollock business, and your future overseas strategy?

Currently, there is very little fish export from our North American subsidiary to China. What we export are surimi meal (feed) from Alaska pollock, and since the amount is not large, the impact of tariffs is limited. For the Alaska pollock business, surimi is mainly exported to Japan, while fillets are sent to the U.S. and Europe. In our future overseas strategy, we will closely monitor market trends and tariff conditions in each country to ensure optimal business development.

Domestic Business Strategy and Product Development

Q: As part of strengthening profitability in the Foodstuff Distribution Business Segment, how will you review SKUs and implement high-added-value strategies? Also, how will you increase your company's consumption ratio in the Marine Resources Business Segment through collaboration with Kibun Foods?

In the Foodstuff Distribution Business Segment, we will transition from producing products based on customer needs to a more proposal-oriented business model, significantly reducing SKUs to enhance profitability. In the high-added-value sector, we will focus on nursing care foods. In the Marine Resources Business Segment, we will combine Kibun Foods' technological capabilities with our own raw material supply strength to advance product finalization with an eye on overseas expansion, thereby increasing our own surimi consumption ratio.

Q: Given the shrinking domestic market, what is your strategy for revenue growth while considering the reduction in volume, and the sustainability of your business?

We recognize the shrinking domestic market, and our plan is to maintain profitability through efficiency improvements. For growth, expanding into new fields such as nursing care foods is essential. Considering the impact of rising raw material costs like canned food, we aim for profit growth that does not rely on increased volume.

Q: With the shrinking domestic market, can you explain the need for investment in updating aging facilities, and the potential for improving ROIC through industry consolidation or mergers?

Industry consolidation is a possibility, but first, the rationalization of our own group's plant operations is the challenge. Investment in aging facilities is inevitable, and we need to optimize the domestic production system by consolidating production bases. Improving profitability through selective focus is possible, and we are prepared to push forward structural reforms even at the cost of negative profits.

Q: What efforts are being made across the industry to address the decline in fish consumption in the domestic market?

To address the decline in fish consumption in Japan, we are collaborating with the University of Tokyo and JR East on the "Redesigning Fish Consumption" project. We aim to create new value for fish by utilizing AI and nutrition science. We are also considering proposals for improving eating habits linked to Suica (IC card) data, and through comprehensive efforts, we hope to increase fish consumption.

Organizational Restructuring and Human Capital

Q: Can you explain the specific measures being taken to enhance employee motivation, improve engagement, and show the results of organizational reforms like the establishment of the RHQ and Overseas Strategy Promotion Office?

We believe that in addition to earnings, evaluating challenges is crucial for enhancing

employee engagement. We are considering reviewing the personnel system (evaluating willingness to take on challenges) and improving human capital mobility (breaking down vertical organizational structures). The relocation of the head office (to Takanawa Gateway) is also part of our investment in human capital domestically, and we are creating an office environment where employees can engage in more challenging and creative behavior, focusing on communication in a participatory manner.

Overall Mid-Term Management Plan

Q: What is the key message of this mid-term management plan? Also, please tell us about the recovery in the Marine Resources Business Segment, the investment scale, growth expectations, and the appropriateness of the current portfolio strategy.

The key message of this mid-term management plan is that the Marine Resources Business Segment is not a highly volatile business, and stable growth is possible through the establishment of a value cycle. Our financial health is improving, and we will execute investments for the next growth step. Growth expectations are in our European business and health functional materials (such as DHA, etc.), with untapped opportunities in the U.S. market (such as frozen foods). Our current portfolio will focus on three segments: Marine Resources Business, Foodstuff Distribution Business, and Processed Foods.

Note: This document is not a complete record of all questions and answers from the CEO small meeting Q&A session. It is a partial excerpt that has been edited by Maruha Nichiro Corporation.