

Foodstuff Distribution Business Segment

In order to put value creation management into practice, we will propose products that meet the needs of a wide variety of business categories as a segment that embodies the maximization of the value chain within the Group, beyond the framework of marine products, processed foods, and meat products.



Consideration of business environment and medium-term direction

In response to the various changes in lifestyles and customer needs caused by COVID-19, we believe that it is becoming even more important to enhance customer value by strengthening sales functions by channel from the customer's perspective and the integration of food distribution functions in order to quickly identify needs and implement proposals with a sense of speed through sales activities that are close to each channel.

As a new organization, we will combine the Group's raw material procurement, product development, and processing technology capabilities, and aim to expand sales by offering products that meet the needs of different business categories.

Results of the previous Medium-term Management Plan

- Expanded sales to growth channels by optimizing the organization of the Strategic Sales Division by customer category
- Expanded the nursing care food business
- Strengthened the processing and sales functions of the marine products processing business
- Improved profitability through thorough management of gains and losses on individual products
- Controlled logistics costs through optimizing logistics bases

SWOT Analysis of the Food Distribution Segment

Strength

Foodstuff Distribution

- A specialized organization that focuses on diverse sales channels and strategy channels
- Customer-driven product offer and sales activities that go beyond the framework of marine products and processed foods
- Ownership of a number of dedicated plants specializing in institutional-use frozen foods and marine products processing

Meat and Products Business

- Procurement capabilities of imported meats from a wide variety of sources
- Handling of Japan's top delivered cows at Maruha Nichiro Chikusan Co., Ltd.
- Handling of domestic meat less exposed to international competition

Issues of the previous Medium-term Management Plan

- Further strengthen the value chain across business units
- Strengthen expansion toward overseas markets
- Improve the profitability of the imported pork business
- Strengthen processing functions of meat and products business

Weakness

Foodstuff Distribution

- Handling of many imported products, easily affected by foreign exchange rates
- Efficiency issues due to handling a large number of product categories and items in terms of sales management

Meat and Products Business

- Lack of sales of high value-added products due to our main focus on raw material sales for imported meat
- Low demand for meat products in the Group due to few products made from meat meat within the Group

Opportunity

Foodstuff Distribution

- Increased handling opportunities for commercial products due to the growth of online shopping and home-delivery channels and increased demand for takeout and to-go meals
- Expanding requirements for prepared foods, processed marine products, etc., due to the increase in demand for home-cooked and home-delivered meals
- Expanding need for prepared food products due to labor shortages in nursing homes

Meat and Products Business

- Relaxation of regulations in the meat import environment through the development of economic partnership agreements and trade agreements with overseas countries
- Increased meat consumption in Japan

Threat

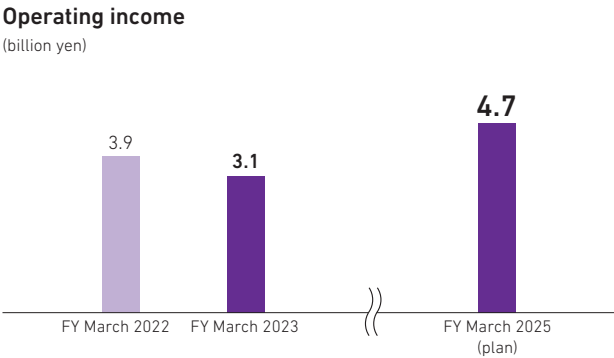
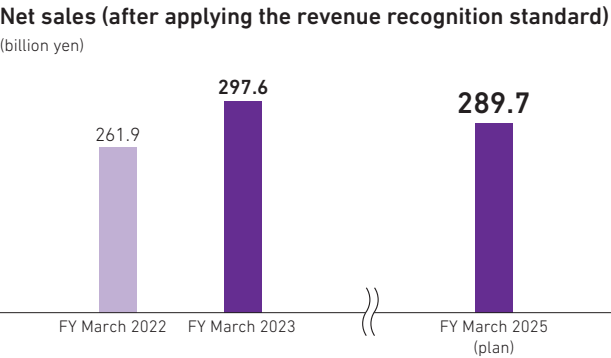
Foodstuff Distribution

- Higher costs due to yen depreciation and soaring prices of raw materials on a global scale
- Rising logistics costs and production costs at plants caused by labor shortages
- Decline in marine resources and deterioration of the raw material procurement environment due to changes in the global environment

Meat and Products Business

- Risk of the decline of purchasing power in Japan due to prolonged deflation and a weakening yen
- Rising international meat prices due to rising global demand for meat and soaring prices of feed grains
- Spread of livestock infectious diseases

Financial indicators in the new Medium-term Management Plan



Foodstuff Distribution Unit Growth Strategy

In response to changes in the market environment, we will strengthen our sales activities based on a diversification of customers, including retail stores, restaurants, convenience stores, home-delivery services and nursing care foods, and maximize the value of the value chain beyond the framework of marine products, meat products, and processed foods by strengthening cooperation among various divisions within the Group, thereby

improving our ability to make proposals to customers. A response to cost increases is also a pressing issue. We will pursue low-cost operations, but in response to increased raw material costs, we will strive to optimize production lines and production efficiency, as well as to optimize selling prices. Also, we will strengthen a single-product management, optimize logistics, and improve profitability.



Meat and Products Business Unit Growth Strategy

As international prices of meat are rising due to the soaring prices of crude oil and feed grains caused by changes in the international environment, combined with a weak yen, the business environment for sales in Japan is expected to be difficult. However, we will strive to secure a stable supply by making the most of our diverse domestic and international procurement routes. Also, with the reorganization of the Food stuff Distribution Segment from this fiscal year, we will aim to improve profitability by strengthening customer-driven sales, including integrated proposals with other commercial products, development of value-added products that meet the requirements of each business category, diversification, and expansion of applications, in cooperation with other divisions within the Group more than ever before.

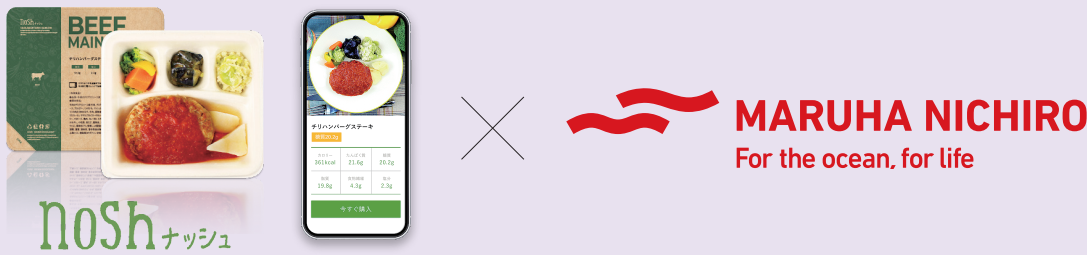


Activities to Realize a Sustainable Society

The Maruha Nichiro Group is promoting group-wide activities for the realization of a sustainable society.

Collaboration for New Value Creation for Healthy Society Creation and the Next Generation - Investment in Nosh Corporation -

Nosh Corporation (hereafter "Nosh") is a company that develops and manufactures "meals that make it easy to maintain a healthy diet" under the management philosophy of "making our society healthier," and sells them through a subscription model, mainly through its mobile app or via the Internet. Maruha Nichiro empathizes with Nosh's management philosophy and invested in Nosh on January 7, 2022. Our relationship with Nosh began in 2020 through the supply of food ingredients. This investment not only further strengthens our relationship in terms of food ingredients supply, but also opens up the possibility of further improving services and new value propositions by integrating the strengths of the two companies. In particular, Nosh has a wealth of technologies and expertise in the area of Internet marketing. The Maruha Nichiro and Nosh will continue our advancement in order to meet your expectations through new services created by the company and by open innovation.



Activities to support food banks

Food bank activities provide free of charge to various welfare organizations and those in need products that have become difficult to distribute for various reasons, even though the products are still sufficiently edible. Maruha Nichiro donates products that we can no longer sell even though they are still edible, such as products that have been decided to be discontinued or products whose outer boxes were crushed in transport, to groups that conduct food bank activities or operate children's cafeterias. Due to the prolonged impact of the COVID-19 pandemic in recent years, the nutritional status and social isolation of children from families in economically difficult situations have worsened. Accordingly, children's cafeterias serve a crucial role as an opportunity not only to provide food, but also to activate communication.

Maruha Nichiro will continue to provide foods to support groups that conduct these food bank activities. These activities to provide also leads to the reduction of food loss and waste (product disposal) identified as KPI (targets) of key issues (materiality) Contribute to the realization of a recycling-oriented society in the New Medium-term Management Plan.

Main donations	Main products	Cooperating Unit
Second Harvest Japan	Commercial frozen fried foods, frozen cup prepared food, etc.	Meat and Products Business Unit Processed Foods Business Unit
Specified Non-profit Organization Yappesu	Commercial and institutional frozen fried foods, etc.	Meat and Products Business Unit
NPO Corporation. Lion Heart The other food banks and welfare facilities	Nursing care foods (rice porridge, etc.) Commercial and institutional frozen fried foods, etc. Commercial canned mushrooms, etc.	Foodstuff Distribution Unit Meat and Products Business Unit Processed Foods Business Unit



Examples of donated products