



April 8, 2025

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### Announcement of the Nissui Group Medium-Term Management Plan “GOOD FOODS Recipe2”

We are pleased to announce that, based on our long-term vision released in 2022, we have formulated the Medium-Term Management Plan “GOOD FOODS Recipe 2,” covering FY2025 through FY2027.

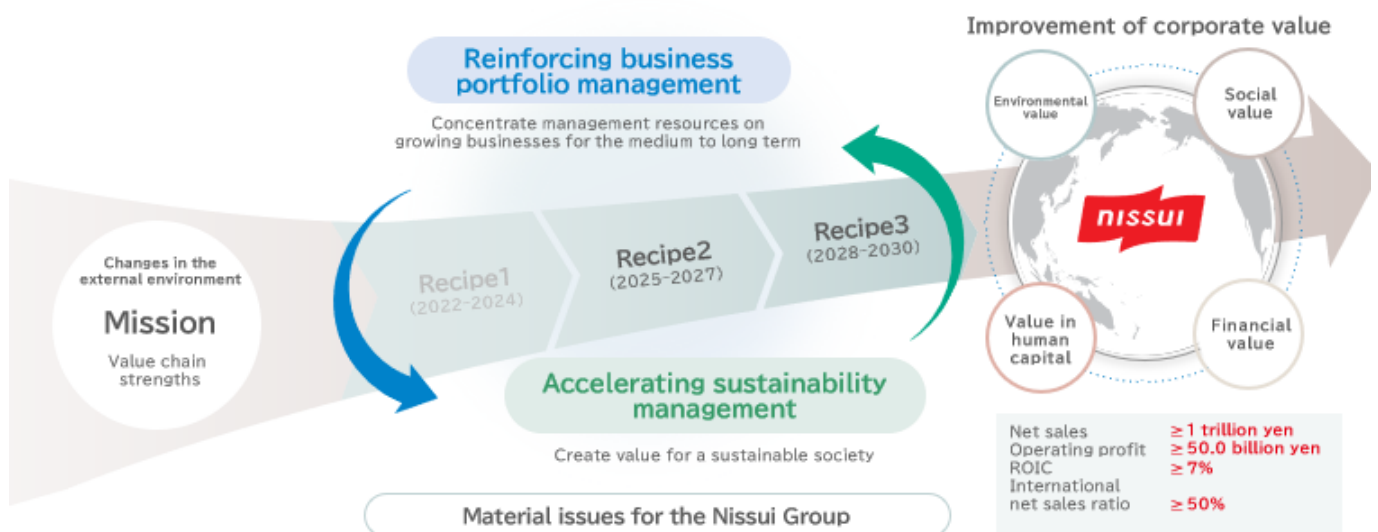
#### 1. Long-Term Vision and Previous Medium-Term Management Plan “GOOD FOODS Recipe1”

##### 1) Long-Term Vision “GOOD FOODS 2030”

In 2022, we redefined our corporate mission (purpose of being) and clearly defined our desired vision for 2030 as our long-term vision.

We aim to enhance corporate value by promoting “sustainability management,” which creates value for a sustainable society, and by strengthening “business portfolio management” through ROIC.

**➤ A leading company that delivers friendly foods for people and the earth ➤**



#### 2) Review of the Previous Medium-Term Management Plan “GOOD FOODS Recipe1,” and Changes in the External Environment

Under Recipe 1, we undertook the "first recipe" as a transformative step toward achieving our long-term vision for 2030—moving up toward a higher level.

We achieved specific results despite a challenging business environment marked by rising geopolitical and climate risks, cost inflation, interest rate hikes, and the diversification of consumer lifestyles and values. These include promoting sustainability initiatives, divesting a listed subsidiary, and reviewing our business portfolio by acquiring a convenience store vendor.

On the other hand, challenges remain. These include struggles in the aquaculture business, delays in the international development of the Fine Chemicals business, insufficient on-the-ground initiatives to improve ROIC, and the promotion of human capital management.

	Review	Remaining issues
<b>Sustainability management</b>	<ul style="list-style-type: none"> <li>Progress made on quality and quantity of ESG-related disclosure, such as early response to Task Force on Nature-related Financial Disclosures(TNFD) recommendations, winning external recognition</li> </ul>	<ul style="list-style-type: none"> <li>Raising awareness of our mission internally and externally</li> <li>Linkage between sustainability and business strategies</li> <li>Promotion of human capital management</li> </ul>
<b>Business portfolio Financial strategies</b>	<ul style="list-style-type: none"> <li>Divested Nissui Pharmaceutical Co., Ltd. and Hohsui Corporation</li> <li>Investment for growth in international business</li> <li>Expansion of chilled products business in Japan through acquisition of Gourmet Delica Co., Ltd.</li> <li>Increase in shareholder returns, reduction of cross-shareholdings</li> <li>Maintained ROE at around 10% while improving shareholders' equity</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of ROIC improvement measures in each business</li> </ul>
<b>Businesses</b>	<ul style="list-style-type: none"> <li>The aquaculture business struggled with surging feed costs and issues with mortality rates and impaired development, etc., due to rising ocean temperatures</li> <li>Both in and outside Japan, the food business achieved growth due to market expansion and upward price adjustments</li> <li>The pharmaceutical raw materials business saw significant delays in international expansion and increased inventory levels</li> </ul>	<ul style="list-style-type: none"> <li>Stabilization of earnings in the aquaculture business</li> <li>Turnaround of the North American marine products processing and South American fisheries businesses</li> <li>Return to growth in pharmaceutical raw material business</li> </ul>

## 2. Theme and Basic Strategies of Medium-Term Management Plan "GOOD FOODS Recipe2"

Under Recipe 2, we will enhance value chain resilience to become a company that continues to create value. This will enable flexible and prompt responses to uncertain environmental changes anchored in our materiality issues.

We define the enhancement of value chain resilience as value creation capability, sustainability, risk response capabilities, and human capital. We will move forward based on the following basic strategies.



## 【Three Basic Strategies】

### (1) Strengthen business portfolio

- Deepen Business Portfolio Management  
We will evaluate each business with regard to its ROIC spread, growth potential, and affinity with the Nissui Group's mission.
- Accelerate Global Expansion  
We will accelerate business expansion, primarily in North America and Europe, and develop a second core category to follow fried white-meat fish.
- Open Up New Businesses and Business Boundary Areas  
In accordance with our mission, we will create innovative food solutions that enrich the heart and the body, and solve societal issues.
- Promote Digital Transformation (DX)  
Innovation in operations, products, services, workstyles, and other aspects of our business through overall optimization.

### (2) Deepen Sustainability Management

- Strengthen Linkage between Sustainability and Business Strategies  
Establish competitive advantages by building sustainability-driven business models. Engage with material issues and increase corporate value through co-creation with stakeholders.
- Promote Human Capital Management and Branding  
We will enhance competitiveness and strengthen initiatives for human capital management and branding to improve corporate value.

### (3) Strengthen Governance

- Risk Management Linked to Management Strategies  
We will centralize management of priority, assign a priority order, and incorporate responses into our business strategies.
- Strengthen Group Governance  
Enhance the effectiveness of group company boards of directors and strengthen the foundation of group management.

## 3. KPIs of “Recipe2”

### 【Financial Value】

#### Financial Value

**ROIC**  
**6.0%**

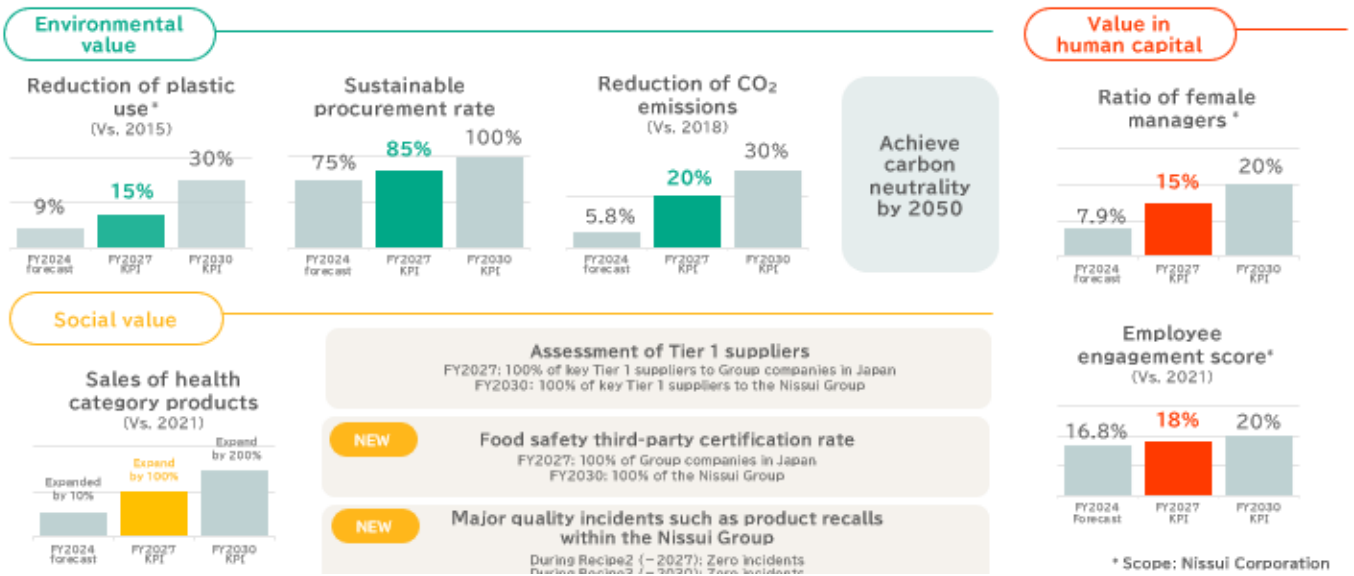
**ROE**  
**10.0%**

#### ▶ Recipe2 KPIs

(Billions of yen)

	FY2024 forecast	FY2027 KPI	Change
Net sales	880.0	970.0	90.0
Operating profit	32.5	41.0	8.5
Ordinary profit	35.0	42.5	7.5
Profit attributable to owners of parent	24.0	30.0	6.0

【Environmental Value, Social Value, Value in Human Capital】



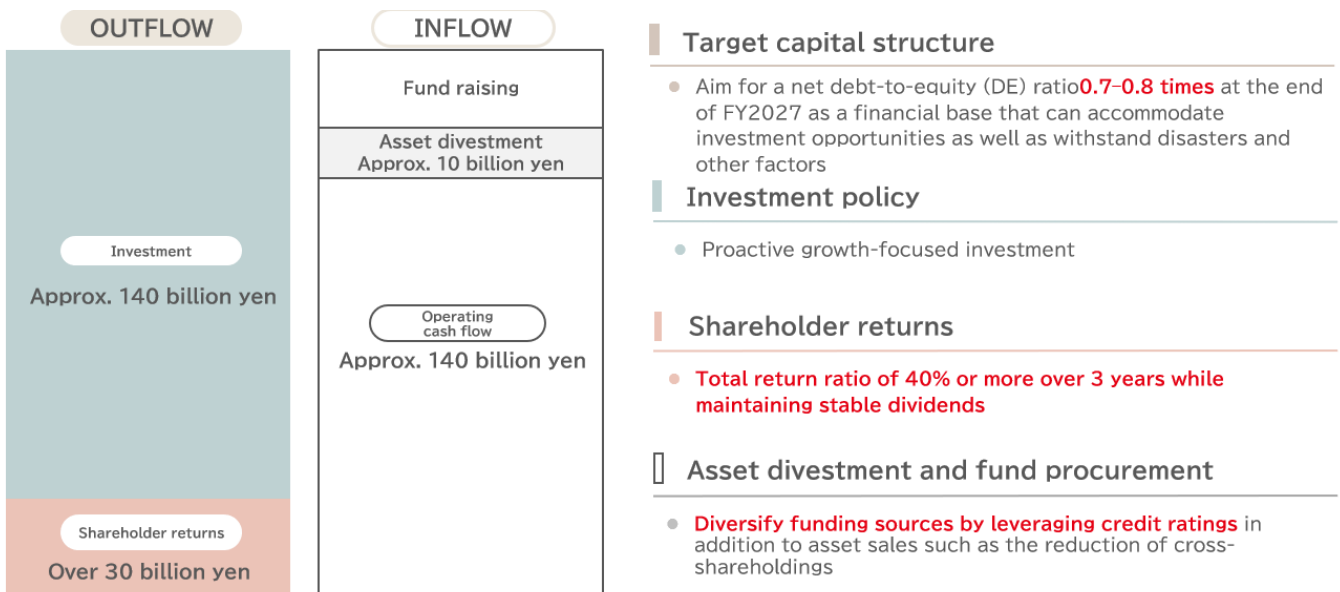
4. Financial Strategy

We work to sustainably enhance our corporate value, focusing on the following three pillars:

- (1) Improve ROIC by optimizing the business portfolio and adopting an asset-light strategy
- (2) Reduce the cost of capital by stabilizing earnings, diversifying fund procurement, and accelerating sustainability management
- (3) Achieving financial efficiency and stability through appropriate capital structure management

【Cash Allocation Policy】

Achieve both growth and financial security, aiming for a total shareholder return ratio of at least 40% over 3 years.



For more details, please refer to the attached appendix.

# Medium-Term Management Plan

## GOOD FOODS Recipe2



## 01 What the Nissui Group Would Like to Be

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## 02 Recipe1 in Review

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## 03 Recipe2 Policy and Targets

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## 04 Basic Strategies

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## 05 Strategies by Business

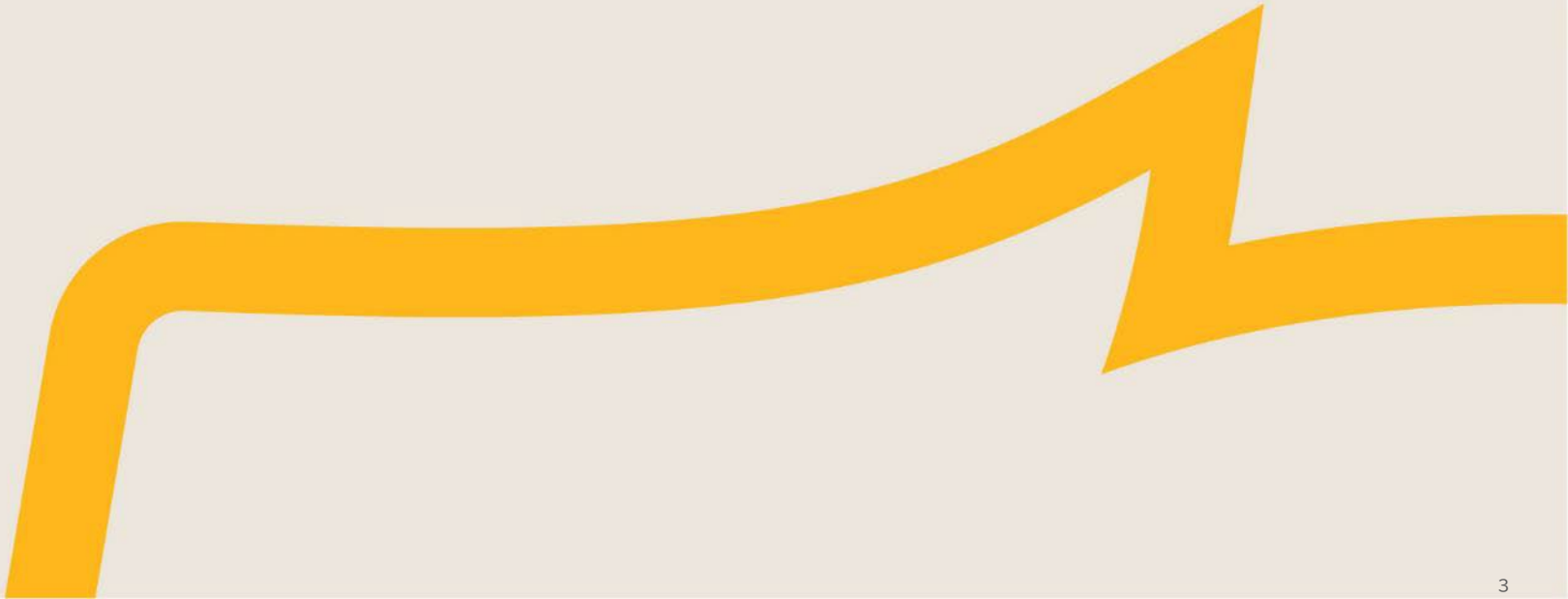
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## 06 Financial Strategies

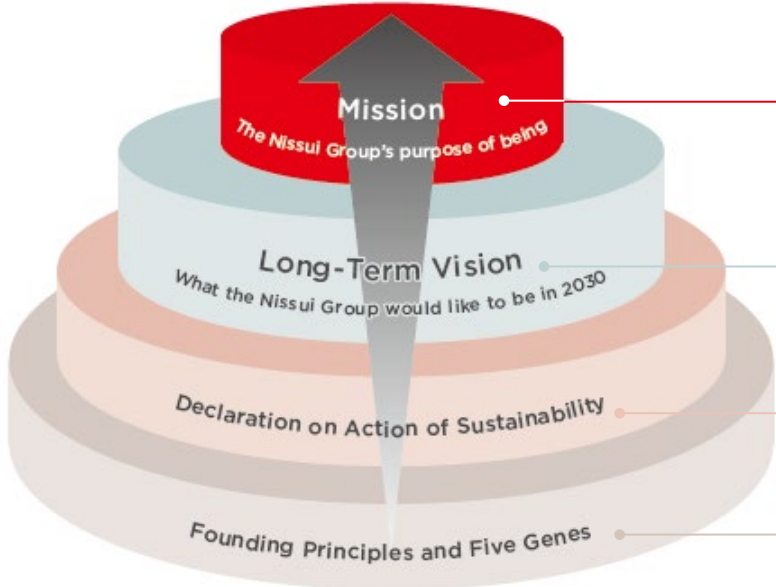
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# What the Nissui Group Would Like to Be



# Business Philosophy Framework



With the wellbeing of the ocean and people as our compass, we are driven to offer the world better food choices. We are determined to harness the power of our pioneering spirit and industry expertise to create a healthier, more sustainable future through innovative food solutions.

**GOOD FOODS 2030** A leading company that delivers friendly foods for people and the earth.

The Nissui Group will appreciate the earth and the sea, and create diverse values from Five Genes inherited since its foundation, and try to solve social issues through its business activities.

- For Customers
- For Employees
- For Business Partners
- For the Environment
- For Shareholders and Investors
- For Society

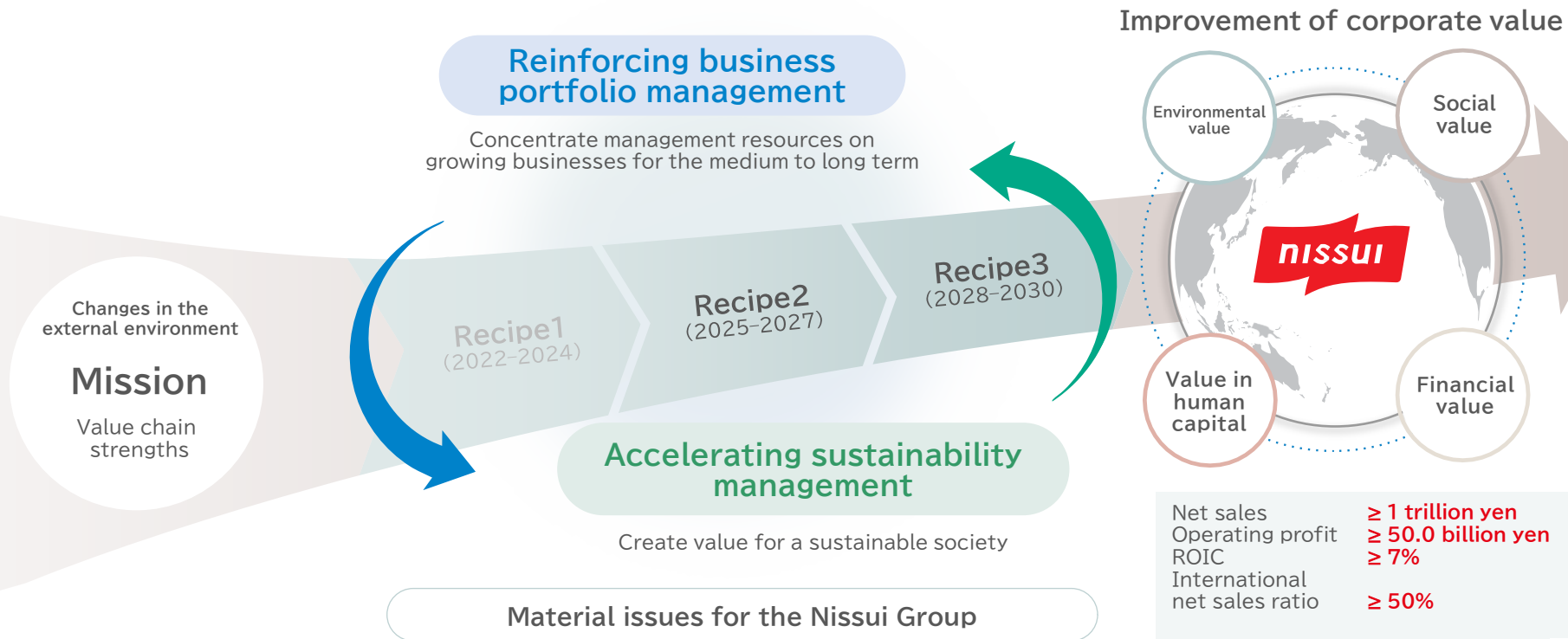
A tap water supply system is exactly what marine products should be like in their production and distribution.

**Five Genes**  
Mission, Innovation, Hands-on approach, Global, Value the customer



# Long-Term Vision for 2030 “GOOD FOODS 2030”

— A leading company that delivers friendly foods for people and the earth —



# Improving Corporate Value Based on Material Issues

Improve corporate value based on our material issues in response to increasingly complex business environment.

## Material issues



### Recipe for the Planet

Create a Sustainable Global Environment

- Driving the mainstreaming of marine biodiversity
- Contributing to a decarbonized and circular economy



### Recipe for Society

Build a Healthy Society Together

- Resolving health issues
- Structuring a sustainable supply chain



### Recipe for Teammates

Foster Passionate Professionals

- Developing human capital and empowering diverse personnel
- Embracing our mission and establishing our brand
- Securing a stable workforce and improving productivity



### Recipe for Growth

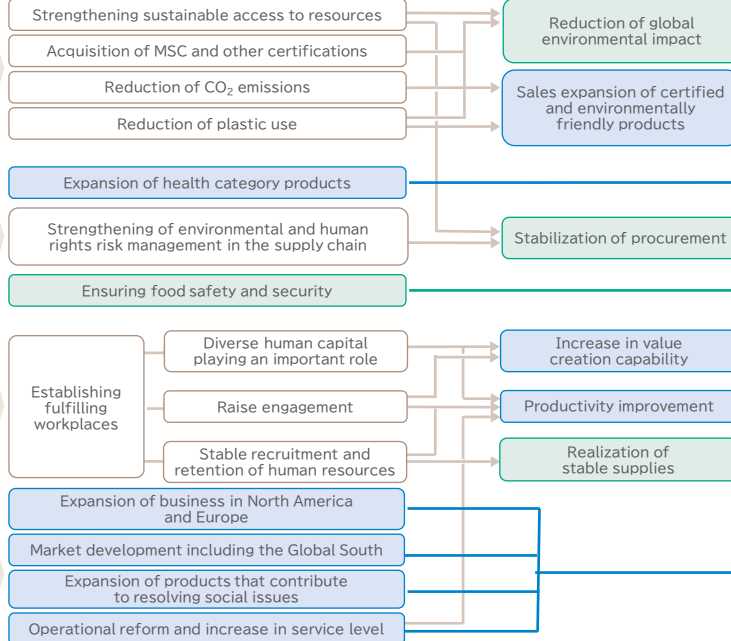
Pioneer the Future by Pursuing New Possibilities in Food

- Accelerating global operations
- Generating innovations related to food
- Innovating through digital transformation

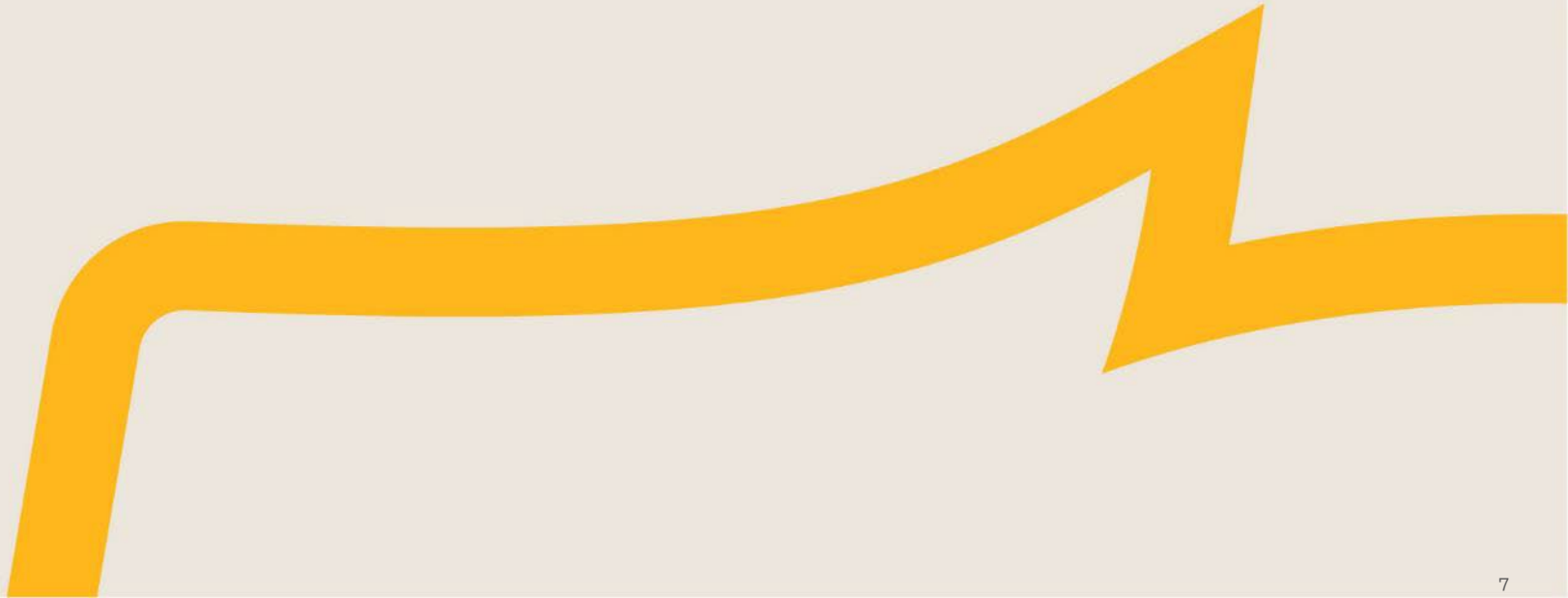
## Reinforcing business portfolio management



## Accelerating sustainability management



# Recipe1 in Review



# Recipe1 in Review: KPIs (Financial Value)

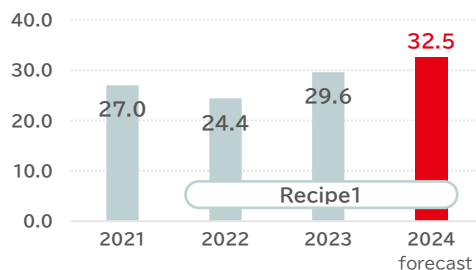
Both net sales and each measure of profit are expected to surpass the targets set at the beginning of Recipe1.

(Billions of yen)

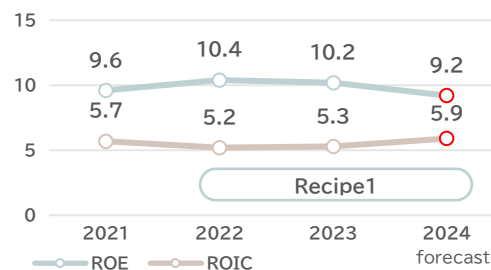
	FY2021 results	FY2024 forecast*	Recipe1 KPI
Net sales	693.6	880.0	790.0
Operating profit	27.0	32.5	32.0
Ordinary profit	32.3	35.0	35.0
Profit attributable to owners of parent	17.2	24.0	22.5

\* Full-year forecast announced in February 2025

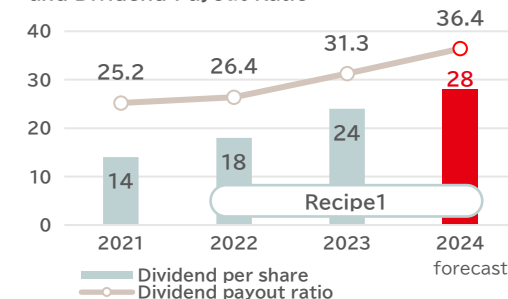
▶ Operating Profit (Billions of yen)



▶ ROIC and ROE (%)



▶ Dividend per Share (Yen) and Dividend Payout Ratio



# KPIs (Environmental Value, Social Value, Value in Human Capital)

Although we fell short of most targets due to business expansion and other reasons, we made steady advances toward our long-term targets for 2030.

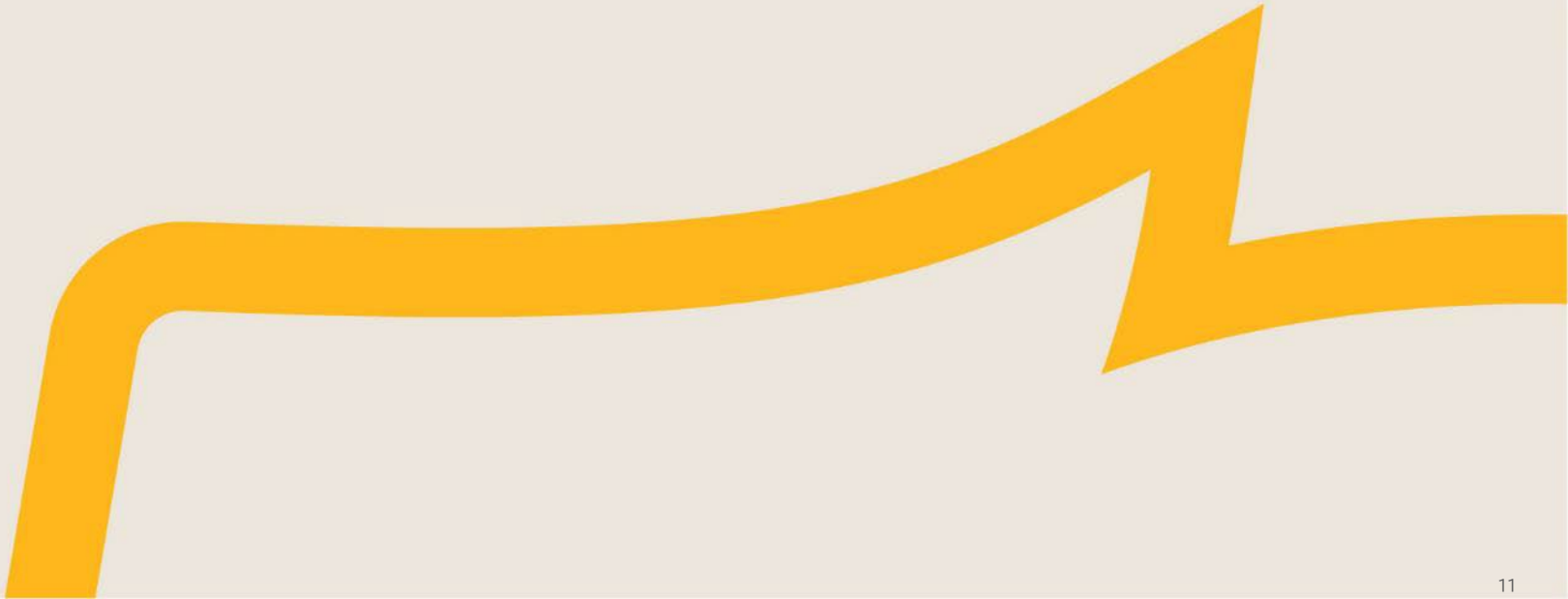
Value created	Priority themes	Goals		Reference	FY2021 results	FY2024 forecast	Recipe1 KPI
Environmental value	Actions aimed at addressing climate change and protecting marine environments	Reduction of CO <sub>2</sub> emissions	CO <sub>2</sub> emissions (Scope 1, 2)	Total amount in FY2018	Reduced by 5.8%	Reduced by 5.0%	Reduced by 10%
		Reduction of plastics	Usage of plastics	Per unit of sales in FY2015	Nissui Corporation: Reduced by 6.4%	Nissui Corporation: Reduced by 9.0%	Nissui Corporation: Reduced by 10%
	Sustainable procurement	Sustainability of marine resources	Sustainable procurement rate		71%	75%	80%
Social value	Sustainable procurement	Responsible procurement	Assessment of Tier 1 suppliers		-	Nissui Corporation: 97.5%	Nissui Corporation: 100%
	Resolving health issues	Expand health category products	Sales of health category products	FY2021	-	Expanded by 10%	Expanded by 30%
Value in human capital	Diverse human capital playing an important role	Employee engagement	Employee engagement score	FY2021	-	Nissui Corporation: Improved by 16.8%	Nissui Corporation: Improved by 10%
		Women's empowerment	Ratio of female managers		Nissui Corporation: 7.3%	Nissui Corporation: 7.9%	Nissui Corporation: 10%

# Recipe1: Summary

Under our new mission, we spent three years working to resolve social issues related to food. We saw a certain degree of progress, but a number of issues remain, namely, raising awareness of our mission internally and externally, strengthening linkage between sustainability and business strategies, and strengthening human capital management.

	Review	Remaining issues
<b>Sustainability management</b>	<ul style="list-style-type: none"> <li>Progress made on quality and quantity of ESG-related disclosure, such as early response to Task Force on Nature-related Financial Disclosures(TNFD) recommendations, winning external recognition</li> </ul>	<ul style="list-style-type: none"> <li>Raising awareness of our mission internally and externally</li> <li>Linkage between sustainability and business strategies</li> <li>Promotion of human capital management</li> </ul>
<b>Business portfolio Financial strategies</b>	<ul style="list-style-type: none"> <li>Divested Nissui Pharmaceutical Co., Ltd. and Hohsui Corporation</li> <li>Investment for growth in international business</li> <li>Expansion of chilled products business in Japan through acquisition of Gourmet Delica Co., Ltd.</li> <li>Increase in shareholder returns, reduction of cross-shareholdings</li> <li>Maintained ROE at around 10% while improving shareholders' equity</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of ROIC improvement measures in each business</li> </ul>
<b>Businesses</b>	<ul style="list-style-type: none"> <li>The aquaculture business struggled with surging feed costs and issues with mortality rates and impaired development, etc., due to rising ocean temperatures</li> <li>Both in and outside Japan, the food business achieved growth due to market expansion and upward price adjustments</li> <li>The pharmaceutical raw materials business saw significant delays in international expansion and increased inventory levels</li> </ul>	<ul style="list-style-type: none"> <li>Stabilization of earnings in the aquaculture business</li> <li>Turnaround of the North American marine products processing and South American fisheries businesses</li> <li>Return to growth in pharmaceutical raw material business</li> </ul>

# Recipe2 Policy and Targets



# Recipe2 Themes

We will promote initiatives to address remaining issues and aim to be a company that continues to create value in an increasingly uncertain management environment. To do so we will make our value chains more resilient based on our material issues.





**Changes in the external environment**

- Greater uncertainty in the management environment, including:
  - Increase in geopolitical risk
  - Increase in climate change risk
  - Cost inflation and interest rate increases
- Diversification of consumer lifestyles and values
- Advances in AI technologies

**Remaining issues**

- Raising awareness of our mission internally and externally
- Linkage between sustainability and business strategies
- Promotion of human capital management
- Implementation of ROIC improvement measures in each business
- Stabilization of earnings in the aquaculture business
- Turnaround of the North American marine products processing and South American fisheries businesses
- Return to growth including international expansion of pharmaceutical raw materials business

**Material issues**

- 
**Recipe for the Planet**  
 Create a Sustainable Global Environment
- 
**Recipe for Society**  
 Build a Healthy Society Together
- 
**Recipe for Teammates**  
 Foster Passionate Professionals
- 
**Recipe for Growth**  
 Pioneer the Future by Pursuing New Possibilities in Food

**Enhancement of value chain resilience**

to respond flexibly and rapidly to changes in an uncertain environment

- Value creation capability
- Sustainability
- Risk response capabilities
- Human capital





# Recipe2 Basic Strategies

We aim to enhance value chain resilience through **three basic strategies** based on our material issues.

## Enhancement of value chain resilience

to respond flexibly and rapidly to changes in an uncertain environment

Value creation capability

Sustainability

Risk response capabilities

Human capital

### (1) Strengthen business portfolio

- Deepen business portfolio management
- Accelerate global expansion
- Open up new businesses and business boundary areas
- Promote digital transformation (DX)



### (2) Deepen sustainability management

- Strengthen linkage between sustainability and business strategies
- Promote human capital management and branding



### (3) Strengthen governance

- Risk management linked to management strategies
- Strengthen group governance



# Recipe2 KPIs (Financial Value)

## Financial Value

**ROIC**

**6.0%**

**ROE**

**10.0%**

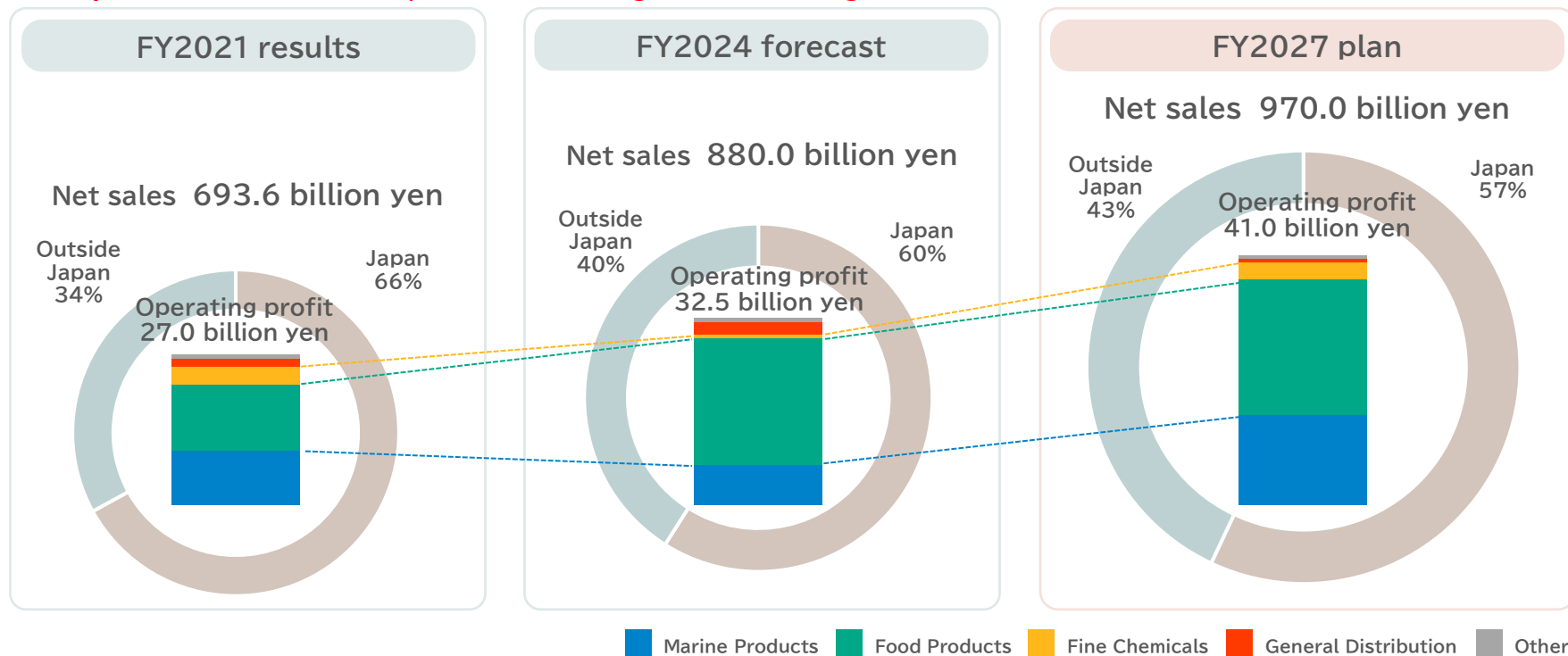
### ▶ Recipe2 KPIs

(Billions of yen)

	FY2024 forecast	FY2027 KPI	Change
Net sales	880.0	970.0	90.0
Operating profit	32.5	41.0	8.5
Ordinary profit	35.0	42.5	7.5
Profit attributable to owners of parent	24.0	30.0	6.0

# Evolution of Our Business Portfolio

We are strengthening our business portfolio by **expanding the international business, advancing the aquaculture business, and achieving a return to growth in the fine chemicals business.**

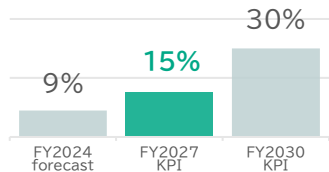


# Recipe2 KPIs (Environmental Value, Social Value, Value in Human Capital)

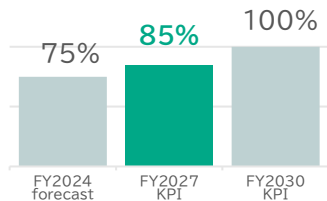
Addition of new KPIs based on a review of material issues.

## Environmental value

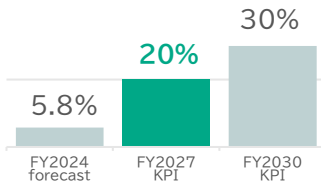
Reduction of plastic use\* (Vs. 2015)



Sustainable procurement rate



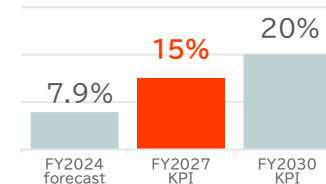
Reduction of CO<sub>2</sub> emissions (Vs. 2018)



Achieve carbon neutrality by 2050

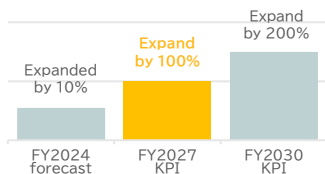
## Value in human capital

Ratio of female managers\*



## Social value

Sales of health category products (Vs. 2021)



### Assessment of Tier 1 suppliers

FY2027: 100% of key Tier 1 suppliers to Group companies in Japan  
FY2030: 100% of key Tier 1 suppliers to the Nissui Group

NEW

### Food safety third-party certification rate

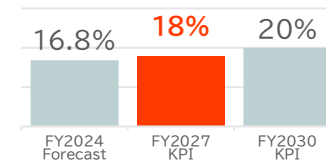
FY2027: 100% of Group companies in Japan  
FY2030: 100% of the Nissui Group

NEW

### Major quality incidents such as product recalls within the Nissui Group

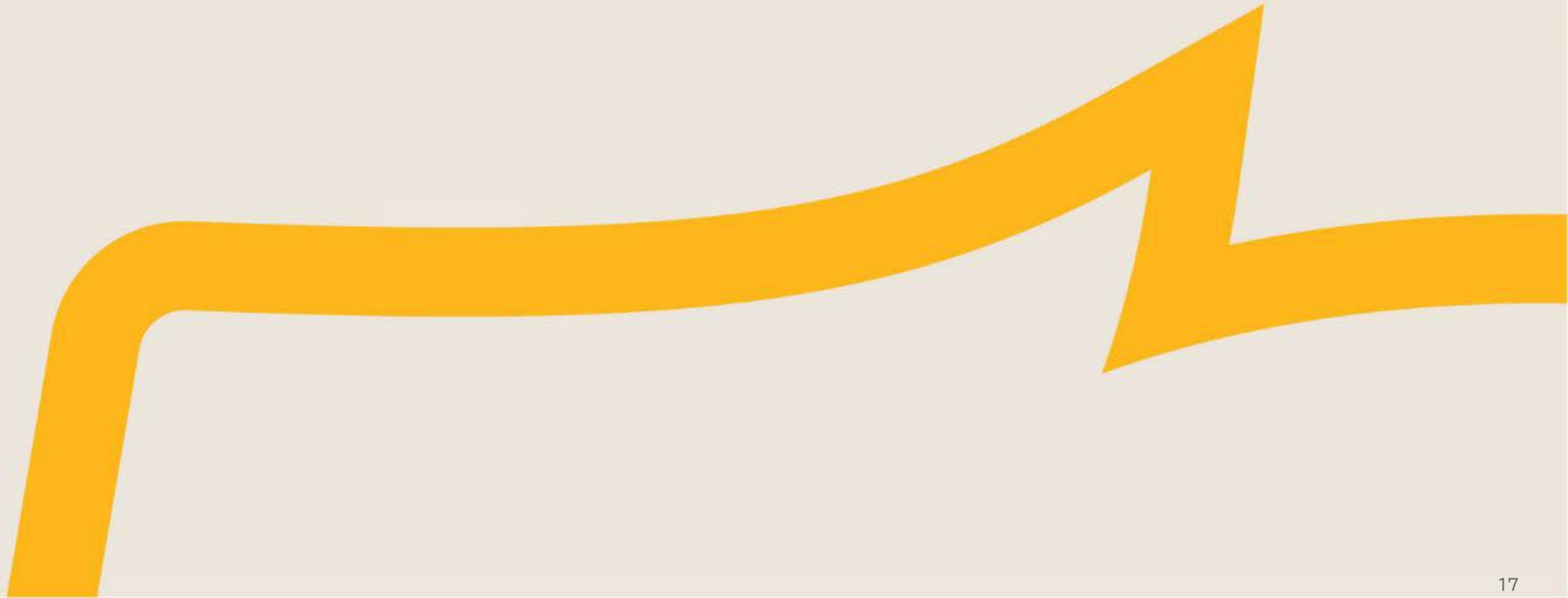
During Recipe2 (-2027): Zero incidents  
During Recipe3 (-2030): Zero incidents

Employee engagement score\* (Vs. 2021)



\* Scope: Nissui Corporation

# Basic Strategies

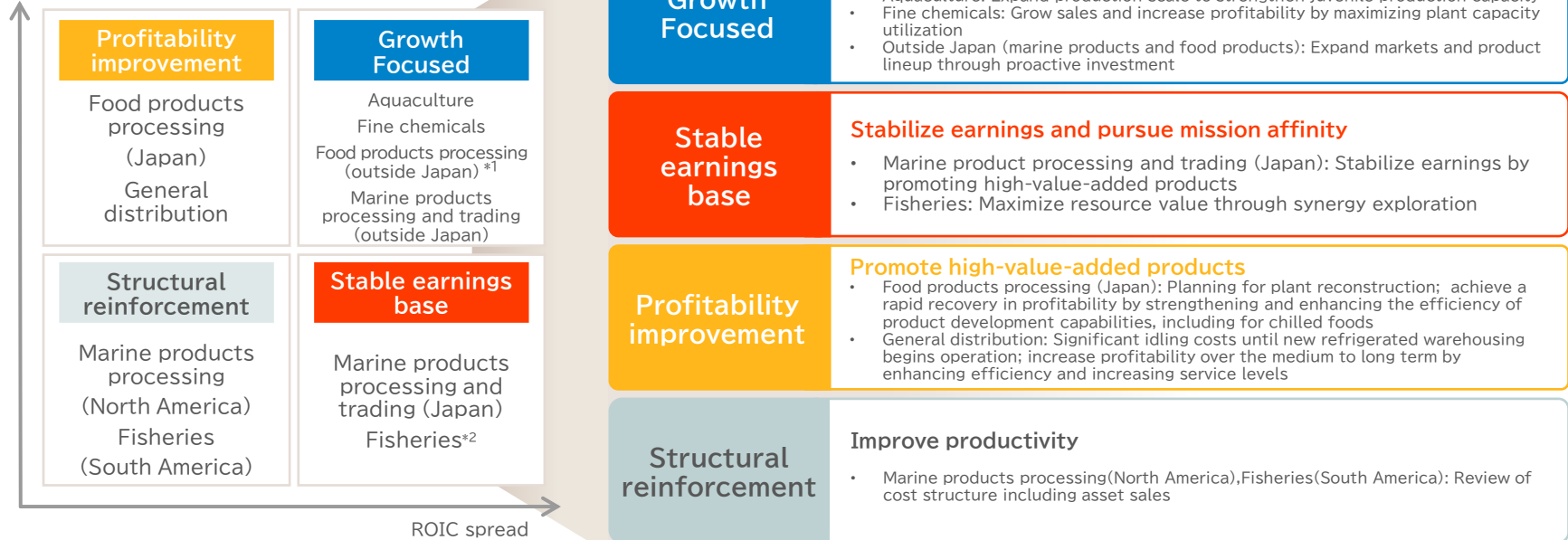


# Deepen Business Portfolio Management

We will evaluate each business with regard to its ROIC spread, growth potential, and affinity with the Nissui Group's mission.

## Direction for Each Business

Growth potential/  
Mission affinity

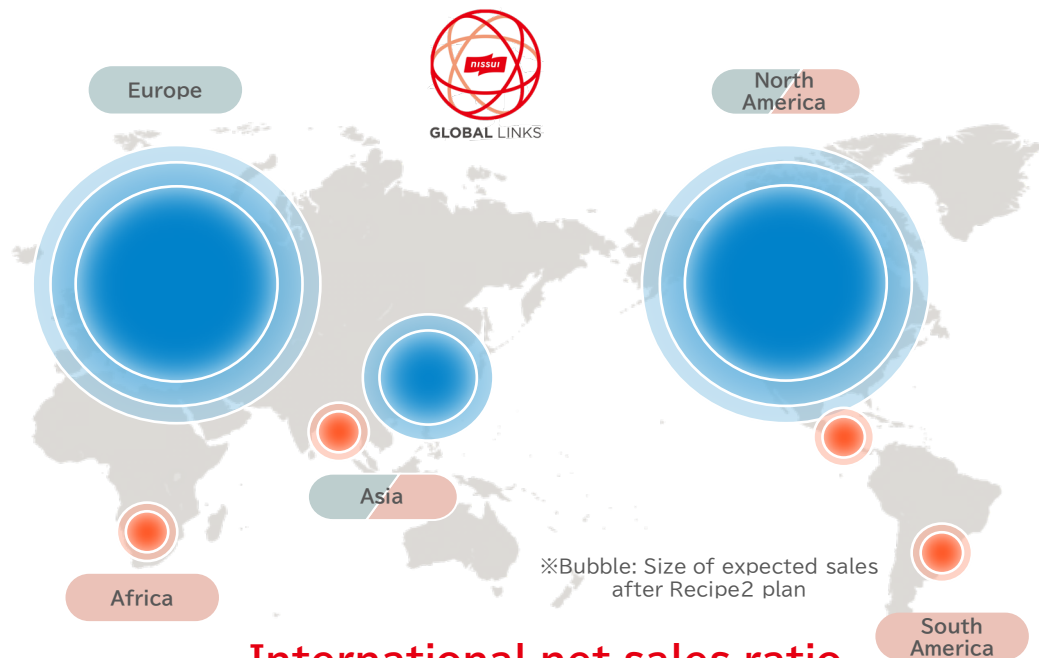


\*1 Excluding Marine products processing(North America)

\*2 Excluding Fisheries(South America)

# Accelerate Global Expansion

We will accelerate business expansion, primarily in North America and Europe, and develop a second core category to follow fried white-meat fish.



**International net sales ratio**  
**40% (FY2024 forecast) → Approx. 43% (FY2027 plan)**

## ● Become the clear leader in fried marine products

Europe	North America	Expand sales by strengthening production functions
Asia		Enhance offerings for fast food and quick service restaurant chains

## ● Cultivate a second strategic pillar to follow fried seafood

Europe	Expand tapas product lineup, etc.
North America	Manufacture products for the Asian foods market locally

## ● Expand products handled and regions served in the processing and trading businesses

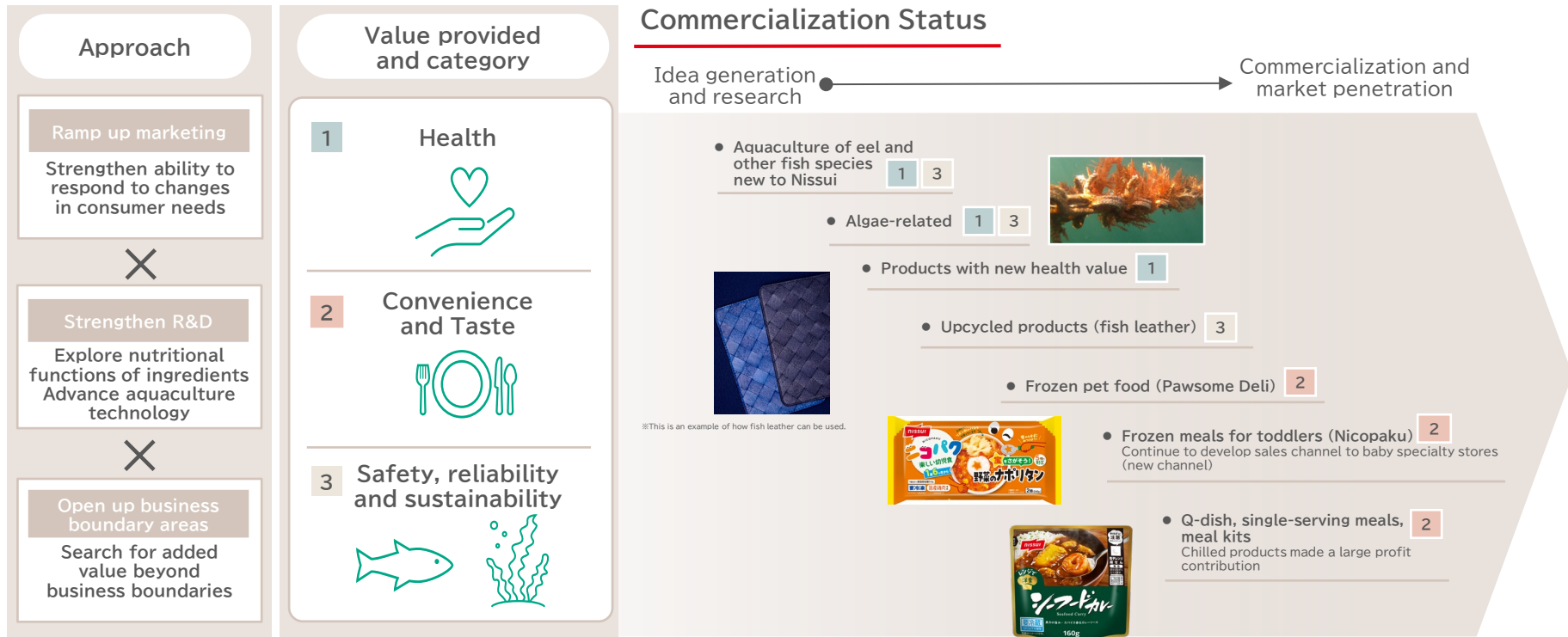
South America	Grow global sales of farmed salmon as production increases
Japan	Grow global sales of scallops, Kurose Buri (Japanese amberjack) and other products
Europe	Expand business in the Iberian Peninsula and other regions

## ● Strengthen international sales of pharmaceutical raw materials and functional raw materials

## ● Explore business opportunities in the Global South

# Open Up New Businesses and Business Boundary Areas

In accordance with our mission, we will create innovative food solutions that enrich the heart and the body, and solve societal issues.

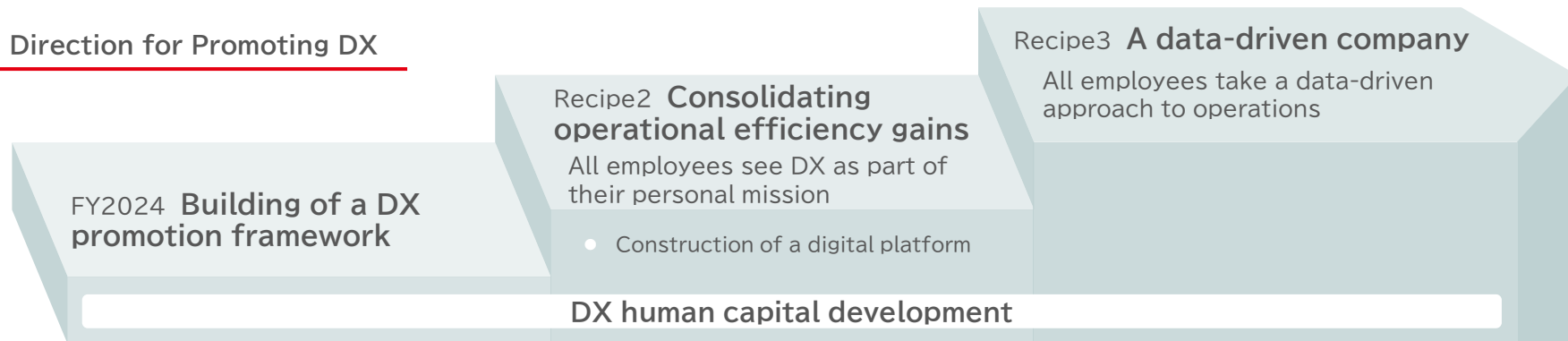




## Promote Digital Transformation (DX)

Through DX aimed at overall optimization, we will reform our operations as well as our products, services, work styles, and other aspects of our business.

### Direction for Promoting DX



#### ➤ Case Study: Marine Products Business Advancement of aquaculture

Establish an aquaculture business model that is highly differentiated over competitors by utilizing AI and IoT, and by developing platforms and applications for using various forms of data



AI fish counter

#### ➤ Case Study: Food Products Business Conversion of plants in Japan to smart factories

Realize plants that are both economical and considerate to the environment and workers, and aim to increase corporate value over the medium to long term



# Strengthen Linkage between Sustainability and Business Strategies

Establish competitive advantages by building sustainability-driven business models.

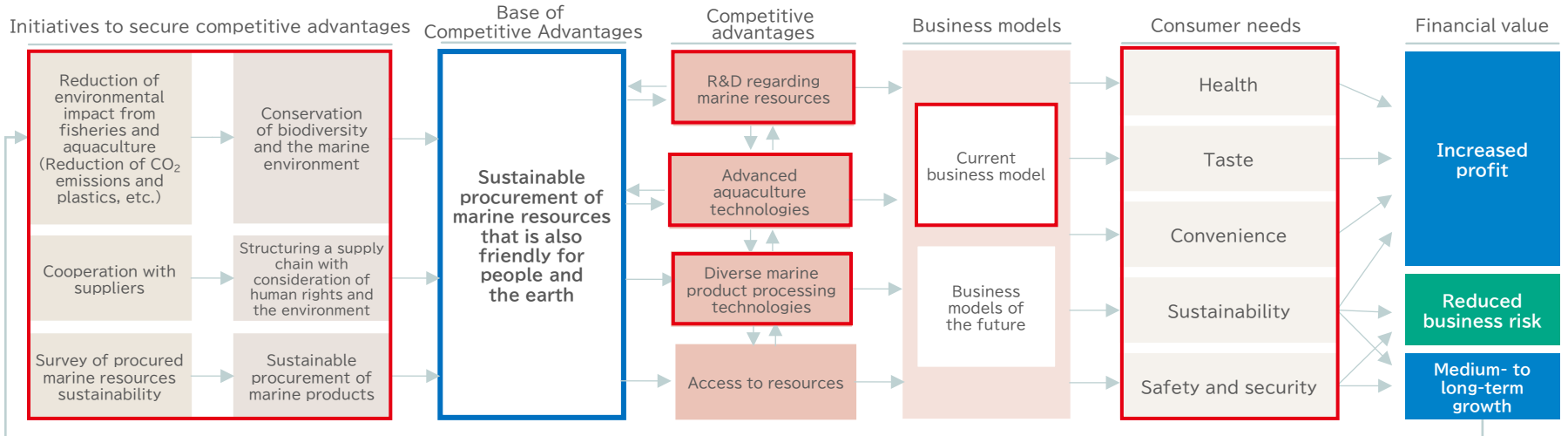
## ▶ Case Study: Kurose Buri (Japanese amberjack)

Our Kurose Buri (Japanese amberjack) is sourced through full-life cycle aquaculture, and does not rely on wild-caught juveniles. Moreover, we are able to secure a strong competitive advantage through various initiatives, including the use of selective breeding and submersible fish cages. We also conduct environmental monitoring of aquaculture sites and use automatic feeding systems, among other measures, to reduce natural disaster risk and environmental impact, thereby realizing stable, eco-friendly aquaculture.



### ▶ Connections between Sustainability and Respective Business Activities (Example based on marine resources)

Items relevant to the example of Kurose Buri (Japanese amberjack) are outlined in red



# Strengthen Linkage between Sustainability and Business Strategies

Engage with material issues and increase corporate value through co-creation with stakeholders.

## Sustainable marine resources

- **Sustainable procurement of marine resources**  
Implement countermeasures based on resource survey results, promote procurement of certified fishery products, etc.
- **Promote sustainable aquaculture**  
Off-shore farming, remote feeding, countermeasures for rises in ocean temperature, etc.



## Provision of value

- Having ensured their sustainability, convert marine resources into value for customers in the form of products and services



## Cooperation with stakeholders

- **Participate in Seafood Business for Ocean Stewardship (SeaBOS)**  
Ongoing engagement to resolve issues for realizing a sustainable marine products business, working with leading companies in the global marine products industry and scientists around the world



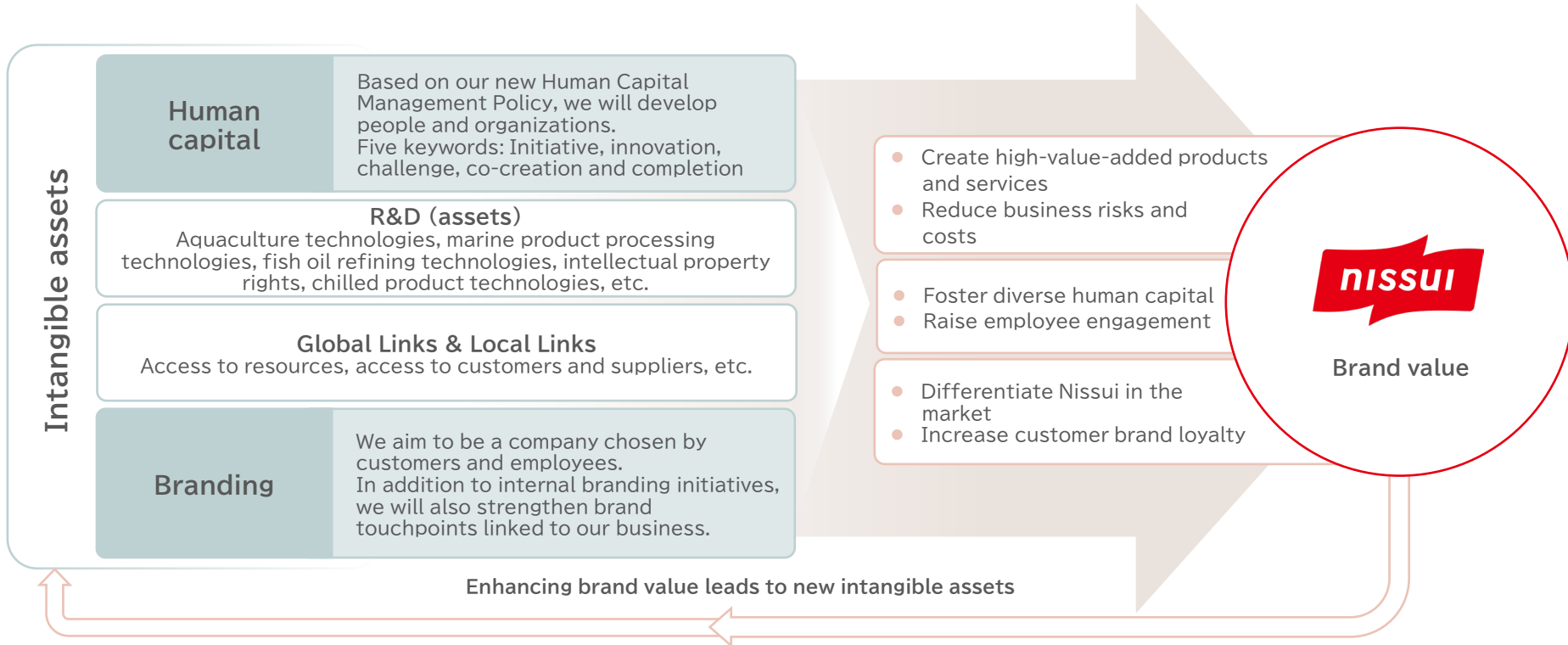
- **Strengthen cooperation with suppliers**  
Strengthen engagement with suppliers in and outside Japan to ensure marine product traceability and minimize human rights and environmental risks in the supply chain



Supplier Guideline

## Promote Human Capital Management and Branding

We will strengthen the source of Nissui's competitiveness. We aim to increase corporate value under Recipe2, by strengthening initiatives for human capital management and branding.



## Risk Management Linked to Management Strategies / Strengthen Group Governance

■ We will centralize management of priority, assign a priority order, and incorporate responses into our business strategies.

- Establish a group-wide risk management system
  - Conduct the PDCA cycle, including prioritization and allocation of necessary funds, led by the Risk Management Committee
- Quantify risk evaluation
  - Formulation of quantitative evaluation criteria for assigning a priority order to risk responses

### ▶ Risk Classification



### ▶ Risk Management Promotion System



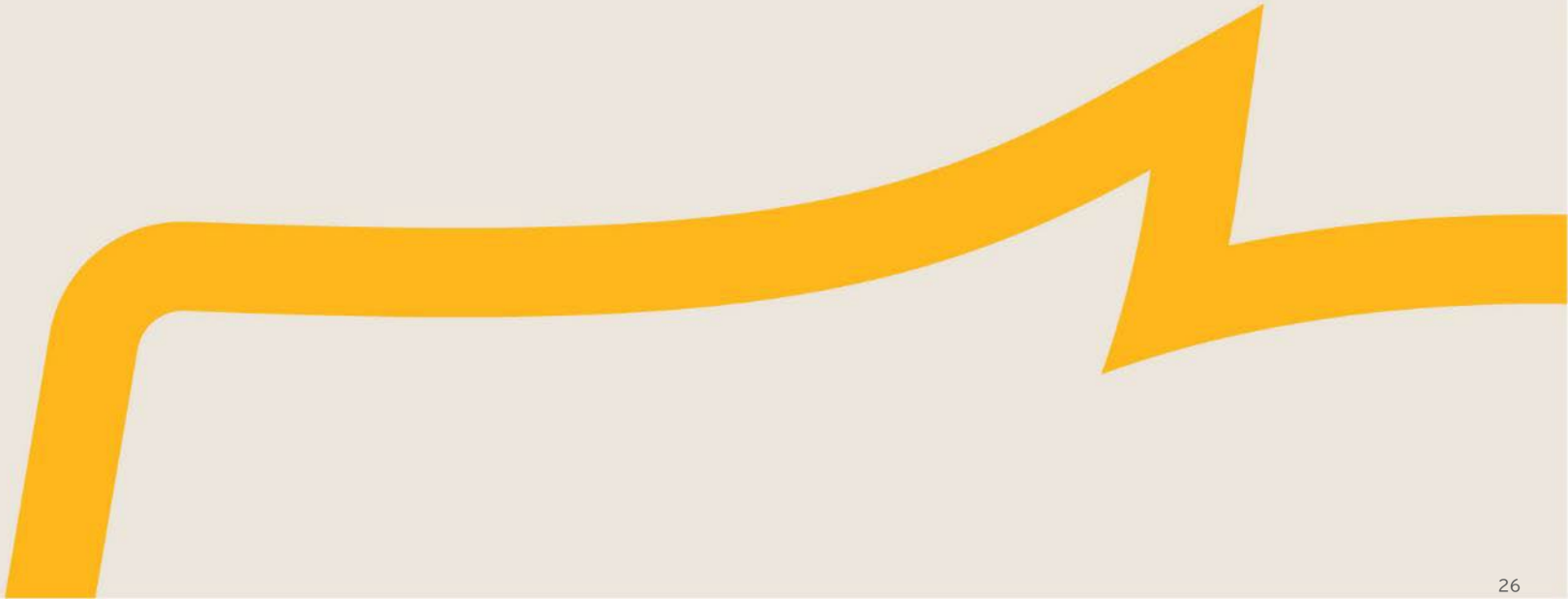
■ Enhance the effectiveness of group company boards of directors and strengthen the foundation of group management

**Strengthen group governance**

Improve the effectiveness of group company boards of directors

- Expand training for group company directors
- Introduce executive nominating and compensation committees in group companies

# Strategies by Business



## Recipe2: Plan by Segment

### Marine Products Business and Fine Chemicals Business as overall profit drivers

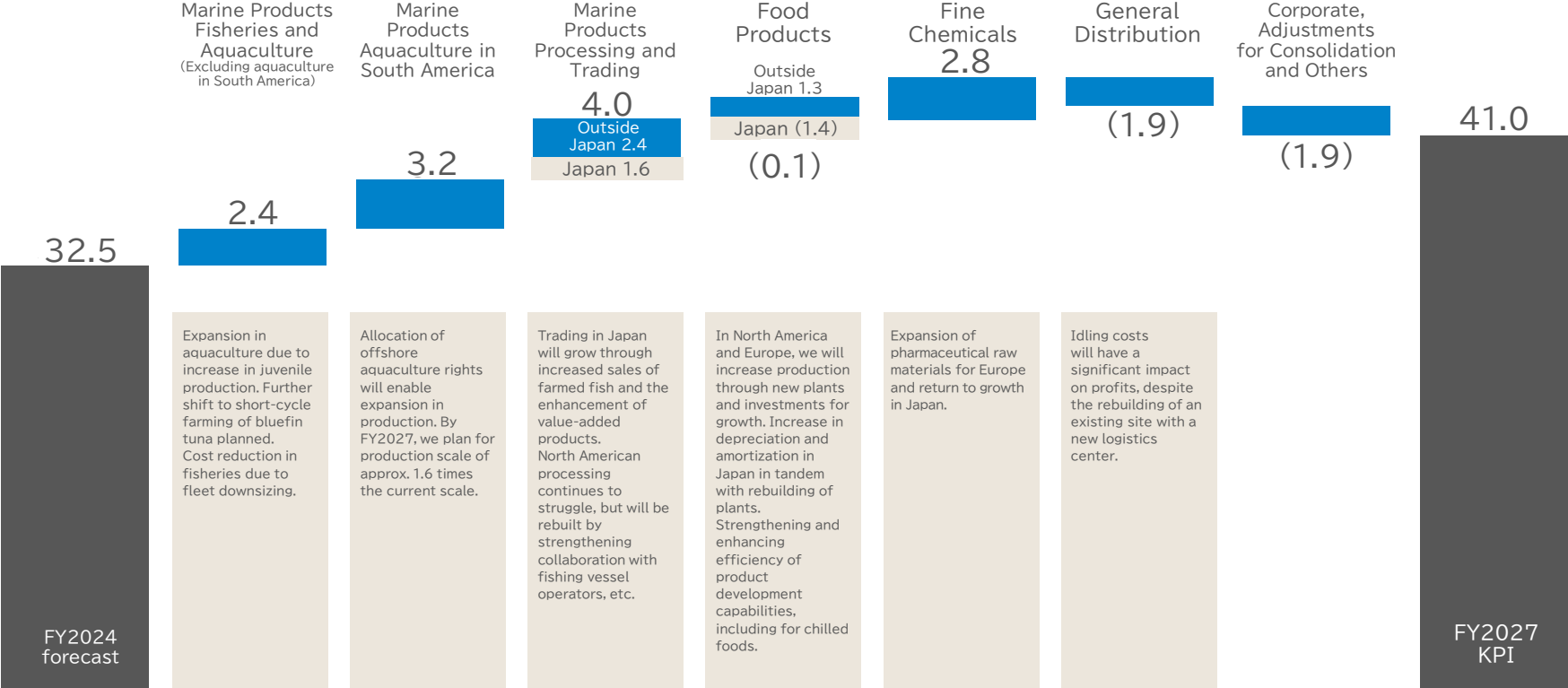
(Billions of yen)

	FY2024 forecast	FY2027 plan	Change
<b>Net sales</b>	<b>880.0</b>	<b>970.0</b>	<b>110.0</b>
Marine Products Business	357.8	375.9	18.1
Food Products Business	470.0	540.8	70.8
Fine Chemicals Business	16.3	26.4	10.1
General Distribution Business	16.6	18.1	1.5
Others	19.3	8.6	(10.7)
<b>Operating profit</b>	<b>32.5</b>	<b>41.0</b>	<b>8.5</b>
Marine Products Business	9.3	19.2	9.9
Food Products Business	28.9	28.9	0
Fine Chemicals Business	0.7	3.6	2.8
General Distribution Business	2.8	0.9	(1.9)
Others	0.9	0.7	(0.2)
Common Costs	(10.2)	(12.2)	(2.0)

# Factors Contributing to Change in Operating Profit

## Marine Products Business and Fine Chemicals Business as overall profit drivers.

(Billions of yen)



Expansion in aquaculture due to increase in juvenile production. Further shift to short-cycle farming of bluefin tuna planned. Cost reduction in fisheries due to fleet downsizing.

Allocation of offshore aquaculture rights will enable expansion in production. By FY2027, we plan for production scale of approx. 1.6 times the current scale.

Trading in Japan will grow through increased sales of farmed fish and the enhancement of value-added products. North American processing continues to struggle, but will be rebuilt by strengthening collaboration with fishing vessel operators, etc.

In North America and Europe, we will increase production through new plants and investments for growth. Increase in depreciation and amortization in Japan in tandem with rebuilding of plants. Strengthening and enhancing efficiency of product development capabilities, including for chilled foods.

Expansion of pharmaceutical raw materials for Europe and return to growth in Japan.

Idling costs will have a significant impact on profits, despite the rebuilding of an existing site with a new logistics center.



# Strategies by Business: Marine Products Business

## Maximize resource value through advancement of marine products value chain

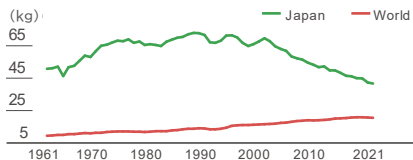
### Market trends

- Increasing global demand for seafood due to growing environmental and health consciousness
- Increasing demand for sustainable marine products, including products with Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), and Marine Eco-Label (MEL) certification

#### Market data relating to the international food products business

While people are eating fish less in Japan, demand for marine products is growing around the world, especially in Asia.

Annual per Capita Consumption of Edible Fish and Shellfish



Source: Fisheries White Paper 2023, Fisheries Agency

### Strategy (1)

## Expansion of the aquaculture business and global sales

Maximize the value of aquaculture business, which we are expanding, by leveraging Nissui's strengths in Global Links & Local Links



Blue arrow: Kurose Buri (Japanese amberjack)  
Grey arrow: South American salmon

### South American salmon

- Allocation of offshore aquaculture rights and increase in juvenile production, upgrading production system from 30,000 MT to 50,000 MT (FY2030)
- Resumption of Atlantic salmon production

### Kurose Buri (Japanese amberjack)

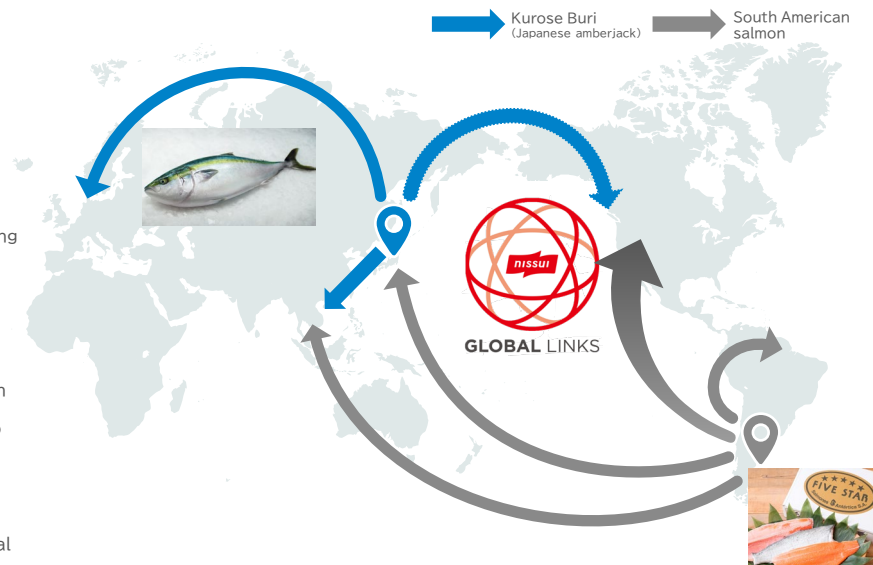
- Acquisition of certification with a view to expanding international sales
- Investment in juvenile-rearing facility to establish 16,000MT production system. (FY2030)

### Japanese salmon

- Acquisition and expansion of fish farms, expansion and upgrades to juvenile production sites
- Expansion of production system from 2,800 MT to 10,000 MT (FY2030)

### Short-cycle farming of bluefin tuna

- Expansion of fish farms with a view to international sales



# Strategies by Business: Marine Products Business

## Strategy (2) Promote creation of high-valued-added products from resources

Increase resilience to market fluctuations by acquiring certification

Strengthen global sales

### Bonito

Increase sales of MSC-certified KOYOMARU Bonito  
Expand B to C sales and exports from Japan



### Fish oil

As the first Japanese company to acquire MarinTrust certification, expand sales channels, including outside Japan



### Scallops

Expand sales for products originating in Japan by leveraging the processing and trading functions of Global Links

## Strategy (3) Improvement of profitability and strengthening of structure among businesses based on access to resources

### Region

### South America



### North America



### Issues

Slump in catch and cost structure issues

Slump in fish prices and cost structure issues

### Recipe2 initiatives

- Review cost structure, including fleet downsizing
- Use all of catch quota

- Increase proportion of high-value-added fillet production
- Strengthen initiatives with fishing vessel operators
- Thoroughly reduce back-office expenses

# Strategies by Business: International Business (Food Products)

Following our strategy of securing No.1 dominant share in fried marine products, we will nurture and expand markets with a second strategic pillar.

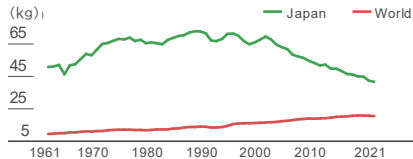
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Annual per Capita Consumption of Edible Fish and Shellfish



Source: Fisheries White Paper 2023, Fisheries Agency

### Strategy (1)

## Secure No.1 dominant share in fried marine products

Increase production capacity, revise production system in North America and Europe, and realize the following:

- Strengthen initiatives with existing customers
- Acquire new customers
- Increase productivity
- Control logistics costs



### Strategy (2)

## Cultivate a second strategic pillar

In each region, develop growth market categories that have synergies with fried marine products

- North America: Local production of products for the growing Asian foods market
- Europe: Expand store shelf presence in marine products through tapas and other product lineup



### Strategy (3)

## Develop markets in Asia and the Global South

- Asia: Strengthen lineup of fried marine products for fast food and quick service restaurants
- Global South: Explore business opportunities, working in cooperation with a private equity fund specialized in the African market that we invested in in March 2024



# Strategies by Business: Japan Food Products Business

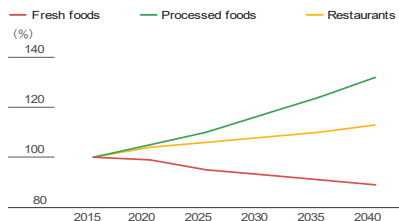
## Build a structure capable of responding appropriately to consumer needs

### Market trends

- Although consumption of edible fish and shellfish is on the decline, the markets for ready-made meals such as prepared foods, and for eating out at fast food, conveyor belt sushi or other restaurants are expected to grow.
- Demand relating to preventative healthcare (including supplements and functional foods) due to growing awareness of health consciousness

#### Market data relating to the international food products business

Food Expenditure per Person (All Households)



Source: Regarding future estimates of food consumption in Japan (2019 Edition), Ministry of Agriculture, Forestry and Fisheries

### Strategy (1)

Strengthening of product development capability to respond to changes in consumer needs

#### Single-serving and convenience needs

- Expand food product lineup in frozen foods (for home dining), tapping into product development capabilities from chilled foods
- Maximize integration effects such as enhanced efficiency of product development



#### Health needs

- Expand fast-twitch skeletal muscle protein and low-sodium products in various temperature categories
- Launch products with new health value



### Strategy (2)

Implementing revenue and expenditure management on an item by basis

- Improvement of ROIC through reviews of products that do not generate sufficient profit



### Strategy (3)

Rebuilding of production system for creating value over the medium to long term

- Establish a production system capable of responding rapidly to single-serving meal, convenience meal, and health needs, and pursue optimal productivity
- Production sites that are friendly to people and the earth, leading to improved hiring/retention of personnel and reductions in environmental impact



# Strategies by Business: Fine Chemicals Business

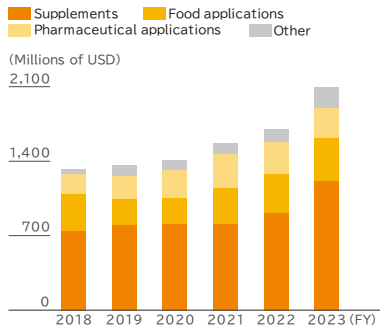
Expand pharmaceutical raw materials while also strengthening competitive advantages in functional raw materials and expanding sales channel.

## Market trends

- The number of approvals issued for manufacturing high-purity EPA preparations is increasing outside Japan. The volume of sardines caught in Japan, used as a means for ensuring a stable supply of raw materials, has been rising

Market data relating to the international food products business

Global Market Size of Omega-3 Fatty Acid Raw Materials by Application



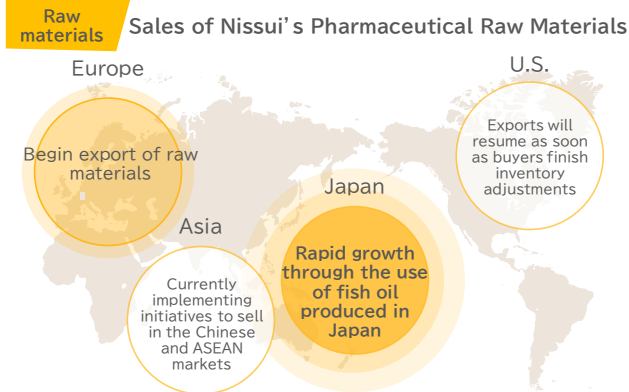
Source: Compiled by Nissui based on Omega-3 Ingredient Market Report 2023, Global Organization for EPA & DHA (GOED)

### Strategy (1)

Expand sales of pharmaceutical raw materials

Renew efforts to capture the top global share as a raw materials supplier

- Achieve return to growth for sales in Japan for products using domestic fish oil
- Expansion of sales channels to Europe and other international markets
- Improve productivity and reduce inventory by maximizing utilization rates in conjunction with expanded production capacity



### Strategy (2)

Strengthen competitive advantage in functional raw materials

- Utilize fish oil refining technologies cultivated in the pharmaceutical raw materials business to expand sales channels to food manufacturers
- Strengthen sales of foods in bulk form produced through a higher level of processing

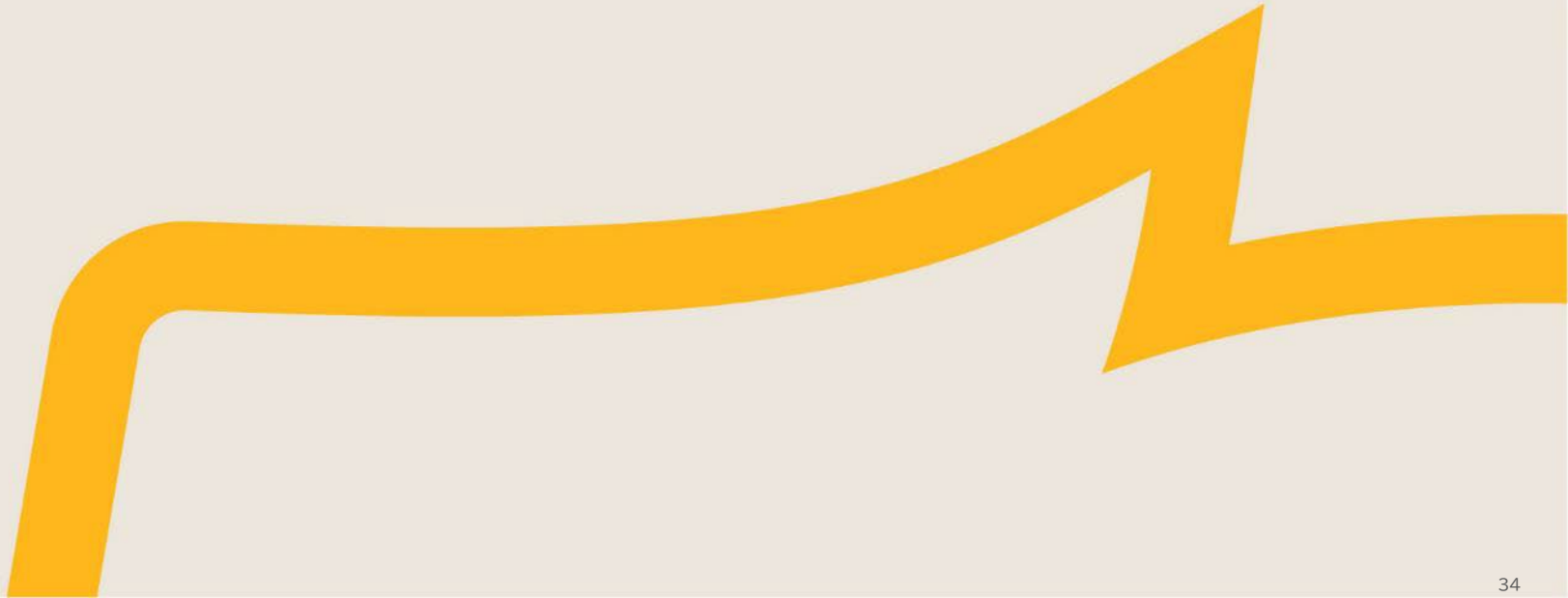
### Strategy (3)

International expansion of functional foods

- Sales of functional foods in Asian markets in conjunction with local partner companies



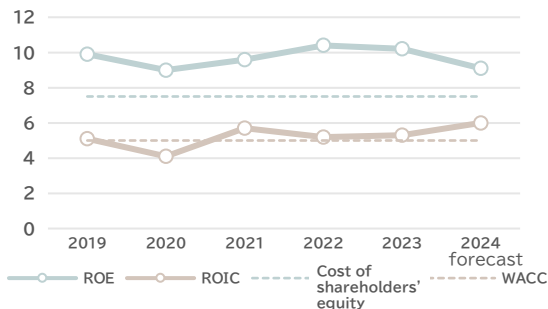
# Financial Strategies



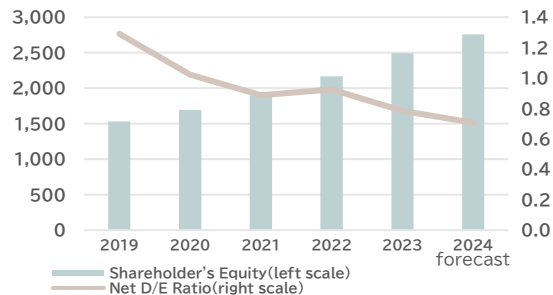
# Evaluation from Capital Markets

## Analysis of Current Status

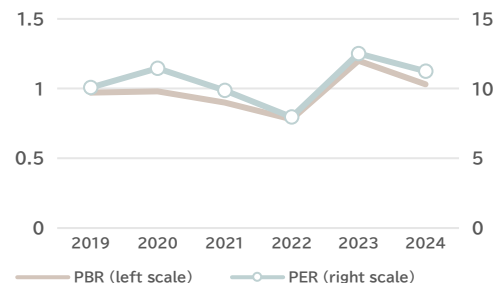
### ▶ ROIC and ROE (%)



### ▶ Shareholders' Equity (Billions of yen) and Net D/E Ratio (Times)



### ▶ PBR and PER (Times)



- 1 We recognize the Company's cost of capital as being higher than that predicted by calculations based on the capital asset pricing model (CAPM), with **weighted average cost of capital (WACC) coming to approximately 5.0% and the cost of shareholders' equity at approximately 7.5%.**
- 2 We have maintained **ROE at around 10%** while improving shareholders' equity.
- 3 Although share price increased by a certain amount, **the price-to-book ratio(PBR) remained steady at around 1.**
- 4 Earnings volatility is mutually offset between marine products business and food products business, however, evaluation from the market tends to focus on trends in marine products and so did not improve.

## Direction of Initiatives

- Improve ROIC by optimizing the business portfolio and adopting an asset-light strategy
- Reduce the cost of capital by stabilizing earnings, diversifying fund procurement, and accelerating sustainability management
- Maintain ROE level and financial health with an appropriate capital structure management

# Promotion of ROIC Management

Reduce earning volatility through strengthening business portfolio by expanding stable aquaculture business and Fine Chemicals business. Maximize ROIC spread by incorporating ROIC management into business strategies and reducing the cost of capital.

## Maximize ROIC spread

### Business Portfolio Optimization

- Establish business portfolio management using ROIC spread and mission affinity as evaluation axes
- Assign priority order to investments within each business and optimize categories and items
- Implement strategic M&A

### Implement asset light model

- Continue reduction cross-share holdings
- Divest fishing vessels in South America and other assets
- Deepen working capital control by conducting activities (workshops, etc.) to instill ROIC management practices

### Reduce cost of capital

- Promote dialogue with capital markets through business explanation briefings, IR events and activities outside Japan, etc.
- Diversify fund procurement on the basis of credit rating
- Manage capital with an optimal capital structure
- Accelerate sustainability management



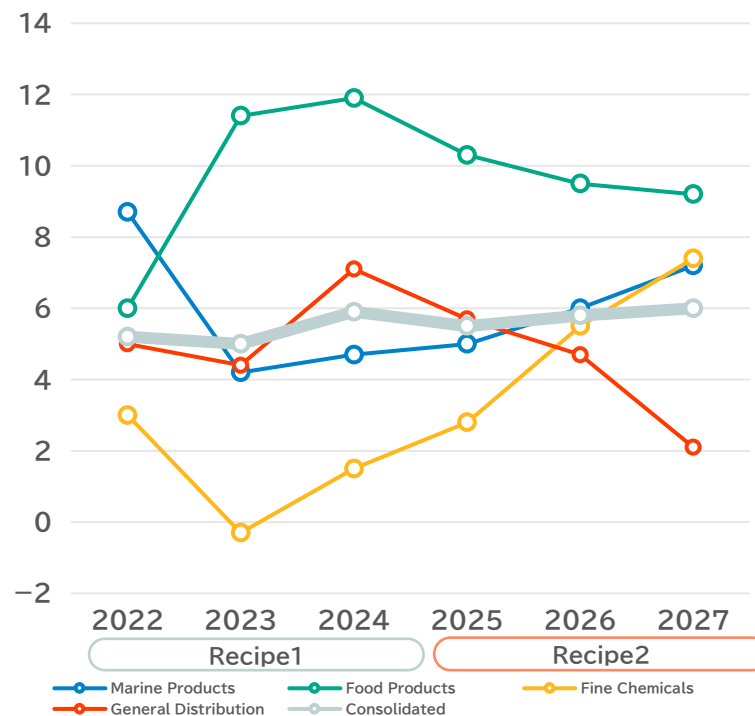
# ROIC by Segment

Conduct initiatives to improve ROIC in each business.

	Recipe1 3-year average	Recipe2 3-year average	Recipe2 initiatives
Marine Products	5.9% 5.7%*	6.1%	Expand aquaculture business and stabilize profitability. Continue thorough inventory management.
Food Products	9.8%	9.7%	Outside Japan, plan investments to expand production; in Japan, plan to restructure domestic plants. Promote high-value-added products by strengthening our development capabilities, and implementing revenue and expenditure management on an item by basis.
Fine Chemicals	1.4%	5.3%	Achieve renewed expansion of sales and optimize plant operation. Optimize raw material and product inventories.
General Distribution	5.5%	4.2%	Improve profitability through increased efficiency and service sophistication in response to increased warehouse capacity

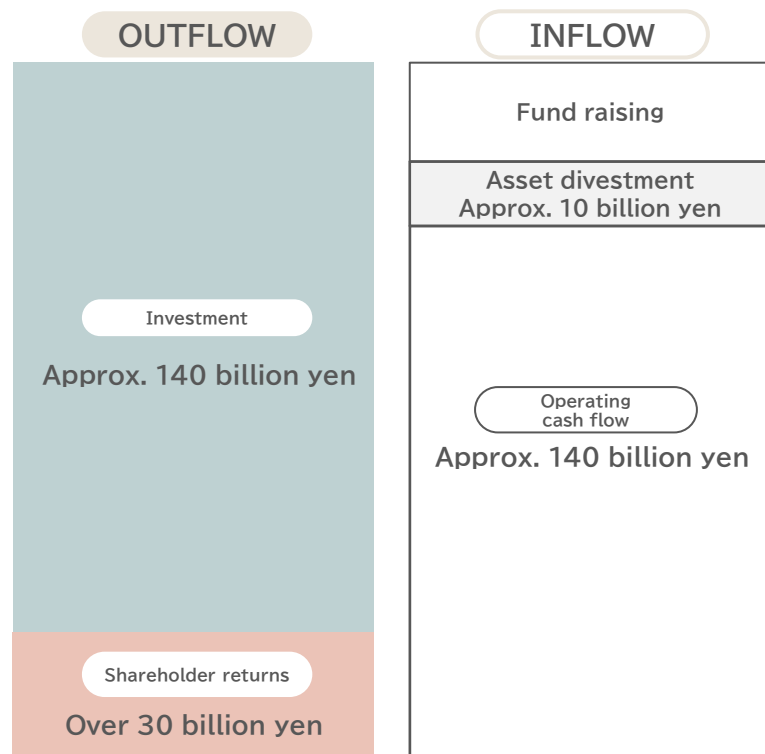
\*FY2024 included a one-time gain from equity in earnings of an affiliate in Oceania. The figures in parentheses indicate ROIC excluding this effect.

▶ ROIC by Year (%)



## Recipe2 Cash Allocation Policy

Achieve both growth and financial security, aiming for a total shareholder return ratio of at least 40% over 3 years.



### Target capital structure

- Aim for a net debt-to-equity (DE) ratio **0.7-0.8 times** at the end of FY2027 as a financial base that can accommodate investment opportunities as well as withstand disasters and other factors

### Investment policy

- Proactive growth-focused investment

### Shareholder returns

- **Total return ratio of 40% or more over 3 years while maintaining stable dividends**

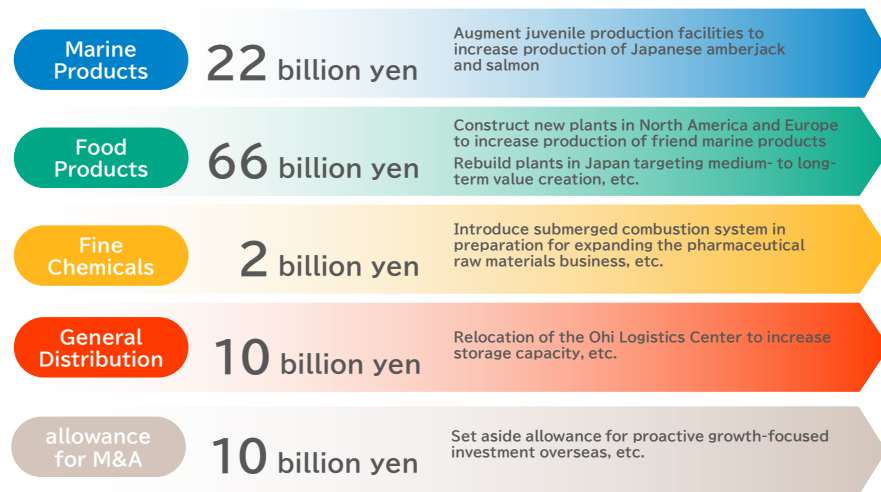
### Asset divestment and fund procurement

- **Diversify funding sources by leveraging credit ratings** in addition to asset sales such as the reduction of cross-shareholdings

# Recipe2 Investment Plan

## Growth investments focused on the Food Products Business in and outside Japan

### Growth investment: 110 billion yen



### Maintenance and renewal investment: 40 billion yen

### Of which, sustainability investment: 7 billion yen

### Investment breakdown (Completion basis)

