

IR Presentation Materials:

Q2 FY2024

Financial Results

November 2024

KYOKUYO CO., LTD.

(Tokyo Stock Exchange Prime Section Securities Code: 1301)

- * The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of fiscal year ended March 31, 2022. The figures from the fiscal year ended March 31, 2022 are figures after the application of this accounting standard and related adjustments.
- * We have changed our reporting segments effective from Q1 FY2024, figures shown from the previous year have been converted into the changed segment.

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1 . H1 Review

Net sales

140.5 bn

Y-o-Y

+ **14.4 bn**

+ **11.5%**

Operating profit

5.4 bn

Y-o-Y

+ **1.4 bn**

+ **36.7%**

Ordinary profit

5.3 bn

Y-o-Y

+ **1.1 bn**

+ **28.3%**

Profit attributable to owners of parent

2.7 bn

Y-o-Y

+ **0.2 bn**

+ **10.5%**

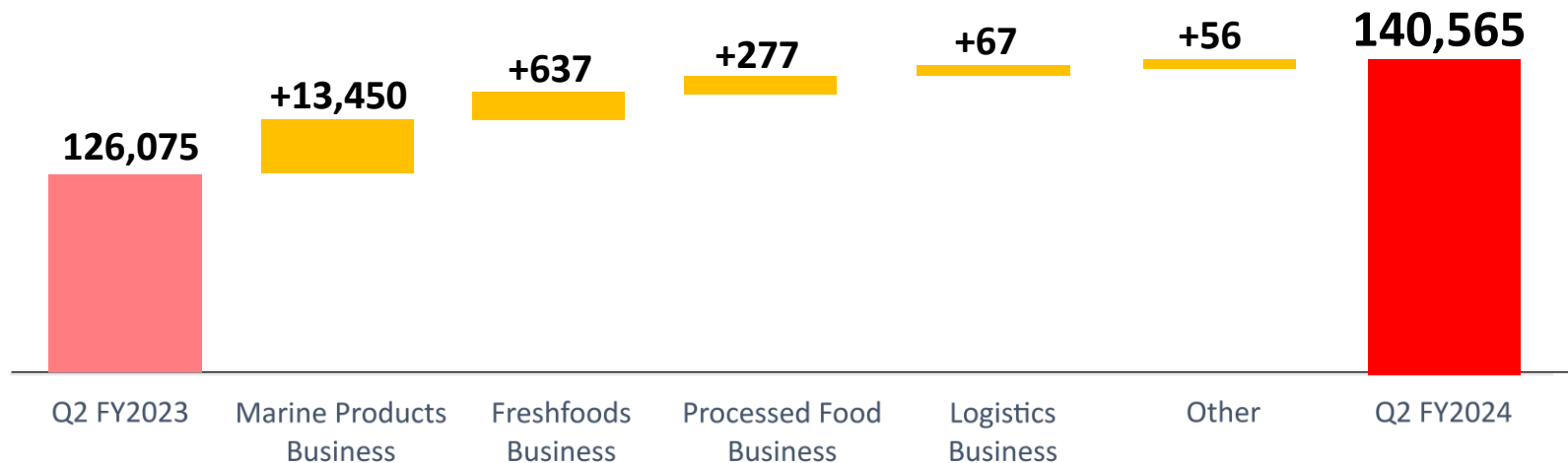
➤ Key points

- Net sales and operating profit were both record highs for Q2.
- Domestic sales in the Marine Products Business segment and strong sales in the Tuna business in the Freshfoods Business segment contributed to higher sales and higher profit.

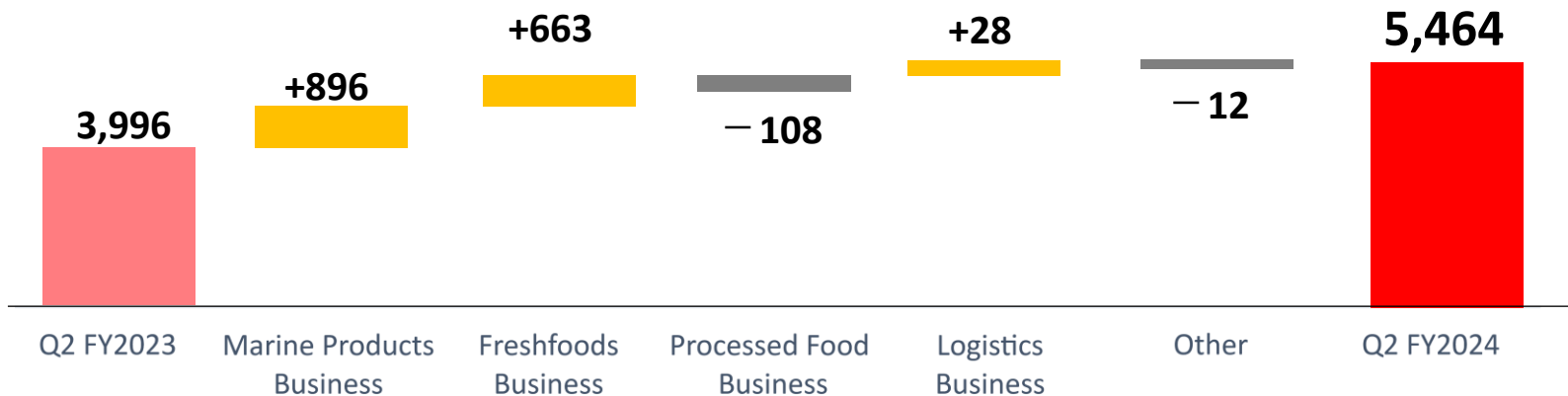
Analysis of Changes in Net Sales and Operating Profit by Segment

Net sales

(Millions of yen)



Operating profit



Priority Measures of the Medium-term Business Plan and Initiatives in H1 FY2024

“Gear up”



For a strong Kyokuyo

perspective

Globalization

Expanding business base

Expanding Overseas Businesses

Medium-term
Business Plan Targets

FY2026 Overseas net sales ratio 15% or more (60bn)

(for reference)

H1 FY2024 Act 8.8% (12.3bn)

H1 FY2023 Act 9.9% (12.4bn)

FY2023 Act 8.3% (21.8bn)



Northseafood Holland B.V.

➤ **Established a new division handling overseas business [April 2024]**

Newly established the Overseas Business Division to manage the overseas business of the group as a whole and the Overseas Business Investment Department dedicated to pursuing overseas M&A.

To manage the bottom line in overseas business starting this fiscal year, the segments are being changed with overseas sales that had previously been partially included in other segments having been consolidated in the Marine Products Business.

➤ **Acquired Dutch company Northseafood Holland B.V. [June 2024]**

Acquired our group’s first European production site, bolstering our Processed Food Business in Europe.

*Consolidated subsidiary Only consolidated on the balance sheet in 2Q

➤ **Established Pacific Scallop Co., Ltd. specialized in processing and exporting scallops [July 2024]**

Building an organizational structure to handle everything from procuring to processing domestically for scallops produced in Japan, which are gaining popularity overseas. Exports will begin in November 2024. *Consolidated subsidiary

Priority Measures of the Medium-term Business Plan and Initiatives in H1 FY2024

perspective

Four businesses

Expanding business base

Expanding Processed Food Businesses

- **Announced newly established Kyokuyo Shokuhin Co., Ltd. Kurayoshi Plant producing frozen food for home use [May 2024]**

Raised our production capacity and nationwide logistics efficiency for home-use frozen foods.

Bolstered our production and sales organization primarily at our own plants.

Plant is under renovation with startup planned for April 2025

Expanding business base

Securing high profitability by making high-added-value products

- **New product releases in fall 2024 [July 2024]**

Bolstered our lineup of highly-processed home use products that are resistant to market price movements in the Marine Products Business as well.



Fried shrimp supervised by Ginza Swiss



“Mugen-Salmon” for home use

Strengthening our partnerships with stakeholders

Building trust with consumers

Purpose : Strengthening the Kyokuyo brand

- **Started broadcasting new corporate TV commercials[April 2024]**
- **Broadcasting of 15-second corporate TV commercials in limited areas[September 2024]**



New Kyokuyo TV commercial

perspective

Human resources and organization

Strengthening our partnerships with stakeholders

Better work environments for employees

- **Increased average base pay of union members by ¥12,000 [April 2024]**

Focusing on better conditions mainly for younger employees, raised starting monthly salary 5.9% from ¥271,000 to ¥287,000.

2. H1 Performance

Consolidated Statements of Income

(Millions of yen)

	Q2		Y-o-Y		Forecast for FY2024	Vs. year forecast (Achievement rate)
	FY2023	FY2024	Change	% change		
Net sales	126,075	140,565	14,489	11.5%	300,000	46.9%
Operating profit	3,996	5,464	1,468	36.7%	10,000	54.6%
Ordinary profit	4,142	5,315	1,173	28.3%	10,000	53.2%
Profit attributable to owners of parent	2,451	2,709	258	10.5%	7,000	38.7%

■ Net sales and operating profit were both record highs for Q2.

➤ Vs. same period previous year

- Net sales, operating profit, ordinary profit, and profit attributable to owners of parent all increased.
- The main factors were improvements in the Marine Products Business segment and the Tuna business in the Freshfoods Business segment.

➤ Vs. full-year forecast (disclosed May 10, 2024)

- In H1, we achieved around 50% of both our operating profit and ordinary profit forecasts for the year.
- With the year-end shopping season of increased seafood demand still ahead, we have achieved 40% of net sales.

Consolidated Balance Sheet

(Millions of yen)

	23/9E	24/9E	Y-o-Y		23/9E	24/9E	Y-o-Y
Assets				Liabilities			
Current assets	119,974	131,759	11,784	Current liabilities	69,757	79,528	9,770
Notes and accounts receivable - trade	36,246	36,412	166	Notes and accounts payable - trade	11,480	12,304	824
Merchandise and finished goods	56,840	65,356	8,515	Short-term borrowings (including commercial paper)	43,602	50,687	7,085
Work in process	4,946	5,445	498	Non-current liabilities	34,961	32,512	-2,449
Raw materials and supplies	7,191	7,150	-41	Long-term borrowings	30,501	30,275	-225
Other	14,749	17,395	2,645	Total liabilities	104,719	112,040	7,321
Non-current assets	35,138	42,013	6,874	Net assets			
Total property, plant and equipment	21,180	25,342	4,161	Shareholders' equity	45,142	53,871	8,729
Total intangible assets	719	1,230	510	Accumulated other comprehensive income	5,076	7,468	2,391
Investments and other assets	13,237	15,439	2,202	Non-controlling interests	173	391	217
Total assets	155,112	173,772	18,659	Total net assets	50,393	61,731	11,338
				Total liabilities and net assets	155,112	173,772	18,659

- "Merchandise and finished goods" increased significantly as seafood market prices recovered to the same level as last year.
- "Total property, plant and equipment" increased due to acquisitions of overseas companies and other transactions.

Consolidated Cash Flows

(Millions of yen)

		Consolidated Q 2 (cumulative)		
		FY2023	FY2024	Y-o-Y
Cash flows from operating activities	Profit before income taxes	3,553	4,118	565
	Depreciation	1,173	1,216	42
	Decrease (increase) in trade receivables	-2,967	-349	2,618
	Decrease (increase) in inventories	-5,380	-5,930	-550
	Increase (decrease) in trade payables	2,608	2,975	366
	Other	-207	71	278
	Subtotal	-1,220	2,101	3,321
Cash flows from investing activities	Purchases of non-current assets	-3,184	-2,461	723
	Other	-11	-2,745	-2,734
	Subtotal	-3,196	-5,206	-2,010
Cash flows from financing activities	Net increase (decrease) in short-term borrowings (including commercial paper)	4,449	-66	-4,515
	Net increase (decrease) in long-term borrowings	770	4,671	3,900
	Other	-417	-1,231	-813
	Subtotal	4,802	3,374	-1,428

- Cash flows from operating increased due to factors including a decrease in trade receivables.
- “Other” in cash flows from investing activities increased due to acquisitions of overseas companies and other transactions.

Changes in Consolidated Financial Metrics for Q 2 (Cumulative)

	FY2020	FY2021	FY2022	FY2023	FY2024	Y-o-Y
Equity (millions of yen)	35,035	42,070	46,027	50,219	61,340	11,121
Interest-bearing debt (millions of yen)	55,693	56,798	75,748	74,435	81,376	6,941
Total assets (millions of yen)	115,610	127,429	150,833	155,112	173,772	18,659
Year-end balance of cash and cash equivalents (millions of yen)	5,793	6,790	5,880	7,681	8,917	1,236
Equity ratio	30.3%	33.0%	30.5%	32.4%	35.3%	+2.9pts
D/E ratio	1.7	1.5	1.8	1.6	1.5	-0.1pts
ROE	4.7%	5.9%	9.5%	5.0%	4.5%	-0.5pts
ROA	1.3%	2.8%	4.1%	2.7%	3.2%	+0.5pts

ROE : Profit attributable to owners of parent / equity* 、 ROA : Ordinary profit / total assets* * Averages of values at end of this year and end of previous year.

- "Equity" and "equity ratio" increased due to steady accumulation of profit.
- ROE decreased due to the significant rise in equity.
- "Total assets" increased, but ordinary profit still increased significantly and ROA rose.

3 . Status by Segment

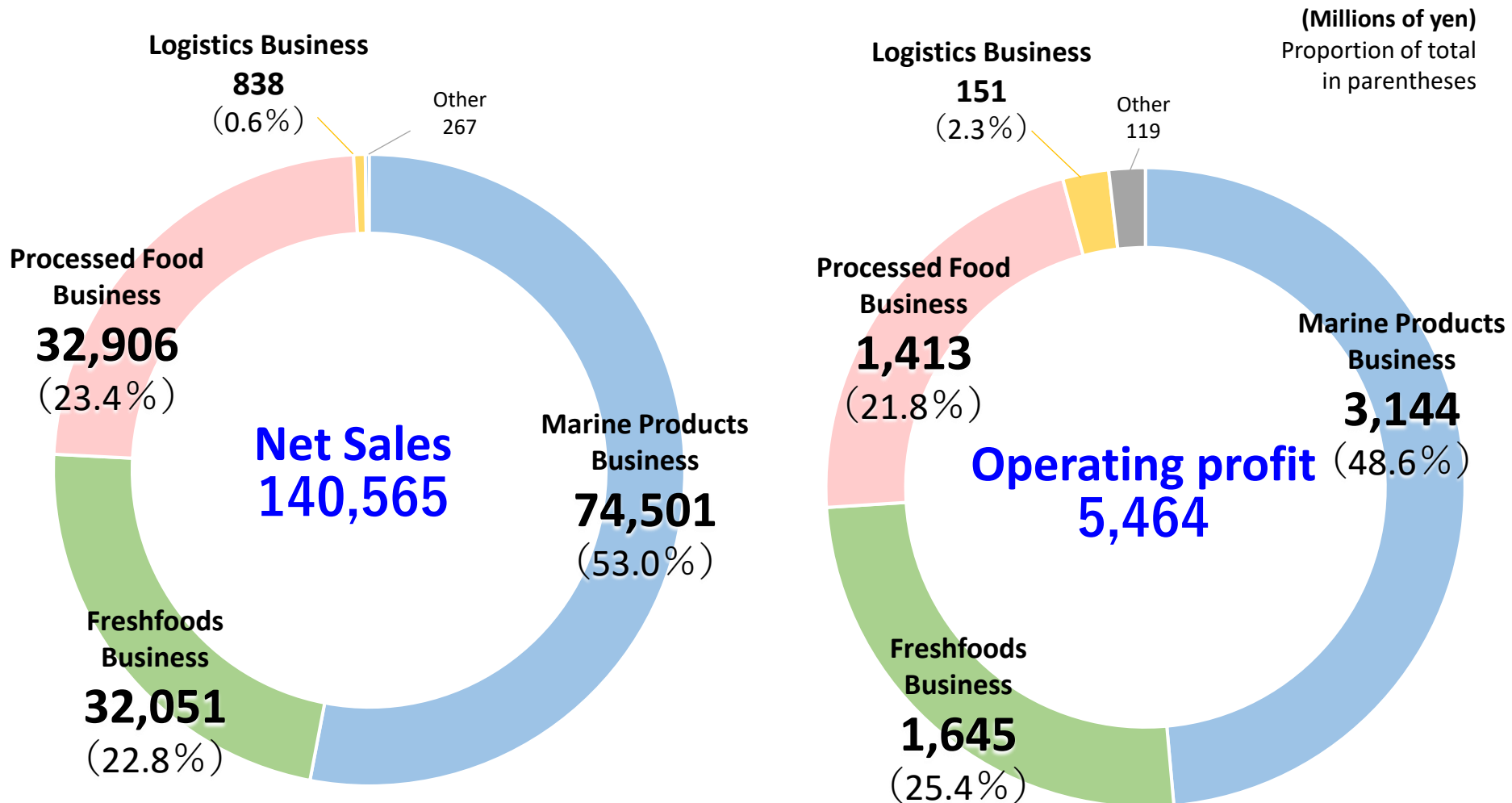
Net Sales and Profit by Segment

(Millions of yen)

	Net sales			Profit by business segment		
	Q2 FY2023	Q2 FY2024	Y-o-Y	Q2 FY2023	Q2 FY2024	Y-o-Y
Marine Products Business	61,050	74,501	13,450	2,248	3,144	896
Freshfoods Business	31,414	32,051	637	982	1,645	663
Processed Food Business	32,628	32,906	277	1,522	1,413	-108
Logistics Business	770	838	67	123	151	28
Other	211	267	56	-879	-891	-12
Total	126,075	140,565	14,489	3,996	5,464	1,468

* Figures shown from the previous year have been converted into the changed segment in line with our business segment reconfiguration.

Status by Segment



* Excluding adjustment of -1,010 million yen.
Total profit for the segment before subtracting the adjustment was 6,475 million yen

➤ Marine Products Business

[Higher sales, higher profit]

(Domestic sales)

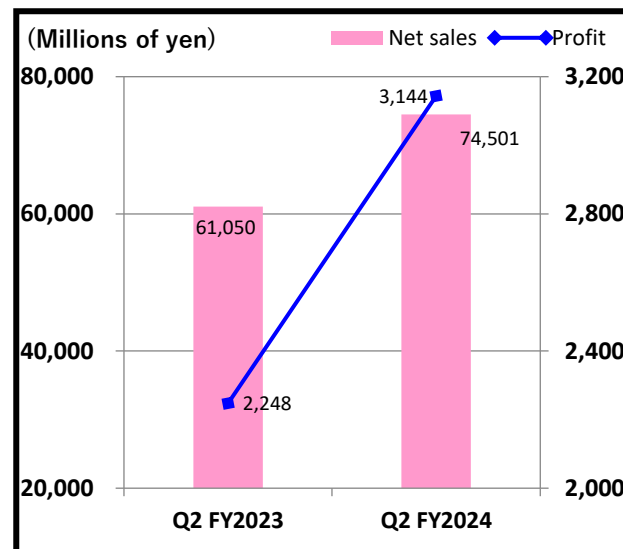
- Strong sales of salmon, shrimp, fish roe and crabs.
- Profits improved significantly due to growth in processed products and higher market prices till the summer.

(Overseas business)

- In exports, sales of bluebacked fish increased significantly, but sales of scallops declined, resulting in an overall decline from the previous year.
- Overseas local sales recovered as excess inventory in Europe, the U.S., and China was eliminated.

* See reference materials page 28: Sales weight and unit price of each seafood type by year

* See "Attachment 1" for business flow by segment.



	Net sales	Profit
Domestic sales	➔	➔
Overseas business	➔	➔

➤ Freshfoods Business

[Higher sales, higher profit]

(Sales of Tuna & Skipjack business)

- Strong sales mainly of frozen bluefin tuna, and market price recovery.

(Sushi and Sashimi business)

- Earnings improved for sushi toppings due to effects of price revisions, despite a decrease in sales volumes resulting from higher prices.

(Overseas purse seine fishing business)

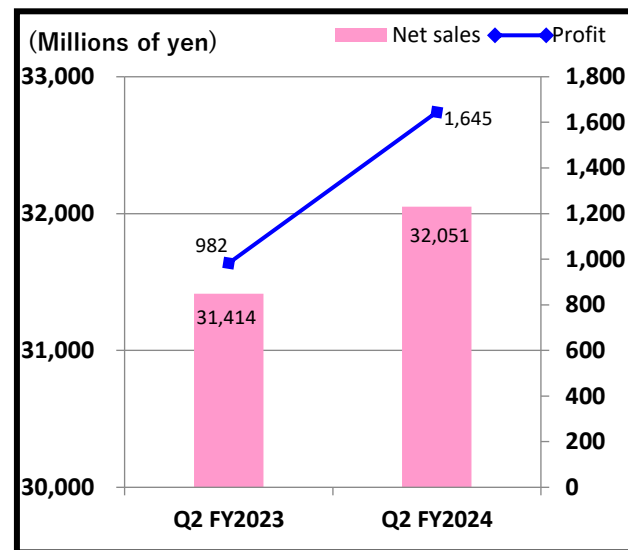
- Sales **【declined】** Landed weight increased, but decreased due to lower market prices.
- Profits **【increased】** Due to decrease in fuel and repair costs.

(Aquaculture business)

- Sales of Japanese farmed bluefin tuna expanded, but rising production costs squeezed earnings.

* See reference materials pages 29-30: “Bluefin tuna farming business Sales weight・amount and “Overseas purse seine fishing business: Catch weight & fish prices.”

* See “Attachment 1” for business flow by segment.



	Net sales	Profit
Sales of Tuna & Skipjack business	➡	➡
Sushi and Sashimi business	➡	➡
Overseas purse seine fishing business	➡	➡
Aquaculture business	➡	➡

➤ Processed Food Business

[Higher sales, lower profit]

(Frozen foods for industrial use)

- Decrease in sales of fried seafood products and fish fillets due to lower consumption caused by price revisions.

(Frozen foods for home use)

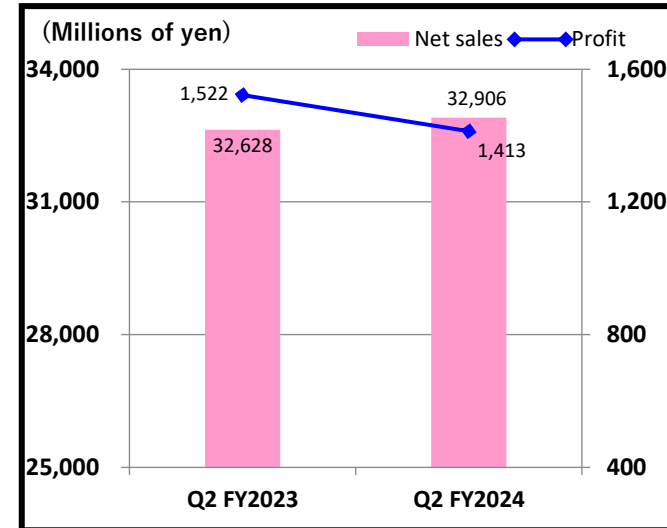
- Sales expanded for simmered and grilled fish and products for bento boxed lunches.

(Canned)

- Canned mackerel improved, canned tuna sales grew, but higher costs for imported cans squeezed earnings.

(Snacks/delicacies)

- Sales decreased due to price revisions, and Profit decreased due to a combination of high raw material prices.



	Net sales	profit
Frozen foods for industrial use	➡	➡
Frozen foods for home use	➡	➡
Canned	➡	➡
Snacks/delicacies	➡	➡

* See reference materials page 31: Breakdown of sales in Processed Food business

* See "Attachment 1" for business flow by segment.

➤ Logistics Business

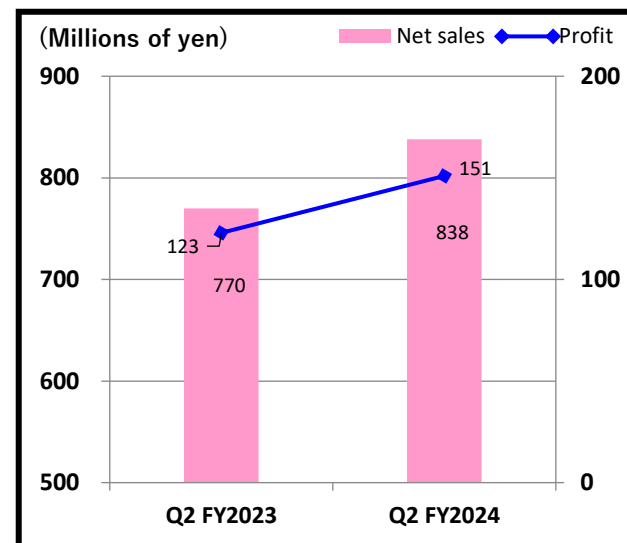
[Higher sales, higher profit]

(Cold storage business)

- Storage earnings increased as storage capacity ratio remained at a high level.

(Consigned forwarding business)

- Sales increased due to strengthened sales to external partners.



	Net sales	Profit
Logistics Business	➡	➡

* See "Attachment 1" for business flow by segment.

4 . Measures for H2

Performance Forecast and Progress

(Millions of yen)

	Q2 FY2024 results		FY2024 Full-year forecast			
	Net sales	Profit by business segment	Net sales	Profit by business segment	Net sales Progress on forecast	Segment profit progress on forecast
Marine Products Business	74,501	3,144	156,000	5,800	47.8%	54.2%
Freshfoods Business	32,051	1,645	70,000	2,700	45.8%	60.9%
Processed Food Business	32,906	1,413	72,000	2,900	45.7%	48.7%
Logistics Business	838	151	1,600	200	52.4%	75.5%
Other	267	— 891	400	— 1,600	—	—
Total	140,565	5,464	300,000	10,000	46.9%	54.6%

Key points to note:

- **Geopolitical risks in the Middle East, etc.**
- **Movements in monetary policy and exchange rates in America & Europe**
- **Economic stagnation due to the prolonged real estate slump in China**
- **Japan's return to positive interest rates**

Business environment awareness:

- **Severe labor shortages at Japanese companies**
- **Continued budget-mindedness due to future uncertainty, even if wages rise**
- **More inbound tourist demand than before the pandemic**

【Marine Products Business】

- **Manage inventory anticipating future market prices**
- **Develop and grow sales of high-added-value products**
- **Establish overseas production & sales sites**

【Freshfoods Business】

- **Develop original types of sushi toppings & explore sales routes for them**
- **Manage tuna inventory appropriately for market circumstances**

【Processed Food Business】

- Release products geared toward price-sensitive customers
- Boost profits by growing sales of products from our own plants

【Logistics Business】

- Grow sales by improving the stock turnover rate of our cold storage
- Make deliveries more efficient by consolidating cargo

5 . Capital Investment Results/Plan

Major Investments

	Overview	22/9E Act	23/9E Act	24/9E Act	FY2024 Plan
Kyokuyo	Production plant-related	0.1bn	0.2bn	0.5bn	1.8bn
	Laboratory-related	0bn	0bn	0bn	0.1bn
	Sea-based aquaculture business	0.1bn	0.1bn	0.1bn	0.1bn
	IT-related & other	0.1bn	0.2bn	0.1bn	0.7bn
	Total	0.3bn	0.4bn	0.7bn	2.7bn
Affiliated companies	Production plant-related	0.6bn	2.9bn	1.8bn	5.6bn
	Laboratory-related	0.7bn	0bn	0.1bn	0.2bn
	Sea-based aquaculture business	0bn	0bn	0bn	0bn
	IT-related & other	0bn	0.4bn	0.4bn	0.2bn
	Total	1.4bn	3bn	2.2bn	6bn
Total	1.7bn	3.4bn	2.9bn	8.7bn	

- 0.3bn for imitation crab meat manufacturing subsidiary Ocean's Kitchen in North America

- 0.7bn for food manufacturing subsidiary Kyokuyo Vina Foods in Vietnam

- 0.4bn for Japanese Scallops processing company Pacific Scallop Co., Ltd.

Other : Remodeling plant facilities, etc.

- 1.2bn for Frozen Food Plant in Tottori Prefecture

- 1.6bn for imitation crab meat manufacturing subsidiary Ocean's Kitchen in North America

- 1.6bn for food manufacturing subsidiary Kyokuyo Vina Foods in Vietnam

Other : Remodeling plant facilities, etc.

Depreciation Results

(Millions of yen)

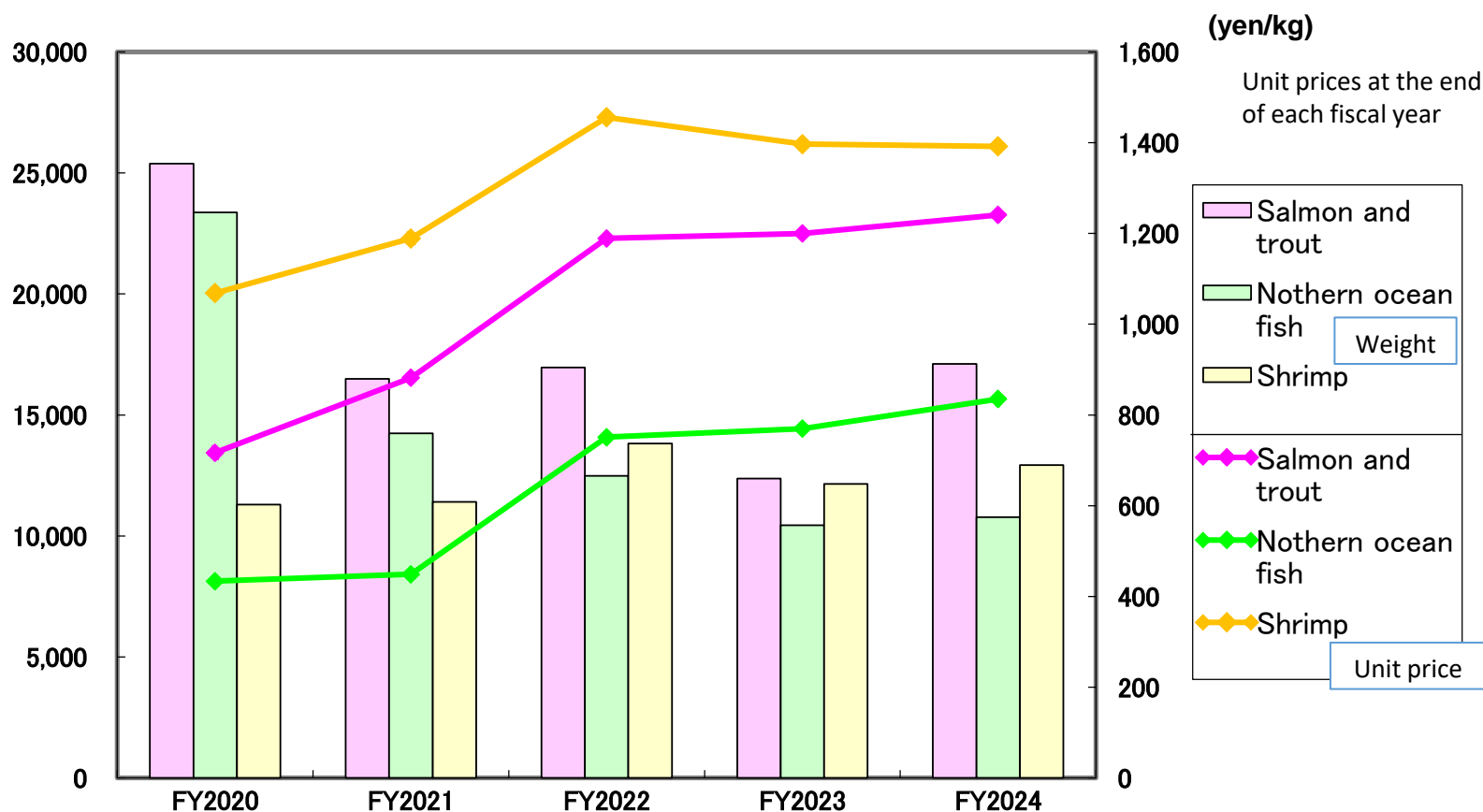
	Q2 FY2022 results	Q2 FY2023 results	Q2 FY2024 results
Depreciation	993	1,173	1,216

Reference Materials

Reference Materials (1)

Marine Products Business (H1)

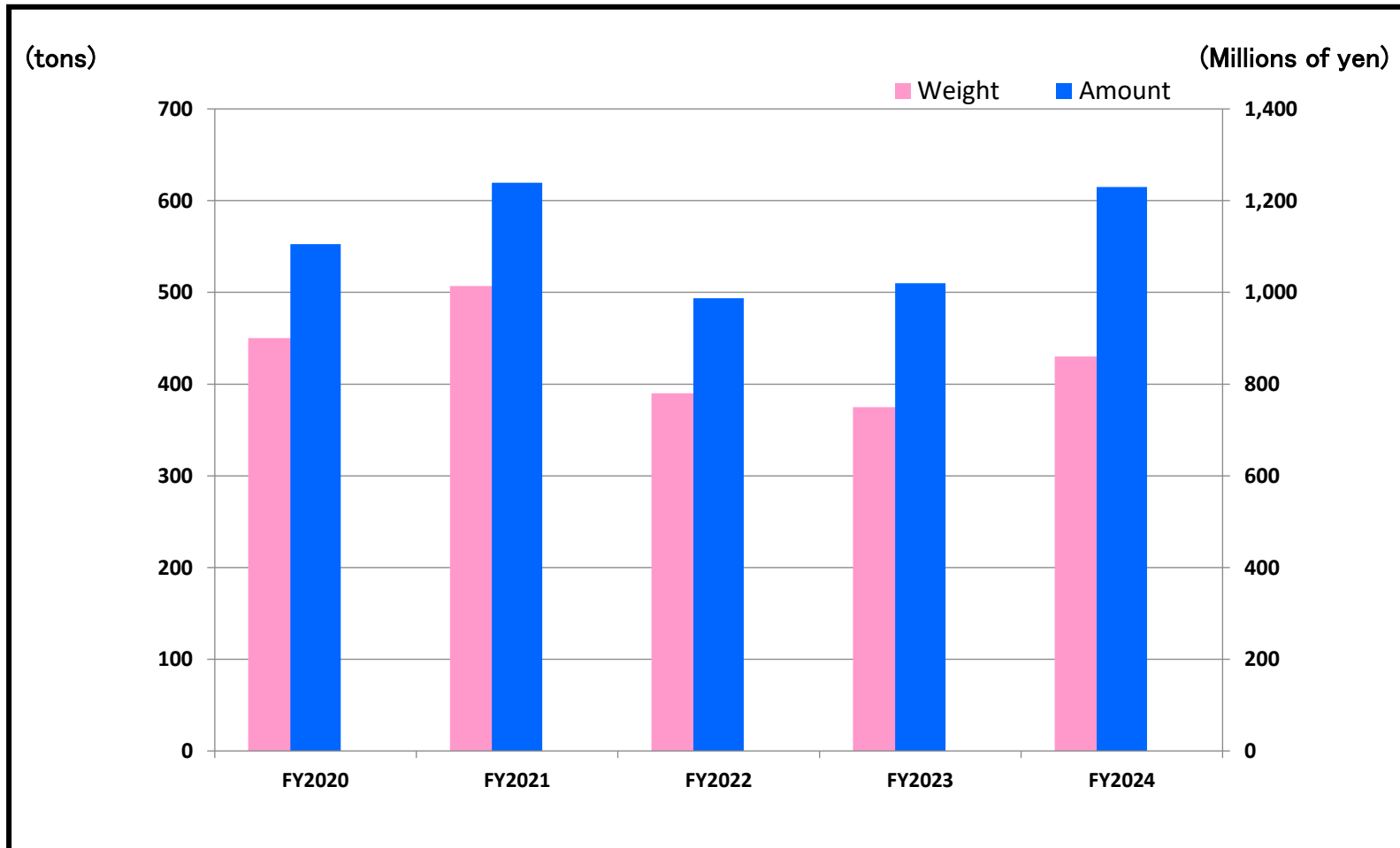
< Non-consolidated > Sales weight and unit price of each seafood type by year



* The company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter of fiscal year ended March 31, 2022. As a result, regarding paid supply transactions, if we are obliged to buy back the supplied items, we have changed to the method of not recognizing the disappearance of the supplied items. The figures from the fiscal year ended March 31, 2022 are figures after the application of this accounting standard and related adjustments.

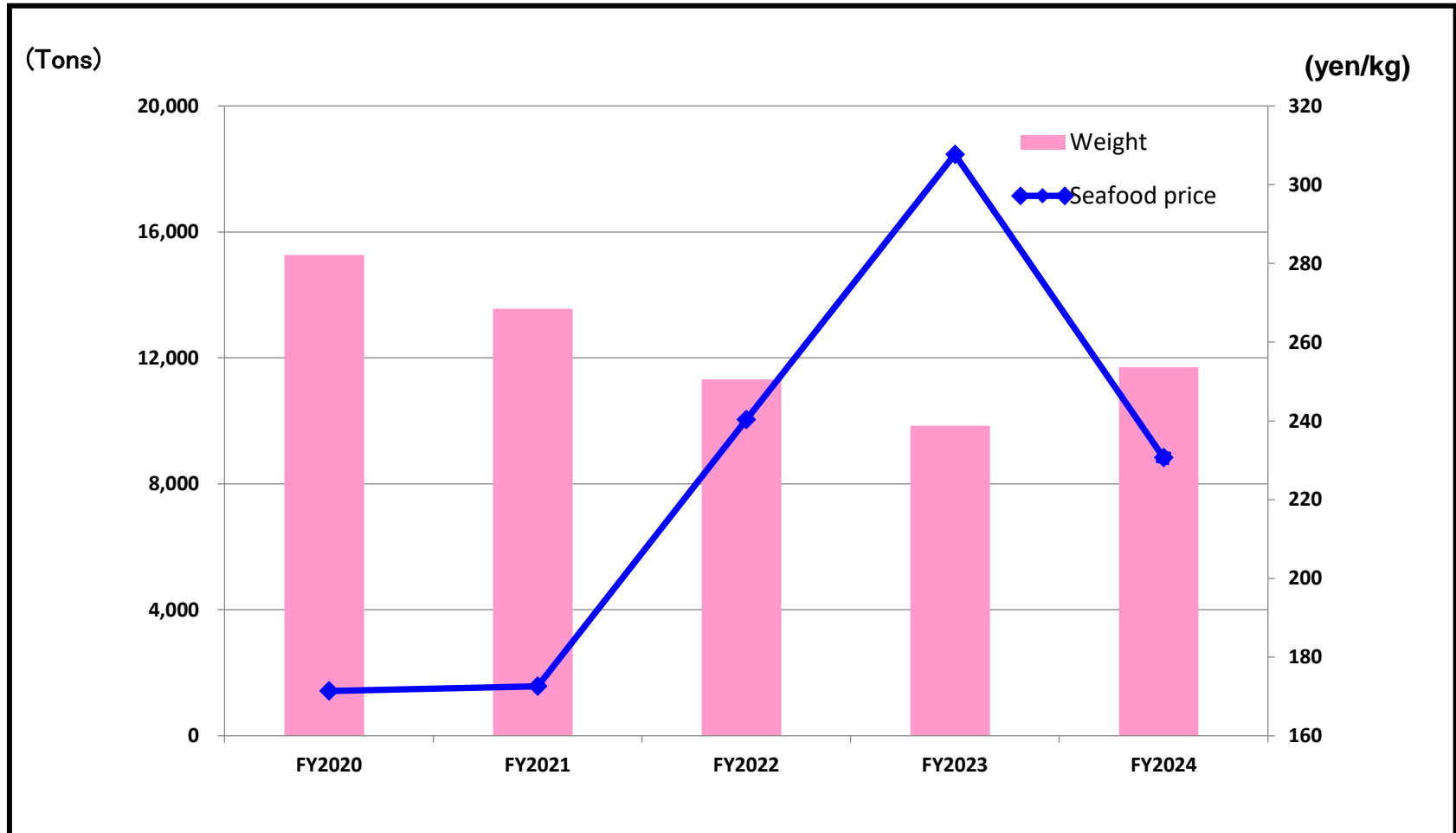
Reference Materials (2)

Freshfoods Business Segment (H1) Bluefin tuna farming business Sales weight·amount



Freshfoods Business Segment (H1)

Overseas purse seine fishing business, Catch weight & fish prices



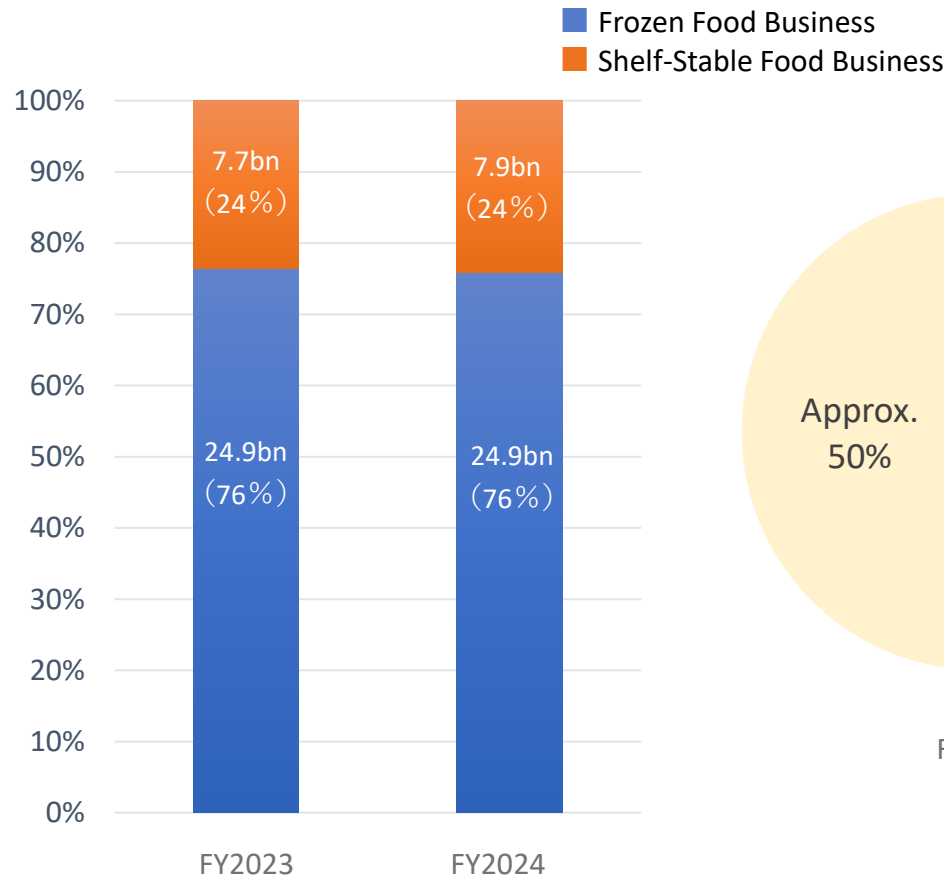
Reference Materials (4)

Breakdown of (H1) sales in Processed Food Business

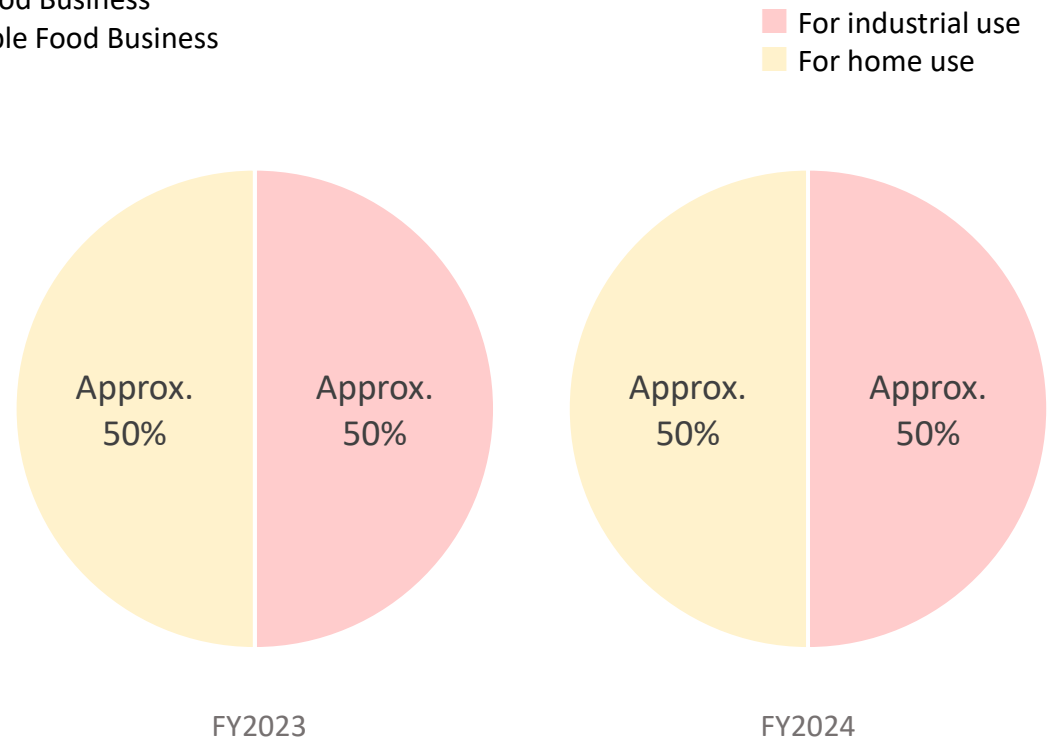
FY2024 (32.906bn)

FY2023 (32.628bn)

By temperature range



By industry type



ESG Topics

➤ Sponsorship of the Japan Canoe Federation

We support the activities of Japanese national team athletes and the Japan Canoe Federation as part of environmental conservation activities that convey to society “the concept of coexisting with nature” and “the importance of water resources.” We also held the Clean River Activity, a cleaning activity near the competition course, with participation from visitors to the site. There were 270 participants in FY2024.



➤ Joint coastal cleanup activity 2024 by three major seafood companies [July]

Japan’s three major seafood companies (Kyokuyo Co., Ltd., Maruha Nichiro Corporation and Nissui Corporation) worked together to pick up trash in coastal areas of Chiba Prefecture aiming to accelerate, expand, and spread awareness of initiatives geared toward solving the problem of ocean plastic pollution. Employees of each company participated along with their family members. There were 167 participants altogether from the three companies, and they picked up 104.6 kg of garbage in total.



➤ Kyokuyo Group issues 2024 edition of Integrated Report [September]

* We issued the English edition in November.

Created to help understand the story of how the value of our company is increased through the approach of “Gear Up Kyokuyo 2027.”

Expresses how our group actively works toward solving social issues.



Reference Materials (6)

➤ Consolidated Q2 Performance

(Millions of yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	116,861	120,880	133,619	126,075	140,565
Cost of sales	105,036	106,951	116,774	109,937	121,736
Gross profit	11,825	13,929	16,844	16,138	18,828
Selling & general administrative expenses	10,445	10,706	11,469	12,141	13,363
Operating profit	1,379	3,222	5,375	3,996	5,464
Ordinary profit	1,505	3,428	5,805	4,142	5,315
Extraordinary profit	1,465	39	302	74	20
Extraordinary loss	730	48	35	663	1,217
Profit attributable to owners of parent	1,577	2,438	4,208	2,451	2,709



Notes of Caution Regarding Forecasts

These materials are created with the purpose of providing information about performance as at September 30, 2024 and our future management vision.

Earning forecasts and estimates in these materials are based on the information currently available and include potential risks and uncertainties.

Therefore, please note that actual results may differ from these forecasts due to various factors.

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Marine Products Business



Domestic sales

Procuring from around the world

(Salmon and trout, Shrimp, Mackerel, etc.)

Raw materials

Sales

Sales destination

- Processing business operators
- Food manufacturers
- Wholesale market
- Wholesalers
- Supermarkets
- Restaurant industry

Processing

- Processed marine products (Our own plants, Affiliated factories)



Sales

Sales destination

- Supermarkets
- Restaurant industry
- Wholesalers
- Industrial food service
- Ready-made meals vendor



Overseas business

Export

Purchasing

(Scallop, Tuna, Mackerel, Sardine, etc.)



Export
*including offshore trade

Sales destination (overseas)

- Processing business operators
- Japanese-affiliated wholesaler
- Restaurant industry



Overseas production and Sales

production

(Our own plants, Affiliated factories)

- Sushi toppings
- Simmered fish
- Grilled fish
- Fish fillets, etc.



Sales

Sales Area

- Southeast Asia
- USA
- Europe, etc.

Sales destination

- Japanese-affiliated wholesaler
- Supermarkets
- Restaurant industry
- Processing business operators

Freshfoods Business

Tuna Business

Skipjack

Procurement
(Catch by our own vessels , Purchasing)



Raw material sales

Sales destination

- Wholesale market
- Processing business operators
- Food manufacturers

Tuna



Procurement
(Purchasing, In-House Farming)

Processing
(Our own plants , Affiliated factories)

Processed product sales

Sales destination

- Block
- Loin
- Steak
- Sushi toppings
- Minced

- Conveyor belt sushi restaurants
- Restaurant industry
- Supermarkets
- Ready-made meals vendor

Aquaculture Business

Red sea bream, Yellowtail, etc.



Sushi and Sashimi Business

Processing
(Our own plants , Affiliated factories)

- Sushi toppings
- Raw food products

Sales destination

- Conveyor belt sushi restaurants
- Izakaya (Japanese-style pubs), restaurant chain
- Supermarkets
- Ready-made meals vendor



Processed Food Business

Strength in marine materials

Frozen Food

Production

(Our own plants, Affiliated factories)

- Simmered fish
- Grilled fish
- Imitation crab meat
- Fried seafood products
- Shrimp fritters

Sales

For industrial use

Sales destination

- Supermarkets (deli counters)
- Izakaya (Japanese-style pubs)
- Restaurants
- Industrial food service
- Ready-made meals vendor
- Wholesalers



Sales

For home use

Sales destination

- Supermarkets
- Convenience stores
- Food delivery company
- Drug stores



Canned

consignment production

(Affiliated factories)

Sales destination

- Supermarkets
- Convenience stores
- Drug stores



dried Marine delicacies

(Sakiika, dried squid, etc.)

Production

(Our own plants)

Sales destination

- Supermarkets
- Convenience stores
- Drug stores



**Logistics
Business**

We do not develop transportation services by truck.
Main business is storage and delivery arrangement of marine products
and food products of the Kyokuyo Group.

