

Mitsubishi Shokuhin Co., Ltd.  
Earnings Briefing Material  
for 1H FY03/24

November 1, 2023



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Toward sustainable and stable growth

# 1. 1H FY03/24 Results Summary



# Consolidated Results (YoY Comparison)

- ◆ Net sales increased on the overall growth of business transactions, especially with convenience stores and for commercial-use products, as a result of the full-scale recovery of foot traffic.
- ◆ Ordinary profit rose due to transaction growth and profit margin improvement owing to an effort to strengthen profitability management.

(¥1 billion)

|   | 1H<br>FY03/23 | 1H<br>FY03/24 | YoY    |          |
|---|---------------|---------------|--------|----------|
|   |               |               | Change | % Change |
| Net sales                               | 998.6         | 1,042.2       | 43.6   | 4.4      |
| Gross profit *                          | 71.3          | 73.3          | 2.1    | 2.9      |
| SG&A expenses *                         | (61.2)        | (59.7)        | 1.6    | 2.5      |
| Logistics costs                         | (29.9)        | (29.0)        | 1.0    | 3.3      |
| Personnel expenses                      | (19.4)        | (18.9)        | 0.6    | 3.0      |
| Other                                   | (11.8)        | (11.8)        | -0.0   | -0.1     |
| Operating profit                        | 10.1          | 13.7          | 3.6    | 35.9     |
| Ordinary profit                         | 11.1          | 14.7          | 3.6    | 32.3     |
| Profit attributable to owners of parent | 7.5           | 10.2          | 2.7    | 36.3     |

※ A change in the format of some transactions at our subsidiaries starting April 2023 had an impact of just over ¥3.0 billion on the account items shown below.

Excluding this impact, the YoY changes were **+¥5.3 billion for gross profit (+7.9% YoY)** and **-¥1.5 billion for SG&A expenses (-2.7% YoY)**.

# Revisions to Forecasts for Full-year Earnings

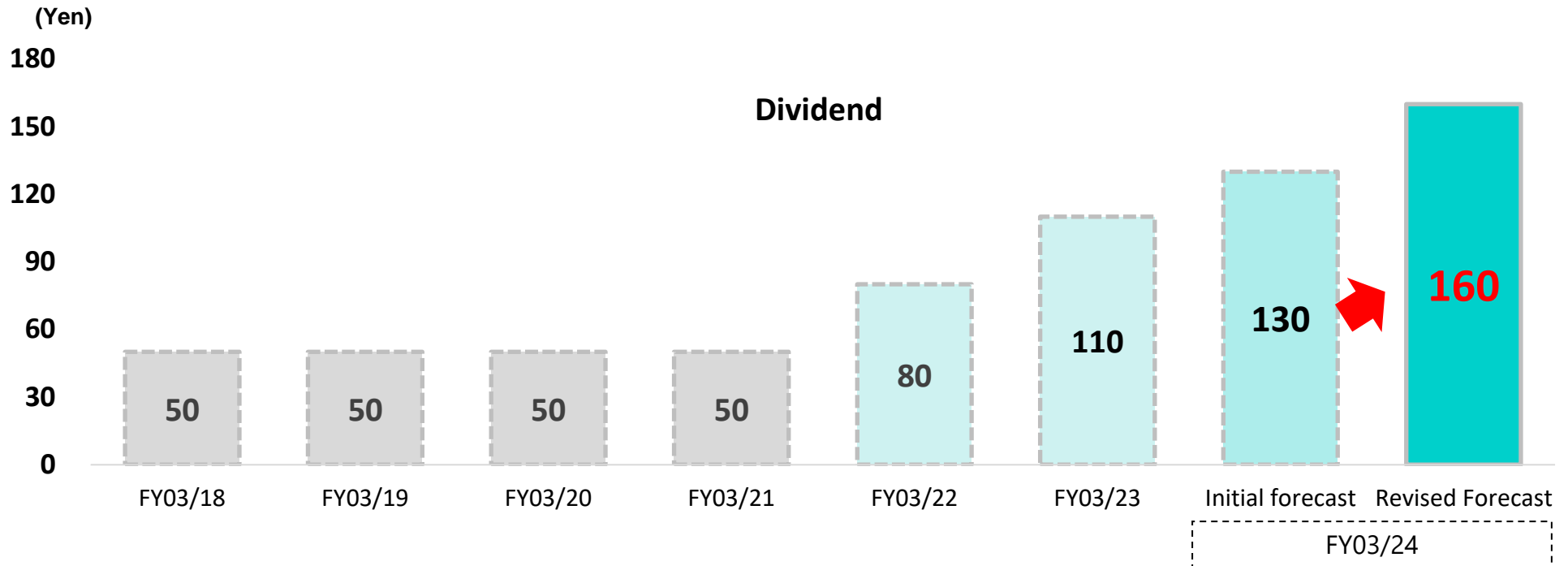
- ◆ In light of current business conditions, we revised our full-year earnings forecast as results are expected to exceed our initial forecast announced at the beginning of the fiscal year.
- ◆ The forecast for ordinary profit has been revised upward from ¥26.0 billion to a record-high **¥31.0** billion.

(¥1 billion)

|  | FY03/23<br>Results | FY03/24             |                     | YoY    |          | Revised forecast<br>vs.<br>Initial forecast |
|--|--------------------|---------------------|---------------------|--------|----------|---|
|  |                    | Initial<br>forecast | Revised<br>forecast | Change | % Change | Amount                                      |
| Net sales                                  | 1,996.8            | 2,020.0             | 2,080.0             | 83.2   | 4.2      | 60.0  |
| Operating profit                           | 23.4               | 24.3                | 29.0                | 5.6    | 23.8     | 4.7   |
| Ordinary profit                            | 25.2               | 26.0                | 31.0                | 5.8    | 23.0     | 5.0   |
| Profit attributable to<br>owners of parent | 17.1               | 17.5                | 22.0                | 4.9    | 28.5     | 4.5   |

# Revisions to Forecasts for Dividend

- Revised dividend per share forecast from ¥130 to **¥160** (dividend increase)

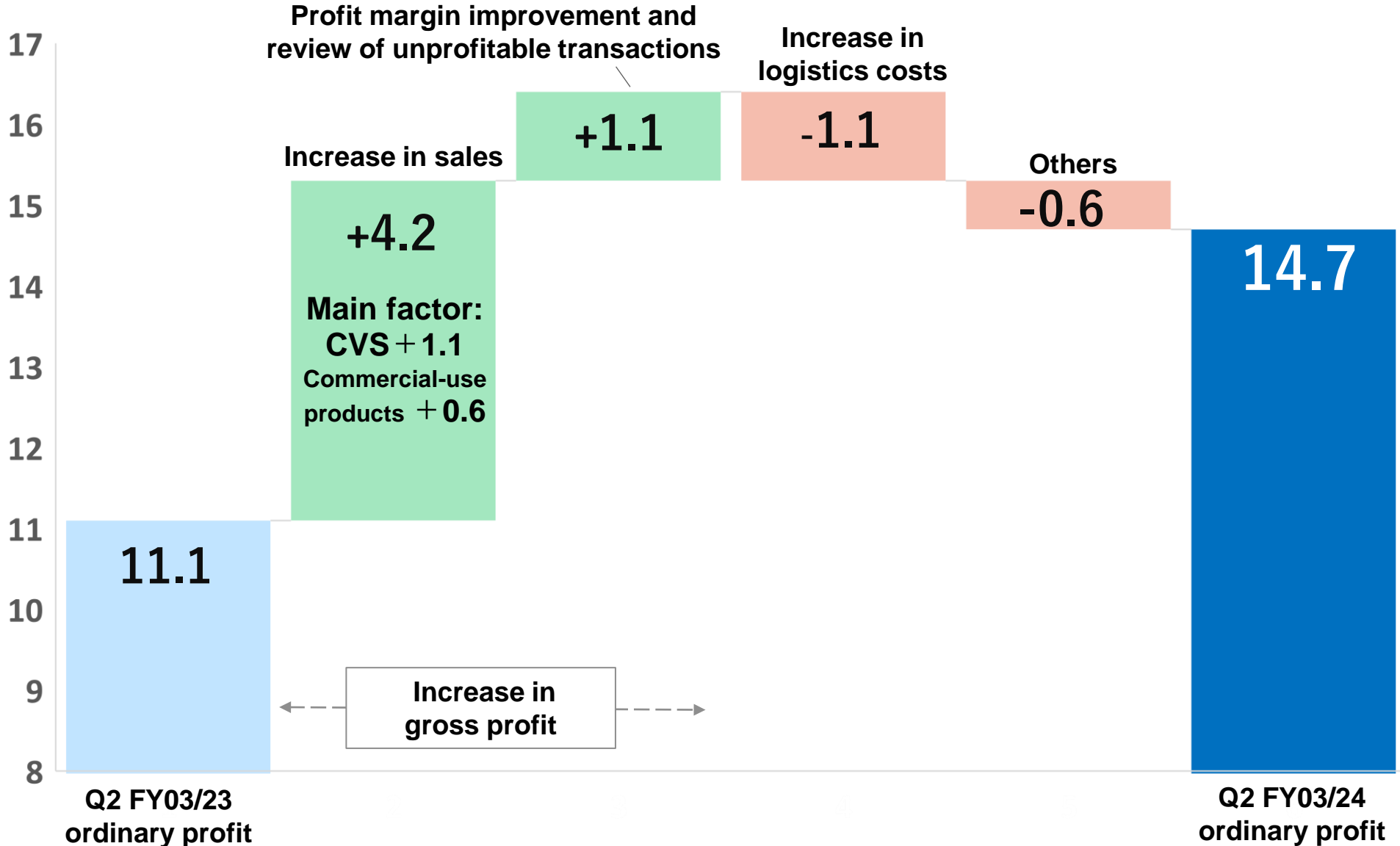


| Dividend per share                                      | End-1H       | Year-end     | Annual        |
|---|--------------|--------------|---------------|
| <b>Initial forecast</b><br>(May 11, 2023)               | yen<br>65.00 | yen<br>65.00 | yen<br>130.00 |
| <b>Revised forecast</b><br>(FY03/24 full-year forecast) | <b>80.00</b> | <b>80.00</b> | <b>160.00</b> |

- ◆ In line with the earnings forecast revision, the year-end dividend forecast was revised based on the shareholder return policy set forth in the Medium-term Management Plan 2023.

# Factors Affecting Ordinary Profit (YoY)

(¥1 billion)



# Results by Segment

- ◆ In processed foods, sales and operating profit grew due to an increase in sales to convenience stores and discount stores, and profitability improvement accompanying a review of transactions, among other factors.
- ◆ In frozen and chilled foods, sales and operating profit rose, mainly on higher sales from a boost in transactions with supermarkets and convenience stores and the recovery of commercial-use products, along with improved profitability.
- ◆ In alcoholic beverages, sales and operating profit were up due largely to the recovery of commercial-use products, an increase in transactions with drug stores, and the effect of an exceptionally hot summer.
- ◆ In confectionery, sales and operating profit rose, fueled mainly by growth in transactions with convenience stores as well as profitability improvement.

(¥1 billion)

|                          | Sales          |                 | Operating profit |                 | Sales                                 | Operating profit |
|--------------------------|----------------|-----------------|------------------|-----------------|---------------------------------------|------------------|
|                          | 1H<br>FY03/24  | YoY<br>% Change | 1H<br>FY03/24    | YoY<br>% Change | Full-year FY03/24<br>Revised Forecast |                  |
| Processed foods          | 333.9          | 1.6             | 3.4              | 35.5            | 672.0                                 | 7.1              |
| Frozen and chilled foods | 314.0          | 7.0             | 8.0              | 25.9            | 614.8                                 | 15.0             |
| Alcoholic beverages      | 257.2          | 2.9             | 1.4              | 37.4            | 503.7                                 | 3.8              |
| Confectionery            | 137.1          | 8.2             | 1.6              | 65.1            | 289.5                                 | 4.6              |
| Other, adjustments       | -              | -               | (0.8)            | -               | -                                     | (1.5)            |
| <b>Total</b>             | <b>1,042.2</b> | <b>4.4</b>      | <b>13.7</b>      | <b>35.9</b>     | <b>2,080.0</b>                        | <b>29.0</b>      |

\* Percentage change figures were calculated using FY03/23 figures retroactively adjusted to reflect the partial changes to the performance management classification in FY03/24.



# Sales by Product Category

- ◆ In the confectionery category, sales grew year-on-year mainly due to an increase in transactions centering on convenience stores, and a recovery in rice cracker sales.
- ◆ In the frozen and chilled foods category, sales were up as a result of growth in transactions with supermarkets and convenience stores, among other customers, as well as recovery in commercial-use products.

(¥1 billion)

|                             | 1H FY03/23 |                  | 1H FY03/24 |                  | YoY Change |          |
|-----------------------------|------------|------------------|------------|------------------|------------|----------|
|                             | Sales      | % of total sales | Sales      | % of total sales | Change     | % Change |
| Canned foods and seasonings | 117.7      | 11.8             | 119.7      | 11.5             | 2.1        | 1.8      |
| Noodles and dried foods     | 68.4       | 6.8              | 70.3       | 6.7              | 1.9        | 2.7      |
| Luxury foods and beverages  | 115.9      | 11.6             | 117.0      | 11.2             | 1.1        | 1.0      |
| Confectionery               | 125.9      | 12.6             | 136.0      | 13.0             | 10.1       | 8.0      |
| Frozen and chilled foods    | 242.4      | 24.3             | 258.4      | 24.8             | 15.9       | 6.6      |
| Beer                        | 136.7      | 13.7             | 140.4      | 13.5             | 3.7        | 2.7      |
| Other alcoholic beverages   | 101.4      | 10.2             | 104.9      | 10.1             | 3.5        | 3.4      |
| Others                      | 90.2       | 9.0              | 95.6       | 9.2              | 5.3        | 5.9      |
| Total                       | 998.6      | 100.0            | 1,042.2    | 100.0            | 43.6       | 4.4      |

# Sales by Business Format

- ◆ Efforts toward value-added transactions with business partners and the recovery in foot traffic, including that of inbound visitors, led to a boost in transactions, and sales grew in all business formats.
- ◆ Sales to convenience stores increased, mainly due to the full-scale recovery in foot traffic, including that of inbound visitors, and an exceptionally hot summer.

(¥1 billion)

|                          | 1H FY03/23   |                  | 1H FY03/24     |                  | YoY Change  |            |
|--------------------------|--------------|------------------|----------------|------------------|-------------|------------|
|                          | Sales        | % of total sales | Sales          | % of total sales | Change      | % Change   |
| Wholesalers              | 96.9         | 9.7              | 103.9          | 10.0             | 7.0         | 7.2        |
| Supermarkets             | 469.2        | 47.0             | 474.1          | 45.5             | 4.9         | 1.1        |
| Convenience stores       | 187.2        | 18.7             | 199.4          | 19.1             | 12.2        | 6.5        |
| Drugstores               | 84.5         | 8.5              | 87.9           | 8.4              | 3.4         | 4.0        |
| Users*1                  | 20.0         | 2.0              | 24.6           | 2.4              | 4.6         | 23.1       |
| Other direct sales*2     | 115.2        | 11.5             | 124.5          | 11.9             | 9.3         | 8.1        |
| Manufacturers and others | 25.6         | 2.6              | 27.8           | 2.7              | 2.2         | 8.4        |
| <b>Total</b>             | <b>998.6</b> | <b>100.0</b>     | <b>1,042.2</b> | <b>100.0</b>     | <b>43.6</b> | <b>4.4</b> |

\*1. Users are businesses in the food service industry that provide food and beverage services directly to consumers, such as restaurants and other food-service operators that provide home meal replacements and school lunches.

\*2. Other direct sales include discount stores, e-commerce operators, home improvement stores, department stores, etc.

Note: FY03/23 results were retroactively adjusted to reflect a partial revision to the business format classification.

# Progress of Growth Strategies

- ◆ Profit declined in “manufacturer support,” mainly due to upfront investments in the digital field.
- ◆ Profit in “product development” remained flat year-on-year in part due to higher logistics costs, despite increased handling.
- ◆ We have made efforts to generate data- and digital-driven new demand unique to Mitsubishi Shokuhin, and also have strengthened distributor function for imports as well as product development function centered on informative value creation.

(¥1 billion)

|                      | Ordinary profit |            |  |
|----------------------|-----------------|------------|--|
|                      | 1H FY03/23      | 1H FY03/24 | Full-year FY03/24<br>Revised Forecasts |
| Manufacturer support | 1.4             | 1.2        | 2.6                                    |
| Product development  | 0.4             | 0.4        | 1.0                                    |
| Retailer support     | 10.1            | 13.8       | 29.0                                   |
| Subtotal             | 12.0            | 15.5       | 32.6                                   |
| Other, adjustments   | (0.9)           | (0.8)      | (1.6)                                  |
| Total                | 11.1            | 14.7       | 31.0                                   |

# Status of Investments, etc.

- ◆ **Capital expenditures:** We mainly invested in revamping the internal facilities of warehouses within the existing logistics centers.
- ◆ **Business investment:** We mainly invested in the data and digital marketing domain as well as in startup companies.

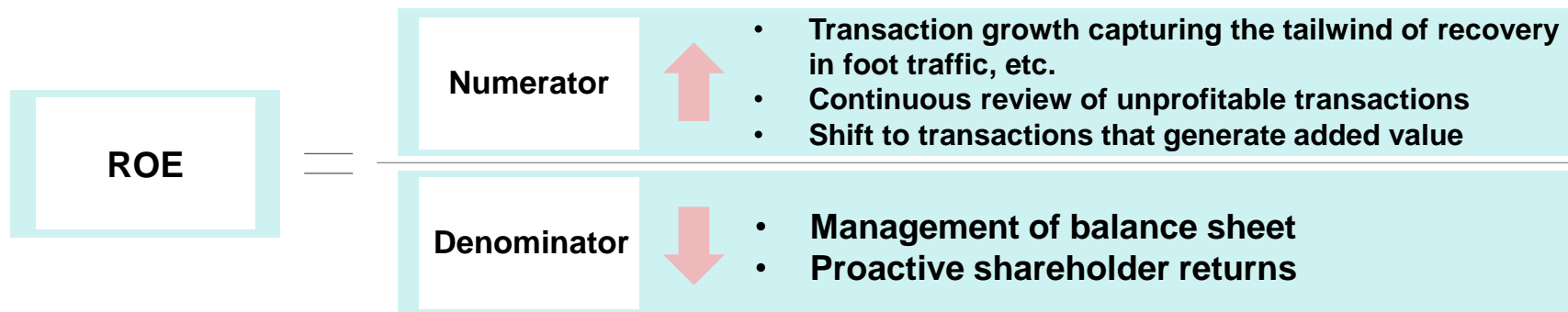
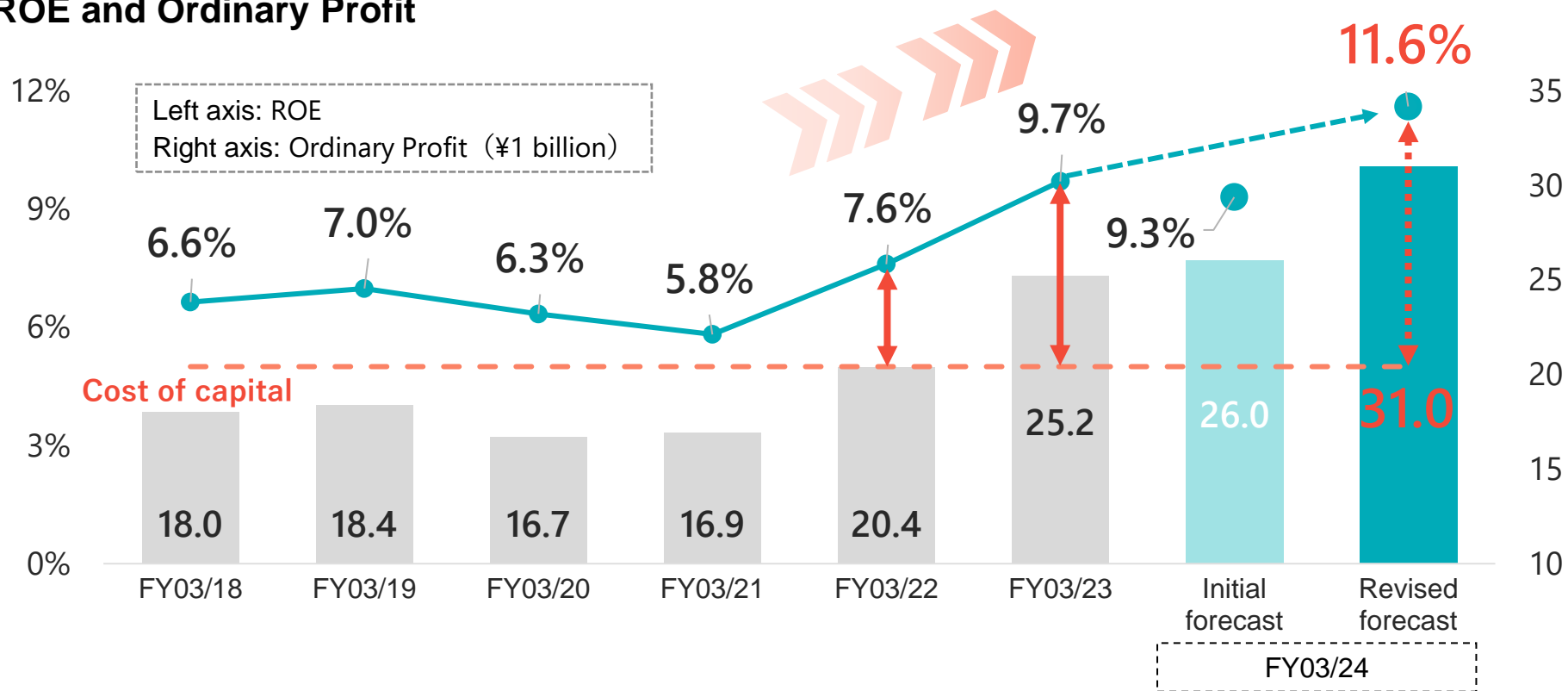
(¥1 billion)

|   | Investment amount |                   | Depreciation and amortization & lease payments |                   |
|---|-------------------|-------------------|--|-------------------|
|   | 1H FY03/24        | FY03/24 Forecasts | 1H FY03/24                                     | FY03/24 Forecasts |
| Capital expenditures (including leases) | 3.2               | 6.0               | 3.3  | 7.0               |
| System development, etc.                | 1.7               | 4.0               | 2.6  | 5.0               |
| Business investment                     | 0.7               | 5.0               |  |                   |
| <b>Total</b>                            | <b>5.5</b>        | <b>15.0</b>       | <b>5.9</b>                                     | <b>12.0</b>       |

# ROE

◆ For FY03/24, we expect our ROE to exceed the double-digit mark at 11.6%.

## ROE and Ordinary Profit

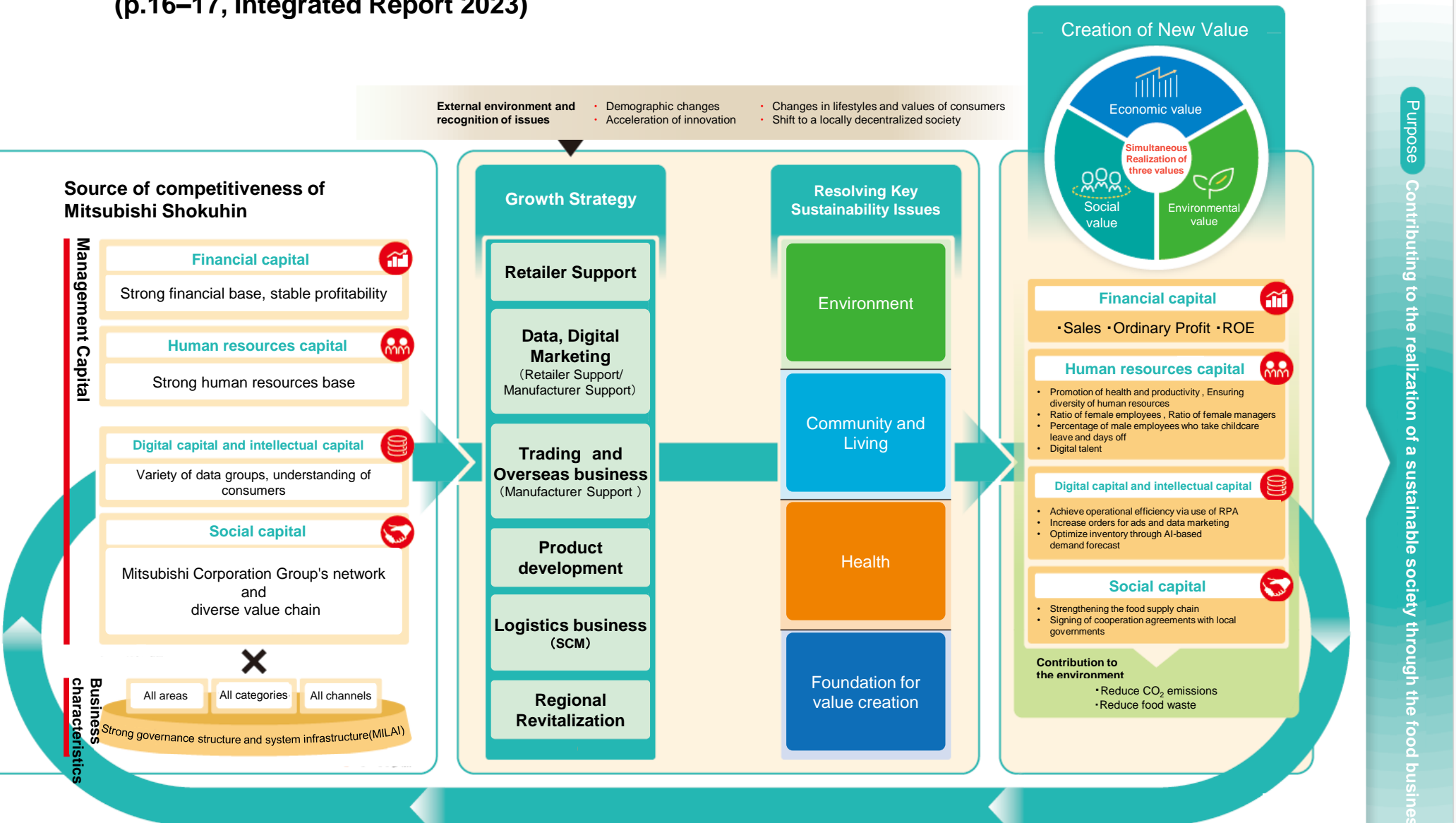


## 2. Toward sustainable and stable growth

The background features a series of overlapping, semi-transparent teal and white circular and curved shapes. A prominent teal circle is on the right side, with other lighter teal and white curves and circles overlapping it and extending across the page. The overall aesthetic is clean and modern.

# Our Value Creation Story

- We contribute to the realization of a sustainable society by flexibly responding to various changes in the business environment and creating new added values. (p.16–17, Integrated Report 2023)



# Review of the Business Environment under the Medium-term Management Plan 2023

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- Shifted to an inflationary environment fueled by various cost increases (continuous price hikes)
- Long-standing initiatives to strengthen strategic partnerships with business partners and customers, along with ongoing efforts to improve functions and enhance efficiency, led to results

## External factors

- Acceleration of various changes in society due to the COVID-19 pandemic
- Manifestation of various distortions in the supply chain
- Evolution and sophistication of digital technology

## Internal factors

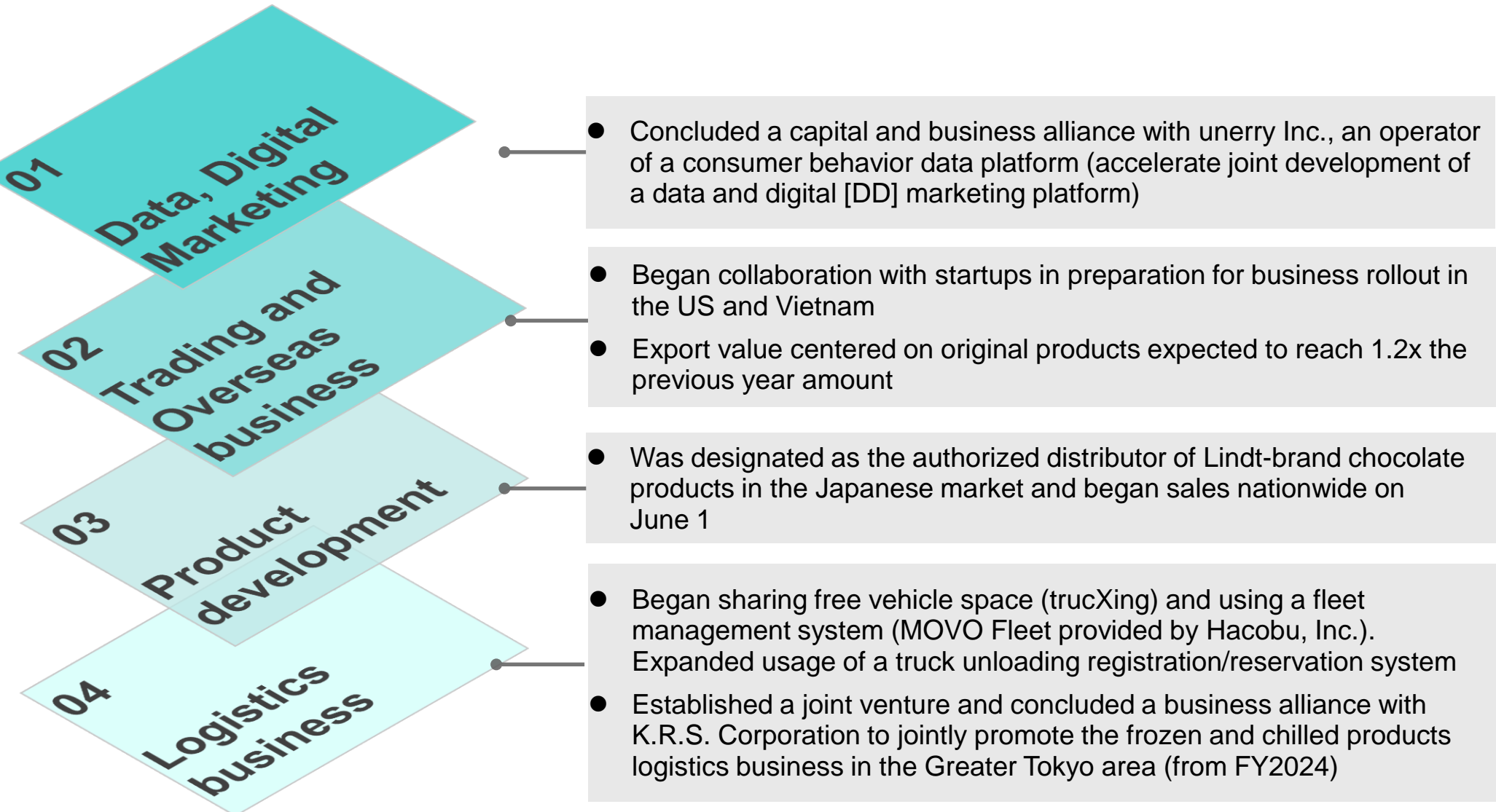
- Continuous promotion of measures to improve functions and enhance efficiency
- Deepening of strategic partnerships
- Continuous strengthening of the management base in line with environmental changes

**To achieve sustainable food distribution, we will persistently continue to promote the optimization and streamlining of the supply chain, adjusting to changes in external factors.**



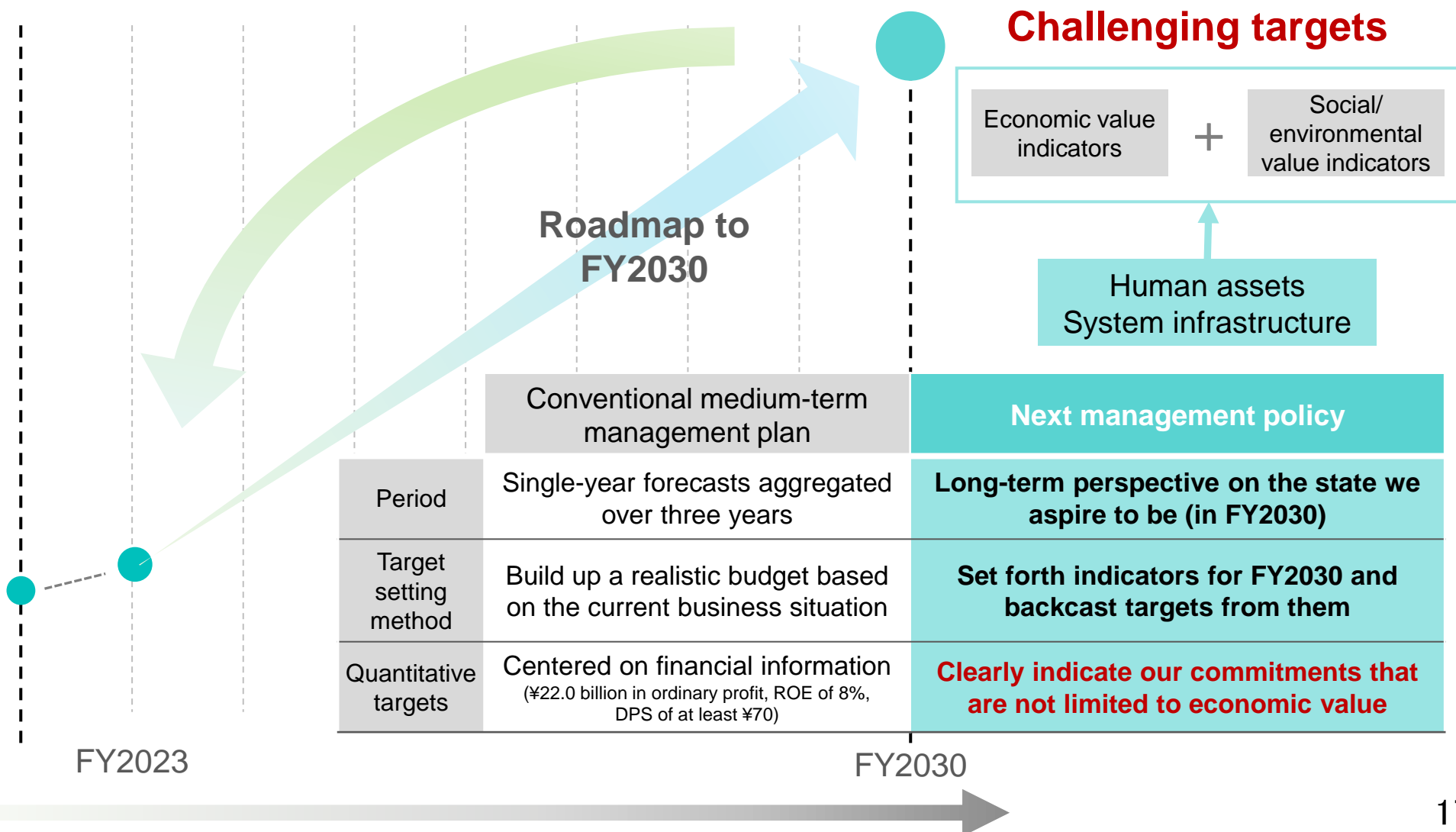
# Progress of Initiatives for Growth (1H FY03/24)

- To complete our efforts in the Medium-term Management Plan 2023, we will accelerate our growth strategy (evolution to a next-generation distributor) to make FY03/24 a year of preparation toward what we aspire to be in the future.



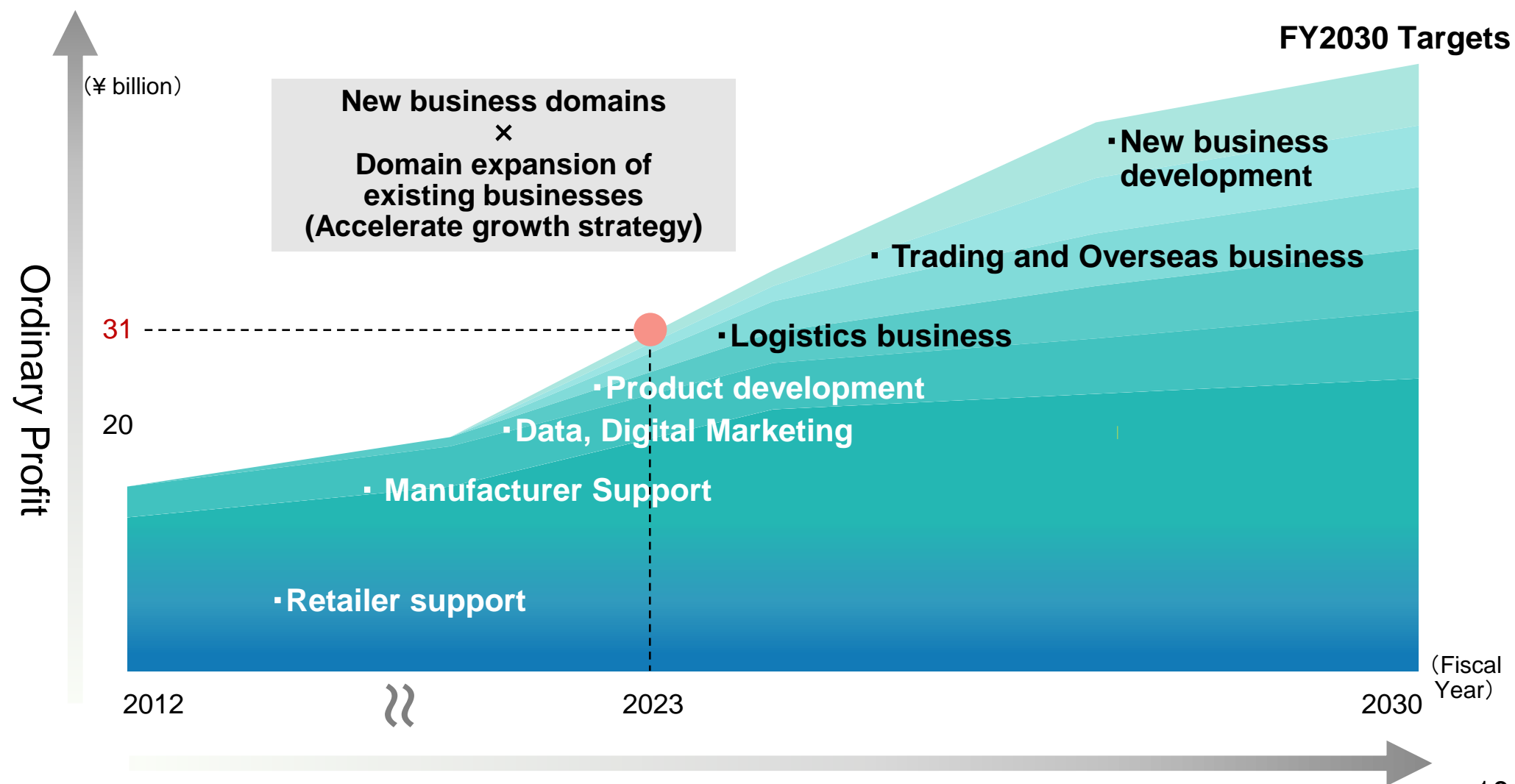
# Image of Next Management Policy

- We will pursue new values and transformation of our business model rather than simply continuing along past medium-term management plans.
- We will stop creating medium-term management plans that are formulated through setting precise numerical figures. Instead, we will determine targets by backcasting from our vision of what we aspire to be in FY2030.



# Resetting FY2030 Targets

- Since implementing the Medium-term Management Plan 2023, our stable earnings base has expanded to the ¥30.0 billion level (ordinary profit).
- In our next management policy, we will seek to expand stable earnings in a sustainable manner by accelerating investments and personnel reallocation to new business domains and growth fields.



Mitsubishi Shokuhin aims to enhance corporate value through partnerships with all stakeholders "to realize a sustainable society through the food business."



**Mitsubishi Shokuhin**