

## FY03/2025: Record Operating Income in Line with Plan. At the Results Briefing the Company Revealed its Strategy to Utilize Assets that Are Difficult to Imitate

Maruha Nichiro's operating income was ¥30.4bn (up 14.5% YoY), in line with the company's forecast of ¥30.0bn. This exceeded the ¥27.0bn initially planned in the previous mid-term management plan (FY03/2023-FY03/2025) and was the highest profit since the business integration in 2007. While operating income for the Foodstuff Distribution Business Segment and the Processed Foods Business Segment exceeded the initial plan; results for the Marine Resources Business Segment fell short, so the company as a whole achieved profits roughly in-line with the plan.

The company forecasts operating income for FY03/2026 to be ¥27.0bn, down 11.1% YoY. However, excluding the ¥5.0bn in one-time corporate transformation costs recorded in SG&A expenses, effective operating income will be ¥32.0bn, up 5.3% YoY. These corporate transformation costs are aimed at achieving the FY03/2028 operating income target of ¥40bn outlined in the mid-term management plan. With these effects and a reduction in one-time costs recorded to ¥2.0bn in FY03/2028, the company believes that operating income of ¥40bn in FY03/2028 is fully achievable.

The two keywords in the new long-term vision and medium-term business plan announced in March are "Value Cycle" and "Glocal Strategy". At the financial results briefing on May 16, a detailed explanation was given on the strategies of the domestic wholesale business and the North American Alaska Pollock business (more details later). The "wholesale business" is a business model that is often seen as having a modest growth potential, but Maruha Nichiro explained at the briefing that it is "an important asset that we are proud of". The issue is that the wholesale business's ability to collect fresh fish, which is difficult to imitate, is not currently being fully linked to profits as a function of the group's distribution business. However, the company plans to utilize its unique position of having 6 wholesale businesses as consolidated subsidiaries to link them to downstream functions within the group and realize the potential value of the wholesale business, which was once the center of marine products distribution.

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



Source: Strategy Advisors

### Key Indicators

Stock Price (6/3/2025)	3,076
52-Week High (7/23/2024)	3,384
52-Week Low (8/5/2024)	2,841
All-Time High (6/28/2018)	4,510
All-Time Low (5/19/2014)	1,500
# of Shares Issued (Million)	50.4
Market Capitalization (¥bn)	154.9
EV (¥bn)	422.4
Equity Ratio (FY3/25, %)	33.7
ROE (FY3/25, %)	10.7
PER (FY3/26 CoE, x)	8.7
PBR (FY3/25 Actual, x)	0.7
Dividend Yield (FY3/26 CoE, %)	3.6

Source: Strategy Advisors

# Maruha Nichiro (1333 TSE Prime)

Although the current profitability of the North American Alaska Pollock business is experiencing challenges due to market environment factors, it is essentially a rare asset that is extremely difficult for new entrants to enter into. In its mid-term management plan, the company is pursuing a strategy to stabilize profits by further linking this to the downstream functions of its group.

One of the reasons why the valuation of the company's stock is relatively low is that the stock market does not recognize the company's difficult-to-imitate nature. The wholesale business and North American Alaska Pollock business do not appear to be necessarily viewed as positive factors in the market, but the company's management recognizes them as assets that are difficult to imitate. This perception gap can be a source of excess returns in the stock market, so we believe it is an area worth paying attention to in the future.

## Japanese GAAP - Consolidated

FY	Net Sales	YoY	Operating Income	YoY	Ordinary Income	YoY	Net Income	YoY	EPS	DPS
	(¥mn)	(%)	(¥mn)	(%)	(¥mn)	(%)	(¥mn)	(%)	(¥)	(¥)
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	1,078,631	4.7	30,381	14.5	32,254	3.7	23,264	11.6	461.9	110.0
3/2026 CoE	1,080,000	0.1	27,000	-11.1	26,000	-19.4	17,500	-24.8	347.4	110.0

Source: Company Data. Compiled by Strategy Advisors.

## Table of Contents

1. FY03/2025 Financial Results Summary .....	3
1) Achieved Highest Operating Income Since 2007 Business Integration .....	3
2) Marine Resources Have Not Yet Reached Their Target. Foodstuff Distribution & Processed Foods Have Exceeded Their Targets .....	4
2. FY03/2026 Outlook .....	6
1) Plan For A 5% Increase in Operating Income .....	6
2) Outlook by Segment .....	6
3. Two Attempts to Turn Inimitability into Benefits.....	10
1) Why is the Wholesale Business an Important Asset the Company is Proud of?.....	10
2) Strengthening the Value Cycle of the North American Alaska Pollock Business.....	14
4. Possibility of Valuation Correction Due to the Equity Story .....	15

# Maruha Nichiro (1333 TSE Prime)

## 1. FY03/2025 Financial Results Summary

### 1) Achieved Highest Profit Since 2007 Business Integration

#### The Targets of the Previous Mid-Term Business Plan Were Exceeded

For the full fiscal year FY03/2025, net sales increased 4.7% YoY to ¥1,078.6 billion, and operating income increased 14.5% YoY to ¥30.4 billion. The company's plans were for ¥1,050 billion and ¥30 billion respectively, so the results were almost in line for the entire company. However, the company was able to exceed the initial operating income target of ¥27 billion set in the previous mid-term management plan. In addition, the operating income of ¥30.4 billion is the highest operating income since the business integration of 2007.

**Figure 1. Results and Company Forecast**

(¥mn)	FY3/22	FY3/23	FY3/24	FY3/25	<b>FY3/26 CoE</b>	<b>FY3/28 CoE</b>
Net Sales	866,702	1,020,456	1,030,674	1,078,631	<b>1,080,000</b>	<b>1,150,000</b>
YoY	7.1%	17.7%	1.0%	4.7%	<b>0.1%</b>	-
Operating Income	23,819	29,575	26,534	30,381	<b>27,000</b>	<b>40,000</b>
YoY	47.3%	24.2%	-10.3%	14.5%	<b>-11.1%</b>	-
OP margin	2.7%	2.9%	2.6%	2.8%	<b>2.5%</b>	<b>3.5%</b>
Net Income Attributable to Owners of Parent	16,898	18,596	20,853	23,264	<b>17,500</b>	-
YoY	193.7%	10.0%	12.1%	11.6%	<b>-24.8%</b>	-
Net Profit Margin	1.9%	1.8%	2.0%	2.2%	<b>1.6%</b>	-

Source: Company Data. Compiled by Strategy Advisors.

#### Achieved All Targets of Previous Mid-Term Plan, Laying the Foundation for Corporate Transformation and Growth Investments from FY03/2026

Not only operating income, but all of the initial targets for FY03/2025 set out in the previous mid-term management plan (3year plan from FY03/2023 to FY03/2025) were achieved. EBITDA was ¥51.6 billion in FY03/2025 compared to the target of ¥ 46.5 billion, ROIC was 4.3% compared to the target of 4.3%, ROE was 10.7% compared to the target of 9% and the net D/E ratio was 1.0x compared to 1.2x. The net D/E ratio fell significantly from 1.4x in FY03/2022 to 1.0x, strengthening the financial foundation for corporate transformation and growth investments from FY03/2026.

# Maruha Nichiro (1333 TSE Prime)

**Figure 2. FY03/2025 Results Achieved All Targets of the Previous Mid-Term Management Plan**

(¥bn)	FY3/25 Previous Mid-Term Plan (A)	FY3/25 Actual (B)	Difference ( B )-( A )
Net Sales	960.0	1,078.6	<b>118.6</b>
Operating Income	27.0	30.4	<b>3.4</b>
EBITDA	46.5	51.6	<b>5.1</b>
ROIC	4.3%	4.3%	<b>0.0%</b>
ROE	9.0%	10.7%	<b>1.7%</b>
Net D/E Ratio	1.2x	1.0x	<b>-0.2pt</b>

Source: Company Data. Compiled by Strategy Advisors.

## 2) Marine Resources Have Not Yet Reached Their Target.

### Foodstuff Distribution & Processed Foods Have Exceeded Targets

#### Each Unit in the Marine Resources Business Segment Fell Short of Plan

The Marine Resources Business Segment initially planned to achieve an operating income of ¥7.5 billion, but the actual result was ¥1.6 billion (a 46% decrease from the previous year), falling far short of the plan. By unit, the Fishery Business Unit planned to achieve an operating income of ¥2 billion, but ended up with a loss of ¥900 million. The Aquaculture Business Unit planned to achieve an operating income of ¥400 million, but ended up with a loss of ¥1.4 billion due to delayed growth caused by high water temperatures and rising costs such as feed costs. The North America Operations planned to achieve an operating income of ¥5.2 billion, but ended up with an actual profit of ¥4 billion due to weak prices in the Alaska Pollock business.

#### Foodstuff Distribution Business Segment is Performing Well

Meanwhile, the Foodstuff Distribution Business Segment initially planned for an operating income of ¥10 billion, but actually achieved ¥13.3 billion (up 33% YoY), significantly exceeding the plan. In contrast to the Marine Resources Business Segment, all 3 units in the Foodstuff Distribution Business Segment exceeded their plans. The Marine Products Trading unit had planned to increase its operating income to ¥4 billion, anticipating a rebound from the worsening market conditions of the previous year; but it improved even more than expected in the second half, achieving an actual operating income of ¥6.2 billion. The Foodstuff Distribution Business Unit improved from a planned operating income of ¥4.8 billion to ¥5.3 billion and finally, the Agricultural Foods & Meat and Products unit improved from a planned operating income of ¥1.2 billion to ¥1.8 billion.

#### The Processed Foods Business Segment Performed Better Than Expected, Mainly Due to Strong Performance in the Pet Food Business

The Processed Foods Business Segment also exceeded the initial plan of operating income of ¥11.8 billion, achieving an actual result of ¥13.5 billion. The Processed Foods Business Unit performed well, achieving an actual operating income of ¥12.2 billion, compared to the planned operating income of ¥10.5 billion, mainly due to the strong performance in the pet food business in Thailand. The Processed Foods Business Unit also achieved an operating income of ¥1.2

# Maruha Nichiro (1333 TSE Prime)

billion, roughly in line with the plan, achieving an actual operating income of ¥1.3 billion.

**Figure 3. FY03/2025 Performance by Segment (¥bn)**

Segment	Unit	Net Sales			Operating Income				
		3/24	3/25	YoY	3/24	OP Margin	3/25	OP Margin	YoY
<b>Marine Resources Business</b>	Fishery Business	38.5	43.7	13.3%	-1.0	—	-0.9	—	—
	Aquaculture Business	16.0	17.4	8.4%	0.7	4.4%	-1.4	—	—
	North America Operations	171.6	191.6	11.6%	3.2	1.9%	4.0	2.1%	24.4%
	Segment Total	226.1	252.6	11.7%	2.9	1.3%	1.6	0.6%	-45.8%
	(Domestic)	64.9	65.2	0.4%	0.1	0.1%	-2.7	—	—
	(Overseas)	161.2	187.4	16.3%	2.9	1.8%	4.3	2.3%	48.2%
<b>Foodstuff Distribution Business</b>	Marine Products Trading	298.1	298.5	0.1%	2.5	0.8%	6.2	2.1%	149.7%
	Foodstuff Distribution Business	234.4	139.7	2.3%	6.2	2.6%	5.3	2.2%	-13.5%
	Agricultural Foods & Meat and Products	92.4	92.1	-0.4%	1.3	1.4%	1.8	1.9%	33.8%
	Segment Total	624.9	630.3	0.9%	10.0	1.6%	13.3	2.1%	33.3%
	(Domestic)	621.4	626.5	0.8%	10.1	1.6%	13.2	2.1%	30.2%
	(Overseas)	3.5	3.8	9.6%	-0.1	—	0.1	3.5%	—
<b>Processed Foods Business</b>	Processed Foods Business	152.5	167.8	10.0%	9.5	6.2%	12.2	7.3%	28.8%
	Fine Chemical	7.9	7.9	0.1%	1.1	14.6%	1.2	15.8%	8.4%
	Segment Total	160.4	175.7	9.6%	10.6	6.6%	13.5	7.7%	26.6%
	(Domestic)	113.2	117.4	3.7%	6.4	5.7%	5.0	4.3%	-22.3%
	(Overseas)	47.1	58.3	23.7%	4.2	8.9%	8.5	14.5%	101.7%
Logistics		17.6	18.2	3.1%	2.3	13.1%	2.3	12.9%	1.4%
Others		1.7	1.9	11.1%	1.2	69.6%	1.5	76.8%	22.6%
Common Cost		-	-	-	-0.5	—	-1.8	—	—
<b>Total</b>		1,030.7	1,079	4.7%	26.5	2.6%	30.4	2.8%	14.5%
(Domestic)		817.2	828	1.3%	18.7	2.3%	16.4	2.0%	-12.0%
(Overseas)		213.4	251	17.7%	7.9	3.7%	14.0	5.6%	77.3%

Source: Company Data. Compiled by Strategy Advisors.

## 2. FY03/2026 Outlook

### 1) Plan For a 5% Increase in Operating Income

**FY03/2026 Forecast:  
Operating Income of ¥32  
Billion, Excluding  
One-Time Expenses**

At the same time as the financial results were announced, the company also released its FY03/2026 earnings forecast. Net sales are projected to increase 0.1% YoY to ¥1.08 trillion, and operating income is projected to decrease 11.1% YoY to ¥27 billion. However, in FY03/2026, it is planned to record a one-time corporate transformation expense of ¥5 billion in selling and general administrative expenses; so, excluding this one-time cost, actual operating income will be ¥32 billion, an increase of 5.3% YoY. At the results briefing, the company commented that it was taking a conservative approach to its FY03/2026 forecast.

**¥5 Billion Spent on  
Corporate Transformation  
Expenses**

Maruha Nichiro plans to spend ¥15 billion over the 3-years on corporate transformation expenses during the 3-year mid-term management plan announced in March 2025. Of this, ¥5 billion will be recorded as investment, leaving ¥10 billion as expenses that directly impact the income statement. Of this ¥10 billion, ¥5 billion is planned to be spent in FY03/2026, ¥3 billion in FY03/2027, and ¥2 billion in FY03/2028.

**Operating Income of  
¥40 Billion in FY03/2028  
is Achievable**

While much of this corporate transformation expense will be directly spent on things like changing Corporate Identity and relocating the head office, the company is also aiming for effects such as branding and changing employee awareness in order to achieve its mid-term management plan target of ¥40 billion in operating income in FY03/2028. In addition to the improved profitability of each business, including these effects, the reduction in the amount of one-time expenses recorded itself from ¥5 billion in FY03/2026 to ¥2 billion in FY03/2028 also contributed in part to the company's view that it is quite possible to achieve its target of ¥40 billion in operating income in FY03/2028.

### 2) Outlook by Segment

**There Have Been  
Organizational Changes, But  
Comparable FY03/2025  
Figures Have Been  
Published**

Below is a detailed breakdown of the company's plans by segment. One-off expenses of ¥5 billion have not been allocated to any segment, but have been recorded in "Others". In addition, some segment figures have changed from FY03/2026 due to organizational changes, but the explanation of the increase/decrease in operating income by segment below is based on the new organizational structure. As shown in Figure 4, figures based on the new organizational structure for FY03/2025 have been announced, so a comparative analysis of FY03/2026 with the previous period is possible.

**Marine Resources Business  
Segment Operating Income  
Expected  
to Improve Significantly**

As a result of the transfer of the European business, which had belonged to this segment until FY03/2025, to the Foodstuff Distribution Business Segment, the Marine Resources Business Segment on a new organizational basis posted an operating loss in FY03/2025. However, in FY03/2026, the company plans to



# Maruha Nichiro (1333 TSE Prime)

significantly improve profits from an operating loss of ¥3.9 billion in the previous fiscal year to an operating income of ¥600 million.

Of the 3 units, the Fishery Business Unit is expected to see the greatest improvement in profits, with the Fishery Business Unit improving by ¥2.2 billion from an operating loss of ¥1.2 billion in the previous fiscal year to an operating income of ¥1 billion in FY03/2026; returning to the black, thanks to the effects of withdrawing from unprofitable businesses, etc. Furthermore, the company is currently building new vessels in New Zealand and Australia and the effects of improving operating rates by replacing aging vessels are expected to become apparent from FY03/2027 onwards.

The Aquaculture Business Unit also expects its operating loss to shrink from ¥1.1 billion in FY03/2025 to ¥200 million in FY03/2026. The company is taking measures to address the high water temperatures and rising costs that were the factors behind the deterioration of its profitability in the previous fiscal year, and at the same time, it expects prices for Yellowtail and Amberjack to recover.

North America Operations is also expected to reduce its operating loss from ¥1.6 billion in FY03/2025 to ¥100 million. The North American Alaska Pollock business, which accounts for the majority of this unit's sales, saw its market conditions decline 2-years ago as Russia increased production; but as Russian production advances sales within Russia and to China, the supply-demand balance is gradually improving and prices appear to have started to trend steadily.

**Foodstuff Distribution Business Segment is Expected to Experience a Decline in Profits, But the European Business is Likely to Show Upside**

Operating income for the Foodstuff Distribution Business Segment is projected to decline from ¥17.9 billion in FY03/2025 to ¥15.2 billion in FY03/2026. This is mainly due to a reactionary decrease from the stronger than normal performance in FY03/2025 at Marine Products Trading's domestic business (which is assumed to return to normal profit levels) and a temporary drop in operating income due to changes to the business model of low-margin businesses and insufficient capital utilization in the Agricultural Foods & Meat and Products Unit.

The Agricultural Foods & Meat and Products unit has a low ROIC and the company has determined that remodeling of the business is necessary to improve ROIC; and is planning to take measures by reducing profits in FY03/2026. As shown in the operating profit forecast for FY03/2028 in Figure 4, the company plans to steadily implement measures to return to the original profit level by the final year of the mid-term plan.

Regarding Seafood Connection, the European business that has recently been transferred to the Marine Products Trading Unit. At the briefing it was explained that the profit forecast was prepared taking into account the risk that rising costs in Europe cannot be fully passed on to prices. In addition, if the Dutch Van der Lee Seafish Beheer Group, which the company announced its acquisition of in May, were to make profits on a par with last year's, it could contribute ¥600-700 million to operating income in FY03/2026, but this impact has not been factored into the current FY03/2026 earnings forecast.

# Maruha Nichiro (1333 TSE Prime)

## **The Processed Foods Business Segment is Cautious about the Thai Pet Food Business**

The Processed Foods Business Segment's operating income is planned to decrease slightly from ¥14 billion in FY03/2025 to ¥12.8 billion in FY03/2026. The Processed Foods Business Unit accounts for the majority of this segment (96% of net sales) and the main reason for this is that the company is taking a cautious approach to its pet food business in Thailand. Although the current situation is relatively favorable, the company expects a decrease in operating income from the pet food business in Thailand, taking into account factors such as the increase in the minimum wage in Thailand and the strong baht. As a result, the Processed Foods Business Unit's operating income is planned to decrease by ¥1.1 billion, from ¥12.8 billion to ¥11.7 billion.

Although the impact of US tariffs has not been factored in at this time, there is a possibility that tariffs will have an impact on pet food exported from Thailand to the US. However, since the pet food that the company produces in Thailand is a premium product, attention will be focused on how relatively affluent customers will respond.

For the Processed Foods Business Unit, operating income is expected to decline slightly from ¥1.2 billion in FY03/2025 to ¥1.1 billion in FY03/2026.



# Maruha Nichiro (1333 TSE Prime)

**Figure 4. Company Plans for FY03/2026 & FY03/2028 (¥ bn)**

Segment	Unit	Net Sales						
		(Before Organizational Structure Change)				(After Organizational Structure Change)		
		FY3/22	FY3/23	FY3/24	FY3/25	FY3/25	FY3/26 CoE	FY3/28 CoE
Marine Resources Business	Fishery Business	31.5	42.2	38.5	43.7	38.6	36.6	36.4
	Aquaculture Business	14.6	15.9	16.0	17.4	17.4	18.6	19.3
	North America Operations	101.3	154.4	171.6	191.6	71.7	79.6	87.3
	Segment Total	147.4	212.5	226.1	252.6	127.6	134.8	143.0
	(Domestic)	57.2	68.6	64.9	65.2	60.3	66.1	68.8
	(Overseas)	90.2	143.9	161.2	187.4	67.3	68.7	74.2
Foodstuff Distribution Business	Marine Products Trading	279.8	311.6	298.1	298.5	418.4	407.8	435.4
	Foodstuff Distribution Business	194.8	217.9	234.3	239.7	240.5	253.5	268.4
	Agricultural Foods & Meat and Products	71.1	86.0	92.4	92.1	92.3	70.3	77.9
	Segment Total	545.7	615.5	624.9	630.3	751.2	731.6	781.7
	(Domestic)	543.7	612.2	621.4	626.5	627.5	603.0	630.2
	(Overseas)	2.0	3.3	3.5	3.8	123.7	128.6	151.5
Processed Foods Business	Processed Foods Business	149.7	166.7	152.5	167.8	171.8	184.5	194.3
	Fine Chemical	6.8	7.8	7.9	7.9	7.9	8.1	9.8
	Segment Total	156.5	174.4	160.4	175.7	179.6	192.6	204.1
	(Domestic)	112.1	115.6	113.3	117.4	121.1	128.9	136.8
	(Overseas)	44.4	58.9	47.1	58.3	58.5	63.7	67.3
Logistics		16.6	17.6	17.3	18.2	0.0	0.0	0.0
Others		0.4	0.4	2.0	1.9	20.2	21.0	21.3
Total		866.7	1,020.5	1,030.7	1,078.6	1,078.6	1,080.0	1,150.0
(Domestic)		779.2	813.2	817.2	827.5	827.5	817.2	856.0
(Overseas)		137.5	207.3	213.4	251.1	251.1	262.8	294.1

Segment	Unit	Operating Income						
		(Before Organizational Structure Change)				(After Organizational Structure Change)		
		FY3/22	FY3/23	FY3/24	FY3/25	FY3/25	FY3/26 CoE	FY3/28 CoE
Marine Resources Business	Fishery Business	0.3	1.8	-1.0	-0.9	-1.2	1.0	2.2
	Aquaculture Business	0.0	1.6	0.7	-1.4	-1.1	-0.2	0.6
	North America Operations	3.6	5.7	3.2	4.0	-1.6	-0.1	2.4
	Segment Total	3.9	9.1	2.9	1.6	-3.9	0.6	5.2
	(Domestic)	0.3	1.9	0.1	-2.7	-2.4	-1.3	0.6
	(Overseas)	3.5	7.2	2.9	4.3	-1.5	1.9	4.6
Foodstuff Distribution Business	Marine Products Trading	4.6	3.8	2.4	6.2	11.1	9.3	11.6
	Foodstuff Distribution Business	2.1	2.1	6.0	5.3	5.4	5.4	7.6
	Agricultural Foods & Meat and Products	0.7	0.8	1.3	1.8	1.5	0.5	1.3
	Segment Total	7.4	6.8	9.7	13.3	17.9	15.2	20.5
	(Domestic)	7.4	7.0	9.9	13.2	12.3	9.8	13.0
	(Overseas)	0.0	-0.3	-0.1	0.1	5.7	5.4	7.5
Processed Foods Business	Processed Foods Business	9.5	10.3	9.7	12.2	12.8	11.7	14.5
	Fine Chemical	1.5	1.4	1.1	1.2	1.2	1.1	1.3
	Segment Total	11.0	11.7	10.8	13.5	14.0	12.8	15.8
	(Domestic)	5.6	3.5	6.6	5.0	5.4	5.1	6.2
	(Overseas)	5.4	8.2	4.2	8.5	8.6	7.7	9.6
Logistics		1.1	1.6	2.3	2.3	0.0	0.0	0.0
Others		0.5	0.4	0.8	-0.3	2.3	-1.6	-1.5
Total		23.8	29.6	26.5	30.4	30.4	27.0	40.0
(Domestic)		15.0	14.4	18.7	16.4	16.4	11.0	18.3
(Overseas)		8.8	15.2	7.9	14.0	14.0	16.0	21.7

Source: Company Data. Compiled by Strategy Advisors.

## 3. Two Attempts to Turn Inimitability into Benefits

### The Wholesale Business and North American Alaska Pollock Business Were Presented as Examples of Strengthening the Value Cycle

The new long-term vision and mid-term management plan announced in March have two key concepts: "Value Cycle" and "Glocal Strategy". At this earnings briefing, more detailed explanations were given on these two points. In the "Today's Highlights" section at the end of the briefing materials, the following four points were listed as the key points of this briefing:

- The plan for the fiscal year ending March 2026 includes corporate transformation expenses to drive further profitability.
- Strengthen our core asset – the wholesale business – as a Group-wide procurement and
- distribution function. Work to build a resilient profit structure by enhancing the value cycle in the North American
- Alaska pollock business. Replicate our successful European glocal model globally to achieve 50%+ overseas ordinary income.

In our Initiation Report published on May 1, 2025, [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.](#), one of the reasons why Maruha Nichiro is 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 50 years. Of the four points above, the second and third points, "wholesale business" and North American Alaska Pollock business, are considered to be important parts of the company's inimitability. For this reason, in this report we would like to discuss the "wholesale business" which has not received much attention up until now and the North American Alaska Pollock business, which is currently experiencing a decline in profits.

### 1) Why is Wholesale Business an Important Asset the Company is Proud of?

### Intentional Incorporation Wholesale Businesses into Group Companies

A "wholesale business" is a business that operates in Toyosu and similar markets and act as intermediaries between producers (such as fishing cooperatives) and intermediate wholesalers. The company has relatively large wholesale business companies as consolidated subsidiaries in major cities, including DAITO GYORUI CO., LTD. (Toyosu, Tokyo), DAITOH GYORUI CO., LTD. in Nagoya, DAIKYO GYORUI INC. in Kyoto, and SHINKO GYORUI LIMITED in Kobe. It also has two companies in the Kyushu region, which has a strong production market. Kyushu Uoichi Co., Ltd. Kyushu Chuou Uoichi Co., Ltd. (Figure 5). In addition, the company has 3 wholesale business companies that

# Maruha Nichiro (1333 TSE Prime)

it considers to be part of its group, although the ownership ratio is unknown and these are presumably accounted for under the equity method.

In contrast, Nissui's investment situation in its wholesale business companies is quite different. There are only four wholesale business companies that are considered group companies, and their investment ratio in the relatively large DAISUI is low at 31.9%. It is thought that there is a difference in the policy toward wholesale business companies between the two companies.

DAITO GYORUI CO., LTD. as a wholly owned subsidiary through a tender offer in 2020, demonstrating that the company has purposefully organized wholesale business companies into groups.

Furthermore, OUG Holdings Inc. and Yokohama Maruuo Co., Ltd. have low investment ratios and are not group companies, but are included for reference as they hold more than 10%.

**Figure 5. Comparison of Capital Relationships with Wholesale Business Companies**

Maruha Nichiro (1333)				Nissui Corp. (1332)			
	Ownership Ratio	Relationship	Total Assets ¥mn		Ownership Ratio	Relationship	Total Assets ¥mn
DAITO GYORUI CO., LTD	100.00%	Consolidated Subsidiaries	26,007	DAISUI CO.,LTD.	31.90%	Group Companies	21,824
SHINKO GYORUI LIMITED	100.00%	Consolidated Subsidiaries	10,391	Yamatsu Suisan Co., Ltd.	NA	Group Companies	3,990
DAITOH GYORUI CO., LTD.	90.25%	Consolidated Subsidiaries	6,943	Sankyou Suisan Co., Ltd.	NA	Group Companies	1,268
Kyushu Chuou Uoichi Co., Ltd	83.68%	Consolidated Subsidiaries	3,703	Hiroshima Suisan Co., Ltd.	NA	Group Companies	-
Kyushu Uoichi Co., Ltd.	NA	Consolidated Subsidiaries	4,093	YOKOHAMA GYORUI CO., LTD	19.78%	Largest Shareholder	-
DAIKYO GYORUI INC.	NA	Consolidated Subsidiaries	2,050	Chuo Gyorui Co., Ltd.	12.00%	Largest Shareholder	-
Funabashi Uoichi Co., Ltd	NA	Group Companies	1,593	CHUBU SUISAN CO., LTD	14.30%	Largest Shareholder	-
Meihoku Uoichiba Co., Ltd.	NA	Group Companies	-				
Sakai Minato Uoichiba Co., Ltd.	NA	Group Companies	-				
OUG Holdings Inc.	13.84%	Largest shareholder	-				
Yokohama Maruuo Co., Ltd.	11.49%	Largest shareholder	-				

Source: Company Documents and Financial Statements. Compiled by Strategy Advisors.

## Macro Data Suggests that the Importance of the

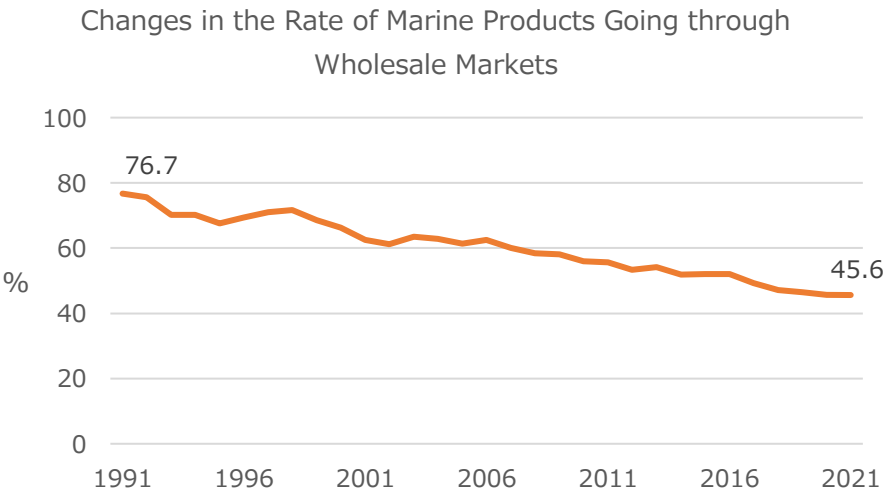
Wholesale businesses are companies that have developed as businesses that mainly operate within wholesale markets. However, as distribution formats have diversified, the position of wholesale markets themselves in marine products distribution has declined over the past few decades. As shown in

# Maruha Nichiro (1333 TSE Prime)

## Wholesale Business is Declining

Figure 6, in 1991, 76.7% of seafood was distributed through wholesale markets, but 30 years later in 2021, this figure had fallen to 45.6%. During this time, the share of distribution outside markets has increased and so, it can be said that the scope of activity for wholesale businesses has gradually narrowed.

**Figure 6. The Weight of Wholesale Markets in Marine Products Distribution is Declining**



Source: Ministry of Agriculture, Forestry and Fisheries. Compiled by Strategy Advisors

## Why the "Wholesale Business" is an Important Asset

At first glance, it is difficult to understand why the group would buy more shares in a wholesale business in this environment and it is hard to say that the stock market is currently appreciating the fact that the group has a large number of wholesale businesses. However, Maruha Nichiro has gone so far as to state that this "wholesale business" is "an important asset that we are proud of" (Figure 7) and this is where is a perception gap with the stock market.

## The Ability to Collect Fresh Fish, a Feature of the Wholesale Businesses, Has Not Diminished Even Now

Wholesale businesses were originally regulated and had low gross profit margins, so they were like public works projects. As the rate of fishery products passing through wholesale markets has fallen, the share of wholesale businesses in the overall distribution of marine products has declined; but they still have a strong ability to collect and distribute fresh fish from domestic production areas. Due to the relationship with each production regions and the difficulty of handling fresh fish, it is not easy for companies other than designated wholesalers to enter the market.

## Built a System that is Difficult to Imitate, Including the Wholesale Business

6 wholesale business companies with such special functions as consolidated subsidiaries. However, there is no point in just having wholesale business companies, as it would be a waste if the company did not have the function to distribute the products collected by the wholesale business to downstream locations (GMS, food service/restaurants and lunch services). Because Maruha Nichiro also has these downstream distribution functions, it is possible to utilize them as a whole group. It would be extremely difficult to imitate and build this

# Maruha Nichiro (1333 TSE Prime)

## The Mid-Term Business Plan Aims to Convert These Difficult-to-Imitate Assets into Profits

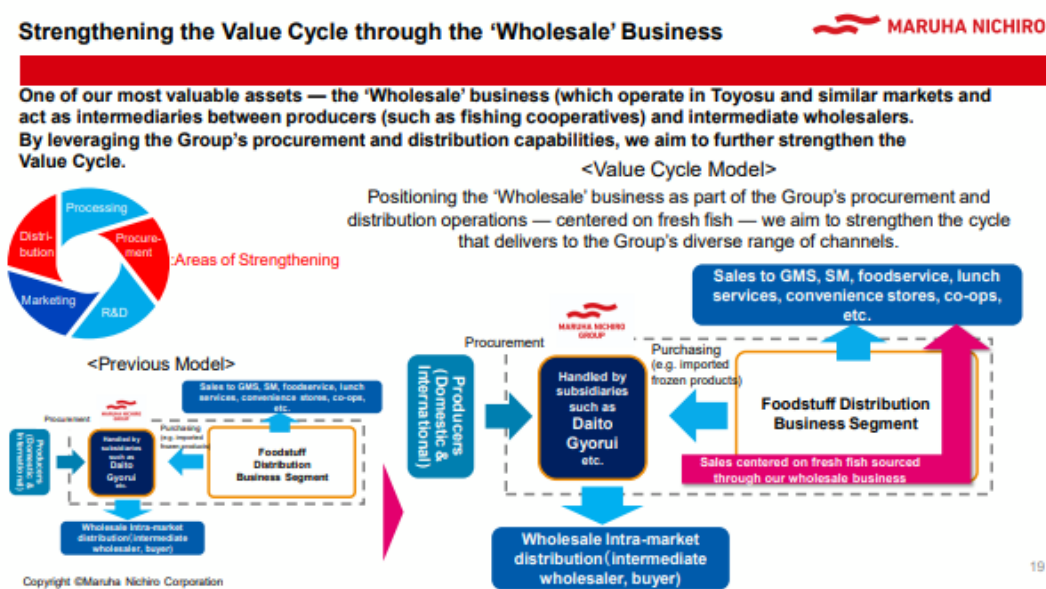
entire system now and in that respect it can be said to be an asset that is difficult to imitate.

In the new long-term vision and mid-term management plan announced in March, Maruha Nichiro is intentionally and purposefully promoting the strengthening of the value cycle through the use of the wholesale business. Figure 7 is from the financial results briefing held on May 16<sup>th</sup>. It positions the wholesale business company as an important function related to procurement and distribution for the entire group. This is exactly what Maruha Nichiro's inimitability, as stated in Our initiation report on May 1, 2025, [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.](#): "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." It is an attempt to use the wholesale business function in a new position and convert the inimitability into profit.

## Where There Are Gaps, There Are Also Investment Opportunities

That being said, at present, the difficulty of imitation that comes with having a wholesale business has not yet been fully translated into profitability. From our perspective, this is a future issue, and we have no choice but to look forward to seeing it evolve and be realized within the mid-term management plan. However, in the stock market, it is precisely where there is a perception gap that investment opportunities lie. Maruha Nichiro calls its "wholesale business," which may at first glance seem outdated to outsiders, "an important asset that the company is proud of". This gap is definitely one to keep an eye on.

Figure 7. Detailed Explanation of the Value Cycle of the "Wholesale Business"



Source: Financial Results Briefing Materials (May 16, 2025)



# Maruha Nichiro (1333 TSE Prime)

## 2) Strengthening the Value Cycle of the North American Alaska Pollock Business

### Another "Hidden" Rare Asset

Also, in the financial results briefing on May 16, the North American Alaska Pollock business was introduced in detail as an example of strengthening the value cycle. This is a business that involved primary processing (into surimi and fillets) of and sales of Alaska Pollock caught in the Bering Sea in the United States.

Maruha Nichiro holds 26% of the resource access quota in the US Bering Sea. Resource management is strictly carried out in European and American fisheries, so it is easy to secure a certain amount of catch if the equipment is properly maintained. It would be very difficult to secure such rights now and they are a hidden rare asset that is difficult to imitate.

### The Stability of Earnings Remains an Issue

Although it is an asset with hidden value and difficult to imitate, current profitability is currently an issue. In recent years, the market price has fallen due to an increase in the distribution volume of Russian Pollock and the profitability of the North American Alaska Pollock business has deteriorated significantly. As mentioned above, the supply and demand balance is showing signs of recovery in FY03/2026 and profits are expected to recover, but we have not yet reached the stage where high profit margins can be secured.

In addition, even if there is a temporary recovery, the risk of profit volatility due to market fluctuations has not been eliminated.

### The Mid-Term Plan Aims to Solve this Profitability Issue by Increasing the Ratio of Advanced Processing

Maruha Nichiro plans to improve this problem by increasing the proportion of advanced processing. Currently, most of the catch is sold as raw materials or intermediate products such as surimi and fillets. Although about 10% of the surimi processed at the group's North American plants is used at the group's imitation crab plant, also in North America, the proportion of advanced processing that converts it into a final product is still low. In its medium-term management plan, the company aims to mitigate the impact of fluctuations in raw material prices by increasing the proportion of advanced processing products within its own group.

In North America, the company has already begun to increase production capacity through additional investment in an imitation crab plant and plans to expand similar efforts to Europe. In Japan, for example, it is expected to further cooperate with Kibun Foods, with which it has a capital and business alliance.

### As the Mid-Term Plan Progresses, This Rare Asset Will Be Able to Contribute to Corporate Value

The existence of a resource access framework in the North American Alaska Pollock business is one of the key factors that make the company difficult to imitate, but in recent years the company has not been able to fully convert this advantage into stable profits. If the company can increase the ratio of highly processed products, explained as an initiative to strengthen the value cycle in the mid-term management plan and profits become more stable as a result; one of the factors that makes the company difficult to imitate will contribute to improving its corporate value.



# Maruha Nichiro (1333 TSE Prime)

There is an Interesting Gap Here. A Solution to Fill it Has Already Been Announced

As with the wholesale business, the strengthening of the value cycle in the North American Alaska Pollock business has not yet produced definite results. However, from the perspective of the stock market, the existence of a gap is important, in that despite possessing a scarce asset of resource access in a promising region, the company is currently unable to achieve a sufficiently stable return. Furthermore, the strategy and tactics to fill the gap are stated in the mid-term management plan announced in March. The focus going forward will be on whether the company can steadily achieve its plan.

Figure 8. Detailed Explanation of Measures for the North American Alaska Pollock Business



Source: Financial Results Briefing Materials (May 16, 2025)

## 4. Possibility of Valuation Correction Due to Equity Story

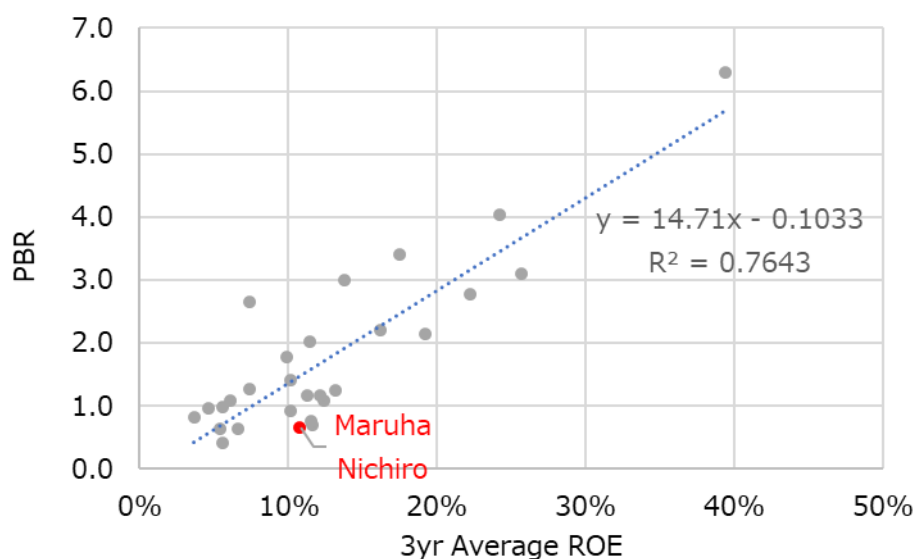
In Terms of the Relationship between ROE and PBR, PBR is Relatively Low Compared to its Peers

For 28 major global protein supply-related companies, excluding those with negative ROE, there is a general correlation between ROE (3-Year Average) and PBR. According to the regression model, there is a nearly proportional relationship of  $PBR = ROE \times 14.71 - 0.1033$ . In addition, the coefficient of determination ( $R^2$ ) is 0.76, which exceeds 0.7, which is considered to be a high fit for the model (Figure 9). A list of these global companies is shown in Figure 11.

In the graph, Maruha Nichiro is located well below the approximation line and this analysis suggests that the stock is relatively undervalued. The company's 3-year average ROE is 11% and if a company with an ROE of 11% were on the approximation line, the estimated PBR would be 1.5x, which is about twice the current PBR of about 0.7 times.

# Maruha Nichiro (1333 TSE Prime)

**Figure 9. Relationship Between ROE (3-Year Ave) & PBR**



Source: Company Data. Compiled by Strategy Advisors.

## Valuation is Low Compared to Domestic Peers

The group of global companies above includes eight Japanese companies. Among them, Maruha Nichiro's valuation is relatively low (Figure 10).

**Figure 10. Comparison of Profitability and Valuation with Domestic Competitors**

Company Name	Ticker	FY	Stock Price (6/3)	Market Cap. (¥mn)	ROE	ROIC	Equity Ratio	PBR Actual (x)	PER CoE (x)
<b>Maruha Nichiro</b>	<b>1333</b>	<b>3/25</b>	<b>3,076</b>	<b>155,581</b>	<b>10.7%</b>	<b>4.3%</b>	<b>33.7%</b>	<b>0.7</b>	<b>8.9</b>
Nissui	1332	3/25	840	262,379	9.6%	4.7%	43.6%	0.9	10.4
NICHIREI	2871	3/25	1,904	489,194	9.6%	7.4%	52.1%	1.8	16.2
KYOKUYO	1301	3/25	4,495	54,292	10.7%	5.8%	36.5%	0.8	6.5
YOKOREI	2874	9/24	889	52,688	5.2%	1.8%	38.5%	0.6	18.7
KIBUN FOODS	2933	3/25	1,054	24,063	13.1%	6.5%	28.7%	1.2	8.0
NH Foods	2282	3/25	5,099	505,285	5.1%	3.5%	55.2%	1.0	16.8
ITOHAM YONEKYU HD	2296	3/25	5,050	290,229	4.6%	4.0%	61.2%	1.0	16.4

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

## Recognizing the Difficulty of Imitation in the Stock Market is THE Key to Improving Valuations

In comparison with these companies in the same industry, the stock valuation is judged to be low given the profitability; but one of the reasons for this is that the stock market has not yet fully recognized the company's difficulty to imitate and its strategy to turn this into profits, as mentioned above.

Rather, it is even possible that important assets that are difficult to imitate, such as the wholesale business and the North American Alaska Pollock business, are

# Maruha Nichiro (1333 TSE Prime)

not recognized at all as strengths of the company at present. Eliminating this perception gap will be the key to improving the stock price and valuation in the future.

The mid-term business plan outlines a path to convert these difficult-to-imitate characteristics into profits, but judging from the stock price valuation, we believe that the stock market has not yet fully come to believe in that direction. We believe that as the measures outlined in the mid-term business plan progress and are gradually reflected in the figures, the company's management policies will gain the market's trust as they are properly explained, which will be a factor in revising the valuation.

## Focus on the Company's Equity Story Based on the Difficulty of Imitation

Our initiation report on May 1, 2025, [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.](#), we listed 3 equity stories, one of which was "to expand sales of processed foods manufactured by leveraging our global seafood procurement capabilities and fishing quotas, thereby improving profit margins and reducing the impact of profit volatility in the Marine Resources Business Segment." This story is closely related to the two businesses we discussed this time (wholesale business and North American Alaska Pollock business).

We believe that an equity story is made up of a "realizable and precise business strategy" and an "exciting dream". Businesses that are overlooked by the stock market, such as the wholesale business, or businesses that are considered to have profitability issues, such as the North American Alaska Pollock business, are actually rare assets that are difficult to imitate: and the fact that they can be transformed into assets that contribute to increasing corporate value by strengthening the value cycle, which is an important measure in the mid-term management plan, perfectly matches our definition of an equity story.

## The Source of Excess Returns is a Story That is Unexpected and Exciting

The story is that there is an overlooked value in a business model that at first glance seems to have a modest growth potential, such as the "wholesale business" and that Maruha Nichiro's group strength can make that value apparent. Or, like the North American Alaska Pollock business, where current earnings are tough due to market factors, the company has assets that are essentially difficult for others to obtain and by utilizing these assets with the group's strength, it can stabilize profits. Both of these are unexpected and exciting equity stories. We believe that such equity stories with perception gaps and surprises can be a source of excess returns in the stock market, and are therefore something that stock investors should pay attention to.

# Maruha Nichiro (1333 TSE Prime)

**Figure 11. Comparison of Actual and Calculated PBR's for Major Companies Involved in the Fishing, Meat, Marine Products Processing and Frozen Food Industries**

Company Name	Ticker	Country	Sales (¥mn)	3-Yr Average ROE	PBR (x)	PER (x)	PBR Calculated	Actual - Calculated
J.B.S.	JBSS3	Brazil	13,461,795	19%	2.1	7.2	2.7	-0.6
Tyson Foods	TSN	America	8,025,347	6%	1.1	14.5	0.8	0.3
Marfrig Global Foods	MRFG3	Brazil	4,200,616	39%	6.3		5.7	0.6
WH Group	00288	Hong Kong	3,935,044	12%	1.1	7.7	1.7	-0.6
Kraft Heinz	KHC	America	3,920,634	5%	0.6	10.2	0.7	-0.1
CJ CheilJedang	097950	South Korea	3,268,037	6%	0.4	6.3	0.7	-0.3
General Mills	GIS	America	2,935,611	26%	3.1	12.6	3.7	-0.6
Muyuan Foodstuff	002714	China	2,914,195	14%	3.0	11.0	1.9	1.1
Pilgrims Pride	PPC	America	2,711,995	22%	2.8	9.5	3.2	-0.4
Charoen Pokphand	CPF	Thailand	2,497,901	4%	0.8	7.9	0.4	0.4
Wens Foodstuff	300498	China	2,216,578	7%	2.7	10.8	1.0	1.7
Smithfield Foods	SFD	America	2,145,229		1.5	10.3	-0.1	1.6
Hormel Foods	HRL	America	1,794,647	11%	2.0	19.4	1.6	0.4
Conagra Brands	CAG	America	1,781,558	7%	1.3	9.7	1.0	0.3
NH Foods	2282	Japan	1,370,553	5%	1.0	16.8	0.6	0.4
Henan Shuanghui	000895	China	1,261,514	24%	4.0	16.2	3.5	0.6
<b>Maruha Nichiro</b>	<b>1333</b>	<b>Japan</b>	<b>1,078,631</b>	<b>11%</b>	<b>0.7</b>	<b>8.9</b>	<b>1.49</b>	<b>-0.8</b>
Dongwon Industries	006040	South Korea	995,606	7%	0.6	5.4	0.9	-0.2
ITOHAM YONEKYU HD	2296	Japan	988,771	6%	1.0	16.4	0.7	0.3
Mowi	MOWI	Norway	913,168	16%	2.2	15.7	2.3	-0.1
Nissui	1332	Japan	886,126	10%	0.9	10.4	1.4	-0.5
NICHIREI	2871	Japan	702,080	10%	1.8	16.2	1.4	0.4
Thai Union Group	TU	Thailand	595,426		0.8	9.5	-0.1	0.9
Japfa Comfeed	JPFA	Indonesia	535,848	13%	1.2	5.9	1.8	-0.6
Dongwon F&B	049770	South Korea	499,083	12%	0.7	6.0	1.6	-0.9
Austevoll Seafood	AUSS	Norway	498,887	12%	1.2	11.5	1.7	-0.5
Leroy Seafood	LSG	Norway	439,046	10%	1.4	19.1	1.4	0.0
SalMar	SALM	Norway	371,252	17%	3.4	21.3	2.5	0.9
KYOKUYO	1301	Japan	302,681	12%	0.8	6.5	1.6	-0.8
YOKOREI	2874	Japan	122,282		0.6	18.7	-0.1	0.7
KIBUN FOODS	2933	Japan	108,912	11%	1.2	8.0	1.6	-0.4

Note: Exchange rates calculated at ¥28 to Brazilian Real, ¥151 to USD, ¥0.1 to Korean Won, ¥4.3 to the Thai Baht, ¥21 to the Chinese Yuan, ¥164 to EURO and ¥14 to the Norwegian Krone.

Source: Company Data. Compiled by Strategy Advisors.

# Maruha Nichiro (1333 TSE Prime)

**Figure 12. Consolidated Income Statement (¥mn)**

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26CoE
<b>Net Sales</b>	<b>905,204</b>	<b>809,050</b>	<b>866,702</b>	<b>1,020,456</b>	<b>1,030,674</b>	<b>1,078,631</b>	<b>1,080,000</b>
Cost of Sales	787,135	700,505	746,206	885,202	896,856	933,033	-
<b>Gross Profit</b>	<b>118,069</b>	<b>108,544</b>	<b>120,496</b>	<b>135,254</b>	<b>133,818</b>	<b>145,598</b>	<b>-</b>
Gross Profit Margin	13.0%	13.4%	13.9%	13.3%	13.0%	13.5%	-
SG&A Expenses	100,989	92,372	96,677	105,678	107,284	115,216	-
<b>Operating Income</b>	<b>17,079</b>	<b>16,172</b>	<b>23,819</b>	<b>29,575</b>	<b>26,534</b>	<b>30,381</b>	<b>27,000</b>
Operating Income Margin	1.9%	2.0%	2.7%	2.9%	2.6%	2.8%	2.5%
Non-Operating Income	5,207	4,293	6,040	7,324	8,683	6,932	-
Non-Operating Expenses	2,386	2,371	2,263	3,400	4,111	5,059	-
<b>Ordinary Income</b>	<b>19,901</b>	<b>18,093</b>	<b>27,596</b>	<b>33,500</b>	<b>31,106</b>	<b>32,254</b>	<b>26,000</b>
Ordinary Income Margin	2.2%	2.2%	3.2%	3.3%	3.0%	3.0%	2.4%
Extraordinary Income /Loss	1,166	-7,568	-79	-1,955	4,785	9,691	-
Extraordinary Income	4,915	194	2,164	4,378	9,560	11,922	-
Extraordinary Loss	3,749	7,762	2,243	6,333	4,775	2,231	-
Income Before Taxes and Adjustments	21,067	10,525	27,518	31,545	35,891	41,945	-
Pre-Tax Profit Margin	2.3%	1.3%	3.2%	3.1%	3.5%	3.9%	-
Income Taxes	6,296	1,626	7,196	7,059	11,168	12,119	-
- Current Period	5,526	3,711	4,519	7,597	9,848	10,306	-
- Deferred	770	-2,085	2,677	-538	1,320	1,813	-
Net Income Attributable to Non-Controlling Interests	2,232	3,145	3,422	5,890	3,868	6,560	-
<b>Net Income</b>	<b>12,537</b>	<b>5,753</b>	<b>16,898</b>	<b>18,596</b>	<b>20,853</b>	<b>23,264</b>	<b>17,500</b>
Net Income Margin	1.4%	0.7%	1.9%	1.8%	2.0%	2.2%	1.6%

Source: Company Data. Compiled by Strategy Advisors.

# Maruha Nichiro (1333 TSE Prime)

**Figure 13. Consolidated Balance Sheet (¥mn)**

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

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

Source: Company Data. Compiled by Strategy Advisors.



# Maruha Nichiro (1333 TSE Prime)

**Figure 14. Consolidated Statements of Cash Flow (¥mn)**

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

Source: Company Data. Compiled by Strategy Advisors.

# Maruha Nichiro (1333 TSE Prime)

**Figure 15. Key Indicators**

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26CoE
EPS (¥)	238.2	109.3	321.1	363.7	413.6	413.6	347.4
BPS (¥)	2,520.3	2,707.9	3,044.0	3,534.4	4,112.7	4,112.7	
DPS (¥)	40	40	55	65	85	110	110
Dividend Payout Ratio	16.8	36.6	17.1	17.6	20.5	23.8	31.7
Closing Price (¥)	2,258	2,625	2,397	2,375	2,974	3,261	
PER (x)	9.5	24.0	7.5	6.4	7.2	7.9	
PBR (x)	0.9	1.0	0.8	0.7	0.7	0.8	
Number of Shares Issued ('000)	52,657	52,657	52,657	50,579	50,579	50,579	
Treasury Stock ('000)	32,290	34,758	36,389	128,003	215,068	209,805	
Number of Shares of Treasury Stock Excluded ('000)	52,625	52,622	52,621	50,451	50,364	50,369	
Market Capitalization (¥mn)	118,826	138,133	126,131	119,821	149,757	164,253	
Equity Ratio	25.1	26.7	29.2	28.0	30.8	33.7	
Interest-Bearing Debt (¥mn)	261,715	259,837	250,604	301,139	284,351	270,911	
D/E Ratio	2.0	1.8	1.6	1.7	1.4	1.2	
Net D/E Ratio	1.8	1.6	1.4	1.5	1.2	1.0	1.0
EV (¥mn)	389,402	394,427	383,366	425,293	438,055	431,751	
EBITDA (¥mn)	33,718	33,340	41,569	46,270	44,427	49,349	45,968
EBITDA Margin	11.5	11.8	9.2	9.2	9.9	8.7	
ROE	9.7	4.3	11.2	11.0	10.8	10.7	7.5
ROIC	3.2	3.0	4.3	4.8	4.2	4.3	4.0
Number of Employees	11,107	13,117	12,352	12,843	12,531		

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

Source: Company Data. Compiled by Strategy Advisors.

# Maruha Nichiro (1333 TSE Prime)

## Disclaimer

---

This report is published by Strategy Advisors, Inc. (hereafter referred to as "the issuer") and was prepared with outside partners and analysts as the primary authors.

The purpose of this report is to provide an unconventional approach to the introduction and commentary of the companies covered.

In principle, the publisher does not review or approve the content of the report (although we will point out obvious errors or inappropriate language to the authors).

The Publisher may receive compensation, directly or indirectly, from the Subject Company for providing planning proposals and infrastructure for the publication of this report.

The outside firms and analysts who write this report may receive compensation, directly or indirectly, from the subject company in addition to preparing this report. In addition, the outside firms and analysts who write this report may have entered into transactions in the securities of the subject company or may do so in the future.

This report is prepared solely for the purpose of providing information to assist in investment decisions and is not intended as a solicitation for securities or other transactions. Final decisions regarding securities and other transactions are the sole responsibility of the investor.

In preparing this report, the authors have received information through interviews with the subject companies. However, the hypotheses and views expressed in this report are not those of the subject companies, but rather are based on the authors' analysis and evaluation.

This report is based on information that the authors believe to be reliable, but they do not guarantee its accuracy, completeness, or timeliness. The views and forecasts expressed in this report are based on the judgment of the authors at the time of publication and are subject to change without notice.

In no event shall the publisher or authors be liable for any direct, indirect, incidental, or special damages that may be incurred by an investor as a result of reliance on the information or analysis contained in this report.

In principle, the copyright of this report belongs to the publisher. Reproduction, sale, display, distribution, publication, modification, distribution, or commercial use of the information provided in this report without the permission of the publisher is prohibited by law.



**Strategy Advisors**

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



Strategy Advisors