

# Mitsubishi Shokuhin Co., Ltd.

## Earnings Briefing Material

### for 1H FY03/25

November 7, 2024



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1H FY03/25 Results Details

# 1H FY03/25 Performance Highlights

- Net sales rose, driven by the solid performance of transactions with convenience stores and discount stores in the wholesale business.
- Ordinary profit and Net profit were largely flat yea-on-year despite the emergence of a one-time loss at an overseas affiliate.

## Net sales

**1,059.3 billion**

Progress rate: **49.7%**

## Ordinary profit

**14.4 billion**

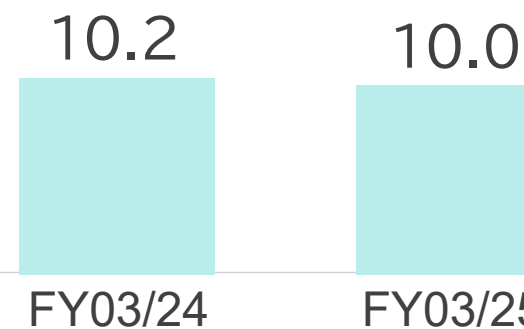
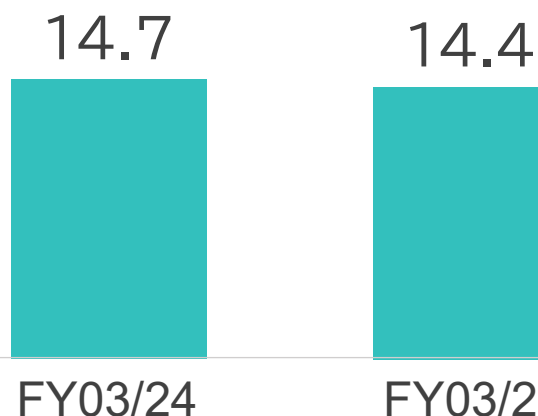
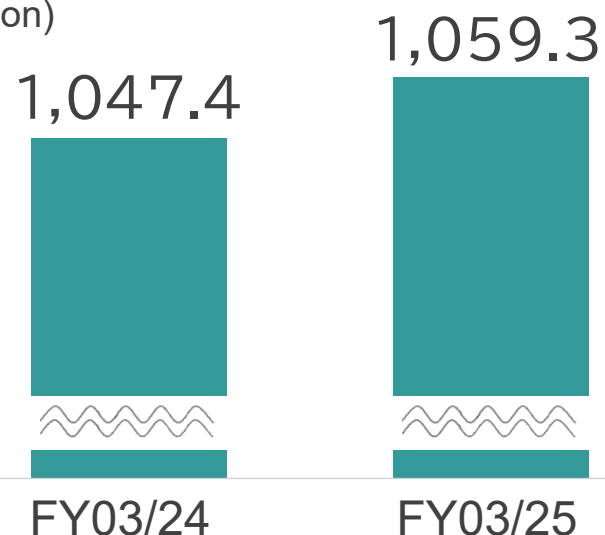
Progress rate: **43.7%**

## Net profit

**10.0 billion**

Progress rate: **44.0%**

(¥1 billion)



\* Progress rate : Progress against the full-year earnings forecast

# “MS Vision 2030” Growth Strategy (Repost)

## Recognized challenges

Shrinking and changing domestic demand

Intensifying hybrid competition between real and cyber space

Increasingly complex societal demands

Importance of learning pace for organizations and personnel

### Our strengths (Management capital)

Digital capital  
(Data foundation)

Human resources capital

Logistics capital

Social capital  
(Partner network)

Financial capital



## Growth Strategy

Utilizing digital technologies

Capturing new demand

Strengthening human capital  
(human resources development)



## Key Sustainability Issues

### Environment



### Community and Living



### Health



### Foundation for Value Creation



# Growth Strategy: Utilizing Digital Technologies (Repost)

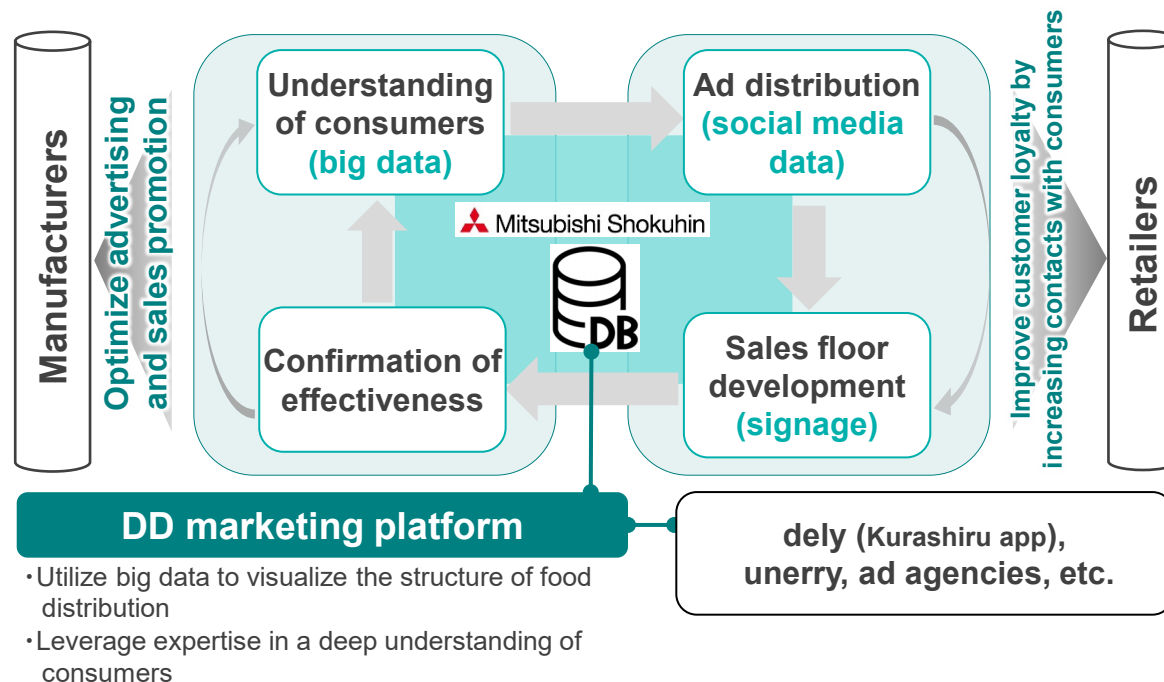
- Strengthen data utilization infrastructure and thoroughly leverage AI technology to increase earnings by (1) creating demand through the development of a new business model, (2) improving operational efficiency and productivity, and (3) strengthening supply chain management functions (sustainable supply chain management), etc.

Projected total investment:  
Approx. ¥85.0 billion (excl. M&A)

## (1) Create demand by developing new business model

### DD (Data x digital) marketing

By organically linking various digital media and sales floors both outside and inside store spaces, we aim to increase touchpoints with consumers, while optimizing and maximizing advertising and sales promotion effects (thereby boosting customer attraction, sales capabilities, and sales floor effectiveness).



## (2) Improve operational efficiency and productivity



Launch of new MILAI project (transition to MILAI cloud and composability, and strengthen digital resilience)



Automate tasks and reduce manpower by introducing AI in work processes across the company (business dashboard, etc.), and enhance customer service



Introduce advanced data platforms, and initiate new external collaborations



Pursue collaborations, business alliances, and M&A with startups

## (3) Strengthen supply chain management functions (sustainable supply chain management)



Enhance demand forecasting and supply/demand adjustment functions through a new ordering system



Improve transportation and delivery efficiency and effectively utilize excess transportation capacity based on optimal vehicle allocation information



Promote automation and reduction in manpower through collaboration between people and automation technology



Pursue cooperation and business alliances with industry peers and customers in the non-food sector

FY03/31 ordinary profit target: **¥13.3 billion** (+¥8.6 billion vs. FY03/24)

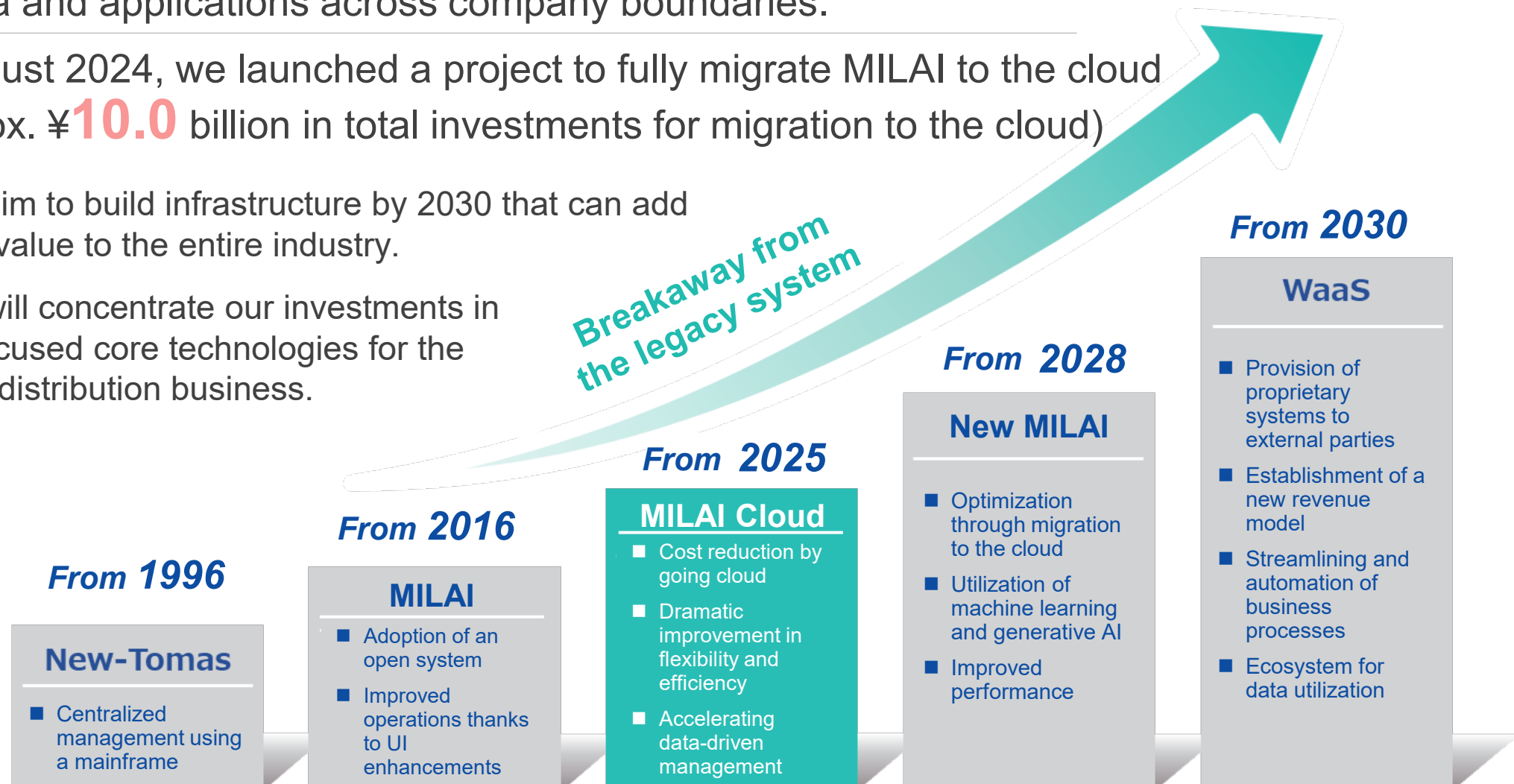
# Strengthening the Digital Infrastructure

## Roadmap for the core system (MILAI) renewal project

We aim to create new value by bolstering our overall wholesale functions through the achievement of greater efficiency and sophistication in all operations, and by building an ecosystem that promotes the use of data and applications across company boundaries.

■ In August 2024, we launched a project to fully migrate MILAI to the cloud (Approx. ¥**10.0** billion in total investments for migration to the cloud)

- We aim to build infrastructure by 2030 that can add new value to the entire industry.
- We will concentrate our investments in AI-focused core technologies for the food distribution business.

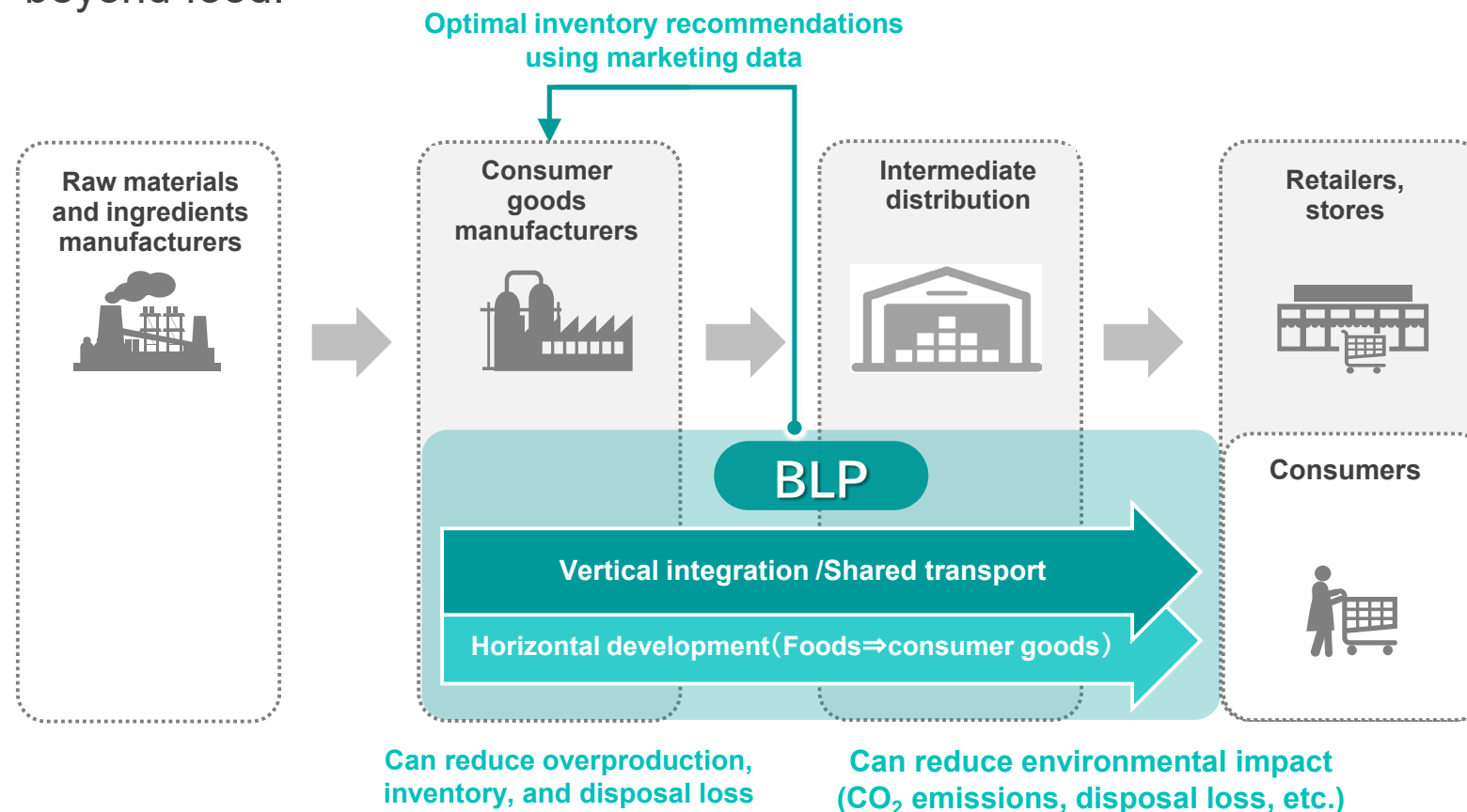


# Enhancing Logistics Capabilities and Profitability

## A challenge to create a consumer goods demand chain that transcends the boundaries of food wholesaler

### Establishment of Best Logistics Partners Inc.(BLP)

- To build a sustainable logistics system, we will contribute to resolving social issues by fusing digital technology with our operational expertise honed over the years and expanding further into business areas beyond food.



[Business description]  
Logistics business, logistics consulting

[Common Stock]  
¥100 million

[Number of employees]  
Approx. 830  
(Incl. temporary and dispatched employees)

[Headquarters location]  
1-1-1 Koishikawa, Bunkyo-ku, Tokyo

[Representative]  
Koji Kotani

[Net sales]  
Approx. ¥188.9 billion



# Growth Strategy: Capturing New Demand( Repost )

- **Domestic market:** Strengthen **product development capabilities** to meet increasingly diverse needs of consumers
  - **Overseas markets:** Strengthen **overseas business** in response to growing demand for Japanese food culture in growth markets
- Projected total investment:  
Approx. ¥20.0 billion (excl. M&A)

## Domestic market (product development capabilities, overseas brand procurement capabilities)

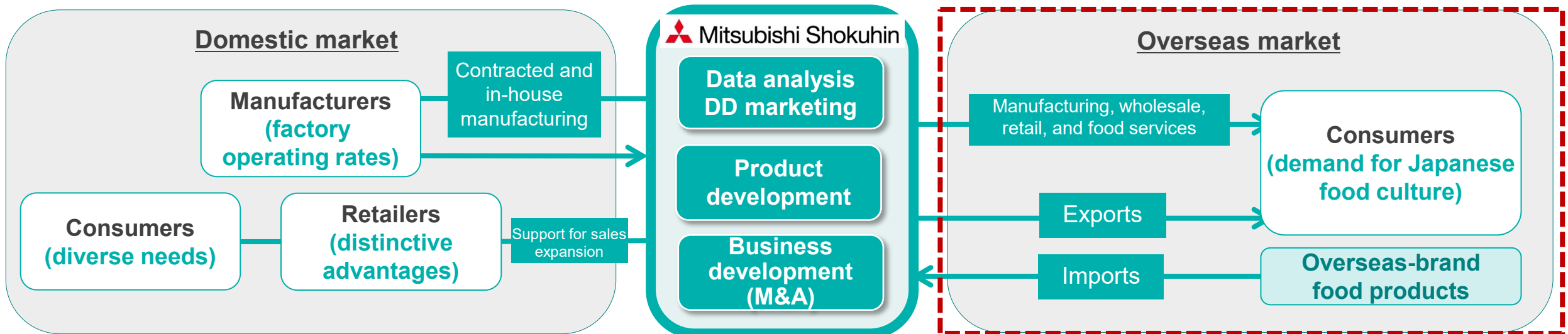
In response to new demand in a diversifying domestic market, utilize data analysis and digital x data (DD) marketing functions to enhance the ability to develop original products and procure overseas brands, and solve the challenges retailers and manufacturers face.

New demand	Responses
Diversifying needs of consumers	Strengthen original products development capabilities
Increase in elderly population and foreign residents	Strengthen overseas brands procurement capabilities
Calls for sustainability measures	Enhance data analysis

## Overseas markets (export business, overseas operations)

In response to the growing demand for Japanese food culture in growth markets, support export expansion and overseas operations of domestic partners and manufacturers, and build a large overseas business group that offers manufacturing, wholesale, retail, and food services.

New demand	Responses
Rising demand for Japanese food culture	Expand product exports for Japanese manufacturers
Overseas expansion by Japanese retailers	Procure and develop products for overseas markets
Ramen, curry, and other common foods	Develop overseas business (including through M&A)



FY03/31 ordinary profit target: **¥7.5 billion** (+¥6.0 billion vs. FY03/24)

# Export of Japanese Food Culture

## Overseas business efforts in collaboration with partner companies

■ Establishment of a US joint venture with Eat & Holdings Co., Ltd.

**Eat&** Holdings

< Purpose / Aim >

- Take the growing popularity of Japanese food in the US as a business opportunity and jointly enter the restaurant business there
- Accelerate our business rollout overseas by utilizing the expertise and knowledge of Eat & Holdings in the restaurant business
- Use the collaboration as a foothold for promoting the export of Japanese food culture



[Company name]

Eat & MS USA Inc.

[Headquarters location]

California, USA

[Established]

October 2024

[Business description]

Restaurant operations in the US

[Restaurant locations]

California, USA

■ Investment in Japan Food Express Ltd., an operator of food retail, wholesale, and restaurant businesses in the UK and Germany

**Japan  
Food  
Express**

< Purpose / Aim >

- Expand export of Japanese food ingredients to Europe by investing in Japan Food Express
- Use this company's network as a foothold for exporting Japanese food culture
- Aim to become one of the largest Japanese food wholesalers in Europe

Agreement signed in October 2024;  
investment to be made in January 2025 (planned)



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1H FY03/25 Results Details

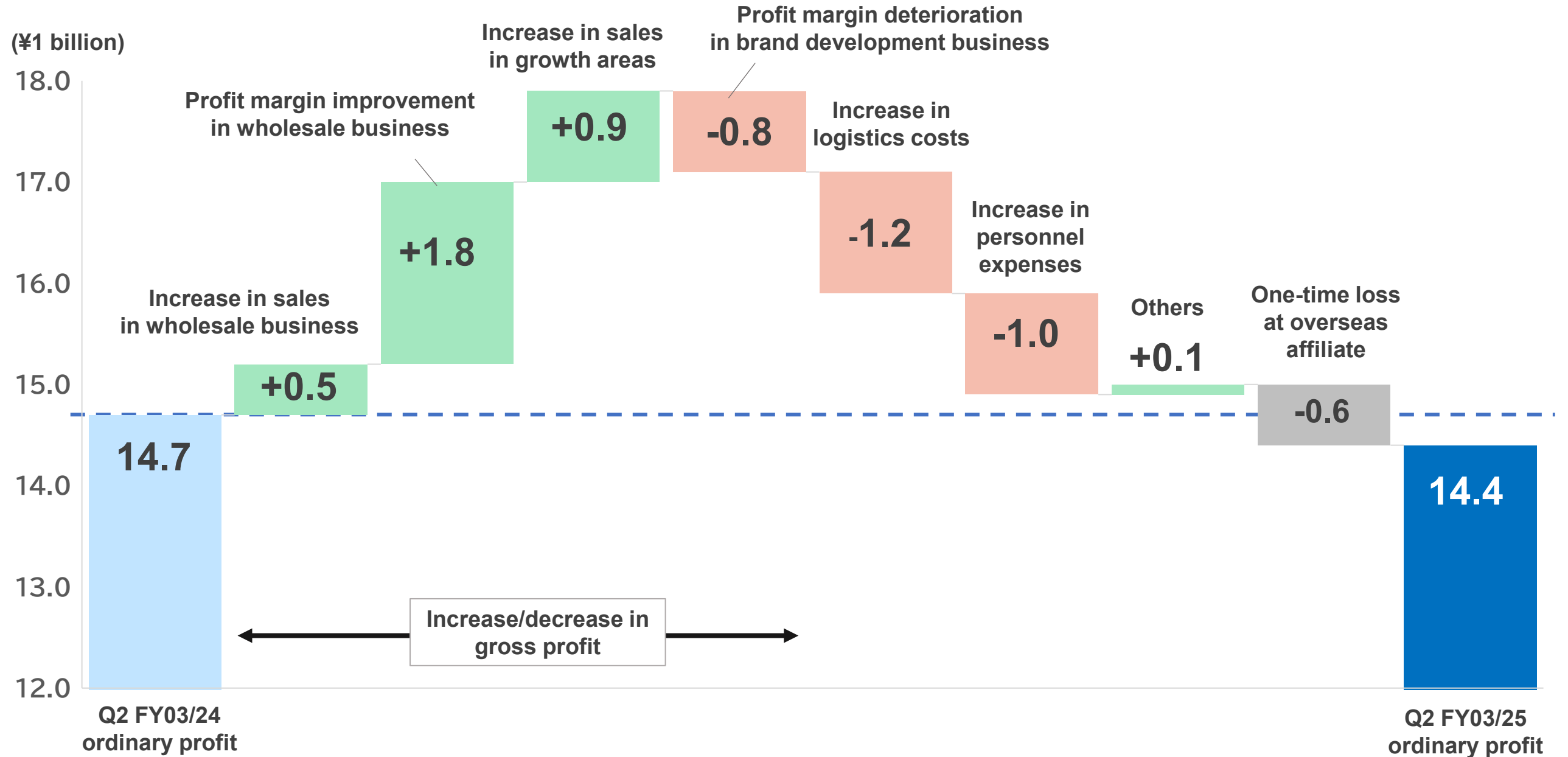
# 1H FY03/25: Consolidated Results (YoY Comparison)

◆ Since our profitability in the wholesale business is improving, we have maintained our initial full-year earnings forecast despite the emergence of a one-time loss at an overseas affiliate in 1H FY03/25.

(¥1 billion)	1H FY03/24	1H FY03/25	YoY		Full-year FY03/25	
			Change	% Change	Forecasts	Progress rate
Net sales	1,047.4	1,059.3	11.9	1.1	2,130.0	49.7
Gross profit	73.1	75.5	2.4	3.3	154.9	48.7
SG&A expenses	(59.4)	(61.5)	-2.1	-3.6		
Logistics costs	(29.2)	(30.4)	-1.2	-4.2		
Personnel expenses	(18.5)	(19.5)	-1.0	-5.5		
Other	(11.7)	(11.6)	0.1	0.9		
Operating profit	13.7	13.9	0.3	2.0	31.5	44.2
Ordinary profit	14.7	14.4	-0.2	-1.7	33.0	43.7
Profit attributable to owners of parent	10.2	10.0	-0.1	-1.3	22.8	44.0

\*Figures for FY03/24 have been restated to reflect changes in the presentation method for certain transactions in FY03/25.

# Factors Affecting Ordinary Profit (YoY)



# 1H FY03/25: Results by Segment

- ◆ In the wholesale business, transactions with convenience stores and discount stores were strong; the increase in gross profit from higher sales and improved profitability absorbed the cost increase and lifted ordinary profit.
- ◆ In the brand development business, ordinary profit fell due to the clearance sale of some of the imported goods in stock.

(¥1 billion)	Sales				Ordinary profit			
	1H FY03/24	1H FY03/25	Change	% Change	1H FY03/24	1H FY03/25	Change	% Change
Wholesale business	944.4	952.4	8.0	0.8	12.2	12.7	0.5	4.4
Brand development business	14.4	14.7	0.2	1.6	0.3	(0.4)	-0.7	-209.7
Logistics business	69.1	71.5	2.4	3.4	1.7	1.9	0.2	13.0
Functional development business	19.5	20.8	1.3	6.7	1.2	0.9	-0.4	-30.7
DD marketing	1.0	1.2	0.1	12.6	0.3	0.2	-0.1	-32.6
Overseas business	0.5	0.6	0.1	28.4	(0.0)	(0.6)	-0.6	-
Manufacturer support	18.0	19.0	1.0	5.8	1.0	1.3	0.3	28.4
Adjustments	-	-	-	-	(0.8)	(0.7)	0.1	11.4
Total	1,047.4	1,059.3	11.9	1.1	14.7	14.4	-0.2	-1.7

\*We have changed our disclosure segments (from category-based to business domain-based) from FY03/25, and have also changed our profit metric disclosed from operating profit to ordinary profit.

\*Figures for FY03/24 have been restated to reflect changes in the presentation method for certain transactions in FY03/25.

# 1H FY03/25: Results by Product Category

◆ The table below shows our forecast for the Wholesale and Brand development businesses, broken down by product category (old segments).

(¥1 billion)	Sales				Ordinary profit			
	1H FY03/24	1H FY03/25	Change	% Change	1H FY03/24	1H FY03/25	Change	% Change
Processed foods	302.0	301.8	-0.2	-0.1	3.0	2.9	-0.1	-3.0
Frozen and chilled foods	275.1	288.4	13.3	4.8	6.3	6.8	0.5	8.5
Alcoholic beverages	251.8	242.2	-9.6	-3.8	1.5	1.4	-0.1	-7.9
Confectionery	129.9	134.7	4.7	3.7	1.7	1.2	-0.5	-29.5
Total	958.8	967.1	8.2	0.9	12.5	12.4	-0.2	-1.4
Wholesale business	944.4	952.4	8.0	0.8	12.2	12.7	0.5	4.4
Brand development business	14.4	14.7	0.2	1.6	0.3	(0.4)	-0.7	-209.7

# 1H FY03/25: Sales by Products

- ◆ In the confectionery category, sales increased thanks to transaction growth, primarily with convenience stores and discount stores.
- ◆ In the frozen and chilled foods category, sales expanded owing to increased transactions, mainly with drugstores and discount stores.

(¥1 billion)	1H FY03/24		1H FY03/25		YoY Change	
	Sales	% of total sales	Sales	% of total sales	Change	% Change
Canned foods and seasonings	119.7	11.4	118.8	11.2	-1.0	-0.8
Noodles and dried foods	70.3	6.7	71.8	6.8	1.6	2.2
Luxury foods and beverages	117.0	11.2	118.2	11.2	1.2	1.0
Confectionery	136.0	13.0	140.6	13.3	4.6	3.4
Frozen and chilled foods	258.4	24.7	269.2	25.4	10.8	4.2
Beer	140.4	13.4	132.4	12.5	-8.0	-5.7
Other alcoholic beverages	104.9	10.0	104.1	9.8	-0.8	-0.7
Others	100.8	9.6	104.3	9.8	3.5	3.5
Total	1,047.4	100.0	1,059.3	100.0	11.9	1.1

\*Figures for FY03/24 have been restated to reflect changes in the presentation method for certain transactions in FY03/25.



# 1H FY03/25: Sales by Business Format

- ◆ Sales to convenience stores expanded mainly because of increased foot traffic, including inbound visitors to Japan.
- ◆ Other direct sales increased mainly due to growth in transactions with discount stores.

(¥1 billion)	1H FY03/24		1H FY03/25		YoY Change	
	Sales	% of total sales	Sales	% of total sales	Change	% Change
Wholesalers	95.4	9.1	96.7	9.1	1.3	1.4
Supermarkets	474.1	45.3	470.4	44.4	-3.7	-0.8
Convenience stores	199.4	18.9	206.0	19.4	6.6	3.3
Drugstores	87.9	8.4	88.0	8.3	0.1	0.2
Users*1	32.2	3.1	33.4	3.2	1.2	3.7
Other direct sales*2	125.5	12.0	129.8	12.3	4.4	3.5
Manufacturers and others	33.0	3.2	35.0	3.3	2.0	6.1
Total	1,047.4	100.0	1,059.3	100.0	11.9	1.1

\*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: FY03/24 results were adjusted to reflect changes in the presentation method and a partial revision to the business format classification in FY03/25.

# Status of investments

- ◆ Investment for maintenance and replacement : We mainly replaced warehouse facilities and IT equipment, within existing distribution centers.
- ◆ Growth investments : We made investments related to DD marketing and invested in companies in Vietnam and US to develop overseas business.

(¥1 billion)	1H FY03/24	1H FY03/25	FY03/25 Forecasts
Investment for maintenance and replacement	4.8	4.7	12.0
Growth investments	0.7	1.1	5.0
Total	5.5	5.8	17.0

Details of growth investments	<u>Overseas business</u>	0.48 billion	<u>Logistics business</u>	0.15 billion
	<u>DD marketing</u>	0.47 billion	<u>New MILAI PJ</u>	0.05 billion

# APPENDIX

# APPENDIX: Segment description

## Wholesale business

A hub connecting roughly approx. 6,500 suppliers and approx. 3,000 customer companies; supports the optimization and efficiency enhancement of the overall food supply chain

We will work to bolster the supply chain while also further developing the business into a solid earnings base.

## Brand development business

Develops original products suited to the needs of the diversifying domestic market; sources overseas import brands

We will aim for high profit margins through sales of our original products and imported goods.

## Logistics business

A 3PL operator commissioned to carry out shared deliveries and operate logistics centers dedicated to specific customers; also handles upstream logistics (i.e., pickups/deliveries to mitigate manufacturers' delivery failure risk)

We will seek to develop logistics into a sizable business by achieving further logistics efficiency and collaborating with industry peers and customers in non-food domains.

## Functional development business

### DD marketing

Maximizes the impact of advertising and sales promotion by utilizing the Company's big data and expertise in understanding consumers

### Overseas business

Develops overseas business in diverse areas (manufacture, wholesale, retail, and restaurants) under the concept of "exporting Japanese food culture;" supports Japanese partners in expanding exports and operating businesses overseas

### Manufacturer support

Supports manufacturers in areas such as supplying raw materials, acting as a sales agent, and handling transactions as a distributor

We will aim to secure earnings by elevating the added value of our functions.

# APPENDIX: Initiatives by Growth Strategy

## Growth Strategy

### Utilizing Digital Technologies

- ① Create demand by developing new business model
- ② Improve operational efficiency and productivity
- ③ Strengthen supply chain management functions

### Capturing New Demand

- ① Domestic market
- ② Overseas markets

## Main achievements and Challenges and policies moving forward

Blue text: Challenges and policies moving forward

Wholesale business	<ul style="list-style-type: none"> <li>● Performance remained robust as we accurately grasped changes in the business environment (strong performance in wholesale business with convenience stores and restaurants)</li> <li>● Further enhance earnings power through synergies with the growth strategy</li> </ul>
DD marketing	<ul style="list-style-type: none"> <li>● Collaboration with unerry Inc. and dely inc. ( Digital marketing sales grew 13% year-on-year )</li> <li>● Further strengthen our capabilities in advertised products by establishing a joint platform</li> </ul>
Logistics business	<ul style="list-style-type: none"> <li>● Launched operations at L Platform Corporation, a joint venture with K.R.S. Corporation (from April 1, 2024)</li> <li>● Establish Best Logistics Partners Inc. to strengthen logistics capabilities and earnings power</li> </ul>
Brand development business	<ul style="list-style-type: none"> <li>● Stepped up sales expansion efforts for the top Tex-Mex brand, Old El Paso, as its distributor</li> <li>● Improving the accuracy of import brand product purchasing and sales plans and optimising inventory in response to exchange rates and changing trends</li> </ul>
Overseas business	<ul style="list-style-type: none"> <li>● Made a foray into the restaurant operation business in the US by establishing a local joint venture with Eat &amp; Holdings</li> <li>● Invested in Homefarm Holding, an imported foods retailer in Vietnam, and expanded exports to this company</li> <li>● Develop the European business through investment into Japan Food Express Ltd.</li> </ul>
Manufacturer support	<ul style="list-style-type: none"> <li>● Boosted transactions by leveraging our strengths in raw materials sourcing and functionality as a distributor</li> <li>● Expand functionality to become a provider of one-stop solutions for manufacturers</li> </ul>

# APPENDIX: Quarterly results

(¥1 billion)	FY03/24				FY03/25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	512.8	534.7	547.8	491.6	522.1	537.2		
Gross profit	35.4	37.7	40.2	36.6	36.9	38.6		
SG&A expenses	(29.5)	(29.9)	(29.8)	(31.1)	(30.7)	(30.8)		
Operating profit	5.8	7.8	10.4	5.4	6.1	7.8		
Ordinary profit	6.6	8.1	11.0	5.8	6.3	8.1		
Net profit	4.6	5.6	8.3	4.2	4.4	5.6		
% of net sales	Net sales	-	-	-	-	-		
	Gross profit	6.90%	7.05%	7.34%	7.44%	7.06%	7.18%	
	SG&A expenses	-5.76%	-5.59%	-5.43%	-6.33%	-5.89%	-5.73%	
	Operating profit	1.14%	1.46%	1.90%	1.11%	1.17%	1.46%	
	Ordinary profit	1.28%	1.51%	2.00%	1.17%	1.20%	1.51%	
	Net profit	0.89%	1.05%	1.51%	0.85%	0.84%	1.05%	

# APPENDIX: Quarterly results (Segment, Product Category)

(¥1 billion)		FY03/24				FY03/25			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By Segment	Sales	Wholesale business	462.1	482.3	492.8	440.5	468.5	483.9	
		Brand development business	7.4	7.1	9.7	8.3	7.5	7.2	
		Logistics business	34.1	35.0	35.7	33.4	35.2	36.3	
		Functional development business	9.2	10.2	9.7	9.4	10.9	9.8	
		Total	512.8	534.7	547.8	491.6	522.1	537.2	
	Ordinary profit	Wholesale business	5.6	6.6	8.5	5.4	5.6	7.2	
		Brand development business	(0.1)	0.4	0.7	0.2	0.0	(0.4)	
		Logistics business	1.0	0.7	1.4	(0.0)	0.9	1.0	
		Functional development business	0.5	0.8	0.8	0.5	0.1	0.7	
		Adjustments	(0.4)	(0.4)	(0.4)	(0.4)	(0.3)	(0.4)	
		Total	6.6	8.1	11.0	5.8	6.3	8.1	
By Product Category	Sales	Processed foods	147.7	154.3	164.8	142.7	148.3	153.5	
		Frozen and chilled foods	131.4	143.6	137.7	124.3	137.6	150.8	
		Alcoholic beverages	122.0	129.9	125.0	107.9	119.7	122.5	
		Confectionery	68.4	61.6	74.8	74.0	70.4	64.3	
		Total	469.4	489.4	502.4	448.8	476.0	491.1	
	Ordinary profit	Processed foods	1.3	1.7	2.2	1.2	1.2	1.7	
		Frozen and chilled foods	2.8	3.5	3.7	2.0	3.0	3.8	
		Alcoholic beverages	0.7	0.8	1.5	0.9	0.6	0.8	
		Confectionery	0.6	1.1	1.7	1.6	0.8	0.4	
		Total	5.5	7.1	9.2	5.7	5.6	6.8	

\* Figures under “By Product Category” represent sums of the figures for the wholesale business and the brand development business.

# APPENDIX: Case unit price

(Unit: JPY yen)

Total	1H average	2H average	FY average
<b>FY2023</b>	2,965	3,179	3,069
<b>FY2024</b>	3,058		
<b>% Change</b>	3.12%		

Processed foods	1H average	2H average	FY average
<b>FY2023</b>	2,491	2,678	2,583
<b>FY2024</b>	2,548		
<b>% Change</b>	2.28%		

Frozen foods and ice cream	1H average	2H average	FY average
<b>FY2023</b>	4,058	4,935	4,447
<b>FY2024</b>	4,117		
<b>% Change</b>	1.45%		

Alcoholic beverages	1H average	2H average	FY average
<b>FY2023</b>	3,502	3,659	3,575
<b>FY2024</b>	3,599		
<b>% Change</b>	2.79%		

Confectionery	1H average	2H average	FY average
<b>FY2023</b>	2,560	2,698	2,632
<b>FY2024</b>	2,718		
<b>% Change</b>	6.16%		





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