

## Focus on Progress of Key Initiatives Outlined in the Mid-Term Management Plan

Umios reported consolidated results for Q3 of the FY ending March 2026, with net sales of ¥837.6 billion (+1.1% YoY) and operating income of ¥29.4 billion (+5.5% YoY), marking the highest Q3 cumulative operating income since the 2007 business integration. The primary driver of the profit increase was the turnaround of the Marine Resources Business Segment, which transitioned to profit after recording an operating loss in the same period of the previous year to a profit. Through the steady implementation of Mid-term Management Plan initiatives, the Marine Resources Business Segment has achieved a pace of profit improvement exceeding initial projections from the plan's initial year. Excluding the planned one-time corporate restructuring costs of ¥4 billion, the actual operating income forecast for the FY ending March 2026 stands at ¥34 billion, demonstrating that the company is on track for a profit increase this fiscal year. If achieved, this would represent the highest actual operating income since the business integration in 2007.

The full-year operating income forecast remains unchanged, the full-year forecast for profit attributable to owners of parent has been revised upward from ¥17.5 billion to ¥19.5 billion, as gains from the unwinding of cross-shareholdings and sale of rental real estate will be recorded in Q4. In line with the policy of "progressive dividends assuming a payout ratio of 30% or more," the year-end dividend forecast has been increased by ¥4 to ¥24. The annual dividend forecast has increased from ¥110 to ¥122, (excluding the January 2026 stock split) or from ¥36.7 to ¥40.7, (including the stock split).

The company's stock price has risen 27.4% over the past 6 months (compared to a 12.9% rise in TOPIX over the same period), outperforming the market average. PBR has risen to the 0.9x range and is approaching 1x. This demonstrates that market confidence in the company's management policy and its ability to achieve the profit targets outlined in its Mid-term Management Plan is on the rise. However, in terms of earnings power, the company remains relatively undervalued compared to peers. It appears that there remains untapped potential for the company to earn greater market confidence in the equity story it is presenting. As factors that could bolster further valuation improvement, we would like to focus this time on the processed foods business in Japan and overall growth investments.

The processed foods business in Japan is facing more challenges than initially anticipated this fiscal year. While the company has mitigated cost increases through improved prices over the past 4 years, the challenge exceeds price increases alone, and this may be leading to some concerns in the stock market.

However, the company having already recognized this challenge during the planning phase of its Mid-term Management Plan announced in March of 2025, has outlined key elements of its strategy to address these issues, including:

### Stock Price and Trading Volumes (Past Year)



Source: Strategy Advisors

### Key Indicators

Stock Price (3/30/26)	1,458
52-Week High (2/27/26)	1,586
52-Week Low (5/22/25)	992
All-Time High (2/27/26)	1,586
All-Time Low (5/19/14)	500
Number of Shares Issued (mn)	151.2
Market Capitalization (¥bn)	220.3
EV (¥bn)	538.4
Equity Ratio (Mar/25, %)	33.7
ROE (Mar/25 Actual, %)	10.7
PER (Mar/26 CoE, x)	11.3
PBR (Mar/25 Actual, x)	0.9
Dividend Yield (Mar/26 CoE, %)	2.8

Source: Strategy Advisors

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- 1) A Glocal Strategy Combining Global Governance with Local Applications and Initiatives
- 2) A Consumer-driven Approach
- 3) Optimization of Production Systems
- 4) Creating Health Value

Concrete initiatives have already begun, and we will be monitoring their progress (see page 12 of this report for details).

The growth investment plan under the Mid-term Management Plan totals ¥140 billion over 3 years, comprising ¥70 billion in organic investment and ¥70 billion in inorganic investment. By the end of the FY ending March 2025, the company's balance sheet had been strengthened, and preparations for investment are in place. As of Q3 of the FY ending March 2026, the first year of the plan, approximately ¥20 billion has been invested in M&A initiatives outside Japan, indicating steady progress.

## Japanese GAAP - Consolidated

FY	Net Sales (¥mn)	YoY (%)	Operating Income (¥mn)	YoY (%)	Ordinary Income (¥mn)	YoY (%)	Net Income (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
Mar/2025 Q1-Q3	828,101	5.2	27,834	9.8	31,024	2.6	23,238	3.6	153.8	50.0
<b>Mar/2026 Q1-Q3</b>	<b>837,577</b>	<b>1.1</b>	<b>29,377</b>	<b>5.5</b>	<b>29,248</b>	<b>-5.7</b>	<b>17,500</b>	<b>-24.7</b>	<b>115.8</b>	<b>16.7</b>
Mar/2024	1,030,674	1.0	26,534	-10.3	31,106	-7.1	20,853	12.1	137.9	28.3
Mar/2025	1,078,631	4.7	30,381	14.5	32,254	3.7	23,264	11.6	154.0	36.7
Mar/2026 CoE (Old)	1,080,000	0.1	30,000	-1.3	29,000	-10.1	17,500	-24.8	115.8	36.7
Mar/2026 CoE (New)	1,080,000	0.1	30,000	-1.3	29,000	-10.1	19,500	-16.2	129.0	40.7

Note: A 3-for-1 stock split was implemented as of December 31, 2025. Both EPS and DPS figures shown are adjusted for the stock split.

Source: Company Data. Compiled by Strategy Advisors.

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## 1. FY Ending March 2026 Q3 Financial Results Summary and Full-Year Outlook

### 1) Q3 Operating Income Reached a Record High for the First Time Since the Business Integration

#### Highlights of Q3 Cumulative Results

Cumulative Consolidated results for the Q3 of the FY ending March 2026 were net sales of ¥837.6 billion (+1.1% YoY) and operating income of ¥29.4 billion (+5.5% YoY), marking the highest Q3 cumulative operating income since the management integration in 2007.

The Marine Resources Business Segment, which significantly improved from an operating loss of ¥1.9 billion in YoY to a profit of ¥2.4 billion, and this offset YoY declines in operating income for the Foodstuff Distribution Business Segment and the Processed Foods Business Segment. As a result, consolidated operating income increased YoY.

In the Foodstuff Distribution Business Segment, while the Marine Products Trading Unit saw increased profits due to its European operations, the Foodstuff Distribution Business Unit and the Agricultural Foods & Meat and Products Unit saw decreased profits, resulting in a 5.1% YoY decrease in operating income for the segment.

The Processed Foods Business Segment saw a 20.8% YoY decline in operating income for the segment due to lower-than-expected processed food sales in Japan and the impact of higher raw material costs and exchange rates in operations outside Japan, the company noted that appreciation of the Thai baht was an exchange rate that was the primary factor affecting its pet food business, which otherwise faces no operational issues.

**Figure 1. Umios: FY ending March 2026 Q3 Financial Results Summary**

(¥mn)	Mar/25 Q3 Cumulative	<b>Mar/26 Q3 Cumulative</b>	YoY (%)	Mar/26 CoE (Previous)	Mar/26 CoE (Current)	Change	YoY (%)
Net Sales	828,101	<b>837,577</b>	1.1	1,080,000	1,080,000	0	0.1
Operating Income	27,834	<b>29,377</b>	5.5	30,000	30,000	0	-1.3
Ordinary Income	31,024	<b>29,248</b>	-5.7	29,000	29,000	0	-10.1
Profit Attributable to Owners of Parent	23,238	<b>17,500</b>	-24.7	17,500	19,500	2,000	-16.2

Source: Company Data. Compiled by Strategy Advisors.

#### Q3 Cumulative Net Income Declined YoY, Due to a Decrease in Extraordinary Income

Q3 Cumulative ordinary income decreased to ¥29.2 billion (-5.7% YoY). This was primarily due to a shift in non-operating income and expenses, where foreign exchange gains of ¥2.1 billion in the previous year turned into a foreign exchange loss of ¥0.5 billion this year.

Quarterly profit attributable to owners of parent company was ¥17.5 billion, a decrease of ¥5.7 billion (-24.7%YoY). This was due to ordinary income being ¥1.8 billion lower than the same period last year, a relative decrease of ¥5.4 billion in gains on the sale of investment securities in line with the unwinding of cross-shareholdings (from ¥9.2 billion to ¥3.9 billion) and the recognition this year of ¥1 billion in head office relocation expenses, which were not recorded last year.

## 2) Full-Year Earnings Forecast: Net Income Revised Upward Dividend Increase Announced

Concurrently with the earnings announcement, the company revised its full-year forecast for profit attributable to owners of parent upward from ¥17.5 billion to ¥19.5 billion. This is primarily due to the recognition of gains from the unwinding of cross-shareholdings and gains on the sale of rental real estate forecasted in Q4. As a result, the EPS forecast has risen from the previous estimate of ¥115.81 to ¥128.99. Therefore, based on the basic dividend policy of “progressive dividends assuming a payout ratio of 30% or more,” the company announced that it would increase the year-end dividend by ¥4 to ¥24.

Consequently, the projected annual dividend will increase from ¥110 to ¥122 (excluding the stock split implemented on January 1, 2026) or from ¥36.7 to ¥40.7 (including the stock split). The annual dividend payout ratio is 31.5%.

The full-year consolidated operating income forecast remains unchanged at ¥30 billion, but there have been changes to the profit outlook by segment.

In the Marine Resources Business Segment, the full-year operating income forecast has been significantly raised from ¥600 million to ¥1.8 billion, primarily due to improved meal prices in the North American Operations, strong sales of imitation crab products and operational improvements in the fishery business.

In the Foodstuff Distribution Business Segment, while the Marine Products Trading Unit is performing well in both its European and operations in Japan and is expected to generate higher-than-expected profits, the Foodstuff Distribution Business Unit and the Agricultural Foods & Meat and Products Unit are projected to fall short of their targets. Consequently, the segment’s operating income forecast has been slightly revised downward from the previous plan of ¥17 billion to ¥16.8 billion.

In the Processed Foods Business Segment, segment operating income was revised downward from ¥13.6 billion to ¥11.1 billion, due to processed food sales in Japan falling short of plan and a decline in profits in operations outside of Japan caused by high raw material costs and foreign exchange impacts. However, the company notes the decline in profits in the pet food business outside of Japan is primarily due to the strong Thai baht and that there are no issues with demand or product competitiveness.

**Year-End Dividend  
Increased by ¥4 in  
Accordance with the  
company’s Basic Dividend  
Policy**

### Outlook by Segment

The company had expected to record ¥5 billion in corporate transformation expenses for the full year, but these expenses are now projected to decrease to ¥4 billion (classified under 'Other' in the segment information).

In the FY ending March 2026, the first year of the Mid-term Management Plan, the company plans to incur a total of ¥4 billion in one-time corporate transformation expenses, including costs associated with the relocation of the head office (March 2026), CI (Corporate Identity) branding related to the company name change (March 2026), and revisions to product packaging. While the full-year operating income forecast of ¥30 billion represents a nominal 1.3% decrease compared to the previous fiscal year, the actual operating income forecast, excluding the ¥4 billion in one-time expenses, is ¥34 billion, and the actual ordinary income forecast is ¥33 billion, both of which exceed the previous fiscal year's levels. Therefore, in terms of underlying performance, this fiscal year's plan can be interpreted as one that projects an increase in profits.

## 2. Overview by Segment

### 1) Marine Resources Business Segment

For the FY ending March 2026 Q3 cumulative results, the Marine Resources Business Segment recorded sales of ¥95.2 billion (-2.2% YoY). However, operating income improved significantly by ¥4.3 billion, shifting from an operating loss of ¥1.9 billion in the same period last year to a positive operating income of ¥2.4 billion. Operations both inside and outside Japan returned to profitability. As a result, the full-year segment operating income forecast has been significantly raised from ¥600 million to ¥1.8 billion.

Although the Fishery Business Unit saw a 13.3% YoY decline in revenue due to reduced skipjack catches in Micronesian waters and sluggish fish prices, Q3 cumulative operating income improved from ¥100 million in the same period last year to ¥1 billion, driven by the effects of improved operational efficiency.

While profitability for certain fish species, such as skipjack, remained poor, overall profitability has improved thanks to efforts to enhance operational efficiency in New Zealand and Australia, as well as the withdrawal from unprofitable operations in Japan. The Fishery Business Unit's full-year operating income for the FY ending March 2026 has been revised upward from a previously projected loss of ¥100 million to a profit of ¥200 million. The business unit is expected to return to profitability after two consecutive years of losses (Mar/2024 and Mar/2025).

**Excluding One-Time Expenses, the Full-Year Outlook After the Upward Revision Indicates a YoY Increase in Profit**

**Segment Profit Improved Significantly for Return to Profitability, Full-Year Forecast Also Revised Upward**

**Fishery Business Unit Returns to Profitability in Q3 Cumulative Results. Expected to Exit Losses for Full Year**

## **The Aquaculture Business Unit is Performing in Line with Expectations**

In the Aquaculture Business Unit, sales prices for yellowtail and amberjack remained firm, continuing the trend from Q2. Although production costs (including material, labor, and logistics expenses) remain high, the unit achieved both revenue and profit growth due to increased sales and improved yield rates. There appears to be no significant change in the aquaculture business compared to the situation through Q2, with the unit consistently posting operating incomes of ¥100 million to ¥200 million per quarter from Q1 through Q3. The full-year operating income target for the Aquaculture Business Unit remains at ¥400 million.

## **The North America Operations Unit Also Returned to Profitability**

The North America Operations Unit returned to profitability due to the continued strong market conditions for its mainstay product, Alaska pollock, as well as ongoing cost reductions resulting from the consolidation of production sites. In the downstream (value-added processing) sector, sales of imitation crab products were strong. The unit posted a profit in each of the first 3 quarters and cumulative operating income for Q3 in the FY ending March 2026 shifted from a loss of ¥1.5 billion in the same period of the previous year to a profit of ¥1 billion.

The full-year operating income forecast has been raised from ¥300 million to ¥1.2 billion. Prior to the consolidation of production sites, it was difficult to efficiently share and process raw Alaska pollock among the 3 plants; however, the consolidation has enabled sharing and improved productivity. As a result, cost reductions have been achieved through reductions in plant overhead expenses, headcount, and fishing vessel waiting times for landings. Additionally, improvements are apparent in production efficiency due to enhanced raw material freshness and better control over landing timing.

In the downstream surimi business, the company has expanded production lines through additional investments in plants over the past year in anticipation of increased demand and the current strong sales are believed to be the result of these investments.

## **2) Foodstuff Distribution Business Segment**

## **While There Are Fluctuations by Business Unit, the Full-Year Outlook for the Segment Remains Largely Unchanged**

For the Foodstuff Distribution Business Segment, Q3 cumulative results through showed sales of ¥585.4 billion (+1.3% YoY) and operating income of ¥14.8 billion (-5.1% YoY). While the Marine Products Trading Unit saw increased profits due to its European operations, the Foodstuff Distribution Business Unit and the Agricultural Foods & Meat and Products Unit saw decreased profits. These increases and decreases in profit largely offset each other, but overall there has been a slight downward revision of the full-year segment operating income forecast from ¥17 billion to ¥16.8 billion.

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## The Marine Products Trading Unit Performed Well Both in Japan & Internationally

In the Marine Products Trading Unit, operations in Japan saw strong sales driven by rising unit prices across the board for marine products, particularly scallops and shrimp, and the wholesale subsidiaries also reported robust profits. While competitors appear to be struggling in this sector, the company achieved strong profits thanks to measures such as optimized inventory management. In the European operations, profits increased due to improved profitability in existing businesses, as well as the profit contribution from Van der Lee Seafish Beheer B.V. (“VDL”), which was acquired in May 2025.

As a result, the unit’s overall operating income increased from ¥9.2 billion to ¥10.4 billion (+13% YoY). In light of these stronger-than-expected results, the full-year operating income forecast was revised upward from ¥11.1 billion to ¥12 billion.

## Foodstuff Distribution Business Unit Sees Profit Decline Due to Rising Costs

The Foodstuff Distribution Business Unit achieved revenue growth by expanding sales channels through strengthened intra-group collaboration; however, efforts to improve operational efficiency and productivity were insufficient to offset rising costs, resulting in a 12.2% YoY decline in segment operating income. Consequently, the full-year operating income forecast was revised downward from ¥5.4 billion to ¥4.7 billion (-13%).

## Agricultural Foods & Meat and Products Unit: Business Restructuring Continues

The Agricultural Foods & Meat and Products Unit is implementing business structural reforms aimed at fundamentally improving profitability, as outlined in the current Mid-term Management Plan. While the unit has traditionally focused on raw materials, its current policy is to shift toward processed products that are closer to end-users. Although this shift is contributing to lower revenue in the FY ending March 2026, it is a factor that has already been accounted for in company plans.

On the other hand, a slight decline in the sales price of imported frozen pork in the Japanese domestic market appears to be an unexpected factor contributing to lower profits. As a result, the unit’s full-year operating income forecast has been revised downward from the previous estimate of ¥500 million to ¥0 million.

### 3) Processed Foods Business Segment

## Full-Year Operating Income Forecast Revised Downward

For the Processed Food Segment for the FY ending March 2026 Q3 cumulative results, sales increased to ¥141 billion (+2.8% YoY), but operating income decreased to ¥9.7 billion (-20.8% YoY). The primary causes of the profit decline were lower-than-expected processed foods sales in Japan and the impact of higher raw material costs and exchange rates on operations outside of Japan. The decline appears to have been greater than anticipated and the full-year segment operating income forecast has been revised downward from ¥13.6 billion to ¥11.1 billion (-18.4%).

## **Pet Food Business for North America Sees Profit Decline Due to Exchange Rate Impacts**

Although profits from the Pet Food Business for North America, which has production operations in Thailand, have declined due to the appreciation of the Thai baht against the dollar, sales volume remains steady and demand does not appear to have weakened. The company notes that there are no major issues with the business itself.

## **The Processed Foods Business in Japan is Implementing Fundamental Measures According to the Mid-Term Management Plan**

The Processed Foods Business in Japan has been mitigating cost increases through improved prices over the past 4 years. However, relying solely on price increases appear to be becoming increasingly difficult and cumulative sales for Q3 fell short of the plan. The company recognized this challenge as early as the planning stage of its current Mid-term Management Plan and it is currently implementing measures as described below.

Figure 2. Operating Income by Segment for FY ending March 2026 Q3 (Unit: ¥bn)

Segment	Unit	Mar/25	Mar/26	YoY	Mar/25	Mar/26 CoE		
		Q1-Q3	Q1-Q3			(%)	Full-Year Plan (Aug. 5)	Revised Plan (Feb. 9)
		Cumulative	Cumulative	(%)				
<b>Marine Resources Business</b>	Fishery	-1	10	NA	-12	-1	2	3
	Aquaculture	-3	4	NA	-11	4	4	0
	North America	-15	10	NA	-16	3	12	9
	<b>Segment Total</b>	<b>-19</b>	<b>24</b>	<b>NA</b>	<b>-39</b>	<b>6</b>	<b>18</b>	<b>12</b>
	(Japan)	-14	3	NA	-24	-6	-5	1
	(Outside Japan)	-5	21	NA	-15	12	23	11
<b>Foodstuff Distribution Business</b>	Marine Products Trading	92	104	13.0	111	111	120	9
	Foodstuff Distribution	49	43	-12.2	54	54	47	-7
	Agricultural Foods & Meat and Products	15	1	-93.3	15	5	0	-5
	<b>Segment Total</b>	<b>156</b>	<b>148</b>	<b>-5.1</b>	<b>180</b>	<b>170</b>	<b>168</b>	<b>-2</b>
	(Japan)	118	101	-14.4	123	106	98	-8
	(Outside Japan)	39	48	23.1	57	64	70	6
<b>Processed Foods Business</b>	Processed Food	114	90	-21.1	127	125	101	-24
	Fine Chemicals	9	7	-22.2	12	11	10	-1
	<b>Segment Total</b>	<b>122</b>	<b>97</b>	<b>-20.5</b>	<b>139</b>	<b>136</b>	<b>111</b>	<b>-25</b>
	(Japan)	49	35	-28.6	53	54	37	-17
	(Outside Japan)	73	62	-15.1	86	82	75	-7
Others		19	24	26.3	23	-12	3	15
<b>Total</b>		<b>278</b>	<b>294</b>	<b>5.8</b>	<b>304</b>	<b>300</b>	<b>300</b>	<b>0</b>
(Japan)		164	157	-4.3	164	132	122	-10
(Outside Japan)		114	136	19.3	140	168	177	9

Source: Company Data. Compiled by Strategy Advisors.

## 3. Valuation

### 1) Valuations Remain Relatively Low

**The Stock Price Has Outperformed the Market & PBR Has Approached 1x**

The company's stock price has risen 27.4% over the past 6-months (compared to a 12.9% increase in TOPIX over the same period) and 13.3% over the past 3-months (compared to a 3.9% increase in TOPIX over the same period), outperforming the market average in both cases. As a result, the PBR has risen to the 0.9x range and is approaching 1x. Confidence in the company's management policy and its ability to achieve the profit targets for the final year of its Mid-term Management Plan may be gradually increasing.

**There is Room for Valuation Improvement Depending on Progress**

However, given the company's earnings power, it remains relatively undervalued compared to its peers. Although nearly a year has passed since the announcement of the Mid-term Management Plan, there remains untapped potential for the company to earn greater market confidence in the equity story it is presenting.

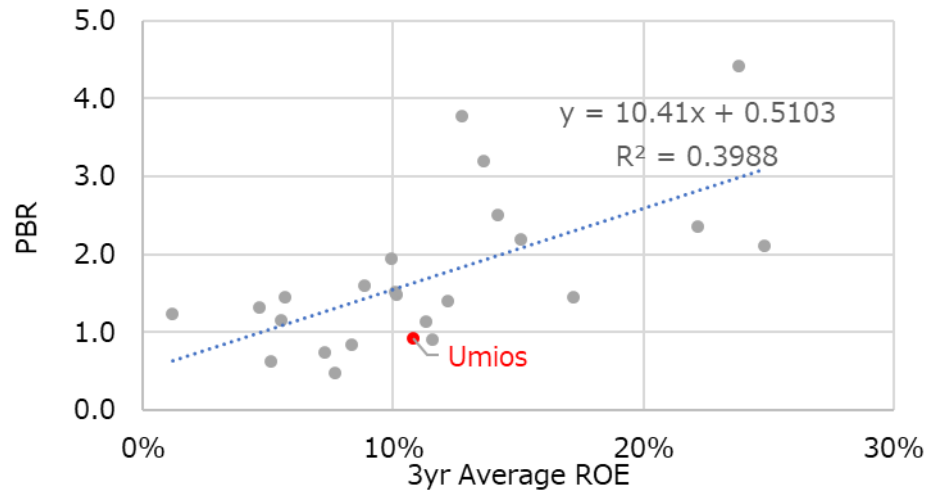
The current Mid-term Management Plan outlines a strategy to proceed with growth investments in line with the strengthening of the company's enhanced financial position, while also accurately identifying internal challenges withdrawing from unprofitable businesses and advancing structural reforms. Greater market understanding of the context of this Mid-term Management Plan, coupled with actual progress on the policies outlined in the plan, is expected to drive further valuation adjustments for the company's stock.

**Based on the Relationship Between ROE & PBR, PBR is Relatively Low Compared to Peers**

Among 24 major global companies in the protein supply sector, excluding those with negative ROE or insufficient data for 3-consecutive fiscal years, a certain degree of correlation is observed between ROE (3-year average) and PBR. According to the regression model, the relationship is  $PBR = ROE \times 10.41 + 0.5103$  (Figure 3). The list of these global companies is provided in Figure 5.

While it should be noted that the coefficient of determination ( $R^2$ ) is 0.3988, which is not particularly high, Umios is positioned below the regression line, suggesting relative undervaluation based on this analysis. The company's 3-year average ROE is 11%; however, the estimated PBR for a company with an 11% ROE on the regression line is 1.6x, which is nearly twice the current PBR of about 0.9x.

**Figure 3. Relationship Between ROE (3-Year Avg) & PBR**



Source: Company Data. Compiled by Strategy Advisors.

**Valuation is Also Low Compared to Domestic Peers in Japan**

The group of global companies listed above includes 8 Japanese companies. Even when compared to these Japanese companies, Umios’s valuation remains relatively low (Figure 4). Its PBR is the lowest among the 8 companies and its PER ranks second from the bottom.

**Figure 4. Comparison of Profitability and Valuation with Japanese Domestic Peers**

Company	Code	FY	Stock Price (Mar.30, ¥)	Market Cap. (¥mn)	ROE (Actual)	ROIC (Actual)	Equity Ratio	PBR (Actual, x)	PER (CoE, x)
<b>Umios</b>	<b>1333</b>	<b>Mar/25</b>	<b>1,458</b>	<b>73,448</b>	<b>10.7%</b>	<b>4.3%</b>	<b>33.7%</b>	<b>0.9</b>	<b>11.3</b>
Nissui	1332	Mar/25	1,342	406,840	9.6%	4.7%	43.6%	1.5	14.8
NICHIREI	2871	Mar/25	1,965	492,465	9.6%	7.4%	52.1%	1.9	17.6
KYOKUYO	1301	Mar/25	4,970	59,030	10.7%	5.8%	36.5%	0.9	8.8
YOKOREI	2874	Sep/25	1,579	93,152	2.5%	1.0%	38.6%	1.2	31.1
KIBUN FOODS	2933	Mar/25	1,040	23,743	13.1%	6.5%	28.7%	1.1	15.4
NH Foods	2282	Mar/25	6,999	668,892	5.1%	3.5%	55.2%	1.3	19.7
ITOHAM YONEKYU HD	2296	Mar/25	5,760	326,884	4.6%	4.0%	61.1%	1.2	17.7

Source: SPEEDA & Company Data. Compiled by Strategy Advisors.

**Figure 5. Comparison of Actual and Calculated PBR's for Major Companies Involved in the Fishing, Meat, Marine Products Processing and Frozen Food Industries**

Company Name	Ticker	Country	Net Sales (¥mn)	3yr Average ROE	Actual PBR (X)	PER (x)	Calculated PBR	PBR Diff. (Actual Calculated)
JBS NV	JBS	USA	12,894,182	15%	2.2	7.4	2.1	0.1
Tyson Foods	TSN	USA	8,121,950	1%	1.2	16.2	0.6	0.6
Marfrig Global Foods	MRFG3	Brazil	4,397,450	—	2.2	—	0.5	1.7
WH Group	00288	Hong Kong	4,193,024	12%	1.4	10.0	1.8	-0.4
Kraft Heinz	KHC	USA	3,731,621	—	0.6	10.8	0.5	0.1
Muyuan Foods	002714	China	3,001,061	14%	3.2	11.7	1.9	1.3
General Mills	GIS	USA	2,940,159	25%	2.1	10.6	3.1	-1.0
CJ CheilJedang	097950	South Korea	2,882,832	—	0.3	7.6	0.5	-0.2
Pilgrim's Pride	PPC	USA	2,767,455	22%	2.4	8.9	2.8	-0.5
Charoen Pokphand	CPF	Thailand	2,601,670	5%	0.6	8.1	1.0	-0.4
Smithfield Foods	SFD	USA	2,323,623	10%	1.5	10.0	2.1	-0.6
Wens Foodstuff	300498	China	2,216,578	—	2.5	19.4	0.5	2.0
Hormel Foods	HRL	USA	1,807,854	9%	1.6	15.6	1.4	0.2
Conagra Brands	CAG	USA	1,752,152	8%	0.8	9.1	1.4	-0.5
Nippon Ham	2282	Japan	1,370,553	5%	1.3	19.7	1.0	0.3
Henan Shuanghui	000895	China	1,237,936	24%	4.4	18.1	3.0	1.4
<b>Umios</b>	<b>1333</b>	<b>Japan</b>	<b>1,078,631</b>	<b>11%</b>	<b>0.9</b>	<b>11.3</b>	<b>1.6</b>	<b>-0.7</b>
Dongwon Industries	006040	South Korea	1,010,443	8%	0.5	5.0	1.3	-0.8
ITOHAM YONEKYU HD	2296	Japan	988,771	6%	1.2	17.7	1.1	0.1
Mowi	MOWI	Norway	962,445	14%	2.5	14.0	2.0	0.5
Nissui	1332	Japan	886,126	10%	1.5	14.8	1.6	-0.0
NICHIREI	2871	Japan	702,080	10%	1.9	17.6	1.5	0.4
Thai Union Group	TU	Thailand	604,569	—	0.8	9.0	-0.0	0.9
Austevoll Seafood	AUSS	Norway	567,727	7%	0.7	10.2	1.3	-0.5
Japfa Comfeed	JPFA	Indonesia	553,913	17%	1.4	7.0	2.3	-0.9
Leroy Seafood	LSG	Norway	496,167	6%	1.5	12.0	1.1	0.4
SalMar	SALM	Norway	395,532	13%	3.8	16.8	1.8	1.9
KYOKUYO	1301	Japan	302,681	12%	0.9	8.8	1.7	-0.8
YOKOREI	2874	Japan	125,563	—	1.2	31.1	0.9	0.2
KIBUN FOODS	2933	Japan	108,912	11%	1.1	15.4	1.7	-0.5

Note: Net sales are calculated using the exchange rate at the end of each company's fiscal year.

Source: Company Data. Compiled by Strategy Advisors.

## The Company Holds Competitive Advantage in the Stock Market

### 2) Confidence in Management Policy is the Key to Valuation Improvement

A comparison with industry peers suggests that the company's stock remains undervalued relative to its profitability. One factor behind this is likely that the market has not yet fully recognized the company's barriers to entry or the strategies it employs to convert these into profits. For example, the North American Operation's Alaska pollock business, an asset with high barriers to entry, may not currently be recognized as a strength due to the company's sluggish segment performance over the past 2 years.

Furthermore, regarding the Processed Foods Business in Japan, as will be discussed later, the company itself has long been fully aware of the challenges and has incorporated solutions into its Mid-term Management Plan; however, since the effects of these solutions are not yet fully apparent, the stock market may be adopting a wait-and-see approach.

Alternatively, while the company plans cumulative total of ¥140 billion in growth investments over the 3 years of its current Mid-term Management Plan, it is possible that the stock market lacks confidence regarding the extent to which these investments will actually be implemented.

Resolving these gaps will likely be the key to future stock price and valuation improvements. We believe that further valuation improvement will be driven by progress on the measures outlined in the Mid-term Management Plan, their gradual reflection in financial results and the company's ability to clearly communicate these developments to the stock market, thereby gaining the market's confidence in its management policies.

### 3) Strategy for the Processed Foods Business in Japan in the Mid-Term Management Plan

## Structural Measures for the Processed Foods Business in Japan Are Included in the Mid-Term Management Plan

In the Processed Foods business in Japan, which is part of the Processed Foods Business Segment, the company has mitigated rising cost increases through improved prices over the past 4 years or so. However, the challenge now is that relying solely on price increases is becoming increasingly difficult. While cost-reduction measures are certainly still necessary, it is also necessary to develop business operations that are less susceptible to price competition.

The company was already keenly aware of this challenge during the planning phase of its current Mid-term Management Plan. The Mid-term Management Plan announced on March 24, 2025, which outlines key elements for addressing these challenges, including: 1) a "Glocal" strategy combining global governance with local applications and initiatives, 2) a consumer-centric approach, 3) optimization of production systems and 4) creating health value ([see p. 18 of the Mid-term Management Plan materials](#)). Concrete initiatives have already begun to be implemented here, and strategy is summarized in detail on pages 10 and 11 of [the Q3 earnings presentation materials](#).

## **Product Launches Related to A “Glocal” Strategy & Consumer-Driven Approach Have Begun**

Regarding its “Glocal” strategy and consumer-driven approach, as shown in Figure 6, the company has begun intentionally expanding and strengthening initiatives such as product launches in collaboration with South Korean companies, as well as the production and sales of frozen foods by subsidiaries in North America and Vietnam. It is important to note that these are not initiatives that have only suddenly begun just now, but rather the results of a policy that was thoroughly discussed even before the Mid-term Management Plan was announced and are now coming to fruition.

## **It Will Likely Take Some Time for the Deliberation on Production Systems to Take Shape**

Regarding deliberations on the company’s production systems, the consolidation of production sites in Japan is expected to be a key consideration. Generally, consolidating production sites requires taking various factors into account, so this is considered one of the strategic elements outlined in the Mid-term Management Plan that will likely take relatively more time to implement. On the other hand, once measures are actually implemented, this initiative is highly likely to yield significant cost-saving benefits.

## **Japan-wide Sales of Products Containing Microalgae-Derived DHA Began in March 2026**

Regarding health value, the use of microalgae-derived DHA had been discussed since the announcement of the Mid-term Management Plan in March 2025. In February 2026, a new product containing microalgae-derived DHA, the strawberry yogurt jelly “D-HADA”, was officially launched (Japan-wide sales began in March 2026). The use of microalgae-derived DHA offers several benefits, including: 1) contributing to the conservation of marine resources and the stability of supply since there is no need to catch fish, and 2) the ability to easily preserve the natural taste and flavor of the ingredients, making it suitable for use in dessert jellies such as this one.

## **Progress on These Measures Could Be a Factor in Improving Valuation**

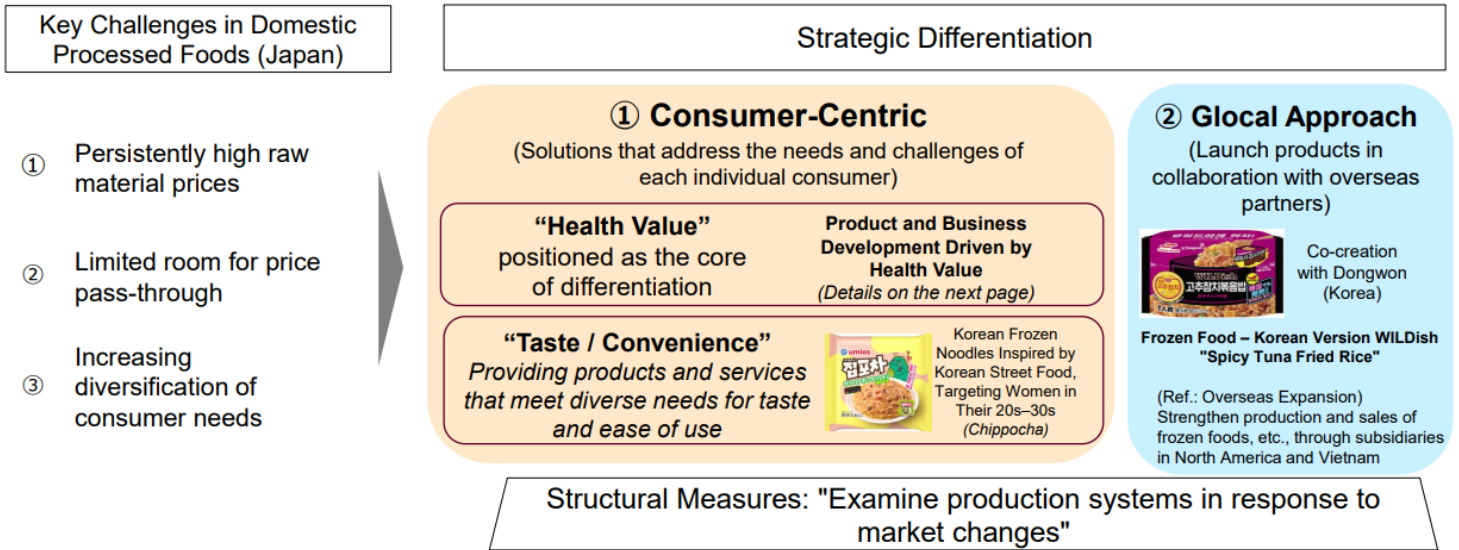
While it is true that the Processed Foods business in Japan fell short of its revenue targets in the Q3 cumulative results, the company has been fully aware of the challenges facing this business for over a year, has discussed them extensively, and has incorporated them into its Mid-term Management Plan, with several measures already underway. Since the stock market is generally well aware of the challenges facing the processed foods business in Japan, progress on the measures outlined in the Mid-term Management Plan is expected to serve as a factor in improving stock valuation.

Figure 6. Strategic Direction for the Processed Foods Business in Japan

## Initiatives in the Processed Foods Business (Japan)



Strengthen competitive advantage through a “consumer-centric” and “glocal” differentiation strategy centered on health value.

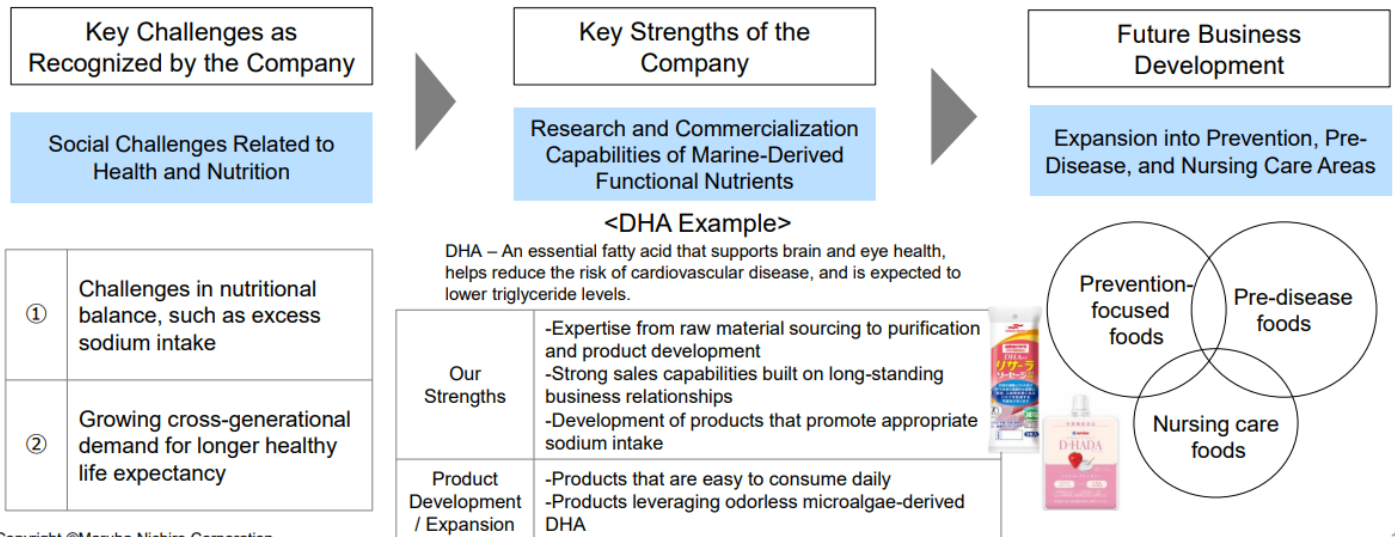


Structural Measures: “Examine production systems in response to market changes”

## Business Expansion Driven by “Health Value”



**Leverage functional nutrients like DHA to address social challenges by offering foods that support longer, healthier lives**



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Source: Company Materials.

## 4) Progress on Growth Investments

**Having Achieved Financial Soundness, the Company is Finally Moving Forward with Growth Investments**

As the cumulation of many years of effort, the company has reduced its net D/E ratio to 1x and turned its financial position into a strength as of the FY ending March 2025. Having finally prepared for growth investments, the company announced its Mid-term Management Plan in March 2025, which includes planned growth investments totaling ¥140 billion over 3 years, comprising ¥70 billion organic investments and ¥70 billion inorganic investments. The company's balance sheet has become sufficiently sound and it is now at the stage of identifying promising investment targets and executing those investments.

**The Stock Market May Not Fully Believe That These Growth Investments Will Materialize**

However, investors may still recall that the company failed to fully utilize the strategic investment quota set in the previous Mid-term Management Plan, and the stock market may be questioning whether the company can truly execute these growth investments.

**The Company Has Already Achieved ¥20 billion as M&A Investments in the First Year of the Plan**

While the company needs to demonstrate this through results, approximately ¥20 billion M&A investments have already been executed so far during the FY ending March 2026, the first year of the plan. The breakdown is as follows.

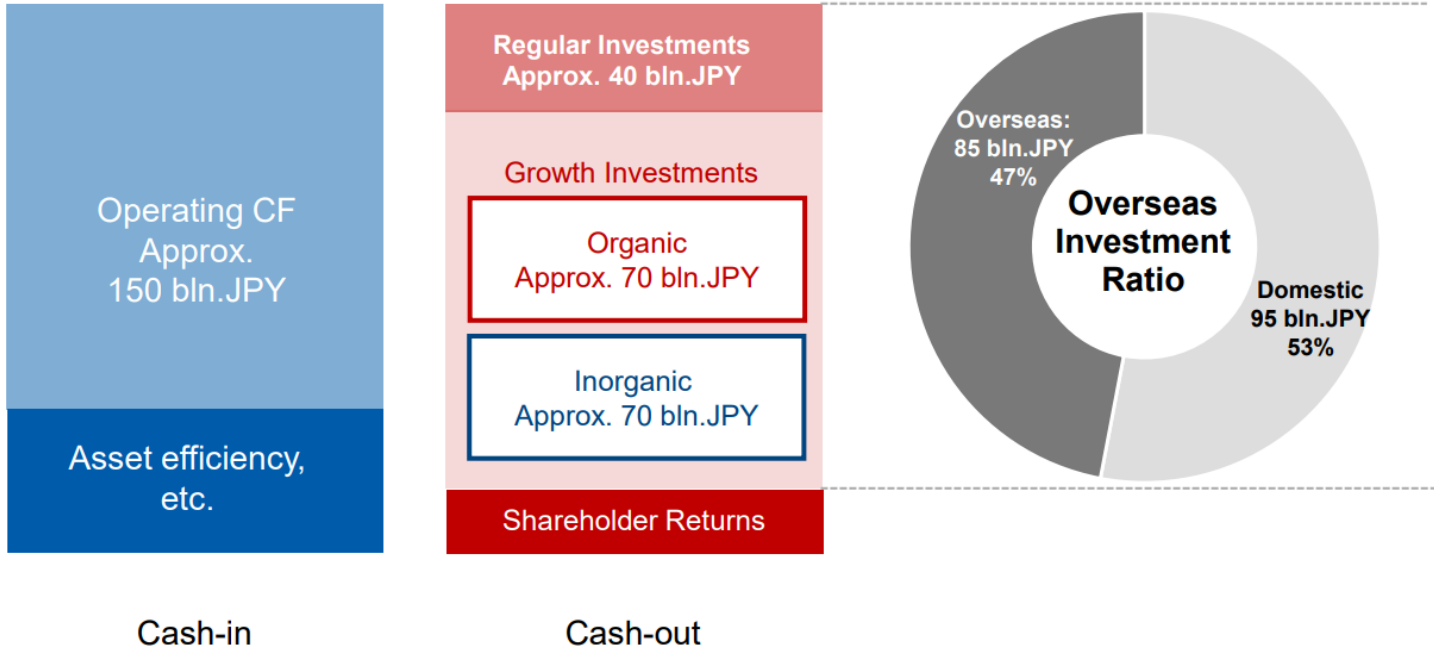
The company invested a total of ¥12.3 billion in Seafood Connection Holding ("SCH") of the Netherlands. In April 2025, the company acquired 80% of the shares for ¥3.5 billion ([March 24, 2025 press release](#)), and then in December, it invested an additional ¥8.8 billion to make it a wholly-owned subsidiary ([February 9, 2026 press release](#)).

In the same manner, in May 2025, the company acquired a 70% stake in VDL, a Dutch marine products trading and processing company. Although the investment amount itself was not disclosed, according to [the press release on May 12](#), it is known that as a source of funds for this share acquisition, a capital increase of €40 million (approximately ¥6.5 billion at the exchange rate at that time) was made to the European holding company Maruha Nichiro Europe Holding, and so we estimate that the acquisition price was around ¥6.5 billion.

In addition, the company acquired an additional 29% of the shares in King Fish Selection, another Dutch food wholesaler, raising its ownership stake to 80% ([May 12, 2025 press release](#)). As the amount of this investment has not been disclosed, it is possible that it was not a large sum.

Since these are all investments in companies, they may be classified as inorganic investments. In that case, against a plan to make ¥70 billion in inorganic investments over 3 years, just under ¥20 billion would have been invested by February of the first year (the combined investment in SCH and VDL is estimated at ¥18.8 billion). Even based solely on the information disclosed, it appears that growth investments are proceeding smoothly.

Figure 7. Cash Allocation Plan under the Current Mid-Term Management Plan



Source: Company Materials.

**Figure 8. Consolidated Income Statement (¥mn)**

FY	Mar/20	Mar/21	Mar/22	Mar/23	Mar/24	Mar/25	Mar/26 CoE
<b>Net Sales</b>	<b>905,204</b>	<b>809,050</b>	<b>866,702</b>	<b>1,020,456</b>	<b>1,030,674</b>	<b>1,078,631</b>	<b>1,080,000</b>
Cost of Sales	787,135	700,505	746,206	885,202	896,856	933,033	
<b>Gross Profit</b>	<b>118,069</b>	<b>108,544</b>	<b>120,496</b>	<b>135,254</b>	<b>133,818</b>	<b>145,598</b>	
Gross Profit Margin	13.0%	13.4%	13.9%	13.3%	13.0%	13.5%	
SG&A Expenses	100,989	92,372	96,677	105,678	107,284	115,216	
<b>Operating Income</b>	<b>17,079</b>	<b>16,172</b>	<b>23,819</b>	<b>29,575</b>	<b>26,534</b>	<b>30,381</b>	<b>30,000</b>
Operating Income Margin	1.9%	2.0%	2.7%	2.9%	2.6%	2.8%	2.8%
Non-Operating Income	5,207	4,293	6,040	7,324	8,683	6,932	
Non-Operating Expenses	2,386	2,371	2,263	3,400	4,111	5,059	
<b>Ordinary Income</b>	<b>19,901</b>	<b>18,093</b>	<b>27,596</b>	<b>33,500</b>	<b>31,106</b>	<b>32,254</b>	<b>29,000</b>
Ordinary Income Margin	2.2%	2.2%	3.2%	3.3%	3.0%	3.0%	2.7%
Extraordinary Income/Losses	1,166	-7,568	-79	-1,955	4,785	9,691	
Extraordinary Income	4,915	194	2,164	4,378	9,560	11,922	
Extraordinary Losses	3,749	7,762	2,243	6,333	4,775	2,231	
Profit Before Income Taxes	21,067	10,525	27,518	31,545	35,891	41,945	
Pre-Tax Profit Margin	2.3%	1.3%	3.2%	3.1%	3.5%	3.9%	
Income Taxes	6,296	1,626	7,196	7,059	11,168	12,119	
- Current Period	5,526	3,711	4,519	7,597	9,848	10,306	
- Deferred	770	-2,085	2,677	-538	1,320	1,813	
Profit Attributable to Non-Controlling Interests	2,232	3,145	3,422	5,890	3,868	6,560	
<b>Profit Attributable to Owners of Parent</b>	<b>12,537</b>	<b>5,753</b>	<b>16,898</b>	<b>18,596</b>	<b>20,853</b>	<b>23,264</b>	<b>19,500</b>
Net Profit Margin	1.4%	0.7%	1.9%	1.8%	2.0%	2.2%	1.8%

Source: Company Data. Compiled by Strategy Advisors.

**Figure 9. Consolidated Balance Sheet (¥mn)**

<b>FY</b>	<b>Mar/20</b>	<b>Mar/21</b>	<b>Mar/22</b>	<b>Mar/23</b>	<b>Mar/24</b>	<b>Mar/25</b>
Cash and Deposits	21,782	31,579	24,952	33,679	37,944	49,240
Notes and Accounts Receivable - Trade, and Contract Assets	106,077	102,644	115,391	131,769	138,418	133,259
Inventories	164,307	156,141	172,690	216,697	215,332	218,005
Other	9,824	10,147	11,271	10,494	13,291	14,072
<b>Current Assets</b>	<b>301,990</b>	<b>300,511</b>	<b>324,304</b>	<b>392,639</b>	<b>404,985</b>	<b>414,576</b>
Land	46,533	45,439	42,982	42,417	42,189	41,925
Construction in Progress	13,859	10,220	3,896	3,905	6,901	5,685
Other	87,814	92,243	93,371	102,673	103,130	110,601
<b>Tangible Fixed Assets</b>	<b>148,206</b>	<b>147,902</b>	<b>140,249</b>	<b>148,995</b>	<b>152,220</b>	<b>158,211</b>
Goodwill	6,899	7,914	7,965	8,868	7,529	5,728
Other Intangible Fixed Assets	12,140	11,997	14,067	22,860	24,530	25,593
<b>Intangible Fixed Assets</b>	<b>19,039</b>	<b>19,911</b>	<b>22,032</b>	<b>31,728</b>	<b>32,059</b>	<b>31,322</b>
<b>Investments and Other Assets</b>	<b>58,827</b>	<b>64,541</b>	<b>62,016</b>	<b>63,864</b>	<b>82,537</b>	<b>77,101</b>
<b>Total Fixed Assets</b>	<b>226,073</b>	<b>232,354</b>	<b>224,298</b>	<b>244,587</b>	<b>266,816</b>	<b>266,635</b>
<b>Total Assets</b>	<b>528,063</b>	<b>532,866</b>	<b>548,603</b>	<b>637,227</b>	<b>671,801</b>	<b>681,211</b>
Notes and Accounts Payable - Trade	32,797	34,270	36,226	41,701	43,734	44,972
Accounts Payable - Other	25,896	29,446	30,926	30,659	36,694	31,543
Short-Term Borrowings	122,510	135,920	138,467	174,228	167,509	133,069
Other	27,695	42,508	42,237	46,684	51,622	0
<b>Current Liabilities</b>	<b>199,528</b>	<b>213,968</b>	<b>221,544</b>	<b>265,448</b>	<b>272,969</b>	<b>236,915</b>
Long-Term Borrowings	139,204	123,917	112,136	121,910	98,841	99,842
Bonds Payable	-	-	-	5,000	18,000	33,000
Retirement Benefit Liabilities	20,951	19,383	18,515	19,091	21,761	22,495
<b>Fixed Liabilities</b>	<b>169,556</b>	<b>152,237</b>	<b>139,162</b>	<b>159,255</b>	<b>153,352</b>	<b>168,899</b>
<b>Total Liabilities</b>	<b>369,085</b>	<b>366,206</b>	<b>360,707</b>	<b>424,704</b>	<b>426,321</b>	<b>405,815</b>
Capital and Surplus	59,756	61,758	61,766	56,634	56,313	56,309
Retained Earnings	73,069	76,406	91,611	107,313	123,113	141,324
Treasury Shares	-77	-83	-87	-308	-556	-542
<b>Shareholders' Equity</b>	<b>132,747</b>	<b>138,081</b>	<b>153,291</b>	<b>163,639</b>	<b>178,870</b>	<b>197,090</b>
Total Accumulated Other Comprehensive Income	-119	4,415	6,883	14,672	28,258	32,477
Non-Controlling Interests	26,350	24,163	27,721	34,210	38,351	45,827
<b>Total Net Assets</b>	<b>158,978</b>	<b>166,660</b>	<b>187,895</b>	<b>212,522</b>	<b>245,480</b>	<b>275,396</b>
<b>Total Liabilities and Net Assets</b>	<b>528,063</b>	<b>532,866</b>	<b>548,603</b>	<b>637,227</b>	<b>671,801</b>	<b>681,211</b>

Note: Short-term borrowings incl. long-term borrowings to be repaid within 1 year.

Source: Company Data. Compiled by Strategy Advisors.

**Figure 10. Consolidated Statements of Cash Flow (¥mn)**

<b>FY</b>	<b>Mar/20</b>	<b>Mar/21</b>	<b>Mar/22</b>	<b>Mar/23</b>	<b>Mar/24</b>	<b>Mar/25</b>
Profit Before Income Taxes	21,067	10,525	27,518	31,545	35,891	41,945
Depreciation & Goodwill Amortization	16,639	17,168	17,750	16,695	17,893	18,968
Increase/Decrease in Trade Receivables	8,145	3,082	-9,942	-9,836	-4,041	7,945
Increase/Decrease in Inventories	1,459	9,558	-14,647	-35,235	6,465	2,270
Increase/Decrease in Trade Payables	-1,275	-1,026	2,704	1,650	31	-899
Others	-6,857	-5,946	-4,134	-4,843	-2,635	-31,050
<b>Cash Flows from Operating Activities</b>	<b>39,178</b>	<b>33,361</b>	<b>19,249</b>	<b>-24</b>	<b>53,604</b>	<b>39,179</b>
Purchase of Investment Securities	-692	-152	-234	-149	-3,090	-52
Proceeds from Sales and redemption of Investment Securities	157	202	1,209	3,227	1,333	15,215
Purchase of Tangible Fixed Assets	-21,835	-22,323	-10,185	-15,712	-15,602	-17,511
Purchase of Intangible Fixed Assets	-	-	-	-9,384	-1,757	-1,316
Purchase of shares of subsidiaries and associates	-	-	-1,527	-1,618	-1,470	-387
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-98	-2,312	-1,574	-3,299	-	-775
Interest and Dividends Received	2,013	1,432	1,757	1,654	1,935	2,653
Others	-1,990	11,157	296	1,421	-276	287
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>-22,445</b>	<b>-11,996</b>	<b>-10,258</b>	<b>-23,860</b>	<b>-18,927</b>	<b>-1,886</b>
Net Increase/Decrease in Short-Term Borrowings	-6,100	-2,323	1,018	25,582	-13,907	-21,081
Increase in Long-Term Borrowings	30,317	28,370	33,853	66,187	45,023	56,170
Repayments Long-Term Borrowing	-25,794	-29,112	-46,481	-48,360	-51,646	-57,053
Purchase of Treasury Shares	-5	-5	-4	-5,381	-266	-6
Dividend Paid	-2,098	-2,096	-2,097	-2,883	-5,038	-5,037
Dividends Paid to Non-Controlling Interests	-1,164	-1,625	-1,505	-2,159	-2,138	-2,517
Interest Paid	-1,747	-1,509	-1,427	-2,204	-3,457	-4,156
Others	-541	-2,512	-557	-494	-1,514	4,328
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>-7,132</b>	<b>-10,812</b>	<b>-17,200</b>	<b>30,288</b>	<b>-32,943</b>	<b>-29,352</b>
<b>Free Cash Flow</b>	<b>16,733</b>	<b>21,365</b>	<b>8,991</b>	<b>-23,884</b>	<b>34,677</b>	<b>37,293</b>

Source: Company Data. Compiled by Strategy Advisors.

**Figure 11. Key Indicators**

FY	Mar/20	Mar/21	Mar/22	Mar/23	Mar/24	Mar/25	Mar/26 CoE
EPS (¥)	79.4	36.6	107.0	119.5	137.4	153.3	129.0
BPS (¥)	839.6	904.2	1,013.9	1,175.1	1,365.1	1,512.9	
DPS (¥)	40	40	55	65	85	110	40.7
Dividend Payout Ratio	16.8	36.4	17.1	18.1	20.6	23.9	31.5
Closing Price (¥)	2,258	2,625	2,397	2,375	2,974	3,261	
PER (x)	9.5	24.0	7.5	6.4	7.2	7.1	
PBR (x)	0.9	1.0	0.8	0.7	0.7	0.7	
Number of Shares Issued ('000)	52,657	52,657	52,657	50,579	50,579	50,579	
Treasury Stock ('000)	32,290	34,758	36,389	128,003	215,068	209,805	
Number of Shares of Treasury Stock Excluded ('000)	52,625	52,622	52,621	50,451	50,364	50,369	
Market Capitalization (¥mn)	118,826	138,133	126,131	119,821	149,757	164,253	
Equity Ratio	25.1	26.8	29.2	28.0	30.8	33.7	
Interest-Bearing Debt (¥mn)	266,008	263,710	254,466	304,941	287,891	277,286	
D/E Ratio	2.0	1.8	1.6	1.7	1.4	1.2	
Net D/E Ratio	1.8	1.6	1.4	1.5	1.2	1.0	1.0
EV (¥mn)	389,402	394,427	383,366	425,293	438,055	438,126	
EBITDA (¥mn)	33,718	33,376	42,593	47,449	45,963	51,580	51,200
EBITDA Margin	11.5	11.8	9.0	9.0	9.5	8.5	
ROE	9.7	4.2	11.2	11.0	10.8	10.7	10.0
ROIC	3.2	3.0	4.3	4.8	4.2	4.3	4.0
Number of Employees	11,107	13,117	12,352	12,843	12,531	12,454	

Note: ROIC is defined by the company as "(operating income + interest paid - interest received) x (1 - effective tax rate) ÷ average of working capital and fixed assets at the beginning and end of the fiscal year".

Source: Company Data. Compiled by Strategy Advisors.

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Address: Central Building 703, 1-27-8 Ginza, Chuo-Ku, Tokyo 104-0061