# Umios | 1333 (TSE Prime)

## Company Report

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# Umios Sets Sail Toward Its Third Founding Phase. Expectations Rise for President Yasuda's "One Team" Culture & Global Strategy

For the FY ended March 2026, net sales increased by 2.5% YoY, operating income rose by 2.7% and EBITDA grew by 2.9%. Operating income reached a record high of ¥31.2 billion. By segment, operating income in the Marine Resources Business Segment increased by ¥6.3 billion YoY, while the Foodstuff Distribution Business Segment saw a decrease of ¥2.2 billion and the Processed Foods Business Segment a decrease of ¥3.9 billion: with the Marine Resources Business Segment driving the overall operating income growth. The full-year dividend for the FY ended March 2026 was ¥44.7 (+¥8 YoY), adjusted for the 3-for-1 stock split implemented in January 2026.

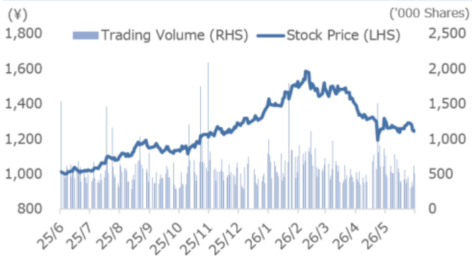
For the FY ending March 2027, the company forecasts net sales of ¥1.11 trillion (+0.4% YoY), operating income of ¥32 billion (+2.6% YoY) and ordinary income of ¥30 billion (-4.0% YoY). Excluding one-off corporate transformation expenses (¥3 billion of CI branding costs), operating income would be ¥35 billion, representing adjusted operating income growth of 5.4% YoY.

The company announced its new 10-year vision and Mid-term Management Plan, *For the ocean, for life 2027*, in March 2025, and changed its corporate name to Umios in March 2026, formally marking the start of its third founding phase. We look forward to President Yasuda's leadership in fostering a "One Team" culture and advancing the company's global strategy following his appointment in April.

Strategy Advisors believes the company's inimitability lies in "the trust, procurement capabilities, and fishing quotas it has acquired through the large-scale construction and over 100 years of continuous maintenance and development of a marine products supply chain that integrates global procurement, production, processing and distribution".

The company's stock price, which had been rising strongly since July 2025, has reversed course and been on a downward trend since March of this year. Relative to peers, the shares continue to appear undervalued given the company's profitability. One reason appears to be that the market has yet to fully recognize the company's inimitability or management's ability to translate its advantages into sustainable earnings growth. Looking ahead, we believe the valuation gap could narrow as the company delivers tangible results from its inimitability and demonstrates consistent execution of its long-term strategy.

## Stock Price & Volumes (1 Year)




Source: Strategy Advisors.

## Key Indicators

| | |
|---|---|
| Stock Price (6/19/26) | 1,247.5 |
| 52-Week High (2/27/26) | 1,585.5 |
| 52-Week Low (6/26/25) | 999.3 |
| All-Time High (2/27/26) | 1,585.5 |
| All-Time Low (5/19/14) | 500.0 |
| Number of Shares Issued (mn) | 151.2 |
| Market Capitalization (¥bn) | 188.6 |
| EV (¥bn) | 485.6 |
| Equity Ratio (FY3/26, %) | 32.9 |
| ROE (FY3/26 Actual, %) | 9.3 |
| PER (FY3/27 CoE, x) | 12.6 |
| PBR (FY3/26 Actual, x) | 0.8 |
| Dividend Yield (FY3/27 CoE, %) | 3.6 |

Source: Strategy Advisors.

**Japanese GAAP - Consolidated**

| FY | Net Sales (¥mn) | YoY (%) | Operating Income (¥mn) | YoY (%) | Ordinary Income (¥mn) | YoY (%) | Net Income (¥mn) | YoY (%) | EPS (¥) | DPS (¥) |
|---|---|---|---|---|---|---|---|---|---|---|
| Mar/2023 | 1,020,456 | 17.7 | 29,575 | 24.2 | 33,500 | 21.4 | 18,596 | 10.0 | 121.2 | 21.7 |
| 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 | 1,105,890 | 2.5 | 31,191 | 2.7 | 31,251 | -3.1 | 22,182 | -4.7 | 146.8 | 44.7 |
| Mar/2027 CoE | 1,110,000 | 0.4 | 32,000 | 2.6 | 30,000 | -4.0 | 15,000 | -32.4 | 99.2 | 45.0 |

Source: Company Data. Created by Strategy Advisors.

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## 1. FY Ended March 2026 Financial Results

**FY Ended March 2026 Financial Results: Net sales +2.5% & Operating Income + 2.7%**

For FY ended March 2026, net sales increased by 2.5% YoY, operating income rose by 2.7%, profit attributable to owners of the parent decreased by 4.7% and EBITDA increased by 2.9%. Operating income reached a record high of 31.2 billion. Against the full-year guidance - which was revised upward twice - the achievement rates were 102% for net sales, 104% for operating income, 114% for profit attributable to owners of the parent and 106% for EBITDA.

**Operating Income +9.2% on an Adjusted Basis**

Operating income, excluding one-time corporate transformation costs of ¥2.0 billion recorded under selling, general and administrative expenses, amounted to ¥33.2 billion. As a result, operating income on an adjusted basis increased by 9.2% YoY.

**Non-Operating Income & Expenses Narrowed**

Due to a decrease in foreign exchange gains and other factors, non-operating income and expenses narrowed from ¥1.87 billion in the previous fiscal year to ¥0.06 billion. Although operating income increased, ordinary income decreased by 3.1% YoY due to the decline in non-operating income and expenses.

**Extraordinary Gains & Losses Decreased**

Extraordinary income declined slightly from ¥11.92 billion in the previous fiscal year to ¥11.47 billion. Although gains on the sale of non-current assets increased by ¥2.95 billion YoY, this was more than offset by a ¥3.19 billion YoY decline in gains on sale of investment securities. Extraordinary losses increased from ¥2.23 billion to ¥3.22 billion. While impairment losses declined by ¥1.09 billion YoY, the company recorded ¥2.12 billion in head office relocation expenses. As a result, extraordinary income and losses decreased from ¥9.69 billion in the previous period to ¥8.25 billion. Regarding cross-shareholdings, the company achieved its target of reducing the holding balance - based on the acquisition cost as of the FY ended March 2024 - by two-thirds.

ROIC declined slightly from 4.3% in the previous fiscal year to 4.1% due to an increase in capital employed. Meanwhile, ROE fell from 10.7% in the previous fiscal year to 9.3% due to an expansion in shareholders' equity and a decrease in net income.

**Year-End Dividend Raised to ¥28**

Regarding the year-end dividend per share, in accordance with the basic policy of "progressive dividends based on a dividend payout ratio of 30% or more", the company decided to increase the dividend by an additional ¥4 from ¥24 revised in February, setting it at ¥28. As a result, the full-year dividend for the FY ended March 2026, adjusted for the 3-for-1 stock split implemented in January 2026, was ¥44.7 (+¥8 YoY) and the dividend payout ratio was 30.4% (compared to 23.8% in the previous fiscal year).

**The Marine Resources Business Drove the Increase in Operating Income**

Operating income by segment showed an increase of ¥6.3 billion YoY in the Marine Resources Business Segment, a decrease of ¥2.2 billion in the Foodstuff Distribution Business Segment, a decrease of ¥3.9 billion in the Processed Foods Business Segment, and an increase of ¥600 million in the combined total of Other Businesses and Adjustments. The Marine Resources

Business Segment drove an increase in operating income. In the Marine Resources Business Segment, operating income rose significantly due to the effects of business restructuring, production improvements, and increased sales. In the Foodstuff Distribution Business Segment, although the European business continued to perform well, the meat products business saw a significant decline in operating income due to a review of its earnings structure and the impact of price fluctuations, resulting in an overall decline in operating income for the segment.

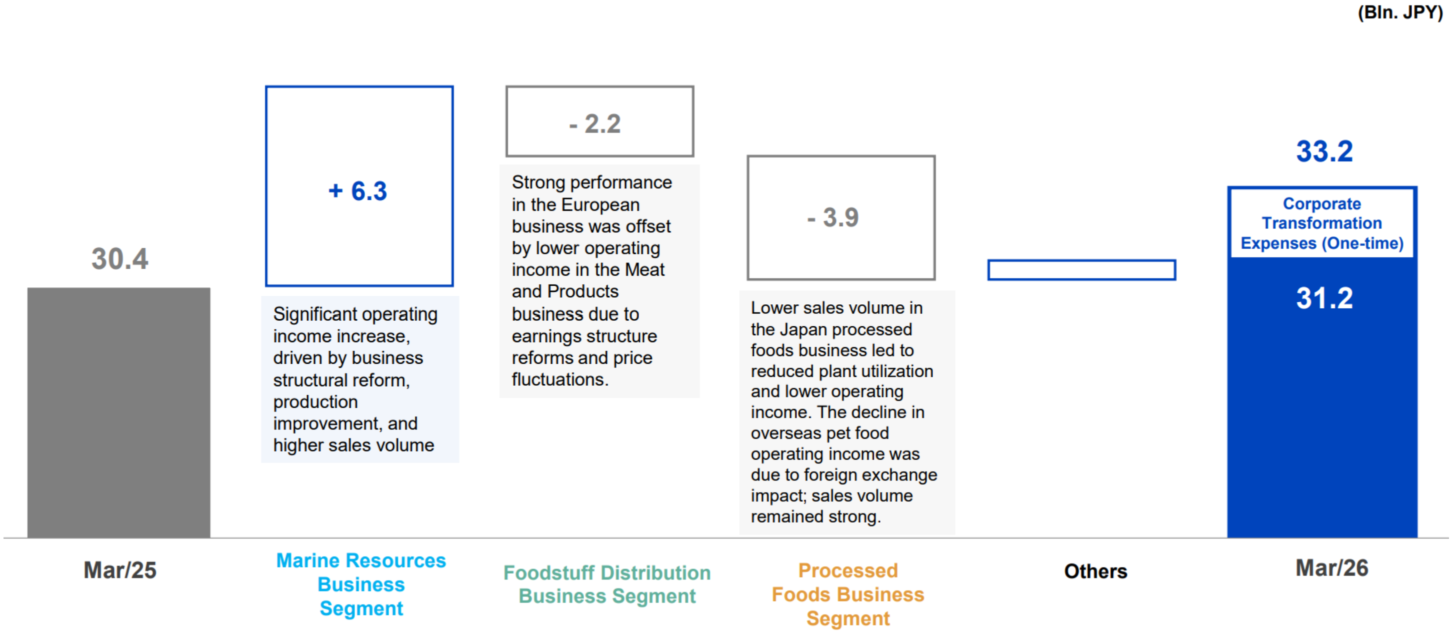
In the Processed Foods Business Segment, profits declined in both the domestic processed foods business - due to lower plant utilization rates resulting from decreased sales volume - and the overseas processed foods business - due to the impact of a strong Thai baht and a weak U.S. dollar, as well as higher raw material costs in marine products processing. However, sales in the overseas pet food business remained strong.

**Figure 1. Consolidated Income Statement for the FY ended March 2026**

| (¥bn) | Mar/25 | **Mar/26** | YoY | | Achievement vs. Forecast (%) |
|---|---|---|---|---|---|
| | | | Change | Change (%) | |
| Net Sales | 1,078.6 | **1,105.9** | 27.3 | 2.5% | 102% |
| Cost of Sales | 933.0 | **951.9** | 18.9 | 2.0% | |
| Gross Profit | 145.6 | **154.0** | 8.4 | 5.8% | |
| SG&A Expenses | 115.2 | **122.8** | 7.6 | 6.6% | |
| Operating Income | 30.4 | **31.2** | 0.8 | 2.7% | 104% |
| (Excluding one-time Corporate Transformation Expenses) | (30.4) | **(33.2)** | (+2.8) | (+9.2%) | - |
| Operating Income Margin | 2.8% | **2.8%** | - | - | - |
| Non-Operating Income | 6.9 | **5.4** | -1.5 | -21.7% | |
| Non-Operating Expenses | 5.1 | **5.4** | 0.3 | 5.9% | |
| Ordinary Income | 32.3 | **31.3** | -1.0 | -3.1% | 108% |
| Extraordinary Income | 11.9 | **11.5** | -0.4 | -3.4% | |
| Extraordinary Losses | 2.2 | **3.2** | 1.0 | 45.5% | |
| Profit Before Income Taxes | 41.9 | **39.5** | -2.4 | -5.7% | |
| Income Taxes | 12.1 | **11.3** | -0.8 | -6.6% | |
| Profit Attributable to Non-Controlling Interests | 6.6 | **6.1** | -0.5 | -7.6% | |
| Profit Attributable to Owners of Parent | 23.3 | **22.2** | -1.1 | -4.7% | 114% |
| EBITDA | 51.6 | **53.1** | 1.5 | 2.9% | 106% |
| ROE | 10.7% | **9.3%** | -1.4pt | - | - |
| ROIC | 4.3% | **4.1%** | -0.2pt | - | - |
| Net D/E Ratio (times) | 1.0 | **1.0** | - | - | - |

Source: Company Data. Created by Strategy Advisors.

**Figure 2. Factors of Increase/Decrease in Operating Income (YoY)**




Source: Company Materials.

## Overview by Segment

**Figure 3. FY ended March 2026 Segment Performance (¥bn, Based on Mar/26 Organization)**

| Segment | Unit | Net Sales | | | Operating Income | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mar/25 | Mar/26 | YoY | Mar/25 | OP Margin | Mar/26 | OP Margin | YoY Change |
| Marine Resources Business | Fishery | 38.6 | 34.5 | -10.6% | -1.2 | -3.1% | 0.4 | 1.2% | - |
| | Aquaculture | 17.4 | 21.1 | 21.7% | -1.1 | -6.3% | 0.8 | 3.8% | - |
| | North America | 71.7 | 73.8 | 2.9% | -1.6 | -2.2% | 1.3 | 1.8% | - |
| | **Segment Total** | 127.6 | 129.4 | 1.4% | -3.9 | -3.1% | 2.4 | 1.9% | - |
| | (Japan) | 60.3 | 63.9 | 6.0% | -2.4 | -4.0% | 0.1 | 0.2% | - |
| | (Outside Japan) | 67.3 | 65.5 | -2.7% | -1.5 | -2.2% | 2.3 | 3.5% | - |
| Foodstuff Distribution Business | Marine Products Trading | 418.4 | 442.6 | 5.8% | 11.1 | 2.7% | 11.6 | 2.6% | 4.5% |
| | Foodstuff Distribution | 240.5 | 248.7 | 3.4% | 5.4 | 2.2% | 4.4 | 1.8% | -18.5% |
| | Agricultural Foods & Meat and Products | 92.1 | 78.7 | -14.6% | 1.5 | 1.6% | -0.2 | -0.3% | - |
| | **Segment Total** | 751.1 | 769.9 | 2.5% | 18.0 | 2.4% | 15.8 | 2.1% | -12.5% |
| | (Japan) | 627.4 | 629.8 | 0.4% | 12.3 | 2.0% | 9.3 | 1.5% | -24.5% |
| | (Outside Japan) | 123.7 | 140.2 | 13.3% | 5.7 | 4.6% | 6.5 | 4.6% | 13.8% |
| Processed Foods Business | Processed Food | 171.9 | 177.4 | 3.2% | 12.7 | 7.4% | 9.1 | 5.1% | -28.3% |
| | Fine Chemicals | 7.9 | 8.3 | 5.9% | 1.2 | 15.2% | 1.0 | 12.0% | -16.7% |
| | **Segment Total** | 179.8 | 185.8 | 3.3% | 13.9 | 7.7% | 10.1 | 5.4% | -27.7% |
| | (Japan) | 121.2 | 121.3 | 0.1% | 5.3 | 4.4% | 3.4 | 2.8% | -36.0% |
| | (Outside Japan) | 58.5 | 64.5 | 10.3% | 8.6 | 14.7% | 6.7 | 10.4% | -22.6% |
| Others | | 20.2 | 20.8 | 3.0% | 2.3 | 11.4% | 2.9 | 13.9% | 26.1% |
| **Total** | | 1,078.6 | 1,106 | 2.5% | 30.4 | 2.8% | 31.2 | 2.8% | 2.6% |
| (Japan) | | 827.5 | 834 | 0.8% | 16.4 | 2.0% | 14.8 | 1.8% | -9.8% |
| (Outside Japan) | | 251.1 | 272 | 8.2% | 14.0 | 5.6% | 16.4 | 6.0% | 17.1% |

Source: Company Data. Created by Strategy Advisors.

### 1) Marine Resources Business Segment

**Segment Profit Improved Significantly, Returning to Profitability**

In the Marine Resources Business Segment, net sales increased by 1.4% YoY to ¥129.4 billion and operating income improved significantly by ¥6.3 billion, shifting from a loss of ¥3.9 billion in the previous fiscal year to a profit of ¥2.4 billion. Both the Japan business and the overseas business returned to profitability, with the Japan business shifting from a loss of ¥2.4 billion to a profit of ¥100 million, and the overseas business shifting from a loss of ¥1.5 billion to a profit of ¥2.3 billion.

**Operating Income from Japan Operations, Including Aquaculture, Exceeded Forecasts**

Compared to the segment operating income forecast - which had been revised upward from ¥600 million to ¥1.8 billion at the time of the Q3 earnings announcement - the actual result exceeded the revised forecast by an additional ¥600 million. While the overseas business performed in line with the plan, the Japan business exceeded the plan by ¥600 million. By unit, the Fishery Business Unit exceeded the plan by ¥200 million, the Aquaculture Business Unit by ¥400 million and the North America Operations Unit by ¥100 million.

**The Fishery Business Unit Returned to Profitability, Driven by Improvements in Operational Efficiency and Other Factors**

In the Fishery Business Unit, net sales decreased by 10.6% compared to the previous fiscal year due to a decline in skipjack tuna catches in Micronesian waters and sluggish fish prices. On the other hand, operating income improved from a loss of ¥1.2 billion in the previous fiscal year to a profit of ¥400 million, driven by increased catches resulting from improved operational efficiency in New Zealand and Australia, as well as the withdrawal from unprofitable businesses in Japan.

**Aquaculture Business Unit Returns to Profitability Thanks to Significant Revenue Growth**

In the Aquaculture Business Unit, net sales increased significantly by 21.7% YoY, as sales prices for Yellowtail and Amberjack remained firm. Meanwhile, although production costs (feed, labor, and logistics expenses, etc.) remained high, operating income improved from a loss of ¥1.7 billion in the previous period to a profit of ¥800 million, driven by the effect of higher revenue, increased exports and improved yield resulting from measures to address high water temperatures.

**North America Operations Unit Returns to Profitability Thanks to Production System Overhaul**

The North America Operations Unit reported a 2.9% YoY increase in net sales, driven by firm market prices for its flagship Alaska pollock products and strong sales of imitation crab products in terms of both volume and price. Meanwhile, operating income turned from a loss of ¥1.6 billion in the previous period to a profit of ¥1.3 billion, driven by the effects of structural reforms (cost reductions through the consolidation of production sites), production improvements (increased ratio of Alaska pollock fillet production) and increased sales (imitation crab products).

Prior to the consolidation of production sites, it was difficult to efficiently share and process Alaska pollock raw materials among the three plants; however, the consolidation enabled the sharing of raw materials, leading to a significant improvement in productivity. As a result, in addition to cost reductions achieved through cuts in plant overhead expenses, headcount and fishing vessels' waiting time for landings, production efficiency appears to have improved due to enhanced raw material freshness and better control over landing timings.

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

## 2) Foodstuff Distribution Business Segment

**Foodstuff Distribution: Net Sales +2.5%, Operating Income -12.5%**

In the Foodstuff Distribution Business Segment, net sales increased 2.5% YoY to ¥769.9 billion, while operating income decreased 12.5% to ¥15.8 billion. Overseas operations rose 13.8% YoY to ¥6.5 billion, but domestic operations fell 24.5% to ¥9.3 billion.

**Operating Income Fell Short of Projections for Both Domestic & Overseas Operations**

Compared to the segment operating income forecast - which had been slightly revised downward from ¥17 billion to ¥16.8 billion at the time of the Q3 earnings announcement - the actual results fell short by an additional ¥1 billion. Both the overseas and domestic businesses fell short of their respective targets by ¥500 million each. By unit, the Marine Products Trading Unit fell short by ¥400 million, the Foodstuff Distribution Business Unit by ¥300 million and the Agricultural Foods & Meat and Products Unit by ¥200 million compared to their respective targets.

**The Marine Products Trading Unit Performed Well Both Domestically & Overseas**

Regarding the Marine Products Trading Unit, domestic operations saw strong sales driven by higher unit prices across the board for marine products, particularly scallops and shrimp. In particular, in addition to the rise in unit prices, profits at the wholesale subsidiaries appear to have increased due to synergies within the Group. European operations saw an increase in operating income, driven by improved profitability in existing businesses as well as the profit contribution from VDL, which was acquired in May 2025.

As a result, the unit as a whole reported a net sales increase by 5.8% YoY and operating income rose from ¥11.1 billion in the previous fiscal year to ¥11.6 billion.

**Foodstuff Distribution Business Unit Sees Operating Income Decline Due to Rising Costs**

In the Foodstuff Distribution Business Unit, net sales increased by 3.4% YoY due to the expansion of sales channels resulting from strengthened intra-group collaboration. However, efforts to improve operational efficiency and productivity were insufficient to offset rising costs and segment operating income decreased from ¥5.4 billion in the previous period to ¥4.4 billion.

**Agricultural Foods & Meat and Products Unit: Business Structure Reforms Continue**

The Agricultural Foods & Meat and Products Unit is implementing a review of the meat and products business's revenue structure, as outlined in the current mid-term management plan. The policy is to shift the revenue structure of the meat products business from one centered on raw material trading to one focused on processed products that are closer to end users. As a result of this, the Agricultural Foods & Meat and Products Unit saw a 14.6% YoY decline in net sales.

On the other hand, due to the impact of the review of the revenue structure, as well as factors such as a decline in margins resulting from falling sales prices of imported frozen pork in the domestic market, this unit's operating income turned from a profit of ¥1.5 billion in the previous fiscal year to a loss of ¥200 million.

**Sales to the (Institutional) Lunch Services Sector Expanded Through Collaboration Between Business Units**

In April 2025, the company established the Contract Food Sales Department within the Foodstuff Distribution Business Unit with the aim of providing the full range of products available across the entire group. As a result, sales to the institutional lunch services sector expanded through collaboration with the Marine Products Trading Unit.

### 3) Processed Foods Business Segment

**Processed Foods: Net Sales +3.3%, Operating Income -27.7%**

In the Processed Foods Business Segment, net sales increased by 3.3% to ¥185.8 billion, while operating income decreased by 27.7% to ¥10.1 billion. Overseas operations posted net sales of ¥6.7 billion, -22.6% YoY, while domestic operations posted net sales of ¥3.4 billion, -36.0% YoY.

**Operating Income Fell Short of Targets for Both Domestic and Overseas Operations**

Compared to the segment operating income forecast - which had been revised downward from ¥13.6 billion to ¥11.1 billion at the time of the Q3 earnings announcement - the actual result fell short by an additional ¥1.0 billion. Overseas operations fell short of the plan by ¥0.8 billion, while domestic operations fell short by ¥0.3 billion. By business unit, the Processed Foods Business Segment fell short of the plan by ¥1.0 billion, while the Fine Chemicals unit met its target.

**Overseas Processed Foods Business: Profits Declined in Thailand's Pet Food Business for North America & its Marine Products Processing Business**

Regarding the overseas processed foods business, in the pet food business exporting from Thailand to North America, although sales remained steady, profits declined due to the appreciation of the baht against the dollar. Meanwhile, the marine products processing business in Thailand saw a decline in profits due to increased costs from rising raw material prices and reduced export profitability caused by the strong Thai baht.

**Domestic Processed Foods Business Also Saw a Decline in Operating Income**

In the domestic processed food business, operating income declined due to high raw material costs, reduced plant utilization resulting from lower sales volumes following price revisions, increased sales promotion expenses such as TV commercials and the recognition of package revision costs.

As a result, while revenue for the unit as a whole increased by 3.2% YoY, operating income decreased from ¥12.7 billion in the previous fiscal year to ¥9.1 billion.

**Operating Income Also Declined in the Fine Chemical Unit**

In the Fine Chemical Unit, net sales increased by 5.9% YoY due to steady sales of pharmaceutical products. However, operating income decreased from ¥1.2 billion in the previous fiscal year to ¥1.0 billion due to the impact of rising costs.

## 2. Company Plan for the FY Ending March 2027

**Operating Income, Excluding One-off Corporate Restructuring Costs, is Expected to Increase by 5.4% YoY**

For the FY ending March 2027, the company forecasts net sales of ¥1.11 trillion (+0.4% YoY), operating income of ¥32 billion (+2.6% YoY), ordinary income of ¥30 billion (-4.0% YoY) and profit attributable to owners of the parent of ¥15 billion (-32.4% YoY).

Operating income excluding one-off corporate transformation expenses (CI branding costs of ¥3.0 billion) is ¥35.0 billion and operating income on an adjusted basis is expected to increase by 5.4% YoY. Non-operating income and expenses are projected to decline from a surplus of ¥0.06 billion in the previous fiscal year to a deficit of ¥2.0 billion. It appears that an increase in interest expenses is anticipated.

The company plans to reduce extraordinary income and losses from ¥8.25 billion in the previous fiscal year to approximately ¥2.0 billion. Net income attributable to non-controlling interests is expected to decrease from ¥6.06 billion in the previous fiscal year, likely due to the acquisition of Umios Food Group Europe B.V. (hereinafter “UFGE”; formerly Seafood Connection Holding B.V.) as a wholly-owned subsidiary in January 2026.

ROIC is expected to improve by 0.2% points YoY to 4.3%, driven by an increase in operating income and a reduction in capital employed.

**Annual Dividend Per Share is Projected at ¥45**

Regarding the annual dividend per share, based on the basic policy of “progressive dividends assuming a dividend payout ratio of 30% or more,” the company expects ¥45 (dividend payout ratio of 45.4%), compared to ¥44.7 in the previous fiscal year (adjusted for the stock split).

**Umios Logistics to Become an Equity-Method Affiliate**

The company announced that it will transfer 51% of the outstanding shares of its wholly-owned subsidiary, Umios Logistics (formerly Maruha Nichiro Logistics), to SENKO Group Holdings (9069 TSE Prime). The scheduled transfer date is September 1, 2026, and thereafter, Umios Logistics will become an equity-method affiliate. In addition, total assets of approximately ¥50 billion and interest-bearing debt of approximately ¥30 billion are expected to be removed from the company’s balance sheet.

The company had been exploring ways to leverage the expertise and management resources of specialized logistics companies to enhance the sustainability of its logistics operations. However, it determined that transferring Umios Logistics’ shares to SENKO Group Holdings was the optimal solution in terms of logistics quality, warehousing capacity and transportation and delivery capabilities for high-value-added processed goods.

**Figure 4. Company Plan for FY ending March 2027**

| (¥bn) | Mar/26 | Mar/27 CoE | YoY Change | YoY % |
|---|---|---|---|---|
| Net Sales | 1,105.9 | 1,110.0 | +4.1 | +0.4% |
| Operating Income | 31.2 | 32.0 | +0.8 | +2.6% |
| (Excluding one-time Corporate Transformation Expenses) | (33.2) | (35.0) | (+1.8) | +5.4% |
| Operating Income Margin | 2.8% | 2.9% | +0.1pt | - |
| Non-Operating Income/Loss | 0.1 | -2.0 | -1.9 | - |
| Ordinary Income | 31.3 | 30.0 | -1.3 | -4.0% |
| Profit Attributable to Owners of Parent | 22.2 | 15.0 | -7.2 | -32.4% |
| ROIC | 4.1% | 4.3% | +0.2pt | - |
| Dividend Payout Ratio | 30.4% | 45.4% | +15.0pt | - |
| EPS (¥) | 146.75 | 99.22 | - | - |

Source: Company Materials.

**While the Company Expects a ¥5.4 bn Increase in Operating Income Across the 3 Segments Combined. The Company Plans for an Overall ¥800 mn Increase in Operating Income, Taking into Account Profit-Reducing Factors in Other Segments**

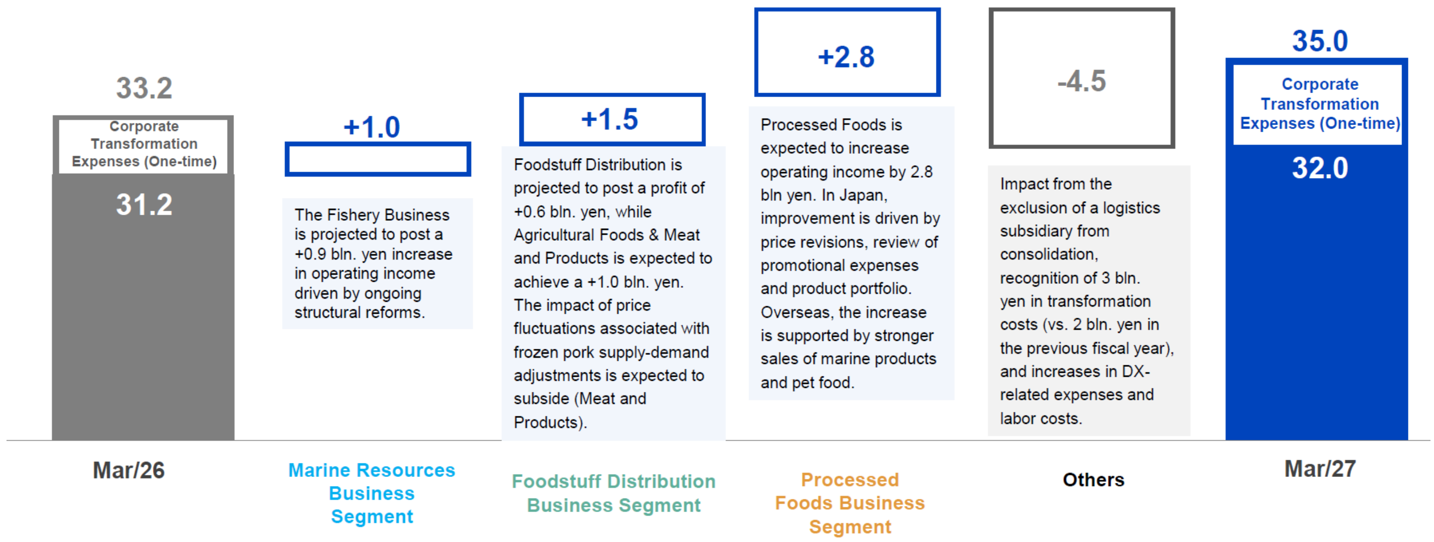
The projected changes in operating income by segment are as follows: the Marine Resources Business Segment is expected to see an increase of ¥1 billion compared to the previous fiscal year; the Foodstuff Distribution Business Segment, an increase of ¥1.5 billion; the Processed Foods Business Segment, an increase of ¥2.8 billion and the Other Businesses and Adjustments segment, a decrease of ¥4.5 billion.

In the Marine Resources Business Segment, the Fishery Business Unit is projected to see an increase in operating income of ¥900 million compared to the previous fiscal year. In the Foodstuff Distribution Business Segment, the Foodstuff Distribution Business Unit is projected to see an increase of ¥600 million and the Agricultural Foods & Meat and Products Unit is projected to see an increase of ¥1 billion. In the Processed Foods Business Segment, the Processed Foods Business Unit is projected to see an increase of ¥2.8 billion.

Regarding “Other” and “Adjustments,” corporate transformation expenses are expected to increase from ¥2.0 billion in the previous fiscal year to approximately ¥3.0 billion (comprising CI branding costs only), contributing to a ¥1.0 billion decrease in operating income. Additionally, the deconsolidation of a logistics subsidiary, along with increases in DX expenses and personnel costs, are contributing to a ¥3.5 billion decrease in operating income. Corporate transformation expenses for the FY ending March 2028 are projected to be approximately ¥2.0 billion.

Regarding the impact of the situation in the Middle East, the company explained that while it has not factored this into its plans at this time, it will closely monitor future developments.

**Figure 5. Analysis of Changes in Operating Income Forecast**




Source: Company Materials.

## Overview by Segment

### 1) Marine Resources Business Segment

**Overseas Operations Drive Profit Growth**

For the Marine Resources Business Segment, net sales are projected to increase by 4.7% YoY to ¥121.5 billion and operating income is expected to rise by 58.8% YoY to ¥2.7 billion. Regarding operating income, overseas operations are projected to increase by ¥900 million YoY to ¥3.2 billion, while domestic operations are planned to show a slight improvement, narrowing the loss from ¥600 million in the previous fiscal year to ¥500 million.

**Fishery Business Unit Plans for a ¥900 mn Increase in Operating Income**

For the Fishery Business Unit, while net sales is projected to decrease by 1.2% YoY due to the early withdrawal from unprofitable businesses, the selective focus on fishing vessels, improved operational efficiency following the introduction of new vessels and the promotion of downstream strategies, operating income is planned to increase from ¥400 million in the previous period to ¥1.3 billion.

**The Aquaculture Business Unit Plans to Increase Operating Income by ¥200 mn**

Regarding the Aquaculture Business Unit, starting in FY ended March 2026, the sales function was transferred to the Marine Products Trading Unit within the Foodstuff Distribution Business Segment to strengthen sales of farmed fish. As a result, net sales for FY ended March 2026 decreased to ¥9.8 billion from ¥21.1 billion under the previous structure. Additionally, operating income for FY ended March 2026 decreased to ¥0 from ¥0.8 billion under the previous structure.

Due to the strengthening of the production system, the company expects net sales under the new organizational structure to increase by 4.1% YoY to ¥10.2 billion. Meanwhile, although the company anticipates an increase in production costs, it plans for operating income to rise from ¥0 billion in the previous fiscal year to ¥2 billion through the continued implementation of cost-reduction measures, such as countermeasures against high water temperatures.

**North America Operations Unit Operating Income Expected to Remain Flat**

Regarding the North America Operations Unit, the crab business was transferred to the Marine Products Trading Unit within the Foodstuff Distribution Business Segment effective for the FY ended March 2026. As a result, net sales for the FY ended March 2026 under the new organizational structure decreased from ¥73.8 billion under the previous organizational structure to ¥71.8 billion. Additionally, operating income under the new organizational structure remained unchanged from the old organizational structure at ¥1.3 billion.

Reflecting a higher proportion of high-margin products in the production mix, net sales under the new organizational structure are projected to rise 7.5% YoY to ¥77.2 billion. Operating income is expected to remain unchanged at ¥1.3 billion as higher earnings at the North American subsidiary, driven by the benefits of structural reforms are expected to be offset by lower earnings at the domestic subsidiary due to rising costs.

## 2) Foodstuff Distribution Business Segment

**Both Domestic and Overseas Operations Are Projected to See Increased Operating Income**

For the Foodstuff Distribution Business Segment, net sales are projected to decrease by 1.7% YoY to ¥770.0 billion, while operating income is expected to increase by 9.1% YoY to ¥17.9 billion. Operating income for overseas operations is projected to increase by ¥800 million YoY to ¥7.2 billion and for domestic operations, it is projected to increase by ¥600 million YoY to ¥10.7 billion.

**Marine Products Trading Unit Projects a ¥100 mn Decline in Operating Income**

For the Marine Products Trading Unit, net sales are projected to decrease by 0.5% YoY to ¥2.2 billion due to sluggish sales volume growth resulting from persistently high selling prices. On the other hand, by further strengthening collaboration with upstream and downstream functions within the Group and expanding business scope and sales in Europe, the Unit plans to limit the decline in operating income to ¥100 million YoY, reaching ¥ 12.3 billion.

**Foodstuff Distribution Business Unit Plans for a ¥600 mn Increase in Operating Income**

For the Foodstuff Distribution Business Unit, net sales are expected to decrease by 0.4% YoY, representing a decline of ¥1.1 billion. On the other hand, operating income is projected to increase by ¥600 million YoY to ¥4.9 billion, driven by strengthened intra-group collaboration leveraging downstream capabilities, the promotion of the value cycle strategy, and the expansion of overseas operations - such as nursing care foods in China.

**Agricultural Foods & Meat and Products Unit Plans for ¥1.0 bn Increase in Operating Income**

For the Agricultural Foods & Meat and Products Unit, net sales are expected to decrease by 12.6% YoY, representing a decline of ¥9.9 billion, as the review of the meat products business's profit structure continues. On the other hand, operating income is projected to recover to ¥800 million from a loss of ¥200 million in the previous fiscal year, driven by the normalization of margins that had declined significantly in the previous fiscal year due to falling sales prices for imported frozen pork.

### 3) Processed Foods Business Segment

**Both Domestic and Overseas Operations Project Increased Operating Income**

For the Processed Foods Business Segment, net sales are projected to increase by 6.5% YoY to ¥197.9 billion and operating income is expected to rise by 27.7% YoY to ¥12.9 billion. Operating income is projected to increase by ¥1.4 billion YoY to ¥8.2 billion for overseas operations and by ¥1.4 billion YoY to ¥4.8 billion for domestic operations.

**Processed Foods Business Unit Plans for a ¥ 2.7 bn Increase in Operating Income**

For the Processed Foods Business Unit, net sales are projected to increase by 6.9% YoY to ¥188.5 billion, and operating income is expected to rise by ¥2.7 billion to ¥11.7 billion. In the domestic business, factors contributing to the profit increase include the effects of price revisions, a review of sales promotion expenses and the product portfolio and a review of production systems. In the overseas business, an increase in sales volume for the pet food business is anticipated.

**Fine Chemical Unit Plans for a Flat Operating Income**

For the Fine Chemical Unit, in response to rising raw material costs and moves toward stricter regulations on health foods, net sales are projected to increase by 1.1% YoY to ¥9.4 billion, while operating income is expected to remain flat at ¥1.2 billion. Key initiatives for the FY ending March 2027 include expanding the pharmaceutical raw materials business, increasing sales through the acquisition of foods with functional claims and promoting the microalgae-derived DHA business.

**Figure 6. Segment Performance (¥bn, Based on Mar/27 Organization)**

| Segment | Unit | Net Sales | | | Operating Income | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mar/26 | Mar/27 CoE | YoY | 3/26 | OP Margin | 3/27 CoE | OP Margin | YoY |
| Marine Resources Business | Fishery | 34.5 | 34.1 | -1.2% | 0.4 | 1.2% | 1.3 | 3.8% | 225.0% |
| | Aquaculture | 9.8 | 10.2 | 4.1% | 0.0 | 0.0% | 0.2 | 2.0% | - |
| | North America | 71.8 | 77.2 | 7.5% | 1.3 | 1.8% | 1.3 | 1.7% | 0.0% |
| | Segment Total | 116.1 | 121.5 | 4.7% | 1.7 | 1.5% | 2.7 | 2.2% | 58.8% |
| | (Japan) | 50.6 | 49.8 | -1.6% | -0.6 | -1.2% | -0.5 | -1.0% | - |
| | (Outside Japan) | 65.5 | 71.7 | 9.5% | 2.3 | 3.5% | 3.2 | 4.5% | 39.1% |
| Foodstuff Distribution Business | Marine Products Trading | 455.9 | 453.7 | -0.5% | 12.4 | 2.7% | 12.3 | 2.7% | -0.8% |
| | Foodstuff Distribution | 248.6 | 247.5 | -0.4% | 4.3 | 1.7% | 4.9 | 2.0% | 14.0% |
| | Agricultural Foods & Meat and Products | 78.7 | 68.7 | -12.6% | -0.2 | -0.3% | 0.8 | 1.2% | - |
| | Segment Total | 783.2 | 770.0 | -1.7% | 16.4 | 2.1% | 17.9 | 2.3% | 9.1% |
| | (Japan) | 643.1 | 608.3 | -5.4% | 10.1 | 1.6% | 10.7 | 1.8% | 5.9% |
| | (Outside Japan) | 140.0 | 161.6 | 15.4% | 6.4 | 4.6% | 7.2 | 4.5% | 12.5% |
| Processed Foods Business | Processed Food | 176.5 | 188.5 | 6.9% | 9.0 | 5.1% | 11.7 | 6.2% | 30.0% |
| | Fine Chemicals | 9.3 | 9.4 | 1.1% | 1.2 | 12.9% | 1.2 | 12.8% | 0.0% |
| | Segment Total | 185.8 | 197.9 | 6.5% | 10.1 | 5.4% | 12.9 | 6.5% | 27.7% |
| | (Japan) | 121.3 | 126.9 | 4.6% | 3.4 | 2.8% | 4.8 | 3.8% | 41.2% |
| | (Outside Japan) | 64.6 | 71.0 | 9.9% | 6.8 | 10.5% | 8.2 | 11.5% | 20.6% |
| Other | | 20.8 | 20.6 | -1.0% | 2.9 | 13.9% | -1.6 | -7.8% | - |
| Total | | 1,105.9 | 1,110 | 0.4% | 31.2 | 2.8% | 32.0 | 2.9% | 2.6% |
| (Japan) | | 834.2 | 805 | -3.5% | 14.8 | 1.8% | 13.1 | 1.6% | -11.5% |
| (Outside Japan) | | 271.7 | 305 | 12.3% | 16.4 | 6.0% | 18.9 | 6.2% | 15.2% |

Note: In the organizational structure for the FY ending March 2027, the sales division of the Aquaculture Business Unit was transferred to the Marine Products Trading Unit within the Foodstuff Distribution Business Segment; the crab business of the North America Operations Unit was transferred to the Marine Products Trading Unit within the Foodstuff Distribution Business Segment; and certain operations of the Processed Foods Business Unit were transferred to the Fine Chemical Unit.

Source: Company Data. Compiled by Strategy Advisors.

## 3. Overview and Progress of the Mid-Term Management Plan and New Long-Term Vision

### 1) New Long-Term Vision

**Simultaneously Announced Company Name Change & Mid-Term Management Plan**

On March 24, 2025, the company announced two important pieces of management information. The first was the resolution made by the board of directors to change the company name to Umios effective March 1, 2026. “Umios” is a coined name derived from the words, "**umi (ocean)**", "**o**ne" and "**s**olutions". The name reflects the company’s aspiration to remain rooted in the ocean "**umi**", while becoming "**o**ne" with stakeholders, society, and the planet and providing "**s**olutions" to global social challenges through food. The company regards this as its “third founding phase”, following its original establishment in 1880 and its “second founding” in 2007 through the merger of the Maruha and Nichiro.

The second was the announcement of its new 10-year long-term vision and mid-term management plan, "For the ocean, for life 2027."

**New Long-Term Vision for the Next 10 Years**

The new 10-year long-term vision is built around four strategic priorities:

1) Build and strengthen a value cycle that enables sustainable value creation from the consumer's perspective

2)Maximize value creation through global and local deployment of value cycle

3) Business portfolio policy

- Selection and concentration on sustainable businesses
- Investing in downstream and global strategies
- Strengthening appeal of health benefits

4) Moving Toward a culture of "challenge" & "co-creation" to achieve value creation

**Expanding the Value Cycle Globally**

The Group's core strengths lie in its resource procurement capabilities, processing technology and food product supply capabilities. However, while each business unit and functional organization (processing department, research and development department, marketing department, etc.) have leveraged its own strengths, there has been limited integration across functions to create additional value.

The Group plans to achieve sustainable value creation by integrating its capabilities in sustainable food development and functional ingredient research, consumer insight and analytics, access to sustainable protein resources, consumer-oriented processing technologies, and solutions for diverse consumption occasions into a consumer-driven value cycle. The Group also aims to expand this value cycle globally by tailoring it to the specific needs of each regional market.

**RHQs Established in 4 Key Areas**

To expand the consumer-driven value cycle globally, the company has positioned its headquarters in Japan as the Global Head Office. Regional Headquarters (RHQs) have been established in 4 keys regions: Europe/Africa, North America, Asia/Oceania and China, to strengthen collaboration across the Group and accelerate decision-making. In particular, the company aims to replicate the successful model that SCH has created in Europe (through strategic M&A and PMI, as well as a one-stop supply system for the wide range of food products and ingredients required by food service customers, etc.) across other regions.

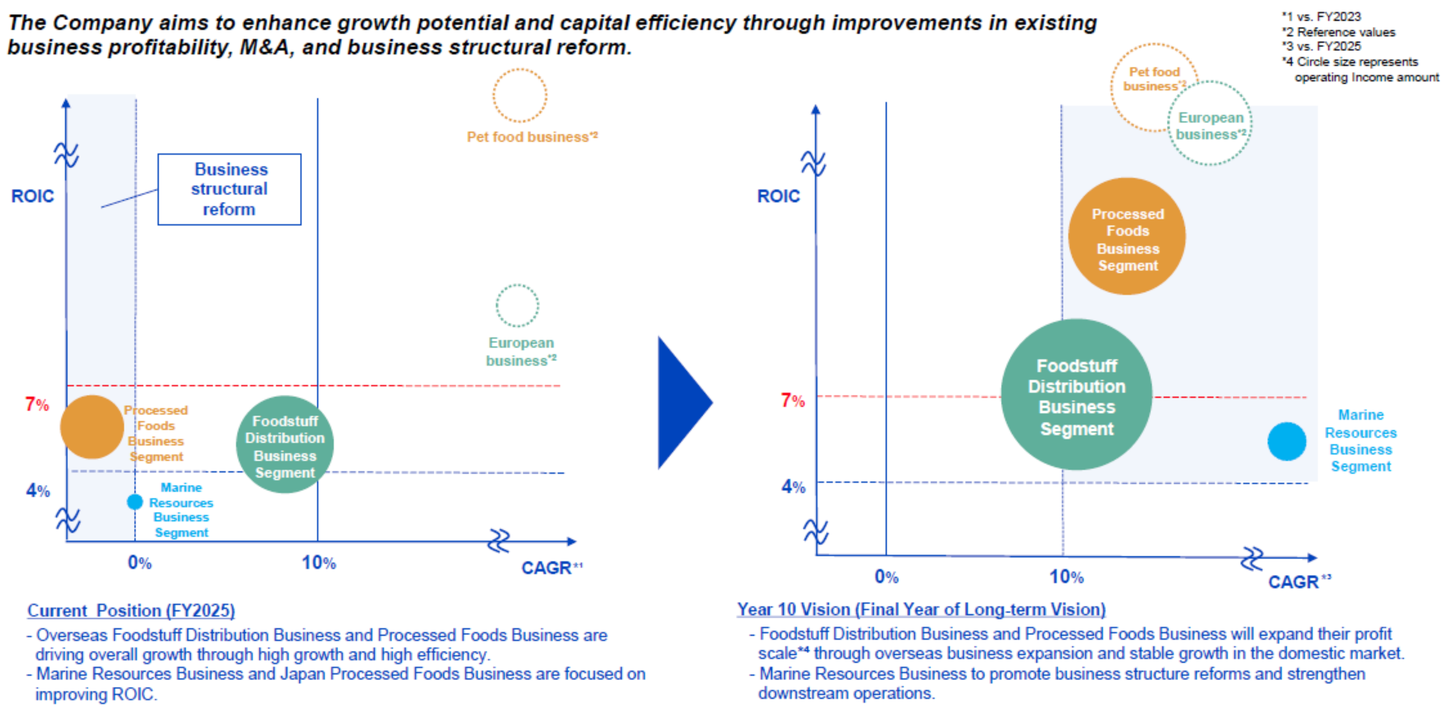
**KGI Target in 10 Years**

Over the next 10 years, the company targets an overseas ordinary income ratio of 70% or more (44% expected in FY ended March 2025), ROIC of 7% or more (4.3% in FY ended March 2025) and ranking among the top 10 Global Meat and Seafood Protein Providers by market capitalization. The company intends to achieve these targets by strengthening its existing businesses in Europe, Thailand and China, expanding sales of imitation crab stick products for commercial use in North America, and pursuing strategic M&A.

**Business Portfolio Policy for the Next 10 Years**

The business portfolio policy for the next 10 years is shown in Figure 7.

**Figure 7. Target Business Portfolio: Year 10 Long-Term Vision**




Source: Company Material.

### 2) Mid-Term Management Plan “For the ocean, for life 2027”

**Financial Targets for the FY Ending March 2028**

In the mid-term management plan, which ends in FY ending March 2028, the company aims to enhance its corporate value by establishing a consumer-driven value cycle and executing global strategy. The plan focuses on generating stable cash flow, improving profitability and capital efficiency, pursuing disciplined growth investments, maintaining a sound financial position and enhancing shareholder returns.

The financial targets for FY ending March 2028 include operating income of ¥40 billion, ROIC of 5%, growth investment over 3 periods (total of organic and inorganic growth investments) of more than ¥140 billion, maintaining an A⁻ credit rating from R&I, a dividend payout ratio of 30% or more, progressive dividends and a PBR of 1x or more.

1) To achieve its ROIC target of 5%, compared with a WACC of just over 4%, the company is implementing the following initiatives. The estimated contribution of each initiative to the expected 0.9% improvement in ROIC between the FY ended March 2026 and FY ending March 2028 is as follows: Improving the operating margin from 2.8% in the FY ended March 2026 to 3.5% by the FY ending March 2028 is expected to contribute approximately 0.7% through higher after-tax ordinary income before interest payments (the company's ROIC numerator, equivalent to NOPAT).

2) Reducing working capital by shortening the cash conversion cycle (CCC) through tighter inventory management and shorter accounts receivable collection periods across the Group is expected to contribute approximately 0.1%.

3) Optimizing fixed assets through the sale of cross-shareholdings and real estate, together with the transfer of the logistics subsidiary, is expected to contribute a further 0.1%. This estimate also reflects the increase in fixed assets associated with planned growth investments.

Note the earnings contribution from future M&A is expected to materialize primarily under the next mid-term management plan and is therefore not reflected in the current mid-term management plan.

### Measures to Improve ROIC by Segment

Figure 8 lists the specific measures aimed at achieving the segment-specific ROIC targets.

**Figure 8. Segment-Specific Measures to Improve ROIC**

| | Marine Resources | | | Foodstuff Distribution | | | Processed Foods | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mar/26 | Mar/27 Plan | Mar/28 Target | Mar/26 | Mar/27 Plan | Mar/28 Target | Mar/26 | Mar/27 Plan | Mar/28 Target |
| ROIC | 2.0% | 2.6% | 3.8% | 4.7% | 5.1% | 5.5% | 7.3% | 7.4% | 8.8% |

| | Marine Resources | Foodstuff Distribution | Processed Foods |
|---|---|---|---|
| Mar/26 Initiatives | Structural Reform<br>**Fishery**: Withdrawal from unprofitable businesses<br>**Aquaculture**: High water temperature countermeasures<br>**North America**: Consolidation of production sites | Business Expansion & Collaboration Enhancement<br>- M&A in Europe<br>- Strengthened intra-Group collaboration in Japan<br>- Reform of low-margin meat distribution business | Sales Expansion<br>- Expansion of pet food sales<br>- Enhancement of profitability of retail frozen foods in Japan |
| Outlook | Structural Reform & Sales Enhancement<br>**Fishery**: Continued withdrawal from unprofitable businesses<br>**Aquaculture**: Strengthening production systems<br>**North America**: Production cost reduction and sales enhancement | Business Expansion & Collaboration Enhancement<br>**Europe**: (1) Expansion of business domain<br>(2) Strengthening Downstream operations through Marine Resources + Foodstuff Distribution collaboration<br>**Japan**: Strengthened collaboration between Wholesale business and Foodstuff Distribution Business | Structural Reform & Business Expansion<br>- Structural reform of Japan processed foods business (including production systems)<br>- Expansion of pet food business<br>- Expansion of oil and fat business (including DHA) |

Source: Company Materials.

### Plans for Aggressive Investment to Strengthen Downstream Operations, Primarily Overseas

The company forecasts operating cash flow of approximately ¥ 150 billion during the mid-term management plan period. The company plans to allocate the funds generated from operating activities with proceeds from asset optimization initiatives- including the sale of cross-shareholdings- as follows: approximately ¥40 billion for maintenance capital expenditures, approximately ¥70 billion of organic growth investments, approximately ¥70 billion of inorganic growth investments and shareholder returns, including dividends.

The company has now announced the allocation of its planned ¥140 billion in growth investments by purpose: 56% for strengthening downstream operations, 18% for expanding the pet food business, 16% for strengthening existing businesses, 7% for production capacity expansion and new vessels and 3% for corporate transformation investments.

Growth investments made in the FY ended March 2026 included the acquisition of a seafood processing company in Europe (VDL) (to strengthen downstream operations), additional capital injections into existing subsidiaries in Europe (to strengthen existing businesses) and investments to expand production capacity at existing subsidiaries in North America.

### Announcement of Asset Efficiency Status and Outlook for Shareholder Returns

The company expects asset optimization initiatives to generate approximately ¥50 billion in cash inflows over the FY ended March 2026 and FY ending March 2027 combined (of which ¥16.5 billion was realized in the FY ended March 2026). Total shareholder returns over the mid-term management plan period are projected to exceed ¥20 billion.

Regarding the ¥140 billion growth investments, the timing of investments by project and the breakdown of amounts by purpose are shown in Figure 9.

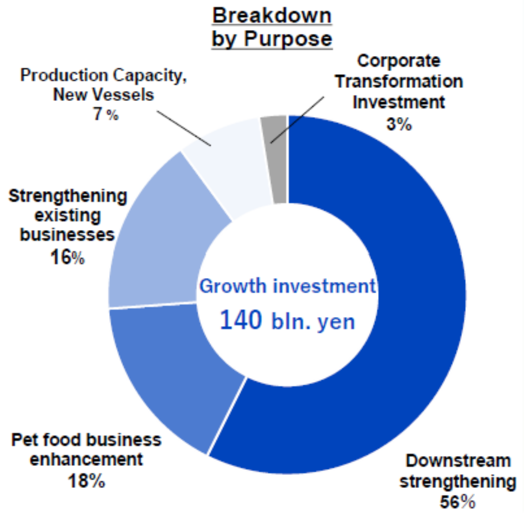
**Figure 9. Timing of Growth Investments Plan**

**Investment Policy**

(1) Prerequisite: Maintain financial discipline
(2) Set a hurdle rate equal to WACC plus an appropriate risk premium (approx. several percent) reflecting business characteristics and risk
(3) Prioritize improvement of business-level ROIC post-investment

Investment Period (Planned)

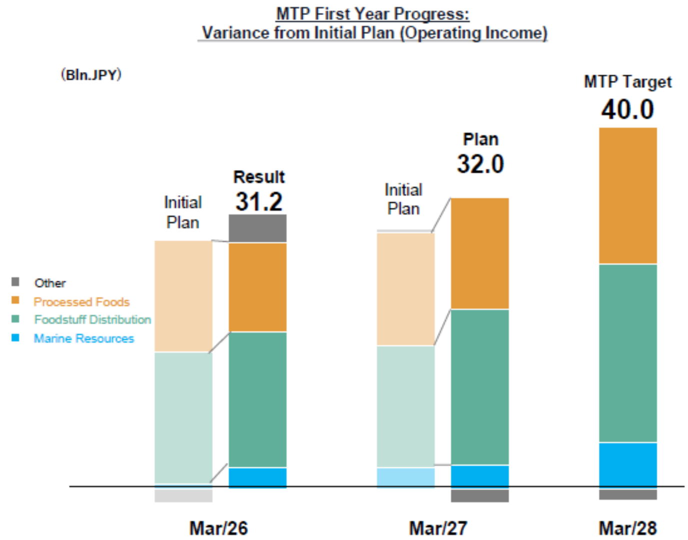
| Region | Purpose | Overview | Mar/26 | Mar/27 | Mar/28 |
|---|---|---|---|---|---|
| Europe | Downstream strengthening | Acquisition of seafood processing company (VDL Group) | ■ | | |
| | Strengthening existing businesses | Additional investment in existing subsidiaries | ■ | | |
| North America | Downstream strengthening | M&A in processing and distribution | | | ■ |
| | Production capacity expansion | Expansion of production capacity at existing subsidiaries | ■ | ■ | |
| Asia | Downstream strengthening | M&A in processing and distribution | | ■ | ■ |
| | Pet food business enhancement | M&A in production and sales / Expansion of production capabilities | | ■ | ■ |




Source: Company Materials.

Figure 10 summarizes the progress made in the first year of the mid-term management plan. While the Marine Resources Business Segment and the Foodstuff Distribution Business Segment are progressing steadily toward their targets; the Japan operations of the Processed Foods Business Segment have encountered challenges. The company intends to address these issues promptly.

**Figure 10. Progress in the First Year of the MTP (Operating Income)**




**Marine Resources Business Segment** — Exceeding Initial Plan

Structural reform effects from consolidation of production sites (North America Operations) and withdrawal from unprofitable businesses (Fishery Business) exceeded initial expectations. Structural reforms will continue, and downstream strategy will be advanced.

**Foodstuff Distribution Business Segment** — Exceeding Initial Plan

While operations in Japan faced headwinds from higher costs and the impact of imported frozen pork price fluctuations, strong performance in the European business led overall results. From the FY2026 onward, the Company will focus on advancing intra-Group collaboration and expanding the European business.

**Processed Foods Business Segment** — Japan: Challenging / Overseas: Strong

Overseas (pet food business) remained solid; however, the Japan Processed Foods Business fell short of plan due to lower sales volumes following price revisions, dragging the overall segment below initial forecasts. From FY2026 onward, the Company will begin reviewing domestic production systems and product portfolio. Investment in the pet food business, a key growth driver, will also be executed.

Source: Company Materials.

## 4. Stock Price Trends and Valuation

### 1) Valuation Remains Relatively Low

**Stock Price Reversed Course and Driving PBR Back to an Undervalued Level**

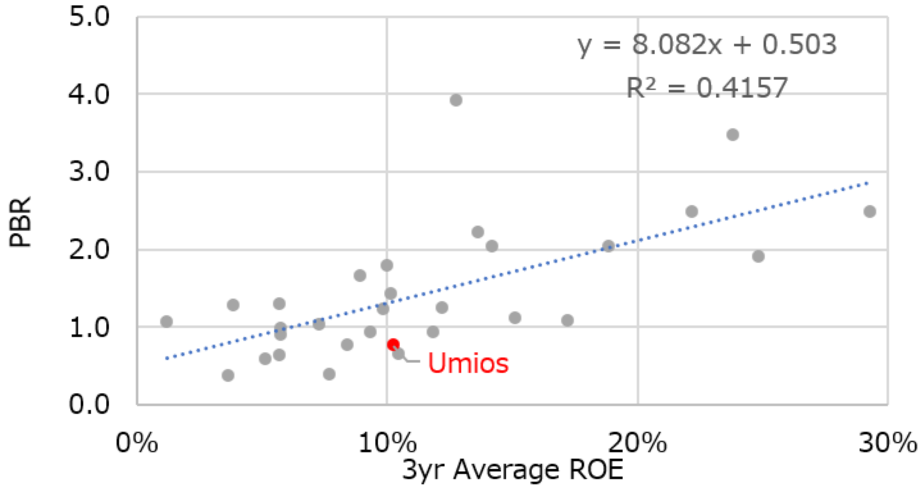
The company's stock price, which had been rising strongly since July 2025, has been on a downward trend since March 2026. Over the three months from the end of February to the end of May - the stock price declined 20.1% (compared with a 0.5% gain in TOPIX), underperforming the market average. As a result, PBR, which had been approaching 1.0x, has now fallen to 0.8x, returning to an undervalued level. Strategy Advisors believes that concerns about the future outlook for earnings due to the deteriorating situation in the Middle East, as well as the stock market's concentrated focus on semiconductor and AI-related stocks, have led to this deterioration in relative performance.

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

Among 24 major global protein and food companies - excluding those with negative ROE or for which ROE data for 3 fiscal periods is unavailable – a positive relationship is observed between the three-year average ROE and PBR. The regression model is expressed as: PBR = ROE × 8.082 + 0.503 (Figure 11). The list of these global companies is shown in Figure 12.

While it should be noted that the coefficient of determination ($R^2$) is 0.4157 - which is not particularly high - Umios lies below the regression line, suggesting that the shares remain undervalued relative to peers based on this analysis. The company's 3-year average ROE is 10%; however, the estimated PBR for a company with a 10% ROE lying on the regression line is 1.3x, which is approximately 75% higher than the company's PBR of 0.8x.

**Figure 11. Relationship Between ROE (3-Year Avg) & PBR**




Source: Company Data. Compiled by Strategy Advisors.

**Figure 12. Comparison of Actual and Calculated PBRs for Major Companies Involved in the Fishing, Meat, Marine Products Processing and Frozen Food Industries**

| Company Name | Ticker | Country | Sales (¥mn) | 3-Year Average ROE | PBR | PER | PBR Calculated | Actual - Calculated |
|---|---|---|---|---|---|---|---|---|
| JBS N.V. | JBS | Brazil | 12,894,182 | 15% | 1.1 | 6.1 | 1.7 | -0.6 |
| Tyson Foods | TSN | USA | 8,121,950 | 1% | 1.1 | 13.8 | 0.6 | 0.5 |
| Marfrig Global Foods | MRFG3 | Brazil | 4,397,450 | 29% | 2.5 | 84.0 | 2.9 | -0.4 |
| WH Group | 00288 | Hong Kong | 4,193,024 | 12% | 1.3 | 8.4 | 1.5 | -0.2 |
| Kraft Heinz | KHC | USA | 3,731,621 | 6% | 0.6 | 11.1 | 1.0 | -0.3 |
| Muyuan Foodstuff | 002714 | China | 3,001,061 | 14% | 2.2 | 26.8 | 1.6 | 0.6 |
| General Mills | GIS | USA | 2,940,159 | 25% | 1.9 | 9.8 | 2.5 | -0.6 |
| CJ CheilJedang | 097950 | South Korea | 2,882,832 | 4% | 0.4 | 6.3 | 0.8 | -0.4 |
| Pilgrims Pride | PPC | USA | 2,767,455 | 22% | 2.5 | 8.2 | 2.3 | 0.2 |
| Charoen Pokphand | CPF | Thailand | 2,601,670 | 5% | 0.6 | 7.4 | 0.9 | -0.3 |
| Smithfield Foods | SFD | USA | 2,323,623 | 10% | 1.4 | 9.3 | 1.7 | -0.3 |
| Wens Foodstuff | 300498 | China | 2,162,384 | 19% | 2.0 | 26.1 | 2.0 | 0.0 |
| Hormel Foods | HRL | USA | 1,807,854 | 9% | 1.7 | 16.5 | 1.2 | 0.5 |
| Conagra Brands | CAG | USA | 1,752,152 | 8% | 0.8 | 7.8 | 1.2 | -0.4 |
| NH Foods | 2282 | Japan | 1,457,391 | 6% | 1.0 | 13.9 | 1.0 | 0.0 |
| Henan Shuanghui | 000895 | China | 1,237,936 | 24% | 3.5 | 14.5 | 2.4 | 1.1 |
| **Umios** | **1333** | **Japan** | **1,105,890** | **10%** | **0.8** | **12.6** | **1.3** | **-0.6** |
| ITOHAM YONEKYU HD | 2296 | Japan | 1,071,381 | 6% | 0.9 | 14.5 | 1.0 | -0.1 |
| Dongwon Industries | 7006040 | South Korea | 1,010,443 | 8% | 0.4 | 4.3 | 1.1 | -0.7 |
| Mowi | MOWI | Norway | 962,445 | 14% | 2.1 | 13.7 | 1.7 | 0.4 |
| Nissui | 1332 | Japan | 931,265 | 10% | 1.2 | 12.8 | 1.3 | -0.1 |
| NICHIREI | 2871 | Japan | 716,144 | 10% | 1.8 | 19.9 | 1.3 | 0.5 |
| Thai Union Group | TU | Thailand | 604,569 | 9% | 0.9 | 9.3 | 0.1 | 0.9 |
| Austevoll Seafood | AUSS | Norway | 567,525 | 7% | 1.0 | 9.3 | 1.1 | -0.0 |
| Japfa Comfeed | JPFA | Indonesia | 553,913 | 17% | 1.1 | 5.2 | 1.9 | -0.8 |
| Leroy Seafood | LSG | Norway | 496,142 | 6% | 1.3 | 13.0 | 1.0 | 0.3 |
| SalMar | SALM | Norway | 394,796 | 13% | 3.9 | 17.7 | 1.5 | 2.4 |
| KYOKUYO | 1301 | Japan | 334,612 | 10% | 0.7 | 7.1 | 1.3 | -0.7 |
| YOKOREI | 2874 | Japan | 125,563 | 4% | 1.3 | 33.6 | 0.8 | 0.5 |
| KIBUN FOODS | 2933 | Japan | 111,038 | 12% | 0.9 | 9.5 | 1.5 | -0.5 |

Note: Net sales are calculated using each company’s exchange rate at the end of the fiscal year. PBR is calculated as the most recent market capitalization divided by shareholders’ equity.
Source: Company Data. Compiled by Strategy Advisors.

**Even Excluding the Impact of Extraordinary Gains & Losses, Umios's PBR is Undervalued Compared to Domestic Peers**

The group of global companies listed above includes 8 Japanese firms. Even when compared to these Japanese firms, Umios's valuation remains relatively low (Figure 13). Its PBR is the second lowest among the 8 companies, and its PER ranks third from the bottom.

We conducted a comparison excluding the impact of these factors, as the company's net income attributable to parent company shareholders includes extraordinary gains from asset sales as well as extraordinary losses such as head office relocation expenses. ROE (FY ended March 2026) excluding the impact of extraordinary gains and losses was estimated at approximately 7%. Compared to Nippon Ham (2282 TSE Prime) and Itoham Yonekyu Holdings (2296 TSE Prime), which have ROE at a similar level, the results indicate that Umios's PBR is undervalued.

**Figure 13. Comparison of Profitability and Valuation with Japanese Domestic Peers**

| Company | Code | FY | Stock Price (June 19, ¥) | Market Cap. (¥mn) | ROE (Actual) | ROIC (Actual) | Equity Ratio | PBR (Actual, x) | PER (CoE, x) |
|---|---|---|---|---|---|---|---|---|---|
| **Umios** | **1333** | **Mar/26** | **1,247.5** | **188,601** | **9.3%** | **3.5%** | **27.1%** | **0.8** | **12.6** |
| Nissui | 1332 | Mar/26 | 1,249.5 | 378,938 | 9.5% | 5.0% | 31.5% | 1.2 | 12.8 |
| NICHIREI | 2871 | Mar/26 | 2,047.0 | 513,014 | 10.0% | 6.5% | 43.6% | 1.8 | 19.9 |
| KYOKUYO | 1301 | Mar/26 | 4,320.0 | 51,310 | 9.5% | 4.5% | 29.5% | 0.7 | 7.1 |
| YOKOREI | 2874 | Sep/25 | 1,877.0 | 111,023 | 2.5% | 1.0% | 33.7% | 1.3 | 33.6 |
| KIBUN FOODS | 2933 | Mar/26 | 1,065.0 | 24,314 | 4.7% | 3.8% | 23.5% | 0.9 | 9.5 |
| NH Foods | 2282 | Mar/26 | 5,928.0 | 558,023 | 6.6% | 5.2% | 53.8% | 1.0 | 13.9 |
| ITOHAM YONEKYU HD | 2296 | Mar/26 | 4,730.0 | 268,430 | 7.0% | 5.2% | 51.4% | 0.9 | 14.5 |

Note: ROIC (Return on Invested Capital) is calculated as NOPAT divided by the average of interest-bearing debt and net assets during the period
Source: SPEEDA & Company Data. Compiled by Strategy Advisors.

### 2) Confidence in Management's Strategy is Key to Medium to Long-Term Valuation Improvement

**Short Term Focus is on the Situation in the Middle East**

The decline in stock prices since the end of February has not been unique to Umios but has been broadly reflected across the industry. In the short term, key factors to watch for share price will likely include lower crude oil prices and the normalization of petroleum-related supply chains as geopolitical tensions rise in the Middle East.

**Recognition of the Company's Inimitability in the Stock Market & Confidence in Its Management Strategy Are Key to Medium to Long-Term Valuation Improvement**

On the other hand, a comparison with industry peers suggests that the shares remain undervalued relative to their profitability. One reason for this is believed to be that the stock market has not yet fully recognized the company's inimitability or management's strategy for translating those this advantage into sustainable earnings growth. For example, regarding the North American Alaska pollock business - one of the core pillars of the company's inimitability - it appears that, due to poor performance from the FY ended March 2024 through the FY ended March 2025, this business is not yet widely recognized by investors as one of the company's core strengths.

Although the business recovered in FY ended March 2026, its contribution to profits cannot yet be considered significant; therefore, the key will be whether the company can establish this business as a meaningful earnings driver by futher strengthening its downstream strategy.

Furthermore, in its mid-term management plan, the company has stated that it will establish Regional Headquarters (RHQs) in 4 priority regions - Europe and Africa, North America, Asia and Oceania and China - to strengthen group collaboration and promote rapid decision-making. However, since the strategy of replicating UFGE's successful European business model in other regions has yet to produce tangible results, the stock market appears to be taking a wait-and-see stance.

Bridging this gap between the management's vision and investor expectations will likely be the key to improving the company's valuation over the medium to long term.  Valuation has scope to improve as the initiatives outlined in the mid-term management plan translate into stronger financial performance, those results are clearly communicated to investors, and management continues to build credibility through consistent execution.

## 5. Equity Story

**The Possibility of "Investment by Global Stock Investors with Expectations for a New Long-Term Vision"**

In our initiation report issued last May, we highlighted three aspects of the company's equity story. In this report, we provide an update on the two main stories expected to materialize over the next 3 to 5 years.

The first is that the company will further strengthen its inimitability, built on its corporate DNA and that "global stock investors who have high expectations for the company's new long-term vision and mid-term management plan announced in March 2025, will choose the company's shares as an investment target in the food sector". In its "New Long-Term Vision for 10 Years from Now," which will be described later, the company has set a policy of aiming for an overseas ordinary income ratio of 70% or more and becoming one of the top 10 Global Meat and Seafood Protein Providers (by market capitalization) by establishing a value cycle through strengthening collaboration between businesses within the group and expanding it locally.

Although many global investors remain cautious on the Japanese equity market because of structural challenges such as a declining population and weak productivity growth, internationally competitive companies with attractive long-term growth prospects can still attract investor interest if their valuations remain compelling.

The company is strengthening its growth investments to achieve the 70% overseas ordinary income ratio set forth in its new long-term vision, and its standing as a global company is expected to improve forward. While the company's stock is unlikely to be selected by major global equity investors at its current market capitalization, it could potentially make it onto their shortlists once its market capitalization exceeds a certain threshold.

**Improve Operating Income Margins & Stabilize Operating Income in the Marine Resources Business Segment by Leveraging the Two Corporate DNAs**

The second story is to "expand sales globally of processed foods manufactured by leveraging the company's global procurement capabilities and fishing quotas for marine products, thereby improving operating income margins and reducing the impact of profit volatility in the Marine Resources Business Segment".

The company announced in March 2025 that it will change its name to "Umios" in March 2026. The name change, given that Maruha Nichiro is an established brand, reflects the company's determination to break down the vertical divisions within the company that remain even after the merger and organizational changes; and to unite the group's strengths to establish a value cycle and achieve global expansion. Also, as mentioned in the corporate DNA section, we are extremely interested in the major change in marketing strategy, from offering products that primarily target Japanese consumers to offering products that take into account the needs of consumers in each region of the world.

In May 2025, UFGE acquired VDL, a European seafood processing company, with the aim of realizing the “Value Cycle” and “a global strategy” outlined in its medium-term management plan. Although VDL belongs to the Marine Products Trading Unit within the Foodstuff Distribution Business Segment rather than the Processed Foods Business Segment, the continuation of such growth investments is expected to lead to improved profit margins through the global expansion of processed food sales in a broad sense. Therefore, we look forward to the Group’s future downstream strategies.

In addition, the operating income forecast for the final year of the mid-term management plan, which will be described later, for FY ending March 2028, appears to have been formulated on the assumption that the results of the strategy have not yet been fully realized. If the difficult-to-imitate "trust, procurement power and fishing quotas related to marine products" are converted into corporate value and the results of the strategy are realized earlier than the company expects: it is expected that not only will operating income increase, but the impact on the stock price will be positive due to an increase in valuation associated with a decrease in business risk.

[Initiation Update]

## 6. Company Profile

**One of the World's Largest Marine Products Suppliers**

Umios was formed through the merger of Maruha (founded in 1880) and Nichiro (founded in 1907) and is one of the world's largest suppliers of marine products.

**Number of Employees Overseas Exceeds Those in Japan**

The group consists of Umios, 98 subsidiaries and 53 equity-method affiliated companies. Of the 150 group companies, 69 are domestic and 81 are overseas. The group’s global network spans approximately 70 countries and regions.

As of the end of the FY ended March 2026, the Group had 12,479 consolidated employees. Overseas employees account for a slight majority of the workforce: Japan 48.7%, Asia 40.4%, North America 5.0%, Europe 3.0% and other regions 3.0%.

**It Can also be Considered a Comprehensive Food Company**

The company's business segments are classified into Marine Resources Business, Foodstuff Distribution Business, Processed Foods Business and Others. Segment performance is shown in Figure 14. Over time, the company has adapted to major industry challenges—including wars and the introduction of 200-nautical-mile exclusive economic zones (EEZs)—by reshaping its business portfolio. As a result, businesses outside the Marine Resources Business Segment, including Foodstuff Distribution and Processed Foods, now account for more than 70% of consolidated net sales. Even excluding the Marine Products Trading Unit within the Foodstuff Distribution Business Segment, non-marine businesses account for approximately half of total sales. Although the company is classified as a Fishery, Agriculture & Forestry company, its revenue mix also supports viewing Umios as a diversified food company with operations spanning marine products, frozen foods, processed foods and meat products.

Following its name change to "Umios" in March 2026, the company declared its ambition to become a “solutions company" that leverages its ocean-based value creation capabilities to promote the health of both people and the planet through food.

**Figure 13. Performance Trends by Segment (Based on Mar/26 Organization)**

(¥bn)

| | Segment | Mar/25 | Mar/26 |
|---|---|---|---|
| Net Sales | Marine Resources | 127.6 | 129.3 |
| | Foodstuff Distribution | 751.0 | 769.9 |
| | Processed Foods | 179.7 | 185.7 |
| | Other | 20.1 | 20.8 |
| | Total | 1,078.6 | 1,105.8 |
| Operating Income | Marine Resources | -3.8 | 2.4 |
| | Foodstuff Distribution | 18.0 | 15.7 |
| | Processed Foods | 13.9 | 10.0 |
| | Other | 4.1 | 3.7 |
| | adjustment | -1.8 | -0.8 |
| | Total | 30.3 | 31.1 |

*Net sales are based on external customers

Source: Company Data. Compiled by Strategy Advisors.

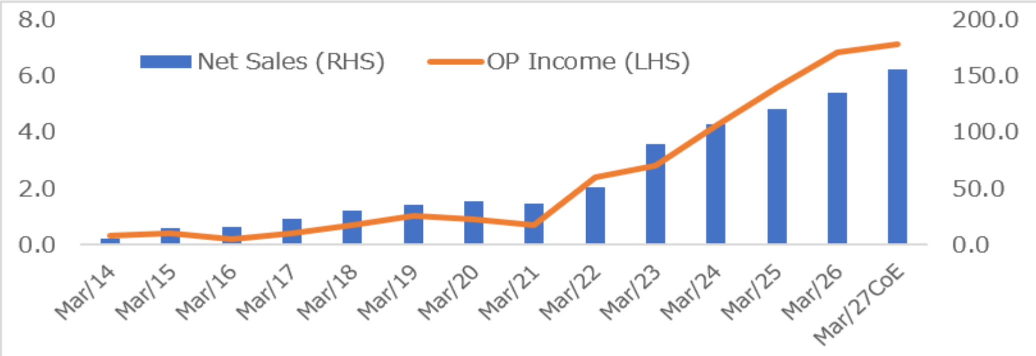
**Overseas Ordinary Income Ratio: 46%**

In Japan, the food market is expected to shrink due to the decline in population, while population growth in overseas market is expected to drive increasing demand for food and protein, supporting expansion of global food market, including marine products. Against this backdrop, the Group has accelerated its overseas expansion through M&A. As a result, the overseas net sales ratio was only 15.2% in the FY ended March 2015 but increased to 24.6% in the FY ended March 2026. In addition, the overseas ordinary income ratio was 33% in the FY ended March 2022, but is expected to have increased to 44% for the FY ended March 2025.

**Dutch Subsidiary Drives Growth**

One of the Group's most successful overseas acquisitions has been UFGE, a Dutch holding company specializing in the sale of frozen marine products, which was acquired in 2013. Since the acquisition, UFGE has seen rapid growth in net sales and operating income, driving the Group's overseas expansion.

**Figure 14. Trends in UFGE (formerly SCH) Net Sales & OP Income (¥bn)**




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

The main factors driving UFGE's rapid growth include the acquisition of subsidiaries in Spain, the United Kingdom, the Netherlands and other countries, along with the successful execution of post-merger integration. UFGE has expanded bulk food delivery services to restaurants, primarily in the Netherlands and the delegated authority to local managers with in-depth knowledge of regional conditions.

## 7. History

### 1) Maruha

**The Founding Period by Mr. Ikujiro Nakabe (1880's – 1930's)**

Maruha founder Ikujiro Nakabe took over the fresh fish brokerage and transportation business from his grandfather at the age of 15 in 1880. At the time of founding, the company made its living by transporting fresh fish caught in the Akashi coastal waters to the Osaka fish market. In 1905, the first motorized fresh fish transport vessel in Japan, the Shinseimaru, invented by Mr. Nakabe, began operation, making it possible to transport large amounts of fish in a short time, bringing great profits to Mr. Nakabe. In 1922, he acquired Tosa Whaling and entered the whaling industry. In 1924, Mr. Nakabe established Hayashikane Shoten Co., Ltd. Before the war, Hayashikane Shoten had expanded its international fishing grounds over a wide area from the Sea of Okhotsk to the Indian Ocean, but not only did it lose much of its fishing grounds during World War II, but it also lost most of its fishing boats, refrigeration facilities, factories, etc.

**Postwar Fishing Revival Period (1940's -1950's)**

In 1943, in accordance with the Fisheries Control Act, the domestic fisheries divisions of Hayashikane Shoten, "Taiyo Whaling Co., Ltd." and "Enyo Whaling Co., Ltd." were merged to form "West Ocean Fisheries Control Co., Ltd.", with whaling, trawling and bottom trawling as its business objectives. In March 1945, the manufacturing, processing and sales of marine and agricultural products, as well as refrigerated storage, were added to the business objectives. On August 23, 1945, immediately after the end of the war, in order to save the Japanese people from the postwar food shortage, West Ocean Fisheries Control decided to build a large number of fishing boats and began working towards the revival of the fishing industry. In December of the same year, the company name was changed to "Taiyo Fishery Co. Ltd."

Taiyo Fishery established Daito Gyorui Co., Ltd. in 1947 and Shinko Gyorui Ltd. in 1948 and began strengthening its fresh fish wholesale business throughout the country. In the 1950's, as refrigerators became more common in ordinary households, the company expanded its business area into marine products processing. In 1953, the company began selling fish, meat, ham and sausages and also entered the aquaculture business. In 1955, it began producing the frozen food "fish sticks".

**The Period of Expansion and Decline of High-Seas Fishing (1960's – 1970's)**

In the 1960's, Taiyo Fishery owned about 800 large and small vessels, with a total tonnage of about 250,000 tons, and was at the peak of its high-seas fishing days. Not only did it secure marine resources for Japan, but it also developed fishing grounds and provided guidance on local fishing and production, playing a major role in promoting the fishing industry in less developed countries.

In 1963, the company established a purchasing base in Alaska. It also began test production of "surimi", a raw material for fish paste products such as kamaboko and fish sausage, on a North Pacific mother ship. By fully expanding its processing business, it began to expand globally not only as a fishing company, but also as a marine products trading company. It began selling canned seafood and fish sausage to general consumers, which increased its recognition.

However, when the 200 nautical mile limit was introduced as an international rule in 1977, Japanese marine products companies lost fishing grounds one after another and gradually began to withdraw from high-seas fishing, which had been their primary source of income. In this situation, Taiyo Fishery changed course to become a marine trading company that purchased and imported fish from overseas.

**The Era of Holding Companies & Corporate Restructuring (1980's - Early 2000's)**

Between 1985 and 1990, local subsidiaries were established one after another in North America to ensure a stable supply of marine resources from the Bering Sea. With the localization of the surimi business, a strong production, processing and sales system was established in North America. In 1990, the company opened a central research institute to conduct research and development of food and marine ingredients and also took an equity stake in Kingfisher Holdings, a Thai company that processes marine products.

In 1993, Taiyo Fishery changed its name to Maruha Corporation. In 2004, through a stock transfer, the company established Maruha Group Inc., the wholly owned parent company and transitioned to a holding company structure.

### 1) Nichiro

**The Founding Period Developed Through the North Sea Fishing & Canned Salmon Businesses (Early 1900's - End of WWII)**

Nichiro's predecessor was Tsutsumi Shokai, which was established in Sanjo, Niigata Prefecture, in November 1906 by Mr. Seiroku Tsutsumi and Mr. Jojiro Hiratsuka, who were both in their 20's at the time, with the aim of venturing out into the North Pacific. Founded in 1907, the sailing ship Houjumaru set sail for Kamchatka, Russia and returned to Niigata Port loaded with a large amount of purchased and caught sockeye salmon. However, at the time, Japanese people were accustomed to white-fleshed salmon such as chum and coho salmon, so the deep red sockeye was unfamiliar with them and did not sell for a high price.

The two founders noticed that canned sockeye salmon was selling well in overseas markets, so they built a factory in Kamchatka and succeeded in mass-producing canned salmon in 1910. Tsutsumi Shokai began industrial mass production of canned food using Japan's first sanitary cans in 1913.

These innovative sanitary cans swept the European and American markets as the best product in the North Seas. This was the birth of the "Akebono Mark" (DAY BREAK BRAND), which has been loved for over 110 years, to this day.

In 1921, the companies that were the predecessors of Tsutsumi Shokai merged to form Nichiro Gyogyo Co., Ltd.

### After WWII, Nichiro Ventured into Deep-Sea Fishing (1940's)

In 1945, with the end of the war, Nichiro Gyogyo lost 97% of its vast assets and business in Kamchatka, the Northern Kuril Islands and Sakhalin. It was difficult to resume its main salmon and trout fishery in the North Pacific due to the restrictions imposed by the MacArthur Line, so the company started bottom trawl fishing, deep-sea skipjack and tuna fishing and also, Hokkaido coastal fishing, which it had not engaged in until then. It also resumed its marine products processing business, producing canned goods, salted and dried fish, etc., at several factories in Hokkaido.

In particular, in the deep-sea skipjack and tuna fishing business, a branch office was opened in Kurihama in 1946, where a large-scale comprehensive food plant using skipjack and tuna as raw materials was also established. The fishing business continued to run at a loss for several years after its launch due to a lack of know-how and shipwrecks. But with the abolition of the MacArthur Line in 1952 as a turning point, the company promoted the enlargement and modernization of its tuna fishing boats. As a result, tuna fishing became the core business of Nichiro Gyogyo, along with salmon and trout fishing that resumed around the same time.

### Development of Tuna Fishing & Food Businesses (1950's – 1980's)

The thriving tuna business environment changed dramatically with the "Bikini Incident" in 1954. After the incident, consumers began to shy away from even tuna that had not been affected by the incident and the big management issue was how to sell the large quantities of frozen tuna stored at the Kurihama branch office.

In an attempt to get out of this predicament, the Kurihama branch researched ways to process tuna, and fish sausage was born. Fish sausage, made by combining tuna with salmon flakes that had been frozen during the manufacture of canned salmon and trout, was released in 1955 as "Salmon Sausage" and became a huge hit. Nichiro Gyogyo subsequently established new food factories in Hiroshima, Yamagata and Sapporo. In 1957, Nichiro Gyogyo's tuna fishing industry overcame the negative publicity caused by the Bikini Incident and became the number one in Japan in terms of total tonnage and productivity of tuna vessels.

In 1960, Nichiro Gyogyo began production of "Akebono Sticks", their first frozen food for home use. Processed foods using fresh marine raw materials such as king crab, shrimp, salmon roe and salmon were released one after another and the company expanded into frozen edamame and strengthened its land-based processing division.

In 1961, it released "Nichiro Frozen Oysters", a frozen food for commercial use. In the wake of the 200 nautical mile limit being imposed in 1977, Nichiro Gyogyo was forced to withdraw from its main business of North Pacific salmon and trout fishing and changed course to strengthen its processed food business.

In 1979, the "Akebono Bento Series" was launched. The Bento Series was developed based on a novel concept at the time, combining bento and frozen foods. In particular, the "White Fish & Tartar Sauce," which was an original, groundbreaking product developed as a sauce-in-type fry, became a long-selling product.

**Company Name Change and Strengthening of Operations as a Food Company (1990's - Early 2000's)**

In 1990, Nichiro Gyogyo changed its name to "Nichiro Corporation". In the same year, it established N&N Foods in Thailand to produce cooked frozen foods for the Japanese market and became a food company with a wide range of products in the categories of marine, food and meat.

After 1990, Nichiro continued to expand its product lineup for its frozen food business, releasing hit products such as "Meat-rolled Potatoes" (released in 1991), "Minced Meat Shumai" (released in 1995) and "Sobameshi" (released in 2000).

In 2003, the company established Rizhao Nichiro & Rongsense Foods Co., Ltd. in China and strengthened its production structure by acquiring frozen food company AQLI Foods Corporation as a subsidiary.

### 2) Maruha Nichiro

**Background to the 2007 Business Integration**

Both companies were pioneers in the fishing industry, but their deep-sea operations came to an end around 1990. However, in the 2000's, a wave of major change hit Japan's fishing industry against the backdrop of declining fishery resources and global environmental issues. With the aim of procuring marine products from around the world and expanding their business domain, Maruha Group Inc. (formerly Maruha) and Nichiro Corporation merged in 2007 with Maruha Nichiro Holdings.

The two companies share a commonality in that they both developed around the fishing industry and were forced to change their business model in the wake of the 200-mile issue. However, while Maruha's strength lies in its ability to procure marine resources both domestically and overseas, Nichiro's strength lies in its product development and sales capabilities in the processed foods sector. And so, the two companies, despite their different strengths, built a complementary relationship.

**Transition to a New Group Structure in 2008**

In 2008, a new corporate group structure was established with 4 main operating companies (Maruha Nichiro Seafoods Inc., Maruha Nichiro Foods Inc., Maruha Nichiro Meat and Products Inc., and Maruha Nichiro Logistics Inc.) and a common function company (Maruha Nichiro Management Inc.).

The business integration strengthened the system for globally handling everything from raw material procurement to processing and sales, and Maruha Nichiro has established itself as one of the world's largest suppliers of marine products, handling more than 700,000 tons per year.

In 2010, it became the first private company to successfully complete egg-to-harvest Bluefin tuna aquaculture.

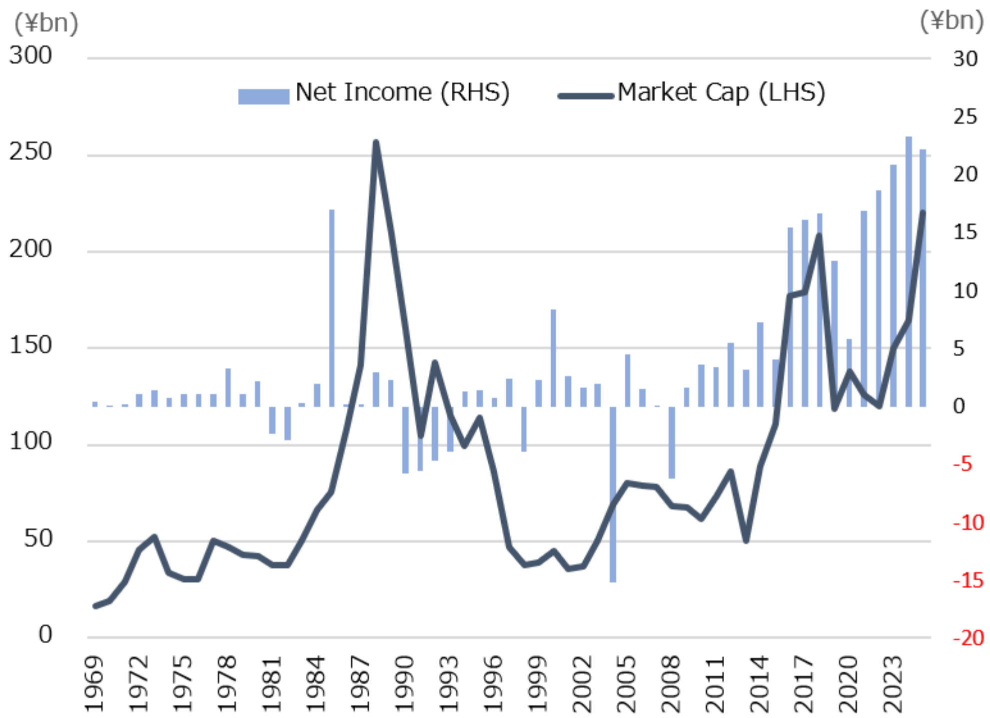
### Strengthening Overseas Expansion & Organizational Restructuring (2010's)

In 2013, the company acquired Seafood Connection Holding B.V. (now UFGE), a Dutch company specializing in the distribution of frozen marine products that served as a growth model for its overseas operations, as well as Austral Fisheries, a major commercial fishing company in Australia.

In 2014, the surviving company, Maruha Nichiro Fisheries, changed its name to "Maruha Nichiro Corporation" and in order to maximize the synergy effects from the integration of Maruha and Nichiro, Maruha Nichiro Holdings and its major business subsidiaries were absorbed into the company. In 2018, the corporate brand was revamped. As a result of continuing to work on strengthening the group's capabilities after that, the group has transformed into a comprehensive food company with strengths in resource procurement, processing technology and food ingredient supply.

In March 2026, the company changed its trade name to Umios.

**Figure 15. Umios's Trends in Net Income & Market Cap (¥bn)**




* Figures for pre-2007 are only for Maruha.

Source: Company Data. Compiled by Strategy Advisors.

**Figure 16. History of Umios**

| | |
|---|---|
| 1943 | In accordance with the Fisheries Control Act, the inland fisheries division of Hayashikane Shoten, Taiyo Whaling Co., Ltd. and Toyo Whaling Co., Ltd. jointly established the Western Pacific Fisheries Control Co., Ltd. (Capital ¥60 million) in Shimonoseki City with the business objectives of whaling, trawling and bottom fishery. |
| 1945 | Added manufacturing, processing, and sales of marine and agricultural products, as well as refrigerated warehouse operations, to business objectives. |
| 1947 | Daito Gyorui Co., Ltd. was established (now a consolidated subsidiary). |
| 1948 | Shinko Gyorui Ltd. was established (now a consolidated subsidiary). |
| 1949 | Head office relocated to Tokyo. |
| 1961 | Fertilizer and feed business added to business objectives. |
| 1983 | Completed the construction of a paste product factory in Utsunomiya City. |
| 1985 | Completed construction of a seasoning, medicine and health food factory in Utsunomiya City. |
| 1990 | Central Research Laboratory completed in Tsukuba City. |
| 1993 | The company's name changed to Maruha Corporation. |
| 2004 | Established Maruha Group Inc., the wholly owned parent company, through a stock transfer. |
| 2007 | Maruha Group Inc. and Nichiro Corp. merged, and Maruha Group Inc. made Nichiro Corp. a wholly owned subsidiary through a share exchange.<br>Maruha Group Inc. changed its name to Maruha Nichiro Holdings. |
| 2008 | Company name changed to Maruha Nichiro Fisheries Inc.<br>Food business was split into an absorption-type company with Maruha Nichiro Foods Inc. (formerly Nichiro Corp.) as the successor company.<br>The meat products business was split off and absorbed into Maruha Nichiro Meat and Products Inc., which became the successor company.<br>Maruha Nichiro Inc.'s marine products business was absorbed and separated by the company as the successor company. |
| 2014 | The company's name changed to Maruha Nichiro Corporation.<br>Acquired Maruha Nichiro Holdings Inc., Maruha Nichiro Seafoods Inc., Maruha Nichiro Foods Inc., Maruha Nichiro Meat and Products Inc., Maruha Nichiro Management Inc., and AQLI Foods Corporation.<br>Listed on the First Section of the Tokyo Stock Exchange. |
| 2022 | Due to a review of the Tokyo Stock Exchange's market divisions, the company moved from the First Section to the Prime Market. |
| 2026 | Changed the company name to Umios Corporation. |

*Prior to the 2007 merger of Maruha and Nichiro, this was Maruha's corporate history.

Source: Company Data. Compiled by Strategy Advisors.

## 8. President & CEO Daisuke Yasuda's "My Resume"

**Passionate About Baseball**

President Daisuke Yasuda was born on September 2, 1961, in Sagamihara City, Kanagawa Prefecture. He grew up in Sagamihara where his father was an editor of legal texts and his mother, a homemaker. He reportedly continued to live there for many years reflecting his strong-attachment to his hometown and the fact that he was not required to relocate after joining Taiyo Fisheries (now the company) until 2018.

He has loved sports from an early age, and played baseball continuously from elementary school through university. He and his parents were passionate about bowling, which was all the rage at the time. Mr. Yasuda attended Kanagawa Prefectural Sagamihara High School, a top academic institution representing the central and northern regions of Kanagawa Prefecture, known for its school culture that emphasizes both academic and athletic excellence. Competing in the highly competitive Kanagawa Prefectural Tournament, he aspired to play at Koshien Stadium and trained intensively toward that goal. Outside of sports, he has been an avid fan of the Japanese band Tulip since junior high school and continues to attend its concerts.

**Enrollment at His Dream School, Waseda University**

His aspiration to attend Waseda University was inspired by a visit to the annual Waseda–Keio baseball game at Jingu Stadium, where he was taken by his uncle, then a Waseda student. He later enrolled in Waseda University's School of Education, majoring in Social Education, which focuses on learning in non-school settings such as companies, libraries and museums. Although he obtained a teaching license, he chose to pursue a corporate career.

**Guided by a Senior from His Hometown, He Joined Taiyo Fisheries**

Mr. Yasuda joined Taiyo Fisheries in 1985. His decision was influenced by the recommendation of a senior from Waseda University, as well as the positive impression he formed of the company's employees during the recruitment process. The company's ownership of the professional baseball team then known as the Taiyo Whales (Now the Yokohama DeNA BayStars) may also have added to its appeal.

**Dedicated to Shrimp for 19 Years After Joining the Company**

Upon joining Taiyo Fisheries, Mr. Yasuda was assigned to the sales department as he had hoped. He spent the next 19 years in domestic sales handling shrimp products, including sweet shrimp from Northern Europe. He was then transferred to a department handling coordination with Southeast Asia for 6 years. For the next 4 years, he returned to domestic sales, focusing on the sale of North American crab products.

**Struggling with a Massive Shrimp Inventory**

Reflecting on his early career, Mr. Yasuda recalls enjoying coming to work every day, although he experienced a defining challenge. At the time, Taiyo Fisheries had an annual contract with a Greenland-based supplier to purchase the entire shrimp catch. However, one year, the an exceptionally large catch left the company with excess inventories. Even Mr. Yasuda, who describes himself as an optimist, reportedly spent sleepless nights over this situation. Eventually, the company recorded a loss of several tens of millions of yen to clear the inventory, an experience that taught him the importance of making swift decisions.

**Served as Head of Various Business Divisions**

In 2014, when the company changed its name to Maruha Nichiro, Mr. Yasuda was appointed General Manager of the Marine Products Trade Department No.1, where he oversaw sales of a wide range of frozen seafood products, including mackerel, Pacific saury and sardines. In 2018, he took on his first regional assignment as President of the Kyushu Branch, where he also handled marine products other than seafood. In 2020, Mr. Yasuda returned to headquarters, where he was appointed as an Executive Officer and served as the head of the Foodservice Division.

**He Helped Draft the Framework for the Mid-Term Management Plan**

In 2022, Mr. Yasuda was promoted to Managing Executive Officer and appointed Head of the Foodstuff Distribution Business Segment. He was tasked by then-President Ikemi with developing the initial framework for the mid-term management plan announced in 2025, together with three other Managing Executive Officers. While continuing his day-to-day responsibilities, the four executives developed the plan's strategic framework. Having shared the disappointment of missing the ¥30 billion operating income target for the FY ended March 2023 -which was ultimately achieved in the FY ended March 2025- they aligned on a new target of ¥40 billion operating income target for the FY ending March 2028.

**Working to Eliminate Silo Mentality**

As head of the Foodstuff Distribution Business Segment, Mr. Yasuda became increasingly concerned about the strong silo mentality among the three business units and encouraged greater communication and collaboration. He also promoted a more customer-centric sales structure, by consolidating the Group's points of contact for customers served by multiple business units.

**Appointed President of Umios in 2026**

Subsequently, in 2025, Mr. Yasuda was appointed Senior Managing Executive Officer and Director, concurrently serving as Head of the Marketing Division - which oversees operations across all segment areas - and Head of the Overseas Strategy Division, where he led the implementation of the company's "global strategy". In April 2026, he was appointed Representative Director, President, Executive Officer and Chief Operating Officer (COO). He took the helm of the company, which had changed its name to Umios in March. Additionally, former President Ikemi was appointed Representative Director, Chairman and Chief Executive Officer (CEO).

**Promoting a "One Team" Approach**

President Yasuda has identified building a "One Team" organization as a key management priority. He has stated that he intends to break down the remaining organizational silos between business segments and units, make greater use of resources across the Group, and consolidate organizations with overlapping functions.

**High Hopes for a Global Strategy**

As part of the company's "global strategy," President Yasuda has also emphasized developing business models tailored to each overseas market, with products developed, manufactured and sold locally. He aims to replicate the successful UFGE business model in Europe, across other regions, including the United States.

**Teaming Up with Chairman Ikemi**

Going forward, Chairman Ikemi will focus on Group-wide oversight and corporate governance, while President Yasuda will lead management execution, including business strategy, portfolio management and investment decisions. Their complementary backgrounds- Chairman Ikemi's extensive experience in overseas operations and digital transformation, and President Yasuda's deep expertise in the domestic business and leadership in formulating the Mid-term Management Plan- should support the Group's efforts to build a more integrated "One Team" organization.

**Figure 17. Former Presidents of Umios**

| | Name | Term as President |
|---|---|---|
| 1 | Ikujiro Nakabe | 1924-1950 |
| 2 | Kaneichi Nakabe | 1950-1953 |
| 3 | Kenkichi Nakabe | 1953-1977 |
| 4 | Tojiro Nakabe | 1977-1987 |
| 5 | Yushiro Amatatsu | 1987-1989 |
| 6 | Keijiro Nakabe | 1989-2002 |
| 7 | Yuji Igarashi | 2002-2010 |
| 8 | Toshio Kushiro | 2010-2014 |
| 9 | Shigeru Ito | 2014-2020 |
| 10 | Masaru Ikemi | 2020-2026 |
| 11 | Daisuke Yasuda | 2026- |

*Prior to the 2007 merger of Maruha and Nichiro, these were the successive presidents of Maruha. Following the merger, they served as successive presidents of Maruha Nichiro Holdings until March 2014, and as successive presidents of Maruha Nichiro until March 2026.

Source: Company Data. Compiled by Strategy Advisors.

## 9. Main Business

**Business Operations in 3 Segments**

Umios operates in the "Marine Resources Business Segment", the "Foodstuff Distribution Business Segment" and the "Processed Foods Business Segment".

### 1) Marine Resources Business Segment

**Fishery Business Unit**

The company holds fishing rights and access rights in 15 fishing zones around the world and engages in fishing activities. In New Zealand, it is the only foreign company to hold a fishing quota and catches hoki, cod, horse mackerel and other fish. In the Antarctic Ocean, group companies hold approximately 70% of the Patagonian toothfish fishing quota in Australia's economic zone and conduct fishing.

**Aquaculture Business Unit**

In Japan, the company mainly farms bluefin tuna, yellowtail and amberjack. The company's annual bluefin tuna production volume is approximately 4,300 tons (FY2024), accounting for 23% of the domestic market share. The company's annual amberjack production volume is approximately 2,500 tons (FY2024), accounting for 11% of the domestic market share.

**North America Operations Unit**

The North America Operations business is centered on procuring and processing natural marine resources in Alaska. The company has strong access to resources such as Alaska pollock, Pacific cod and crabs and has built a one-stop business model of resource access → production → sales. The company boasts access to resources of approximately 310,000 tons (2025) of Alaska pollock from the Bering Sea per year, accounting for approximately 26% of the US market. The caught Alaska pollock is processed into surimi and fillets and then sold to North America, Europe and Japan. Major crab imitation products hold the top market share in the U.S. retail market.

### 2) Foodstuff Distribution Business Segment

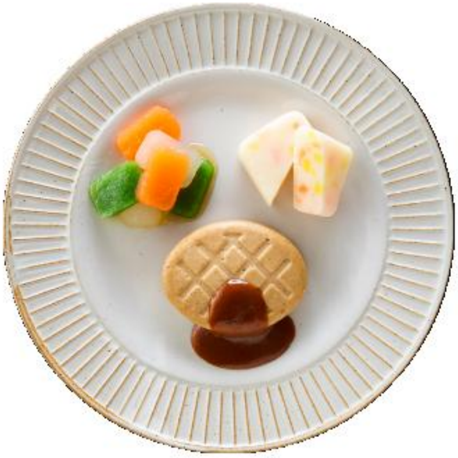
**Marine Products Trading Unit**

The company boasts a global procurement system, supported by a sales network that includes the procurement and market distribution of marine products across approximately 70 countries worldwide. In FY2022, the Group's total marine products volume handled reached approximately 1.7 million metric tons. For shrimp, the Group sources approximately 40,000 metric tons annually (as of 2024) from around the world, holding a domestic market share of approximately 18%. As for octopus, the Group sources approximately 4,100 metric tons annually (as of 2024) from West Africa, holding a domestic market share of approximately 23%.

**Foodstuff Distribution Business Unit**

This unit manufactures and sells seafood products and commercial-use ingredients to a diverse range of business formats. It is divided into 7 departments based on sales channels, enabling it to cover virtually the entire B2B market. Its strengths include possessing food processing facilities capable of meeting diverse user needs - including frozen, refrigerated and ambient temperature products. In the steadily growing market for nursing care foods, the company is expanding its market share, primarily in the categories of chopped, blended, and soft foods (with a domestic market share of approximately 27%), while also promoting expansion into overseas markets. As of April 2025, the number of nursing care food items has reached 181.

**Figure 18. Kizami (Minced), Mixer (Blended) & Soft Foods**



Source: Company Materials.

**Agricultural Foods, Meat & Products Unit**

The company procures, processes, and sells agricultural food, meat and processed products both domestically and internationally (in 16 countries and regions). The company's strength lies in the collaboration within the group, which allows it to steadily supply various types of meat and processed meat products from all over the world to Foodstuff Distribution Business Units and Processed Foods Business Units. In the domestic market, the company has achieved a 10% market share for domestically produced beef and a 10% share for imported pork. A domestic cow is defined as a female cow that has given birth to a calf.

The volume of agricultural produce is expected to reach 32,000 tons per year (FY2023). The domestic imported frozen vegetable market volume in FY2023 is expected to be 1.121m tons, with an import value of ¥304.8 billion. The Group is ranked 8th in import volume share and 3rd in import value share in this market and is increasing its presence in the agricultural produce market.

**Figure 19. Global Developments in the Meat Business**

| Country/Region | Beef | Pork | Chicken | Pork Processing | Chicken Processing |
|---|---|---|---|---|---|
| Japan | ○ | ○ | ○ | ○ | ○ |
| Taiwan | - | - | - | ○ | - |
| China | - | - | - | ○ | ○ |
| Thailand | - | - | ○ | ○ | ○ |
| Australia | ○ | - | - | ○ | - |
| New Zealand | ○ | - | - | - | - |
| Canada | ○ | ○ | - | ○ | - |
| United States | ○ | ○ | - | ○ | ○ |
| Mexico | ○ | ○ | - | ○ | - |
| Brazil | - | - | ○ | - | - |
| Chile | - | ○ | - | - | - |
| Austria | - | ○ | - | - | - |
| Denmark | - | ○ | - | ○ | - |
| Netherlands | - | ○ | - | - | - |
| Ireland | ○ | ○ | - | ○ | - |
| Spain | ○ | ○ | - | ○ | - |

Source: Company Data. Prepared by Strategy Advisors.

## 3) Processed Foods Business Segment

**Processed Foods Business Unit**

The company offers high-value-added products by combining stable raw material procurement, product development and technological capabilities. Its main products include commercial frozen foods, canned foods, fish sausages, fish paste products such as chikuwa, meat products such as ham and sausages, cup jellies, retort foods, seasonings and freeze-dried foods. It has a number of categories with top domestic market shares. Examples include canned salmon (approximately 76% of the domestic market share as of FY2024), canned mackerel (approximately 34%), canned crab, frozen foods for bento boxes (approximately 22%) and frozen mixed vegetables.

**Figure 20. Canned Mackerel**


Source: Company Data.

**Figure 21. Frozen Foods for Bento Lunches**


Source: Company Data.

### Fine Chemical Unit

With the goal of utilizing the "blessings of the sea" in the medical and health fields, the company provides pharmaceutical, health food and cosmetic ingredients, as well as marine-derived ingredients such as DHA (top domestic market share in health foods), EPA, chondroitin, squalane, protamine, DNA, etc. In response to the growing interest in health in the super-aging society, the company is strengthening its supply system for these ingredients and is also developing new ingredients for food with functional claims. (The following product descriptions are generally known).

**DHA and EPA:** Omega-3 fatty acids are popular among people who want to stay healthy, as they lower triglycerides and prevent cardiovascular disease

**Chondroitin**: A component that is attracting attention from people who care about joint health

**Squalane**: A cosmetic ingredient that is gaining attention from people who care about moisturizing

**Protamine:** a protein used as a stabilizer in medicines

**DNA:** A material used in genetic research and drug development

## 10. Corporate DNA and Inimitability

### 1) Positioning Theory

**Adopting Cost Leadership & Differentiation Strategies**

Michael E. Porter, a well-known business scholar, proposes 3 basic strategies for companies to build a competitive advantage: 1) cost leadership strategy, 2) differentiation strategy and 3) focus strategy. Of these, the strategy adopted by Umios can be said to be 1) cost leadership strategy for marine products related and 2) differentiation strategy for non-marine related products.

A cost leadership strategy is a strategy that aims to win the competition by achieving a lower cost structure than other companies in the industry and expand market share, etc. On the other hand, a differentiation strategy is a strategy that secures a competitive advantage by providing customers with value that is different from the products and services of other companies in the same industry.

**Marine Products**

The Marine Resources Business Segment and the Marine Products Trading Unit of the Foodstuff Distribution Business Segment have adopted a cost leadership strategy, which has enabled them to capture high market shares in various regions and fish species, making them leading companies in their respective industries.

**Non-Marine Products**

On the other hand, the Foodstuff Distribution Business Unit, Agricultural Foods & Meat and Products Unit and Processed Foods Business Segment of the Foodstuff Distribution Business Segment have secured a strong presence in each industry and product category by adopting a differentiation strategy that leverages their ability to respond to diverse customer needs in the B-2-B market, their product development capabilities in the B-2-C market and their brand power.

### 2) Corporate DNA

**A Business Strategy That Leverages the Company's DNA is the Key to Success**

Corporate DNA is the unique values, philosophy and corporate culture of an organization that have been cultivated through the founder's aspirations and the company's history. It is believed that planning and executing a business strategy that utilizes corporate DNA increases the chances of winning the competition. For this reason, Strategy Advisors places great importance on corporate DNA.

**“Our Desire is to Procure & Deliver Marine Product Ingredients and Foods that Consumers Seek from the World’s Oceans"**

The founders of Maruha and Nichiro, Mr. Ikujiro Nakabe, Mr. Seiroku Tsutsumi and Mr. Jojiro Hiratsuka, have something in common in that they took on and succeeded in a business that no one in Japan had undertaken at the time of their founding, as they were motivated by “a desire to procure marine product ingredients and foods that global consumers seek from the world’s oceans and deliver these to their dining tables".

Maruha became a pioneer in Japan's fishing industry by introducing the first motorized fresh fish transport vessel in Japan and operating in a wide range of international fishing grounds, while Nichiro became a company highly regarded in Europe and the United States for its salmon fishing in Kamchatka, Russia and its production and export of canned salmon.

**"A Challenging Spirit that Takes on Rough Seas Without Fear of Risk"**

Furthermore, both companies were similar in that they both made great strides after suffering devastating blows during the war, by finding a way out in the high-seas fishing of skipjack tuna and tuna, which faced the risk of poor catches and they also overcame the crisis of the 200 nautical mile limit in the late 1970’s by changing their business model.

**Evolution and Development of Corporate DNA**

Withdrawing from high-seas fishing, the two companies went on quite different paths. Maruha shifted its focus to a marine products trading company, mainly responsible for procuring marine products from overseas and selling them domestically. During the fishing industry, the company also had its sights on global consumers, but for a time it focused on domestic sales. After that, it strengthened its North American, Thai and European businesses, and once again regained its overseas orientation. It is believed that the target consumers in the first corporate DNA shifted back from Japanese people to people around the world.

On the other hand, Nichiro's management focus shifted to increasing added value by strengthening its processed foods business and the company transformed into a processed foods company that produced a succession of hit products, including frozen foods. It appears that the highly original development of processed foods, inherited from the start of production of canned salmon, has evolved and developed into the company's DNA.

**Umios’s Corporate DNA**

Therefore, Strategy Advisors believe that the corporate DNA that Umios has cultivated over its long history has 3 elements to it. One, "a desire to procure marine products ingredients and foods that global consumers seek from the world’s oceans and deliver them to their dining tables". Two, "a spirit of challenge to face rough seas without fear of risk" and lastly, "the development of highly original processed foods".

### 3) Inimitability

**Focus on Inimitability**

The resource-based view advocated by Jay B. Barney and others focuses on a company's management resources and capabilities. The VRIO framework is a concrete example of this view, which states that Value (economic value), Rarity, Inimitability and Organization should be considered. At Strategy Advisors, we focus particularly on Inimitability.

**The Trust, Procurement Power & Fishing Quotas Earned Over 100 Years, Through Maintaining and Developing Their Global Procurement, Production, Processing and Distribution System are Difficult for Other Companies to Imitate**

Umios's inimitability lies in the trust, procurement power and fishing quotas it has earned by building a large-scale marine products related supply chain that consistently handles global procurement, production, processing and distribution. By continuing to maintain and develop this model for more than 100 years. Since the introduction of the 200 nautical mile limit forced the company to withdraw from high-seas fishing, the company has striven to expand its procurement capabilities through partnerships and joint ventures with overseas companies and the acquisition of fishing rights.

Umios's annual marine products handling volume is estimated to reach 1.7 million tons (approximately 0.9% of the world's total marine products trade). Taking advantage of economies of scale, the company steadily provides a wide variety of marine products to consumers, mainly in Japan; and has earned the trust of marine products sellers, buyers and consumers.

The company also holds many global fishing quotas for Alaska pollock in the Bering Sea, which stretches across the northernmost part of the Pacific Ocean. This is also true for hoki, cod and horse mackerel in New Zealand and Patagonian toothfish in the Australian economic zone in the Antarctic Ocean. This inimitable business model stands in stark contrast to major overseas aquaculture companies that specialize in specific fish species, or local fishing companies that only have fishing rights in specific sea areas. Opportunities to acquire such fishing quotas are extremely limited and it can be said that the company, which has been operating globally for many years, was blessed with both the opportunity and actual ability to acquire them.

**Wholesale is Also a Key Asset**

The company cites “Wholesale” as another key asset alongside fishing quotas. Wholesale businesses are domestic entities that collect marine products and other products shipped from production areas and sell them to intermediate wholesalers and other intermediaries at wholesale markets. Led by Daito Gyoryu (Tokyo Toyosu), the company owns relatively large Wholesale companies as consolidated subsidiaries in major cities nationwide, including Daito Gyoryu (Nagoya), Daikyo Gyoryu (Kyoto) and Shinko Gyoryu (Kobe). Even in the Kyushu region, which is strongly characterized by local producer markets, the company has two consolidated subsidiaries (Kyushu Fish Market and Kyushu Central Fish Market).

As the proportion of transactions conducted through wholesale markets has declined, the share of cargo handling within the overall seafood distribution sector has also decreased. However, the collection capabilities of cargo handling companies remain strong. Since the company possesses downstream sales channels - including not only cargo handling companies but also GMS/SM (Supermarkets), restaurants and institutional lunch service providers - it plans to actively leverage its cargo handling operations as an asset that is difficult to replicate. In fact, in line with the strengthening of its “Value Cycle” initiatives, operating income at its domestic Wholesale companies for FY ended March 2026 appears to have increased significantly and profit margins also improved.

### 4) Purpose, Mission, and Values

**Purpose and Mission**

In March 2025, coinciding with announcing the name change, the company has also formulated a new purpose and mission. The purpose is "For the ocean, for life". It reflects the company's desire to continue challenging itself to spread "food" that can make not only all people of the world, but the entire planet healthy by protecting ecosystems and to pass on the rich blessings of nature to the next generation.

Their mission is, "We are sincere in our approach and contribute to the enrichment and happiness of people's lives through authentic, safe and healthy food". This purpose and mission overlap with the company's corporate DNA and its difficulty imitating and seems appropriate for a company that has been in business for 146 years.

**Values**

In March 2026, marking the change of its corporate name to Umios, the company established the following new “Values” to be shared across the entire group.

1. JOY: Spread joy and happiness through food.
2. PIONEER: Explore together to discover new horizons.
3. SUSTAINABILITY: Do work that earns the Earth’s gratitude.
4. SINCERITY: Show respect for the ocean, sincerity toward others, and passion in our work.
5. EXPERIENCE: Preserve, polish, and pass on to the future.

## 11. Financial Strategy

**Net D/E Ratio Fell Sharply Due to Increased Equity Capital**

The company's financial condition has improved significantly since implementing its two previous mid-term management plans (FY2018-FY2021, FY2022-FY2024).

The equity ratio at the end of FY ended March 2018 was only 22.3%, but rose to 32.9% at the end of FY ended March 2026. The net debt-to-equity ratio also dropped sharply from 2.2x at the end of FY ended March 2018 to 1.0x at the end of FY ended March 2026. Interest-bearing debt increased slightly from ¥266 billion at the end of FY ended March 2018 to ¥306.9 billion at the end of FY ended March 2026, but as cash and deposits increased from ¥16.4 billion at the end of FY ended March 2018 to ¥54.1 billion at the end of FY ended March 2026, net interest-bearing debt decreased by ¥3.2 billion during this period.

Meanwhile, equity capital increased significantly from ¥115.4 billion at the end of FY ended March 2018 to ¥247.2 billion at the end of FY ended March 2026, mainly due to profit accumulation. As a result, R&I's issuer rating was upgraded from BBB+ on February 28, 2022, to A- on March 3, 2025. In its new mid-term management plan announced on March 24, 2025, the company has set a target of achieving a net D/E ratio of 1.0x and maintaining an R&I rating of A- by the end of FY ending March 2028.

**Increased Awareness of Capital Costs**

In the mid-term management plan for FY2018 to FY2021, the KGI's for which the company set targets were net sales, operating income and ROA for FY ended March 2022, as well as the D/E ratio and equity ratio at the end of FY ended March 2022. For the KGI's mid-term management plan for FY2022 to FY2024, UmEV (Umios Economic Value), net sales, operating income, ordinary income, overseas ordinary income ratio, EBITDA, ROIC, ROE and net D/E ratio were selected, with a greater awareness of capital costs than before.

**UmEV (Formerly MNEV)**

UmEV is an index that is uniquely calculated as the economic added value associated with the results of business activities and is calculated by multiplying the difference between the return on invested capital (ROIC) and the weighted average cost of capital (WACC) (UmEV spread) by the invested capital. The company also defines ROIC as (operating income + interest paid - interest received) x (1 - effective tax rate) / invested capital.

**Dividend Increases Every Year from FY Ended March 2022 Onwards**

Regarding dividends, the company has been following a stable dividend policy up until FY ended March 2021, paying ¥10 per share in FY ended March 2015 and FY ended March 2016 and ¥13.3 FY ended March 2017 to FY ended March 2021. After that, the company continued to increase dividends to ¥18.3 in FY ended March 2022, ¥21.7 in FY ended March 2023, ¥28.3 in FY ended March 2024, ¥36.7 in FY ended March 2025 and ¥44.7 in FY ended March 2026.

For FY ending March 2027, the firm plans to pay a dividend of ¥45, in accordance with the dividend policy set forth in their medium-term management plan, which calls for a dividend payout ratio of 30% or more and progressive dividends. The company also bought back ¥5 billion of its own shares in FY ended March 2023.

**Figure 22. Changes in Financial Data**

(¥mn)

| FY | Mar/20 | Mar/21 | Mar/22 | Mar/23 | Mar/24 | Mar/25 | **Mar/26** |
|---|---|---|---|---|---|---|---|
| **[Cash Flow]** | | | | | | | |
| Net Income | 12,537 | 5,753 | 16,898 | 18,596 | 20,853 | 23,264 | **22,182** |
| Depreciation, Goodwill & Amortization | 16,639 | 17,168 | 17,750 | 16,695 | 17,893 | 18,968 | **20,059** |
| Capital Expenditures | -24,824 | -22,923 | -16,579 | -31,510 | -22,983 | -20,758 | **-28,030** |
| Payments for Purchases of Shares of Subsidiaries Resulting in Change | -98 | -2,312 | -1,574 | -3,299 | 0 | -775 | **-7,037** |
| Acquisition of Common Stock for Treasury | -5 | -5 | -4 | -5,381 | -266 | -6 | **-5** |
| Dividend Payment | -2,098 | -2,096 | -2,097 | -2,883 | -5,038 | -5,037 | **-5,546** |
| [B/S] | | | | | | | |
| Cash and Deposits | 21,782 | 31,579 | 24,952 | 33,679 | 37,944 | 49,240 | **54,141** |
| Interest-Bearing Debt (Excluding Lease Obligations, etc.) | 266,008 | 263,710 | 254,466 | 304,941 | 287,891 | 277,286 | **306,880** |
| Equity Capital | 132,628 | 142,496 | 160,174 | 178,311 | 207,128 | 229,567 | **247,236** |
| [Major Indicators] | | | | | | | |
| Capital Adequacy Ratio | 25.1 | 26.7 | 29.2 | 28.0 | 30.8 | 33.7 | **32.9** |
| D/E Ratio | 2.0 | 1.8 | 1.6 | 1.7 | 1.4 | 1.2 | **1.2** |
| Net D/E Ratio | 1.8 | 1.6 | 1.4 | 1.5 | 1.2 | 1.0 | **1.0** |
| Dividend Per Share (¥) | 13.3 | 13.3 | 18.3 | 21.7 | 28.3 | 36.7 | **44.7** |
| Dividend Payout Ratio | 16.8 | 36.4 | 17.1 | 18.1 | 20.6 | 23.8 | **30.4** |

Note: Dividends per share are adjusted for the impact of stock splits.

Source: Company Data. Prepared by Strategy Advisors.

## 12. Market Trends and Comparison with Peers

### 1) World Protein Production by Source

**The Production Volume of Both Marine Products and Meat is Increasing at an Annual Rate of 2%, with the Composition Ratio being 4:6**

From 1991 to 2022, the world's protein supply, including marine products and meat, has increased at an annual rate of about 2%. The production volumes of both marine products and meat have also increased at an annual rate of about 2%. Therefore, the composition ratio of marine products to meat (roughly 4:6) has not changed significantly over the past 30 years.

**Figure 24. World and Japanese Protein Production by Source ('000 Tons)**

| Protein Source | 1991 | 2000 | 2010 | 2020 | 2022 | CAGR (90-22) | 2033 | CAGR (22-33) |
|---|---|---|---|---|---|---|---|---|
| World | 265,449 | 341,024 | 419,547 | 493,774 | 520,644 | 2.2% | 578,439 | 1.0% |
| Seafood | 97,431 | 125,984 | 144,947 | 177,481 | 185,457 | 2.1% | 206,226 | 1.0% |
| Fisheries | 83,705 | 93,564 | 87,188 | 89,763 | 91,027 | 0.3% | 93,796 | 0.3% |
| Aquaculture | 13,726 | 32,420 | 57,759 | 87,718 | 94,430 | 6.4% | 112,430 | 1.6% |
| Meat | 168,017 | 215,041 | 274,600 | 316,292 | 335,186 | 2.3% | 372,214 | 1.0% |
| Beef | 55,122 | 58,577 | 66,693 | 71,305 | 73,679 | 0.9% | 81,224 | 0.9% |
| Pork | 70,372 | 88,566 | 107,882 | 108,143 | 122,017 | 1.8% | 131,058 | 0.7% |
| Chicken | 42,523 | 67,898 | 100,025 | 136,844 | 139,490 | 3.9% | 159,932 | 1.3% |
| Japan | 12,564 | 8,691 | 7,872 | 7,087 | 6,791 | -2.0% | | |
| Seafood | 9,773 | 6,253 | 5,233 | 4,185 | 3,864 | -2.9% | | |
| Fisheries | 8,511 | 5,022 | 4,122 | 3,215 | 2,952 | -3.4% | | |
| Aquaculture | 1,262 | 1,231 | 1,111 | 970 | 912 | -1.0% | | |
| Meat | 2,791 | 2,439 | 2,639 | 2,902 | 2,928 | 0.2% | | |
| Beef | 407 | 365 | 358 | 335 | 348 | -0.5% | | |
| Pork | 1,026 | 879 | 895 | 917 | 901 | -0.4% | | |
| Chicken | 1,358 | 1,195 | 1,386 | 1,650 | 1,679 | 0.7% | | |

Source:

FAO, Fisheries Agency's Fisheries White Paper & Materials from the Agriculture and Livestock Industries Corporation.

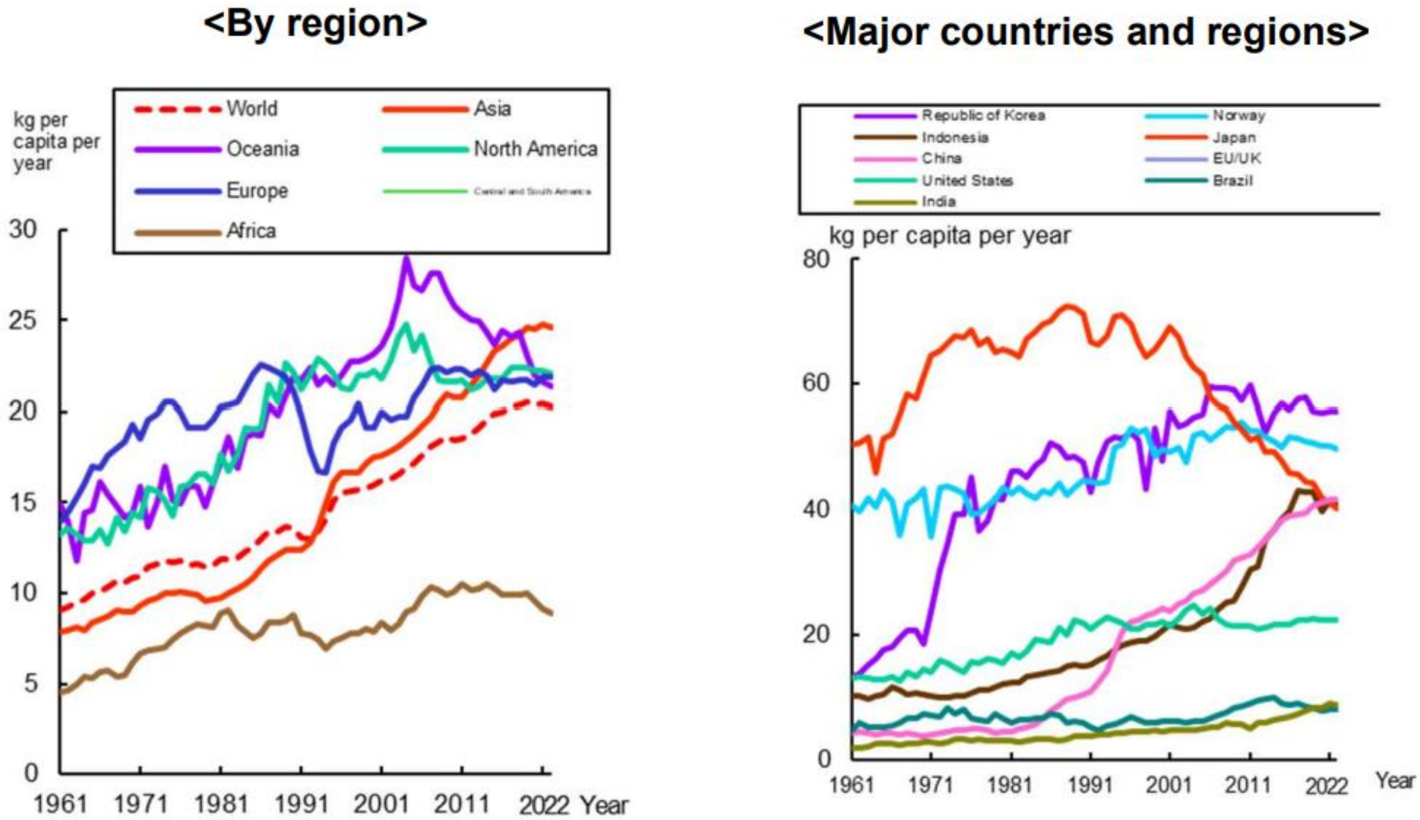
Prepared by Strategy Advisors.

**While the Fishing Industry has Remained Largely Stable, Aquaculture has Increased by 6% Annually**

Looking at fisheries and aquaculture separately, the production volume of fisheries has remained roughly stable over the past 30 years, while aquaculture has increased at an annual rate of about 6%. As a result, the composition ratio of fisheries to aquaculture has changed significantly from 9:1, 30 years ago to 5:5.

| | |
|---|---|
| **The Growth Rates of Meats are 4% for Chicken, 2% for Pork & 1% for Beef. Chicken Production Accounts for 40% of Total Meat Production** | As for meat, chicken production has been growing at an annual rate of about 4%, pork production at about 2% and beef production at about 1%, with chicken production surpassing pork to become the largest. As of 2022, the composition ratio of chicken, pork and beef will be roughly 4:4:2. |
| **The Projected Annual Growth Rate for Production Through 2033 is 1% for Both Seafood & Meat** | FAO projects that protein production will grow at 1% per year up to 2033, half the pace of the past 30 years. Marine products and meat production are both expected to grow at about 1% per year, with fisheries remaining roughly flat while aquaculture is expected to grow at about 2% per year. As for meat, chicken production is expected to remain the highest, while pork production is expected to grow at a slower rate than beef. |
| **Japan's Domestic Production of Marine Products has Declined, while Meat Production has Remained Stable** | Japan's domestic protein production has been declining at an annual rate of 2%, in contrast to the global trend. This decline is due to a reduction in marine production at an annual rate of about 3%, while meat production has remained roughly flat. |
| **Japan is an Exception in that it does not Impose Fishing Quotas on Each Vessel & there is No System in Place to Maintain Fishery Resources** | The production volume of marine products has declined in both fishing and aquaculture, with the main cause being the decline in fishing production. In other countries, systems have been put in place to balance the preservation of marine resources and the maintenance of catches by allocating catches to each vessel. But in Japan, the introduction of catch quotas for each vessel has not progressed. The situation is such that each fishing vessel uses up as much marine resources as possible in order to maximize its individual profits and the marine resources around Japan are being destroyed. |
| **The Fishing Industry is a Growing Industry Globally** | From the demand side, annual per capita marine products consumption in Japan has exceeded 60 kg since around 1970, far exceeding the world average. However, as young people, in particular, have been turning away from fish, this has been on a downward trend since around 2000. On the other hand, as living standards improve, annual per capita marine products consumption has actually continued to expand around the world, primarily in Asian countries such as Indonesia and China and the fishing industry is positioned as a global growth industry. |

**Figure 23. Trends in the World's Annual Per-Capita Consumption of Fish & Fishery Products (As Food)**




※ Crude food is the number of edible fish and shellfish, including parts that are discarded. Latin America includes the Caribbean region.

Source: Prepared by the Fisheries Agency based on FAO (outside Japan) & the Ministry of Agriculture, Forestry and Fisheries "Food Supply and Demand Table" (Japan).

**Japan: Increases in Chicken Production Offsets Declines in Other Meat Products**

Regarding meat production in Japan, there is a slight increase overall. Whilst chicken production is increasing, beef and pork production is decreasing.

## 2) Protein Supply and Demand in Japan

**Japan's Domestic Protein Production is Declining at a Faster Rate than Consumption & Self-Sufficiency is Declining**

From 1991 to 2022, Japan's protein consumption has declined at an annual rate of 0.6% due to factors such as a decline in population and a trend away from fish, particularly among young people, but domestic protein production has declined at an even faster rate of 2.0% per year. As a result, the protein self-sufficiency rate has fallen from over 100% to 68%. The breakdown of this is as follows: the self-sufficiency rate for marine products has fallen from 118% to 77% and the self-sufficiency rate for meat has fallen from 71% to 59%; with the decline being greater for marine products, while the self-sufficiency rate for meat is lower.

**Figure 26. Japan's Protein Supply-Demand Balance and Self-Sufficiency Rate ('000 Tons)**

| Protein Source | 1991 | 2000 | 2010 | 2020 | 2022 | CAGR (90-22) |
|---|---|---|---|---|---|---|
| Production | 12,564 | 8,691 | 7,872 | 7,087 | 6,791 | -2.0% |
| Seafood | 9,773 | 6,253 | 5,233 | 4,185 | 3,864 | -2.9% |
| Meat | 2,791 | 2,439 | 2,639 | 2,902 | 2,928 | 0.2% |
| Beef | 407 | 365 | 358 | 335 | 348 | -0.5% |
| Pork | 1,026 | 879 | 895 | 917 | 901 | -0.4% |
| Chicken | 1,358 | 1,195 | 1,386 | 1,650 | 1,679 | 0.7% |
| Consumption | 12,235 | 12,868 | 11,098 | 10,250 | 10,013 | -0.6% |
| Seafood | 8,277 | 8,529 | 6,765 | 5,283 | 5,050 | -1.6% |
| Meat | 3,958 | 4,339 | 4,334 | 4,926 | 4,963 | 0.7% |
| Beef | 789 | 1,086 | 852 | 930 | 880 | 0.4% |
| Pork | 1,459 | 1,516 | 1,661 | 1,827 | 1,835 | 0.7% |
| Chicken | 1,710 | 1,737 | 1,821 | 2,169 | 2,248 | 0.9% |
| Self-Sufficiency Rate | 103% | 68% | 71% | 69% | 68% | |
| Seafood | 118% | 73% | 77% | 79% | 77% | |
| Meat | 71% | 56% | 61% | 59% | 59% | |
| Beef | 52% | 34% | 42% | 36% | 40% | |
| Pork | 70% | 58% | 54% | 50% | 49% | |
| Chicken | 79% | 69% | 76% | 76% | 75% | |

Source: Based on FAO, Fisheries Agency's Fisheries White Paper, and materials from the Agriculture and Livestock Industries Corporation. Prepared by Strategy Advisors.

### Rising Prices are One Reason for Decline in Marine Products Consumption

The relatively high self-sufficiency rate for marine products compared to meat is in part due to a decline in consumption. While meat consumption is increasing at an annual rate of 0.7%, marine products consumption is decreasing at an annual rate of 1.6%. This decrease is due to demand-side factors such as changes in eating habits, but also to supply-side factors such as the rise in marine products prices (due to the decline in the number of fishermen after the Great East Japan Earthquake, soaring fuel prices and rising import prices due to the weak yen). Over the past 30 years, the price increase rates for marine products and meat have been at the same level of about 1% per year, but since 2010, the increase in marine products prices has been 3.2% and 1.8% for meat, meaning that the price increase rate for marine products is much higher than that for meat.

**Figure 27. Consumer Price Index for Marine Products and Meat (1991 = 100)**

| Protein Source | 1991 | 2000 | 2010 | 2020 | 2022 | CAGR (90-22) | CAGR (10-22) |
|---|---|---|---|---|---|---|---|
| Marine Products | 100.0 | 101.2 | 99.0 | 128.9 | 144.5 | 1.2% | 3.2% |
| Meat | 100.0 | 102.8 | 113.1 | 133.5 | 139.9 | 1.1% | 1.8% |

Source: Data from the Statistics Bureau of the Ministry of Internal Affairs and Communications. Prepared by Strategy Advisors.

### 3) Comparison with Peers (Business Portfolio)

**JBS is the World's Top Protein Supplier by Sales**

The top three publicly traded protein suppliers in the world by revenue are JBS SA (JBSS3 Sao Paulo), Tyson Foods (TSN NYSE) and Marfrig Global Foods (MBRF3 Sao Paulo), all of which are involved in meat production, processing and frozen foods.

**JBS is Based in Brazil and Sells Beef, Pork & Chicken**

Founded in 1953 in Anapolis, Goias, Brazil, JBS processes beef, pork and chicken and manufactures frozen foods. It has production and processing facilities around the world and operates in more than 150 countries. Its product lineup includes beef, pork and chicken as well as processed foods. In 2021, it acquired Huon Aquaculture, a major salmon producer in Australia and entered the aquaculture business.

**Tyson Foods also Sells Beef, Pork and Chicken Products Worldwide**

Tyson Foods is one of the world's largest food processing companies, headquartered in Springdale, Arkansas, USA. Founded in 1935 by John W. Tyson, the company currently produces and processes chicken, beef and pork. Tyson Foods owns well-known brands such as Jimmy Dean, Hillshire Farm and Ball Park and sells products around the world.

**Marfrig Global Foods is One of the World's Leading Beef Processing Companies**

Founded in 1986, Marfrig Global Foods is a major global meat processing company headquartered in São Paulo, Brazil. In particular, it boasts world-class scale in beef production and processing. Today, the company operates in approximately 120 countries worldwide, including South America, North America, the Middle East and Asia.

**NH Foods is the Top Japanese Company in Terms of Sales**

The top 3 Japanese companies in terms of sales are NH Foods Ltd. (2282 TSE Prime), Umios and Itoham Yonekyu Holdings Inc. (2296 TSE Prime).

**NH Foods is Headquartered in Osaka and Deals in Processed Meat Products, Ham, Sausages, etc.**

NH Foods was founded in 1949 and is headquartered in Umeda, Kita-Ku, Osaka. It manufactures and sells processed meat products, ham, sausages, dairy products, frozen foods, etc. NH Foods has many production bases both in Japan and overseas and is expanding its business globally.

**Itoham Yonekyu Holdings was Established in 2016 Through a Merger**

Itoham Yonekyu Holdings is a company established on April 1, 2016, through the business integration of Itoham Inc. and Yonekyu Co., Ltd., and is headquartered in Meguro-Ku, Tokyo. It manufactures and sells processed meat products, ham, sausages, frozen foods and other products, and has many production bases both in Japan and overseas.

**Figure 24. Major Business Portfolios of Major Companies in the Fisheries, Meat, Marine Products Processing and Frozen Food Industries**

| Company Name | Ticker | Country | Sales (¥mn) | Fisheries | Aquaculture | Meat | Processed Foods | Frozen Food | Agricultural Products | Health Food | Pet food |
|---|---|---|---|---|---|---|---|---|---|---|---|
| JBS N.V. | JBS | Brazil | 12,894,182 | - | ○ | ○ | ○ | ○ | - | - | - |
| Tyson Foods | TSN | United States | 8,121,950 | - | - | ○ | ○ | ○ | - | - | - |
| Marfrig Global Foods | MBRF3 | Brazil | 4,397,450 | - | - | ○ | ○ | ○ | - | - | - |
| WH Group | 00288 | Hong Kong | 4,193,024 | - | - | ○ | ○ | ○ | - | - | - |
| Kraft Heinz | KHC | United States | 3,731,621 | - | - | - | ○ | ○ | - | - | - |
| Muyuan Foods | 002714 | China | 3,001,061 | - | - | ○ | ○ | - | - | - | - |
| General Mills | GIS | United States | 2,940,159 | - | - | - | ○ | ○ | - | - | ○ |
| CJ CheilJedang | 097950 | South Korea | 2,882,832 | - | - | - | ○ | ○ | - | ○ | - |
| Pilgrim's Pride | PPC | United States | 2,767,455 | - | - | ○ | ○ | ○ | - | - | - |
| Charoen Pokphand | CPF | Thailand | 2,601,670 | - | ○ | ○ | ○ | ○ | ○ | - | ○ |
| Smithfield Foods | SFD | United States | 2,323,623 | - | - | ○ | ○ | ○ | - | - | - |
| Wens Foodstuff | 300498 | China | 2,162,384 | - | - | ○ | ○ | ○ | - | - | - |
| Hormel Foods | HRL | United States | 1,807,854 | - | - | - | ○ | ○ | - | - | - |
| Conagra Brands | CAG | United States | 1,752,152 | - | - | - | ○ | ○ | - | - | - |
| NH Foods | 2282 | Japan | 1,457,391 | - | - | ○ | ○ | ○ | - | ○ | - |
| Henan Shuanghui | 000895 | China | 1,237,936 | - | - | ○ | ○ | ○ | - | - | - |
| **Umios** | **1333** | **Japan** | **1,105,890** | **○** | **○** | **○** | **○** | **○** | **○** | **○** | **○** |
| Itoham Yonekyu HD | 2296 | Japan | 1,071,381 | - | - | ○ | ○ | ○ | - | - | - |
| Dongwon Industries | 006040 | South Korea | 1,010,443 | ○ | - | - | ○ | ○ | - | - | - |
| Mowi | MOWI | Norway | 962,445 | - | ○ | ○ | ○ | - | - | - | - |
| Nissui | 1332 | Japan | 931,265 | ○ | ○ | ○ | ○ | ○ | - | ○ | - |
| Nichirei | 2871 | Japan | 716,144 | - | - | - | ○ | ○ | - | - | - |
| Thai Union Group | TU | Thailand | 604,569 | ○ | ○ | - | ○ | ○ | - | ○ | ○ |
| Austevoll Seafood | AUSS | Norway | 567,525 | ○ | ○ | - | ○ | ○ | - | - | - |
| Japfa Comfeed | JPFA | Indonesia | 553,913 | - | ○ | ○ | ○ | ○ | - | - | - |
| Leroy Seafood | LSG | Norway | 496,142 | ○ | ○ | - | ○ | ○ | - | - | - |
| SalMar | SALM | Norway | 394,796 | - | ○ | - | ○ | ○ | - | - | - |
| Kyokuyo | 1301 | Japan | 334,612 | ○ | ○ | - | ○ | ○ | - | - | - |
| Yokorei | 2874 | Japan | 125,563 | - | - | - | ○ | ○ | - | - | - |
| Kibun Foods | 2933 | Japan | 111,038 | - | - | - | ○ | ○ | - | - | - |

*Exchange rates calculated at ¥27.7 to Brazilian real, ¥150 to U.S. dollar, ¥0.1 to Korean won, ¥4.6 to Thai baht, ¥21 to Chinese yuan, ¥175 to Euro and ¥15 to Norwegian krone.
Source: Company Data. Compiled by Strategy Advisors.

**Umios has the Highest Net Sales Among Companies Whose Main Business is Marine Products**

When limited to companies whose core business is the fisheries industry, the top three global companies by net sales are Umios, Mowi ASA (MOWI, Oslo), and Dongwon Industries Co., Ltd. (006040, South Korea). While Umios is involved in both fishing and aquaculture, Mowi focuses solely on aquaculture, and Dongwon Industries focuses solely on fishing. It has been reported that Dongwon Industries is planning to enter the land-based salmon aquaculture market, but it appears the company has not yet launched this business.

**Mowi is the World's Largest Salmon Farming Company**

Mowi is the world's largest salmon farming company, headquartered in Norway. Founded in 1964, the company currently farms, processes and sells salmon. The company's headquarters are in Bergen and it operates worldwide, with a focus on Norway. It also has a base in Japan, with factories in Narita, Chiba Prefecture and Izumisano, Osaka Prefecture, where it processes and sells salmon.

**Dongwon Industries is Engaged in Tuna and Salmon Fishing, as well as the Cold Storage Business**

Dongwon Industries is a leading Korean seafood company established in 1969. It is headquartered in Seoul and Busan and operates worldwide. Dongwon Industries mainly catches, processes, and sells seafood such as tuna and salmon. In particular, it uses quick freezing technology to provide high-quality marine products and exports to Japan, the United States, Europe and other countries. It also owns the StarKist Tuna brand, which has a strong presence in the North American market for marine products processing such as canned tuna and has a strong presence in the global market. In addition, Dongwon Industries also operates a refrigerated warehouse business and has built a low-temperature logistics network both domestically and internationally.

## 13. Risk Factors

We will list the risks that may affect Umios's performance and stock price trends, on both the group level and for each business segment.

**Group-Wide Risks**

Risks affecting the entire group include securing labor both domestically and overseas, fluctuations in raw material prices, rising crude oil prices, natural disasters, infectious diseases and accidents, country risk and risks related to M&A.

**Securing the Workforce**

If there is a labor shortage, operations in industries such as fishing and food processing may be halted and labor and logistics costs may increase as wages rise.

**Fluctuations in Raw Material Prices**

Increased demand for raw materials, a weak yen, and rising purchase prices due to reduced fish catches could lead to lower profit margins. On the other hand, if purchase prices fall significantly, there is a possibility that the firm will incur impairment losses on inventory.

**Rising Oil Prices**

This could lead to increases in fuel costs (mainly for fishing, aquaculture, etc.) and shipping and delivery costs (all segments).

| | |
|---|---|
| **Earthquakes & Other Natural Disasters, Infectious Diseases & Accidents** | There is a possibility that natural disasters such as earthquakes may damage production facilities, halt operations or paralyze logistics functions, resulting in disruption to product supplies. In aquaculture operations, if a fish disease that is difficult to prevent occurs, or if a typhoon or red tide occurs, there is a risk of a large number of farmed fish suddenly dying. |
| **Country Risk** | In overseas businesses, changes in the politics, economy, society, legal systems, tax systems, etc., of the country in which we operate or its neighboring countries, restrictions on economic activity due to terrorism, riots, or war or interruptions to supply chains or distribution networks, etc., may have an impact on the firm's business activities. |
| **M&A-Related Risks** | In its new medium-term management plan, the Group has indicated a policy of allocating approximately ¥70 billion to inorganic investments, including M&A. In cases where a large amount of fixed assets and goodwill is recorded as a result of M&A, there is a possibility that impairment losses on fixed assets and goodwill will occur if the performance of the target company falls short of expectations. |
| **Risks in the Marine Resources Business Segment, etc.** | Risks for the Marine Resources Business Segment and the Marine Products Trading Unit include new entrants into the aquaculture industry, strengthened fishing and resource regulations plus the rise of alternative proteins. |
| **New Entrants & Intensifying Competition in the Aquaculture Industry** | With regard to the fishing industry, the hurdles for new entrants are high due to the need to secure fishing rights, the burden of capital investment and regulations from the government and local governments.<br><br>On the other hand, although there are hurdles in terms of initial investment and environmental protection, as aquaculture techniques become more widespread, there are examples of domestic start-ups and local ventures entering the industry by specializing in specific fish species. Also, there are companies overseas that are engaged in large-scale aquaculture and sales competition in the global market is likely to intensify. |
| **Strengthening Fishing Regulations and Resource Limits** | Many countries are strengthening resource management for popular fish species such as tuna, salmon and cod. While fishing quotas are shrinking, global demand is on the rise, making it easy for raw material prices to rise. In order to procure raw materials stably over the long term, it is necessary to secure fishing rights and strengthen aquaculture operations. In addition, if it is difficult to pass on price increases, there is a risk that profit margins will be squeezed. |
| **The Rise of Alternative Proteins** | In recent years, "alternative proteins" such as plant-based meat substitutes and cultured meat have been attracting attention and if they establish themselves as alternative products to fish in the future, they could pose a potential threat to the seafood business. |
| **Risks in the Foodstuff Distribution Business and Processed Foods Business Segments** | Risks facing the Foodstuff Distribution Business and Processed Foods Business Segments include saturation of the domestic market and price competition, intensifying competition in the global market and US tariff policies. |

**Saturation of the Domestic Market and Price Competition**

In Japan, the declining population due to the low birth rate and aging population limits the room for growth in the food market as a whole and there are concerns that price competition will intensify. Another issue is the trend of young people moving away from fish. If efforts such as introducing new products, increasing unit prices through high added value and developing small-volume, health-conscious products for seniors do not proceed smoothly; there is a possibility that a decrease in sales volume and a drop-in unit sales price will affect business performance.

**Intensifying Competition in the Global Market**

The company group plans to aim for growth in overseas foodstuff distribution markets and processed foods markets through capital investment and acquisitions. There is however the possibility that competition with overseas companies with similar value chains will intensify in the global market.

**US Tariff Policies**

Since North America is a major sales destination for Thailand's pet food business, if the United States imposes high reciprocal tariffs on Thailand, this could have an impact on sales volume and shipping prices.

## 14. Promoting Sustainability Management

### 1) Sustainability

**Update Sustainability Strategy KGI and KPI**

In 2025, the company conducted a survey of employees and external stakeholders with a view to reviewing the materiality criteria identified in FY2021. As a result, there were no changes to the materiality items, and all nine items were retained as material. On the other hand, some changes were made to the KGI (the company's vision for 2030) and key KPIs, based on progress made under the previous medium-term management plan. The status of the sustainability strategy update is shown in Figures 29 and 30.

**Figure 25. Sustainability Strategy KGI and KPI (Environmental Value)**

| | Materiality | Risks and opportunities (○: opportunities/●: risks) | KGI (ideal state in 2030) | Main KPIs | Targets | FY ended March 2025 (Previous Mid-term Management Plan results): Targets | Results | Self-evaluation |
|---|---|---|---|---|---|---|---|---|
| Creation of environmental value | ❶ Action against climate change<br>Climate Change | ○ Expand sales opportunities for aquaculture marine products to compensate for the decline in the catch of wild capture marine products<br>● Growing risk of raw material procurement failure due to climate change | Establish a leading position in the industry for decarbonization and action against climate change with the aim of achieving carbon neutrality by 2050 | • $CO_2$ emissions reduction rate (Compared to Mar/2018: Domestic G[*1]) | Mar/2031 target: 30% or more<br>Mar/2028 target: 20% or more | 10% or more | 13.3% | ★★★☆☆ |
| | | | | • $CO_2$ emission reduction targets (Overseas G[*1]) | Mar/2031 target: —<br>Mar/2028 target: Set targets | — | — | — |
| | | | | • Scope 3 target-setting (Domestic G) | Mar/2031 target: —<br>Mar/2028 target: Set targets | — | — | — |
| | ❷ Contributing to a recycling-oriented society<br>Resource Circulation | ○ Cost reductions through reduced use of plastic containers and packaging, as well as food loss and waste reduction<br>● Cost increases due to switching to environmentally friendly materials for plastic containers and packaging | Adoption and practice of circular economy through the efficient use of resources within the Group | • Rate of reduction of plastic use in container packaging (Compared to Mar/2021: MN[*1]) | Mar/2031 target: 30% or more<br>Mar/2028 target: 20% or more | 10% or more | 7.0% | ★★☆☆☆ |
| | | | | • Food loss (product waste) reduction rate (Compared to Mar/2021: Domestic G) | Mar/2031 target: 80% or more (revised upward from previous Mid-term Management Plan)<br>Mar/2028 target: 70% or more (revised upward from previous Mid-term Management Plan) | 20% or more | 64.9% | ★★★★★ |
| | | | | • Setting of plastic use reduction targets at production plants (Domestic G) | Mar/2031 target: —<br>Mar/2028 target: Set targets (2025) | — | — | — |
| | | | | • Analysis and evaluation of water resource risks and opportunities and countermeasures, and examination of countermeasures | Mar/2031 target: —<br>Mar/2028 target: Analyze risks, opportunities, and countermeasures | — | — | — |
| | ❸ Action against marine pollution by marine plastics<br>Marine Plastics & Debris | ○ Improve the image of the Company as a company that actively addresses the problem of marine plastics<br>● Cost increases due to switching to fishing gear that is less likely to be washed away at sea | Practice zero discharge of plastics into the ocean by the Company and the supply chain | • Formulation of fishing gear management guidelines for suppliers and spreading of awareness of their operation (MN) | Mar/2031 target: —<br>Mar/2028 target: Formulate guidelines and spread awareness of their operation | Formulation and operation of intra-Group guidelines | Formulated Group guidelines and put them in operation | ★★★☆☆ |
| | | | | • Joint organization of cleanup activities with external stakeholders (Domestic G) | Mar/2031 target: 33 times or more/year<br>Mar/2028 target: 21 times or more/year | Cumulative employee participation rate in coastal cleanup: 10% or more | Cumulative employee participation rate in coastal cleanup: 28.2% | ★★★★☆ |
| | ❹ Action for preserving biodiversity and ecosystems<br>Marine Resources | ○ Increase enterprise value through the provision of sustainable marine resources<br>● Rising costs of obtaining and maintaining certification | Confirm that there is no risk of resource depletion in the fish stocks we handle | • Confirmation rate of resource status for marine resources handled; formulation of handling policy for fish species whose evaluation is unknown (Overall G[*1]) | Mar/2031 target: Resource status confirmation rate of handled marine product resources: 100%<br>Mar/2028 target: Establishment of handling policy for fish species whose evaluation is unknown | — | Resource status confirmation rate of handled marine product resources: 81.8% | ★★★☆☆ |
| | | | | • Establishment of electronic traceability methods | Mar/2031 target: —<br>Mar/2028 target: Begin operation for certain fish species | — | — | — |
| | | | | • Implementation of biodiversity risk assessment based on TNFD framework (Domestic G) | Mar/2031 target: —<br>Mar/2028 target: Expand implementation of scenario analysis based on TNFD | Conduct biodiversity risk assessment | Conducted biodiversity risk assessment for certain businesses | ★★★☆☆ |
| | | | | • Implementation of certification-level management for aquaculture farms (Domestic G) | Mar/2031 target: —<br>Mar/2028 target: Establish a management structure at all aquaculture facilities in the Group | Implementation of certification-level management for all aquaculture farms | Implemented certification-level management for all aquaculture farms | ★★★☆☆ |

* Target organizations are listed by their names. MN: Maruha Nichiro (now Umios), Domestic G: domestic consolidated subsidiaries, Overseas G: overseas group consolidated subsidiaries, Entire G: all consolidated group companies
Source: Company Data.

## Figure 26. Sustainability Strategy KGI/KPI (Social Value)

| | Materiality | Risks and opportunities (○: opportunities/●: risks) | KGI (ideal state in 2030) | Main KPIs | Targets | FY ended March 2025 (Previous Mid-term Management Plan results) | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Targets | Results | Self-evaluation |
| Creation of social value | 5 Provision of safe and secure food<br>Food Safety | ○ Cost reductions from fewer quality-related incidents and quality complaints<br>● Decline in profitability due to loss of customer trust caused by product quality complaints or problems | Provide safe food to people around the world | • Serious quality-related incidents*2 (Domestic G*1) | Mar/2031 target: —<br>Mar/2028 target: Zero cases | Zero cases | Zero cases | ★★★☆☆ |
| Creation of social value | 6 Food provision contributing to creating health value and sustainability<br>Health Value Creation | ○ Improve enterprise branding to create health value for customers and provide food with sustainability in mind<br>● Cost increases in product development that fulfills product standards | Establish branding as a top food company contributing to creating health value and sustainability | • Sales ratio of products that satisfy each product standard*3 (MN*1) | Mar/2031 targets: Products that satisfy salt intake standards: 65% or more Products that satisfy protein intake standards: 45% or more Products that satisfy lipid intake standards: 20% or more Sales value of nursing care foods: 190% or more (compared to Mar/2023) GSSI-certified products: 15% or more<br>Mar/2028 target: — | Establish product standards that contribute to health value creation and sustainability and set Mar/2031 targets | Established product standards that contribute to health value creation and sustainability and set Mar/2031 targets | ★★★☆☆ |
| | | | | • ESG evaluation that includes health value creation and sustainability | Mar/2031 target: Improve ESG evaluation<br>Mar/2028 target: — | — | — | — |
| Creation of social value | 7 Building a workplace environment where diverse employees can work with a sense of security<br>Inclusive Workplace | ○ Improve motivation within the Company by appointing human resources regardless of gender, age, nationality, etc.<br>● Incur human capital development and workplace environment improvement costs | Achieve a workplace environment where diversity is respected and employees feel safe and comfortable at work | • Percentage of female employees by maintaining 50% female recruitment ratio (MN) | Mar/2031 target: 35% or more<br>Mar/2028 target: — | Female hiring ratio: 50% | Female hiring ratio: 50% Percentage of female employees: 29.2% | ★★★☆☆ |
| | | | | • Percentage of women on Board of Directors: 30% (MN) | Mar/2031 target: 30% or more<br>Mar/2028 target: — | — | — | — |
| | | | | • Percentage of female Managers (MN) | Mar/2031 target: 15% or more<br>Mar/2028 target: — | 7.5% | 7.7% | ★★★☆☆ |
| | | | | • Achievement of goals for each talent pool based on the Human Resource Development Program (MN) | Mar/2031 target: Achieve numerical goals for each talent pool<br>Mar/2028 target: Achieve numerical goals for each talent pool | Establish the Maruha Nichiro Human Resource Development Program and set Mar/2031 targets | Established the Maruha Nichiro Human Resource Development Program and set Mar/2031 targets | ★★★☆☆ |
| | | | | • Achievement of engagement score for specific items for employee engagement (MN) | Mar/2031 target: Achieve engagement score targets for specific items<br>Mar/2028 target: Achieve engagement score targets for specific items | Establish employee engagement assessment methodology and set Mar/2031 targets | Established employee engagement assessment methodology and set Mar/2031 targets | ★★★☆☆ |
| Creation of social value | 8 Respect for human rights in business operations | ○ Reduce human rights risks within the Group and in the supply chain<br>● Damage to enterprise value due to delays in responding to human rights issues | Successful initiatives aimed at zero human rights violations by the Company and the supply chain | • Establishment and operation of a complaint processing mechanism that supports multiple languages and response to identified human rights violation risks (Overall G*1) | Mar/2031 target: 100% (Overall G)<br>Mar/2028 target: 100% (Domestic Overall*1) | Achieve human rights training participation rate of 100% and elucidate issues through a human rights risk map | Human rights training implementation rate: 98.7%<br>Clarified issues through a human rights risk map; put guidelines for foreign worker employment into operation | ★★★☆☆ |
| Creation of social value | 9 Development of a sustainable supply chain<br>Sustainable Supply Chains | ○ Reduce risks of environmental and social issues in the supply chain<br>● Growing risk of raw material procurement failure due to delays in addressing environmental and social issues in the supply chain | Working with suppliers to build a sustainable procurement network | • Rate of agreement with supplier guidelines and rate of improvement in key items (Overall G) | Mar/2031 target: 100%<br>Mar/2028 target: — | System coverage: 100%; consent rate: 100% (MN*1) | System coverage: 100%; consent rate: 83.1% (MN) | ★★★☆☆ |
| | | | | • Establishment of CSR audit methods and criteria and audit methods to avoid procurement of marine products derived from IUU fishing | Mar/2031 target: Operation in Overall G<br>Mar/2028 target: Establish methods to avoid procurement from IUU fishing and promote lobbying activities | — | — | — |

* Target organizations are listed by their names. MN: Maruha Nichiro (now Umios), Domestic G: domestic consolidated subsidiaries, Overseas G: overseas group consolidated subsidiaries, Entire G: all consolidated group companies
Source: Company Data.

### Sustainability Promotion Structure

The company has established a sustainability promotion committee, chaired by a Director and Managing Executive Officer, with the Representative Director and President & CEO and other Executive Officers who also serve as Directors, Executive Officers in charge of related departments and the Outside Directors and Auditors as observers. The committee plans and sets goals for the sustainability strategy for the entire group and evaluates the activities of each group company.

**Risk Management System**

Led by the Legal Affairs and Risk Management Department, the department works with each department and group company to identify, evaluate and analyze risks inherent in business activities. In daily life, the Legal Affairs and Risk Management Department works to prevent risk escalation and crises, but in the event of a major incident or accident that threatens the survival of the company, or a large-scale natural disaster, the department plays a central role in crisis management to respond to emergencies.

## 2) Corporate Governance Structure and Mechanisms

**Corporate Governance System**

The company transitioned to a structure with an Audit and Supervisory Committee in June 2025.For FY ended March 2026, the company appointed 8 directors who are not members of the Audit and Supervisory Committee (including 4 independent outside directors) and 3 directors who are members of the Audit and Supervisory Committee (including three independent outside directors). Of the 11 officers,2 are women (both outside directors) and 1 is a foreign national (an outside director). In addition, the company has introduced an executive officer system, separating supervisory and executive functions.

Furthermore, the company has established a Nomination and Compensation Committee as an advisory body to the Board of Directors, which deliberates on matters such as the corporate governance structure, executive compensation, and the appointment of committee members.

**Executive Compensation System**

With regard to directors' compensation, the company has introduced a compensation system that clearly defines accountability for short-term performance while providing sound incentives aimed at enhancing corporate value and achieving sustainable growth over the medium to long term. The compensation system for individual directors is generally designed with the following target breakdown: 40–50% fixed compensation, 25–30% short-term performance-based compensation and 25–30% medium-term performance-based equity compensation.

Evaluations for short-term performance-linked compensation and medium-term performance-linked equity compensation are determined based on the degree of achievement of the KGI and KPI set forth in the medium-term management plan. The evaluation metrics and weightings for short-term performance-based compensation are as follows: consolidated ordinary income 25–50%, consolidated UmEV 25–50%, consolidated ordinary income of the assigned business unit 0–20%, consolidated UmEV of the assigned business unit 0–20%, and individual targets 0–10%. The evaluation metrics and weightings for medium-term performance-based compensation are: consolidated UmEV 30–60%, TSR 20%, consolidated UmEV of the assigned business 0–30% and ESG targets 20%.

**Figure 27. Consolidated Income Statement (¥mn)**

| FY | Mar/21 | Mar/22 | Mar/23 | Mar/24 | Mar/25 | Mar/26 | Mar/27 CoE |
|---|---|---|---|---|---|---|---|
| **Net Sales** | **809,050** | **866,702** | **1,020,456** | **1,030,674** | **1,078,631** | **1,105,890** | **1,110,000** |
| Cost of Sales | 700,505 | 746,206 | 885,202 | 896,856 | 933,033 | 951,909 | |
| **Gross Profit** | **108,544** | **120,496** | **135,254** | **133,818** | **145,598** | **153,981** | |
| Gross Profit Margin | 13.4% | 13.9% | 13.3% | 13.0% | 13.5% | 13.9% | |
| SG&A Expenses | 92,372 | 96,677 | 105,678 | 107,284 | 115,216 | 122,790 | |
| **Operating Income** | **16,172** | **23,819** | **29,575** | **26,534** | **30,381** | **31,191** | **32,000** |
| Operating Income Margin | 2.0% | 2.7% | 2.9% | 2.6% | 2.8% | 2.8% | 2.9% |
| Non-Operating Income | 4,293 | 6,040 | 7,324 | 8,683 | 6,932 | 5,426 | |
| Non-Operating Expenses | 2,371 | 2,263 | 3,400 | 4,111 | 5,059 | 5,366 | |
| **Ordinary Income** | **18,093** | **27,596** | **33,500** | **31,106** | **32,254** | **31,251** | **30,000** |
| Ordinary Income Margin | 2.2% | 3.2% | 3.3% | 3.0% | 3.0% | 2.8% | 2.7% |
| Extraordinary Income/Losses | -7,568 | -79 | -1,955 | 4,785 | 9,691 | 8,249 | |
| Extraordinary Income | 194 | 2,164 | 4,378 | 9,560 | 11,922 | 11,473 | |
| Extraordinary Losses | 7,762 | 2,243 | 6,333 | 4,775 | 2,231 | 3,224 | |
| Profit Before Income Taxes | 10,525 | 27,518 | 31,545 | 35,891 | 41,945 | 39,501 | |
| Pre-Tax Profit Margin | 1.3% | 3.2% | 3.1% | 3.5% | 3.9% | 3.6% | |
| Income Taxes | 1,626 | 7,196 | 7,059 | 11,168 | 12,119 | 11,255 | |
| - Current Period | 3,711 | 4,519 | 7,597 | 9,848 | 10,306 | 12,278 | |
| - Deferred | -2,085 | 2,677 | -538 | 1,320 | 1,813 | -1,023 | |
| Profit Attributable to Non-Controlling Interests | 3,145 | 3,422 | 5,890 | 3,868 | 6,560 | 6,063 | |
| **Profit Attributable to Owners of Parent** | **5,753** | **16,898** | **18,596** | **20,853** | **23,264** | **22,182** | **15,000** |
| Net Profit Margin | 0.7% | 1.9% | 1.8% | 2.0% | 2.2% | 2.0% | 1.4% |

Source: Company Data. Compiled by Strategy Advisors.

**Figure 28. Consolidated Balance Sheet (¥mn)**

| FY | Mar/21 | Mar/22 | Mar/23 | Mar/24 | Mar/25 | Mar/26 |
|---|---|---|---|---|---|---|
| Cash and Deposits | 31,579 | 24,952 | 33,679 | 37,944 | 49,240 | 54,141 |
| Notes and Accounts Receivable - Trade, and Contract Assets | 102,644 | 115,391 | 131,769 | 138,418 | 133,259 | 143,722 |
| Inventories | 156,141 | 172,690 | 216,697 | 215,332 | 218,005 | 244,733 |
| Other | 10,147 | 11,271 | 10,494 | 13,291 | 14,072 | 14,872 |
| **Current Assets** | **300,511** | **324,304** | **392,639** | **404,985** | **414,576** | **457,468** |
| Land | 45,439 | 42,982 | 42,417 | 42,189 | 41,925 | 40,370 |
| Construction in Progress | 10,220 | 3,896 | 3,905 | 6,901 | 5,685 | 13,952 |
| Other | 92,243 | 93,371 | 102,673 | 103,130 | 110,601 | 117,610 |
| **Tangible Fixed Assets** | **147,902** | **140,249** | **148,995** | **152,220** | **158,211** | **171,932** |
| Goodwill | 7,914 | 7,965 | 8,868 | 7,529 | 5,728 | 7,622 |
| Other Intangible Fixed Assets | 11,997 | 14,067 | 22,860 | 24,530 | 25,594 | 25,658 |
| **Intangible Fixed Assets** | **19,911** | **22,032** | **31,728** | **32,059** | **31,322** | **33,280** |
| **Investments and Other Assets** | **64,541** | **62,016** | **63,864** | **82,537** | **77,101** | **89,021** |
| **Total Fixed Assets** | **232,354** | **224,298** | **244,587** | **266,816** | **266,635** | **294,234** |
| **Total Assets** | **532,866** | **548,603** | **637,227** | **671,801** | **681,211** | **751,702** |
| Notes and Accounts Payable - Trade | 34,270 | 36,226 | 41,701 | 43,734 | 44,972 | 54,078 |
| Accounts Payable - Other | 29,446 | 30,926 | 30,659 | 36,694 | 31,543 | 35,509 |
| Short-Term Borrowings | 135,920 | 138,467 | 174,228 | 167,509 | 133,069 | 137,386 |
| Other | 0 | 0 | 0 | 0 | 5,000 | 29,000 |
| **Current Liabilities** | **213,968** | **221,544** | **265,448** | **272,969** | **236,915** | **281,295** |
| Long-Term Borrowings | 0 | 0 | 5,000 | 18,000 | 33,000 | 51,000 |
| Bonds Payable | 123,917 | 112,136 | 121,910 | 98,841 | 99,842 | 89,494 |
| Retirement Benefit Liabilities | 19,383 | 18,515 | 19,091 | 21,761 | 22,495 | 20,990 |
| **Fixed Liabilities** | **152,237** | **139,162** | **159,255** | **153,352** | **168,899** | **178,920** |
| **Total Liabilities** | **366,206** | **360,707** | **424,704** | **426,321** | **405,815** | **460,215** |
| Capital and Surplus | 61,758 | 61,766 | 56,634 | 56,313 | 56,309 | 46,095 |
| Retained Earnings | 76,406 | 91,611 | 107,313 | 123,113 | 141,324 | 157,947 |
| Treasury Shares | -83 | -87 | -308 | -556 | -542 | -478 |
| **Shareholders' Equity** | **138,081** | **153,291** | **163,639** | **178,870** | **197,090** | **203,564** |
| Total Accumulated Other Comprehensive Income | 4,415 | 6,883 | 14,672 | 28,258 | 32,477 | 43,672 |
| Non-Controlling Interests | 24,163 | 27,721 | 34,210 | 38,351 | 45,827 | 44,250 |
| **Total Net Assets** | **166,996** | **187,895** | **212,522** | **245,480** | **275,396** | **291,487** |
| **Total Liabilities and Net Assets** | **532,866** | **548,603** | **637,227** | **671,801** | **681,211** | **751,702** |

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

Source: Company Data. Compiled by Strategy Advisors.

**Figure 29. Consolidated Statements of Cash Flow (¥mn)**

| FY | Mar/21 | Mar/22 | Mar/23 | Mar/24 | Mar/25 | Mar/26 |
|---|---|---|---|---|---|---|
| Profit Before Income Taxes | 10,525 | 27,518 | 31,545 | 35,891 | 41,945 | 39,501 |
| Depreciation & Goodwill Amortization | 17,168 | 17,750 | 16,695 | 17,893 | 18,968 | 20,059 |
| Increase/Decrease in Trade Receivables | 3,082 | -9,942 | -9,836 | -4,041 | 7,945 | -5,925 |
| Increase/Decrease in Inventories | 9,558 | -14,647 | -35,235 | 6,465 | 2,270 | -19,402 |
| Increase/Decrease in Trade Payables | -1,026 | 2,704 | 1,650 | 31 | -899 | 6,828 |
| Others | -5,946 | -4,134 | -4,843 | -2,635 | -31,050 | -16,257 |
| **Cash Flows from Operating Activities** | **33,361** | **19,249** | **-24** | **53,604** | **39,179** | **24,804** |
| | | | | | | |
| Purchase of Investment Securities | -152 | -234 | -149 | -3,090 | -52 | -1,253 |
| Proceeds from Sales and redemption of Investment Securities | 202 | 1,209 | 3,227 | 1,333 | 15,215 | 10,889 |
| Purchase of Tangible Fixed Assets | -22,323 | -10,185 | -15,712 | -15,602 | -17,511 | -19,659 |
| Purchase of Intangible Fixed Assets | 0 | 0 | -9,384 | -1,757 | -1,316 | -1,205 |
| Purchase of shares of subsidiaries and associates | 0 | -1,527 | -610 | -1,470 | -387 | -230 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | -2,312 | -1,574 | -3,299 | 0 | -775 | -7,037 |
| Interest and Dividends Received | 1,432 | 1,757 | 1,654 | 1,935 | 2,653 | 2,087 |
| Others | 11,157 | 296 | 413 | -276 | 287 | -4,756 |
| **Net Cash Provided by (Used in) Investing Activities** | **-11,996** | **-10,258** | **-23,860** | **-18,927** | **-1,886** | **-21,164** |
| | | | | | | |
| Net Increase/Decrease in Short-Term Borrowings | -2,323 | 1,018 | 25,582 | -13,907 | -21,081 | -5,401 |
| Increase in Long-Term Borrowings | 28,370 | 33,853 | 61,222 | 32,094 | 41,249 | 36,435 |
| Repayments Long-Term Borrowing | -29,112 | -46,481 | -48,360 | -51,646 | -57,053 | -40,973 |
| Purchase of Treasury Shares | -5 | -4 | -5,381 | -265 | -1 | 14 |
| Dividend Paid | -2,096 | -2,097 | -2,883 | -5,038 | -5,037 | -5,546 |
| Dividends Paid to Non-Controlling Interests | -1,625 | -1,505 | -2,159 | -2,138 | -2,517 | -6,770 |
| Interest Paid | -1,509 | -1,427 | -2,204 | -3,457 | -4,156 | -4,432 |
| Others | -2,512 | -557 | 4,471 | 11,414 | 19,244 | 25,865 |
| **Net Cash Provided by (Used in) Financing Activities** | **-10,812** | **-17,200** | **30,288** | **-32,943** | **-29,352** | **-808** |
| | | | | | | |
| **Free Cash Flow** | **21,365** | **8,991** | **-23,884** | **34,677** | **37,293** | **3,640** |

Source: Company Data. Compiled by Strategy Advisors.

**Figure 30. Key Indicators**

| FY | Mar/21 | Mar/22 | Mar/23 | Mar/24 | Mar/25 | Mar/26 | Mar/27 CoE |
|---|---|---|---|---|---|---|---|
| EPS (¥) | 36.4 | 107.0 | 121.2 | 137.9 | 154.0 | 146.8 | 99.2 |
| BPS (¥) | 902.6 | 1,014.7 | 1,178.1 | 1,370.9 | 1,519.2 | 1,635.3 | |
| DPS (¥) | 13.3 | 18.3 | 21.7 | 28.3 | 36.7 | 44.7 | 45 |
| Dividend Payout Ratio | 36.4 | 17.1 | 17.9 | 20.6 | 23.8 | 30.4 | 45.4 |
| Closing Price (¥) | 875 | 799 | 792 | 991 | 1,087 | 1,456 | |
| PER (x) | 24.0 | 7.5 | 6.4 | 7.2 | 7.1 | 9.9 | |
| PBR (x) | 1.0 | 0.8 | 0.7 | 0.7 | 0.7 | 0.9 | |
| Number of Shares Issued (‘000) | 52,657 | 52,657 | 50,579 | 50,579 | 50,579 | 151,737 | |
| Treasury Stock (‘000) | 35 | 36 | 128 | 215 | 210 | 553 | |
| Number of Shares of Treasury Stock Excluded (‘000) | 52,657 | 52,657 | 50,579 | 50,579 | 50,579 | 151,736 | |
| Market Capitalization (¥mn) | 138,224 | 126,219 | 120,124 | 150,396 | 164,937 | 220,928 | |
| Equity Ratio | 26.7 | 29.2 | 28.0 | 30.8 | 33.7 | 32.9 | |
| Interest-Bearing Debt (¥mn) | 263,710 | 254,466 | 304,941 | 287,891 | 277,286 | 306,880 | |
| D/E Ratio | 1.8 | 1.6 | 1.7 | 1.4 | 1.2 | 1.2 | |
| Net D/E Ratio | 1.6 | 1.4 | 1.5 | 1.2 | 1.0 | 1.0 | |
| EV (¥mn) | 394,427 | 383,366 | 425,293 | 438,055 | 438,126 | 517,187 | |
| EBITDA (¥mn) | 33,376 | 41,569 | 46,270 | 44,427 | 49,349 | 51,250 | |
| EBITDA Margin | 11.8 | 9.2 | 9.2 | 9.9 | 8.9 | 10.1 | |
| ROE | 4.2 | 11.2 | 11.0 | 10.8 | 10.7 | 9.3 | |
| ROIC | 3.0 | 4.3 | 4.8 | 4.2 | 4.3 | 4.1 | 4.3 |
| Number of Employees | 13,117 | 12,352 | 12,843 | 12,531 | 12,454 | 12,479 | |

Note: 1) Stock prices and per-share metrics have been retroactively adjusted to account for stock splits

2) Interest-bearing debt does not include lease liabilities, etc.

3) 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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