Company Report

September 9, 2025

Strategy Advisors Inc.
Hiroyuki Sakaida

Q1 Operating Income a Historical High. Although it Has Only Been Three Months Since the Start of the Mid-Term Plan, Signs of Effectiveness Are Beginning to Appear

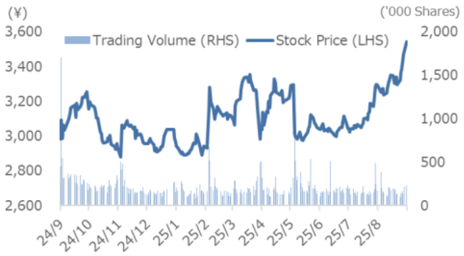
Maruha Nichiro reported consolidated operating income of ¥9.4 billion (+ 23.1% YoY) for the Q1 FY ending March 2026, the highest operating income ever recorded for a first quarter since the business integration in 2007. This was due to the Marine Resources Business returning to profit from an operating loss in the same period of the previous year, the Foodstuff Distribution Business Segment achieving profits at the same level as the previous year thanks to strong performance in Europe, and the Processed Foods Business Segment's strong performance in the pet food business. Meanwhile, ordinary income decreased 5.3% YoY to ¥9.3 billion due to the fact that non-operating income and expenses, which had recorded a foreign exchange gain in Q1 of FY ending March 2025FY ending March 2025, saw a foreign exchange loss in Q1 FY ending March 2026.

Based on the strong Q1 financial results and future outlook, the company announced an upward revision of its full-year earnings forecast for FY ending March 2026. Operating income was revised upward by ¥3 billion from ¥27 billion to ¥30 billion and ordinary income was revised upward by ¥3 billion from ¥26 billion to ¥29 billion. However, profit attributable to owners of the parent has been left unchanged at ¥17.5 billion at this time, as extraordinary income and expenses may fluctuate depending on the progress of business restructuring.

The notable results for Q1 FY ending March 2026 include the elimination of losses in the fishing and North American businesses, as well as signs of the effectiveness of the measures outlined in the three-year mid-term management plan. For example, the North America Operations Unit improved from an operating loss of ¥400 million in Q1 FY ending March 2025 to operating income of ¥400 million in Q1 FY ending March 2026. The recovery in the Alaska pollock market also helped, but operational improvements resulting from the integration of the processing companies in Alaska also appear to have contributed.

The company's valuation, at 0.8x PBR, is relatively low compared to its peers. One contributing factor may be that the market has yet to fully recognize the difficulty of replicating the company's unique assets. The recently profitable North American Alaska pollock business, for instance, holds a highly scarce fishing quota and represents a hard-to-imitate asset. Though the profit margin has initially been small, the company believes that profitability for this business is both sustainable and difficult for

Stock Price and Trading Volumes (Past Year)



Source: Strategy Advisors

Key Indicators

Stock Price (9/08/25)	3,544
52-Week High (9/08/25)	3,544
52-Week Low (11/11/24)	2,880
All-Time High (6/28/18)	4,510
All-Time Low (5/19/14)	1,500
Number of Shares Issued (mn)	50.4
Market Cap. (¥bn)	178.5
EV (¥bn)	452.4
Equity Ratio (FY3/25, %)	33.7
ROE (FY3/25 Actual, %)	10.7
PER (FY3/26 CoE, x)	10.2
PBR (FY3/25 Actual, x)	0.8
Dividend Yield (FY3/26 CoE, %)	3.1

Source:
Strategy Advisors

competitors to imitate. We believe that this perception gap can be a source of excess returns in the stock market and is therefore worth paying attention to.

We will also be keeping an eye on the progress of growth investments. In May of this year, Maruha Nichiro acquired Van der Lee Seafish Beheer B.V. (VDL Group), a seafood processing and sales company in the Netherlands. The investment in VDL is estimated to be less than ¥10 billion, but Maruha Nichiro's mid-term plan sets a growth investment quota of ¥140 billion in total, with ¥70 billion in organic investments and ¥70 billion in inorganic investments. Appropriate growth investments have the potential to raise expectations in the stock market and influence valuations, so the progress of further investments going forward will also be a point of interest.

Japanese GAAP - Consolidated

FY	Net Sales (¥mn)	YoY (%)	Operating Income (¥mn)	YoY (%)	Ordinary Income (¥mn)	YoY (%)	Net Income (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
3/2025 Q1	256,928	2.4	7,657	-0.4	9,868	-12.0	6,540	-1.7	129.9	-
3/2026 Q1	263,597	2.6	9,428	23.1	9,343	-5.3	6,499	-0.6	129.0	-
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	1,078,631	4.7	30,381	14.5	32,254	3.7	23,264	11.6	461.9	110.0
3/2026 CoE (Old)	1,080,000	0.1	27,000	-11.1	26,000	-19.4	17,500	-24.8	347.4	110.0
3/2026 CoE (New)	1,080,000	0.1	30,000	-1.3	29,000	-10.1	17,500	-24.8	347.4	110.0

Source: Company Data, Compiled by Strategy Advisors

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1. Q1 FY ending March 2026 Financial Results Summary & Full-Year Outlook

1) Achieved Highest First-Quarter Profit Since Business Integration. The Mid-Term Plan is Off to a Strong Start

Q1 Performance Highlights & Factors Behind the Increase in Profit

Consolidated results for Q1 FY ending March 2026 showed net sales of ¥263.6 billion (+2.6% YoY) and operating income of ¥9.4 billion (+23.1% YoY), the highest operating income ever recorded for the first quarter since the business integration in 2007 (Figure 1). This was due to the Marine Resources Business turning around an operating loss in the same period last year to a profit, the Foodstuff Distribution Business Segment securing profits at the same level as the previous year thanks to strong performance in Europe, and the Processed Foods Business Segment 's strong performance in the pet food business.

Figure 1. Maruha Nichiro: Q1 FY ending March 2026 Financial Results Summary

(¥mn)	Q1 FY3/25	**Q1 FY3/26**	YoY (%)	FY3/26 CoE (Initial Plan)	FY3/26 CoE (Revised Plan)	Change	YoY (%)
Net Sales	256,928	**263,597**	2.6	1,080,000	1,080,000	0	0.1
Operating Income	7,657	**9,428**	23.1	27,000	30,000	3,000	-1.3
Ordinary Income	9,868	**9,343**	-5.3	26,000	29,000	3,000	-10.1
Profit Attributable to Owners of Parent	6,540	**6,499**	-0.6	17,500	17,500	0	-24.8

Source: Company Data, Compiled by Strategy Advisors

Impact of Non-Operating Income and Expenses and Extraordinary Income and Expenses

On the other hand, ordinary income was ¥9.3 billion (-5.3% YoY) and quarterly profit attributable to owners of parent was ¥6.5 billion (-0.6% YoY), with some profit levels falling below the previous year. This was largely due to the impact of foreign exchange gains and losses recorded under non-operating income and expenses. In Q1 FY ending March 2025, a weaker yen resulted in non-operating foreign exchange gains, but in Q1 FY ending March 2026, a stronger yen resulted in foreign exchange losses, which was the main factor behind the deterioration in non-operating income and expenses, and as a result, ordinary income decreased compared to the same period last year. In Q1 FY ending March 2026, a gain of ¥1.8 billion on the sale of investment securities due to the sale of cross-shareholdings was recorded, but net profit decreased slightly compared to the same period last year.

2) Upward Revision of Full-Year Earnings Forecast

Full-Year Operating Income Forecast Revised Upward From ¥27 Billion to ¥30 Billion

Based on the strong performance in the first quarter and the outlook for the future, the company has revised its full-year earnings forecast for FY ending March 2026 upwards, with operating income revised upward by ¥3 billion from ¥27 billion to ¥30 billion and ordinary income revised upward by ¥3 billion from ¥26 billion to ¥29 billion.

Profit attributable to owners of the parent remains set at ¥17.5 billion, as extraordinary income and expenses may fluctuate depending on the progress of the business structure reforms set out in the mid-term management plan.

Outlook for Each Segment

In the Marine Resources Business, although profit improvement in North America is progressing as planned, the Fishery Business Unit is likely to be affected by factors such as sluggish fish prices from Q2 onwards, so the full-year forecast remains unchanged.

In the Foodstuff Distribution Business Segment, in addition to the continued strength of the European business, the operating income forecast has been revised upward from the initial estimate of ¥15.2 billion to ¥17 billion, taking into account the profit contribution of VDL, which will be consolidated from Q2 (expected to contribute approximately ¥600 million this fiscal year).

In the Processed Foods Business Segment, operating income forecast has been revised upward from the initial ¥12.8 billion to ¥13.6 billion, as strong sales in the pet food business are expected to continue through Q2 and beyond.

Excluding One-Time Expenses, the Upwardly Revised Full-Year Forecast Shows a Real YoY Increase in Profits

In FY ending March 2026, the first year of the mid-term management plan the company plans to incur one-time expenses totaling ¥5 billion for the relocation of its headquarters (scheduled for March 2026), Corporate Identity (CI) branding associated with the company name change (the company name will be changed from Maruha Nichiro to Umios in March 2026—see below for details), and product packaging revisions. Excluding these costs, the company forecasts actual operating income of ¥35 billion and actual ordinary income of ¥34 billion, both of which are higher than the previous fiscal year's levels. The upwardly revised earnings forecast can be seen as an actual increase in profits compared to the previous fiscal year.

2. Overview by Segment: Signs of Progress in the Policies Set Out in the Mid-Term Management Plan

1) Marine Resources Business

Significant Profit Improvement in Q1 FY3/26

In Q1 FY ending March 2026, the Marine Resources Business saw net sales increase by 2.2% YoY to ¥28.9 billion and operating income improved by a significant ¥1.7 billion, from an operating loss of ¥1.1 billion to an operating profit of ¥600 million (Figure 2).

The Fishery Business Unit is Reviewing Operations & Withdrawing from Unprofitable Businesses

The Fishery Business Unit improved its operating loss of ¥1 billion in Q1 FY ending March 2025 to break even in Q1 FY ending March 2026 thanks to improvements in operational efficiency and the withdrawal from unprofitable businesses. In New Zealand, a revision of the operation plan led to an increase in catches of horse mackerel and other fish species, while a review of the operating system of snapper fishing in Australia appears to have improved efficiency.

Meanwhile, the company withdrew from its alfonsino business (Indian Ocean) and tuna long-line fishery business, which had been experiencing declining profitability. The early start of Greenland halibut fishing off the coast of Canada also contributed to the improved profitability.

On the other hand, the company is taking a cautious view of the outlook for the Fishery Business Unit from Q2 onwards, due to lower catch volumes and low unit prices for some fish species. As a result, the company has revised its full-year operating income for the unit from its forecast of a ¥1 billion profit to a ¥100 million loss.

North America Operations Unit is Now in the Black Thanks to the Effects of a Review of its Production System

The North America Operations Unit saw an increase in net sales and a return to profitability, thanks to a recovery in the market price for its mainstay Alaska pollock, as well as operational improvements resulting from a review of its production structure. Operating income for Q1 FY ending March 2026 improved to ¥400 million, up from an operating loss of ¥400 million in the same period last year. In the upstream field (procurement and primary processing), the company integration carried out in October 2024 enabled adjustments to the timing of landings from fishing boats between plants, and optimal employee allocation led to maximizing the added value of fish. Sales of crab products also recovered. In addition, in the downstream (value-added processing) field, retail sales of imitation crab products were also strong.

Taking these circumstances into account, the North America Operations Unit has revised its full-year forecast upward from an initial forecast of an operating loss of ¥100 million to an operating profit of ¥300 million.

A domestic investor meeting was held on July 16th prior to the financial results announcement to discuss initiatives in this segment. Details of this meeting are provided in Section 3.

Aquaculture Business Unit Expects Improvement in the Second Half

The Aquaculture Business Unit saw a decrease in profits compared to the same period last year. Net sales increased by ¥500 million YoY to ¥4.5 billion, while operating income decreased from ¥200 million in the same period last year to ¥100 million. The aquaculture business centers on three core species: bluefin tuna, yellowtail and amberjack. While bluefin tuna is typically a high-margin product, profitability has declined in recent years due to a drop in market prices-driven by a surge in wild tuna catches-as well as rising feed costs. As a result, a full recovery in profitability is expected to take time. On the other hand, while higher sales prices for yellowtail and amberjack contributed to increased revenue, high water temperatures during last summer delayed growth, resulting in higher production costs for the cost of fish shipped in Q1 FY ending March 2026.

From Q2 onwards, costs such as feed prices, logistics costs, labor costs and material costs are expected to remain at high levels, but the introduction of submersible fish tanks/cages as a countermeasure against high water temperatures has improved the growth potential of fish. As a result, profit contributions from yellowtail and amberjack are expected in the second half of the year, and the full-year operating income forecast has been revised upward from the initial forecast of a loss of ¥200 million to a profit of ¥400 million.

2) Foodstuff Distribution Business Segment

Operating Income for Q1 FY3/26 Remained Flat Compared to the Same Period Last Year

In the first quarter of FY ending March 2026, the Foodstuff Distribution Business Segment saw net sales increase 1.2% YoY to ¥182.7 billion, while operating income remained flat at ¥4.8 billion (Figure 2). While the seafood trading business performed well, rising production costs led to a decline in profits in the Foodstuff Distribution business. The company is currently reviewing its business operations structure for the Agricultural Foods & Meat and Products business.

Marine Products Trading Unit Sees Increased Sales and Profits in Q1 Both Domestically and Overseas, and Revised Full-Year Forecasts Upward

The Marine Products Trading Unit saw increased net sales and operating income in both its domestic and overseas businesses, with the unit's operating income increasing from ¥2.7 billion in Q1 FY ending March 2025 to ¥3.2 billion in Q1 FY ending March 2026. This is thought to be due to an increase in the unit sales price of frozen processed fish products and marine products in general, such as scallops, shrimp and tuna in the domestic business, as well as inventory control executed with an eye on improving ROIC.

As market prices for mainstay products rose, the European business improved profitability by utilizing a wide range of sales channels, including food service/restaurants, General Merchandise Stores/Super Markets, and processors. Operating income from the European business increased by ¥300 million (26%) compared to the same period last year. The company has increased its investment ratio in Seafood Connection Holding (SCH), the umbrella company for the European business, from 70% to 81.96% and in June it also acquired a new seafood processing and sales company, VDL, in the Netherlands. It appears that the strengthening of the European business is progressing smoothly.

Solid performance is expected to continue in Q2 and beyond, and since VDL's profit contribution will be added, full-year operating income has been revised upward from the initial forecast of ¥9.3 billion to ¥11.1 billion.

Foodstuff Distribution Business Unit Full-Year Profit Forecast Remains Unchanged

The Foodstuff Distribution Business Unit strengthened collaboration within the group and expanded sales channels, resulting in increased revenue, but rising production costs meant that Q1 operating income fell by ¥100 million from ¥1.5 billion last year to ¥1.4 billion this year. In terms of intra-group collaboration, sales routes for marine products handled by the Marine Products Trading Unit to customers of the Foodstuff Distribution Business Unit have expanded, and this appears to be starting to contribute to stabilizing revenue for the entire group.

Although raw material costs and logistics costs are expected to remain high, this is within expectations and so the full-year forecast operating income remains unchanged at ¥5.4 billion.

Net Sales and Operating Income Declined in Line

As announced in the new long-term vision and mid-term management plan on March 24, 2025, the Agricultural Foods & Meat and Products Unit plans to implement business structure reforms to drastically improve profits over the

with Expectations Due to Business Restructuring

three-year period up to FY ending March 2028. Actions have already begun in Q1, when net sales fell 22% YoY and operating income dropping from ¥600 million to ¥200 million, mainly due to the impact of reviewing unprofitable transactions.

The original full-year forecast for this fiscal year was for revenue to fall 24% YoY, with operating income projected to fall from ¥1.5 billion in the previous fiscal year to ¥500 million this fiscal year. Therefore, the decline in net sales and operating income in Q1 was planned as part of the company’s business restructuring actions. As such, the full-year operating income forecast remains unchanged at the initially forecast ¥500 million level. The business is positioned as facing a transitional period for the time being, but with plans in place for transformation into a high-profit structure, it is expected that profits will return to their original level within the three-year mid-term plan period.

3) Processed Foods Business Segment

The Processed Foods Business Segment Performed Well, Driven by the Overseas Pet Food Business

In the Processed Foods Business Segment, net sales increased 8.5% YoY to ¥46.8 billion and operating income increased 11.5% to ¥3.8 billion (Figure 2). In the Processed Foods Business Unit, the pet food business in Thailand continued to perform well, primarily in sales to North America, and profits increased more than expected. Sales of mainstay domestic products also remained strong. In the Fine Chemical Unit, sales increased thanks to solid heparin sales, but profits decreased due to a decline in supplement sales.

The U.S. has imposed a 19% tariff on imports from Thailand, but according to an explanation given during the financial results briefing webinar, the company does not expect the impact to be significant because the products it sells are premium pet food. Due to steady progress, the operating income forecast for the Processed Foods Business Segment for FY ending March 2026 has been revised upward from the initial forecast of ¥12.8 billion to ¥13.6 billion.

Figure 2. Operating Income by Segment for Q1 FY ending March 2026 (Unit: ¥bn)

Segment	Unit	3/25 Q1	3/26 Q1	YoY (%)	3/25	3/26 CoE		
						Initial Plan	Revised Plan	Change
Marine Resources	Fishery	-10	0	-	-12	10	-1	-11
	Aquaculture	2	1	-50.0	-11	-2	4	6
	North America	-4	4	-	-16	-1	3	4
	Segment Total	**-11**	**6**	**-**	**-39**	**6**	**6**	**0**
	(Domestic)	-3	-2	-	-24	-13	-6	7
	(Overseas)	-8	8	-	-15	19	12	-7
Foodstuff Distribution	Marine Products Trading	27	32	18.5	111	93	111	18
	Foodstuff Distribution	15	14	-6.7	54	54	54	0
	Agricultural Foods &Meat and Products	6	2	-66.7	15	5	5	0
	Segment Total	**48**	**48**	**0.0**	**180**	**152**	**170**	**18**
	(Domestic)	36	33	-8.3	123	98	106	8
	(Overseas)	11	14	27.3	57	54	64	10
Processed Foods	Processed Food	31	37	19.4	127	117	125	8
	Fine Chemicals	3	2	-33.3	12	11	11	0
	Segment Total	**35**	**38**	**8.6**	**139**	**128**	**136**	**8**
	(Domestic)	15	12	-20.0	53	51	54	3
	(Overseas)	20	27	35.0	86	77	82	5
Others		6	2	-66.7	23	-16	-12	4
Total		**77**	**94**	**22.1**	**304**	**270**	**300**	**30**
(Domestic)		51	45	-11.8	164	110	132	22
(Overseas)		26	49	88.5	140	160	168	8

Source: Company Data, Compiled by Strategy Advisors

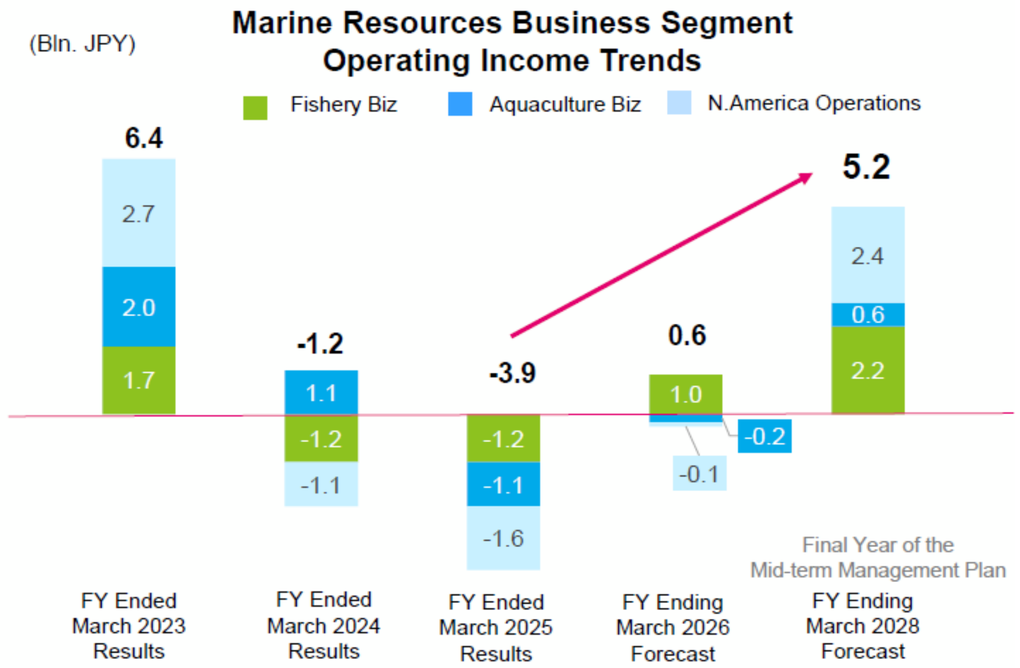
3. Marine Resources Business Domestic Investor Meeting Summary

A domestic investor meeting was held in Japan on July 16th in regards to the Marine Resources Business, which returned to profitability in Q1. There, the company reported that market fluctuations and rising costs are issues for the Marine Resources Business, but the mid-term management plan aims to address these issues by improving productivity and reducing costs, while at the same time strengthening downstream operations to reduce the impact of volatility in the upstream business and build a system for stable earnings. At the investor meeting, explanations were given mainly about the North American business, which is planning the largest business unit improvement in operating income (an increase of ¥4 billion) within the mid-term management plan.

Marine Resources Business: Operating Income Trends, Issues & Initiatives

The Marine Resources Business's operating income was ¥6.4 billion in FY ending March 2023, but has struggled over the past two years, posting an operating loss of ¥1.2 billion in FY ending March 2024 and an operating loss of ¥3.9 billion in FY ending March 2025. The main factors behind this are fluctuations in market prices (due to fish catch, market, exchange rates, etc.) and pressure on profits due to rising operating and production costs. In response, the company aims to recover operating income to ¥5.2 billion in FY ending March 2028, the final year of its mid-term management plan, and has set a policy of reducing the impact of upstream volatility and building a stable earnings structure by 1) improving productivity and reducing costs and 2) working to improve profitability by strengthening downstream businesses.

Figure 3. Detailed Explanation of Measures for the North American Alaska Pollock Business in Financial Results Briefing Materials



Source: Company Data (Domestic Investor Meeting, July 16, 2025)

The North America Operations Has Assets That Are Difficult to Imitate. How These are Utilized Will Be One of the Points to Watch Going Forward

The company's North American business processes and sells Alaska pollock, Pacific cod, crab and other fish. In the U.S. Bering Sea, the company holds resource access quotas of approximately 26% for Alaska pollock, approximately 16% for Pacific cod and approximately 30% for crab. Western fisheries have strict resource management practices, so it is easy to secure a certain catch volume if the necessary facilities are in place. Securing such rights later on is extremely difficult and they are considered difficult to obtain and difficult-to-imitate assets. The company plans to strengthen its business base in North America in order to leverage these valuable assets in order to expand profits.

Three Strengths of the North American Business

In addition to its valuable resource access quota, the company has three strengths that it has proactively cultivated: 1) collaboration with local partners and native communities, 2) quality control by Japanese engineers and 3) a wide range of manufacturing methods, products and items.

1）In collaboration with local partners and native communities, the company works in cooperation with local communities through investments in local fishing boat companies and manufacturing companies, as well as by engaging in open dialog with the local community about its business activities.

2）By dispatching Japanese employees and engineers to the local area, the company is able to accumulate and pass on their skills, while also implementing meticulous product and quality control. Over the past 10 years, a total of 119 employees have been stationed locally, including those from the production, sales, and management departments. This personnel dispatch has made it possible for the company to provide customers with products of unique quality.

3）With regard to a wide range of manufacturing methods, products, and items, the company has established a system that allows us to process products offshore using mother ships and partner processing vessels in addition to onshore plants. By having a variety of manufacturing methods and offering a wide range of items and product grades, we are able to meet the diverse needs of our customers.

Structural Reform in Upstream Sectors

As a concrete initiative to improve profitability, the company is implementing structural reforms of the upstream (fishing and primary processing) of its North American Alaska pollock business. The company owns three onshore processing plants and 21 fishing vessels related to its Alaska pollock business. It also owns three mother ship vessels capable of offshore processing. In October 2024, the company merged two North American subsidiaries with onshore processing plants, resulting in two plants being operated under a single company. This allows fishing vessels to flexibly land fish at the optimal plant at the optimal time, improving production efficiency and maximizing the added value of the fish. Furthermore, the company expects a significant contribution to profits by reducing the number of fishing vessels in the future, leading to cost savings.

Strengthening the Value Cycle Through Collaboration

Furthermore, in order to stabilize profits across the entire business, the company plans to strengthen downstream (value-added processing) and

Between Upstream & Downstream

increase the proportion of value-added processing by strengthening collaboration between upstream and downstream processes. Currently, most Alaska pollock caught in North America is sold as raw materials or primary processed products such as surimi (minced fish-paste) and fillets. Currently, about 50% of pollock products are utilized within the group. By improving this ratio and increasing the proportion of value-added processing within the group, the company's strategy is to have its downstream business absorb volatility caused by market conditions in the upstream business.

Growth Potential and Increased Production Capacity of the Imitation Crab Products Business

Due to being regarded as high-protein, low-calorie health food, imitation crab products are seeing continuously expanding demand in North America. The company began investing in the imitation crab products business in the U.S. in 1985 and currently boasts the top share of the U.S. retail market. This market is dominated by four or five major companies accounting for more than 90% of the market. Within this market, the company holds shares for both national brands and private brands, making it difficult for new entrants.

To meet the increasing demand, the company is currently expanding its imitation crab products plant, with the aim of being fully operational by December 2025, and it plans to increase production capacity by approximately 25%.

Furthermore, the U.S. tariff policy could be a tailwind for the North American Alaska pollock business. If the tariffs increase the prices of products imported into the US, the company's products produced in the US will be even more price competitive.

Fishery Business Unit Issues & Strategies

The domestic investor meeting also included information on two other units within the Marine Resources Business: Fishery and Aquaculture.

The Fishery Business Unit owns 49 fishing vessels and boasts an annual catch of approximately 80,000 tons worldwide. However, high costs, including vessel maintenance and labor costs, are an issue. Labor-saving measures are required to address labor shortages and issues regarding habitability and operational efficiency of aging vessels mean that investment decisions in new vessels are also important. In light of this situation, the company has identified *structural reform through business selection and concentration, improvement of operational efficiency by launching new vessels* and *strengthening of downstream strategy* as key measures in its mid-term management plan. The company plans to continue building a sustainable marine products supply system by holding fishing rights and catch quotas in waters where resources are thoroughly managed.

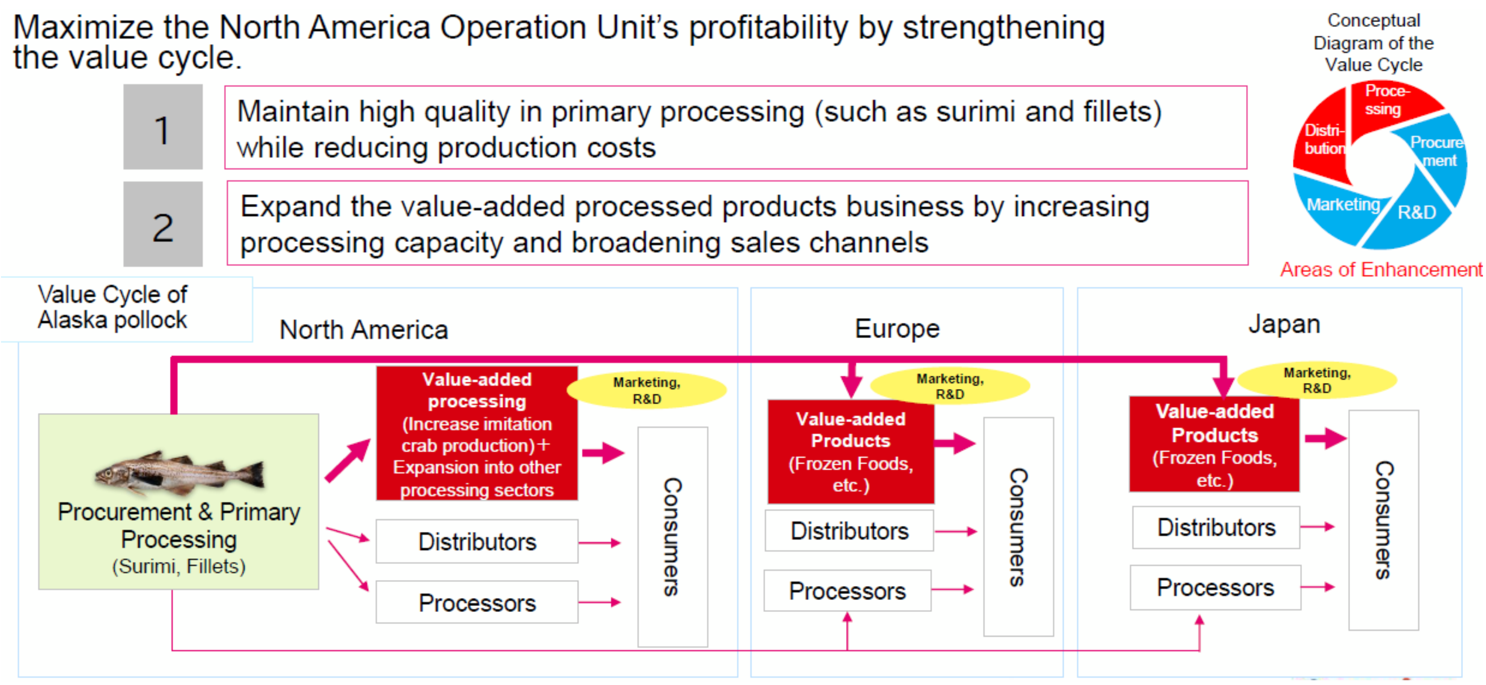
Expectations for the Aquaculture Business & Growth Strategies

With no prospect of an increase in wild and captured resources, aquaculture is essential to meet the worldwide demand for protein supply due to global population growth, and the company appears to view the aquaculture business as a driver of mid-term to long-term growth. Challenges facing the Aquaculture business include rising feed and logistics costs and rising seawater temperatures due to global warming. To address these risks, the company is installing additional submersible fish tanks/cages that avoid high water temperatures, as well as moving its aquaculture farms northward. In terms of fish species, the company plans to expand its business in short-term aquaculture of bluefin tuna, which has high production efficiency, and Cobia, a fast-growing fish species.

The Key Focus of the Mid-Term Plan is How to Utilize Assets That Are Difficult to Imitate

Maruha Nichiro aims to improve the sustainability and profitability of its business by leveraging its fishing quotas around the world, one of its assets that is difficult to replicate. Its mid-term management plan, *For the ocean, for life 2027*, aims to increase its operating income from ¥30 billion to ¥40 billion, with the majority of this increase expected to come from improvements in the marine resources division. By implementing measures outlined in the mid-term management plan, such as cost reductions through the integration of production bases in North America, stabilizing earnings through upstream and downstream collaboration and structural reforms, and operational efficiency improvements in the fishing business, the company is expected to overcome challenges one by one and achieve improvements as it approaches the final year of the plan.

Figure 4. Measures to Improve Profitability and Stabilize the North American Alaska Pollock Business



Source: Company Data (Domestic Investor Meeting, July 16, 2025)

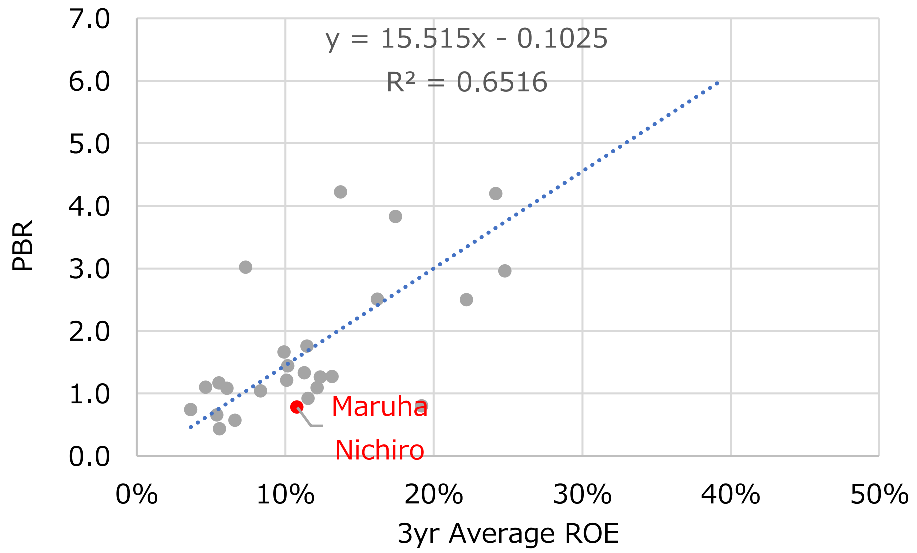
4. The Key to Correcting Low Valuations

In Terms of the Relationship Between ROE & PBR, PBR is Relatively Low Relative to Peers

For 27 major global protein supply-related companies, excluding those with negative ROE or those for which three years of ROE data are unavailable, a general correlation can be seen between ROE (three-year average) and PBR. According to the regression model, there is a nearly proportional relationship, with PBR = ROE x 15.515 – 0.1025. Furthermore, the coefficient of determination (R^2) is 0.65, close to 0.7, which is considered a high level of fit for the model (Figure 5). A list of these global companies is shown in Figure 10.

Maruha Nichiro is located well below the approximation line and this analysis suggests that it is relatively undervalued. The company's three-year average ROE is 11%, and if a company with an ROE of 11% were to be on the approximation line, its estimated PBR would be 1.8x, which is about twice the current PBR of approximately 0.8x.

Figure 5. Relationship Between ROE (Three-Year Avg) & 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. Maruha Nichiro's valuation is relatively low compared to these Japanese companies (Figure 9). Its PBR is the lowest among the eight companies and its PER is the third lowest.

Figure 6. Comparison of Profitability and Valuation with Domestic Competitors

Company	Code	FY	Stock Price (Sep. 8, ¥)	Market Cap. (¥mn)	ROE (Actual)	ROIC (Actual)	Equity Ratio	PBR (Actual, x)	PER (CoE, x)
Maruha Nichiro	**1333**	03/2025	**3,544**	**178,533**	**10.7%**	**4.3%**	**33.7%**	**0.8**	**10.2**
Nissui	1332	03/2025	1,079	335,377	9.6%	4.7%	43.6%	1.2	13.1
NICHIREI	2871	03/2025	1,718	430,438	9.6%	7.4%	52.1%	1.7	14.6
KYOKUYO	1301	03/2025	5,120	60,812	10.7%	5.8%	36.5%	0.9	7.4
YOKOREI	2874	09/2024	1,219	71,914	5.2%	1.8%	38.5%	0.9	25.6
KIBUN FOODS	2933	03/2025	1,206	27,533	13.1%	6.5%	28.7%	1.3	9.2
NH Foods	2282	03/2025	5,793	573,239	5.1%	3.5%	55.2%	1.1	19.1
ITOHAM YONEKYU HD	2296	03/2025	5,840	331,324	4.6%	4.0%	61.2%	1.2	18.9

Source: Speeda, Company Data, Compiled by Strategy Advisors

In the Stock Market and Trust in Management Policies are the Keys to Improving Valuations

Comparing with peers, the stock valuation is deemed cheap relative to the company's profitability. One reason for this may be that the stock market has not yet fully recognized the company's difficult-to-imitate characteristics and its strategy for turning those into profits. For example, in the Alaska pollock business, the company’s difficult-to-imitate quotas may not be recognized as a strength at present due to its performance over the past two years. Resolving this perception gap will likely be the key to improving the company's stock price and valuation going forward.

The mid-term management plan outlined a path to converting these difficult-to-imitate characteristics into profits, but given that the stock price valuation remains at a discount compared to peers even after the plan was announced, we believe that the stock market has not yet fully come to understand the direction the plan is heading. We believe that, as the measures outlined in the mid-term management plan progress and are gradually reflected in reported figures, the company's management policy will gain confidence from the stock market as a result of these measures being accurately explained to the stock market, which will then be a factor in adjusting the valuation.

Focus on Signs of Effectiveness of Mid-Term Plan Measures Seen in Q1

Although only the first three months of the mid-term management plan have passed since its launch, the latest Q1 results show improved profits in the Fishery and North American businesses, which may be a sign of progress based on the mid-term management plan's initiatives. Furthermore, in the highly anticipated results of the European business, the full-year operating income forecast was raised from ¥9.3 billion to ¥11.1 billion, reflecting the strong performance in Q1 and progress in the M&A strategy. While it may be too early to make a judgment based on only three months' results, these changes in performance related to mid-term management plan initiatives could be a catalyst for the stock market to gain confidence in the achievement of the mid-term management plan, so we're definitely going to keep an eye on them.

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

In our initiation report dated 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 the following three elements of its equity story.

1) Global stock investors who have high expectations for the company's new long-term vision will choose the company's stock as an investment target in the food sector.

2) 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.

3) Transforming into a stable growth company by entering the algae-derived DHA market, etc.

Of these, the second goal, "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", is a story that is directly related to the improvement of the North American Alaska pollock business, which was discussed in this Q1 financial results.

We believe that an equity story is composed of both a feasible and meticulous management strategy and an exciting, inspiring vision. A business that is seen as having profitability issues, such as the Alaska pollock business in North America, is actually a rare asset that is difficult to imitate, and by strengthening the value cycle, a key measure in the mid-term management plan, it can be transformed into an asset that contributes to increasing corporate value. This exactly fits our definition of an equity story.

Another interesting point is that in the case of the North American Alaska pollock business, the stock market may not recognize its value due to its recent profitability, but the company does recognize its value. This kind of perception gap can be a source of excess returns in the stock market.

We Also Want to Keep an Eye on the Development of Inorganic Investments

Progress in inorganic investments is also important in terms of the "exciting inspiring vision" that make up an equity story. The mid-term management plan announced in March 2025 calls for growth investments of ¥140 billion, broken down into ¥70 billion for organic investments and ¥70 billion for inorganic investments. Since inorganic investments involve a counterparty, even if an investment quota is set, it may not progress as expected. However, appropriate inorganic investments can add growth stories that the stock market did not anticipate, which is thought to have an effect on valuations.

In May 2025, the company acquired VDL. The disclosure documents at the time of the acquisition explained that the acquisition funds would be provided by a capital increase of €40 million (approximately ¥6.5 billion at the time) in the European holding company, so it is assumed that this amount was invested. If such investments increase, this could be another catalyst for changing the stock market's perception.

Figure 7. Comparison of Actual and Calculated PBR's for Major Companies Involved in the Fishing, Meat, Marine Products Processing and Frozen Food Industries

Company Name	Ticker	Country	Net Sales (¥mn)	3yr Average ROE	PBR (X)	PER (x)	PBR (Calculated)	Actual - Calculated
JBS NV	JBS	USA	13,461,795	19%	0.8	8.0	2.9	-2.1
Tyson Foods	TSN	USA	8,025,347	6%	1.1	14.6	0.8	0.2
Marfrig Global Foods	MRFG3	Brazil	4,200,616	39%	7.1	57.8	6.0	1.1
WH Group	00288	Hong Kong	3,935,044	12%	1.3	70.1	1.8	-0.6
Kraft Heinz	KHC	USA	3,920,634	5%	0.7	10.3	0.7	-0.1
CJ CheilJedang	097950	South Korea	3,268,037	6%	0.4	8.5	0.8	-0.3
General Mills	GIS	USA	2,940,159	25%	3.0	13.7	3.7	-0.8
Muyuan Foods	002714	China	2,914,195	14%	4.2	14.5	2.0	2.2
Pilgrim’s Pride	PPC	USA	2,711,995	22%	2.5	8.2	3.3	-0.9
Charoen Pokphand	CPF	Thailand	2,497,901	4%	0.7	6.7	0.5	0.3
Wens Foodstuff	300498	China	2,216,578	7%	3.0	12.0	1.0	2.0
Smithfield Foods	SFD	USA	2,145,229	-	1.6	10.0	-0.1	1.7
Hormel Foods	HRL	USA	1,794,647	11%	1.8	16.0	1.7	0.1
Conagra Brands	CAG	USA	1,752,152	8%	1.0	11.1	1.2	-0.2
Nippon Ham	2282	Japan	1,370,553	5%	1.1	19.1	0.6	0.5
Henan Shuanghui	000895	China	1,261,514	24%	4.2	17.1	3.7	0.5
Maruha Nichiro	**1333**	**Japan**	**1,078,631**	**11%**	**0.8**	**10.2**	**1.6**	**-0.8**
Dongwon Industries	006040	South Korea	995,606	7%	0.6	5.7	0.9	-0.4
ITOHAM YONEKYU HD	2296	Japan	988,771	6%	1.2	18.9	0.8	0.4
Mowi	MOWI	Norway	913,168	16%	2.5	25.1	2.4	0.1
Nissui	1332	Japan	886,126	10%	1.2	13.1	1.5	-0.3
NICHIREI	2871	Japan	702,080	10%	1.7	14.6	1.4	0.2
Thai Union Group	TU	Thailand	595,426	-	1.1	12.9	-0.1	1.2
Japfa Comfeed	JPFA	Indonesia	535,848	13%	1.3	7.1	1.9	-0.7
Austevoll Seafood	AUSS	Norway	498,887	12%	1.1	10.4	1.8	-0.7
Leroy Seafood	LSG	Norway	439,046	10%	1.4	14.9	1.5	-0.0
SalMar	SALM	Norway	371,252	17%	3.8	30.4	2.6	1.2
KYOKUYO	1301	Japan	302,681	12%	0.9	7.4	1.7	-0.8
YOKOREI	2874	Japan	122,282	-	0.9	25.6	-0.1	1.0
KIBUN FOODS	2933	Japan	108,912	11%	1.3	9.2	1.7	-0.3

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

Source: Company Data, Compiled by Strategy Advisors

Figure 8. Consolidated Income Statement (¥mn)

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

Source: Company Data, Compiled by Strategy Advisors

Figure 9. 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
Notes and Accounts Receivable - Trade, and Contract Assets	106,077	102,644	115,391	131,769	138,418	133,259
Inventories	164,307	156,141	172,690	216,697	215,332	218,005
Other	9,824	10,147	11,271	10,494	13,291	14,072
Current Assets	**301,990**	**300,511**	**324,304**	**392,639**	**404,985**	**414,576**
Land	46,533	45,439	42,982	42,417	42,189	41,925
Construction in Progress	13,859	10,220	3,896	3,905	6,901	5,685
Other	87,814	92,243	93,371	102,673	103,130	110,601
Tangible Fixed Assets	**148,206**	**147,902**	**140,249**	**148,995**	**152,220**	**158,211**
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
Intangible Fixed Assets	**19,039**	**19,911**	**22,032**	**31,728**	**32,059**	**31,322**
Investments and Other Assets	**58,827**	**64,541**	**62,016**	**63,864**	**82,537**	**77,101**
Total Fixed Assets	**226,073**	**232,354**	**224,298**	**244,587**	**266,816**	**266,635**
Total Assets	**528,063**	**532,866**	**548,603**	**637,227**	**671,801**	**681,211**
Notes and Accounts Payable - Trade	32,797	34,270	36,226	41,701	43,734	44,972
Accounts Payable - Other	25,896	29,446	30,926	30,659	36,694	31,543
Short-Term Borrowings	122,510	135,920	138,467	174,228	167,509	133,069
Other	27,695	42,508	42,237	46,684	51,622	0
Current Liabilities	**199,528**	**213,968**	**221,544**	**265,448**	**272,969**	**236,915**
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
Fixed Liabilities	**169,556**	**152,237**	**139,162**	**159,255**	**153,352**	**168,899**
Total Liabilities	**369,085**	**366,206**	**360,707**	**424,704**	**426,321**	**405,815**
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
Shareholders' Equity	**132,747**	**138,081**	**153,291**	**163,639**	**178,870**	**197,090**
Total Accumulated Other Comprehensive Income	-119	4,415	6,883	14,672	28,258	32,477
Non-Controlling Interests	26,350	24,163	27,721	34,210	38,351	45,827
Total Net Assets	**158,978**	**166,660**	**187,895**	**212,522**	**245,480**	**275,396**
Total Liabilities and Net Assets	**528,063**	**532,866**	**548,603**	**637,227**	**671,801**	**681,211**

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

Source: Company Data, Compiled by Strategy Advisors

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

Source: Company Data, Compiled by Strategy Advisors

Figure 11. Key Indicators

FY	3/20	3/21	3/22	3/23	3/24	3/25	3/26CoE
EPS (¥)	238.2	109.8	321.1	363.7	413.6	461.9	347.44
BPS (¥)	2,520.3	2,714.3	3,044.0	3,534.4	4,112.7	4,557.7	-
DPS (¥)	40	40	55	65	85	110	110
Dividend Payout Ratio	16.8	36.4	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	7.1	-
PBR (x)	0.9	1.0	0.8	0.7	0.7	0.7	-
Number of Shares Issued (‘000)	52,657	52,657	52,657	50,579	50,579	50,579	-
Treasury Stock (‘000)	32,290	34,758	36,389	128,003	215,068	209,805	-
Number of Shares of Treasury Stock Excluded (‘000)	52,625	52,622	52,621	50,451	50,364	50,369	-
Market Capitalization (¥mn)	118,826	138,133	126,131	119,821	149,757	164,253	-
Equity Ratio	25.1	26.8	29.2	28.0	30.8	33.7	-
Interest-Bearing Debt (¥mn)	266,008	263,710	254,466	304,941	287,891	277,286	-
D/E Ratio	2.0	1.8	1.6	1.7	1.4	1.2	-
Net D/E Ratio	1.8	1.6	1.4	1.5	1.2	1.0	1.0
EV (¥mn)	389,402	394,427	383,366	425,293	438,055	438,126	-
EBITDA (¥mn)	33,718	33,376	42,593	47,449	45,963	51,580	50,000
EBITDA Margin	11.5	11.8	9.0	9.0	9.5	8.5	-
ROE	9.7	4.2	11.2	11.0	10.8	10.7	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	12,454	-

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

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