

Mitsubishi Shokuhin Co., Ltd.
Earnings Briefing Material
for FY03/23

May 11, 2023



Table of Contents

1

FY03/23 Results Summary

2

FY03/24 Earnings Forecast

3

Progress of Medium-term Management Plan 2023

1. FY03/23 Results Summary



FY03/23: Consolidated Results (YoY, Comparison to Forecasts)

◆ Achieved quantitative targets outlined in Medium-term Plan 2023 (ordinary profit of ¥22.0 billion and ROE of 8%) one year ahead of schedule

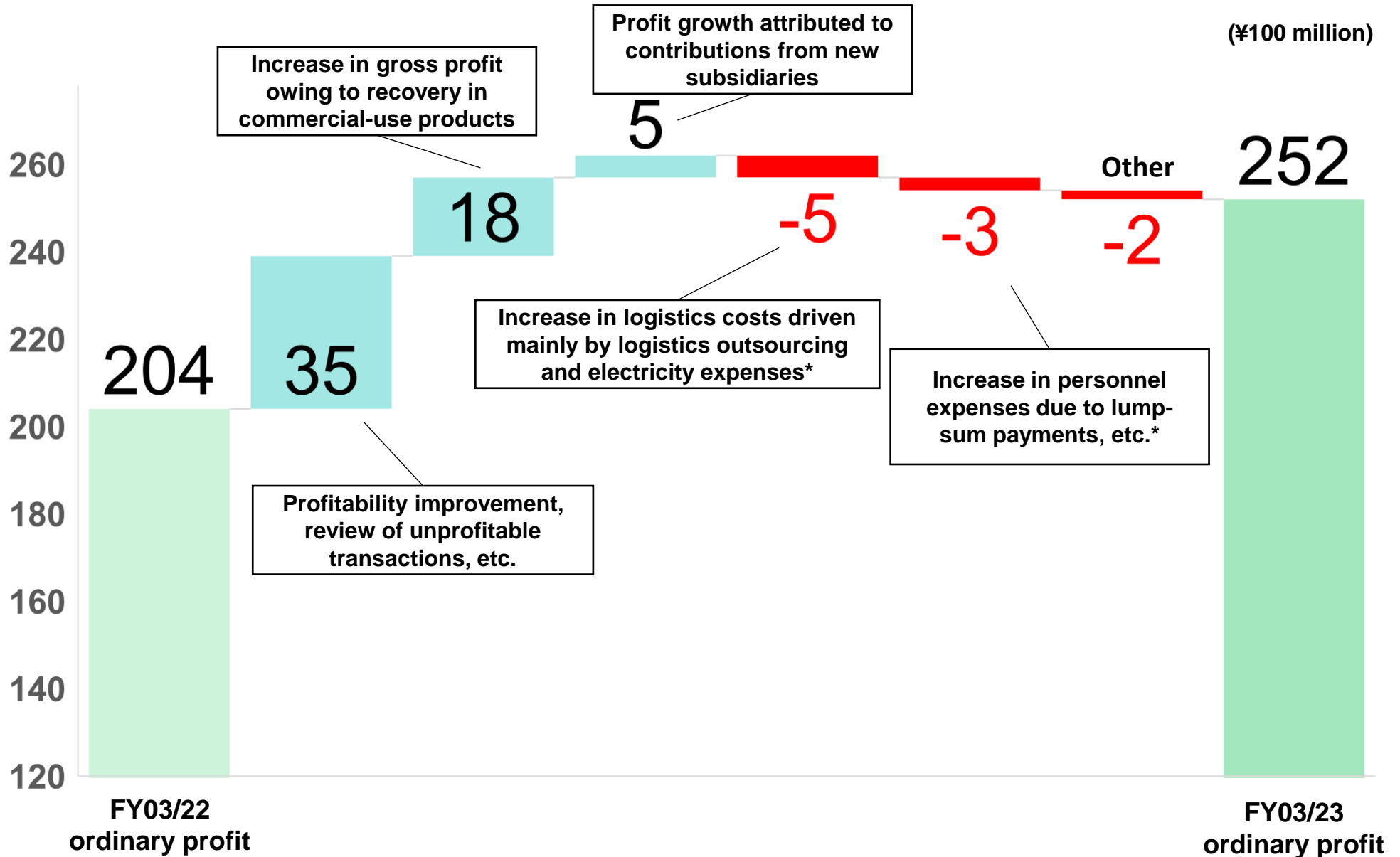
◆ All profit items rose to record highs for a second consecutive year

(¥100 million)

| | FY03/22 | FY03/23 | | | |
|---|---------|-----------|---------|--------|---------------|
| | Results | Forecasts | Results | YoY | vs. Forecasts |
| Net sales | 19,556 | 19,900 | 19,968 | 412 | 68 |
| Operating profit | 190 | 230 | 234 | 44 | 4 |
| Ordinary profit | 204 | 250 | 252 | 48 | 2 |
| Profit attributable to owners of parent | 139 | 170 | 171 | 32 | 1 |
| Earnings per share (yen) | 292.31 | 391.02 | 393.93 | 101.62 | 2.91 |
| ROE (%) | 7.6% | | 9.7% | 2.1P | |

*The Company announced an upward revision to its earnings forecast on February 6, 2023.

Factors Affecting Ordinary Profit (YoY)



* The impact of the new consolidation is included in “Profit growth attributed to contributions from new subsidiaries.”

FY03/23: Results by Segment (YoY Comparison)

- ◆ In the processed foods business, operating profit grew year-on-year, as profitability improvement absorbed the sales decline caused by a drop in demand for food for at-home consumption and a review of transactions.
- ◆ In the frozen and chilled foods business, operating profit rose year-on-year, thanks to sales growth from a recovery in sales of commercial-use products and the new inclusion of subsidiaries in the scope of consolidation.

(¥100 million)

| | Sales | | | | Operating profit | | | |
|--------------------------|---------------|---------------|------------|------------|------------------|------------|-----------|-------------|
| | FY03/22 | FY03/23 | Change | % Change | FY03/22 | FY03/23 | Change | % Change |
| Processed foods | 6,701 | 6,592 | -109 | -1.6 | 47 | 58 | 11 | 22.8 |
| Frozen and chilled foods | 5,422 | 5,795 | 373 | 6.9 | 92 | 124 | 32 | 34.4 |
| Alcoholic beverages | 4,711 | 4,832 | 121 | 2.6 | 37 | 37 | -1 | -1.7 |
| Confectionery | 2,696 | 2,725 | 29 | 1.1 | 30 | 31 | 1 | 4.3 |
| Other, adjustments | 26 | 24 | -2 | -7.9 | (16) | (15) | 1 | - |
| Total | 19,556 | 19,968 | 412 | 2.1 | 190 | 234 | 44 | 23.1 |

FY03/23: Sales by Product Category (YoY Comparison)

- ◆ In the “luxury foods and beverages” category, sales declined year-on-year due to factors such as a drop in demand for food for at-home consumption and a review of transactions.
- ◆ In the “frozen and chilled foods” category, sales increased year-on-year owing to a recovery in sales of commercial-use products, and growth in transactions with discount stores and other customers. (¥100 million)

| | FY03/22 | | FY03/23 | | YoY Change | |
|-----------------------------|---------------|------------------|---------------|------------------|------------|------------|
| | Sales | % of total sales | Sales | % of total sales | Sales | % Change |
| Canned foods and seasonings | 2,384 | 12.2 | 2,392 | 12.0 | 8 | 0.3 |
| Noodles and dried foods | 1,407 | 7.2 | 1,426 | 7.1 | 19 | 1.3 |
| Luxury foods and beverages | 2,317 | 11.8 | 2,212 | 11.1 | -105 | -4.5 |
| Confectionery | 2,689 | 13.8 | 2,719 | 13.6 | 30 | 1.1 |
| Frozen and chilled foods | 4,520 | 23.1 | 4,773 | 23.9 | 253 | 5.6 |
| Beer | 2,476 | 12.7 | 2,532 | 12.7 | 56 | 2.3 |
| Other alcoholic beverages | 2,021 | 10.3 | 2,081 | 10.4 | 61 | 3.0 |
| Others | 1,743 | 8.9 | 1,833 | 9.2 | 90 | 5.2 |
| Total | 19,556 | 100.0 | 19,968 | 100.0 | 412 | 2.1 |

FY03/23: Sales by Business Format (YoY Comparison)

- ◆ Sales to “wholesalers” rose year-on-year because of a recovery in commercial-use transactions thanks to a turnaround in foot traffic due to the easing of activity restrictions.
- ◆ Sales to “supermarkets” fell year-on-year mainly due to the falloff of increased demand for food for at-home consumption seen in FY03/22 and the review of transactions.

(¥100 million)

| | FY03/22 | | FY03/23 | | YoY Change | |
|--------------------------|---------------|------------------|---------------|------------------|------------|------------|
| | Sales | % of total sales | Sales | % of total sales | Sales | % Change |
| Wholesalers | 1,670 | 8.5 | 1,977 | 9.9 | 307 | 18.4 |
| Supermarkets | 9,680 | 49.5 | 9,443 | 47.3 | -237 | -2.5 |
| Convenience stores | 3,617 | 18.5 | 3,702 | 18.6 | 85 | 2.4 |
| Drugstores | 1,554 | 8.0 | 1,667 | 8.3 | 113 | 7.2 |
| Users*1 | 331 | 1.7 | 427 | 2.1 | 96 | 29.1 |
| Other direct sales*2 | 2,256 | 11.5 | 2,235 | 11.2 | -21 | -0.9 |
| Manufacturers and others | 448 | 2.3 | 517 | 2.6 | 69 | 15.5 |
| Total | 19,556 | 100.0 | 19,968 | 100.0 | 412 | 2.1 |

*1. Users mean 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.

2. FY03/24 Earnings Forecast



FY03/24: Earnings Forecast

- ◆ Through FY03/23, we have built a robust and stable earnings foundation by reviewing unprofitable transactions and streamlining logistics.
- ◆ In FY03/24, we expect profits to rise to record highs for a third consecutive year, despite a further increase in expenses relative to FY03/23.

(¥100 million)

| | FY03/23 | | FY03/24 | | YoY | |
|---|---------|----------------|-----------|----------------|--------|----------|
| | Results | % of net sales | Forecasts | % of net sales | Change | % Change |
| Net sales | 19,968 | - | 20,200 | - | 232 | 1.2 |
| Operating profit | 234 | 1.2 | 243 | 1.2 | 9 | 3.7 |
| Ordinary profit | 252 | 1.3 | 260 | 1.3 | 8 | 3.2 |
| Profit attributable to owners of parent | 171 | 0.9 | 175 | 0.9 | 4 | 2.2 |
| Earnings per share (yen) | 393.93 | - | 402.87 | - | 8.94 | - |
| ROE (%) | 9.7% | - | 9.3% | - | -0.4P | - |

FY03/24: Earnings Forecast by Segment

(¥100 million)

| | Sales | | | | Operating profit | | | |
|--------------------------|---------------|---------------|------------|------------|------------------|------------|----------|------------|
| | FY03/23 | FY03/24 | Change | % Change | FY03/23 | FY03/24 | Change | % Change |
| Processed foods | 6,603 | 6,703 | 100 | 1.5 | 58 | 63 | 5 | 9.2 |
| Frozen and chilled foods | 5,798 | 5,866 | 68 | 1.2 | 123 | 127 | 4 | 3.2 |
| Alcoholic beverages | 4,835 | 4,846 | 11 | 0.2 | 36 | 31 | -5 | -14.5 |
| Confectionery | 2,733 | 2,785 | 52 | 1.9 | 33 | 37 | 4 | 11.1 |
| Other, adjustments | - | - | - | - | (16) | (15) | 1 | - |
| Total | 19,968 | 20,200 | 232 | 1.2 | 234 | 243 | 9 | 3.7 |

* Figures for FY03/23 are adjusted to reflect the revision to our profitability management method in FY03/24.

Progress and Forecast of Growth Strategy

- ◆ In “manufacturer support,” transactions that leverage our existing wholesale functions (such as distributor transactions and raw material transactions) are expected to be robust, but we expect ordinary profit to fall year-on-year in part due to the impact of upfront investments in digital fields.
- ◆ In “product development,” we expect ordinary profit to increase year-on-year owing to sales growth for Haribo and original domestic products and distributor contracts for new imported products.

(¥100 million)

| | Ordinary profit | | | Change | |
|----------------------|-----------------|---------|----------------------|------------------------|------------------------|
| | FY03/22 | FY03/23 | FY03/24 Forecasts | FY03/23 vs. FY03/22 | FY03/24 vs. FY03/23 |
| Manufacturer support | 29 | 25 | 23 | -4 | -2 |
| Product development | 10 | 8 | 19 | -2 | 11 |
| Retailer support | 184 | 237 | 234 | 53 | -3 |
| Subtotal | 223 | 270 | 276 | 46 | 6 |
| Other, adjustments | (19) | (17) | (16) | 2 | 2 |
| Total | 204 | 252 | 260 | 48 | 8 |

Status of Investments, etc.

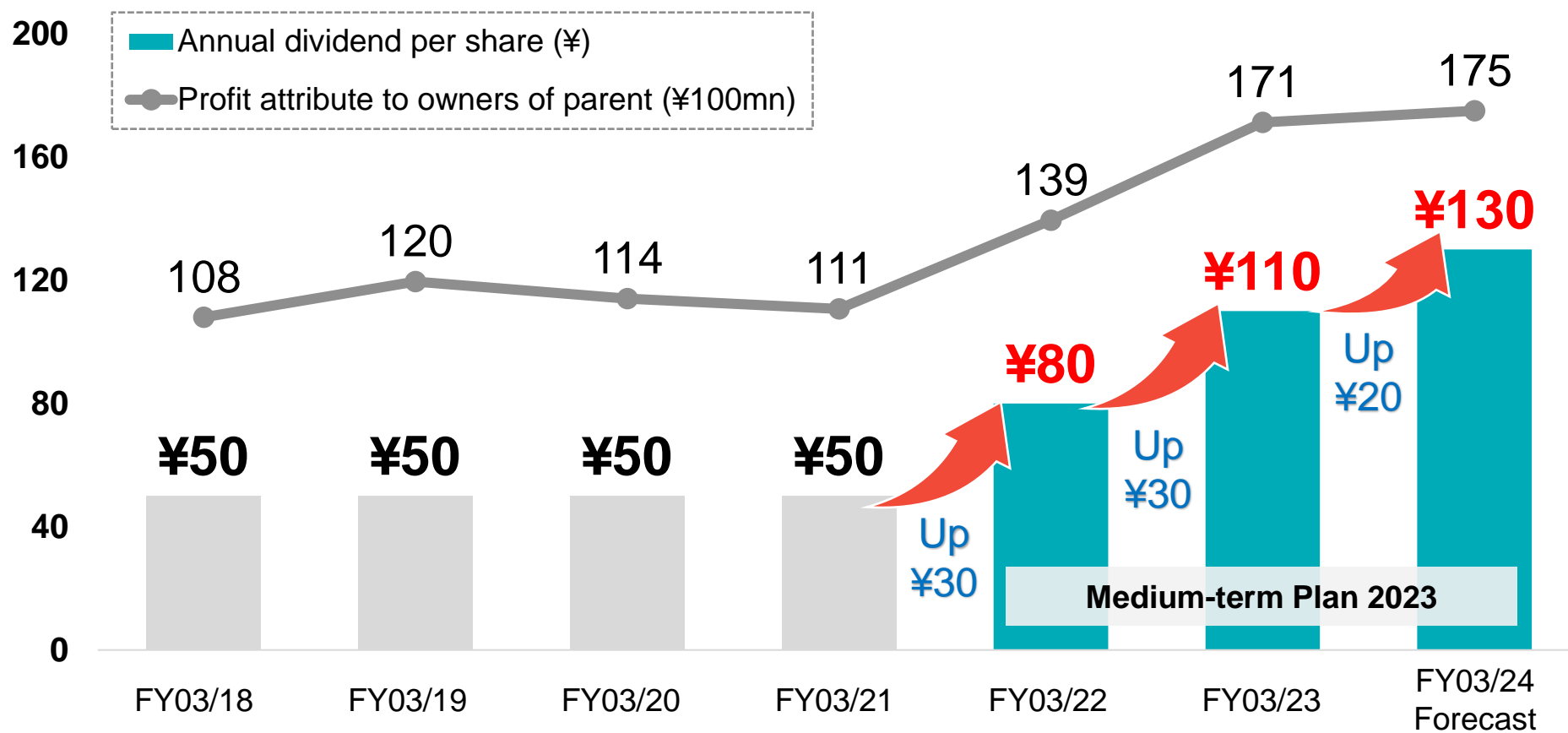
- ◆ In FY03/23, we mainly invested in upgrades of our existing logistics centers and system development to utilize digital technologies; business investment reflected the new consolidation of two acquired companies.
- ◆ In FY03/24, we project a business investment of ¥5.0bn, in addition to upgrades and other investments.

(¥100 million)

| | Investment amount | | | Depreciation and amortization & lease payments | | |
|---|-------------------|------------|-------------------|--|------------|-------------------|
| | FY03/22 | FY03/23 | FY03/24 Forecasts | FY03/22 | FY03/23 | FY03/24 Forecasts |
| Capital expenditures (including leases) | 84 | 49 | 60 | 67 | 70 | 70 |
| System development, etc. | 36 | 31 | 40 | 48 | 48 | 50 |
| Business investment | 11 | 55 | 50 | / | | |
| Total | 131 | 136 | 150 | 115 | 118 | 120 |

Policy on Shareholder Returns

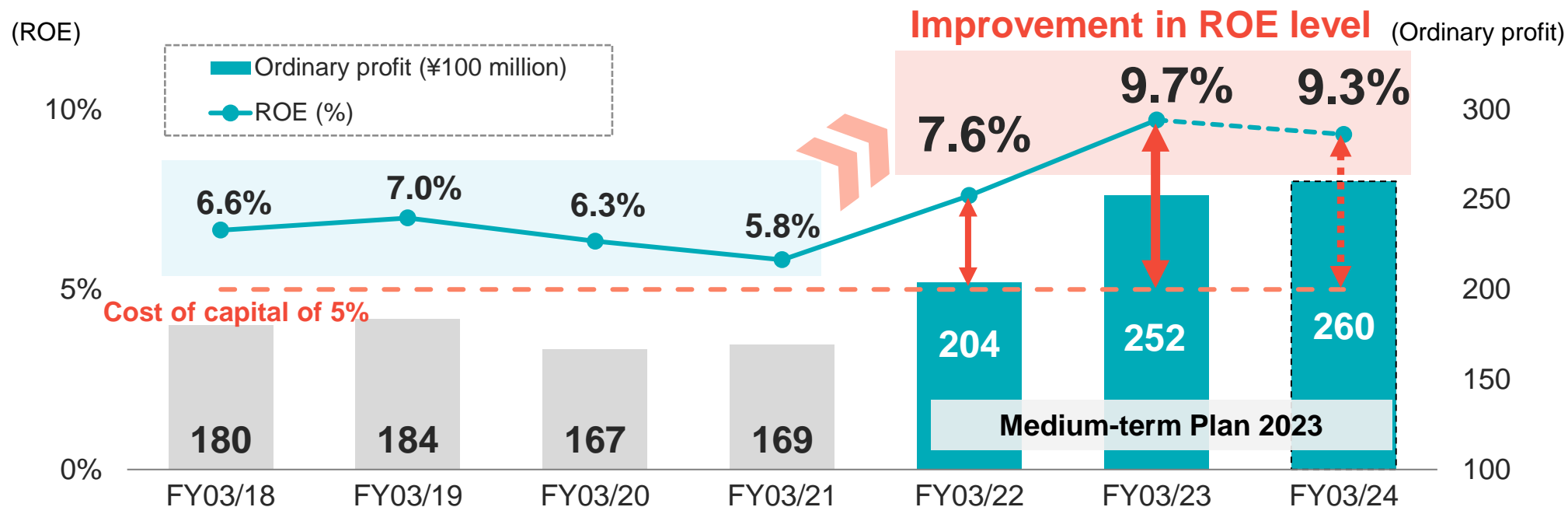
- ◆ Our dividend per share has increased significantly during the first two years of our current medium-term plan, and we will continue to actively return profits to shareholders in the future.
- ◆ For FY03/24, we plan to raise our annual dividend to ¥130 per share, marking a third consecutive increase, and we target a payout ratio of 30% or higher.



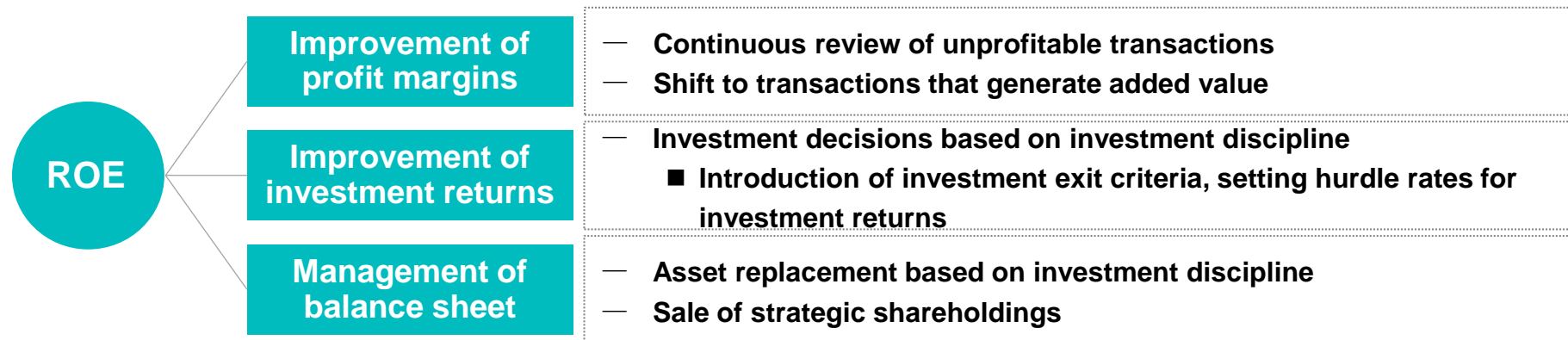
| Payout ratio | FY03/18 | FY03/19 | FY03/20 | FY03/21 | FY03/22 | FY03/23 | FY03/24 Forecast |
|--------------|---------|---------|---------|---------|---------|---------|----------------------------|
| | 26.5% | 23.9% | 25.0% | 25.8% | 27.4% | 27.9% | 32.3% (Estimate) |

ROE

◆ In the three years of the previous medium-term plan, our balance sheet expanded due to renewed investment in distribution networks and systems, and ROE trended between 5% and 7% range. In the first two years of our current medium-term plan, our ROE level improved further thanks to share buybacks and the measures outlined below.



Initiatives taken to improve ROE



3. Progress of Medium-term Management Plan 2023

The background features a series of overlapping, semi-transparent teal and white circular and curved shapes. A prominent teal circle is centered on the right side, with several white and light teal curved lines sweeping across the page from the top left towards the bottom right, creating a dynamic, modern aesthetic.

Major Trends during/after COVID-19 Pandemic (Environmental Recognition)

[Republished from medium-term plan announcement in May 2021]

(1) Demographic changes

Population decline, growing gap between urban and regional areas



(2) Changes in lifestyles and values of consumers

Interest in safety and security, health, regional areas, and global environment



(3) Acceleration of innovation

Digital transformation, changes in industrial structure



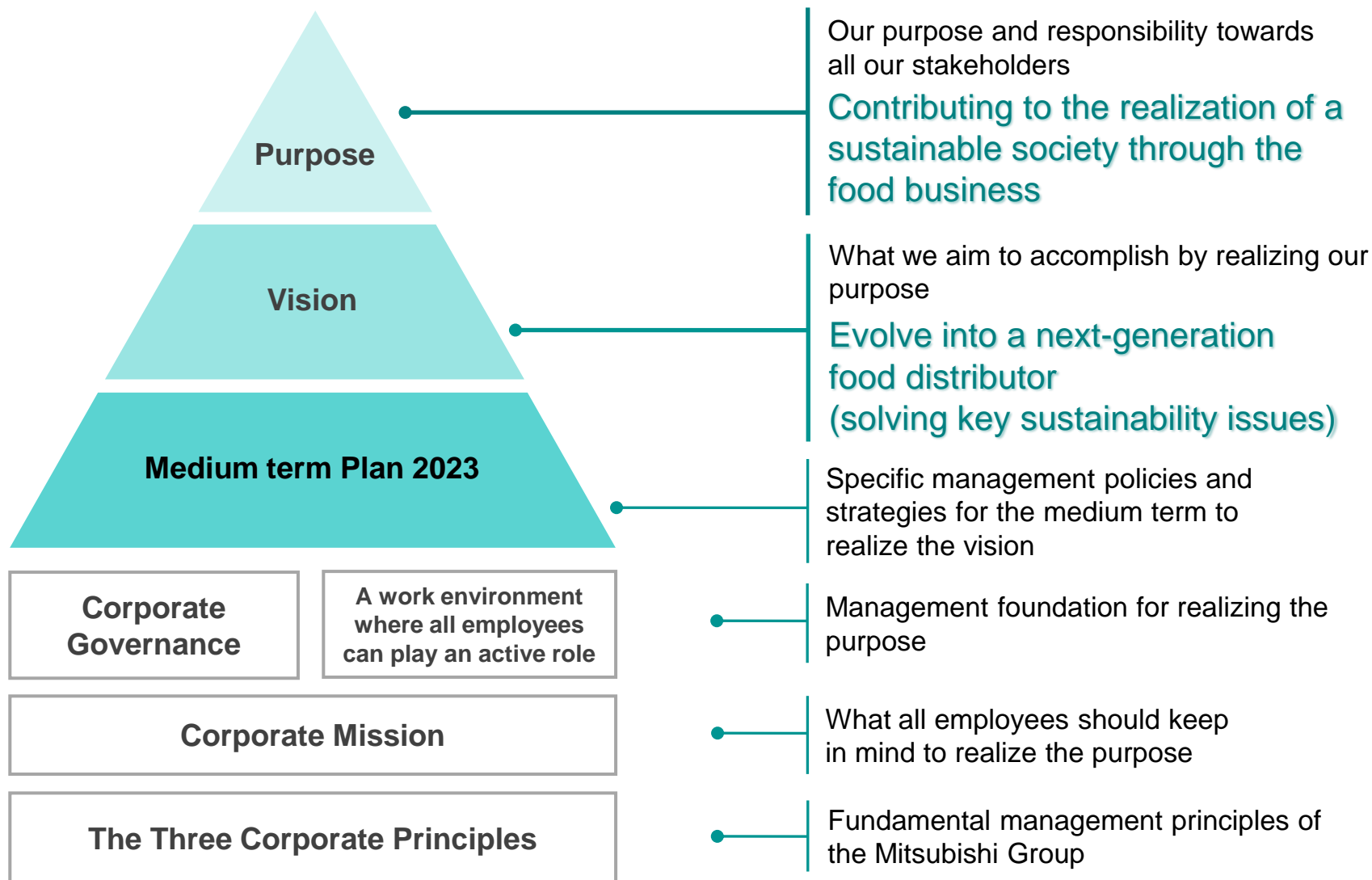
(4) Shift to a locally decentralized society

Needs for autonomous decentralization and optimization of regional areas



Redefining Vision for the Future

[Republished from medium-term plan announcement in May 2021]

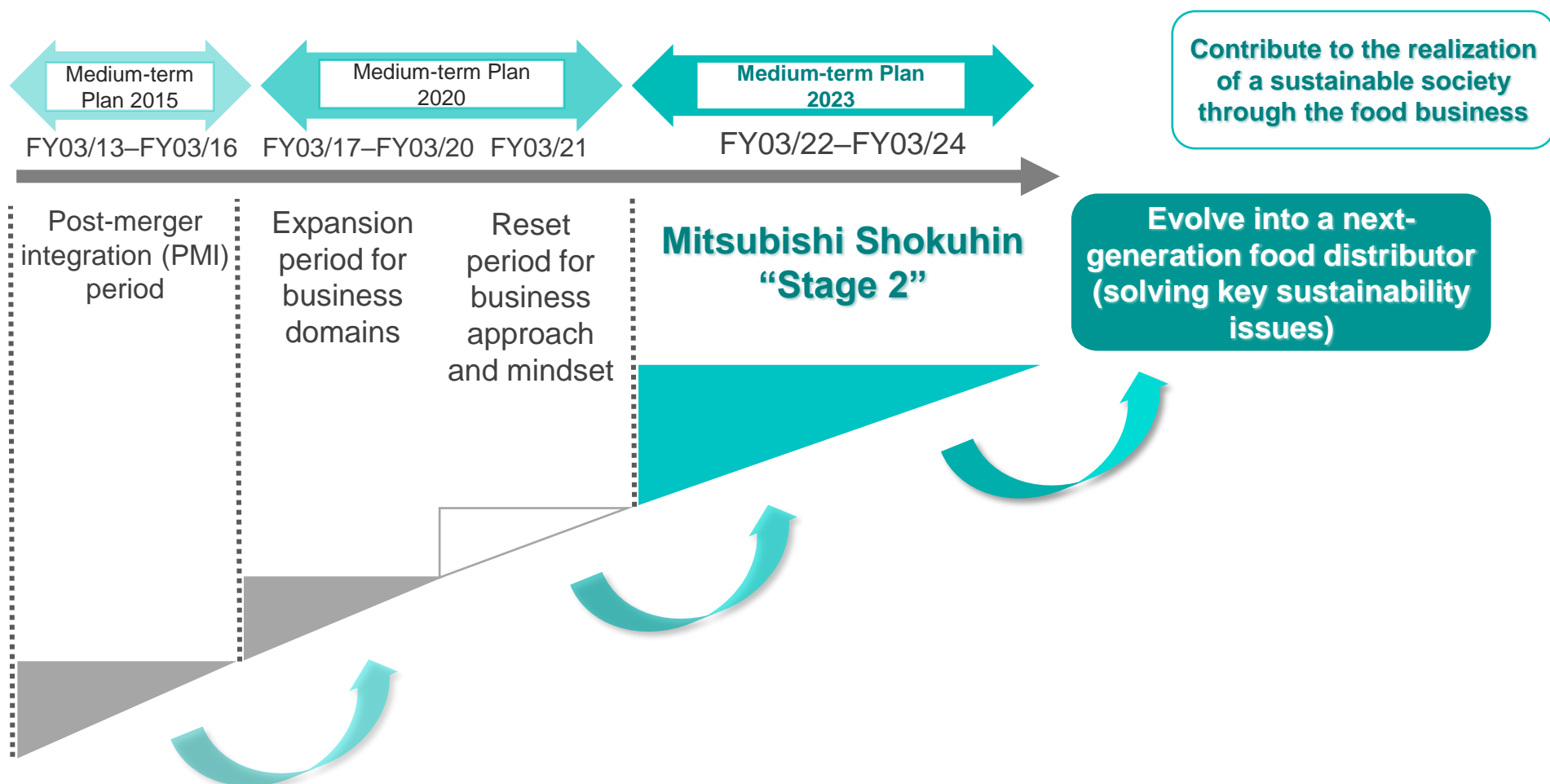


Positioning of Medium-term Plan 2023

[Republished from medium-term plan announcement in May 2021]

Our Medium-term Plan 2023 is now in its second stage,
as 10 years have elapsed since the merger

We position it as **a management plan to evolve into a next-generation food distributor.**



Overview of Medium-term Management Plan 2023

[Republished from medium-term plan announcement in May 2021]



Mitsubishi Shokuhin + Partner companies

1 Initiatives to improve functions

(3) Manufacturer support

Creating new added value by solving manufacturers' management issues

(1) Retailer support

Creating new added value through the resolution of management issues for retailers and other business partners

(2) Product development

Original products including imported brands that meet consumer needs

(4) SCM

Establishing advanced and highly efficient SCM using a nationwide logistics network with a wide variety of products

(5) Digital technology utilization (Promotion of DX)

Improving business efficiency and creating demand through the use of digital technology

(6) Management foundation transformation

Building a governance structure, and human-resource and financial bases to support value creation

Producers/Manufacturers

Retailers and food service industry

Consumers

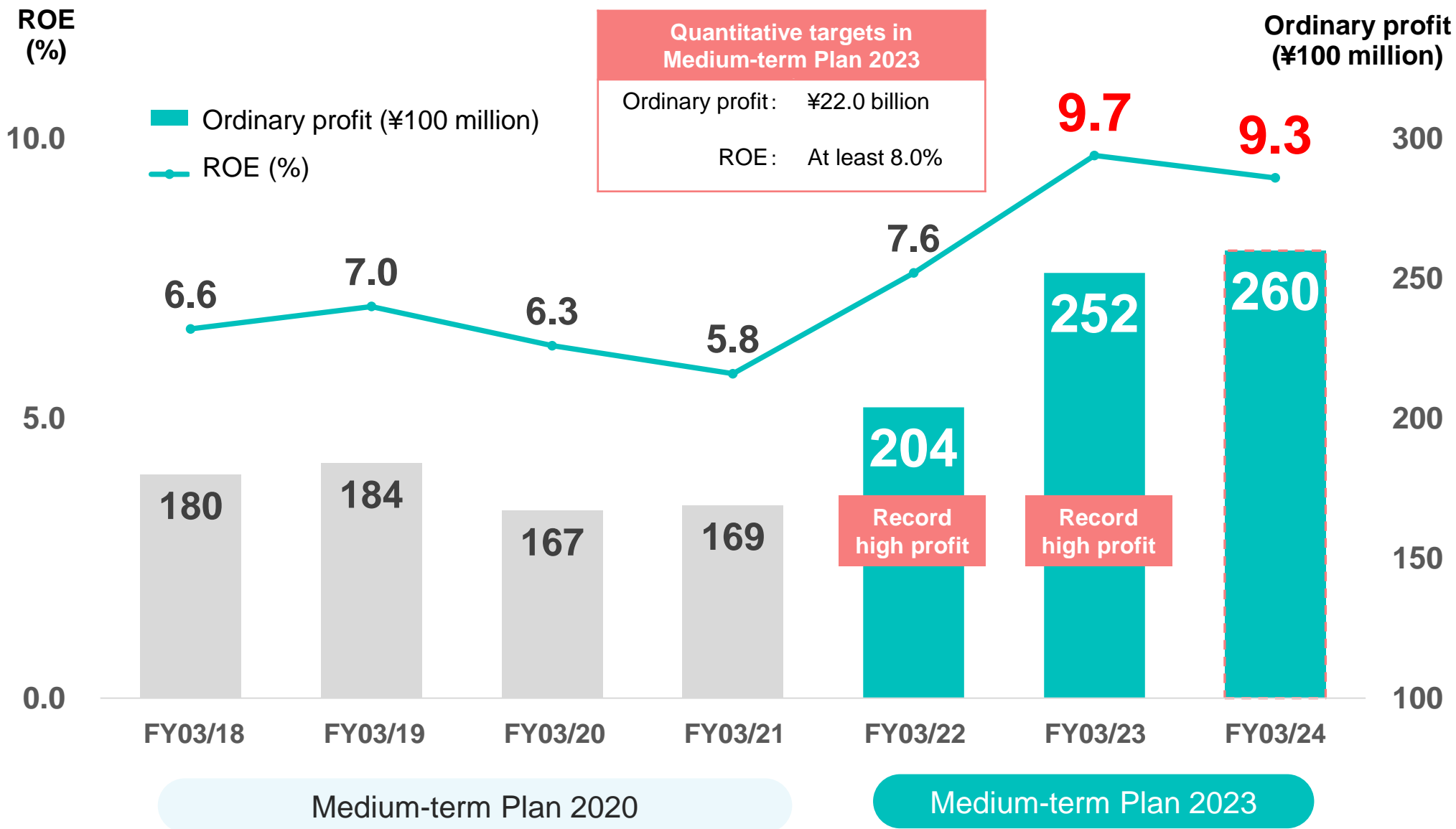
2 Initiatives in local communities

Building partnerships with local communities

Building partnerships that contribute to the revitalization of local communities

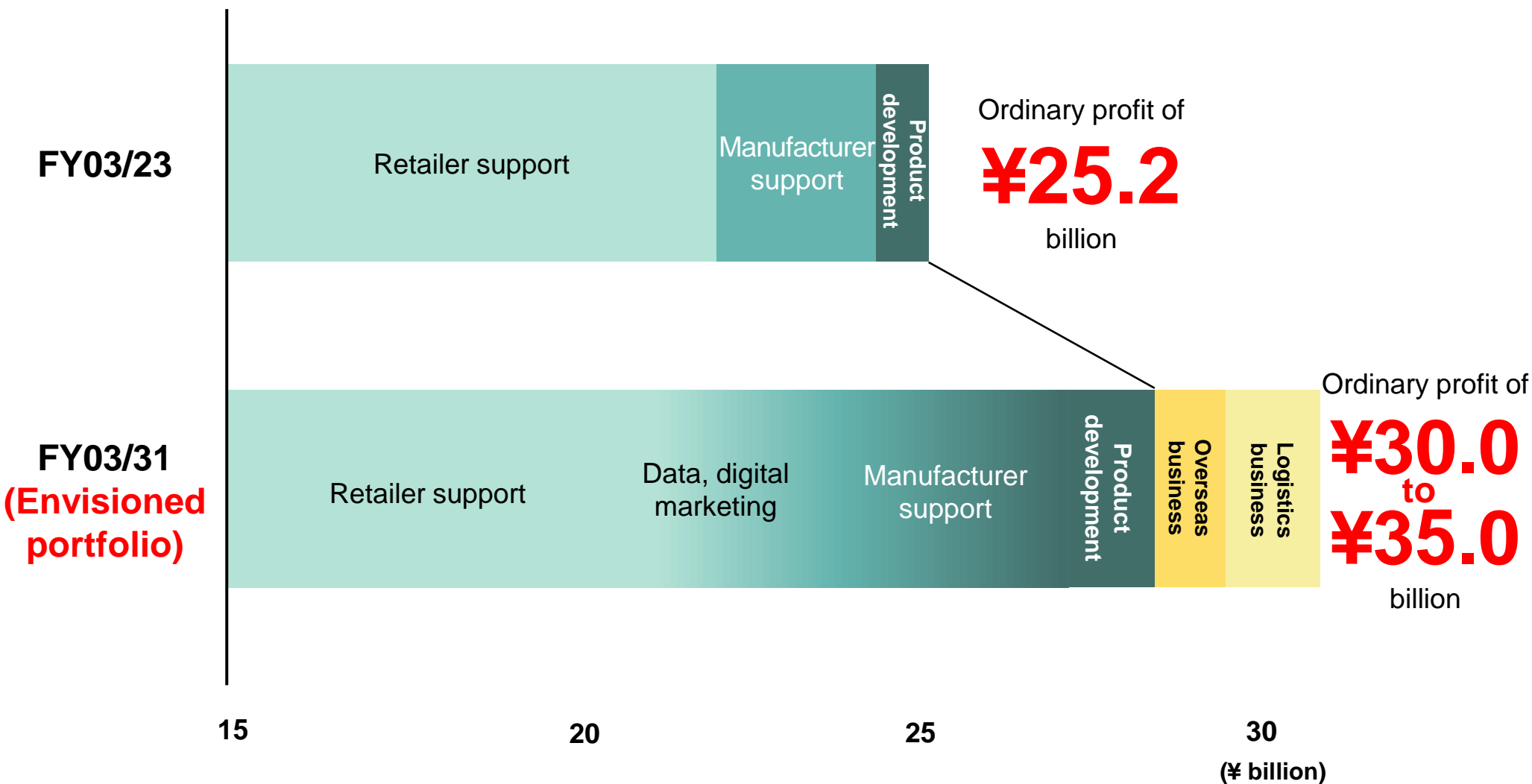
Ordinary Profit and ROE

- Achieved record high ordinary profit for a second consecutive year, and achieved quantitative targets outlined in Medium-term Plan 2023 one year ahead of schedule
- Forecast record high ordinary profit for a third consecutive year in FY03/24



Changes in Business Portfolio Toward 2030

- We have built a new earnings foundation by FY03/23, mainly through improved functions and regional initiatives.
- We will continue to make proactive investments in growth areas and shift personnel in order to achieve our medium- to long-term vision.



Growth Strategy by Business Domain

- To round out our Medium-term Plan 2023, we position FY03/24 as a year of preparation that will put us on track toward our future vision, and accelerate our growth strategy to evolve into a next-generation food distributor

- **Create a data- and digital- driven new demand-generation model unique to the wholesale business**

Data, digital marketing

- Develop a proprietary data platform that utilizes location, purchasing, shipping, and other data
- Provide advertising and promotion functions (from planning to testing of effectiveness) that connect stores with customers through digital means

- **Expand exclusive distributor function for imports, and strengthen product development function centered on informative value creation**

Product development

- As an official distributor for the Lindt brand, handle its brand products in Japan
- Engage in product development that contributes to the branding of local products and helps export Japanese food culture on a broader scale
- Expand the lineup, share, and sales channels for our original products such as "Karada-shift"

- **Create demand with a focus on Japanese food culture**

Overseas business

- Export and sell Japanese products through partnerships with leading Japanese and Southeast Asian retailers
- Participate in the management of retail, restaurant, and logistics businesses overseas

- **Build a sustainable food supply chain by solving social issues in logistics**

Logistics business

- Promote optimal area-based vehicle allocation, sharing of truck capacity, and other initiatives that take advantage of digital technologies
- Ensure effective asset utilization and sustainable cost competitiveness by pursuing a corporate real estate (CRE) strategy

Aiming for Further Evolution

- Provide valuable functions for the new era, and be a more trusted company among all our stakeholders

Diamond Fair 2023

Date: July 26 (Wed) – 28 (Fri)

「新時代」パートナー宣言。



ダイヤモンドフェア2023

食で創造する、持続可能な社会。

Mitsubishi Shokuhin Business Partner Meeting

Date: August 8 (Tue)

Propose solutions to short-, medium-, and long-term management challenges to approx. 400 suppliers



Photo of the FY03/23 meeting

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



Mitsubishi Shokuhin