

Company Report

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Strategy Advisors Inc.

Atsushi Ohmachi

Hiroyuki Sakaida



Maruha Nichiro is One of The World's Largest Marine Products Suppliers. Founded 145 Years Ago, it Will Change its Name to Umios in 2026. It Aims to be a GLOBAL TOP 10 Fishery and Food (incl. Meat) Company by Market Capitalization.

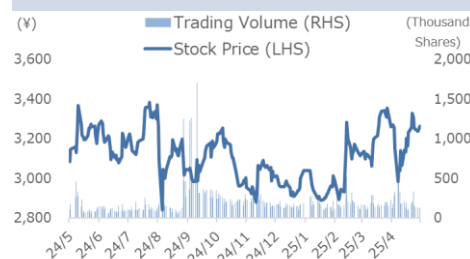
Maruha Nichiro is one of the world's largest marine products suppliers, boasting 145 years of history. It was formed through the business integration of Maruha, which was founded in 1880 and Nichiro, which was founded in 1907. Its business segments consist of marine resources, foodstuff distribution and processed foods, etc.

Maruha Nichiro's corporate DNA is "the desire to procure marine products ingredients and foods that global consumers seek from the world's oceans deliver them to their dining tables", "a spirit of challenge to face rough seas without fear of risk" and "development of highly original processed foods". What makes the company difficult to imitate is "the trust, procurement power and fishing quotas that have been gained by building a large-scale marine products related supply chain that consistently handles global procurement, production, processing and distribution and by continuing to maintain and develop it for over 100 years." The equity story includes that "global stock investors who have high expectations for the company's new long-term vision will choose the company's shares as an investment target in the food sector", "the company will expand sales globally of processed foods manufactured by leveraging its global marine products procurement power and fishing quotas, thereby improving profit margins and reducing the impact of profit volatility in the Marine Resources Business Segment" and "the company will transform into a stable growth company by entering the algae-derived DHA market, etc."

In March 2025, the company announced that it would change its name to "Umios" from March 2026 and also announced a new long-term vision for the next 10-years and a mid-term management plan called "For the ocean, for life 2027". The quantitative targets for the next 10 years are an overseas ordinary income ratio of 70% or more, ROIC of 7 % or more and rank into the top 10 Global Meat and Seafood Protein Providers (by market capitalization), while the quantitative targets for FY3/2028 are an operating income of ¥40 billion, ROIC of 5% and a PBR of 1x or more.

Due to the stock market's low valuation of marine products companies, the company's PBR is currently below 1x. However, when ROE was around 15%, the company's PBR was generally around 1.7x. If the company can successfully raise ROE excluding the impact of extraordinary gains through the steady implementation of its mid-term management plan and through improvements in ROIC, PBR can be expected to exceed 1x.

Stock Price & Volumes (1 Year)



Source: Strategy Advisors

Key Indicators

Stock Price (4/30/2025)	3,263
52-Week High (7/23/2024)	3,384
52-Week Low (8/5/2024)	2,841
All-Time High (5/19/2014)	1,500
All-Time Low (6/28/2018)	4,510
Number of Shares Issued (mn)	50.4
Market Capitalization (¥bn)	164.4
EV (¥bn)	463.0
Equity Ratio (FY3/24, %)	30.8
ROE (FY3/24 Actual, %)	10.8
PER (FY3/25 CoE, Times)	7.3
PBR (FY3/24 Actual, Times)	0.7
Dividend Yield (FY3/25 CoE, %)	3.4

Source: Strategy Advisors

Maruha Nichiro | 1333 (TSE Prime)

Japanese GAAP - Consolidated

FY	Net Sales	YoY	Operating Income	YoY	Ordinary Income	YoY	Net Income	YoY	EPS	DPS
	(¥ mn)	(%)	(¥ mn)	(%)	(¥ mn)	(%)	(¥ mn)	(%)	(¥)	(¥)
3/2021	809,050	-	16,172	-	18,093	-	5,753	-	109.3	40.0
3/2022	866,702	7.1	23,819	47.3	27,596	52.5	16,898	193.7	321.1	55.0
3/2023	1,020,456	17.7	29,575	24.2	33,500	21.4	18,596	10.0	363.7	65.0
3/2024	1,030,674	1.0	26,534	-10.3	31,106	-7.1	20,853	12.1	413.6	85.0
3/2025 CoE	1,050,000	1.9	30,000	13.1	32,000	2.9	22,000	5.5	436.8	110.0

Source: Company Data. Compiled by Strategy Advisors.

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Executive Summary

One of the World's Largest Marine Products Suppliers

Maruha Nichiro is one of the world's largest marine products suppliers, boasting 145 years of history and was formed through the business integration of Maruha, which was founded in 1880 and Nichiro, which was founded in 1907. Its business segments consist of marine resources, foodstuff distribution and processed foods, etc.

Maruha and Nichiro Merged in 2007

After World War II, both Maruha and Nichiro made great strides through high-seas fishing; but the 200-mile problem in 1977 forced them to move away from deep-sea fishing, with Maruha shifting its focus to the marine products trading business and Nichiro changing course to strengthen its processed foods business. With the aim of procuring marine products from around the world and expanding their business domains, the two companies established a holding company in 2007 and integrated their management. In 2014, they underwent organizational restructuring with the aim of maximizing synergy effects, resulting in the current structure.

Each Segment has 2-3 Units

The Marine Resources Business Segment consists of the Fishery Business, Aquaculture Business and North America Operations Units. The Foodstuff Distribution Business Segment is divided into the Marine Products Trading, Foodstuff Distribution Business, Agricultural Foods & Meat and Products Units. The Processed Foods Business Segment is divided into Processed Foods Business and Fine Chemicals.

Difficult to Imitate: The Trust, Procurement Power & Fishing Quotas the Company has Earned over 100 Years. Maintenance & Development of the Global Procurement, Production, Processing & Distribution System are Keys

Maruha Nichiro's corporate DNA is said to be "the desire to procure marine products ingredients and foods that global consumers seek from the world's oceans deliver them to their dining tables", "a spirit of challenge to face rough seas without fear of risk" and "development of highly original processed foods". What makes it difficult to imitate is "the trust, procurement power and fishing quotas that have been gained by building a large-scale marine products related supply chain that consistently handles global procurement, production, processing and distribution and has continued on this path for over 100 years".

3 Equity Stories

The firm has 3 equity stories, which include firstly, that of a "global stock investors who have high expectations for the company's new long-term vision will choose the company's shares as an investment target in the food sector"; two, a story of "expanding sales globally of processed foods manufactured by leveraging the company's global procurement power and fishing quotas, thereby improving profit margins and reducing the impact of profit volatility in the Marine Resources Business Segment" and finally, "transforming into a stable growth company by entering the algae-derived DHA market".

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Financial Situation has Improved Significantly

The company's financial condition has improved significantly since implementing its two previous medium-term management plans (FY2018-FY2021, FY2022-FY2024). The equity ratio was 22.3% at the end of FY3/18 but rose to 30.8% at the end of FY3/24. The net debt-to-equity ratio dropped sharply from 2.2x at the end of FY3/18 to 1.2x at the end of FY3/24.

Company Name Change and Mid-Term Management Plan Announced

In March 2025, the company announced that it would change its company name to "Umios" from March 2026. This is the third foundation of the company, following the first foundation with the establishment of the company in 1880 and the second foundation after the business integration in 2007. At the same time, a new long-term vision and mid-term management plan for the next 10-years, named "For the ocean, for life 2027" was also announced. The quantitative targets for the next 10-years are an overseas ordinary income ratio of 70% or more, ROIC of 7% or more and becoming a TOP 10 Global Meat and Seafood Protein Provider (by market capitalization). Whilst the quantitative targets for FY3/28 are operating income of ¥40 billion, ROIC of 5% and PBR of 1x or more. In addition, in this mid-term management plan, the company plans to set ROIC targets by segment and focus on improving asset efficiency.

The Ever-Growing Global Marine Products Market

Although the production and consumption of marine products has been on the decline in Japan in recent years, it has been increasing worldwide. The company cannot be considered a major company among the food and fishery companies that supply protein, including meat, around the world. However, if we limit the scope to companies whose main business is the fishery industry, the company's sales are the highest in the world.

Aiming to Increase PBR by Improving ROIC

Due to the stock market's low valuation of marine products companies, the company's PBR is currently below 1x. However, when ROE was around 15%, the company's PBR was generally around 1.7x. If the company can successfully raise ROE excluding the impact of extraordinary gains through the steady implementation of its mid-term management plan and through improvements in ROIC, we expect the PBR to exceed 1x.

1. Company Profile

One of the World's Largest Marine products Suppliers

Maruha Nichiro was established through the merger of Maruha, which was founded in 1880 and Nichiro, which was 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 Maruha Nichiro, 99 subsidiaries and 53 affiliated companies. Of the 152 group companies, 70 are domestic and 82 are overseas. The group's global network spans approximately 70 countries and regions.

The number of consolidated employees as of the end of FY3/2024 was 12,531. The ratio of employees overseas exceeds that of Japan, with Japan at 47.0% (Maruha Nichiro 12.8%, domestic group companies 34.2%), North America at 4.6%, Asia at 42.6%, Europe at 3.0% and other overseas at 2.9%.

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, and the performance trends by segment are shown in Figure 1. By transforming adverse situations such as war and the 200-mile limit issue into growth opportunities and rearranging its business portfolio, non-marine resource related net sales, such as foodstuff distribution and processed foods, now account for more than 70% of sales. Even when looking at the non-marine related sales composition ratio excluding the Marine Resources Business Segment and the Marine Products Trading Unit included in the Foodstuff Distribution Business Segment, it was roughly 50%.

The Tokyo Stock Exchange categorizes the firm in fishery/agriculture/forestry. But if you look at the net sales breakdown by segment, investors can also view the company as a general food company that handles a wide range of seafoods, frozen foods, processed foods and meat products.

The company plans to change its name to "Umios" in March 2026 and has declared that it will become a "solutions company" that uses its ocean-based value creation capabilities to make people and the planet healthy through food.

Figure 1. Performance Trends by Segment
(After Organizational Restructuring Implemented at the Beginning of FY3/25) (¥bn)

	Segment	Unit	FY3/22	FY3/23	FY3/24
Net Sales	Marine Resources		147.4	212.5	226.1
	Foodstuff Distribution		545.7	615.5	624.9
	Processed Foods		156.6	174.4	160.4
	Others	Logistics	16.6	17.6	17.3
		Others	0.4	0.4	2.0
	Total		866.7	1,020.5	1,030.7
Operating Income	Marine Resources		3.9	9.1	2.9
	Foodstuff Distribution		7.4	6.8	9.7
	Processed Foods		11.0	11.7	10.8
	Others	Logistics	1.1	1.6	2.3
		Others	0.5	0.4	0.8
	Total		23.8	29.6	26.5

Source: Company Data. Built by Strategy Advisors.

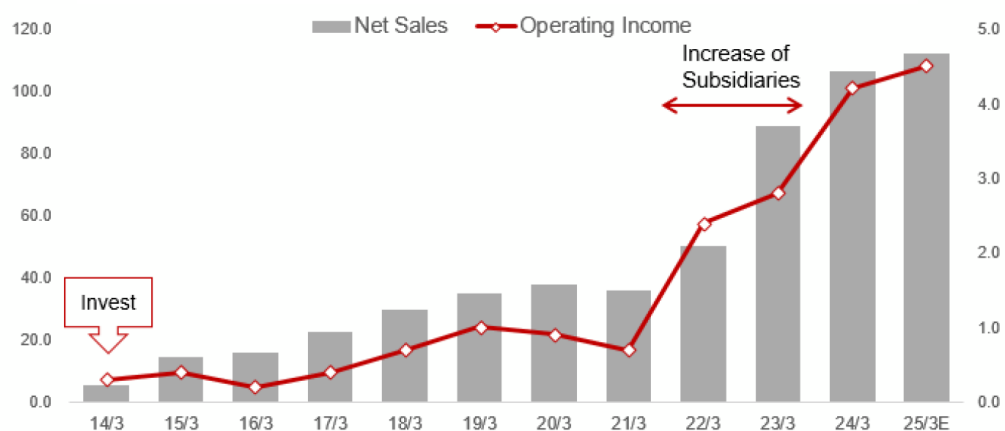
Overseas Ordinary Income Ratio is 46%

In Japan, the food market is expected to shrink due to the decline in population, while in other countries where the population continues to grow, there are concerns about food and protein shortages, and the food market, including marine products, is expected to expand. In this environment, the company group has been working to strengthen its overseas expansion through M&A. The overseas net sales ratio was only 15.2% in FY3/15 but increased to 23.2% in FY3/24. In addition, the overseas ordinary income ratio was 33% in FY3/22, but is expected to have increased to 46% for FY3/25 as of March 2025.

Dutch Subsidiary Drives Growth

One example of a successful overseas M&A is Seafood Connection Holding B.V.(SCH), a holding company for the sale of frozen marine products in the Netherlands that was acquired in 2013. In the 11 years since the investment, SCH has seen its sales revenue increase 18x and its operating income increase 14x, leading the company's growth overseas.

Figure 2. Trends in SCH Net Sales and Operating income (Unit: ¥bn)



※ Sales on the left axis, operating income on the right axis

Source: Company Data.

The main factors behind SCH's rapid expansion in business performance are the successful acquisition and post-merger integration (PMI) of subsidiaries in Spain and the UK, the expansion of its bulk food delivery service to restaurants mainly in the Netherlands and the transfer of authority to local managers who are familiar with local conditions.

2. 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 vessels, large and small, 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; and 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.

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.

2) Nichiro

Nichiro's predecessor was Tsutsumi Shokai, which was established in Sanjo, Niigata Prefecture, in November 1906 by Mr. Seiroku Tsutsumi and Mr. Jojiro Hiratsuka, 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.

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

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

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

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

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 and 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 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.

Maruha Nichiro | 1333 (TSE Prime)

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.

3) 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, have a complementary relationship.

Transition to a New Group Structure in 2008

In 2008, a new corporate group structure was established with four 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.

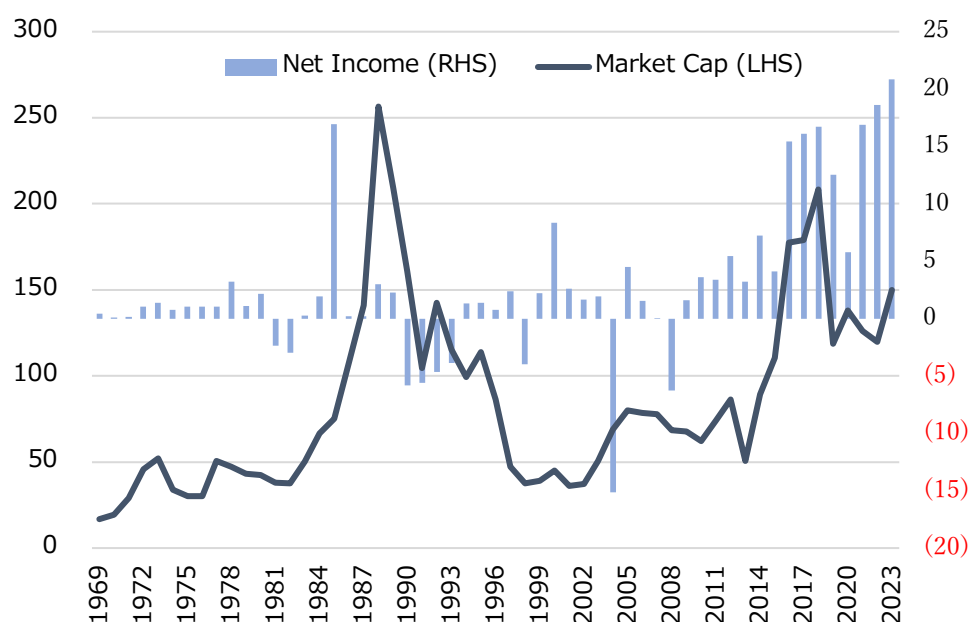
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Strengthening Overseas Expansion and Organizational Restructuring (2010's)

In 2013, it acquired SCH, a Dutch distributor of frozen seafood, which became a model for the growth of its overseas business, as well as Austral Fisheries, a major Australian commercial fishing company.

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.

Figure 3. Maruha Nichiro's Trends in Net Income & Market Cap (¥bn)



* Figures for pre-2007 are only for Maruha

Source: Company Data. Compiled by Strategy Advisors.

Figure 4. Maruha Nichiro's History

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. Maruha Group Inc. changed its name to Maruha Nichiro Holdings.
2008	Company name changed to Maruha Nichiro Fisheries Inc. Food business was split into an absorption-type company with Maruha Nichiro Foods Inc. (formerly Nichiro Corp.) as the successor company. The meat products business was split off and absorbed into Maruha Nichiro Meat and Products Inc., which became the successor company. 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. 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. 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.

*Before the merger of Maruha and Nichiro in 2007, Maruha's history.

Source: Company Data. Compiled by Strategy Advisors.

3. President & CEO Masaru Ikemi's "My Resume"

Growing Up Near Seto Inland Sea

President & CEO Masaru Ikemi was born in Hyogo Prefecture on December 22, 1957. He has liked sports since he was a child and was able to do a backflip (a backward handstand rotational jump) when he was in elementary school. Mr. Ikemi attended Rokko Gakuin, a junior and senior high school in Nada Ward, Kobe City, which was located at the top of a long hill and offered a panoramic view of the Seto Inland Sea from the school building.

During University Days, He Dreamed of Working Overseas

Growing up watching the sea, Mr. Ikemi developed an interest in the sea and fisheries and enrolled in the Fisheries Department of the Faculty of Agriculture at Kyoto University. At Kyoto University, he devoted himself to researching microorganisms related to the marine environment. As he devoured Toyoko Yamazaki's works, such as "Shizumanu Taiyo" as a hobby and he began to aspire to work overseas.

Taiyo Fisheries was a Shortcut to Working Overseas, rather than Another Trading Company

Mr. Ikemi started his job search with general trading companies that had many overseas positions but during the interviews he was told that he needed to work in Japan for at least five years before he could work overseas. At that time, he had a chance to talk with a senior from his university who was employed at Taiyo Fishery. In 1980, Taiyo Fishery was creating joint ventures one after another to secure fishing grounds around the world in response to the 200 nautical mile limit and the senior told him that he could go overseas immediately if he wanted to. So, Mr. Ikemi decided to stop searching for a job at trading companies and join Taiyo Fishery.

16 Years in Solomon Islands and Thailand

Mr. Ikemi graduated from Kyoto University in 1981 and joined Taiyo Fishery, where he was assigned to the overseas business department. During the next 32 years, he worked in the overseas business department in Japan for a total of 16 years, in the Solomon Islands for a total of 7 years and in Thailand for a total of 9 years.

At the time, the joint venture in the Solomon Islands was engaged in skipjack fishing, manufacturing and exporting canned tuna using the skipjack, etc. Additionally, Kingfisher Holdings Limited, a joint venture in Thailand acquired in 1990, was also engaged in the manufacturing and export of canned tuna.

Difficulties with Thai Joint Venture

In April 2008, after finishing his work as vice president of the Thai corporation, Mr. Ikemi was appointed as the head of the overseas department of Maruha Nichiro Foods, which had changed its name from Nichiro. In the spring of 2009, there was talk of him being appointed as president of the Thai corporation. However, relations with a local partner who were dissatisfied with the old Maruha deteriorated and although Mr. Ikemi's appointment as president itself was not questioned, he was not able to take up the post immediately.

In April of the same year, he was appointed as the deputy general manager of the overseas business department of Maruha Nichiro Holdings, but it seems that he continued to endure the situation for about a year. As a result of his efforts to repair the relationship, he was appointed as president of the Thai corporation a year later and was able to fulfill his original role. It is believed that his experience of overcoming difficult situations when dealing with overseas partners from different cultures led to his subsequent promotion.

Promoting the Integration of Maruha and Nichiro

At that time, Toshio Kushiro, president of Maruha Nichiro Holdings, felt a sense of crisis that the six major subsidiaries had been operating vertically since the merger of Maruha and Nichiro, preventing the group from realizing synergy, and was exploring the possibility of integrating the six companies. In April 2011, President Kushiro appointed Mr. Ikemi, who had no experience in the head office management department, as Executive Officer and General Manager of the Corporate Planning Department, who would be the driving force behind the integration of the six companies. In April 2014, the organizational restructuring (integration of Maruha and Nichiro) was realized thanks to the efforts of Mr. Ikemi and the other executives.

After that, Mr. Ikemi served as a director, managing executive officer and senior managing executive officer. He was in charge of administrative departments such as human resources and accounting and was thereby able to gain experience in overall management. In April 2020, he succeeded his predecessor, President Shigeru Ito as Representative Director and President & CEO.

Focus on Promoting DX

Since assuming his position as president, President Ikemi has been focusing on promoting DX. His achievements have been recognized and in April 2025, the Ministry of Economy, Trade and Industry selected the company as a "DX Noteworthy Company 2025", a rank second only after being a "DX Stock 2025", marking the second consecutive year that the company has been selected. Among food, fisheries, and agriculture/forestry companies, the two companies selected as DX stocks are Nichirei (2871 TSE Prime) in 2024 and Ajinomoto Co., Inc. (2802 TSE Prime) in 2025, and Maruha Nichiro is the only company selected as a DX Noteworthy Stock, making the company a front-runner on DX within the industry.

However, President Ikemi is concerned about the vertical division mentality that still persists within each company and department and intends to continue working to further standardize and systematize workflows across the entire group.

Suitable for Implementing Mid-Term Management Plans

In the mid-term management plan described below, the company has set a policy of increasing profitability by promoting collaboration between segments and strengthening the "value cycle" from upstream to downstream, and "globalizing" the completed value cycle in four key areas. President Ikemi, who led the integration of Maruha Nichiro's main subsidiaries and has long experience in overseas business, is expected to utilize his experience to steadily implement this mid-term business plan.

Figure 5. Former Presidents of Maruha Nichiro

	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-

* Before the merger of Maruha and Nichiro in 2007, Maruha's past presidents. After the merger, before March 2014 was the president of Maruha Nichiro Holdings, and then after April 2014 was the president of Maruha Nichiro.

Source: Company Data. Compiled by Strategy Advisors.

4. Main Business

Business Operations in 3 Segments

Maruha Nichiro operates three segments: 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 4,660 tons (FY 2022), accounting for 28% of the domestic market share. The company's annual amberjack production volume is approximately 2,980 tons (FY 2022), accounting for 10% 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 290,672 tons (2024) 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.

Figure 6. Domestic Aquaculture Bases

Company	Location	Fish Species
Maruha Nichiro	Yuza, Yamagata	Cherry Salmon
Maruha Nichiro Marine	Kumano, Mie	Bluefin Tuna
	Kushimoto, Wakayama	Bluefin Tuna
Maruha Nichiro AQUA	Karatsu, Saga	Yellowtail, Amberjack
	Saiki, Oita	Yellowtail
	Shimauro, Miyazaki	Yellowtail
	Sakurajima, Kagoshima	Yellowtail, Amberjack
	Amami Oshima, Kagoshima	Bluefin Tuna, Amberjack
Taiyo A&F	Kashiwajima, Kochi	Bluefin Tuna
	Yuza, Yamaguchi	Bluefin Tuna
	Goto, Nagasaki	Bluefin Tuna
	Motobu, Okinawa	Bluefin Tuna
Maruha Nichiro Aquaculture Technology Development Center	Minamisatsuma, Kagoshima	Yellowtail, Amberjack
Atland	Nyuzen, Toyama	Atlantic salmon

* As of June 2024. In December 2024, the company acquired a yellowtail farm Kaiseimaru (Numazu City, Shizuoka Prefecture).

Source: Company Data. Compiled by Strategy Advisors.

Figure 7. Locations Overseas



Source: Company Data.

2) Foodstuff Distribution Business Segment

Marine Products
Trading Unit

The company boasts a global procurement system, with a sales network that includes procurement and market distribution of marine products in over 70 countries both domestically and internationally. It procures approximately 40,000 tons of shrimp annually (2024) from around the world, with a domestic share of approximately 18%. It procures approximately 4,100 tons of octopus annually (2024) from West Africa, with a domestic share of approximately 23%.

Foodstuff
Distribution Business Unit

The company manufactures and sells marine products and commercial products to a variety of business formats. It is divided into seven departments according to the sales channel, which allows it to cover almost all B-2-B markets. Its strengths are that it owns food processing facilities that can meet a variety of user needs, including frozen, refrigerated and room temperature foods. In the growing nursing care food market, it is expanding its share mainly in the kizami(minced) food, mixer(blended) food and soft food categories (domestic share: approximately 26%) and is also promoting expansion into overseas markets such as China, Taiwan, etc.

Figure 8. Kizami(minced), Mixer(blended) & Soft Foods



Source: Company Data.

Agricultural Foods & Meat and 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 15% 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 (FY 2023). The domestic imported frozen vegetable market volume in FY 2023 is expected to be 1,121,000 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 9. Global Developments in the Meat Business

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

Source: Company Data. Compiled 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 (domestic market share in 2023: approximately 76%), canned mackerel (ibid. 33%), canned crab, frozen foods for bento lunches (ibid. 21%) and frozen mixed vegetables. It also develops and manufactures pre-cooked side dishes and bento lunches for convenience stores and restaurant chains.

Figure 10. Canned Salmon



Source: Company Data.

Figure 11. Canned Mackerel



Source: Company Data.

Figure 12. Frozen Food for Bento lunch



Source: Company Data.

Fine Chemicals 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 (domestic market share for health foods: approx. 50%), 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

Figure 13. DHA/EPA (For Health Foods)



Source: Company Data.

5. Performance Trends by Segment




Large-Scale Organizational Restructuring to be Implemented in FY3/25

Starting from FY3/25, the company implemented a large-scale organizational restructuring with the aim of responding to diversifying channels and maximizing corporate value through the provision of marine, meat, agricultural and high-added-value processed products.

In the Marine Resources Business Segment, the Marine Products Trading Unit was transferred to the Foodstuff Distribution Business Segment. The Overseas Business Unit was abolished and a North America Operations Unit consisting of the North American and European businesses was established. The Asian business (pet food, food processing, etc.) was transferred to the Processed Foods Business Unit in the Processed Foods Business Segment.

In the Foodstuff Distribution Business Segment, the Meat and Products Business Unit was renamed the Agricultural Foods & Meat and Products Business Unit and the agricultural related business that had been in the Processed Foods Business Unit of the Processed Foods Business Segment was fully assimilated into the Agricultural Foods & Meat and Products Business Unit of the Foodstuff Distribution Business Segment. In addition, the Logistics Segment was positioned as a function provision business and was included in others.

Figure 14. Changes in Organizational Structure for FY3/2025

Segment	Unit		Segment	Unit
Marine Products Biz	Fishery Biz		Marine Products Biz	Fishery Biz
	Aquaculture Biz			Aquaculture Biz
	Marine Products Trading			North America Operations
	Overseas Biz			
Processed Foods Biz	Processed Foods Biz		Processed Foods Biz	Processed Foods Biz
	Fine Chemicals			Fine Chemicals
Foodstuff Distribution Biz	Foodstuff Distribution Biz		Foodstuff Distribution Biz	Marine Products Trading
	Meat and Products Biz			Foodstuff Distribution Biz
Logistics*	Logistics			Agricultural Foods & Meat and Products Biz
FY Ended March 2024			FY Ending March 2025	

※ Marine Products = Marine Resources

Source: Company Data.

The performance of each unit below is explained based on the new organizational structure.

1) Marine Resources Business Segment

Fishery Business Unit

In the Fishery Business Unit, net sales and operating income increased in FY3/23 due to strong sales of mainstay fish such as Patagonian toothfish. In FY3/24, net sales and operating income decreased due to a decrease in the catch volume caused by a decrease in the operation of fishing boats and a rise in fuel costs.

Aquaculture Business Unit

As for the Aquaculture Business Unit, in FY3/23, net sales and operating income increased due to an increase in sales volume and recovery in sales prices of yellowtail and amberjack, as well as an increase in the market price of major fish species such as tuna. In FY3/24, sales prices of tuna and amberjack remained steady, and net sales was on par with the previous year, but operating income decreased due to an increase in costs such as feed costs and a fall in the market price of yellowtail.

North America Operations Unit

For the North America Operations Unit in FY3/23, the North American business saw an increase in both net sales and operating income due to increased production of newly acquired Alaska pollock resources and higher sales prices. The European business saw an increase in net sales and operating income due to an increase in purchases and sales of marine products and an increase in the number of subsidiaries through acquisitions, etc.

For FY3/24, the North American business saw an increase in net sales due to an increase in the supply of Alaska pollock, but operating income decreased due to a drop in the price of surimi and fillets. The European business saw an increase in net sales and operating income thanks to the steady performance of the UK-based marine products processing and sales company and the Dutch food wholesaler, which were made subsidiaries in the previous term.

2) Foodstuff Distribution Business Segment

Marine Products Trading Unit

In FY3/23, the Marine Products Trading Unit saw an increase in both net sales and operating income sales and profits due to a recovery in sales to restaurants and commercial use and the firm price of marine products in general. In FY3/24, net sales and operating income decreased due to a drop in the sales prices of imported marine products such as frozen tuna, salmon and trout.

Foodstuff Distribution Business Unit

In the Foodstuff Distribution Business Unit, net sales increased in FY3/23 due to a recovery in sales to restaurants and solid sales to institutional lunch services and nursing care meals, but operating income decreased due to the time lag before the effects of price revisions in response to rising costs due to soaring raw material and energy prices and the weak yen also took effect. In FY3/24, net sales and operating income increased due to the expansion of

sales channels through intra-group collaboration, the effects of price revisions and improved business efficiency and productivity.

Agricultural Foods & Meat and Products Unit

As for the Agricultural Foods & Meat and Products Unit, in FY3/23, net sales and operating income sales and profits increased due to the rise in the general price of imported meat products, the increase in the volume of European pork and the steady sales of domestic beef. In FY3/24, net sales and operating income increased due to the rise in the general price of meat products and the steady sales of imported meat.

3) Processed Foods Business Segment

Processed Foods Business Unit (Processed Foods Business)

In the Processed Foods Business of the Processed Foods Business Unit, net sales increased slightly in FY3/23, as the effects of price revisions and sales expansion measures made up for the struggles with sales volume; but operating income decreased due to a time lag before sales price revisions, which corresponded to the increase in costs due to the soaring prices of raw materials and energy and the impact of the weak yen kicking-in.

In addition, sales opportunities were lost in the frozen food business due to the fire at the Hiroshima plant. In FY3/24, as the price revisions took hold, sales prices and sales volumes increased for main products; but this was not enough to make up for the decrease in sales volumes due to the loss of the Hiroshima plant, resulting in a decrease in net sales. On the other hand, operating income increased significantly due to improved productivity and the effects of price revisions.

Processed Foods Business Unit (Asia Business)

In the Asian business centered on Kingfisher Holdings in Thailand, net sales and operating income increased significantly in FY3/23 due to favorable sales to North America in the pet food business and the strong dollar and weak Baht. In FY3/24, net sales and operating income in the pet food business decreased significantly due to inventory adjustments in North America.

Fine Chemicals Unit

In the Fine Chemicals Unit, sales of newly entered heparin and sales for existing health foods were strong in FY3/23. In FY3/24, net sales increased due to favorable sales of pharmaceutical chondroitin and heparin, but operating income decreased due to a decrease in sales volume due to changes in the implementation of the functional food labeling system and the impact of rising raw material prices due to Peru closing its anchovy season.

Figure 15 shows the performance trends by segment and unit, with the impact of organizational restructuring retroactively adjusted (estimated).

Figure 15. Results for the Most Recent 4-Years by Segment/Unit
(Organizational Restructuring in the Beginning of the FY3/25)

(JPY in Billions)

	Net Sales				Operating Income			
	Mar/2022	Mar/2023	Mar/2024	Mar/2025 (Forecast)	Mar/2022	Mar/2023	Mar/2024	Mar/2025 (Forecast)
Fishery Biz Unit	31.5	42.2	38.5	46.2	0.3	1.8	-1.0	2.0
Aquaculture Biz Unit	14.6	15.9	16.0	16.6	0	1.6	0.7	0.4
North America Operations Unit	101.3	152.9	171.6	180.0	3.6	5.6	3.2	5.2
Marine Resources Biz Segment Total	147.4	210.9	226.1	242.8	3.9	9.0	2.9	7.5
(Domestic)	57.2	67.0	64.9	69.9	0.3	1.8	0.1	0.4
(Overseas)	90.2	143.9	161.2	172.9	3.5	7.2	2.9	7.2
Marine Products Trading Unit	279.8	309.3	298.1	285.8	4.6	3.5	2.5	4.0
Foodstuff Distribution Biz Unit	194.8	223.8	234.4	245.9	2.1	2.5	6.2	4.8
Agricultural Foods & Meat and Products Unit	71.1	86.0	92.4	84.9	0.7	0.8	1.3	1.2
Foodstuff Distribution Biz Segment Total	545.7	619.1	624.9	616.6	7.4	6.9	10.0	10.0
(Domestic)	543.7	615.8	621.4	612.3	7.4	7.2	10.1	9.8
(Overseas)	2.0	3.3	3.5	4.4	0	-0.3	-0.1	0.1
Processed Foods Biz Unit	149.7	164.7	152.5	163.0	9.5	9.8	9.5	10.5
Fine Chemicals Unit	6.8	7.8	7.9	8.1	1.5	1.4	1.1	1.3
Processed Foods Biz Segment Total	156.6	172.4	160.4	171.2	11.0	11.2	10.6	11.8
(Domestic)	112.1	113.6	113.2	118.0	5.6	3.0	6.4	6.3
(Overseas)	44.4	58.9	47.1	53.1	5.4	8.2	4.2	5.5
Logistics	16.6	17.6	17.6	17.6	1.1	1.6	2.3	1.8
Others	0.4	0.4	1.7	1.8	0.5	0.9	0.7	- 1.1
Total	866.7	1,020.5	1,030.7	1,050.0	23.8	29.6	26.5	30.0
(Domestic)	729.2	813.1	817.2	818.1	15.0	14.4	18.7	18.6
(Overseas)	137.5	207.3	213.4	231.9	8.8	15.2	7.9	11.4

※ Past figures are estimates created for reference purposes. Domestic figures are the total of Maruha Nichiro and domestic consolidated subsidiaries, and overseas figures are the total of overseas consolidated subsidiaries. FY3/25 is as of the beginning of the period.

Source: Company Data.

6. Corporate DNA and Difficulty of Imitation

1) Positioning Theory

Adopting Cost Leadership and Differentiation Strategies

Michael E. Porter, a well-known business scholar, proposes three 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 Maruha Nichiro 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 and 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, 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.

Maruha Nichiro's Corporate DNA

Therefore, Strategy Advisors believe that the corporate DNA that Maruha Nichiro 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) Difficulty in Imitation

Focus on Imitation Difficulty

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

Maruha Nichiro's difficulty imitating 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; and 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.

Maruha Nichiro'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 business model cannot be imitated by 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.

4) Equity Story

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

There are 3 equity stories we see for Maruha Nichiro. The first is that the company will further evolve its inimitable nature, which has been cultivated based 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.

Due to the declining population and low rate of productivity growth, global investors continue to have a negative outlook for the Japanese stock market as a whole. However, if it is determined that internationally competitive growing companies in each sector are being left at lower valuations than they should be, Japanese stocks may be selected as investment targets. With the current market capitalization, it is difficult for the company's stock to be selected by major global stock investors; but if market capitalization exceeds a certain level, it is likely that it will be added to the investment candidate list.

Improve Operating Income Margins and 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 addition, the operating income forecast for the final year of the mid-term management plan, which will be described later, for FY3/28, 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.

Hopes are High for the Company to Transform into a Stable Growth Company by Entering the Algae-Derived DHA Market

The third story is "transforming into a stable growth company by entering the algae-derived DHA market, etc." One of the reasons why the valuation of the company's shares is low is that market participants view the Marine Resources Business Segment as having high profit volatility and low operating income margins.

However, with regard to the Marine Resources Business Segment, structural reforms implemented over the past few years have now resulted in the prospect of stabilizing operating income.

On the other hand, it will not be easy for the entire group to significantly improve its operating income margin, which remained at 2.6% in FY3/24. However, the Processed Foods Business Segment's operating income margin of 6.7% is significantly higher than Other Segments. Among them, the Fine Chemicals Unit only accounts for 0.8% of total net sales, but has a high operating income margin of 13.9%, making it unique in the company's business. If this unit achieves growth that corresponds with its scale, it could significantly change the image investors have of the company.

In May 2024, the company signed a business partnership agreement with Mara Renewables Corporation (Mara), a Canadian company that is one of the world's leading algae manufacturers. By receiving exclusive supply of algae-derived DHA manufactured by Mara for the Japanese market, the company has begun manufacturing and selling algae-derived DHA in addition to the conventional fish-derived DHA.

Algae is also a technology that is attracting attention in biofuels and future research and development trends are likely to be of interest. In the future, the company is also considering building a joint venture factory in the Asia-Oceania region, where high economic growth is expected, which is expected to contribute to profits and have an impact on the stock price.

5) Purpose and Mission

Along 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 145 years.

7. 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 FY3/18 was only 22.3%, but rose to 30.8% at the end of FY3/24. The net debt-to-equity ratio also dropped sharply from 2.2x at the end of FY3/18 to 1.2x at the end of FY3/24. Interest-bearing debt increased slightly from ¥266 billion at the end of FY3/18 to ¥284.3 billion at the end of FY3/24, but as cash and deposits increased from ¥16.4 billion at the end of FY3/18 to ¥37.9 billion at the end of FY3/24, net interest-bearing debt decreased by ¥3.1 billion during this period.

Meanwhile, equity capital increased significantly from ¥115.4 billion at the end of FY3/18 to ¥207.1 billion at the end of FY3/24, 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 FY3/28.

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 FY3/22, as well as the D/E ratio and equity ratio at the end of FY3/22. For the KGI's in the mid-term management plan for FY2022 to FY2024, MNEV (Maruha Nichiro 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.

MNEV

MNEV 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) (MNEV spread) by the invested capital. The company also defines ROIC as $(\text{operating income} + \text{interest paid} - \text{interest received}) \times (1 - \text{effective tax rate}) / \text{invested capital}$.

Dividend Increases Every Year from FY3/22 Onwards

Regarding dividends, the company has been following a stable dividend policy up until FY3/21, paying ¥30 per share in FY3/15 and FY3/16 and ¥40 from FY3/17 to FY3/21. After that, the company continued to increase dividends to ¥55 in FY3/22, ¥65 in FY3/23 and ¥85 in FY3/24. The company plans to pay ¥110 in FY3/25. The company also bought back ¥5 billion of its own shares in FY3/23.

In its new mid-term management plan for FY2025 to FY2027, the company aims for a dividend payout ratio of 30% or more and a progressive dividend.

Figure 16. Changes in Financial Data

(¥mn)

FY	3/18	3/19	3/20	3/21	3/22	3/23	3/24
[Cash Flow]							
Net Income	16,102	16,695	12,537	5,753	16,898	18,596	20,853
Depreciation, Goodwill & Amortization	15,870	15,936	16,639	17,168	17,750	16,695	17,893
Capital Expenditures	-19,967	-17,700	-24,824	-22,923	-16,579	-31,510	-22,983
Payments for Purchases of Shares of Subsidiaries Resulting in Change	-853	-	-98	-2,312	-1,574	-3,299	-
Acquisition of Common Stock for Treasury	-12	-15	-5	-5	-4	-5,381	-266
Dividend Payment	-2,359	-2,098	-2,098	-2,096	-2,097	-2,883	-5,038
[B/S]							
Cash and Deposits	16,475	12,132	21,782	31,579	24,952	33,679	37,944
Interest-Bearing Debt (Excluding Lease Obligations, etc.)	266,036	263,408	261,715	259,837	250,604	301,139	284,351
Equity Capital	115,459	125,353	132,628	142,496	160,174	178,311	207,128
[Major Indicators]							
Capital Adequacy Ratio	22.3	24.1	25.1	26.7	29.2	28.0	30.8
D/E Ratio	2.3	2.1	2.0	1.8	1.6	1.7	1.4
Net D/E Ratio	2.2	2.0	1.8	1.6	1.4	1.5	1.2
Dividend Per Share (¥)	40	40	40	40	55	65	85
Dividend Payout Ratio	13.1	12.6	16.8	36.6	17.1	17.9	20.6

Source: Company Data. Compiled by Strategy Advisors.

8. Business Trends and Future Outlook

1) Cumulative Q3 FY3/25

Cumulative Q3:
5% Increase in Net Sales,
10% Increase in OP Income

In Q3 FY3/25, net sales increased 5.2% YoY, operating income increased 9.8%, quarterly profit attributable to owners of parent increased 3.6% and EBITDA increased 9.8%. Progress rates against the full-year plan were sales 78.9%, operating income 92.8%, quarterly profit attributable to owners of parent 105.6% and EBITDA 87.7%.

The main factors behind the increase in net sales were the increased sales volume in the Marine Resources Business Segment and the Processed Foods Business Segment, while the main factors behind the increase in operating income were favorable sales of marine products (Foodstuff Distribution Business Segment) and favorable sales in North America of the Thai pet food business.

Marine Resources:
11% Increase in Net Sales,
54% Decrease in OP Income

The Marine Resources Business Segment saw net sales increase by 10.6% YoY, but operating income decreased by 53.5%. The Fishery Business Unit saw net sales and operating income increase due to an increase in the volume of Patagonian toothfish from Australia and squid and horse mackerel from New Zealand. On the other hand, the Aquaculture Business Unit saw a decrease in operating income due to delayed growth caused by high water temperatures and rising costs due to soaring feed prices. The North America Operations Unit also saw a decrease in operating income due to a drop in the market price for Alaska pollock surimi and fillets, the company's main products.

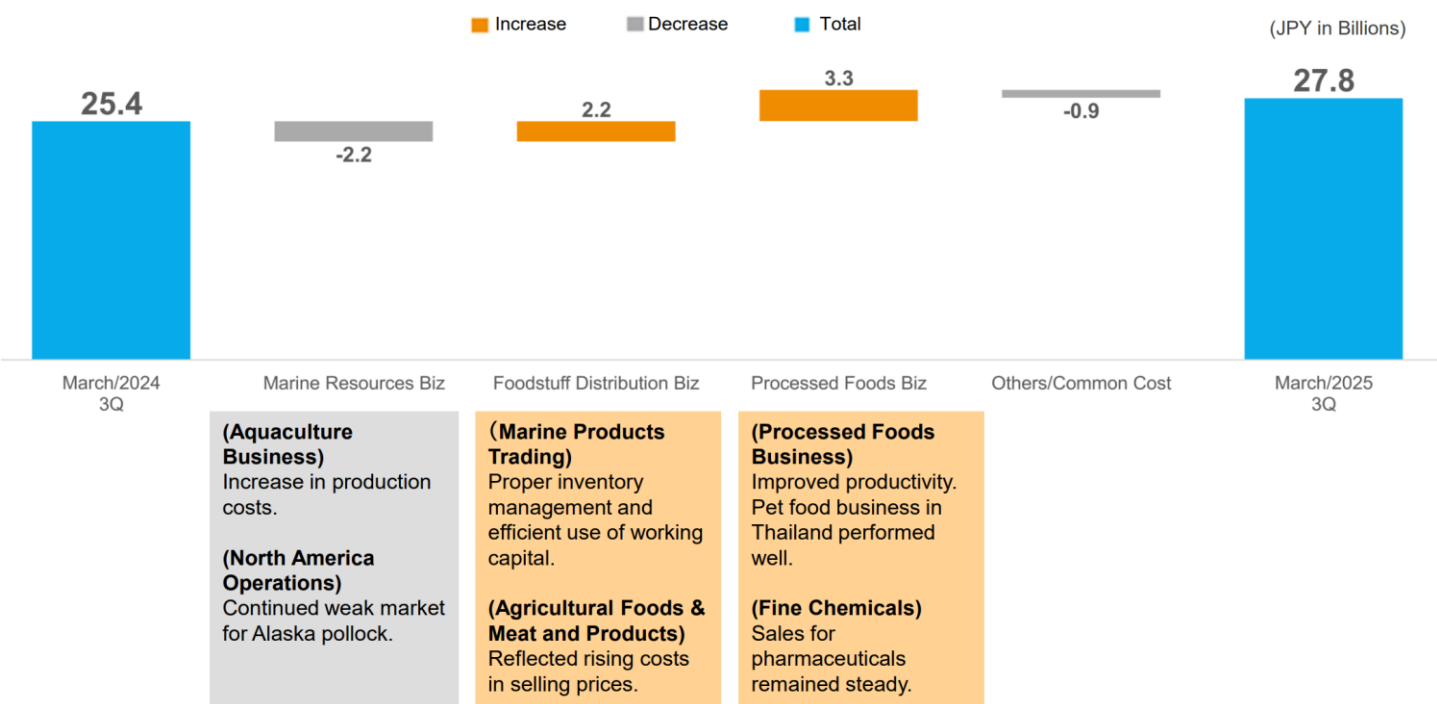
Foodstuff Distribution:
1% Increase in Net Sales,
21% Increase in OP Income

In the Foodstuff Distribution Business Segment, net sales increased 1.3% YoY and operating income increased 21.1%. Although the Foodstuff Distribution Business Unit saw a decrease in operating income due to an increase in production costs, the Marine Products Trading Unit and Agricultural Foods & Meat and Products Unit saw an increase in operating income overall.

Processed Foods:
14% Increase in Net Sales,
39% Increase in OP Income

The Processed Foods Business Segment saw net sales increase by 13.6% and operating income increase by 39.2% YoY. The Processed Foods Business Unit saw net sales and operating income increase due to increased sales of mainstay products and a rapid recovery in the pet food business, which had been declining in FY3/24 due to inventory adjustments. The Fine Chemical Unit saw net sales and operating income increase due to solid sales to pharmaceuticals.

Figure 17. Factors Behind Changes in Operating Income by Segment (YoY Comparison)



Source: Company Data.

Figure 18. Quarterly Performance Trends (Unit: ¥mn)

FY	3/24					3/25			
	Q1	Q2	Q3	Q3 Cumulative	Q4	Q1	Q2	Q3	Q3 Cumulative
Net Sales	250,922	256,434	279,990	787,346	243,328	256,928	275,206	295,967	828,101
(YoY)	7.90%	1.50%	-5.30%	0.80%	1.60%	2.40%	7.30%	5.70%	5.20%
Cost of Sales	216,862	220,873	244,606	682,341	214,515	221,270	237,531	254,472	713,273
Gross income	34,060	35,561	35,384	105,005	28,813	35,657	37,675	41,496	114,828
(Gross Income Margin)	13.60%	13.90%	12.60%	13.30%	11.80%	13.90%	13.70%	14.00%	13.90%
SG&A Expenses	26,374	26,489	26,784	79,647	27,637	28,000	29,261	29,732	86,993
Operating Income	7,685	9,072	8,601	25,358	1,176	7,657	8,413	11,764	27,834
(Operating Income Margin)	3.10%	3.50%	3.10%	3.20%	0.50%	3.00%	3.10%	4.00%	3.40%
Non-Operating Income	4,355	1,669	1,820	7,844	839	3,364	-374	3,789	6,779
Non-Operating Expenses	826	1,041	1,107	2,974	1,137	1,154	2,217	218	3,589
Ordinary Income	11,213	9,701	9,314	30,228	878	9,868	5,821	15,335	31,024
(Ordinary Income Margin on Sales)	4.50%	3.80%	3.30%	3.80%	0.40%	3.80%	2.10%	5.20%	3.70%
Extraordinary Income	64	95	8,549	8,708	852	92	7,617	2,102	9,811
Extraordinary Losses	590	2,614	118	3,322	1,453	122	134	87	343
Income Before Tax	10,688	7,182	17,743	35,613	278	9,838	13,303	17,351	40,492
Income Taxes	3,483	2,120	5,163	10,766	402	2,271	3,933	5,500	11,704
(Corporate Tax Rate)	32.60%	29.50%	29.10%	30.20%	144.60%	23.10%	29.60%	31.70%	28.90%
Net Income	6,652	4,242	11,540	22,434	-1,581	6,540	7,270	9,428	23,238
Net Income Margin	2.70%	1.70%	4.10%	2.80%	-0.60%	2.50%	2.60%	3.20%	2.80%

Source: Company Data. Compiled by Strategy Advisors.

2) New Long-Term Vision and Mid-Term Management Plan "For the Ocean, For Life 2027"

Simultaneously Announced Company Name Change & Mid-Term Management Plan

The company announced two important pieces of management information on March 24, 2025. The first was the resolution made by the board of directors to change the company name to Umios on March 1, 2026. Umios is a coined word combining the following letters from, "umi", "one" and "solutions". Starting with the ocean "umi", which is the root of the Maruha Nichiro Group, the company's desires to be at "one" with stakeholders inside and outside the group, society as a whole, as well as the planet, and finally to provide "solutions" to solve global social issues through food. The company has positioned this as its third foundation, following its founding from 1880 till its second foundation from 2007 with the merger of the 2 companies.

The other key announcement was the disclosure of the new long-term vision and mid-term management plan, "For the ocean, for life 2027."

Many of the Financial KGI's from the Previous Mid-Term Plan are Expected to be Achieved

In conjunction with the announcement of the new mid-term management plan, the company also conducted a review of the previous mid-term management plan announced in March 2022. Many of the financial KGI's for FY3/25 set in the previous mid-term management plan were revised upward in May 2024. We believe that the unannounced results for FY3/25 should show that these KGI's will largely have been achieved.

Figure 19. Summary of Previous Mid-Term Management Plan Financial KGI's

	FY Ended March 2022 Results	Previous Mid-term Plan	
		FY Ending March 2025 Initial Plan	FY Ending March 2025 Forecast
MNEV**	10.5 bln.JPY	9.5 bln.JPY	12.0 bln.JPY
Net sales	866.7 bln.JPY	960.0 bln.JPY	1,050.0 bln.JPY
Operating income	23.8 bln.JPY	27.0 bln.JPY	30.0 bln.JPY
Ordinary income	27.6 bln.JPY	28.0 bln.JPY	32.0 bln.JPY
Overseas ordinary income ratio	33%	42%	46%
EBITDA	42.6 bln.JPY	46.5 bln.JPY	50.0 bln.JPY
ROIC*2	4.3%	4.3%	4.3%
ROE	11.2%	9.0%	10.0%
Net D/E ratio	1.4x	1.2x	1.0x

Achievements

- Strengthened and expanded intra-business collaboration centered around the Foodstuff Distribution Business Segment.
- Expansion of marine product trading biz in Europe.
- Expanded earnings in the pet food biz in the Processed Foods Biz.
- Improvement of financial structure (upgraded to R&I rating of A-).

Challenges

- Selection and concentration on businesses with high environmental and economic sustainability.
- Business structural reform and strengthening of downstream strategies for stable and improved earnings.
- Strengthening overseas expansion in the Foodstuff Distribution and Processed Foods sectors.
- Accelerating efforts to optimize domestic production bases.

Future Initiatives

- Strengthening access to N. American Alaska pollock resources.
- DHA derived from microalgae (securing new raw materials).
- Land-based salmon farming and collaborations with cultured meat research companies.

*1 MNEV (Maruha Nichiro Economic Value): As the 'economic value added from business activities,' it is calculated and visualized by multiplying the difference between the return on invested capital (ROIC) and the weighted average cost of capital (WACC) (MNEV spread) by invested capital.

*2 ROIC: (Ordinary Income + Interest Expenses - Interest Income) x (1 - Effective Tax Rate) / Invested Capital

$$\text{MNEV} = \text{MNEV spread} \times \text{Invested Capital}$$

$$\text{Return on Invested Capital (ROIC)} - \text{Weighted Avg. Cost of Capital (WACC)}$$

Source: Company Data.

Maruha Nichiro | 1333 (TSE Prime)

Foodstuff Distribution Business Segment Drives Operating Income Growth

In particular, the operating income of the Foodstuff Distribution Business Segment for FY3/25 is expected to be ¥12.8 billion, significantly exceeding both the initial plan (¥8.9 billion) and the plan revised in May 2024 (¥10 billion), as a result of active collaboration between businesses in initiatives such as nursing care food and tuna.

Net D/E Ratio Also Improved More Than Expected

Regarding the allocation of operating cash flow during the mid-term management plan, both investment based on business strategy and sustainability strategy (Plan: ¥100 billion→ Estimated actual amount: ¥80 billion) and strategic investment for inorganic growth (Maximum: ¥50 billion→ Estimated actual amount: ¥10 billion) fell short of the plan. While the investment amount fell short of the plan, profits exceeded the initial plan, so the net D/E ratio at the end of FY3/25 is expected to be 1.0x, lower than the initial plan (1.2x).

The business performance forecasts by segment and overseas real estate sales forecasts for FY3/25 as of March 24, 2025 are as shown in Figures 20 and 21.

Figure 20. Business Performance Forecast by Segment for FY3/25

(billion JPY)

Segment	FY Ended March 2022 Results		FY Ending March 2025 Initial Plan		FY Ending March 2025 Revised Plan (Revised May 7, 2024)		FY Ending March 2025 Forecast	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Marine Resources Biz	147.4	3.9	194.6	7.0	242.8	7.5	246.6	1.5
Foodstuff Distribution Biz	545.7	7.4	580.3	8.9	616.6	10.0	612.2	12.8
Processed Foods Biz	156.6	11.0	166.6	10.1	171.2	11.8	171.8	13.8
Others	17.0	1.6	18.4	1.1	19.4	0.7	19.4	1.9
Total	866.7	23.8	960.0	27.0	1,050.0	30.0	1,050.0	30.0

*Figures based on the organizational structure for the FY Ending March 2025

*Figures Based on Organizational Structure for FY3/2025

Source: Company Data.

Figure 21. Net Sales Forecast by Overseas Region for FY3/25

(billion JPY)

	Region	FY Ended March 2022 Results	FY Ending March 2025 Initial Plan (A)	FY Ending March 2025 Forecast (B)	Target comparison (B-A)	Average growth rate over 3 years
Overseas Net Sales	N. America	42.4	50.0	70.3	20.3	18%
	Europe	56.0	90.0	126.5	36.5	31%
	Asia	44.8	55.0	56.3	1.3	8%
	Other Regions	17.4	20.0	25.3	5.3	13%
	Total	160.6	215.0	278.4	63.4	20%
Overseas Net Sales Ratio		18.5%	22.4%	25.8%	3.4pt	-

The figures for overseas net sales in this slide refer to the sales amount by region, not by individual location, and include exports from Japan

* The above overseas sales figures refer to net sales amounts by area, not by base, and include exports from Japan.

Source: Company Data.

New Long-Term Vision for the Next 10 Years

The following four points are set out as the main initiatives in the new 10-year long-term vision.

- Build and strengthen a value cycle that enables sustainable value creation from the consumer's perspective
- Maximize value creation through global and local deployment of value cycle
- Business portfolio policy
 - Selection and concentration on sustainable businesses
 - Investing in downstream and global strategies
 - Strengthening appeal of health benefits
- Moving Toward a culture of "challenge" & "co-creation" to achieve value creation

Expanding the Value Cycle Globally

The Group's strengths are 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.) has been making use of its own strengths, it appears that there has been little thought put into creating value by combining the strengths of different departments.

The company group plans to realize sustainable value creation by integrating the group's capabilities of sustainable food development and function exploration, understanding/analysis/measures for consumer needs, access to sustainable protein, processing technology that meets consumer needs and ability to provide for a variety of food scenes into a consumer-driven value cycle. On top of that, the group aims to achieve global expansion by implementing a value cycle system built according to the needs of each area of the world.

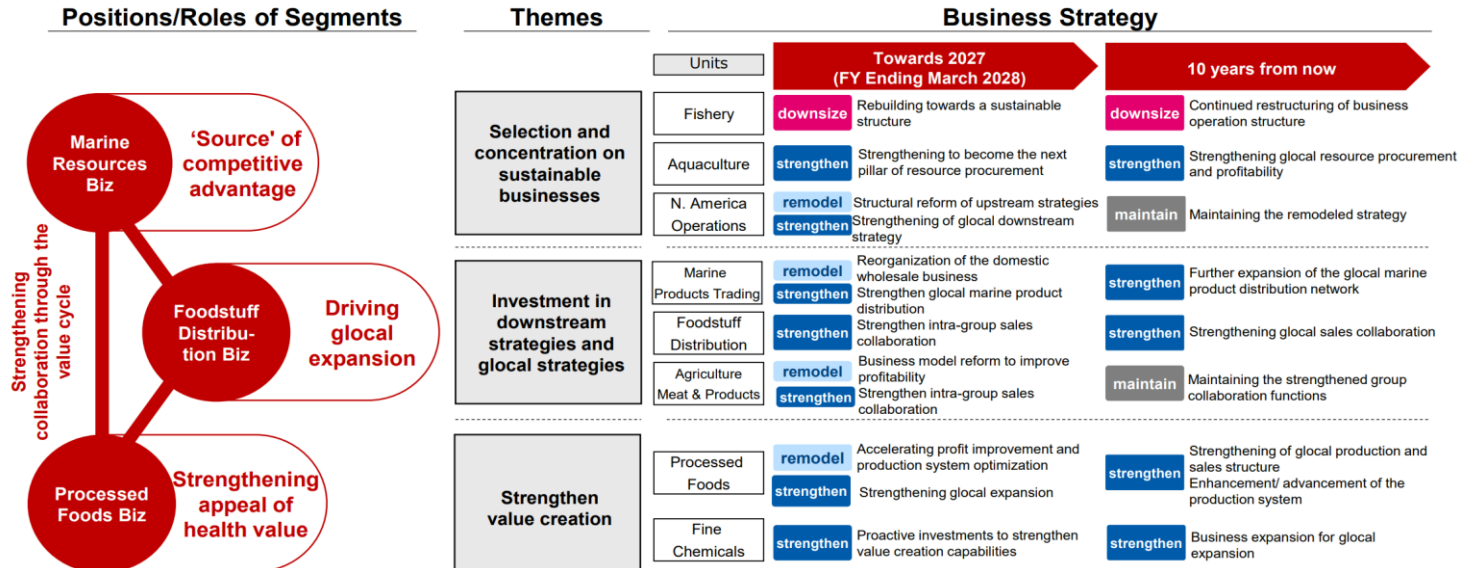
RHQs Established in 4 Key Areas

In order 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 four key areas: Europe/Africa, North America, Asia/Oceania and China, to strengthen collaboration within the group and promote rapid decision-making. In particular, the company aims to expand the successful model that SCH has created in Europe (implementing strategic M&A and PMI and providing a system for the collective delivery of all ingredients and food required by restaurants, etc.) to other areas.

Business Portfolio Policy for the Next 10 Years

The business portfolio policy for the next 10 years is shown in Figure 22.

Figure 22. Business Portfolio Policy for The Next 10 Years



*Logistics Business Is Excluded from the Business Portfolio as an Infrastructure Function.

Source: Company Data.

KGI Target in 10 Years

Quantitative goals for the next 10 years include an overseas ordinary income ratio of 70% or more (46% expected in FY3/25), ROIC of 7% or more (4.3% in FY3/25) and being ranked in the top 10 Global Meat and Seafood Protein Providers in terms of market capitalization. The company plans to achieve this by strengthening existing businesses in Europe, Thailand and China and expanding sales of crab sticks for commercial use in North America and finally through implementation of M&A.

Top 10 Global Competitors by Market Capitalization

As of the end of February 2025, the top 10 Global Meat and Seafood Protein Providers by market capitalization are as shown in Figure 23.

Figure 23. Global Meat and Seafood Protein Provider TOP 10 (Market Cap)

Ranking	Country/Region	Company Name	Market capitalization (million yen)	[Reference] Total sales revenue (million yen)
			Based on recent closing prices	most recent fiscal year
1	People's Republic of China	Muyuan Foods Co Ltd	3,979,094	2,201,491
2	United States of America	Tyson Foods Inc	3,100,709	8,025,347
3	United States of America	Hormel Foods Corp	2,393,863	1,794,647
4	People's Republic of China	Wens Foodstuff Group Co Ltd	2,166,495	1,785,668
5	United States of America	Pilgrims Pride Corp	2,020,555	2,711,995
6	Brazil	JBS SA	2,009,490	9,982,280
7	People's Republic of China	Henan Shuanghui Investment & Development Co Ltd	1,862,164	1,193,424
8	Norway	Mowi ASA	1,527,699	919,303
9	Hong Kong	WH Group Ltd	1,495,854	3,690,539
10	United States of America	Smithfield Foods Inc	1,173,646	2,059,365

*Top 10 Companies in terms of market capitalization in the meat and seafood industry as of February 28, 2025

Source: Company Data. Based on SPEEDA.

Financial Targets for FY3/28

In the mid-term management plan, which ends in FY3/28, the company aims to increase its corporate value by establishing a value cycle and promoting a global strategy to generate stable cash flow, improve profitability and capital efficiency, implement proactive growth investments, maintain an appropriate financial balance and enhance shareholder returns.

The financial targets for FY3/28 include operating income of ¥40 billion, ROIC of 5%, growth investment over three periods (total of organic and inorganic growth investments) of more than ¥140 billion, maintaining an A- rating from R&I, a dividend payout ratio of 30% or more, progressive dividends and a PBR of 1x or more.

Company-Wide Financial KGI & Segment-Specific KGI

Starting from FY3/25 (forecast), the company transferred SCH, which was part of the Marine Resources Business Segment, to the Marine Products Trading Unit of the Foodstuff Distribution Business Segment. Qingdao TAFCO Food Co., Ltd., which was also part of the Marine Resources Business Segment, moved to the Processed Foods Business Unit in the Processed Foods Business Segment. The company-wide financial & segment KGI's (after reorganization) targets for FY3/28 are as shown in Figure 24.

Furthermore, while ROIC for FY3/28 is expected to increase from 4.3% in FY3/25 to 5.0%, ROE is projected to decline. This is because a large amount of gain on sales of investment securities (¥9.2 billion in the cumulative Q3) is expected in FY3/25.

Figure 24. Company-Wide KGI & Segment KGI (After Organizational Restructuring)

■ Company-wide Financial KGIs

	FY Ending March 2025 Forecast	FY Ending March 2028 Plan
MNEV	5 bln.JPY*1	9 bln.JPY
Operating income	30 bln.JPY	40 bln.JPY
Overseas ordinary income ratio	46%	54%
EBITDA	50 bln.JPY	64 bln.JPY
ROIC	4.3%	5%
ROE	10.2%	9%
Net D/E ratio	1.0x	1.0x

[Cost of Capital]

Cost of equity based on CAPM formula is 5.3-7.5%
WACC is around 4%

*1 Recalculated using the assumed WACC for 2027

■ KGIs by Segment (After Organizational Restructuring)

Segment		FY Ending March 2025 Forecast	FY Ending March 2028 Plan
		Operating income	Operating income
Marine Resources Business**2	Domestic	-3.3 bln.JPY	0.6 bln.JPY
	Overseas	-1.5 bln.JPY	4.6 bln.JPY
	subtotal	-4.8 bln.JPY	5.2 bln.JPY
	ROIC	—	3.8%
Foodstuff Distribution Business	Domestic	12.8 bln.JPY	13.0 bln.JPY
	Overseas	5.8 bln.JPY	7.5 bln.JPY
	subtotal	18.6 bln.JPY	20.5 bln.JPY
	ROIC	4.8%	5.5%
Processed Foods Business	Domestic	5.5 bln.JPY	6.2 bln.JPY
	Overseas	8.8 bln.JPY	9.6 bln.JPY
	subtotal	14.3 bln.JPY	15.8 bln.JPY
	ROIC	8.9%	8.8%
Others	subtotal	1.9 bln.JPY	-1.5 bln.JPY
Common Cost	Domestic	15.8 bln.JPY	18.3 bln.JPY
	Overseas	14.2 bln.JPY	21.7 bln.JPY
	total	30.0 bln.JPY	40.0 bln.JPY
	ROIC	4.3%	5%

* Domestic figures are the sum of Maruha Nichiro and domestic consolidated subsidiaries, and overseas figures are the sum of overseas consolidated subsidiaries.

Source: Company Data.

Fishery Business Unit (Marine Resources)

In the Marine Resources Business Segment, the Fishery Business Unit will implement measures such as streamlining unprofitable businesses, selling the alfonsino business that was operating in the Indian Ocean, selecting and concentrating on vessels (reducing the number of vessels) and improving operational efficiency by replacing old ships with new ones. In addition, the unit plans to work on expanding sales (downstream strategy) through

collaboration with the Foodstuff Distribution Business Segment and the Processed Foods Business Segment for tuna and skipjack.

Aquaculture Business Unit (Marine Resources)

The Aquaculture Business Unit aims to improve breeding (breeding for faster growth and breeding for fish that are resistant to fish diseases), strengthen responses to climate change (countermeasures against slow growth due to high water temperatures and production of new species that can grow even in high water temperatures) and also, expand sales through business collaboration with other segments.

North America Operations Unit (Marine Resources)

The North America Operations Unit, which posted a loss in FY3/25, saw its performance in the Alaska pollock business was severely impacted due to the decline in market conditions and a rise in production costs. The unit plans to take measures such as reducing operating costs, lowering production costs by integrating plants and subsidiaries, improving the processing level of surimi and fillets, strengthening sales cooperation with its capital and business partner, Kibun Foods (2933, TSE Prime); and developing the North American market for commercially available frozen foods.

Foodstuff Distribution Business Segment

In the Foodstuff Distribution Business Segment, the measures of the Marine Products Trading Unit include restructuring the receiving business and strengthening global marine products distribution. Overseas, in addition to expanding sales in Europe for SCH and other companies, the company plans to strengthen its efforts in the ASEAN region in the future.

One of the important measures for the Foodstuff Distribution Business Unit is to strengthen product offerings that meet the needs of various customers by promoting intra-group collaboration.

Measures for the Agricultural Foods & Meat and Products Unit include strengthening cooperation within the group and shifting its business structure from one based primarily on food trading to the sale of processed foods, which have stable profits.

Processed Foods Business Segment

In the Processed Foods Business Segment, the Processed Foods Business Unit's measures include optimizing domestic production and strengthening global expansion. Overseas, the company plans to work on expanding sales of frozen foods, especially in the North American market.

Measures for the Fine Chemicals Unit include active investment to strengthen value creation capabilities and expanding sales channels for algae-derived DHA. The ROIC of the Processed Foods Business Segment for FY3/28 is planned to decrease slightly from 8.9% forecast for FY3/25 to 8.8% due to the inclusion of production investments for algae-derived DHA, etc.

Plans for Significant OP Income Improvement in North America

The operating income targets for each overseas key area for FY3/28 are shown in Figure 25.

The operating income increase plan for Europe and Africa largely reflects the growth outlook for SCH, which belongs to the Foodstuff Distribution Business Segment. The operating income improvement plan for North America is largely due to the expected recovery in the performance of the North America Operations Unit of the Marine Resources Business Segment. The operating income profit increase plan for Asia and Oceania reflects the growth outlook for the pet business in Thailand, which belongs to the Processed Foods Business Segment and the expected improvement in operating income of the Australian and New Zealand subsidiaries, which belong to the Marine Products Trading Unit of the Foodstuff Distribution Business Segment.

Figure 25. Targets for Each Key Overseas Region

Priority Regions	Ordinary Income		FY Ending March 2027 Vision
	FY Ending March 2025 Forecast	FY Ending March 2028 Plan	
Europe / Africa	6 billion JPY	6.6 billion JPY	<ul style="list-style-type: none"> By expanding the regional portfolio, we will build a unique regional value cycle in Europe, including marine product processing, frozen food production, fresh fish provision, and food ingredient wholesale.
North America	-3 billion JPY	2.5 billion JPY	<ul style="list-style-type: none"> By strengthening processing and sales functions based on existing North American resource access and expanding the frozen food business, we will expand the value cycle within the region.
Asia / Oceania	11.4 billion JPY	12.3 billion JPY	<ul style="list-style-type: none"> Establishment of development and processing bases to supply products globally as the 'Kitchen of the World'. Building a sales network targeting major metropolitan markets within the ASEAN region.
China	0.2 billion JPY	0.3 billion JPY	<ul style="list-style-type: none"> Establishing a business management and sales promotion system centered around the Shanghai local subsidiary.
Total	14.6 billion JPY	21.7 billion JPY	

*Starting from the FY Ending March 2026, overseas financial figures will be consolidated by each location

*From FY3/2026, overseas financial figures will be unified into calculations by base/location.

Source: Company Data.

Plans for Aggressive Overseas Investment

The company expects operating cash flow during the mid-term management plan to be approximately ¥150 billion (¥105 billion forecasts in the previous mid-term management plan). The funds acquired through operating cash flow and asset efficiency measures such as the sale of cross-shareholdings will be used for regular investments of approximately ¥40 billion, organic growth investments of approximately ¥70 billion, inorganic growth investments of approximately ¥70 billion and shareholder returns such as dividends. The breakdown of the total investment amount of ¥180 billion by region is ¥95 billion (53%) for Japan and ¥85 billion (47%) for overseas.

Compared to the total investment amount (forecast) of ¥90 billion and overseas investment ratio of 38% in the previous mid-term management plan, the amount of investment in overseas, which is the focus of the company, is planned to increase significantly.

In addition to the above, corporate transformation expenditures over the next three periods are planned to include ¥5 billion in transformation investments related to research and development and digital transformation and ¥10 billion in transformation costs related to changing the CI and relocating the head office (February 2026).

9. 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

Over the past 30 years, 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 seafood to meat (roughly 4:6) has not changed significantly over the past 30 years.

Figure 26. 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, and 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, with Chicken Production Accounting 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.

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.

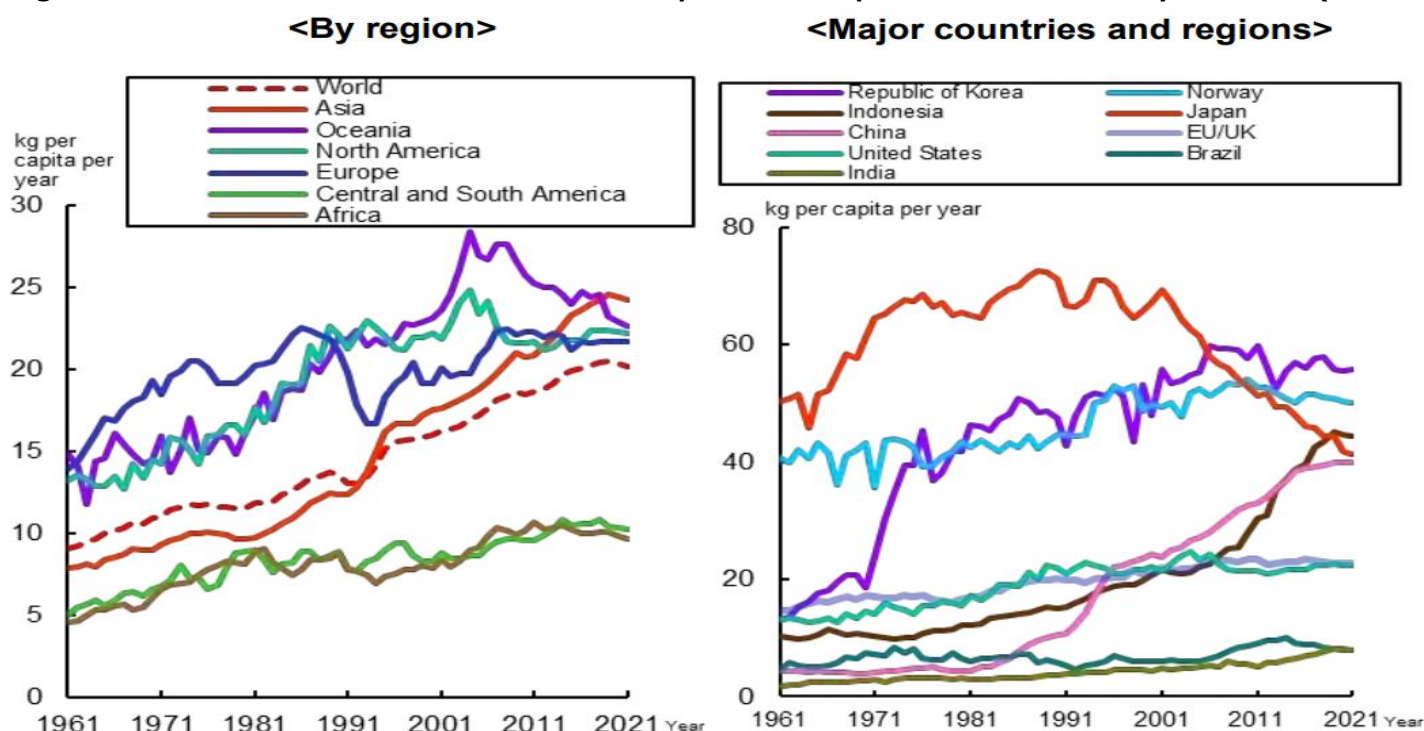
Japan is an Exception in that It does not Impose Fishing Quotas on Each Vessel & there is No System in Place to Maintain Fishery Resources

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 27. 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) and the Ministry of Agriculture, Forestry and Fisheries "Food Supply and Demand Table" (Japan)

In Japan, Increases in Chicken Production Offsets Declines in Other Meat Products

Regarding meat production in Japan, there is a slight increase overall, but while 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

Over the past 30 years, 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 28. 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 29. 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 WH Group (00288 Hong Kong), 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.

WH Group is the World's Largest Pork Producer

WH Group is the world's largest pork producer and occupies leading positions in key markets such as China, the United States and Europe. The company has a global platform that integrates pig production, slaughtering, processing, packaged meat and fresh pork distribution, which has established competitive advantages in the pork industry. WH Group owns brands such as Smithfield Foods and Henan Shuanghui Investment & Development, through which it provides products worldwide.

NH Foods is the Top Japanese Company in Terms of Sales

The top three Japanese companies in terms of sales are NH Foods Ltd. (2282 TSE Prime), Maruha Nichiro 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.

Maruha Nichiro | 1333 (TSE Prime)

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 30. 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	Pharmaceuticals	Health Food	Pet food
JBS	JBSS3	Brazil	11,577,382	-	○	○	○	○	-	-	-	-
Tyson Foods	TSN	America	7,996,350	-	-	○	○	○	-	-	-	-
WH Group	00288	Hong Kong	3,891,150	-	-	○	○	○	-	-	-	-
Kraft Heinz	KHC	America	3,876,900	-	-	-	○	○	-	-	-	-
Marfrig Global Foods	MRFG3	Brazil	3,870,385	-	-	○	○	○	-	-	-	-
General Mills	GIS	America	2,978,580	-	-	-	○	○	-	-	-	○
CJ CheilJedang	097950	South Korea	2,935,908	-	-	-	○	○	-	-	○	-
Muyuan Foods	002714	China	2,896,885	-	-	○	○	-	-	-	-	-
Pilgrim's Pride	PPC	America	2,681,744	-	-	○	○	○	-	-	-	-
Charoen Pokphand	CPF	Thailand	2,555,288	-	○	○	○	○	○	-	-	○
Smithfield Foods	SFD	America	2,121,300	-	-	○	○	○	-	-	-	-
Wens Foodstuff	300498	China	1,888,343	-	-	○	○	○	-	○	-	-
Conagra Brands	CAG	America	1,807,635	-	-	-	○	○	-	-	-	-
Hormel Foods	HRL	America	1,788,120	-	-	-	○	○	-	-	-	-
NH Foods	2282	Japan	1,303,432	-	-	○	○	○	-	-	○	-
Henan Shuanghui	000895	China	1,254,020	-	-	○	○	○	-	-	-	-
Maruha Nichiro	1333	Japan	1,030,674	○	○	○	○	○	○	○	○	○
Itoham Yonekyu HD	2296	Japan	955,580	-	-	○	○	○	-	-	-	-
Mowi	MOWI	Norway	896,608	-	○	○	○	-	-	-	-	-
Dongwon Industries	006040	South Korea	894,423	○	-	-	○	○	-	-	-	-
Nissui	1332	Japan	831,375	○	○	○	○	○	-	○	○	-
Nichirei	2871	Japan	680,091	-	-	-	○	○	-	-	-	-
Thai Union Group	TU	Thailand	609,105	○	○	-	○	○	-	-	○	○
Japfa Comfeed	JPFA	Indonesia	502,208	-	○	○	○	○	-	-	-	-
Austevoll Seafood	AUSS	Norway	495,278	○	○	-	○	○	-	-	-	-
Dongwon F&B	049770	South Korea	448,361	-	-	-	○	○	-	-	○	-
Leroy Seafood	LSG	Norway	435,746	○	○	-	○	○	-	-	-	-
SalMar	SALM	Norway	369,964	-	○	-	○	○	-	-	-	-
Kyokuyo	1301	Japan	261,604	○	○	-	○	○	-	-	-	-
Yokorei	2874	Japan	122,540	-	-	-	○	○	-	-	-	-
Kibun Foods	2933	Japan	106,685	-	-	-	○	○	-	-	-	-

*Exchange rates calculated at ¥26 to Brazilian real, ¥150 to U.S. dollar, ¥0.1 to Korean won, ¥4.4 to Thai baht, ¥21 to Chinese yuan, ¥160 to Euro and ¥14 to Norwegian krone.

Source: Company Data. Compiled by Strategy Advisors.

Maruha Nichiro | 1333 (TSE Prime)

Maruha Nichiro has the Highest Net Sales Among Companies whose Main Business is Marine Products

Mowi is the World's Largest Salmon Farming Company

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

Hong Kong's WH Group's Net Sales to the Americas Account for 54% of the Company's Total Sales

Thai Union Group's Net Sales Composition Ratio for Europe and America is 53%

Thai Union Group was Established in 1977 and is Expanding its Seafood Business Worldwide

Europe and the US Account for 37% of Nissui's Net Sales

If we limit the list to companies whose main business is the marine products, the top three companies in the world in terms of net sales are Maruha Nichiro, Mowi ASA (MOWI Oslo) and Dongwon Industries Co Ltd (006040 Korea). Maruha Nichiro is involved in both fishing and aquaculture, while Mowi is only involved in aquaculture and Dongwon Industries is only involved in fishing.

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 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.

4) Comparison with Peers (Net Sales Composition by Region)

Looking at the regional net sales composition of global listed protein suppliers, focusing on companies that are expanding into other regions, it stands out that WH Group's net sales composition in the Americas accounts for 54% of the total. This is due to its acquisition of Smithfield Foods, a major pork processing company in the United States, in 2013.

Thai Union Group PCL's (TU Thailand) net sales to the Americas account for 38% of its total net sales, while Europe accounts for 15%, as the company has production bases in Europe and the US and sells marine products seafood products under established brands such as Chicken of the Sea, John West and Petit Navire.

Thai Union Group is an international marine products company based in Thailand, established in 1977. The company manufactures and sells frozen, canned and chilled marine products, with operations around the world. The company has production facilities in the United States, France, Germany, Poland, Portugal, Norway, Seychelles, Scotland and Vietnam.

For Nissui Corporation (1332 TSE Prime), sales to the Americas account for 19% of its total net sales, while sales to Europe account for 18%. This is due to Nissui having a production base in the US and selling frozen fish products under established brands such as Gorton's and BlueWater Seafoods and

strengthening its processed foods business in Europe through acquisitions of local companies such as the French company Cité Marine.

Nissui was Founded in 1911 and is Engaged in a Wide Range of Businesses, Including the Marine Products Business

Nissui is a comprehensive food company based in Japan that was established in 1911. The company is engaged in a wide range of businesses, including marine products, food, fine chemicals (health foods, skin care products, etc.), and logistics and has bases around the world, including the United States, Europe and Asia.

32% of the Salmon Handled by Mowi is Destined for the Americas

Of the salmon Mowi handles, 32% is destined for the Americas. This is because Mowi has production bases in the Americas, farming salmon in Canada and Chile and the Americas is one of the major markets for salmon consumption.

European Sales Account for 29% of US Pilgrim's Pride's Sales

Europe represents 29% of Pilgrim's Pride Corp's (PPC NASDAQ) total net sales, due to Pilgrim's Pride 's extensive operations in Europe, where it operates food processing facilities in the UK, Ireland and continental Europe.

Pilgrim's Pride is a Company that Mainly Sells Chicken and is Owned by JBS USA

Pilgrim's Pride is a multinational food company headquartered in the United States that deals primarily in chicken products. Founded in 1946 by Lonnie "Bo" Pilgrim, it is currently 78.5% owned by JBS USA. The company supplies chicken to major companies such as Kentucky Fried Chicken, Walmart, Publix, and Wendy's and is also the exclusive supplier of rotisserie chickens to Costco.

South Korea's CJ CheilJedang's Sales to the Americas Account for 27% of the Company's Total Sales

CJ CheilJedang Corp's (097950 Korea) sales to the Americas account for 27% of its total net sales. This is due to the fact that the company has production facilities in the US, where it produces and supplies products locally; and also, because it sells Hetbahn instant rice and Bibigo brand frozen foods in the US, which have been well received in the American market.

CJ CheilJedang Deals in Food Ingredients and Packaged Foods

CJ CheilJedang is a South Korea-based international food company that manufactures food ingredients (such as sugar, flour and oil), packaged foods (such as the Bibigo brand), pharmaceuticals and biotechnology related products. It was established in 1953 as part of the Samsung Group and became independent in 2007.

Figure 31. Regional Breakdown of Sales of Major Companies Involved in the Fisheries, Meat, Marine Products Processing and Frozen Food Industries

Company Name	Ticker	Country	Sales (¥mn)	Japan	Americas	Europe	Asia	Oceania	Others
JBS	JBSS3	Brazil	11,577,382	-	84%	8%	-	8%	0%
Tyson Foods	TSN	America	7,996,350	-	95%	-	-	-	5%
WH Group	00288	Hong Kong	3,891,150	-	54%	13%	33%	-	-
Kraft Heinz	KHC	America	3,876,900	-	76%	-	-	-	24%
Marfrig Global Foods	MRFG3	Brazil	3,870,385	-	73%	-	-	-	27%
General Mills	GIS	America	2,978,580	-	86%	-	-	-	14%
CJ CheilJedang	097950	South Korea	2,935,908	-	27%	3%	70%	-	1%
Muyuan Foods	002714	China	2,896,885	-	-	-	-	-	-
Pilgrim's Pride	PPC	America	2,681,744	-	71%	29%	-	-	-
Charoen Pokphand	CPF	Thailand	2,555,288	-	5%	14%	81%	-	0%
Smithfield Foods	SFD	America	2,121,300	-	100%	-	-	-	-
Wens Foodstuff	300498	China	1,888,343	-	-	-	-	-	-
Conagra Brands	CAG	America	1,807,635	-	91%	-	-	-	9%
Hormel Foods	HRL	America	1,788,120	-	95%	-	-	-	5%
NH Foods	2282	Japan	1,303,432	88%	12%				
Henan Shuanghui	000895	China	1,254,020	-	-	-	-	-	-
Maruha Nichiro	1333	Japan	1,030,674	77%	5%	11%	5%	2%	
Itoham Yonekyu HD	2296	Japan	955,580	86%	4%	2%	4%	4%	0%
Mowi	MOWI	Norway	896,608	2%	32%	50%	10%	-	6%
Dongwon Industries	006040	South Korea	894,423	-	12%	-	86%	-	2%
Nissui	1332	Japan	831,375	59%	19%	18%	4%		
Nichirei	2871	Japan	680,091	79%	21%				
Thai Union Group	TU	Thailand	609,105	6%	38%	15%	11%	-	31%
Japfa Comfeed	JPFA	Indonesia	502,208	-	-	-	100%	-	-
Austevoll Seafood	AUSS	Norway	495,278	-	7%	76%	15%	-	2%
Dongwon F&B	049770	South Korea	448,361	1%	1%	-	97%	-	1%
Leroy Seafood	LSG	Norway	435,746	-	5%	79%	14%	-	2%
SalMar	SALM	Norway	369,964	-	-	73%	-	-	27%
Kyokuyo	1301	Japan	261,604	92%	-	-	6%	-	3%
Yokorei	2874	Japan	122,540	94%	0%	0%	5%	0%	
Kibun Foods	2933	Japan	106,685	89%	11%				

*Exchange rates calculated at ¥26 to Brazilian real, ¥150 to U.S. dollar, ¥0.1 to Korean won, ¥4.4 to Thai baht, ¥21 to Chinese yuan, ¥160 to Euro and ¥14 to Norwegian krone.

Source: Company Data. Compiled by Strategy Advisors.

5) Comparison with Peers (ROE)

The Top ROE Company is Brazil's Marfrig Global Foods

The top three companies in terms of ROE (3-year average) are Marfrig Global Foods SA (MRFG3 Sao Paulo) (33%), General Mills Inc (GIS NYSE) (26%) and Henan Shuanghui Investment & Development Co Ltd (000895 Shenzhen) (23%). The main reasons for the high ROE are Marfrig Global Foods ' high financial leverage and General Mills and Henan Shuanghui Investment & Development 's high net income margins.

Marfrig Global Foods is a World Leader in Beef Production

Marfrig Global Foods is one of the world's largest beef producers. Founded in 1986, the company currently operates 33 production facilities in South and North America and exports products to approximately 100 countries.

General Mills Owns Many Well-Known Food Brands and Operates in More Than 100 Countries

General Mills is a major food manufacturer headquartered in the United States. Founded in 1856, it currently operates in over 100 countries. Its famous brands include the ice cream brand "Häagen-Dazs" and the cereal brand "Cheerios". It has also expanded into the pet food industry.

Henan Shuanghui Handles Everything in Meat Products, from Breeding to Processed Foods Manufacturing, Refrigerated Logistics & Packaging Material Manufacturing in China

Henan Shuanghui Investment & Development is a leading China-based meat processing company. Founded in 1998, the company is listed on the Shenzhen Stock Exchange. The company is engaged in meat products breeding, slaughtering, processing and sales of meat products, as well as refrigerated logistics and packaging material manufacturing. Its main products include chilled meat, sausages, ham and bacon, which are widely sold throughout China.

Kibun Foods has the Highest ROE among Japanese Companies

The top three Japanese companies in terms of ROE (3-year average) are Kibun Foods Inc. (13%), Kyokuyo Co., Ltd. (1301 TSE Prime) (12%) and Maruha Nichiro Corporation. (11%). The main reason for the high ROE of all three companies is a high level financial leverage.

Kibun Foods Mainly Manufactures Fish Paste Products

Kibun Foods is a food company founded in 1938. It mainly manufactures and sells fish paste products (kamaboko, chikuwa, etc.). Kibun Foods has expanded its business both domestically and internationally, offering health-conscious products and traditional Japanese flavors. Representative Kibun Foods products include "Chichiku" and "Uogashiage". Health-conscious products such as zero-carb noodles are also popular. Recently, products using characters such as Pochacco and Pompompurin have also been introduced.

Kibun Foods and Maruha Nichiro signed a capital and business alliance agreement on March 25, 2024. Through this alliance, Maruha Nichiro acquired shares in Kibun Foods. In Japan, the two companies will cooperate in product development, manufacturing, and sales, improve logistics efficiency and reduce costs and collaborate in research and development.

Overseas, they plan to expand product sales in North America, Europe and Asia, improve efficiency and reduce costs through collaboration at production bases and develop new products for overseas consumers.

Kyokuyo has an Integrated System from Fishing to Processing

Kyokuyo is a food manufacturer founded in 1937, with its headquarters in Akasaka, Minato-Ku, Tokyo. It imports and processes marine products, and develops frozen foods, with an integrated system from fishing to processing. It provides frozen, chilled and canned products and health foods, mainly made from fish ingredients and excels in procuring and processing marine ingredients such as salmon and cod. Kyokuyo's business is diverse, and it develops commercial foods, commercial foods, fresh food businesses, food businesses and provides logistics services. It is particularly known for its commercial frozen foods such as sushi toppings and fries. Recently, it has also been proposing health-conscious products and new recipes.

The Fisheries Industry's Top ROE is Norway's SalMar

Looking only at companies in the fishing industry, the top three companies in terms of ROE (three-year average) are SalMar ASA (SALM Oslo) (17%), Mowi (16%), and PT Japfa Comfeed Indonesia Tbk (JPFA Indonesia) (13%). The main reason for the high ROE of all three companies is the high net income margin for the current term.

SalMar is the World's Second Largest Salmon Farming Company

SalMar is the second largest salmon farming company in the world, with production in Norway, Iceland, Scotland and elsewhere. Founded in 1991, the company has been contributing to the development of sustainable aquaculture. Its main activities are marine aquaculture, production, processing and sales of marine products. It holds 100 licenses in Norway and also operates a farm in Scotland. SalMar also operates the offshore aquaculture project Ocean Farm 1, one of the world's first offshore aquaculture facilities. The facility produces around 6,000 tons of salmon per year. SalMar sells its salmon all over the world, including Asia, North America and Europe.

Japfa Offers a Wide Range of Products from Seafood to Meat

Japfa Comfeed Indonesia is one of the leading agri-food companies in Indonesia. Founded in 1975, it specializes in the production of animal protein. Japfa offers integrated services ranging from poultry, fish, shrimp and cattle breeding to the production of processed foods. Its Main Business Segments include poultry business (raising broiler chickens and providing related products), aquatic business (farming fish and shrimp), cattle business (raising beef cattle) and processed foods business (producing frozen and processed foods). The company has an extensive distribution network both within and outside Indonesia.

Figure 32. Major Indicators for the Most Recent Fiscal Period for Major Companies Involved in the Fisheries, Meat, Marine Products Processing and Frozen Food Industries

Company Name	Ticker	Country	Sales (¥mn)	3-Year CAGR	Net Income Margin	Total Asset Turnover	Financial Leverage	ROE	3-Year Average ROE	PBR	PER
JBS	JBSS3	Brazil	11,577,382	6%	2%	1.9	5.2	22%	18%	1.8	7
Tyson Foods	TSN	America	7,996,350	4%	2%	1.5	2.0	4%	6%	1.2	26
WH Group	00288	Hong Kong	3,891,150	-2%	6%	1.3	1.9	16%	12%	0.9	6
Kraft Heinz	KHC	America	3,876,900	0%	11%	0.3	1.8	6%	5%	0.9	16
Marfrig Global Foods	MRFG3	Brazil	3,870,385	20%	2%	1.1	25.7	53%	33%	5.3	5
General Mills	GIS	America	2,978,580	3%	13%	0.6	3.2	25%	26%	4.1	16
CJ CheilJedang	097950	South Korea	2,935,908	4%	1%	1.0	4.0	2%	5%	0.7	12
Muyuan Foods	002714	China	2,896,885	20%	13%	0.7	2.8	27%	14%	2.9	12
Pilgrim's Pride	PPC	America	2,681,744	7%	6%	1.7	2.7	29%	22%	2.5	10
Charoen Pokphand	CPF	Thailand	2,555,288	4%	3%	0.7	3.6	8%	4%	0.6	-
Smithfield Foods	SFD	America	2,121,300	-2%	7%	1.2	1.9	15%	10%	1.4	8
Wens Foodstuff	300498	China	1,888,343	6%	-7%	0.9	2.6	-18%	-13%	4.0	-
Conagra Brands	CAG	America	1,807,635	3%	3%	0.6	2.5	4%	7%	1.7	41
Hormel Foods	HRL	America	1,788,120	2%	7%	0.9	1.7	10%	11%	2.1	21
NH Foods	2282	Japan	1,303,432	3%	2%	1.4	1.9	6%	6%	1.0	19
Henan Shuanghui	000895	China	1,254,020	-4%	8%	1.6	1.8	24%	24%	4.3	18
Maruha Nichiro	1333	Japan	1,030,674	6%	2%	1.6	3.4	11%	11%	0.7	7
Itoham Yonekyu HD	2296	Japan	955,580	4%	2%	2.1	1.6	6%	6%	0.8	15
Mowi	MOWI	Norway	896,608	10%	8%	0.7	2.3	13%	16%	2.3	19
Dongwon Industries	006040	South Korea	894,423	6%	1%	1.2	2.7	3%	6%	0.5	19
Nissui	1332	Japan	831,375	8%	3%	1.4	2.5	10%	10%	1.2	13
Nichirei	2871	Japan	680,091	6%	4%	1.4	2.0	10%	10%	2.1	22
Thai Union Group	TU	Thailand	609,105	-1%	3%	0.9	3.0	9%	-1%	1.1	-
Japfa Comfeed	JPFA	Indonesia	502,208	8%	5%	1.6	2.4	21%	13%	0.8	12
Austevoll Seafood	AUSS	Norway	495,278	10%	8%	0.7	3.4	17%	12%	1.0	51
Dongwon F&B	049770	South Korea	448,361	9%	3%	2.1	2.1	12%	12%	0.6	5
Leroy Seafood	LSG	Norway	435,746	10%	9%	0.7	2.2	14%	10%	1.3	91
SalMar	SALM	Norway	369,964	21%	11%	0.5	2.8	16%	17%	3.8	23
Kyokuyo	1301	Japan	261,604	2%	2%	1.7	2.9	11%	12%	0.8	7
Yokorei	2874	Japan	122,540	3%	3%	0.6	2.3	3%	4%	0.6	18
Kibun Foods	2933	Japan	106,685	2%	3%	1.6	4.2	18%	13%	1.5	10

*Exchange rates calculated at ¥26 to Brazilian real, ¥150 to U.S. dollar, ¥0.1 to Korean won, ¥4.4 to Thai baht, ¥21 to Chinese yuan, ¥160 to Euro and ¥14 to Norwegian krone.

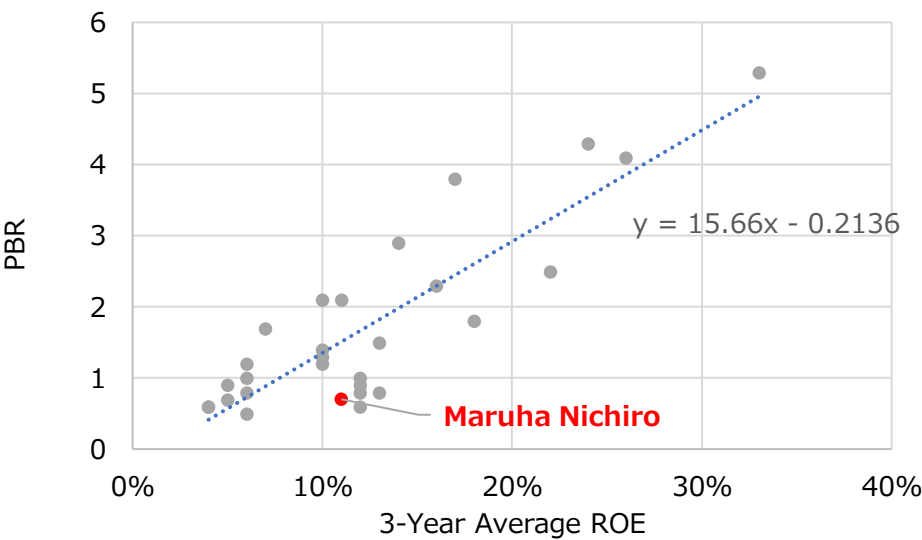
Source: Company Data. Compiled by Strategy Advisors.

10. Valuation and Stock Outlook

ROE and PBR are
Almost Proportional

For 31 major protein supply related companies, a correlation can be seen between ROE (3-year average) and PBR (excluding those with negative ROE). According to the regression model, the relationship is close to proportional, with $PBR = ROE \times 15.7 - 0.2$ (when ROE is 0%, PBR is also almost zero). In addition, the coefficient of determination (R^2) is 0.746, which exceeds 0.7, which is considered to be a high fit for the model.

Figure 33. Relationship Between ROE (3-Year Average) & PBR



Source: Company Data. Compiled by Strategy Advisors.

Overall, Muyuan Foods is
the Most Expensive

When comparing the calculated values and actual values of each company using this formula to examine the degree of overvaluation or undervaluation of the actual values, the top three overvalued companies out of 31 companies are SalMar (actual 3.8, calculated value 2.4), Muyuan Foods Co Ltd (002714 Shenzhen) (actual 2.9, calculated value 2.0) and Henan Shuanghui (actual 4.3, calculated value 3.5).

Muyuan Foods Runs World's
Largest Pig Farm in China

Muyuan Foods is a Chinese food company specializing in pork production. It was founded in 1992 and listed in 2014. Currently, it has formed a pork industry chain including feed processing, live pig breeding, live pig farming, and slaughter processing. Muyuan Foods operates the world's largest pig farm, raising approximately 100 million pigs and slaughtering 63 million per year. It uses the "farrow-to-finish" method, which covers everything from pig breeding to slaughtering, thereby achieving efficient production.

Maruha Nichiro | 1333 (TSE Prime)

Overall, Japfa Comfeed is the Cheapest

The top three undervalued companies overall are Japfa Comfeed (actual 0.8, calculated 1.8), Kyokuyo (actual 0.8, calculated 1.7) and Maruha Nichiro (actual 0.7, calculated 1.5).

Nichirei is the Most Expensive Japanese Company

Among the eight Japanese companies, the top three most overvalued are Nichirei Corporation (actual 2.1, calculated 1.4), NH Foods (actual 1.0, calculated 0.7), and Yokohama Reito Co., Ltd. (2874 TSE Prime) (actual 0.6, calculated 0.4).

Figure 34. 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	PBR Calculated	Actual - Calculated
JBS	JBSS3	Brazil	11,577,382	18%	1.8	2.6	-0.8
Tyson Foods	TSN	America	7,996,350	6%	1.2	0.7	0.5
WH Group	00288	Hong Kong	3,891,150	12%	0.9	1.7	-0.8
Kraft Heinz	KHC	America	3,876,900	5%	0.9	0.6	0.3
Marfrig Global Foods	MRFG3	Brazil	3,870,385	33%	5.3	5.0	0.3
General Mills	GIS	America	2,978,580	26%	4.1	3.9	0.2
CJ CheilJedang	097950	South Korea	2,935,908	5%	0.7	0.6	0.1
Muyuan Foods	002714	China	2,896,885	14%	2.9	2.0	0.9
Pilgrim's Pride	PPC	America	2,681,744	22%	2.5	3.2	-0.7
Charoen Pokphand	CPF	Thailand	2,555,288	4%	0.6	0.4	0.2
Smithfield Foods	SFD	America	2,121,300	10%	1.4	1.4	0.0
Wens Foodstuff	300498	China	1,888,343	-13%	4.0	-	-
Conagra Brands	CAG	America	1,807,635	7%	1.7	0.9	0.8
Hormel Foods	HRL	America	1,788,120	11%	2.1	1.5	0.6
NH Foods	2282	Japan	1,303,432	6%	1.0	0.7	0.3
Henan Shuanghui	000895	China	1,254,020	24%	4.3	3.5	0.8
Maruha Nichiro	1333	Japan	1,030,674	11%	0.7	1.5	-0.8
Itoham Yonekyu HD	2296	Japan	955,580	6%	0.8	0.7	0.1
Mowi	MOWI	Norway	896,608	16%	2.3	2.3	0.0
Dongwon Industries	006040	South Korea	894,423	6%	0.5	0.7	-0.2
Nissui	1332	Japan	831,375	10%	1.2	1.4	-0.2
Nichirei	2871	Japan	680,091	10%	2.1	1.4	0.7
Thai Union Group	TU	Thailand	609,105	-1%	1.1	-	-
Japfa Comfeed	JPFA	Indonesia	502,208	13%	0.8	1.8	-1.0
Austevoll Seafood	AUSS	Norway	495,278	12%	1.0	1.7	-0.7
Dongwon F&B	049770	South Korea	448,361	12%	0.6	1.7	-1.1
Leroy Seafood	LSG	Norway	435,746	10%	1.3	1.4	-0.1
SalMar	SALM	Norway	369,964	17%	3.8	2.4	1.4
Kyokuyo	1301	Japan	261,604	12%	0.8	1.7	-0.9
Yokorei	2874	Japan	122,540	4%	0.6	0.4	0.2
Kibun Foods	2933	Japan	106,685	13%	1.5	1.8	-0.3

*Exchange rates calculated at ¥26 to Brazilian real, ¥150 to U.S. dollar, ¥0.1 to Korean won, ¥4.4 to Thai baht, ¥21 to Chinese yuan, ¥160 to Euro and ¥14 to Norwegian krone.

Source: Company Data. Compiled by Strategy Advisors.

Maruha Nichiro | 1333 (TSE Prime)

Nichirei is Headquartered in Tsukiji and Operates Processed Foods and Cold Storage Businesses

Nichirei Corporation is a food processing and logistics company founded in 1942. Its headquarters are located in Tsukiji, Chuo-Ku, Tokyo. Nichirei is engaged in a variety of businesses, including processed foods (manufacturing and selling frozen and prepared foods), cold storage logistics (logistics services for frozen and refrigerated foods), marine (processing and selling marine products), meat (processing and selling meat products) and bioscience (developing and selling products that utilize biotechnology).

Yokorei Operates Mainly in the Refrigerated Warehouse and Food Sales Businesses

Yokorei Co., Ltd. was founded in 1948 and is headquartered in Minato Mirai, Nishi-Ku, Yokohama. Its businesses include refrigerated warehouses, the processing, sale, import and export of marine and agricultural products, customs clearance, aquaculture and ice production. It has a network of logistics bases that stretches across the country and acts as an expert in supporting Japan's "food infrastructure".

Kyokuyo is the Cheapest Japanese Company

The top three undervalued Japanese companies are Kyokuyo Co., Ltd. (actual 0.8, calculated 1.7), Maruha Nichiro (actual 0.7, calculated 1.5) and Kibun Foods Inc. (actual 1.5, calculated 1.8).

SalMar is the Most Expensive Fishery

Among the 12 companies operating in the fishing industry, only SalMar ASA (actual 3.8, calculated 2.4) is overvalued.

Undervalued Companies in the Fishing Industry are Consistent with Undervalued Companies Overall

The top three undervalued companies in the fishing industry are Japfa Comfeed, Kyokuyo and Maruha Nichiro. Which coincides with the top ranking of undervalued companies overall.

Even in the Fishing Industry, if Growth Rates and Profit Margins can be Increased, Stock Valuations Could Rise

From the above analysis, with the exception of SalMar, which has a high sales growth rate, net income margin and ROE; it appears that companies with a high proportion of marine products in their business tend to be valued at a lower price than companies with a high proportion of meat processing, processed foods, etc. However, the fact that SalMar, which specializes in aquaculture, processed foods and frozen foods, has a high PBR by achieving a high ROE and high growth rate suggests that there is at least some possibility that companies with a high proportion of marine products in their business can be highly valued by the stock market.

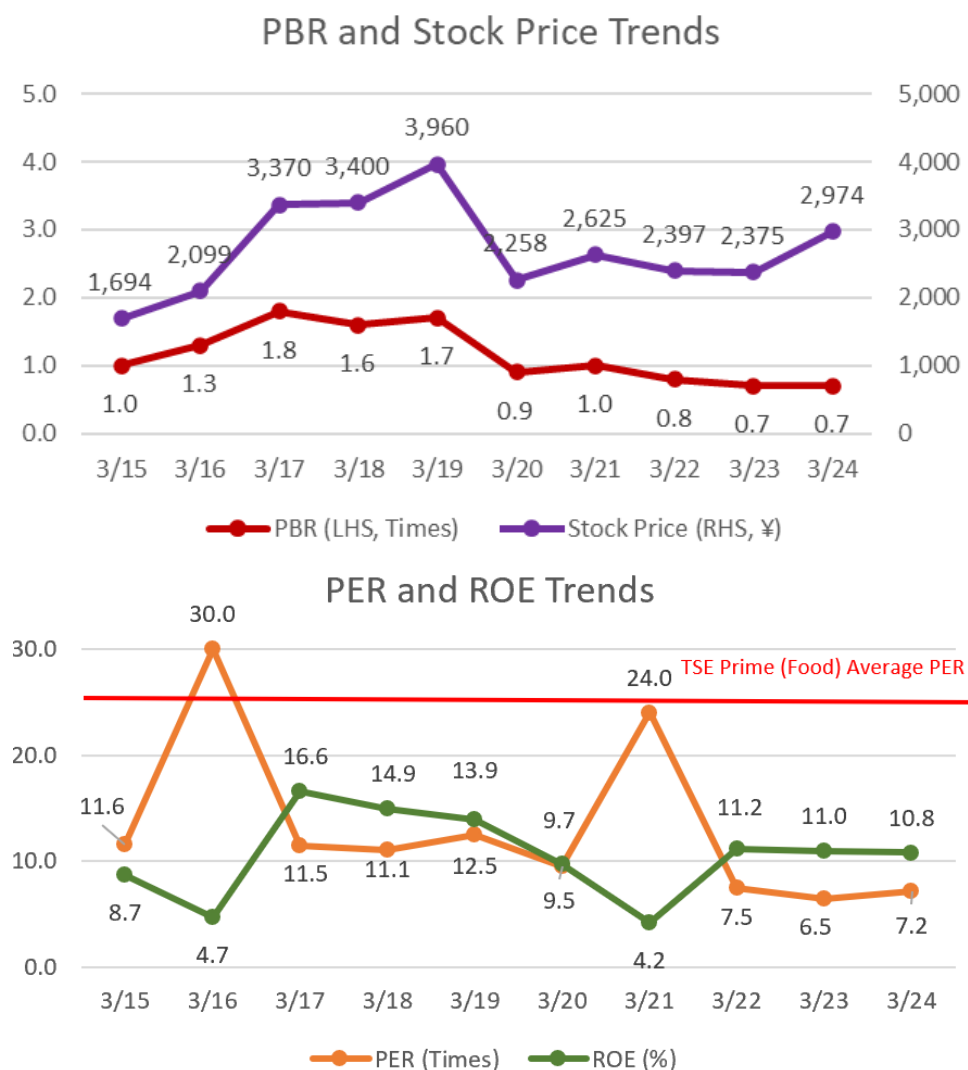
Expectations for an Increase in PBR, Due to Higher Growth Rates & Improved ROIC

The PBR of the company's stock is currently below 1.0x. However, from FY3/15 to FY3/17, PBR rose above 1.0x due to a rapid expansion in operating income. From FY3/17 to FY3 /19, ROE was around 15% with PBR remaining at around 1.7x.

After that, due to a decline in operating income in FY3/20 and the posting of a large, extraordinary loss in FY3/21, ROE fell below 10% and PBR also fell, fluctuating below 1.0x. Since FY3/22, operating income has recovered and ROE has exceeded 10%, but the one-time large profits posted as extraordinary incomes (insurance proceeds in FY3/24 and gains on sales of investment securities in FY3/25) were not evaluated by market participants, so PBR has remained below 1x.

In its mid-term management plan and long-term vision, the company aims to increase operating income and EBITDA, improve ROIC, etc. If the growth rate increases due to steady progress in its growth strategy or if ROE excluding the impact of extraordinary gains rises significantly through improved ROIC, PBR is expected to exceed 1.0x.

Figure 35. Trends in the Company's Stock Price, ROE, PBR and PER



Source: Company Data.

11. Risk Factors

We will list the risks that may affect Maruha Nichiro'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.

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, but there is a 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.

12. Promoting Sustainability Management

1) Sustainability

Formulating a New Purpose and Mission

The company has formulated a new purpose and mission in conjunction with the announcement of its name change in March 2025. The global purpose statement is "For the ocean, for life", which we have been using as the English version of our brand statement, to express the company's determination to become a global company. Meanwhile, the mission is, "We are committed to sincerity and contribute to enriching lives and happiness through authentic, safe and healthy food".

Update Sustainability Strategy KGI and KPI

The company conducted a questionnaire survey of employees and external stakeholders with a view to reviewing the materiality (critical factors) identified in FY2021. As a result, there were no changes to the materiality items and all nine items will continue as materiality (critical factors). On the other hand, some changes were made to the KGI (desired state in 2030) and main KPI's, taking into account the progress made in the previous medium-term management plan. The updated status of the sustainability strategy is shown in Figures 36 and 37.

Figure 36. Sustainability Strategy KGI/KPI (Environmental Value)

To deepen the initiatives of the previous mid-term management plan and expand the scope of activities, KPIs have been updated (the shaded areas are updated).

	Materiality (Critical Factors)	KGI (Vision for 2030)	Main KPIs	Target Goals		Major Changes from the Previous Mid-term Management Plan
				FY2030 Target	FY2027 Target	
Creation of Environmental Value	(1) Action against climate change	Leading the industry in decarbonization and climate change with the goal of becoming carbon neutral by 2050	CO ₂ emissions reduction rate (Compared to FY2017: Domestic G*)	30% or more	20% or more	-Moved carbon neutrality from KPI to KGI -Scope 1 and 2 targets for overseas G and Scope 3 elaboration and target setting for Domestic G were added
			-CO ₂ emission reduction targets (Overseas G*) -Scope 3 targets set (Domestic G)	—	Set target	
	(2) Contributing to a recycling-oriented society	Adoption and practice of circular economy through the efficient use of resources within the Group	Reduction of plastic containers and packaging (compared to 2020) (MN*)	30% or more	20% or more	-Upward revision of food loss reduction targets -Plastic usage reduction expanded to include not only packaging but also plastics used in plants -Added analysis of water resource risks and opportunities, and response measures
			Food loss reduction (compared to 2020) (Domestic G)	80% or more	70% or more	
			Set targets for reduction of plastic use at production plants (Domestic G)	—	Set target (2025)	
			Analysis and evaluation of water resource risks and opportunities and response measures	—	Analysis of risks, opportunities, and countermeasures	
	(3) Action against marine pollution by marine plastics	Practice zero discharge of plastics into the ocean by the Company and the supply chain	Develop fishing gear management guidelines for suppliers and raised awareness of their application (MN)	—	Formulate guideline and raise awareness on implementation	-Expand the fishing gear management guidelines to the supply chain -Collaborate with external stakeholders in clean-up activities and expand
			Jointly hold cleanup activities with external stakeholders (Domestic G)	33 times or more/year	—	
	(4) Action for preserving biodiversity and ecosystems	Confirm that there is no risk of resource depletion in the fish stocks we handle	Establish a policy for the handling of fish species of unknown stock status and evaluation of marine resources handled (Entire G*)	100%	Develop policy for handling fish species of unknown evaluation	-Confirmation of fish species with unknown resource status and formulation of handling policies have been added -Establishment of electronic traceability method added -Expanded TNFD scenario analysis -Improved management of certification levels for aquaculture farms
			Establish electronic traceability methods	—	Start operation with some fish species	
			Biodiversity risk assessment implementation based on TNFD framework (Domestic G)	—	Expand scenario analysis based on TNFD	
			Implementation of certification-level management for aquaculture farms (Domestic G)	—	Establish management system at all aquaculture farms in the Group	

*Abbreviations: MN = Maruha Nichiro Corporation; Domestic G = Domestic consolidated Group companies; Overseas G = Overseas Group consolidated companies; Entire G = All consolidated Group companies

* Target organizations are listed by their names. MN: Maruha Nichiro, Domestic G: domestic consolidated subsidiaries, Overseas G: overseas group consolidated subsidiaries, Entire G: all consolidated group companies

Source: Company Data.

Figure 37. Sustainability Strategy KGI/KPI (Social Value)

To deepen the initiatives of the previous mid-term management plan and expand the scope of activities, KPIs have been updated (the shaded areas are updated).

	Materiality (Critical Factors)	KGI (Vision for 2030)	Main KPIs	Target Goals		Major Changes from the Previous Mid-term Management Plan
				Target for FY2030	Target for FY2027	
Creation of Social Value	(5) Provision of safe and secure food	Provide safe food to people around the world	Serious quality-related incidents (Domestic G*)	—	Zero cases	
	(6) Food provision contributing to creating health value and sustainability	Establish branding as a top food company contributing to creating health value and sustainability	Percentage of product sales meeting each product criterion (MN*)	Sodium intake of 65% or more, Protein intake of 45% or more, Good lipid intake 20% or more, GSSI certified products 15% or more	—	-Set specific product sales ratio KPIs -Establish evaluation methods for external evaluations
			ESG assessment that includes health value creation and sustainability	Improvement of ESG evaluation	—	
	(7) Building a workplace environment where diverse employees can work with a sense of security	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)	35% or more		-Set targets for each pool of human capital based on the human capital development program. -Set engagement score targets for specific items of employee engagement
			Percentage of women on Board of Directors (MN)	15% or more		
			Achievement of goals for each human capital pool based on human capital development programs (MN)	Achievement of target figures for each talent pool	Achievement of target figures for each talent pool	
	(8) Respect for human rights in business operations	Implement initiatives to eliminate human rights violations in the company and across its supply chain	Achievement of engagement scores for specific items of employee engagement (MN)	Achievement of engagement scores for specific items	Achievement of engagement scores for specific items	-Revised KGI to be more realistic -Revised KPI to include the establishment and operation of a grievance mechanism and response to risks
	(9) Development of a sustainable supply chain	Working with suppliers to build a sustainable procurement network	Establishment and operation of a multilingual grievance mechanism and response to the risk of human rights violations uncovered (Entire G*)	100% (Entire G)	100% (Domestic G)	
			Rate of agreement with supplier guidelines and rate of improvement in key items (Entire G)	100%	—	
			Establishment of CSR audit methods, establishment of standards and audit methods to avoid procurement of marine products originating from IUU fisheries	Entire G operation	Establishment of methods to avoid sourcing from IUU fishing and promotion of lobbying activities	-Establishment and operation of CSR audit methods -Establishment of methods to avoid procurement of marine products originating from IUU fisheries, and promotion of lobbying activities were added

*Abbreviations: MN = Maruha Nichiro Corporation; Domestic G = Domestic consolidated Group companies; Overseas G = Overseas Group consolidated companies; Entire G = All consolidated Group companies

* Target organizations are listed by their names. MN: Maruha Nichiro, 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, 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 has adopted the corporate auditor system and in FY3/25, it appointed eight directors (four of which were independent outside directors) and five Audit & Supervisory Board members (four of which were independent outside Audit & Supervisory Board members). Of the 13 officers, two are female (both are outside directors) and one is a foreign national (outside director). The company has also introduced an executive officer system, separating supervision and execution.

In addition, the company has established a Nomination and Remuneration Committee as an advisory body to the Board of Directors, which deliberates matters such as the executive structure, executive remuneration and the appointment of committee members.

Executive Compensation System

The remuneration system for directors has been introduced to clarify responsibility for short-term performance and to provide sound incentives for improving corporate value and sustainable growth in the medium to long term. The remuneration system for individual directors is designed with a rough ratio of 60% fixed remuneration, 30% short-term performance-linked remuneration and 10% stock-based remuneration linked to medium to long-term performance.

The indicator for short-term performance-linked compensation is the achievement level of the consolidated ordinary income budget for that fiscal year. The evaluation of medium-term performance-linked stock compensation is determined by the achievement level of the KGI and KPI set in the medium-term management plan. The evaluation indicators and evaluation weighting are consolidated ordinary income 50%, consolidated ROIC 30% and five ESG indicators 20%.

Transitioned to a Company with an Audit and Supervisory Committee

The company announced that it will transition from a company with a board of auditors to a company with an audit and supervisory committee, subject to approval at the General Shareholders Meeting scheduled to be held on June 25, 2025. The objectives of the transition include improving the effectiveness of corporate governance by clarifying the division of roles between business execution and supervision and creating a system for building a management foundation that will enable sustainable growth and value creation.

Figure 38. Consolidated Income Statement (¥mn)

FY	3/17	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25 CoE
Net Sales	873,295	918,820	922,468	905,204	809,050	866,702	1,020,456	1,030,674	1,050,000
Cost of Sales	746,954	793,705	798,619	787,135	700,505	746,206	885,202	896,856	
Gross Profit	126,341	125,115	123,849	118,069	108,544	120,496	135,254	133,818	
Gross Profit Margin	14.5%	13.6%	13.4%	13.0%	13.4%	13.9%	13.3%	13.0%	
SG&A Expenses	100,033	100,617	102,091	100,989	92,372	96,677	105,678	107,284	
Operating Income	26,308	24,497	21,758	17,079	16,172	23,819	29,575	26,534	30,000
Operating Income Margin	3.0%	2.7%	2.4%	1.9%	2.0%	2.7%	2.9%	2.6%	2.9%
Non-Operating Income	4,344	5,816	5,871	5,207	4,293	6,040	7,324	8,683	
Non-Operating Expenses	2,778	2,397	2,397	2,386	2,371	2,263	3,400	4,111	
Ordinary Income	27,874	27,917	25,233	19,901	18,093	27,596	33,500	31,106	32,000
Ordinary Income Margin	3.2%	3.0%	2.7%	2.2%	2.2%	3.2%	3.3%	3.0%	3.0%
Extraordinary Income /Loss	-3,242	-1,206	1,313	1,166	-7,568	-79	-1,955	4,785	
Extraordinary Income	302	1,384	4,704	4,915	194	2,164	4,378	9,560	
Extraordinary Loss	3,544	2,590	3,391	3,749	7,762	2,243	6,333	4,775	
Income Before Taxes and Adjustments	24,632	26,711	26,547	21,067	10,525	27,518	31,545	35,891	
Pre-Tax Profit Margin	2.8%	2.9%	2.9%	2.3%	1.3%	3.2%	3.1%	3.5%	
Income Taxes	5,818	7,301	7,624	6,296	1,626	7,197	7,059	11,169	
- Current Period	6,194	7,067	6,177	5,526	3,711	4,519	7,597	9,848	
- Deferred	-376	234	1,447	770	-2,085	2,677	-538	1,320	
Net Income									
Attributable to Non-Controlling Interests	3,368	3,307	2,226	2,232	3,145	3,422	5,890	3,868	
Net Income	15,446	16,102	16,695	12,537	5,753	16,898	18,596	20,853	22,000
Net Income Margin	1.8%	1.8%	1.8%	1.4%	0.7%	1.9%	1.8%	2.0%	2.1%

Source: Company Data. Compiled by Strategy Advisors.

Figure 39. Consolidated Balance Sheet (¥mn)

FY	3/17	3/18	3/19	3/20	3/21	3/22	3/23	3/24
Cash and Deposits	13,769	16,475	12,132	21,782	31,579	24,952	33,679	37,944
Trade Receivables	103,686	115,703	114,040	106,077	102,644	115,391	131,769	138,418
Inventory	149,609	152,010	163,521	164,309	156,561	172,691	216,698	215,333
Other Current Assets	11,906	11,310	9,666	9,822	9,927	11,270	10,493	13,290
Current Assets	278,970	295,498	299,359	301,990	300,511	324,304	392,639	404,985
Land	49,813	48,430	47,723	46,533	45,439	42,982	42,417	42,189
Construction in Progress	-	-	7,669	13,859	10,220	3,896	3,905	6,901
Other Tangible Fixed Assets	90,201	90,014	84,959	87,814	92,243	93,371	102,673	103,130
Tangible Fixed Assets	140,014	138,444	140,351	148,206	147,902	140,249	148,995	152,220
Goodwill	10,148	9,125	8,060	6,899	7,914	7,965	8,868	7,529
Other Intangible Fixed Assets	12,201	12,792	12,394	12,139	11,997	14,067	22,860	24,529
Intangible Fixed Assets	22,349	21,917	20,454	19,039	19,911	22,032	31,728	32,059
Investments and Other Assets	59,967	60,983	60,152	58,827	64,541	62,016	63,864	82,537
Total Fixed Assets	222,332	221,345	220,958	226,073	232,354	224,298	244,587	266,816
Total Assets	501,303	516,843	520,318	528,063	532,866	548,603	637,227	671,801
Notes & Accounts Payables	33,078	36,758	33,512	32,797	34,270	36,226	41,701	43,734
Accounts Payable and Accrued Expenses	27,877	28,290	28,158	25,896	29,446	30,926	30,659	36,694
Short-Term Borrowings	149,036	138,199	126,186	122,510	135,920	138,467	174,228	167,509
Current Liabilities	226,214	219,812	203,792	199,528	213,968	221,544	265,448	272,969
Long-Term Borrowings	123,172	127,838	137,221	139,204	123,917	112,136	121,910	98,841
Bonds Payable	-	-	-	-	-	-	5,000	18,000
Retirement Benefit Liabilities	21,844	21,144	20,507	20,951	19,383	18,515	19,091	21,761
Fixed Liabilities	152,267	156,981	166,145	169,556	152,237	139,162	159,255	153,352
Total Liabilities	378,482	376,793	369,938	369,085	366,206	360,707	424,704	426,321
Capital and Surplus	59,767	59,703	59,697	59,756	61,758	61,766	56,634	56,313
Retained Earnings	33,789	47,523	62,113	73,069	76,406	91,611	107,313	123,113
Treasury Shares	-45	-57	-72	-77	-83	-87	-308	-556
Shareholders' Equity	93,511	107,169	121,739	132,747	138,081	153,291	163,639	178,870
Valuation Difference	7,152	8,290	3,614	-119	4,415	6,883	14,672	28,258
Non-Controlling Interests	22,156	24,589	25,025	26,350	24,163	27,721	34,210	38,351
Total Net Assets	122,820	140,049	150,379	158,978	166,660	187,895	212,522	245,480
Total Liabilities and Net Assets	501,303	516,843	520,318	528,063	532,866	548,603	637,227	671,801

*Short-term borrowings include long-term borrowings to be repaid within one year.

Source: Company Data. Compiled by Strategy Advisors.

Figure 40. Consolidated Statements of Cash Flow (¥mn)

FY	3/17	3/18	3/19	3/20	3/21	3/22	3/23	3/24
Profit Before Income Taxes	24,632	26,711	26,547	21,067	10,525	27,518	31,545	35,891
Depreciation & Goodwill Amortization	15,154	15,870	15,936	16,639	17,168	17,750	16,695	17,893
Increase/Decrease in Accounts Receivable	-4,022	-11,184	1,041	8,145	3,082	-9,942	-9,836	-4,041
Increase/Decrease in Inventory	-9,322	-784	-12,589	1,459	9,558	-14,647	-35,235	6,465
Increase/decrease in Accounts Payable	3,052	3,151	-2,876	-1,275	-1,026	2,704	1,650	31
Others	-3,525	-4,027	-11,872	-6,857	-5,946	-4,134	-4,843	-2,635
Cash Flows from Operating Activities	25,969	29,737	16,187	39,178	33,361	19,249	-24	53,604
Acquisition of Securities and Investment Securities	-1,814	-103	-275	-692	-152	-234	-149	-3,090
Sales of Securities and Investment Securities	360	1,431	1,088	157	202	1,209	3,227	1,333
Acquisition and Sale of Tangible Fixed Assets	-13,692	-18,646	-17,075	-21,835	-22,323	-10,185	-15,712	-15,602
Acquisition and Sale of Intangible Fixed Assets	-	-	-	-	-	-	-9,384	-1,757
Acquisition of Shares in Affiliated Companies	-	-	-	-	-	-1,527	-1,618	-1,470
Acquisition of Shares in a Subsidiary Resulting in a Change in the Scope of Consolidation	-	-853	-	-98	-2,312	-1,574	-3,299	-
Interest and Dividends Received	1,829	3,174	1,971	2,013	1,432	1,757	1,654	1,935
Others	2,220	22	2,437	-1,990	11,157	296	1,421	-276
Cash Flows from Investing Activities	-11,097	-14,975	-11,854	-22,445	-11,996	-10,258	-23,860	-18,927
Net Increase/Decrease in Short-Term Borrowings	-21,224	-12,017	-4,180	-6,100	-2,323	1,018	25,582	-13,907
Increase in Long-Term Borrowings	58,577	38,123	36,657	30,317	28,370	33,853	66,187	45,023
Repaying Long-Term Borrowing	-45,779	-33,379	-34,474	-25,794	-29,112	-46,481	-48,360	-51,646
Acquisition of Treasury Shares	-16	-12	-15	-5	-5	-4	-5,381	-266
Dividend Payment	-1,573	-2,359	-2,098	-2,098	-2,096	-2,097	-2,883	-5,038
Dividends Paid to Non-Controlling Interests	-1,111	-1,238	-1,401	-1,164	-1,625	-1,505	-2,159	-2,138
Interest Paid	-1,955	-1,763	-1,792	-1,747	-1,509	-1,427	-2,204	-3,457
Others	-537	-669	-559	-540	-2,512	-557	-494	-1,514
Cash Flows from Financing Activities	-13,618	-13,314	-7,863	-7,132	-10,812	-17,200	30,288	-32,943
Free Cash Flow	14,872	14,762	4,333	16,733	21,365	8,991	-23,884	34,677

Source: Company Data. Compiled by Strategy Advisors.

Figure 41. Key Indicators

FY	3/17	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25 CoE
EPS (¥)	293.4	306	317.2	238.2	109.3	321.1	363.7	413.6	436.8
BPS (¥)	1,912.5	2,193.8	2,382.0	2,520.3	2,707.9	3,044.0	3,534.4	4,112.7	
DPS (¥)	45	40	40	40	40	55	65	85	110
Dividend Payout Ratio	15.3	13.1	12.6	16.8	36.6	17.1	17.6	20.5	
Closing Price (¥)	3,370	3,400	3,960	2,258	2,625	2,397	2,375	2,974	
PER (x)	11.5	11.1	12.5	9.5	24.0	7.5	6.4	7.2	7.3
PBR (x)	1.8	1.5	1.7	0.9	1.0	0.8	0.7	0.7	
Number of Shares Issued ('000)	52,657	52,657	52,657	52,657	52,657	52,657	50,579	50,579	
Treasury stock ('000)	23,097	26,784	30,528	32,290	34,758	36,389	128,003	215,068	
Number of Shares of Treasury Stock Excluded ('000)	52,634	52,630	52,626	52,625	52,622	52,621	50,451	50,364	
Market Capitalization (¥mn)	177,376	178,942	208,400	118,826	138,133	126,131	119,821	149,757	
Equity Ratio	20.1	22.3	24.1	25.1	26.7	29.2	28.0	30.8	
Interest-Bearing Debt (¥mn)	272,207	266,036	263,408	261,715	259,837	250,604	301,139	284,351	
D/E Ratio	2.7	2.3	2.1	2.0	1.8	1.6	1.7	1.4	
Net D/E Ratio	2.6	2.2	2.0	1.8	1.6	1.4	1.5	1.2	
EV (¥mn)	461,816	456,691	488,192	389,402	394,427	383,366	425,293	438,055	
EBITDA (¥mn)	41,462	40,367	37,694	33,718	33,340	41,569	46,270	44,427	48,430
EBITDA Margin	11.1	11.3	13.0	11.5	11.8	9.2	9.2	9.9	9.5
ROE	16.6	14.9	13.9	9.7	4.2	11.2	11.0	10.8	
ROIC	-	-	4.1	3.2	3.0	4.3	4.8	4.2	
Number of Employees	11,237	10,938	11,276	11,107	13,117	12,352	12,843	12,531	

※ 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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Strategy Advisors

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



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