

**Financial Results Briefing for the 1st Quarter of the Fiscal Year Ending March 2026**

**Q&A Summary**

**Date:** Tuesday, August 5, 2025

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(In charge of Corporate Planning Department and Finance Department)

**Q. The North America Operations Unit (Marine Resources Business Segment) is forecasting a full-year operating income improvement of 1.9 billion yen year-on-year. How did the A season (January-March) of the Alaska pollock business perform versus your expectations? Also, what is your outlook and current progress for the B season (June-October)?**

The A season landed roughly in line with our plan. The production company integration (implemented in October 2024) made it possible to coordinate the timing of landings from fishing vessels between plants, optimizing production adjustments while maintaining freshness, which maximized the added value of fish and led to improved profitability. Additionally, the integration allowed us to optimize labor allocation across plants, contributing to improved productivity.

As for the B season, the production side is also performing very well. The fish sizes landed are favorable, and we are seeing positive signs.

**Q. While the initial plan for the Marine Resources Business Segment was maintained, the forecast for the Fishery Business Unit was revised downward. Does this reflect higher-than-expected risks from 2Q onward?**

The Fishery Business Unit had a strong 1Q, but we factored in potential risks related to catch volumes and fish prices for certain species in 2Q onward. Since the business is dependent on wild marine products, favorable fishing conditions appear to have been concentrated in 1Q (due to an earlier-than-usual fishing season). While the structural reforms, including the withdrawal from unprofitable businesses which began in the previous fiscal year, are producing positive outcomes, we revised the outlook downward based on a cautious view of catches and market prices outside those improvements.

**Q. Regarding the performance improvement of the North America Operations Unit (Marine Resources Business Segment), how is the balance between market-related factors and other factors? Also, please explain the effect of operational efficiency improvements and their sustainability going forward.**

It is difficult to isolate the exact profit contribution through improved operational efficiency, but it is very significant. Furthermore, by integrating the operation of the aforementioned plants and optimizing resources, we have established a system that enables the most efficient operations, and we believe the operational efficiency has sustainability. However, we are constantly monitoring the impact of rising labor costs in the U.S. on overall costs.

**Q. The Aquaculture Business Unit (Marine Resources Business Segment) posted a decline in operating income in 1Q, yet the full-year forecast has been revised upward. While competitors seem to have had a strong start from 1Q, why did your company see a decline in 1Q and expect recovery from 2Q onward?**

Our main species are bluefin tuna, yellowtail, and amberjack. Bluefin tuna has traditionally been highly profitable, but recent abundant catches of wild bluefin tuna have caused market prices to decline.

Rising feed costs over the past few years have driven up production expenses, making it hard to maintain profitability even when market prices were favorable. Yellowtail and amberjack prices also increased, but they couldn't fully compensate, as their own costs were pushed higher by expensive feed and delayed growth due to last summer's high water temperatures.

This fiscal year, in response to high water temperatures, improvements have been made, such as the increased use of submersible cages at our aquaculture sites in Kagoshima. By feeding fish at deeper water levels, we have seen improved growth performance. Feed costs have also been declining due to a drop in global raw material prices. Taking these factors into account, we expect to return to profitability in the second half of the fiscal year, supported by contributions from yellowtail and amberjack.

Compared to other companies, our earnings have been relatively limited, primarily because our main source of profit has been bluefin tuna. We believe it will take some time for the profitability of bluefin tuna to recover.

**Q. Market-wise, prices for yellowtail are rising, while those for bluefin tuna are falling. Is this ultimately due to the supply-demand balance between wild-caught and farmed products?**

It is a major factor. When large volumes of wild bluefin tuna are caught in Japanese coastal waters, they are distributed to wholesale markets and auctioned. Although farmed tuna is differentiated and recognized for its premium fat content which appeals to certain buyers, an oversupply of wild caught fish can still influence overall pricing.

The rise in yellowtail prices is supported not only by improved aquaculture techniques but

also by easing of feed costs and strong market prices, despite some impact from high water temperatures.

**Q. The initial plan for the Marine Products Trading Unit (Foodstuff Distribution Business Segment) projected a year-on-year decline in operating income. In the recent earnings revision, the domestic business of the Marine Products Trading Unit was revised upward. Aside from favorable market conditions, were there any internal improvement efforts that contributed to this?**

Market conditions have certainly been favorable. Beyond that, our continued emphasis on ROIC-focused management has encouraged more disciplined inventory practices, which have positively impacted profitability. While this may not be fully reflected in the numbers, a large share of products sold by the Marine Products Trading Unit (domestic business) reaches end users through the Foodstuff Distribution Business Unit. This internal synergy has contributed to greater earnings stability.

\*This document is not a complete transcript of the Q&A session from the briefing. Selected excerpts have been edited and compiled by Maruha Nichiro Corporation.