



Effective use of marine resources to create a low-carbon society.

Kyokuyo Group supports Fun to Share.



Kyokuyo Co., Ltd.

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Website <https://www.kyokuyo.co.jp/en>



Kyokuyo
Group
Integrated
Report

2024

Always nearby, always delicious. KYOKUYO

Corporate Philosophy

Aiming to grow together with society,
contributing to a healthy and happy lifestyle and
food culture based on management of human respect.

Kyokuyo Group Corporate Action Charter

Everyone at the Kyokuyo Group,
from top management to each and every employee,
acts in accordance with our Corporate Action Charter,
based on our Corporate Philosophy.

1. As a comprehensive food manufacturing group that contributes to society, we provide products and services with safety and security in order to earn the trust of our consumers and customers.
2. We comply with the law, engage in fair, transparent, and free competition, and maintain healthy and normal relationships with government and administration.
3. In addition to our consumers, customers, and shareholders, we widely communicate with society and actively disclose corporate information in a fair manner.
4. We recognize that tackling environmental problems is essential for the survival of our company and its business, and voluntarily and actively act to do so.
5. We strive to maintain an environment where it is easy to work.
6. We act as a member of the international community, and strive to contribute to the development of related regions.

Message from the President

“Strengthen and expand”
to accelerate growth
For a strong Kyokuyo



KYOKUYO CO., LTD.

Makoto Inoue

President and Representative Director
Kyokuyo Co., Ltd.

Theme / 1 The Kyokuyo Group's Vision

Since its founding in 1937, Kyokuyo has grown while overcoming numerous challenges, and by undertaking the procurement and sale of marine products on a global scale, it has provided safe and reliable food products, from overseas to Japan, and from Japan to overseas. This is the meaning that validates our existence, and looking ahead, in line with our Group Purpose—"Contributing to people's lives and the

planet through foods with a focus on fish, for a more sustainable world"—while striving to ensure that marine resources are preserved for future generations, we will be working to strengthen and expand our business, not only in Japan but throughout the world, while contributing to a healthy and happy lifestyle and food culture, and continuing to grow together with society.

Theme / 2 Looking back on the previous Medium-Term Business Plan

- Achieving record ordinary profit every fiscal year
- Laying the foundations of growth for the next phase
- Increasing our equity capital and ensuring financial flexibility

In FY2023, the Kyokuyo Group continued to face a challenging business environment. Although economic activity was getting back to normal after the COVID-19 pandemic, and the economy as a whole was gradually picking up, consumer spending fell because of the weakening yen and due to rising prices caused by persistently high energy costs and raw material prices. This was the background to the final year of implementation of "Build Up Platform 2024," our previous Medium-Term Business Plan, in which our basic strategy goal was "changing to a high-profit structure" as the foundation for renewed growth. As a result of our efforts to achieve this goal, although net sales fell in FY2023 compared to the previous year, profits rose to a record high.

Looking back over the three-year implementation period of the previous Medium-Term Business Plan, despite suffering the impact of the COVID-19 pandemic right from the first year of the plan, we nevertheless made a concerted effort to develop new, high-value-added products and maintain stable sales revenue in our Marine Products business, and to make factory operation as efficient as possible through sales that focus on products manufactured in-house at our plants in our Processed Food business. These strategies bore fruit, with steady profit growth and an increased profit margin, repre-

senting progress toward our transformation to a high-profit structure, and enabling us to lay the foundations for renewed growth.

Efforts to strengthen our business base included the structural reforms that we implemented in FY2023, which involved the adoption of a business division system for our Marine Products, Freshfoods, and Processed Food businesses. By having each business division implement integrated management of every stage from procurement through to processing and sales, including the operations of affiliates companies and plants, we have been striving to make every aspect of our business operations more efficient.

Regarding the expansion of our overseas business activities, we have made a start on strengthening our network of overseas production locations. Besides finishing construction of our KYOKUYO GLOBAL SEAFOODS Co., Ltd. in Thailand, we also established Kyokuyo Vina Foods Co., Ltd. in Vietnam to

make our supply chain more resilient by having greater dispersion of suppliers across different countries, and to undertake production and sales for the Southeast Asian market, and we have established Ocean's Kitchen Corporation in North America to manufacture and sell imitation crab meat in the American market, as well as investing in Turkey's KOCAMAN BALIKÇILIK İHRACAT VE İTHALAT TİCARET ANONİM ŞİRKETİ, which manufactures frozen food products for the European market.

As regards the strengthening of our financial base, by increasing our profitability to steadily accumulate earnings, and by building up our equity capital through public offerings, we have ensured that we have the financial flexibility needed to support our further growth strategy.

With regard to the strengthening of our human resources base, we recognized the need to overhaul our systems to meet the needs of changing times and a transformed business environment, and so in FY2023 we adopted a new human resources system. Besides adopting a salary-setting process that features a high degree of transparency, it was also decided to design a system that would enable the contribution that each employee makes to the organization, and the employee's capabilities, to be evaluated appropriately. We also introduced a new executive officer system to strengthen our corporate governance framework, and we have proceeded with the transition to becoming an organization oriented toward sustainable growth.





Theme 3 The strategic direction of our new Medium-Term Business Plan

- Aiming to achieve targets of 400 billion yen in net sales, 13.5 billion yen in both operating profit and ordinary profit, and an overseas net sales ratio of 15% or more
- Adopting new thinking to achieve our targets, rather than just continuing with the same approach as in the past
- Realizing “produce overseas, sell overseas”
- Further strengthening our financial base and human resources base to achieve growth

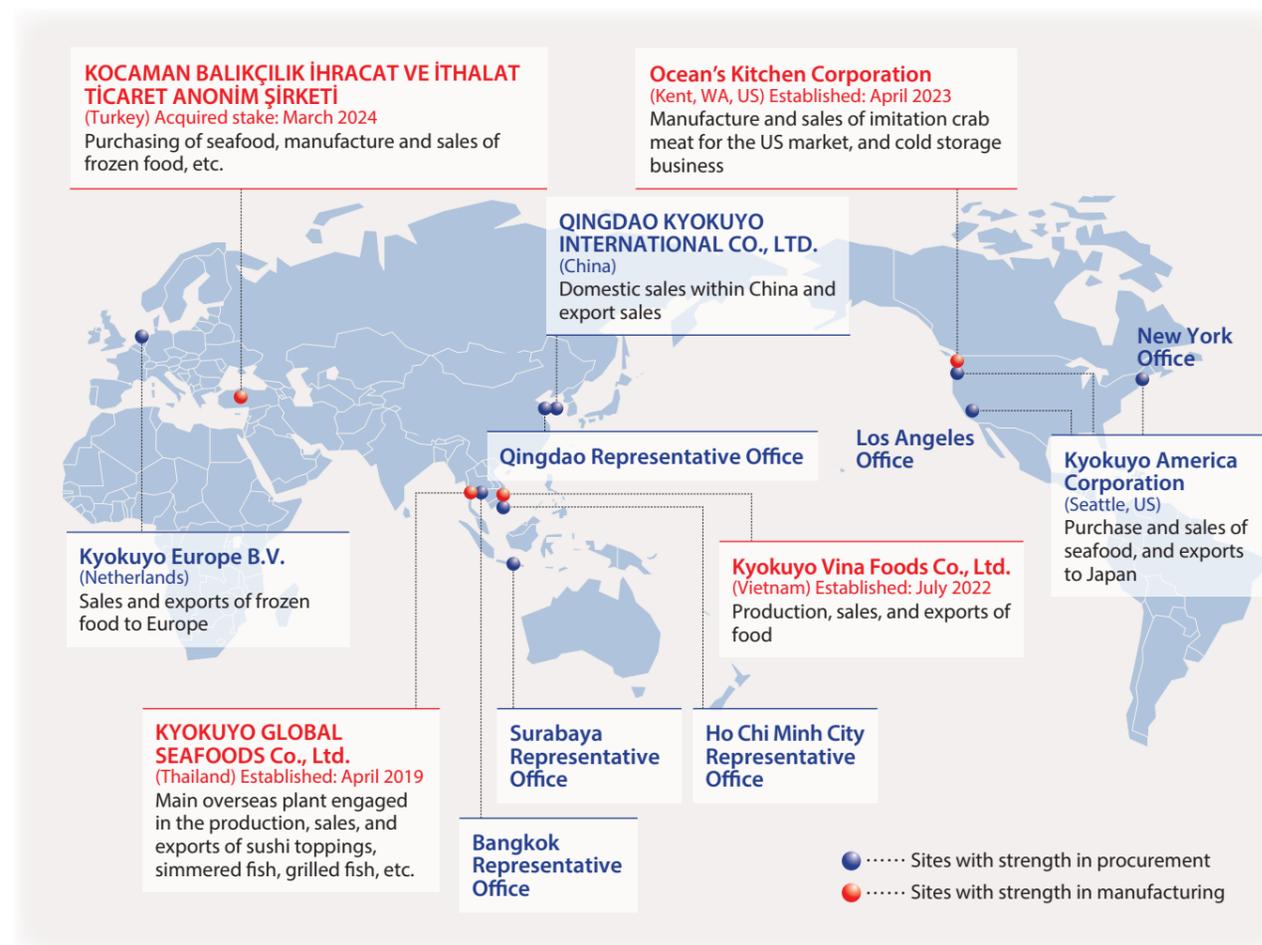
In April 2024, the Kyokuyo Group launched “Gear Up Kyokuyo 2027,” our new Medium-Term Business Plan, which builds on the achievements of the previous Medium-Term Business Plan to strengthen and expand our business operations, our financial base and our human resources base to build a strong Kyokuyo, with the aim of realizing further growth. Based on an approach that emphasizes accelerating growth for the future, we have set ourselves targets of achieving 400 billion yen in net sales, 13.5 billion yen in both operating profit and ordinary profit, and an overseas net sales ratio of 15% or more. To achieve these targets, rather than just continuing with the same approach as in the past, we will be using new thinking to achieve a breakthrough.

Business Strategy

One of the business segments that we are focusing most attention on is the Marine Products business, which is an area where Kyokuyo is able to utilize its strengths to the maximum. Besides working to vastly expand our market share as “Kyokuyo—the fish experts,” in order to enhance the stability of our business performance, we are proceeding with further efforts to develop high-value-added products that will be less subject to market price fluctuations in the marine products market and will enable us to maintain a consistently high level of revenue. Taking this strengthened Marine Products business as the foundation, we are also working to expand our Freshfoods Business and Processed Food Business.

The second area that we are focusing on is our overseas business. Besides exporting products from Japan, in line with our “produce overseas, sell overseas” strategy we are also proceeding with the building up of our network of production locations, starting from North America, Europe, and Southeast Asia, to grow our business.

Regarding the expansion of our Processed Food business, we are working to further strengthen our production and sales system, with a focus on our own in-house production facilities, while also undertaking the development and sale of new high-value-added products. In addition to expanding our production capacity through the building of a new plant in



Western Japan to grow our home-use frozen foods product business, we are also engaged in enhancing the efficiency of our nationwide logistics network. These measures are also making a positive contribution toward stimulating the regional economy and creating employment opportunities.

Strengthening our financial base

We are aiming to realize a steady, continued increase in profitability, and the stable accumulation of earnings, while also diversifying the fund procurement methods that we use. We are building a financial structure capable of facilitating M&A activity and other investment to accelerate the growth of the Kyokuyo Group.

Strengthening our human resources base

Besides constructing a framework able to respond effectively to change, by recruiting and cultivating the human talent that will serve as the motive power for growth, we are also proceeding with the building of a workplace environment in which employees can work cheerfully and happily, based on our management vision that frames employee happiness as being essential in order for the company to remain competitive. We are also promoting effective health management, so that employees can undertake their work while maintaining good physical and mental health.

Theme / 4 Sustainability of marine resources

In order for the Kyokuyo Group to be able to provide society with a stable supply of safe and reliable food with a focus on fish, while strengthening and expanding the Group's business operations, the most important issue that must be addressed is to safeguard the ocean environment, demonstrating concern for biodiversity and ecosystems, and to realize the sustainable utilization of marine resources. However, with demand for marine products growing throughout the world, there are concerns regarding the deterioration of the ocean environment and the sustainability of natural marine resources. To address these problems, it is vital that we maintain natural resources in a healthy state through management that is solidly grounded in science. The Kyokuyo Group is striving to undertake procurement from fisheries that are appropriately managed, and from aquaculture facilities that embody concern for the ocean environment.

As a Japanese marine products company, Kyokuyo is concerned about the state of Japan's marine products in-

dustry and its marine resources. In the past, Japan was one of the world's leading producers of marine products, but there has been a steady decline in terms of both catches and the number of people employed in the industry, and Japan has lagged behind by comparison with cutting-edge initiatives in other countries in response to the decline in marine resources which has become apparent in recent years. For Japan to have a sustainable marine products industry, it is vital that we bring about a transformation of the industry, using scientifically-based resource management to enable marine resources to recover, and making every part of the industry—from fisheries and aquaculture through to product processing—attractive to human talent. Enabling marine resources to recover through careful resource management, and realizing their sustainable utilization, is also important in terms of ensuring food safety, and going forward we will continue working to address these issues.

Theme / 5 Working to achieve further growth

Thanks to the measures implemented under the previous Medium-Term Business Plan, the Kyokuyo Group has definitely made progress. In order to achieve further growth amidst an environment of rapid social and economic change, we need to strengthen our overall corporate capabilities, including the company's growth potential and sustainability.

Strengthening and expanding the Kyokuyo Group and enhancing its corporate capabilities is only possible if we have a relationship of trust with our various stakeholders, including consumers, business partners, shareholders, investors, and employees. Through lively communication, we will take stake-

holders' requests and expectations into account in our business activities, and strengthen our partnerships with them. My own personal role is to steer the Kyokuyo Group toward the strengthening and expansion of the foundations that it has built up in the past, and to realize our vision of a "strong Kyokuyo."

As we work toward further growth in line with our new Medium-Term Business Plan, I hope that we will continue to benefit from the continued support of our shareholders, investors, and other stakeholders.



History

The Kyokuyo Group was founded as a fisheries company in 1937, and subsequently expanded into a wide range of business areas as a general food company with a main focus on fish. Since the 2000s, Kyokuyo has reorganized its production facilities in Japan and has expanded its global network, laying the foundations for sustainable growth.

Going forward, besides continuing to strengthen our food business, the production locations for which were built up in the 2000s, we will also be accelerating our global expansion and increasing the scale of our business under the policy of “produce overseas, sell overseas.”

1937 – 1969

Founding: Establishment as a fisheries company

Ensured a stable supply of food by securing valuable sources of protein and entering the food processing business

1937

Founded as Kyokuyo Hogeï Co., Ltd., the forerunner of today’s Kyokuyo Co., Ltd.

1949

Began manufacture of canned products

1970 – 2001

Developing as a general food company

1970

Began production of frozen foods at the Hiratsuka Plant in Kanagawa Prefecture

1971

Changed company name to Kyokuyo Co., Ltd.

Established Kyokuyo U.S.A. Inc. (now Kyokuyo America Corporation) in the US to undertake the procurement and sale of marine products and their exportation to Japan

Expanded into cold storage business with the establishment of Akitsu Reizo Co., Ltd. (now Kyokuyo Akitsu Reizo Co., Ltd.) in Osaka.

1973

Began overseas purse seine fishing business using a purse seine fishing vessel

1980

Established Kyokuyo Shokuhin Co., Ltd. in Miyagi Prefecture to undertake manufacturing of frozen foods

1984

Established Kyokuyo Foods Co., Ltd. in Ehime Prefecture to manufacture imitation crab meat

1991

Established the Shiogama Laboratory (now the Research and Development Division Laboratory) in Miyagi Prefecture

1997

Established Kyokuyo Suisan Co., Ltd. in Shizuoka Prefecture to undertake overseas purse seine fisheries operations and the processing and sale of skipjack and tuna

2002 – 2006

Expanding Kyokuyo’s network of overseas business locations

2002

Secured ISO 14001 international certification, relating to reducing the negative impact of business activity on the environment

2005

Established K&U Enterprise Co., Ltd. in Thailand to undertake the manufacturing and sale of sushi products

Established QINGDAO KYOKUYO INTERNATIONAL CO., LTD. to undertake product sales in China, and exportation

2006

Established Kyokuyo Europe B.V. in the Netherlands to undertake the sale of marine products and frozen food

2007 – 2021

Strengthening our business foundations

2007

Established Kyokuyo Marine Farm Co., Ltd. in Kochi Prefecture to undertake the farming and sale of bluefin tuna



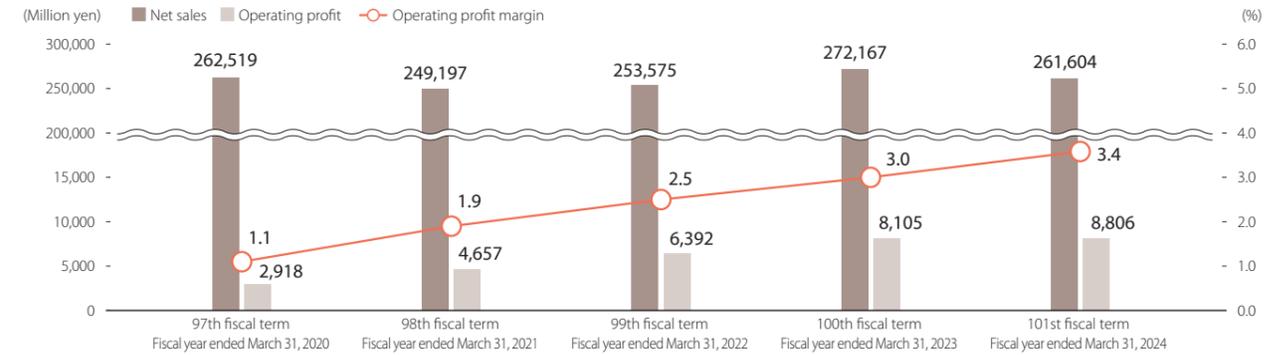
TOPIC



In October 2024, Kyokuyo Foods Co., Ltd. will celebrate the 40th anniversary of its founding. Its high-protein, low-calorie *surimi* (minced fish paste) products are popular not just in Japan but also in the US.

A new product of “Ocean King” series launched in the spring of 2024

Business Performance



2008

Made Jokki Co., Ltd. (a manufacturer of seafood delicacies) into a consolidated subsidiary

2010

Established Kyokuyo Fresh Co., Ltd. to undertake the processing and sale of tuna and others

2013

Announced Sea Marché as a new brand for consumer products

Began the sales of the “Dandori Jozu” series of frozen food products → P.55

2014

Entered the frozen foods retail market

Established the Kyokuyo Marché online store

2015

Completed construction of the new factory of Kyokuyo Shokuhin Co., Ltd. in Miyagi Prefecture

2016

Established Apex Kyokuyo Co., Ltd. to undertake the manufacturing and sale of processed marine products

2017

Became an official partner sponsoring the Japan Canoe Federation → P.51

2019

Established KYOKUYO GLOBAL SEAFOODS Co., Ltd. in Thailand to undertake production of sushi toppings, grilled fish, and simmered fish products

Joined CLOMA, an organization which works across all industries to resolve the issue of plastic waste in the oceans → P.39

2020

Formulated the Kyokuyo Group Basic Procurement Policy to outline our basic approach to responsible procurement activities → P.34

Formulated the Kyokuyo Group Supplier Guidelines, our code of conduct for business partners → P.34

2021

Formulated the Kyokuyo Group Basic Sustainability Policy to realize sustainable growth for both the Kyokuyo Group and society as a whole → P.34

2022 onwards

Aiming for sustainable growth

2022

Established Kyokuyo Vina Foods Co., Ltd. in Vietnam to undertake food products manufacturing, sale, and exportation

2023

Kyokuyo Foods Co., Ltd. secured FSSC 22000 food safety certification → P.58

Established Ocean’s Kitchen Corporation in the US to undertake the manufacturing and sale of imitation crab meat for the US market



Began participation in the Global Sustainable Seafood Initiative (GSSI) with the aim of helping to realize a sustainable marine products industry, and enhancing Kyokuyo’s sustainability → P.40

Red sea bream farmed by Kuroshio Suisan Co., Ltd. were awarded Marine Eco-Label Japan (MEL) aquaculture certification

2024

Yellowtail and burihira (a yellowtail-goldstriped amberjack cross-breed species) farmed by Kuroshio Suisan Co., Ltd. were awarded MEL aquaculture certification



Yellowtail

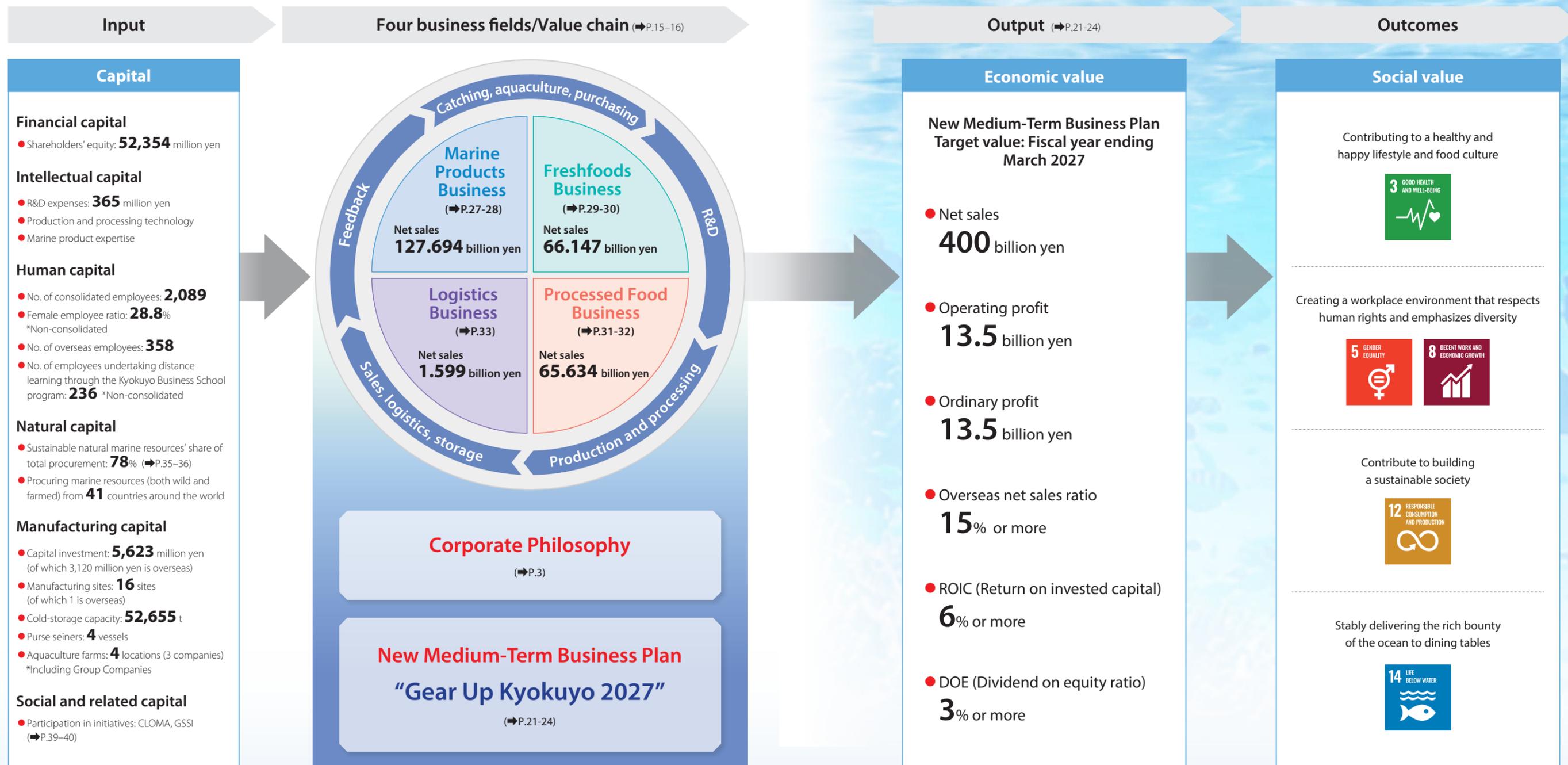


Burihira

Invested in Turkish company KOCAMAN BALIKÇILIK İHRACAT VE İTHALAT TİCARET ANONİM ŞİRKETİ, which undertakes the manufacturing and sale of food products for the European market

Value Creation Process

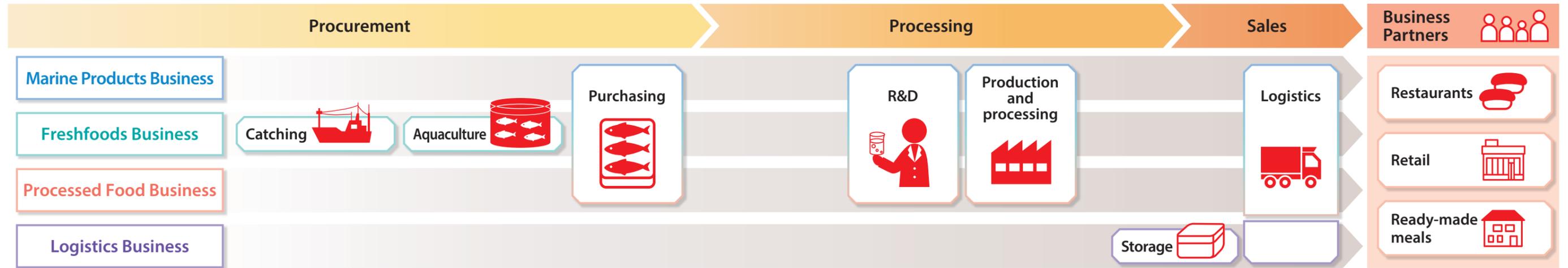
To realize our corporate philosophy, which emphasizes “aiming to grow together with society, contributing to food culture,” and to enhance our corporate value, the Kyokuyo Group has set a corporate purpose of “Contributing to people’s lives and the planet through foods with a focus on fish, for a more sustainable world.” In line with “Gear Up Kyokuyo 2027,” our new Medium-Term Business Plan, we will be working to further strengthen and expand the Kyokuyo Group, and we will be aiming to contribute toward the realization of a sustainable society, and to increase our corporate value.



Business Development

The Kyokuyo Group is a general food company with a focus on fish, and has smoothly integrated operations covering fishing, aquaculture and purchasing, R&D, production and processing, and sales, logistics, and storage. As marine products experts, we utilize the domestic and overseas networks that we have built up over a period of many years to deliver the bounty of the ocean to our customers.

Value chain



Procurement

▶ Catching, aquaculture, and purchasing

Overview

By effectively utilizing the relationship of trust that we have built up with our suppliers both in and outside Japan, and the Kyokuyo Group's own network, we are able to maintain stable procurement of high-quality marine products. We are also striving to realize sustainable procurement which gives due consideration to the impact on biodiversity and ecosystems, for example by increasing our handling of certified marine products.

Strengths

- The domestic and overseas network that we have built up over many years enables us to access information about global marine resources that we can utilize effectively when purchasing marine products (Fish species in which we have a particularly high market share include mackerel from Norway, and coho salmon from Chile) →P.27-28
- In our Tuna Business, to meet the needs of a wide range of customers, we have put in place a closely integrated framework within the Kyokuyo Group which covers everything from catching and aquaculture to purchasing, processing, and sale →P.29-30
- In our Aquaculture Business, we are implementing measures that give due consideration to the protection of ecosystems and of the marine environment in the vicinity of our aquaculture farms, for example by adopting advanced technology such as smart feeding equipment, and by reducing the use of antibiotics →P.44

Objectives

- Establishment of aquaculture methods that are in line with global trends (We are considering measures such as the adoption of alternative protein sources and microalgae for fish feed, as a sustainable procurement initiative)
- Development of a market-in type aquaculture*
- Further promotion of handling of certified marine products
- Realization of sustainable procurement of wild-caught marine products by strengthening traceability

* Market-in type aquaculture:
This approach involves the securing of qualitative and quantitative information regarding aquaculture product items and utilization models, in line with demand, and the putting in place of a framework for supplying marine products through aquaculture with stable quality and stable production volume, in a timely manner, and at stable prices

Processing

▶ R&D

Overview

We undertake fisheries science research, for example on fish protein and fish oils, as well as fundamental research on food hygiene and food safety, as well as new product development for frozen food products for industrial use and home use, and for shelf-stable foods including chilled foods, canned foods, and seafood delicacies, etc. We also undertake new product development and enhancement of product quality consistency by developing our own original technologies and through production technology guidance, along with the development and improvement of processed marine product manufacturing technologies, and research on ways to maintain and enhance the freshness of farmed bluefin tuna, etc.

Strengths

- By having our research laboratories located together with the plants responsible for new product development, we are able to make the product development function more efficient
- We have developed the Dandori Jozu product line, designed to address social issues including labor shortages and the aging population →P.55-56
- We are strengthening our new business development through joint research, involving the formation of a consortium with the National Research Institute of Fisheries Science, Japan Fisheries Research and Education Agency, and with Tokyo University of Agriculture and Technology, Tokyo Kasei University, and Nagasaki University

Objectives

- Securing human resources capable of addressing a wide range of topics, and to cultivate human resources for the transmission of technical skills
- Expansion of the scale of production at Kyokuyo plants through the development of differentiated products
- Safeguarding the company's technology as intellectual property, and to develop new technologies

▶ Production and processing

Overview

We provide products that have been developed and manufactured in line with customers' needs, including grilled and simmered fish products that effectively utilize the natural flavor and texture of the ingredients used to make them, fried marine products with an enhanced level of processing, *surimi* (minced fish paste) products including our Ocean King brand, meat products, frozen vegetables, etc.

Strengths

- We have an integrated group procurement and production system, whereby the high-quality raw materials purchased through our Marine Products Business's network undergo production and processing at our own factories
- We realize efficient product development through close collaboration with our laboratory, which is located on the same site as our core factory
- We lead the industry in sales volume of imitation crab meat for industrial use, and of grilled fish and simmered fish products for industrial use and home use

Objectives

- Realization of labor-saving (through the effective utilization of robots, etc.) at our production facilities in response to labor shortages and the need to enhance productivity
- Responding to demand from medical, care, and social welfare facilities affected by labor shortages for products that are more convenient to prepare
- Expansion of production of products made using sustainable marine materials

Sales

▶ Sales, logistics, and storage

Overview

We sell our products to a wide range of different sectors, including not only the restaurant industry (conveyor belt sushi restaurants, other restaurants, Japanese-style pubs, etc.), mass-market retailers (for their marine products and deli counters), and convenience stores, but also medical and nursing facilities, school cafeterias, etc. In addition, to increase our sales in overseas markets with strong growth potential, besides undertaking export sales of Japanese marine products and engaging in trilateral trade with other countries, we are also aiming to expand our overseas production sites in regions such as Europe, Southeast Asia, and the US, under the policy of "produce overseas, sell overseas."

Kyokuyo Akitsu Reizo Co., Ltd., which handles logistics services for the Kyokuyo Group, has three facilities (at Jonanjima and Oi in Tokyo, and in Fukuoka) from which it provides logistics services, including organizing deliveries from warehouses, with a focus on cold storage business. It also uses the know-how it has accumulated over the years to provide storage and transport services for the goods of customers outside the Kyokuyo Group, and is striving to further enhance the quality and efficiency of the logistics services which it provides.

Strengths

- We have a domestic and overseas sales network built up over many years
- We are able to provide logistics services in Japan based on a nationwide network that links together the Kyokuyo Group's various business locations →P.33

Objectives

- Expansion of our production locations and build up our sales network to provide the foundation for growing sales
- Implementation of measures to extend best-before dates and delivery dates, in order to reduce food loss
- Reduction of the amount of time that drivers have to spend waiting around during loading and unloading operations, to ease the burden on transport firms

Overview by Business

In the fiscal year ended March 31, 2024, which was the final year of implementation of our “Build Up Platform 2024” Medium-Term Business Plan, economic activity was getting back to normal after the COVID-19 pandemic and the Japanese economy showed signs of a slow but steady recovery. Conversely, with the continued depreciation of the Japanese yen, the war in Ukraine showing no signs of ending, and the outbreak of the Israel-Hamas War, there was still a great deal of uncertainty in the wider environment. In both the marine product and the food industries, despite an increase in Japan’s inbound tourism, lead-

ing to an improvement for the restaurant and tourism sectors, the business environment remained challenging. This was due to a trend toward more frugal consumer behavior due to rising prices, and because of rising production costs resulting from increases in energy and raw material costs, and logistics expenses.

Despite this difficult environment, although our net sales fell compared to the previous year, our operating profit, ordinary profit, and net profit all increased to reach the highest figures ever recorded in the company’s history. The business conditions in each of our segments are as detailed below.

Please note that, as Kyokuyo implemented an organizational restructuring in FY2023, comparisons between FY2022 and FY2023 have been made by adjusting the data for FY2022 to conform to the new segment structure.

Market environment and FY2023 performance



Marine Products Business



Salted salmon fillets

Sales down

Profit up

[Sales in Japan]

- Sales of salmon and shrimp, which are the main product categories in this segment, fell
- There was a substantial improvement in profit due to an upturn in the market in the second half of the fiscal year, and due to strong sales of high-value products in the year-end busy season

[Overseas business]

- Sales of blue-backed fish (such as sardines and mackerel) rose thanks to the depreciation of the yen, but sales of scallops (a major product in the China market) fell significantly
- Local sales in overseas markets fell due to slow-moving inventory of raw materials for processing in China



Freshfoods Business



Hon Maguro no Kiwami – Domestically farmed bluefin tuna

Sales down

Profit down

[Tuna business]

- Sales of tuna fell due to a decline in consumption resulting from the trend toward higher prices in the last two years, and this deterioration in the market led to a significant worsening in profits
- The overseas purse seine fishing business saw a decline in both sales and profits due to falling catches

[Sushi and sashimi business]

- Sales of sushi toppings and other raw foods fell because of rising prices, although profitability improved thanks to price adjustments and rising consumer demand in the restaurant sector

[Aquaculture business]

- Sales of domestically farmed bluefin tuna rose year-on-year, although profits were squeezed because of the rising cost of feed, etc.



Processed Food Business



(left) “Dandori Jozu” Pacific whiting fillets (right) “Dandori Jozu” Pink salmon grilled with salt

Sales up

Profit up

[Frozen food products for industrial use]

- Sales of shrimp fritters, imitation crab meat, etc. increased

[Frozen food products for home use]

- There has been an increase in sales of simmered fish, grilled fish, and fried products for use in boxed lunches

[Canned food]

- Sales fell due to rising prices for canned mackerel, resulting from poor catches

[Snacks and seafood delicacies]

- Sales in this segment, which mostly comprises high-value-added products, remained at roughly the same level as in the previous fiscal year



Logistics Business



Kyokuyo Akitsu Reizo Co., Ltd.'s Tokyo Cold Storage

Sales up

Profit up

[Cold storage business]

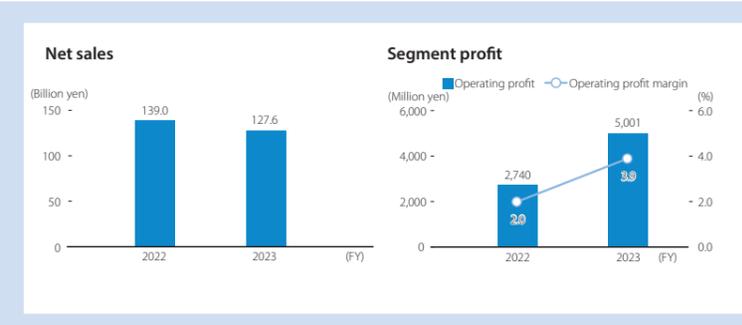
- Storage fee income increased, thanks to consistently high space utilization rates*
- Sales rose as a result of price adjustments that reflected rising costs

[Consigned forwarding business]

- Sales increased thanks to an increase in orders from external business partners

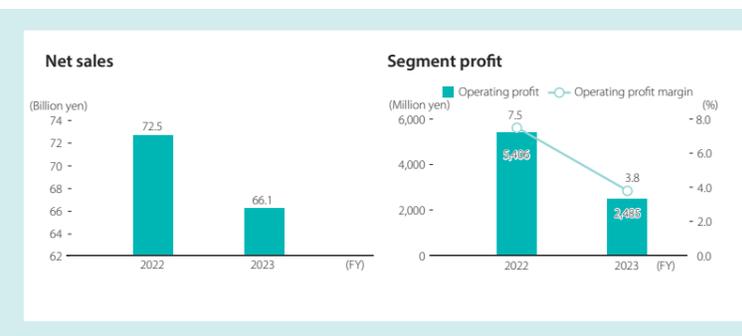
* Space utilization rate: the percentage of actual products compared to the capacity of cold storage

Net sales / Segment profit (consolidated)

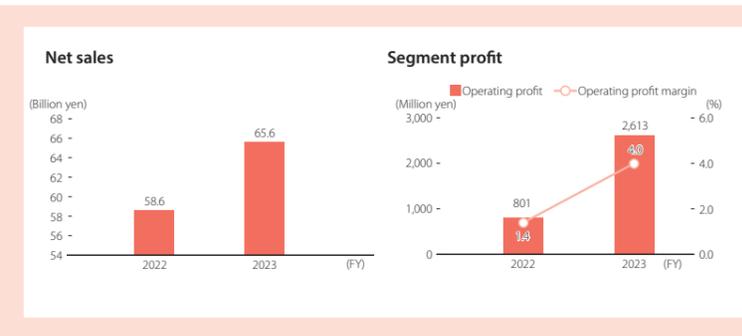


FY2024 measures

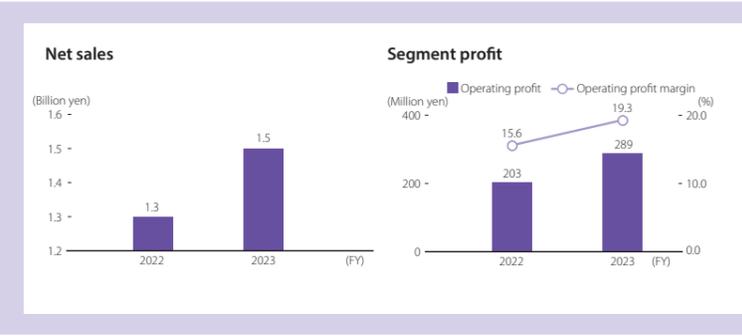
- ### Marine Products Business
- Increase in sales volume by strengthening of linkages with business partners (suppliers and customers)
 - Strengthen access to resources through the development of new procurement partners
 - Expand our network of overseas production facilities and sales offices to grow our overseas business



- ### Freshfoods Business
- Expand sales channels by effectively utilizing the strengths created through integration of the raw foods and tuna businesses
 - Improve the profitability of the aquaculture business



- ### Processed Food Business
- Ensure stable profits by focusing on sales of products manufactured at our own plants
 - Strengthen our ability to provide products that meet consumers’ needs



- ### Logistics Business
- Increase in sales by improving the freight turnover rate at our refrigerated warehouses
 - Improve the efficiency of delivery through freight consolidation
 - Reduce costs by improving operational efficiency

Note that the “accounting standard on recognition of earnings” (corporate accounting standard number 29) has been applied from the start of the fiscal year ended March 2022, and that data for the fiscal year ended March 2022 and after is shown after conversion to reflect the application of the above standard.

Recognition of the Business Environment

To fulfill our responsibility to contribute to realizing a sustainable society by “creating shared value for society and the Kyokuyo Group,” we have scrutinized the business environment in which the Kyokuyo Group operates from different perspectives, and have identified the key issues (materiality) affecting the group.

Process for identifying key issues (materiality)

▶ Recognize the environments in which the Kyokuyo Group operates, so as to realize our corporate philosophy

▶ Having recognized the environments in which the Kyokuyo Group operates, identify the risks and opportunities for the group

▶ Based on the identified risks and opportunities, analyze the group's priorities and the importance of individual issues to stakeholders, and identify the group's key issues (materiality)

Business environment	Risks and opportunities for the Kyokuyo Group	Key issues (materiality)					SDGs to which we can contribute
		Further expanding the overseas business and foods business	Accelerating the expansion of production locations and sales locations	Strengthening our financial base	Strengthening access to resources	Responding to climate change and other environmental issues	
<ul style="list-style-type: none"> ● Growing global demand for marine products (→P.17, 43) 	<ul style="list-style-type: none"> ⊙ Increasing procurement costs due to intensified purchasing competition ⊙ Decrease in and depletion of wild fishery resources ● Increased demand for sustainable marine products ● Increased global demand for marine products resulting from rising health consciousness ● Diversification of raw materials procurement sources 	✓	✓		✓		
<ul style="list-style-type: none"> ● Carbon neutrality by 2050 ● Worsening environmental issues, including climate change and marine pollution (→P.34, 43, 45, 49) 	<ul style="list-style-type: none"> ⊙ Increase in costs for preventing pollution and reducing environmental impact, including addressing the plastics issue ⊙ Reduction in corporate value due to a delayed response to the need for building a sound supply chain ⊙ Impact on fishery resources, and destabilization of the supply system ⊙ Suspension of business activities due to natural disasters ● Earning the trust of society by addressing environmental issues with sincerity ● Promoting the development of new technology for low carbonization and resolving plastics issue ● Reducing corporate costs through resource conservation 				✓	✓	
<ul style="list-style-type: none"> ● Changes in food lifestyles ● Increasing food options, including restaurants, ready-made meals, and eating at home ● Diversification in demand for frozen foods ● Continued declining birthrate and aging population in Japan (→P.55) 	<ul style="list-style-type: none"> ⊙ Decrease and contraction in demand at fresh food markets ⊙ Decrease in sales due to delay in responding to changes ● Rising demand for foods for the elderly ● Spread of ethical consumption 	✓	✓			✓	
<ul style="list-style-type: none"> ● Increasing interest in food safety and reliability (→P.57) 	<ul style="list-style-type: none"> ⊙ Increase in costs for system construction to ensure safety and reliability ⊙ Decrease in customer trust due to product quality complaints and issues ● Earning the trust of consumers and business partners by improving quality ● Earning trust by promoting accurate and prompt information for consumers and business partners 		✓	✓			
<ul style="list-style-type: none"> ● Shortage of human resources (→P.52) 	<ul style="list-style-type: none"> ⊙ Impact on safety and health management and increase in risk of occupational accidents ⊙ Reduced productivity and quality ⊙ Higher labor and logistics costs ● Enhanced employee motivation and working efficiency through management of appropriate working hours ● Promoting the development of laborsaving technology 			✓			
<ul style="list-style-type: none"> ● Growing awareness of human rights and of diversity, equity, and inclusion (DEI) (→P.52, 53, 54) 	<ul style="list-style-type: none"> ⊙ Increased risk of human rights violations ⊙ Reduced employee motivation and operational efficiency and loss of human resources due to delays in response ● Enhancing employee engagement through the creation of a comfortable workplace environment ● Building a workplace environment in which diverse human resources can fulfil their potential ● Transforming from a business that seeks human resources to a business which attracts human resources 	✓	✓	✓			
<ul style="list-style-type: none"> ● Development of IT technology ● Accelerating digital transformation (DX) (→P.41) 	<ul style="list-style-type: none"> ⊙ Increase in cost of new system construction ⊙ Changes in sales channels, and loss of sales opportunities ● Improving operational efficiency and sophistication by introducing new technologies ● Visualizing production and marketing technologies 	✓	✓	✓			
<ul style="list-style-type: none"> ● Increasing emphasis on sustainability-oriented management (→P.39) 	<ul style="list-style-type: none"> ⊙ Corporate value reduction ● Corporate value enhancement ● Increased support from stakeholders ● Reduced cost of capital due to enhanced public perception of the company 			✓		✓	

New Medium-Term Business Plan “Gear Up Kyokuyo 2027”

In April 2024, the Kyokuyo Group launched its new Medium-Term Business Plan “Gear Up Kyokuyo 2027” for the period from FY2024 through FY2026.

While fulfilling our responsibility to help realize a sustainable planet, we will also be “strengthening and expanding” the Kyokuyo Group by undertaking more in-depth development of the Japanese domestic market and also letting our overseas business spread their wings and take flight.

1. Looking back on the previous Medium-Term Business Plan

With our previous Medium-Term Business Plan, “Build Up Platform 2024,” we worked to “change to a high-profit structure” that would lay the foundations for renewed growth, by creating shared value for society and the Kyokuyo Group. Right from the first year of implementation, the Plan was affected by the COVID-19 pandemic, but nevertheless, by improving our profitability, we were able to post record operating profit for three fiscal years in a row, record ordinary profit for four years in a row, and record net profit for two years in a row, successfully progressing toward a high-profit structure.

Kyokuyo’s previous Medium-Term Business Plan—Objectives and Results

	FY ended March 2022	FY ended March 2023	FY ended March 2024	Target value	Performance compared to target
Net sales	253.5 billion yen	272.1 billion yen	261.6 billion yen	300 billion yen	- 38.3 billion yen
Operating profit	6.3 billion yen	8.1 billion yen	8.8 billion yen	7 billion yen	+ 1.8 billion yen
Ordinary profit	6.9 billion yen	8.1 billion yen	8.8 billion yen	6.5 billion yen	+ 2.3 billion yen
Operating profit margin	2.5%	3.0%	3.4%	Over 2.0%	+ 1.4 percentage points
Ordinary profit margin	2.7%	3.0%	3.4%	Over 2.0%	+ 1.4 percentage points
Overseas net sales	18.3 billion yen	25.4 billion yen	21.8 billion yen	30 billion yen	- 8.1 billion yen
Debt-to-equity ratio (D/E ratio)	1.5 times	1.6 times	1.4 times	1.5 times	- 0.1 percentage points

Results achieved

- Built new foundations for growth through enhanced profitability
- Transitioned to a high-profit structure
- Strengthened our business base, financial base, and human resources base

Issues

- The need to make further progress regarding the Overseas Business
- The need to realize stable earnings in the Marine Products Business
- The need for individual businesses to generate sufficient cash

Strengthening our business base

To realize further development, we have made progress in strengthening our business base, for example by stabilizing revenue through the absorption of increased costs by means of a transition toward in-house production at our own plants and price adjustments in the processed foods business, as well as by expanding production capacity through the completion of a new plant in Thailand, by building up our overseas production location infrastructure in regions such as Vietnam and North America, and by building large-sized purse seine fishing vessels that are competitive in international terms.

Strengthening our financial base

We have been striving to build up our own capital and reduce borrowings by working steadily to achieve stable earnings performance through enhanced profitability, and by obtaining new equity capital through our first public offering of new shares since 1961. Through these efforts, besides ensuring that we have the financial flexibility needed to support a growth strategy oriented toward further expansion of the scale of production and enhancing the earning ability of our overseas business, we have also proceeded with strengthening our financial base by building a capital structure able to withstand the increased risk that accompanies business expansion.

Strengthening our human resources base

By introducing a new personnel system based on our management vision, which views employees’ happiness as being essential for maintaining competitiveness as a company, we have been seeking to strengthen employees’ work engagement. In addition, besides enhancing corporate governance, we have also been proceeding with initiatives aimed at realizing sustainable growth, such as the introduction of an executive officer system to cultivate a new generation of managerial talent.

Issues

There are still some issues remaining in regard to our business expansion, for example in relation to the degree of progress made in boosting sales and in expanding our overseas business. On the revenue side, although we have posted record earnings, we have failed to achieve a stabilization of earnings in the Marine Products Business, due to volatility in market prices. There are also some remaining issues regarding our businesses’ cash generation.

2. Drawing up our new Medium-Term Business Plan

In line with our corporate purpose, the aim of our new Medium-Term Business Plan is to build on the foundations laid by our implementation of the previous Medium-Term Business Plan to strengthen and expand the Kyokuyo Group and enhance our corporate value.

1 Expanding our business base

2 Strengthening our financial base

3 Strengthening our partnerships with stakeholders

Expanding our business base

To further strengthen and expand our Overseas Business and Processed Foods Business, we will implement measures that lead to growth, such as capital investment, to accelerate the expansion of our production and sales sites, expand business scale, and increase our net sales and profits. To enhance the stability of our businesses, we will also further promote the creation of high value-added products that are less susceptible to influence by the marine products market, and that can ensure high profitability, and aim to create the sort of business expansion that can generate steady cash flow.

Strengthening our financial base

In addition to increasing our capital through stable profits, we will further strengthen our financial base by diversifying our financing methods in a way that takes into account the likelihood of higher interest rates in the future, thereby establishing a structure which can support investments that will accelerate the Group’s growth. We will also strive to optimize our capital investment and management by clarifying the efficiency of asset utilization, through the use of ROIC as an indicator.

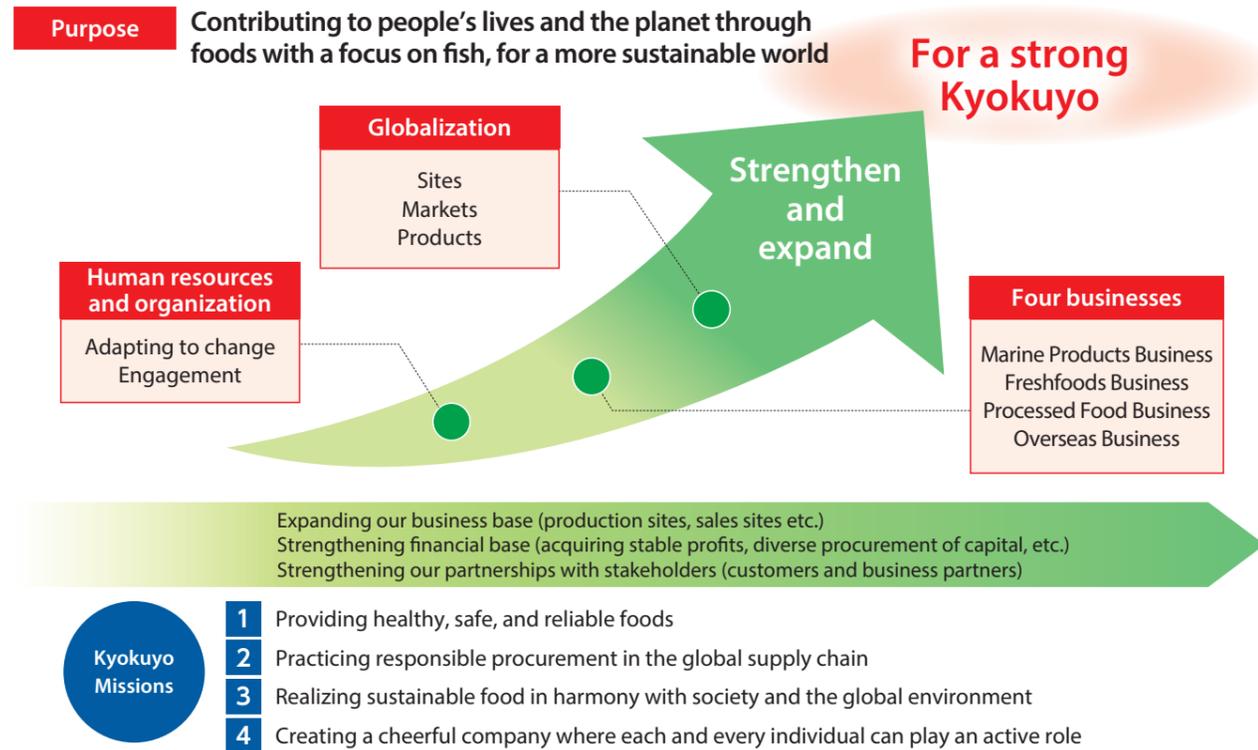
Strengthening our partnerships with stakeholders

By proactively communicating with our different stakeholders to provide economic and social value, we are building up strong relationships of trust. We will also engage in sustainability-conscious management that emphasizes governance and human rights, while also working actively to solve social issues through our businesses, for instance contributing to the advancement of carbon neutrality.

New Medium-Term Business Plan “Gear Up Kyokuyo 2027”

3. New Medium-Term Business Plan “Gear Up Kyokuyo 2027”

① Illustrative diagram



② Three perspectives

While working to expand and strengthen our management foundations, we are also implementing measures aimed at achieving the Kyokuyo Group’s Missions from three perspectives: human resources and organization, four businesses, and globalization. We are working to “gear up” for accelerated growth, and striving to build a “strong Kyokuyo” that has stronger, expanded capabilities.

Human resources and organization

To survive and thrive in this era of rapid change, we will build an organization capable of responding to changes in social needs and in the business environment, through the recruitment and cultivation of human resources that can serve as the motive power for this response. We will emphasize employee engagement, and we will work to create a working environment that enables every individual within the organization to express their individuality and maximize their potential.

Four businesses

We will develop the four businesses that comprise the pillars of the Kyokuyo Group—Marine Products, Freshfoods, Processed Food, and Overseas Business—to strengthen and expand the Group. Through these businesses, besides providing healthy, safe, and reliable foods, we will also strengthen our brand with products that meet society’s needs and that only Kyokuyo can provide.

In addition, we will practice responsible procurement of raw materials and other materials in our global supply chain, to realize sustainable food that is in harmony with society and the global environment.

Globalization

We will skillfully identify the diverse food needs of each region of the world, establish local production and sales structures, and promote the global development of our business in the most optimal way. Global demand for marine products is growing dramatically, and we will demonstrate the experience the Kyokuyo Group has cultivated over the decades not only in Japan, but on the global stage as well.

③ Setting KPIs (Key Performance Indicators)

To achieve the strengthening and expansion of the Kyokuyo Group and accelerate its growth, we have set key performance indicators (KPIs).

	Actual performance in FY ended March 2024	Target value for FY ending March 2027 (final year of plan implementation)
Net sales	261.6 billion yen	400 billion yen
Operating profit	8.8 billion yen	13.5 billion yen
Ordinary profit	8.8 billion yen	13.5 billion yen
Overseas net sales ratio	8.3%	15% or more
ROIC (Return on invested capital)	5.1%	6% or more
DOE (Dividend on equity ratio)	2.3%	3% or more

Performance by segment	Actual performance in FY ended March 2024		Target value for FY ending March 2027 (final year of plan implementation)	
	Net sales	Segment profit	Net sales	Segment profit
Marine Products Business	127.7 billion yen	5 billion yen	235.0 billion yen	7.4 billion yen
Freshfoods Business	66.2 billion yen	2.5 billion yen	77 billion yen	3.4 billion yen
Processed Food Business	65.6 billion yen	2.6 billion yen	85 billion yen	4 billion yen
Logistics Business	1.6 billion yen	0.3 billion yen	2.5 billion yen	0.3 billion yen
Other	0.5 billion yen	(1.6) billion yen	0.5 billion yen	(1.6) billion yen
Total	261.6 billion yen	8.8 billion yen	400 billion yen	13.5 billion yen

Expanding business scale

The KPI for business scale expansion has been set to net sales, with a target value of 400 billion yen. We will strive to increase our net sales through global development of our businesses, increasing our supply capacity by strengthening our access to resources, increasing our ability to propose products to our customers, and more.

Strengthening our high-profit structure

We have set the KPIs to be operating profit and ordinary profit, with a target value of 13.5 billion yen, in order to further strengthen and expand the high-profit structure we laid the foundation for in the previous Medium-Term Business Plan.

We aim to achieve this goal by securing high profits through the further development of the production and sales systems centered around our own factories, the development and sales of high value-added products that fulfill the needs of society, and more.

Promoting globalization

Promoting the globalization of our businesses will be a pillar in our new Medium-Term Business Plan. The KPI has been set to overseas net sales ratio, with a target value of 15% or more. We will make active use of the expertise the Kyokuyo Group has cultivated over the decades on the global stage.

Emphasizing asset efficiency

The KPI for asset efficiency has been set to ROIC (return on invested capital), with a target value of 6% or more. We will actively invest in growth areas that will expand our business scale, strengthen our high-profit structure, and promote globalization, while simultaneously making efficient use of our current assets, and fully examining the efficiency of our invested capital.

Enhancing shareholder returns

We have set DOE (dividend on equity ratio) as a KPI, with a target value of 3% or more, to ensure stable and substantial dividends to shareholders. We will pay dividends that are linked to enhancement of our equity capital through the accumulation of stable profits, incorporating into our perspective not just profit, but return on shareholder equity.

Message from the Executive Officer in Charge of Finance

Financial strategy aimed at strengthening and expanding the Kyokuyo Group

Hitoshi Higaki Managing Director

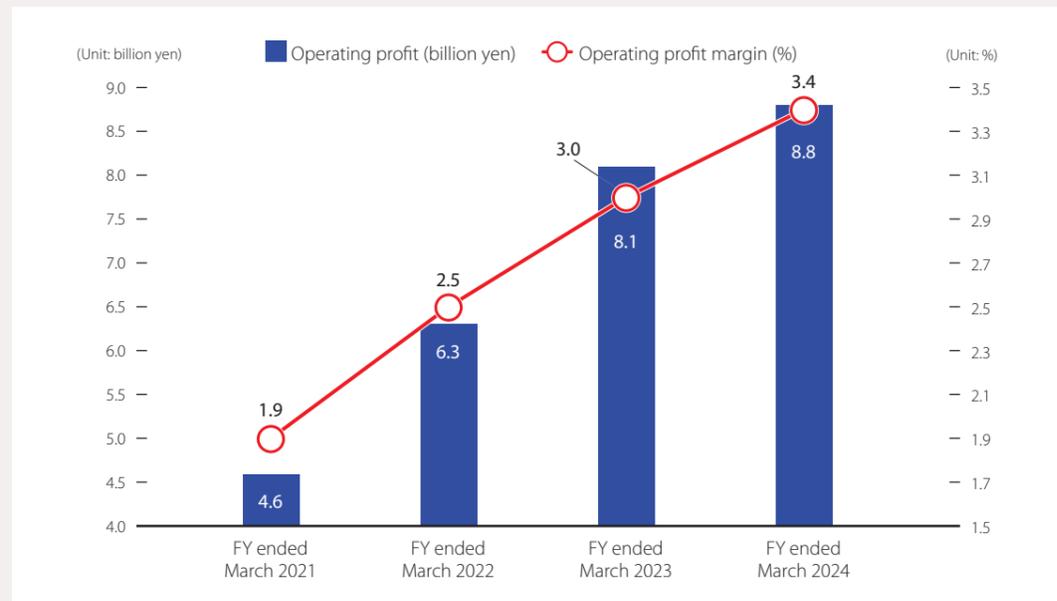
1. Looking back over the previous Medium-Term Business Plan

In our previous Medium-Term Business Plan, we undertook the process of “changing to a high-profit structure,” to build the foundation needed for renewed growth. As a result of these efforts, in terms of profitability, we succeeded in posting record profits and also achieved a steady increase in our profit margin. In addition, we increased our equity capital

through the steady accumulation of profits and by implementing public offerings.

However, while our financial base was strengthened, we continued to experience problems in regard to the generation of operating cash flow (OCF).

Change in operating profit and operating profit margin



2. New Medium-Term Business Plan “Gear Up Kyokuyo 2027” sales and profitability targets

In our new Medium-Term Business Plan, we are aiming to expand the scale of our business by building on the foundations that were laid in the previous Medium-Term Business Plan; we have set targets for the Kyokuyo Group as a whole of achieving 400 billion yen in net sales, and 13.5 billion yen in both operating profit and ordinary profit. In addition, we are aiming

to achieve an overseas net sales ratio of 15% or more. While proceeding with the expansion of the overall scale of our business (including overseas operations) and working to develop new business partners, we are also aiming to maintain stable earnings and to strengthen and expand the Kyokuyo Group as a whole.



3. Strengthening the financial base

In our new Medium-Term Business Plan, while taking the Marine Products Business as our foundation and expanding the Freshfoods Business and Processed Food Business, we will also be working to accelerate the development of our Overseas Business. There is therefore a need for investment aimed at growth that will enable us to strengthen and expand our operations; this investment includes increasing our domestic production capacity within Japan, building up our network of production facilities pertaining to overseas business, and en-

gaging in M&A activity, etc.

To facilitate this investment, we will be further strengthening our financial base. Besides further improving profitability, which we already increased in the previous Medium-Term Business Plan, and boosting our equity capital, we will also be responding to the transition in Japan to an era of positive interest rates by diversifying our methods of procuring funds to take into account the higher interest rates that are expected in the future.

4. Realizing sustainable growth

While aiming to strengthen our financial base to realize the goals set in our new Medium-Term Business Plan, going forward we will also continue to proactively undertake new investment and will be aiming to further expand the scale of our business.

Taking return on invested capital (ROIC) as a key indicator, and focusing on the improvement of profitability and on how efficiently we allocate invested capital, we will be enhancing the sustainability of the Kyokuyo Group from a medium- to long-term perspective.

5. Returning profits to shareholders

With regard to returning profits to shareholders, we will continue implementing a stable dividend policy, while aiming to increase the size of dividends as profits rise. In our new Medium-Term Business Plan, we have set the dividend on equity

ratio (DOE) as a target value, and while aiming to boost retained earnings in order to strengthen our overall corporate health and to support future business expansion, we will also be paying out stable, substantial dividends.

Marine Products Business

We are strengthening our collaborative relationships with business partners, and expanding transaction volume for both procurement and sales.



Strengths	Business opportunities	Risks	Areas of focus
<ul style="list-style-type: none"> “Group-wide integrated system” from procurement to processing and sales Knowledge and know-how accumulated in each of the Group’s segments Networks in and outside Japan built up over a period of many years Volumes handled that are among the highest in the industry (including Norwegian mackerel, Atka mackerel, Chilean coho salmon, shrimp, and salmon roe products, etc.) 	<ul style="list-style-type: none"> Increase in global demand for marine products as a result of rising health consciousness Growing demand for marine products that have been caught, farmed, and/or processed in an environmentally friendly way Increased supply of farmed marine products 	<ul style="list-style-type: none"> Smaller catches and purchasing volumes for wild fish resulting from tighter fishing regulation aimed at safeguarding natural resources 	<ul style="list-style-type: none"> Increasing sales volume by strengthening the links between Kyokuyo and our business partners Strengthening access to resources by developing new procurement partners Expanding our network of overseas production and sales sites to grow our overseas business Securing stable earnings through high-value-added products that are less vulnerable to market price fluctuations

Business overview by segment

(April 2023 to March 2024)

As regards sales in Japan, weakened consumer demand due to rising prices in the US and other countries has led to an uncertain outlook in the marine products market, and up until the summer both distributors and processing firms were being careful to only purchase as much as they needed in the immediate future, leading to a fall in sales across the board, particularly for salmon and shrimp, which are our main product categories. However, profits rose significantly from the summer onwards, because of a general rising trend in prices due to reduced inventory levels in Japan, and because high-value products such as crab and roe, the market prices for which had crashed at the end of the year before last, saw an increase in the volumes being shipped during the period of intense market competition in the run-up to the year-end holiday season in Japan.

Regarding our overseas business, in terms of export sales, although exports of blue-backed fish such as sardines and mackerel increased because of the depreciation of the Japanese yen, there was a substantial fall in exports of scallops as a result of the Chinese government banning the importation of marine products from Japan. With regard to the sale of products deriving from local production in overseas markets, sales volumes fell in Europe and North America because of weak consumer demand, but net sales remained at around the same level as in the previous year because of the weak yen; however, overall, net sales fell compared to the previous year because of slow-moving processed materials inventory in China.

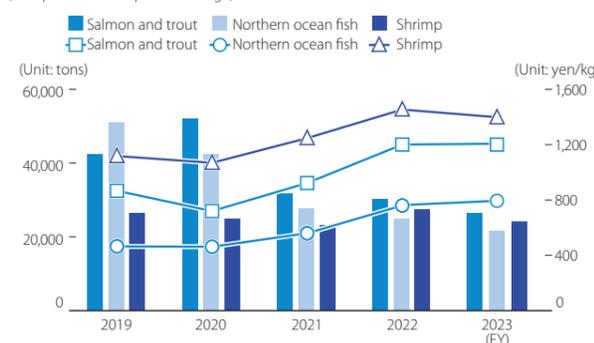
As a result of the above, net sales fell below the previous fiscal year, but profit exceeded the previous fiscal year.

FY2023 performance
Net sales: 127.694 billion yen (down 8.2% year-on-year)
Operating profit: 5.001 billion yen (up 82.5% year-on-year)

FY2023 consolidated overseas net sales performance
Net sales: 21.8 billion yen (down 14.2% year-on-year)

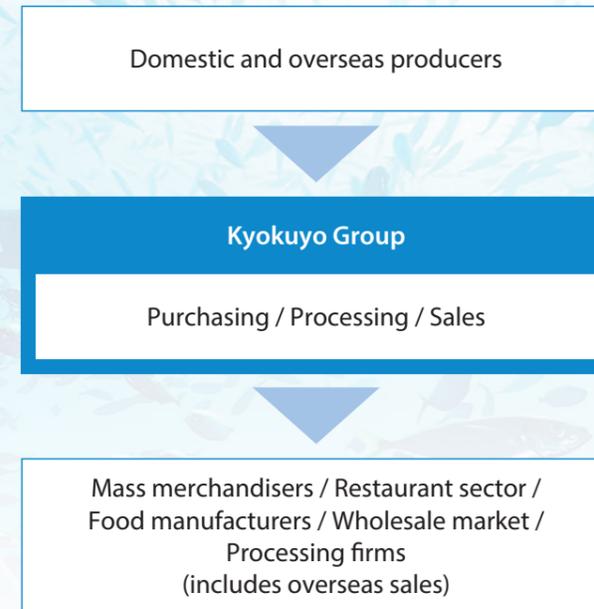
Marine Products Business <Non-consolidated> Sales weight and unit price of each seafood type by year

(Unit price = whole-period average)



Please note that data for FY2020 and earlier were recorded prior to the adoption of the Accounting Standard for Revenue Recognition. Data for FY2021 and after were recorded after the adoption of this standard.

Schematic diagram showing the supply chain



Main products handled



FY2024 policies

In FY2024, we will be leveraging our company’s strengths to reinforce the relationships that we have with our business partners.

We will be working together with our business partners to expand transaction volume—for both procurement and sales—by complementing one another in terms of the producer regions and raw material sizes that we excel at. Based on the expertise and know-how that each unit within the Kyokuyo Group has accumulated, besides implementing product proposals in line with the accurate market forecasting of our frontline managers, we will also be sharing with our business partners the market information collected through the domestic and overseas networks that we have built up over the years, focusing on the development of new products that reflect actual market needs.

Besides building even stronger partnerships, we will also be strengthening access to resources and undertaking the development of new, high-value-added products that are less vulnerable to the impact of market price fluctuations, as we proceed with our efforts to further expand sales and ensure stable profits.

FY2024 forecast
Net sales: 156 billion yen
Operating profit: 5.8 billion yen

Freshfoods Business

We are working to expand the Freshfoods Business with a seamless system.

Keizo Yamaguchi

Director
Control over Freshfoods Business Segment
Chief of Division, Freshfoods Business Division



Strengths	Business opportunities	Risks	Areas of focus
<ul style="list-style-type: none"> A seamless system within the Group covering everything from raw materials procurement (including catching, aquaculture, and purchasing) to processing, and sales Initiatives in fisheries to produce and raise fish, enabling high quality and a stable supply 	<ul style="list-style-type: none"> Increased supply of farmed marine products Growing inbound tourism demand in Japan Rising demand for raw foods materials in overseas markets 	<ul style="list-style-type: none"> Reduction in and depletion of natural marine resources Labor shortages affecting processing plants where the work is difficult to mechanize Rapidly changing customer needs 	<ul style="list-style-type: none"> Improving the profitability of our aquaculture business Expanding our sushi and sashimi product lineup by strengthening access to resources

Business overview by segment

(April 2023 to March 2024)

The Freshfoods Business Division integrates three departments that are all involved in handling raw foods: the Tuna Business Department, the Sushi and Sashimi Department, and the Resources Research and Development Department. With a comprehensive business promotion framework that handles, within the same segment, items such as skipjack and tuna products, sushi toppings, and farmed fish, which all have specific requirements in terms of logistics, temperature, and meeting the retailer's needs, we are aiming to realize efficient business operation.

In the tuna business, consumption of tuna fell in response to the high prices seen since the year before last, and with a dramatic fall in sales of frozen foods as a whole, there has been a series of market downturns, leading to a fall in profits. In the overseas purse seine fishing business, which involves fishing for skipjack and other tuna species, a reduction in catch led to a decline in both net sales and profits.

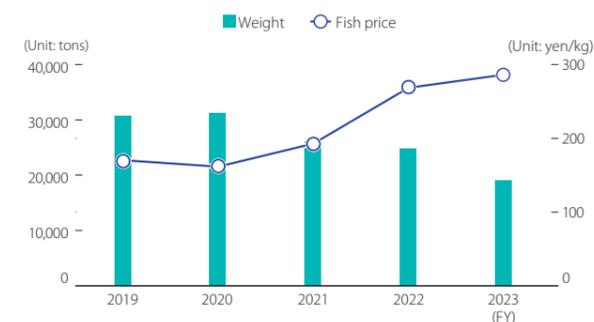
In the sushi and sashimi business, a rise in the price of sushi and sashimi materials (particularly sushi toppings) resulted in a fall in sales, but profits improved, thanks to price adjustments that reflected rising costs, and thanks to increased demand in the restaurant sector.

Turning to the Resources Research and Development Department's aquaculture business, with regard to bluefin tuna farmed in Japan, although net sales have grown compared to the previous year, the profitability of this business was squeezed by the higher cost of feed, etc.

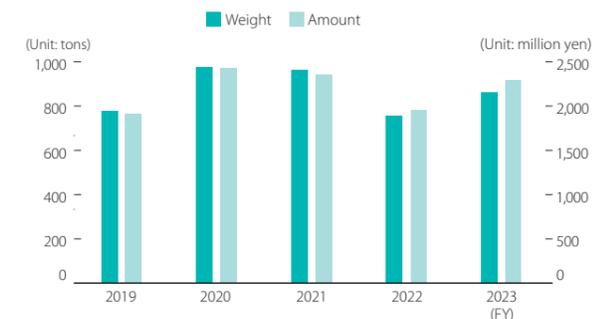
As a result, both net sales and profit fell below the previous fiscal year.

FY2023 performance
Net sales: 66.147 billion yen (down 8.9% year-on-year)
Operating profit: 2.485 billion yen (down 54.0% year-on-year)

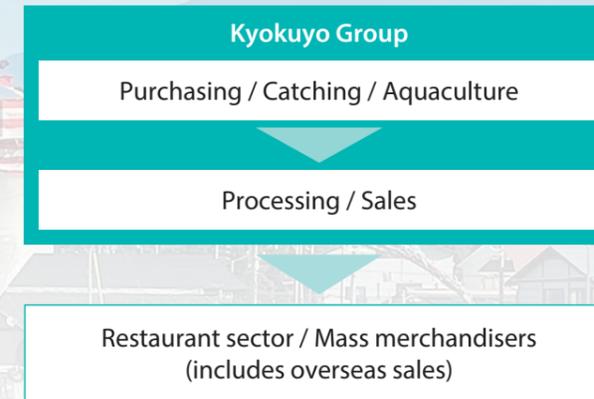
Overseas purse seine fishing business: Trends in catch weight and fish price (prices are from the end of each fiscal year)



Bluefin tuna farming business: Trends in sales weight and amount



Schematic diagram showing the supply chain



Main products handled



FY2024 policies

A key strength of the tuna business is its seamless system, with every stage from raw materials procurement through to processing and sales being handled within the Kyokuyo Group. While continuing to handle a comprehensive range of skipjack and tuna products, with regard to minced raw tuna products in particular, we will be meeting our business partners' needs by working to expand the scale of production and boost sales, and also striving to further enhance product quality and strengthen our ability to offer product proposals.

In the sushi and sashimi business, we are proceeding with an approach whereby the Shiogama Plant of Kyokuyo Shokuhin Co., Ltd. handles fish roe products, with a particular focus on salmon roe, while KYOKUYO GLOBAL SEAFOODS in Thailand handles sushi toppings, particularly salmon and shrimp. In addition, in the last fiscal year, our partner plant in Vietnam set up a new production line for shrimp to be used as a sushi topping. Going forward, we will continue to strengthen the sales capabilities and overall competitiveness of the sushi and sashimi business, with an integrated framework that covers every stage from production through to sales, with Kyokuyo's own production facilities (both within and outside Japan) playing a central role, and we will strive to offer our customers timely product proposals.

Regarding the aquaculture business, we will continue working toward the goals of strengthening access to resources and realizing stable profits from the aquaculture business, while aiming to expand the business by developing new business areas and undertaking related projects. Looking ahead, we will be undertaking a wide range of activities in this area, including the adoption of cutting-edge technologies to support the aquaculture business of the Kyokuyo Group as a whole and enhance production efficiency, strengthening the business framework through measures such as obtaining marine products certification to boost export sales, using fish meal to develop alternative protein sources in collaboration with other departments, and undertaking M&A activity targeting aquaculture-related enterprises, etc.

FY2024 forecast	
Net sales: 70 billion yen	Operating profit: 2.7 billion yen

Processed Food Business

As a food manufacturer, we will continue striving to provide products from our own plants that offer real value.

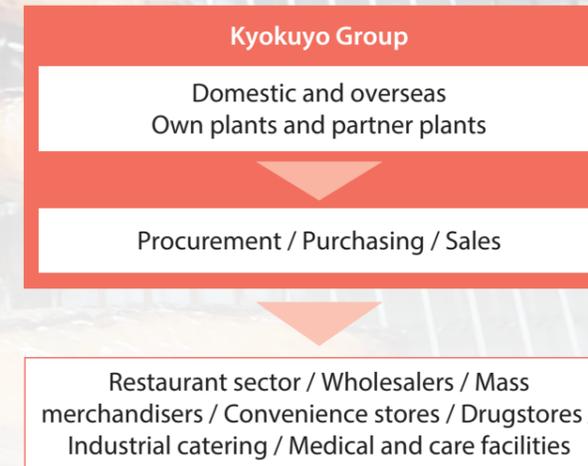
Atsushi Hattori

Director
Control over Processed Food Business Segment
Chief of Division, Processed Food Business Division



Schematic diagram showing the supply chain

Main products handled



Frozen food for industrial use



Frozen food for home use



Shelf-stable foods, health products



Snacks, seafood delicacies

Strengths

- A global network of processing facilities, and a worldwide procurement capability
- Industry-leading market share in frozen simmered fish and grilled fish products, and in imitation crab meat products

Business opportunities

- Growing inbound tourism demand in Japan
- Rising demand for food that can be prepared quickly and conveniently, in response to lifestyle changes and shortages of kitchen staff

Risks

- A trend toward consumer frugality in response to rising prices
- Increased production costs resulting from rising energy prices, raw materials costs, and distribution costs

Areas of focus

- Ensuring stable profits by focusing on sales of products manufactured at our own plants
- Strengthening our ability to develop products that meet consumers' needs

Business overview by segment

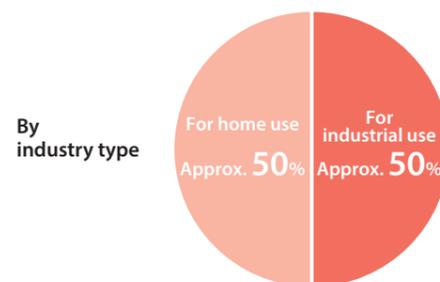
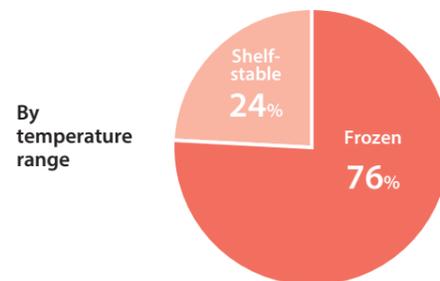
(April 2023 to March 2024)

Although the processed food business as a whole saw a substantial improvement in profits thanks to appropriate price adjustments in response to rapidly rising costs, a decline in sales volume was seen because of the price rises.

As a result of focusing on sales of products from our own plants, regarding frozen foods for industrial use, sales of products such as shrimp fritters and imitation crab meat increased. As for frozen foods for home use, there was growth in sales of simmered fish and grilled fish products, and of fried products for use in bento boxed lunches, etc. As regards shelf-stable foods, there was a fall in sales of canned mackerel products due to price increases in response to poor catches. Sales of snack foods and seafood delicacies, which are mostly high-value-added products, remained at around the same level as in the previous fiscal year.

As a result, both net sales and profit exceeded the previous fiscal year.

Breakdown of net sales in FY2023



FY2023 performance

Net sales: **65.634 billion yen** (up 11.8% year-on-year)

Operating profit: **2.613 billion yen** (up 226.0% year-on-year)

FY2024 policies

We are proceeding with the implementation of a major strategy, which is to grow the scale of our business by making thorough-going efforts to expand sales of products made in our own plants. Taking the provision of products that can be consumed with safety and reliability as the foundation, we are working to strengthen our product capabilities by continuing to reduce costs and enhance quality, honing the competitiveness of the products from our own plants so that they will win the support of both business partners and consumers. We will also be proceeding with efforts to expand our business by accurately identifying market needs, and developing and launching new products that meet market needs.

As regards industrial-use frozen and chilled foods, we are focusing on boosting sales of products that are mainly produced in our own plants, including products precooked in oil such as breaded shrimp, imitation crab meat, and the fillet, simmered and grilled fish, and meat products in our Dandori Jozu product line, for industrial catering, medical and care facilities, etc.

As for home-use frozen and chilled foods, we are striving to develop products that will continue to have an important place on people's dining tables in the future, and we are strengthening our line-up of side dishes, with a focus on fish products from our own plants.

Regarding canned foods, here we are strengthening the relationships with our key business partners to boost market share for the main product items, including canned mackerel, canned sardines, and canned tuna, while also striving to develop new products and identify new needs. We are also aiming to boost sales of snack food products by developing new products that will appeal to consumers.

FY2024 forecast

Net sales: **72 billion yen** Operating profit: **2.9 billion yen**

Logistics Business

Besides continuing to respond to the “2024 Problem,”*1 we are also working to boost sales by raising the freight turnover rate.

*1 2024 Problem: the anticipated shortage of truck drivers caused by tighter restrictions on drivers' working hours, which will come into effect in 2024.



Shuichi Kiyama
Senior Managing Director
Control over Logistics Business Segment

Strengths	Business opportunities	Risks	Areas of focus
<ul style="list-style-type: none"> A comprehensive business framework that integrates product manufacturing and sales with warehousing and logistics Accumulated know-how enabling storing and delivering products safely, securely, and appropriately Logistics network covering the whole of Japan 	<ul style="list-style-type: none"> Improving operational efficiency through the effective utilization of digital technology 	<ul style="list-style-type: none"> Increase in refrigerated storage operating costs due to rising energy costs Inadequate delivery capability resulting from workstyle reforms in the logistics and transportation sector Increased labor and logistics costs due to labor shortages 	<ul style="list-style-type: none"> Growing sales by raising the freight turnover rate at our cold storage warehouses Making delivery more efficient through freight consolidation Reducing costs by enhancing operational efficiency

Business overview by segment

(April 2023 to March 2024)

In the cold storage business, sales grew as a result of the space utilization rate*2 remaining high and of the price adjustments made in response to rising costs.

The consigned forwarding business contributed toward reducing the existing selling expenses of the Kyokuyo Group as a whole, by enabling the Group to realize efficient distribution arrangements. There was also an increase in orders from external customers, leading to an increase in sales.

As a result, both net sales and profit exceeded the previous fiscal year.

*2 Space utilization rate: the percentage of actual products compared to the capacity of cold storage

FY2023 performance
Net sales: 1.599 billion yen (up 17.4% year-on-year)
Operating profit: 0.289 billion yen (up 42.2% year-on-year)

FY2024 policies

Besides boosting sales by improving the freight turnover rate of our refrigerated warehouses, we are also working to achieve a stable space utilization rate by enhancing the share of Kyokuyo Group goods handled. In addition, as a response to the “2024 Problem,” we are striving to make distribution more efficient through freight consolidation.

FY2024 forecast	
Net sales: 1.6 billion yen	Operating profit: 0.2 billion yen

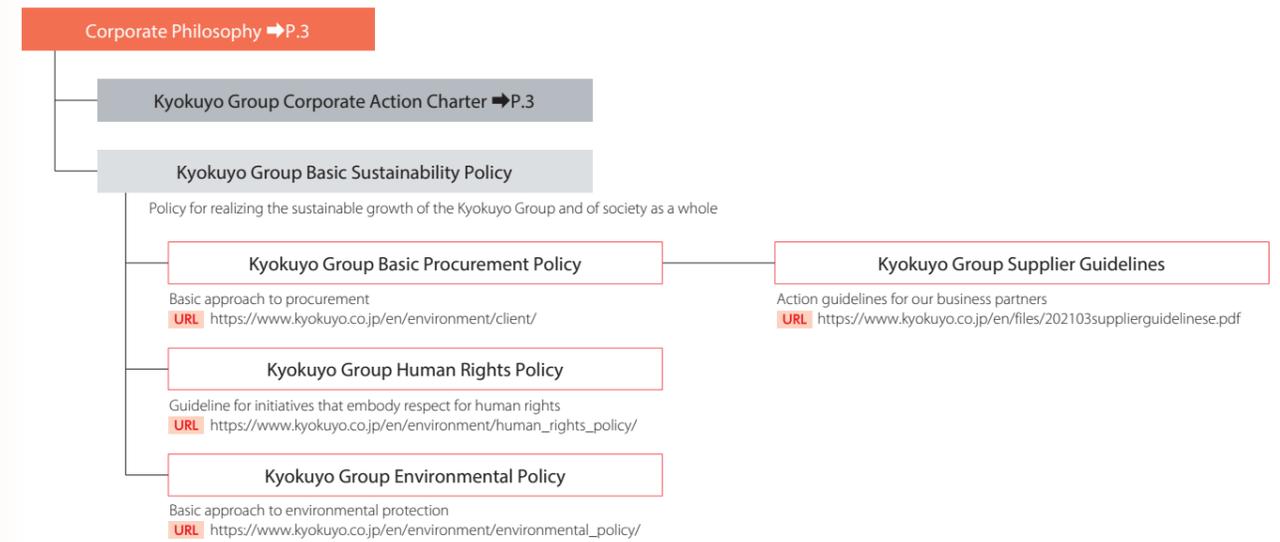


Inside a warehouse belonging to Kyokuyo Akitsu Reizo Co., Ltd.

Sustainability

The Kyokuyo Group is addressing a wide range of sustainability issues to fulfill its social responsibility by meeting society's needs and expectations. We are striving to build a relationship of trust with stakeholders, and we are aiming to realize sustainable growth for the group and enhance corporate value over the medium to long term.

Kyokuyo Group's Approach to Sustainability



Kyokuyo Group Basic Sustainability Policy

As a general food company with a focus on fish, the Kyokuyo Group aims to achieve sustainable growth while solving social issues and contributing to the sustainable development of society, by creating social and economic value in our business activities based on the following five themes aligned with our Corporate Philosophy.

- 1. Creation and Sharing of Value**
We solve various social issues and contribute to a healthy and happy lifestyle and culinary culture by creating and sharing value for society via the provision of safe and reliable products and services.
- 2. Communication with Society**
We promote active communication with various stakeholders to respond to the demands and expectations of society, fulfill our social responsibilities, and thereby contribute to the creation of a prosperous society.
- 3. Creating an Environment where Diverse Human Resources Can Flourish**
We strive to respect the diversity of human resources, which are the source of new value creation, and create an environment where everyone can flourish.
- 4. Harmony with the Environment**
We strive to conduct business activities in harmony with the environment, via efforts such as reducing environmental impact, mitigating climate change, and conserving biodiversity and ecosystems.
- 5. Enhancing Corporate Governance**
We strive to conduct fair business activities based on swift and highly transparent management, ensure compliance, and enhance risk management.

Sustainability

Kyokuyo Group Basic Procurement Policy

The Kyokuyo Group is determined to fulfill its social responsibility and to do its part to realize a sustainable society through sustainability-focused business activities, based on its Corporate Philosophy and the Kyokuyo Group Corporate Action Charter. Accordingly, we have formulated Kyokuyo Group Basic Procurement Policy in line with ISO 26000, an international standard for social responsibility, and are promoting responsible procurement* activities.

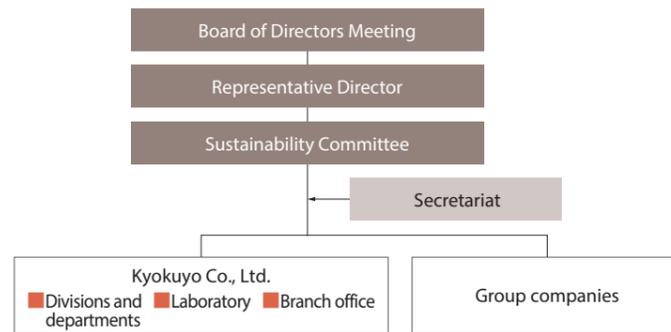
*Responsible procurement: Procurement which demonstrates concern for society, in terms of respect for human rights, compliance with the law, environmental protection, labor health and safety, etc.

Eight points of Kyokuyo Group Basic Procurement Policy

- | | |
|--|---|
| 1 Compliance with laws and social norms | 5 Fair business practices |
| 2 Respect for human rights | 6 Safe and reliable products and services |
| 3 Safe and employee-friendly workplace environment | 7 Coexistence with local communities |
| 4 Consideration for global environment | 8 Information security |

Sustainability Organization Structure

With the Sustainability Committee chaired by the President playing a key role, we are promoting sustainability activities throughout the Kyokuyo Group as a whole, while thinking carefully about achieving greater business efficiency through cost reduction, etc., and sustainability.



Based on the policies and systems noted above, we are implementing various initiatives with the aim of contributing to the sustainable development of society and realizing sustainable growth for the Kyokuyo Group.

Kyokuyo Group Marine Resources Survey

Kyokuyo Co., Ltd. conducted a resource status survey in relation to the marine products procured in FY2020 by Kyokuyo Co., Ltd. and 18 other domestic and overseas companies in the Kyokuyo Group.

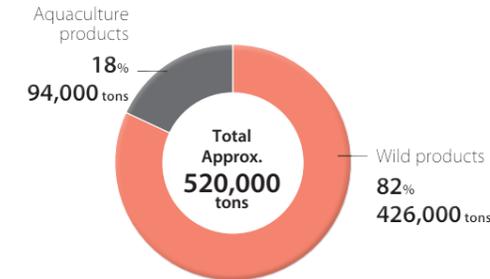
1. Survey objectives

With overfishing of wild marine resources becoming more serious year by year, the “sustainability of marine products” is a crucial factor related to the medium- to long-term risks and opportunities of conducting business for the Kyokuyo Group, which its business activities are supported by the “blessings of the ocean.”

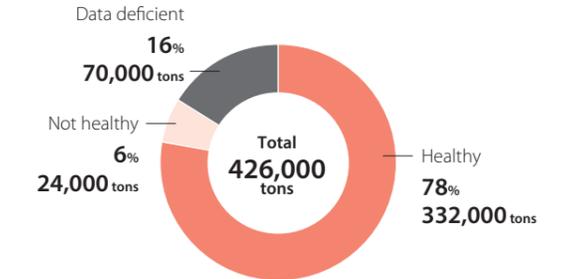
Based on this idea, we conducted this “Marine Resources Survey” to evaluate the Group’s procurement situation, understand the issues, and take appropriate measures to address those issues.

2. Survey results Weight totals are expressed in raw material equivalent

(1) All marine products Breakdown by product type



(2) Wild products Breakdown by resource status



3. Issues and future response measures

Issue How can sustainable procurement of wild products be realized?

Response measures In the case of procurement items that are “healthy,” besides continuing to implement response measures in line with the Kyokuyo Group Basic Procurement Policy, we will also increase our handling of certified marine products. With regard to procurement items that are “not healthy,” or are “data deficient,” we will be striving to strengthen traceability through dialogue with suppliers where risks have been identified. As regards fish species in regions where there are significant risks, besides continuing to monitor the information provided by fisheries organizations, etc., we will also implement response measures following the policies specified by the regulatory authorities.

In addition to sharing information and spreading awareness of the survey results throughout the group, we will also be making thorough efforts to realize business activities that demonstrate concern for the conservation of biodiversity and ecosystems and for sustainable marine resource usage, in line with the Kyokuyo Group Basic Procurement Policy and Kyokuyo Group Supplier Guidelines. We will also continue to implement Marine Resources Surveys on a regular basis and implement ongoing improvements.

Supplier Survey

We implemented a Supplier Survey to strengthen suppliers’ understanding of the approach embodied by the Kyokuyo Group Basic Procurement Policy and to promote responsible procurement.

1. Survey objectives	To promote responsible procurement in concert with our suppliers
2. Survey targets	183 companies (accounting for approximately 90% of Kyokuyo’s total domestic purchase value in FY2021)
3. No. of responses to the survey	167 companies (representing a 91.3% response rate)
4. Survey items	(1) Human rights (child labor, forced labor, etc.) (2) IUU (illegal, unreported and unregulated) fishing (3) Climate change (greenhouse gas emissions, etc.)
5. Response measures	Based on the survey results, we will be creating opportunities for dialogue with those suppliers that are not taking adequate measures, and we will be encouraging them to make improvements. We will continue to implement this type of survey in the future to identify risks, and to further reduce risk we will expand the survey scope to include all Kyokuyo Group suppliers, including overseas suppliers.

Approach to Stakeholders



Our attitude to stakeholders, the communication methods and opportunities used, the results achieved, evaluation of these results, and the related key issues (materiality)

Stakeholders	Consumers	Business Partners (suppliers, customers)	Shareholders/Investors
Our attitude to stakeholders	Providing products based on our corporate philosophy of “contributing to a healthy and happy lifestyle and food culture” and our mission of “providing healthy, safe, and reliable foods”	“Building win-win business relationships with business partners through effective sales strategies and product development”	Besides “disclosing information in a timely and proactive way,” we are also issuing “stable and substantial dividends” with the aim of realizing a further increase in corporate value, based on our approach to management, which emphasizes “asset efficiency”
Methods and opportunities for communication	<ul style="list-style-type: none"> Customer Relations Center Advertising campaign implementation Holding recipe contests (a measure to support the “Fish Day” initiative launched by Japan’s Fisheries Agency to promote consumption of fish) Websites TV commercials Social media 	<p>Suppliers</p> <ul style="list-style-type: none"> Familiarizing suppliers with our Basic Procurement Policy, Supplier Guidelines, and Human Rights Policy (➡P.34) Implementing Supplier Survey (➡P.36) Regular plant visits and guidance Kyokuyo Cooperation Association Technical Research Meeting (➡P.57) <p>Customers</p> <ul style="list-style-type: none"> Kyokuyo-kai: Customers’ Association at each branch office New product presentations Exhibiting at Japan International Seafood & Technology Expo and other exhibitions 	<ul style="list-style-type: none"> Shareholders’ Meetings IR Presentations IR interviews Business reports Integrated reports Websites
Communication results and evaluation	<ul style="list-style-type: none"> Developing and selling products that embody concern for human health (➡P.56) Kyokuyo’s Mackerel in Brine was ranked as the No. 1 long-seller in the canned mackerel section of the Nikkei POS Selection 2023 rankings 	<p>Suppliers</p> <ul style="list-style-type: none"> Using Supplier Survey to identify risk in the supply chain, and using dialogue to mitigate risk and strengthen suppliers’ understanding of responsible procurement Using periodic visits to factories and the provision of guidance to realize thorough hygiene and facilitate a speedy response in the event of issues emerging <p>Customers</p> <ul style="list-style-type: none"> Developing closer relationships by sharing information about the marine products market and catch data, etc. Developing and selling products that reflect customers’ needs (➡ P.55) 	<ul style="list-style-type: none"> Strengthening the mutual understanding between our company, shareholders and investors, through constructive dialogue Kyokuyo has been selected for inclusion in the FTSE Blossom Japan Sector Relative Index <p>FTSE Blossom Japan Sector Relative Index</p>
Related key issues (materiality)	<ul style="list-style-type: none"> Accelerating the expansion of production locations and sales locations Strengthening access to resources Responding to climate change and other environmental issues 	<ul style="list-style-type: none"> Further expanding the overseas business and foods business Accelerating the expansion of production locations and sales locations Responding to climate change and other environmental issues 	<ul style="list-style-type: none"> Strengthening our financial base Responding to climate change and other environmental issues

The Kyokuyo Group believes that incorporating the requests and expectations of stakeholders into its business strategies and activities is an essential part of sustainable corporate management. While attaching great importance to communication with stakeholders, we also strive to ensure compliance with laws and regulations, fulfill information disclosure requirements and realize accountability, and build good relationships. We aim to be a business group that continues to “grow together with society” in line with our corporate philosophy.

Employees	Government	Related organizations	Local communities	Global environment
“Based on our management vision that frames employee happiness as essential for the company to remain competitive,” we have put in place an environment that enables employees to work with vigor and enthusiasm	Helping to “solve social issues” by strengthening linkages with, and collaborating with, government	Proactively making proposals to government authorities to help “solve social issues” through the sharing of best-practice case studies and through collaboration	Collaborating with local communities on efforts to “solve social issues”	Implementing self-directed, proactive environmental conservation activities, and promoting sustainable resource utilization
<ul style="list-style-type: none"> Human resources consultations Stress checks Harassment consultation hotline (➡ P.53) Consultation with labor unions Occupational Safety Committee Employee Health Committee Providing support for non-Japanese employees in their own language (➡ P.52) 	<ul style="list-style-type: none"> Implementing appropriate, timely reporting and provision of information Participating in meetings to exchange views and exchange information Technology development through cooperation between industry, government, and academia (➡ P.44) Participating in collaborative initiatives by government and industry aimed at expanding consumption of marine products 	<ul style="list-style-type: none"> Working together with related organizations to solve problems <ul style="list-style-type: none"> Japan Fisheries Association Marine Eco-Label Japan Council Japan Frozen Food Association Clean Ocean Material Alliance (CLOMA) (➡ P.39) Global Sustainable Seafood Initiative (GSSI) (➡ P.40) 	<ul style="list-style-type: none"> Providing sponsorship as an official partner of the Japan Canoe Federation (➡P.51) Implementing visiting classes for junior high schools (➡P.51) Implementing coastal and riverbank cleanup activities (➡P.40, 51) Performing water quality management in the seas near aquaculture facilities 	<ul style="list-style-type: none"> Promoting environmental conservation activities in line with environmental policies Use of environmentally friendly raw materials Expanding the handling of certified marine products (MSC, ASC, MEL) (➡P.43) Participation in initiatives (CLOMA, GSSI) (➡P.39–40) Initiatives to realize effective utilization of energy and other resources, and to reduce usage (➡P.42) Transition to the use of freezers that utilize natural refrigerants and do not use CFCs (➡P.48) Coastal and riverbank cleanup activities (➡P.40, 51) Implementation of Marine Resources Survey (➡P.35-36)
<ul style="list-style-type: none"> Allocating the right people to the right posts, by taking into account the results of human resources consultations, etc. Building mutual trust between labor and management through dialogue Securing “Kurumin” certification as a company supporting childcare Securing “Eruboshi” (Stage 2) certification as an outstanding enterprise in relation to the Act on the Promotion of Women’s Active Engagement in Professional Life 	<ul style="list-style-type: none"> Holding recipe contests to demonstrate support for the “Fish Day” designated by Japan’s Fisheries Agency to promote consumption of fish Signing of a collaboration agreement between Kyokuyo Foods Co., Ltd. (➡ P.58), which produces imitation crab meat, and Matsuno-cho, Kitauwa-gun, Ehime Prefecture, with the aim of helping to revitalize regional communities by developing gifts to send to people who use Japan’s “Hometown Tax” contribution system to help struggling communities in rural areas 	<ul style="list-style-type: none"> Working together with various organizations to popularize sustainable marine products Make effective use of Kyokuyo’s participation in CLOMA (which is working to promote resource circulation and address environmental problems) to obtain the latest information and be able to use best-practice case studies to enhance Kyokuyo’s own sustainability 	<ul style="list-style-type: none"> Helping to prevent plastic waste from entering the oceans by carrying out cleaning activities on beaches and the riverbank near canoe competition venues (➡P.40, 51) Contributing toward the invigoration of local communities and the sustainable development of the local economy by developing products that can be sent as gifts to people who use Japan’s “Hometown Tax” contribution system to help struggling communities in rural areas Contributing toward reducing the number of young children on waiting lists for kindergarten places by opening the Kyokuyo Happiness Nursery on-site childcare facility 	<ul style="list-style-type: none"> Reducing the amount of plastic used in packaging (➡P.50) Addressing the problem of plastic waste flowing into the oceans by effectively managing the periodic maintenance and repair of the plastic nets and buoys used by aquaculture facilities (➡P.49) and by implementing coastal and riverbank cleanup activities (➡P.40, 51) Using by-product generated when processing skipjack to make <i>neribushi</i> for use as a raw material in <i>dashi</i> broth (➡P.42)
<ul style="list-style-type: none"> Accelerating the expansion of production locations and sales locations Responding to climate change and other environmental issues 	<ul style="list-style-type: none"> Accelerating the expansion of production locations and sales locations Responding to climate change and other environmental issues 	<ul style="list-style-type: none"> Strengthening access to resources Responding to climate change and other environmental issues 	<ul style="list-style-type: none"> Accelerating the expansion of production locations and sales locations Responding to climate change and other environmental issues 	<ul style="list-style-type: none"> Strengthening access to resources Responding to climate change and other environmental issues

Promotion of Sustainability-focused Management



The Kyokuyo Group is working to address various contemporary issues including growing public awareness of the need for “safe and reliable food” and “health,” in addition to issues such as “climate change,” “sustainable use of resources,” and the reduction of “ocean plastic waste.” By building linkages with stakeholders of various types, we are aiming to grow together with society.

Participation in initiatives

Participating in the Japan Clean Ocean Material Alliance (CLOMA)

The Japan Clean Ocean Material Alliance (CLOMA), in which industry plays a central role, was established, with support from Japan’s Ministry of Economy, Trade and Industry (METI), to address the problem of plastic waste in the oceans, by using the strengthening of 3R* initiatives, etc. to foster the more sustainable use of plastic products through resource recycling, as well as the development and adoption of revolutionary substitute products that can reduce the amount of plastic waste generated.

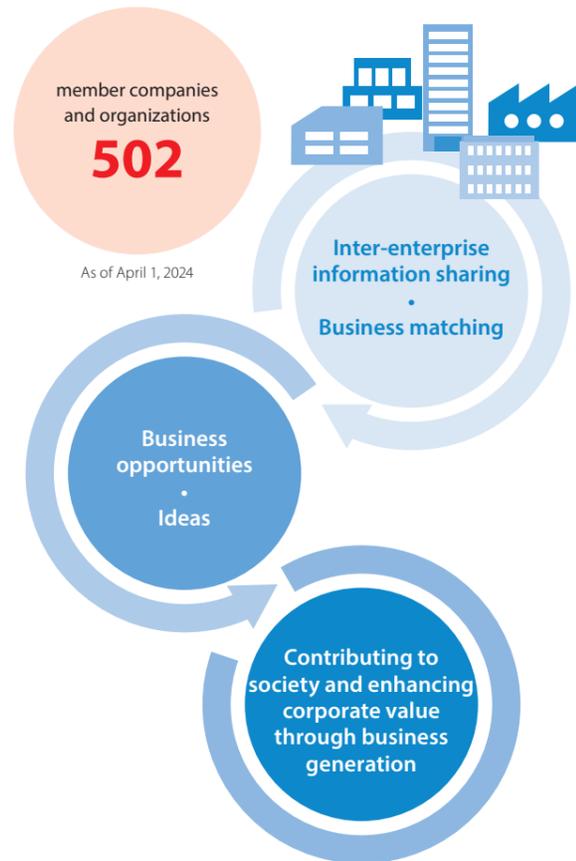


CLOMA implements measures that include inter-enterprise business matching, sharing information about case studies of cutting-edge solutions, keeping pace with the latest trends in technology, liaising with international organizations and overseas research institutes, and promoting collaboration among diverse business enterprises. CLOMA’s activities have already led to the creation of new businesses, to the making of a positive contribution to society and to the enhancement of corporate value.

CLOMA’s member companies come from a variety of different industries, and to ensure that the organization’s activities proceed smoothly, speedily, and efficiently, the three Working Groups shown in the lower right-hand corner have been established, and are working to address society’s problems, mainly through the exchange of information.

The Kyokuyo Group recognizes that the problem of marine pollution caused by plastic waste is an issue that has a direct relationship with the Kyokuyo Group’s business, and which poses substantial risks. Through its participation in CLOMA’s initiatives, Kyokuyo is able to access the latest information on new materials and potential substitute products, and by utilizing this knowledge effectively in its own business activities, the Kyokuyo Group works to help solve related issues.

* 3R: Reduce, Reuse, and Recycle



- Dissemination & Promotion WG**
Sharing 3Rs technology and the technological information to select the alternative materials easily
- Technology WG**
Holding seminars on cutting-edge technologies
- International WG**
Collecting information in collaboration with international organizations and institutions, and dispatch of information and technical consulting for developing countries

Participating in the Global Sustainable Seafood Initiative (GSSI)

Kyokuyo Co., Ltd. participates in the Global Sustainable Seafood Initiative (GSSI) with the aim of helping to realize sustainable fisheries and enhancing the sustainability of Kyokuyo itself. The GSSI is a non-profit organization that is working toward the vision of making sustainable marine products more widespread, with the participation of companies in the marine products value chain (including marine products related companies, retailers, etc.), NGOs, governments, and inter-governmental organizations.



One of the activities undertaken by the GSSI is the benchmarking of marine products certification systems. With the worldwide increase in awareness of the importance of sustainability, various different certification systems have been established. The GSSI uses international standards that have been developed based on the fisheries related guidelines of the UN Food and Agriculture Organization (FAO) to perform benchmarking of certification systems, and recognizes those systems that are deemed to be in alignment with

requirements. By providing a guarantee of the reliability of certification systems and providing stimulus for the improvement of systems that are not recognized, the GSSI is helping to promote efforts to achieve marine products sustainability.

The Kyokuyo Group began handling certified marine products in 2006. Through the procurement of sustainable marine products, we have been striving to safeguard biodiversity and ecosystems, and to provide food products that people can consume with safety and reliability. We handle MSC certified marine products and ASC certified marine products; both of these certification systems have been recognized by the GSSI as meeting FAO guidelines.

As an enterprise that operates globally and promotes the sustainable use of marine resources, the Kyokuyo Group is working together with a wide range of stakeholders both within and outside Japan, including other companies and organizations that are participating in the GSSI, to promote the widespread adoption of sustainable marine products.

Related page Conservation of Biodiversity → P.43-44

Coastal cleanup activity implementation

As part of our initiatives to address the problem of ocean plastic waste (→ P.49), in 2023 we began to implement a coastal cleanup activity in collaboration with Maruha Nichiro Corporation and Nissui Corporation, with the CEOs of all three companies taking part. This activity was held for the second time in 2024.

A total of 167 people from all three companies combined participated in the 2024 cleanup activity, in which a total of 104.6 kilograms of waste was cleared from the coast (up from

a total of 22 kilograms cleared by 201 participants in 2023).

For Kyokuyo, which is heavily reliant on ocean resources, the health of the oceans has a major impact on the sustainability of the Kyokuyo Group’s business operations. Besides the Clean River Activities (→ P.51) that we implement to stop plastic waste from flowing down rivers into the oceans, going forward we will continue to conduct this coastal cleanup activity, striving to help safeguard a healthy ocean environment.



Group photo taken during the 2024 coastal cleanup activity

Digital Transformation (DX)

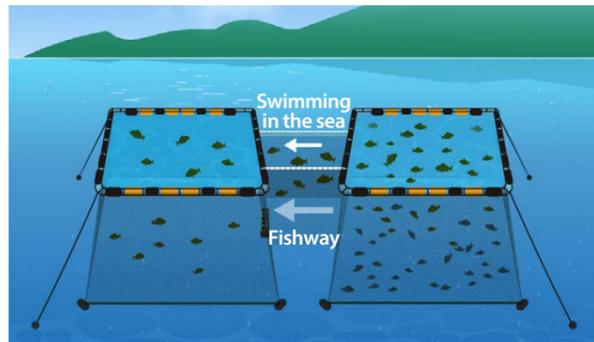


In order to continue meeting the needs of society while faced with the continuous transformation of our business environment, the Kyokuyo Group is aiming to improve its operations through the effective utilization of digital technology, to enhance productivity and working efficiency, and to address social problems such as labor shortages.

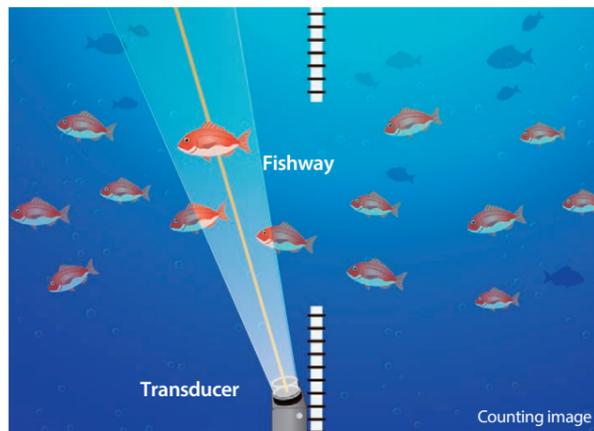
An initiative to strengthen working efficiency and productivity at aquaculture facilities

In aquaculture, it is common for fish to be moved from one cage to another as they grow bigger. The normal method is to use a net and scoop out several fish at a time. As the fish are also being counted during this process, it is laborious work for the operatives, and there can be problems with insufficiently precise counting.

To address this problem, Kyokuyo Co., Ltd. and Kuroshio Suisan Co., Ltd. adopted an Automatic Fish counting system for aquaculture* that allows fish to be moved between cages by having them swim to the new cage, while also using ultrasound to accurately count the number of fish that are being moved. With the conventional method, because the fish were scooped up in nets, there was a risk of them being injured,



Conceptual image showing the system in use while moving fish between cages



Counting the number of farmed fish moving in the sea between cages

with a negative impact on quality. With the newly adopted method, because there is no need to touch the fish, they are not subjected to stress, which is beneficial in terms of both product quality and animal welfare.

Going forward, we will continue to enhance working efficiency and productivity by adopting this type of advanced equipment.

* Automatic Fish counting system for aquaculture: This system uses an ultrasound transducer, which is installed in a fishway linking one aquaculture cage to another, so that the number of fish passing through the fishway can be counted. The number of fish can be determined in real time, in the sea.

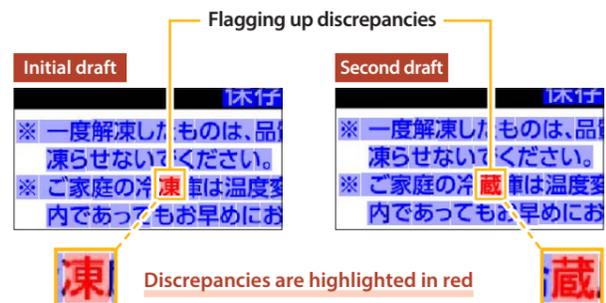
Realizing an improvement in the efficiency and accuracy of proofreading through the adoption of text-checking support software

Our Research and Development Division has adopted text-checking support software that enhances the efficiency and accuracy of proofreading for the food labeling printed on product packaging.

In the past, proofreading has had to be performed by eye for around 100 products each year. Checking every single word of all the text included in product labeling is highly time-consuming, and very laborious for the operatives.

The new software enables digital detection of discrepancies even with very small text, and easy-to-miss errors such as using half-width Japanese characters instead of full-width, or vice versa. By making it possible to focus on key areas, the accuracy of proofreading was improved and work time was reduced by around 30%.

Looking ahead, we will be examining ways to utilize this type of technology effectively from different perspectives, and will be collaborating with relevant departments to achieve further improvements in working efficiency and accuracy.



Achieving a Circular Society



Kyokuyo Group's position and policy

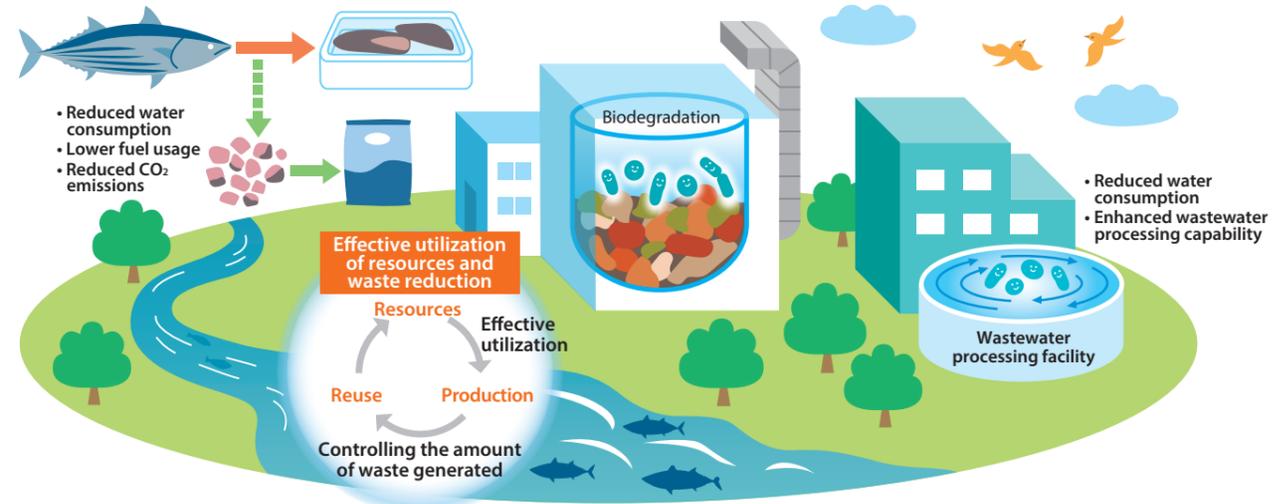
The Kyokuyo Group is underpinned by nature's bounty, and being able to utilize limited natural resources properly is vitally important for the sustainability of our operations. While proceeding with efforts to reduce waste, we are also striving to help realize a circular society by making effective use of by-product, etc.

Examples of the Kyokuyo Group's approach to achieve a circular society

Commercialization of by-product / Review of production process

Ibusuki Shokuhin Co., Ltd., which principally manufactures skipjack-based products, uses material removed during the processing of skipjack to produce *neribushi*, a product sold commercially as a raw material in *dashi* broth.

In addition, by collaborating with research institutes, Ibusuki Shokuhin has made adjustments to the *neribushi* production process, achieving reductions in water usage, fuel usage, and CO₂ emissions. Whereas in the past the *neribushi* moved along the conveyor using water flow, this has now been changed to using air flow, which has reduced water consumption by around 200 m³ per month and also substantially reduced boiler utilization.



Disposal of food waste

Since 2003, Kyokuyo Foods Co., Ltd., which produces imitation crab meat, has been using microbes to dispose of waste food generated during the production process.

Improvement of wastewater processing facilities

After transferring production of salmon roe from Kyokuyo Shokuhin Co., Ltd.'s Hitachinaka Plant to the company's Shio-gama Plant, it was determined that the Shio-gama Plant would require wastewater processing facilities with approximately 1.2 times the capacity of existing facilities. After implementing measures in response that included bacteria activation and efficient mixing of wastewater, we succeeded in achieving the required wastewater processing capacity with the existing facilities, and we were also able to reduce the amount of water needed for processing.

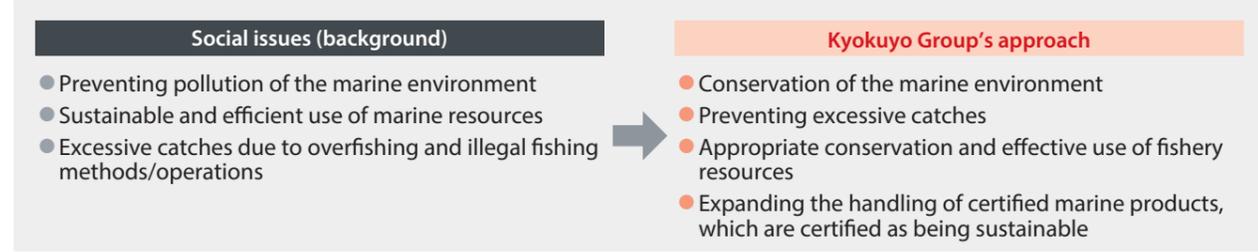
The Kyokuyo Group will continue to use knowledge from our laboratory and the latest technology in an effort to reduce all kinds of impacts on the environment.

Efficient utilization of food waste and sustainable use and management of water

For data relating to the amount of food waste processed and the amount of water used, please refer to the Kyokuyo Group Sustainability Databook.

URL https://www.kyokuyo.co.jp/en/ir/library/library_reports02/index.html

Environment Conservation of Biodiversity



Kyokuyo Group's position and policy

As the demand for marine products increases due to the growing global population and the wider diffusion of a culture of eating fish, it is becoming increasingly important to use limited fishery resources in a sustainable fashion. In particular, the appropriate management and control, based on scientific evidence, of fishery resources used internationally is a

global issue. Therefore, the fishing industry must respect ecosystems and prevent overfishing, ensuring the appropriate conservation of fishery resources and their effective use. The Kyokuyo Group's business operations are supported by the blessings of the ocean, and we are working to ensure the sustainable and efficient use of fishery resources while making a proactive effort to help conserve biodiversity and ecosystems.

Initiatives to realize the sustainable use of fishery resources

Due to the impact of overfishing, the share of fishery resources that can be harvested at a sustainable level is gradually declining. As a result, demand for certified marine products (which are certified as being sustainable) is expected to significantly increase in the future, both in Japan and abroad.

The Kyokuyo Group began handling MSC*1- and ASC*2-certified marine products in 2006, and since then we have increased both the number of registered fish species and handling volumes, while expanding the scope of certification. From the end of 2023 to the beginning of 2024, we secured MEL*3 aquaculture certification for red sea bream, yellowtail, and burihira (a yellowtail-goldstriped amberjack cross-breed species), and also secured MEL Chain of Custody

certification. These certifications constitute an important indicator that the marine products handled by the Kyokuyo Group are derived from fisheries and aquaculture that are properly managed on a scientific basis.

Every year, we implement internal training for relevant personnel regarding the handling of certified products. This training familiarizes employees with the key aspects of managing these products, so that they will have a thorough understanding of how to handle certified products on a daily basis.

Going forward, the Kyokuyo Group as a whole will strive to further expand the handling of certified products that bear internationally-recognized marine products eco-labels, as part of our responsible procurement efforts, thereby contributing toward the conservation of biodiversity and the sustainable use of fishery resources.



MSC-C-51738



ASC-C-00459



*1 MSC: Marine Stewardship Council. An international non-profit organization established in 1997 and headquartered in the United Kingdom. The MSC blue fish label is awarded only to natural marine products caught using sustainable fishing methods from a fishery that is appropriately managed with due consideration for marine resources and the environment.

*2 ASC: Aquaculture Stewardship Council. An international non-profit organization established in 2010 and headquartered in the Netherlands. ASC manages a system of certification that recognizes only products cultivated through environmentally and socially responsible aquaculture.

*3 MEL: Marine Eco-Label Japan. A certification system for sustainable marine products that follows FAO guidelines. Since 2016, the MEL system has been run by the Marine Eco-Label Japan Council.

Preventing by-catch of fry, young fish, and endangered species, and preventing the outflow of ocean waste

The fishing operations of Kyokuyo Suisan Co., Ltd. mainly involve fishing for skipjack tuna in the central and western Pacific Ocean. These areas of the Pacific are managed by the WCPFC,*4 an international regional fisheries management organization of which Japan is a member. Kyokuyo Suisan undertakes fishing in accordance with guidelines compiled by Japan's Fisheries Agency in line with WCPFC rules.

(1) Preventing by-catch of fry and young fish

To prevent by-catch of young fish, which are unable to swim fast yet, two of the purse seine fishing vessels belonging to Kyokuyo Suisan are equipped with helicopters, enabling them to use the free school fishing*5 method, whereby the helicopters identify schools of adult fish that are swimming at high speed. In addition, to prevent by-catch of fry, etc., the size of the mesh used in the company's fishing nets has been adjusted to enable fry to swim out through the mesh.

(2) Preventing by-catch of endangered species

When endangered species such as whales, turtles, manta rays and other rays, sharks, and seabirds are caught as by-catch

while fishing for tuna, they are released back into the ocean. In areas covered by the PNA,*6 observers from PNA member countries are taken on board fishing vessels, and the recording, release, and reporting of by-catch of endangered species is managed using digital data. In addition, when fishing vessels return to port in Japan, they submit these records to the Fisheries Agency.

(3) Preventing the outflow of ocean waste

To prevent smart fishing buoys and other FADs*7 from floating away and becoming ocean waste, Kyokuyo Suisan uses sonar-equipped satellite buoys which carry an ID mark and the name of the fishing vessel to which they belong, and they are recovered after use. In addition, to prevent accidental ingestion of ocean waste by living organisms, all fishing nets, plastic bottles, etc. that are caught in the nets while fishing are recovered and disposed of appropriately after returning to port.

*4 WCPFC: Western & Central Pacific Fisheries Commission. One of the five regional fisheries management organizations that oversees fishing of skipjack tuna and other tuna species.

*5 Free school fishing: A method of catching skipjack and tuna that swim at high speed in a school, by following the sardines and other prey on which they feed.

*6 PNA: Parties to the Nauru Agreement. An agreement by eight countries in the Oceania region relating to tuna fishery in their EEZs and in the neighboring high seas. The eight members of the agreement are Papua New Guinea, Micronesia, the Marshall Islands, the Solomon Islands, Palau, Kiribati, Nauru, and Tuvalu.

*7 FADs: Fish aggregating devices. Floating devices that create "artificial reefs" by taking advantage of some fish species' tendency to cluster around objects floating in the water

Measures to reduce antibiotics usage by developing fish vaccines for use in the aquaculture business

Along with Maruha Nichiro Corporation and Nissui Corporation, Kyokuyo has recognized the need to strengthen development of fish vaccines to reduce the amount of antibiotics used in our aquaculture business. Working together with the Ministry of Agriculture, Forestry and Fisheries, Fisheries

Agency, Japan Fisheries Research and Education Agency (FRA), and pharmaceutical companies, in 2022 we established a Vaccine Study Group to serve as a platform for collaboration between industry, government, and the university sector.

Through the exchange of views, and through ongoing measures aimed at realizing the development of new fish vaccines, we are aiming to bring about a reduction in the amount of antibiotics used in aquaculture.



The Wakaba Maru No. 11 fishing vessel with a helicopter



Sonar satellite buoy attachment for smart fishing buoys and other FADs to prevent them drifting off and becoming ocean waste

Environment Reducing Greenhouse Gas Emissions



Kyokuyo Group's position and policy

Global warming, caused mainly by the increase in emissions of greenhouse gases such as carbon dioxide (CO₂), has been transforming the ocean environment and leading to abnormal weather conditions, and there are concerns that it could have various negative impacts on society and on the ability of the Kyokuyo Group to realize business continuity over the long term.

So that the Kyokuyo Group can carry on its business into the future and continue growing together with society, we are working to help keep global warming under control through the reduction of greenhouse gas emissions, for example by using energy more efficiently and utilizing renewable energy.

Initiatives in response to climate change —Following the TCFD Recommendations

The concerns regarding the impact of climate change caused by global warming on social and corporate activities are growing steadily, and there is clearly a need to take appropriate measures in response to the risks posed by climate change. Based on the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD),*1 the Kyokuyo Group has been analyzing the risks and opportunities that climate change will bring for our business activities, and considering strategies that can be implemented in response.

The operational flow from identifying risks and opportunities through to formulating strategies in response



*1 Task Force on Climate-related Financial Disclosure (TCFD)
The Financial Stability Board established this task force in 2015 following a request from the G20. The task force evaluates the financial impact on business management of the risks and opportunities associated with climate change, encouraging companies to disclose information related to corporate governance, strategy, risk management and indicators and targets.

1. Governance

With the Sustainability Committee playing a key role, we are implementing company-wide initiatives to address society's problems, including the issue of climate change.

Chaired by the company's President and Representative Director, the Sustainability Committee meets twice a year. With members that include Directors, the heads of each division, department, and branch office, and the presidents of affiliated companies, the Committee deliberates on and makes decisions relating to our response to societal issues such as climate change, and reports to the Board of Directors regarding important matters and the progress made in related initiatives.

[Related page](#) Sustainability Organization Structure → P.35

Main deliberation and reporting activities of the Sustainability Committee

- Progress status of efforts to reduce the amount of plastic used in packaging, and measures implemented to achieve the reduction targets
- Internal CSR auditing results
- Management review of environmental conservation activities
- Periodic maintenance of the environmental management system, and system renewal auditing results
- Periodic maintenance of MSC and ASC CoC certification, and certification renewal auditing results
- Survey implementation strategy and survey results of marine resource surveys conducted to promote sustainable procurement, and of related supplier surveys

2. Risk management

We identify and evaluate major risks, based on the potential size of the impact and the likelihood/frequency of occurrence, and we formulate response strategies to prevent, avoid, mitigate, and minimize risks, as well as monitoring the progress made in implementing these strategies. The results of monitoring are reported to the Board of Directors, which oversees risk management.

Risk management process



3. Strategies

We have posited scenarios in which average global temperature rises by 1.5°C and 4°C respectively, and we have examined the associated risks and opportunities for our company's business a whole, and the response strategies that we can implement (in terms of mitigation and adjustment strategies).

The 1.5°C scenario assumes that the rise in average global temperature by the end of the 21st century compared to the situation prior to the Industrial Revolution is kept down to within significantly less than 2°C. Referencing scenarios formulated by the International Energy Agency (IEA) and the United Nations' Intergovernmental Panel on Climate Change (IPCC), we have examined the anticipated impact of the 1.5°C scenario by 2050.

The 4°C scenario assumes that decarbonization efforts are inadequate, with a continuing high level of dependency on fossil fuels, and that average global temperatures rise by at least 4°C. Referencing scenarios formulated by the IPCC, we have examined the anticipated impact of the 4°C scenario by 2050.

Risk and opportunity response measures, based on scenario analysis <1.5°C scenario>

Risk categories		Impacts	Extent of impact	Opportunities	Key response strategies
Transition risks*2	Policies / regulations	<ul style="list-style-type: none"> • Tightening of regulation, including the adoption of carbon pricing and/or the raising of carbon taxes • Increased compliance costs resulting from the tightening of regulation 	Large	<ul style="list-style-type: none"> • Reducing the burden associated with the management of machinery that uses CFCs • Reduced costs resulting from changes in packaging specifications 	<ul style="list-style-type: none"> • Switching over to renewable energy • Switching over to energy-saving machinery and equipment that uses natural refrigerants • Reducing the amount of plastic used in packaging
	Reputation	<ul style="list-style-type: none"> • Weakening of the company's brand and image, with criticism on social media, etc. 	Moderate	<ul style="list-style-type: none"> • Increased demand for farmed fish 	<ul style="list-style-type: none"> • Using farmed fish as substitute products
Transition risks*2	Reputation	<ul style="list-style-type: none"> • Changes in investors' judgments and actions 	Moderate	<ul style="list-style-type: none"> • Enhancing the company's social value through promotion of sustainability-focused management • Differentiating the company from its competitors by developing eco-friendly and ethical products 	<ul style="list-style-type: none"> • Proactive disclosure of climate change response data • Development of environmentally friendly products and increased use of certified products
	Reputation	<ul style="list-style-type: none"> • Changes in consumer behavior 	Large	<ul style="list-style-type: none"> • Increased demand for eco-friendly and ethical products 	<ul style="list-style-type: none"> • Development of environmentally friendly products and increased use of certified products

*2 Risks arising from the transition to the decarbonized society

Reducing Greenhouse Gas Emissions

<4°C scenario>

Risk categories		Impacts	Extent of impact	Opportunities	Key response strategies
Physical risks**	Chronic (Changes in the ocean environment rising sea temperatures, and rising sea levels)	<ul style="list-style-type: none"> Increased procurement risk resulting from changes in the types of fish caught and reduction in catch 	Large	<ul style="list-style-type: none"> Marine product production that is not dependent on the sea (inland aquaculture) 	<ul style="list-style-type: none"> Development of products that use alternative protein sources
	Acute (Abnormal weather Changes in rainfall and weather patterns)	<ul style="list-style-type: none"> Obstacles to raw materials procurement and product supply caused by logistics disruptions Increased damage to aquaculture facilities and plant and cold storage buildings 	Large	<ul style="list-style-type: none"> Increased demand for products with long storage life 	<ul style="list-style-type: none"> Risk-hedging through dispersal and adjustment of logistics hubs Strengthening the disaster resilience of aquaculture facilities, plants, and cold storage facilities

*3 Risks relating to natural disasters, etc. caused by climate change

4. Indicators and targets

In our “Gear Up Kyokuyo 2027” Medium-Term Business Plan, the Kyokuyo Group has announced that, based on our sustainability-aware management, we will be proceeding with proactive measures to help solve society’s problems

through our business activities, for example by contributing toward the realization of carbon neutrality. In line with this policy, we have established the following indicators and targets, and we will be evaluating and managing our efforts to mitigate climate change related risk.

Target	Scope	Indicators	Response measures
CO ₂ emissions reduction (Scope 1 + 2**4)	As noted below**5	Reducing emissions by at least 1% per year compared to actual performance in FY2023 (on an intensity basis)	<ul style="list-style-type: none"> Activities, such as inspections, to reduce resource consumption in day-to-day business activities Adoption of energy-saving machinery when replacing existing equipment Installation of solar panels Utilization of hybrid vehicles and electric vehicles
		Reducing emissions by approximately 5% by the end of FY2026 compared to actual performance in FY2023 (on an intensity basis)	
Reducing the amount of plastic used in packaging	Affiliated companies’ plants	Reducing the volume of plastic used in packaging by 30% by 2030 (reference year: 2019, on an intensity basis)	<ul style="list-style-type: none"> Switching over to materials with lower CO₂ emissions Utilization of non-tray packaging Reducing the size of packaging materials, etc.

*4 Scope 1: Greenhouse gases emitted directly by the company itself (through the burning of fuel, and emissions from industrial processes)

Scope 2: Indirect emissions associated with electric power, heat, steam, etc. supplied by other companies (including electricity purchased from power companies, etc.)

*5 Scope: Kyokuyo Co., Ltd. (Research and Development Division Laboratory); Kyokuyo Akitsu Reizo Co., Ltd. (Jonanjima cold storage, Tokyo cold storage, and Fukuoka cold storage); Kyokuyo Shokuhin Co., Ltd. (Shiogama Plant, Hachinohe Plant, and Hitachinaka Plant); Kyokuyo Suisan Co., Ltd. (Oigawa Plant and Souemon Plant); Kyokuyo Foods Co., Ltd.; Kyokuyo Fresh Co., Ltd.; Ibusuki Shokuhin Co., Ltd.; Kaiyo Foods Co., Ltd.; Apex Kyokuyo Co., Ltd.; and Jokki Co., Ltd.

Decarbonization and eliminating the use of CFCs

The Kyokuyo Group is proceeding with initiatives to reduce fossil fuel usage, while also investing in renewable energy, transitioning to refrigeration equipment that does not rely on

CFCs, etc. Focusing mainly on our plants and cold storage facilities, going forward, we will be proceeding with activities to enhance energy efficiency through regular inspections and improvement efforts, and promoting a transition to using machinery with a lower environmental footprint, as we aim to realize decarbonization and a move away from CFCs.

Examples of our initiatives

Utilization of hybrid vehicles and electric vehicles

The Kyokuyo Group is proceeding steadily with the adoption of hybrid vehicles and electric vehicles, striving to realize decarbonization by reducing its use of gasoline-powered vehicles.



Electric vehicle used by Kyokuyo Akitsu Reizo Co., Ltd.

Installation of solar panels

Jokki Co., Ltd. and Kyokuyo Suisan Co., Ltd. have been installing solar panels and generating renewable electric power. The electricity generated in this way is used in the companies’ own facilities, and is also supplied to electric power companies.



Solar panels at the Jokki Co., Ltd.’s Saitama Plant

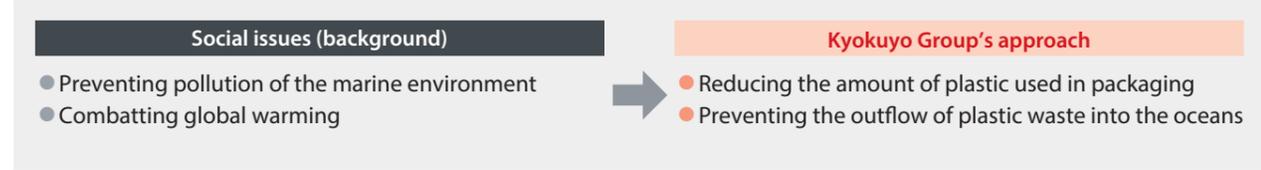
Adoption of CFC-free refrigeration equipment

The Kyokuyo Group continues to switch over to CFC-free refrigeration equipment. By transitioning to the use of natural refrigerants, we are reducing the usage of CFCs, which are a significant contributor to the greenhouse gas effect. We also perform regular inspections of refrigeration equipment that still uses CFCs, making thorough efforts to prevent any CFC leakage.



CFC-free refrigeration equipment used by Kyokuyo Akitsu Reizo Co., Ltd.

Initiatives to Address the Problem of Ocean Plastic Waste



Kyokuyo Group's position and policy

It is estimated that approximately 8 million tons of plastic enter the world's oceans every year, and ocean plastic waste is currently a major global issue. The majority of ocean plastic waste is generated in urban areas and reaches the ocean via rivers. While ultraviolet light, waves and other factors reduce the size of plastic, it does not decompose and accumulates in the ocean.

The Kyokuyo Group's business depends on the oceans, which cover 70% of the earth's surface. If ocean plastic waste continues to increase at current rates, not only will the health of the ocean be compromised, but it will also cause a major problem for the sustainability of our Group's business. Our Group plants, which use plastic packaging materials in the manufacturing of their products, are working, from the product design stage onward, to consider appropriate materials, assess product safety, and review manufacturing processes, and our Group aquaculture companies, which use plastic buoys, fishing nets and other equipment, carry out daily maintenance and inspection work to help keep plastic waste out of the oceans.

The Kyokuyo Group is making a concerted effort to reduce both the volume of plastic used in packaging (which is a major source of plastic waste) and the overall amount of plastic waste entering the oceans.

Preventing plastic from flowing into the oceans: Regular replacement of fishing nets

Group companies in Shikoku responsible for the aquaculture (Kyokuyo Marine Ehime Co., Ltd., Kyokuyo Marine Farm Co., Ltd., and Kuroshio Suisan Co., Ltd.) conduct repairs and maintenance in the course of their daily work to prevent plastic components of fishing nets and buoys used in aquaculture facilities from getting damaged and flowing into the ocean. In addition, nets and buoys etc. are removed from the water and inspected for damage every three years, and are replaced in the ninth year.

Going forward, by continuing to implement this kind of inspection, repair and maintenance work, and by replacing fishing equipment on a regular basis, we will be striving to prevent plastic waste from flowing into the oceans.



Checking buoys for damage



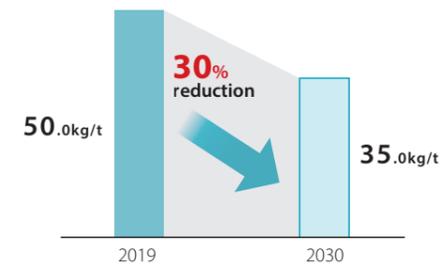
Aquaculture fish cages and buoys



Initiatives to reduce the amount of plastic used in packaging

In 2022, we set ourselves the goal of reducing the volume of plastic used by 30% by 2030 (reference year: 2019, on a plastic usage intensity basis). Our whole Group is working together to achieve this goal.

Our efforts to reduce plastic usage focus on three areas: replacing materials, using non-tray packaging, and downsizing. We are promoting various initiatives as we take on board new methods, and we are collaborating with our business partners on these efforts.



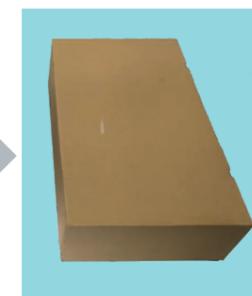
Replacing packaging materials

Kyokuyo Shokuhin Co., Ltd.'s Hachinohe Plant

- Material used for boxes for salt-cured coho salmon was switched from expanded polystyrene (Styrofoam) to paper (cardboard)



Prior to the change



After the change

A switchover to using non-tray packaging

Jokki Co., Ltd.

- Jokki's seafood delicacy products are no longer packaged using plastic trays, instead being placed directly into bags
- The weight of packaging material has been reduced from 4.1g to 2.5g, reducing the volume of plastic used to package each product by 39%



Product (before improvement)

Bag and tray

Downsizing

Kyokuyo Foods Co., Ltd.

- The thickness of the cushioning material used when packing products in boxes has been reduced from 3mm to 2mm
- This reduction in material thickness has reduced the volume of plastic used by 33%

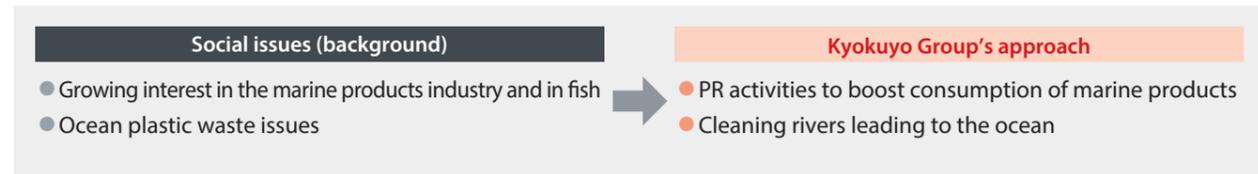


Schematic diagram

Approx. 33% reduction

3mm [2mm]

Social Contributing to Local Communities



Kyokuyo Group's position and policy

We are working to promote greater cooperation and communication between our companies and the communities in which they are based, encouraging understanding and respect for local cultures, customs and traditions. Engaging proactively in events that bring us closer to local communities helps to build mutual trust. Through our businesses, we aim to address issues that affect the lifestyles of local people and the global environment, contributing to the development of each community.

Implementing visiting classes for junior high schools that are aimed at making the eating of fish more popular and expanding consumption of marine products

In December 2023, Kyokuyo participated in a visiting class at Tatekawa Junior High School, Sumida Ward, Tokyo, which was organized by the Japan Fisheries Association. These visiting classes are being held at kindergartens, elementary schools, and junior high schools throughout Japan, with the involvement of personnel from marine products related companies and organizations, to stimulate children's interest in the marine products industry and in the nutrition that fish can provide, with the aim of making the eating of fish more popular and expanding consumption of marine products.

A talk was given to 141 second-year junior high school students on the topic of "Let's eat fish, not waste it." The aim was to get across to the children that, while people in Japan are becoming steadily less enthusiastic about eating fish year by year, on a global scale, demand for fish is increasing because of factors such as rising health consciousness, which in turn has led to a boom in the aquaculture sector, and so it is important to not waste fish when eating it, given that it is a scarce marine resource. The talk also offered suggestions on how to actually eat fish without waste, such as by using Kyokuyo's canned fish products in which everything, including the bones, is edible.

Following the talk, the students engaged in a group discussion activity on the subject of "How can I help to realize the SDGs, and what is there that only I can do to achieve this?" The suggestions that the students came up with included ideas on how to reduce food loss, such as "We need to use up and eat up all of our food, without leaving any," and measures relating to other aspects of dai-

ly life, such as "We can cut up old clothes to use as cleaning rags."

Going forward, Kyokuyo will continue working to make the eating of fish more popular and expand consumption of marine products through a variety of different activities.



Talk in progress

Riverbank cleaning activities (Clean River Activities)

From the standpoint of our environmental activities, in which we communicate to the community with a focus on living together with nature and the importance of water resources, we have, since 2017, supported the activities of Japan Canoe Federation as one of the Federation's official partners.

The Kyokuyo Group is the main sponsor of Canoe Slalom Japan Cup Kyokuyo Series and after each series event, we work together with event organizers and volunteers from among the event spectators to clean the area around the canoe competition courses. These Clean River Activity events are held across the country. Up until 2023, Clean River Activities have been held a total of 33 times, attracting 2,272 participants.

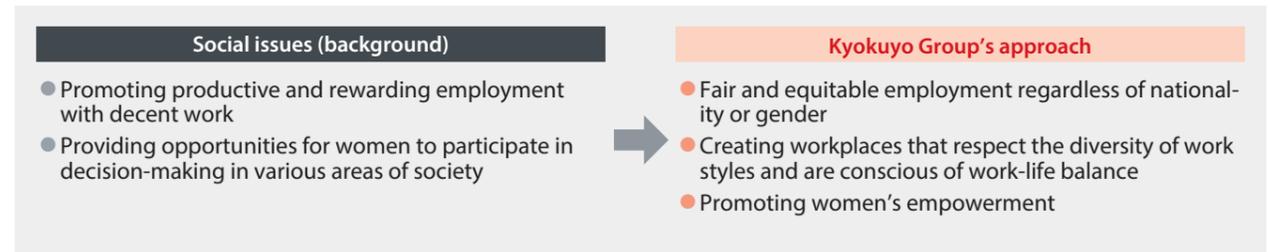
The Clean River Activities help to prevent plastic waste from getting into the rivers and then flowing down to the oceans. By implementing these Clean River Activities to safeguard the riverine and marine environments in collaboration with the local community, we are striving to safeguard biodiversity and ecosystems.

Japan Canoe Federation website
 URL Japanese link: <https://www.canoe.or.jp/>



Clean River Activity held after the end of the third race in the 2023 Canoe Slalom Japan Cup Kyokuyo Series (held in Oshu City, Iwate Prefecture)

Social Creating a Comfortable Working Environment



Kyokuyo Group's position and policy

Kyokuyo believes that creating a comfortable working environment has many benefits, including motivating employees to work and encouraging them to demonstrate their abilities. This results in improved productivity and efficient management, while helping to prevent mental health issues. Therefore, we are working to introduce and operate systems that conform to laws and regulations and which are consistent with our Corporate Philosophy and the principle of "human respect."

Creating a comfortable working environment

Diversity Management Initiatives

We implement various programs to ensure that the talents of female employees are fully reflected into our company's work including a job rotation system designed to provide a wide range of experience for career building and improve motivation, and a system of reemployment for employees who left the company for reasons including taking time away to look after their children. Through these programs, we aim to increase the percentage of female executives, create an environment that supports female employees, and foster personnel development.

We encourage the active participation of male employees in housework and childcare and we raise awareness of this issue through internal company newsletters, etc., working to create environment in which it is easy for male employees to take time off to look after the children.

Adopting a new human resources system

In FY2023, we introduced a new human resources system, with the aim of making Kyokuyo a dynamic company where employees can work maintaining a high level of enthusiasm and motivation.

The new human resources system is a flexible framework suited to today's diversified workstyles and changing lifestyles, which enables employees to be evaluated more appropriately based on their contribution to the organization, their capabilities, and their attributes. The system is designed to increase the speed at which capable younger employees are promoted, so that they can take on managerial roles earlier than would have been the case in the past.

In addition, the mandatory retirement age is being increased from 60 to 65, so that we can effectively utilize senior talent who possess enthusiasm and expertise, while also helping us to adapt to the changing external environment (with the decline in the working-age population and changing legal requirements).

By introducing a human resources system that aligns with the motivation and capabilities of all employees regardless of age, from young employees to senior personnel, we will be able to enhance overall fairness and employees' acceptance of evaluations, realizing a situation where promotions and pay rises reflect the results that individuals have achieved in their work.

Creating a working environment that is employee-friendly for everyone

To facilitate ease of understanding for technical intern trainees from other countries, Kyokuyo Group companies that host technical intern trainees are displaying warning notices in the workplace that are written in both Japanese and the trainees' own languages.



In 2023, Kyokuyo was awarded "Kurumin" certification from Japan's Ministry of Health, Labour and Welfare (MHLW) as a company supporting childcare, and also received "Eruboshi" certification from the MHLW as an outstanding enterprise in the promotion of female participation and advancement in the workplace.



汚れた長靴は、毎日洗ってください
 汚い長靴は入れないでください
 Xin vui lòng không đặt bần khởi động

Examples of a warning notice written in multiple languages

Creating a Comfortable Working Environment

Improving the working and living environment on overseas purse seine fishing vessels

Wakaba Maru No. 11, an overseas purse seine fishing vessel built for catching skipjack, has been designed, with great attention to detail, as a larger boat with more space to work in. The aim is to make working easier and provide a safer working environment for the crew, who spend around six weeks at sea on each fishing expedition.

In addition, the boat uses high-speed Wi-Fi to provide a convenient internet access environment. Through measures such as enlarging the crew accommodation and dining room, the aim is to provide the crew with a living environment that is virtually the same as on land.

Harassment prevention and effective utilization of experts

We are working to build a safe and happy workplace in which all employees respect one another. Besides disseminating circulars and notices at the beginning of each fiscal year, we have put in place measures relating to the prevention of all types of harassment, including the retention of qualified experts (clinical psychologists, psychiatric social workers, etc.) and the establishment of an external contact window, in order to be able to respond properly in the event that incidents of harassment do occur.

Diversified workstyles — Male employees' acquisition of childcare leave

Taking childcare leave made me aware of a lot of things

When we had our second child, during the period up until January 2023 I took childcare leave twice for a combined total of around one month. Having considered the severity of the physical and mental trauma my wife would be faced with as a result of childbirth, along with the responsibility of caring for our eldest daughter too, I decided that I should take childcare leave to help alleviate said burden. As the time when I was taking childcare leave coincided with the busy season for our company, I was worried that my taking leave would mean more work for my colleagues. Fortunately, a lot of my co-workers are balancing work with childcare responsibilities themselves, so they were very supportive, and I was able to make use of the childcare leave system with peace of mind.

While I was on childcare leave, although my wife and I shared the tasks of changing nappies, feeding the baby, and getting her off to sleep, it was still a lot more tiring than I had anticipated, and it filled me with a renewed respect and appreciation for my own parents for what they had to deal with when they were bringing me up. Above all, I am very grateful for having been able to spend precious time with my family.

With the increase in the number of families where both parents are working, I hope that people will continue to make use of this system to realize flexible workstyles.



Shunya Tokumoto
Sub Manager
General Affairs Section,
Tokyo Branch



Above: Family summer vacation
Below: Halloween party at a friend's house

Comment from his supervisor at the time



Makoto Nagai
Manager
Personnel Section,
Human Resources Department

Having a section member take childcare leave required adjustments to the way the section is run, but because we normally try to share tasks within the section anyway, the process of getting other section members to take over the work of the member taking leave proceeded smoothly. I also feel that providing support for the team members who had taken leave was a good opportunity for the other team members providing that support to enhance their capabilities.

Besides sharing our experience with other departments, we will also be proceeding with job rotation measures, and putting in place a system that allows any employee, regardless of gender, to make full use of the childcare leave system.

Promoting women's empowerment — A female manager

The excitement of connecting the dots after transferring from sales to administration

I previously worked on the sales side, being involved with production, procurement, and sales support for branch offices in relation to fillet, simmered fish, and grilled fish products for the industrial use. I often had to travel on business, including attending production meetings at factories both within and outside Japan, and giving presentations relating to sales promotion for our company's products.

Currently I am working in administration, mainly working at a desk, undertaking tasks that include credit management, etc. What I find interesting is being able to take the "dots" provided by the know-how and experience that I accumulated in sales, and use the different perspectives provided by working in a different department to join them up to create a "line."

Aiming to be the kind of leader who always supports their section members

My current position requires liaising with various different departments to coordinate and arrange things within the company, so I am bustling around within the company on a more or less daily basis. In order not to waste the time of personnel in other departments, I try very hard to achieve effective collaboration with the other members of my section, so that things will go smoothly. However, if you focus too much on ensuring that everything goes smoothly, you can end up failing to notice other things, which can cause serious problems. Whenever one of the other members of the section wants to talk to me about something, I always listen carefully, maintain a positive attitude, and make an effort to create an atmosphere in which people feel comfortable discussing things with me.

I hope that, while joining together the many dots that I cultivated in my previous assignment (where I had frequent opportunities for business travel), I will now be able to cultivate the ability to look at the overall picture, and create a better working environment.



Sayaka Sasaki
Manager
Sales Administration Section 1,
Sales Administration Department

Recruiting human talent from diverse backgrounds — A mid-career hire



Masanori Higuchi
Deputy General Manager, Human Resources Department, and Manager, Labor and Welfare Section, Human Resources Department

The background of how I joined Kyokuyo, and my current responsibilities

In my previous job, I was mainly involved in providing human resources and labor affairs consulting services to clients as a contracted advisor. Although I found the work very stimulating, after I had accumulated a considerable amount of experience, I came to feel that I would like to take my career a step further by taking up a position at a manufacturing company.

Currently, besides managing the other members of the section, I also supervise labor affairs, salary calculation, social insurance, and employee welfare matters.

One aspect of my work that has been rather challenging in recent years has been designing the new personnel system that came into effect starting from FY2023. As there had been a major change in the salary system, we had to run repeated simulations for every employee, performing detailed verification to confirm that there were no problems. It was a lot of hard work, but right from when I first joined the company I got the feeling that the old personnel system emphasized the number of years of service too much and needed improving, so I got a real sense of accomplishment out of doing it. I do not intend to stop there; I want to make more adjustments and improvements in line with changes in social conditions and in the labor market.

Looking ahead to the future

Building on the foundation provided by my specialist knowledge and experience in the field of human resources and labor affairs, I hope to incorporate new perspectives and new approaches, so that we can build a working environment in which all employees can work comfortably.

Contributing to a Healthy and Happy Lifestyle and Food Culture



Social issues (background)	Kyokuyo Group's approach
<ul style="list-style-type: none"> Changes in food lifestyles (increased demand for "time-savings," such as quicker and easier preparation) and changes in household structure Global rise in health consciousness and increased demand for protein sources Labor shortages affecting medical, care and social welfare facilities 	<ul style="list-style-type: none"> Contributing to popularization of eating fish and reduction of labor at food preparation sites through efforts such as the development of products that meet business partner needs Contributing to a healthy and happy lifestyle and food culture through product development that meets the needs of the growing numbers of health-conscious people and the protein source requirements Delivering wellness to more people through deliciousness by making effective use of business partner feedback in new product development Focusing on food that is not only quicker and easier to prepare, but also on "Food to Enjoy Life" and food that promotes "Feeling well"

Kyokuyo Group's position and policy

In Japan, people are eating less fish than before due to changes in lifestyle and household structure. However, seafood contains high-quality animal protein, and is low in calories and rich in nutrients such as vitamins and essential minerals. It also contains functional ingredients such as DHA and EPA.

As a general food company focusing on fish products, the Kyokuyo Group undertakes ongoing R&D and product development work, emphasizing the creation of time value in line with customers' needs for time-efficient, convenient solutions, and providing "food to enjoy life" by responding to customers' growing health consciousness and meeting their requirements for protein sources. Having put in place a production and sales network that extends throughout the globe, Kyokuyo provides delicious food that can be consumed safely and reliably not only to people in Japan but to people all over the world, aiming to realize our corporate policy of contributing to a healthy and happy lifestyle and food culture.

Examples of products in the Dandori product line



Creating time value

Helping to solve society's problems, such as labor shortages, by creating products that take into account business partner feedback

Staff shortages in medical, care and social welfare facilities constitute an increasingly serious problem for society. Based on the concept of making food easy to prepare, in 2013 Kyokuyo launched the Dandori Jozu product line of frozen food products, featuring products that have had the bones removed, etc., and which can be cooked directly from frozen.

In creating the products in the Dandori Jozu product line, we have made use of valuable advice from nutritionists, etc. working in the field in medical and care facilities. By continuing to undertake the development of new products, and providing products made from different ingredients with differing flavors and shapes, we are aiming to expand our product lineup in this range.

Going forward, we will continue with similar initiatives, striving to help solve the social problems relating to staff shortages.

Food to enjoy life

Sale of products that include balenine, a nutrient with anti-fatigue properties

Balenine is a substance which is believed to prevent fatigue and which may help prevent dementia. As such, balenine is drawing attention for its potential to help improve quality of life among Japanese people, who are living in a high stress, rapidly-aging society.*1 Only a limited number of marine species contain significant volumes of balenine. Previously, only baleen whales were thought to contain balenine. However, our Research and Development Department and laboratory, in cooperation with the Fisheries Technology Institute, Japan Fisheries Research and Education Agency, analyzed the flesh of opah (moonfish) by-catch from the long line of an ocean-going fishing vessel, and discovered the presence of balenine at a higher concentration than in baleen whales.*2

By providing opah (moonfish), which contains significant volumes of balenine, a nutrient with fatigue-reducing and dementia-prevention properties, we hope that we can support the healthy and happy lifestyles of Japanese people, who are living in a high-stress, rapidly-aging society.

*1 Source: Fisheries Technology Institute, Japan Fisheries Research and Education Agency; Research Trends, Major research results published by Fisheries Technology Institute, No. 16 (2017)

URL Japanese link: http://nri.fs.fra.affrc.go.jp/ugoki/pdf/ugoki_016_011.pdf

*2 Source: Fisheries Science, Vol. 84, No. 6 Analysis of balenine in muscle extract of opah *Lampris guttatus* with automatic amino acid analyzer

URL English abstract, paper in Japanese: https://www.jstage.jst.go.jp/article/suisan/84/6/84_18-00010/_pdf/-char/ja

Simple and delicious low-salt diets

Having an excessively high salt intake is one of the factors leading to high blood pressure; it is estimated that around 50% of Japanese adults aged 20 or over suffer from high blood pressure. Controlling one's salt intake, without cutting out salt completely, over an extended period can help people avoid developing high blood pressure, which puts them at increased risk of developing lifestyle diseases.*3

Japan's National Cerebral and Cardiovascular Center is currently promoting the concept of "KARUSHIOH" ("light on the salt"), which focuses on the new concept of reducing salt usage to better bring out the taste of ingredients. Products which pass inspection as conforming to the "KARUSHIOH" certification criteria are authorized to display the "KARUSHIOH" mark.

The Kyokuyo Group has been developing reduced-salt products, including "KARUSHIOH" certified products. Kyokuyo's "Karushioh" deboned Coho Salmon Fillet with Flying Fish Stock and "Karushioh" deboned Coho Salmon Fillet with Kelp Extract have 30% less sodium chloride equivalent*4 than conventional products, and feature first-class soup stock and carefully selected ingredients that really bring out the flavor. These products

embody the Japanese tradition of eating fish with exquisite soup stocks, and the savory flavor of the flying fish soup stock and kelp extract ensures that they not only provide value in terms of health benefits, but are also very tasty.

Canned foods have an important role to play as emergency food supplies (to be prepared for a natural disaster), and Kyokuyo offers Mackerel in Brine (Low Salt) and Mackerel in Miso Sauce (Low Salt), which have 30% less sodium chloride equivalent*5 than conventional products.

The Kyokuyo Group will continue to develop new products that can be utilized in a wide variety of usage scenarios and which are delicious and healthy, thereby contributing to society, and will continue to propose solutions and provide consumers with what they need.

*3 Source: Ministry of Health, Labour and Welfare, e-healthnet health information website for lifestyle disease prevention - "High Blood Pressure"
URL Japanese link: <https://www.e-healthnet.mhlw.go.jp/information/metabolic/m-05-003.html>

*4 Comparison with salted salmon based on the 2020 Standard Tables of Food Composition in Japan (Eighth Edition).

*5 Comparison with Kyokuyo's Mackerel in Brine (190g) and Mackerel in Miso sauce (190g).



Labels from Kyokuyo's "KARUSHIOH" certified coho salmon fillet products



An example of how Kyokuyo's "KARUSHIOH" certified coho salmon fillet products can be prepared

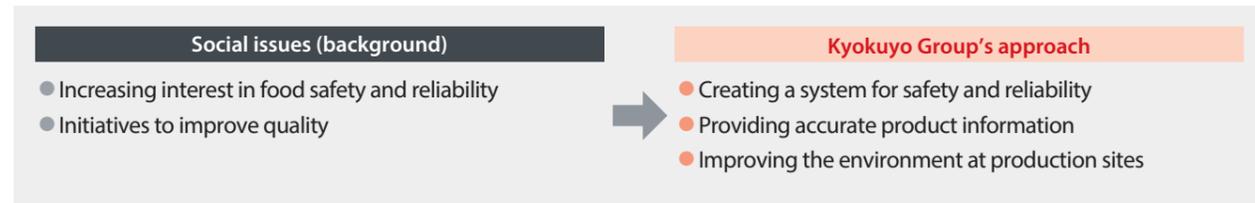
Reduced-salt canned mackerel products

Responding to the growing demand for protein sources

In line with our policy of "produce overseas, sell overseas," the Kyokuyo Group is strengthening its network of overseas production locations and sales locations, and in 2023 we established Ocean's Kitchen Corporation to undertake the manufacturing and sale of imitation crab meat for the US market. Responding to the growing global demand for protein sources, we are aiming to grow the sales of imitation crab meat (which is high in protein but can also be consumed by people who do not like the smell of fish) throughout the world, and we are making a serious effort to build up our sales network by developing and strengthening our overseas business locations.

The Kyokuyo Group will continue making a positive contribution toward the realization of healthy and happy lifestyles and food culture for people all over the world.

Providing Safe and Reliable Products



Basic Policy for Quality Assurance

Providing Products with Safety and Security

We give highest priority to providing safe and secure products to customers, and construct, maintain, and continuously review systems to achieve this goal.

Complying with the Law

We comply with all laws related to food, such as food sanitation law. We also comply with voluntary rules that are separately defined.

Providing Accurate Information

We accurately convey information on our products to customers in a manner that is easy to understand.

Sincere Customer Support

If an incident or complaint should occur with one of our products, we swiftly and sincerely prevent the spread of damage, investigate the cause, plan countermeasures, and report to the customer, etc.

Enhancing food safety

Food defense, which aims to protect against deliberate efforts to contaminate food by criminals or terrorists, is vitally important in the food industry. All of our factories have drawn up food defense rules based on guidelines that the Quality Assurance Department played a central role in formulating, and we are proceeding with the strengthening of relevant management systems.

Major Categories of Kyokuyo Food Defense Guidelines

- Organization Management
- Human Factor of Employees
- Human Factor of Outsiders
- Facility Management
- Management of Storage and Retrieval

Initiatives to improve quality

With the aim of improving product quality at all our factories, every year since 1986 we have held the Kyokuyo Cooperation Association Technical Research Meeting, which brings together the partner companies contracted to process our products. We share explanations and requests related to reports of complaints that have been addressed to the company, requests we have received, and our response to changes in food-related laws and regulations and food labeling laws, while also exchanging and sharing information on topics such as sanitation management methods at each plant, as well as examples of successful and unsuccessful practice.

Kyokuyo Cooperation Association Technical Research Meeting

This meeting shares information on the following initiatives, etc.

- Quality control
- Elimination of insects and mice
- Lectures on inspection equipment
- Lectures on microbe inspection

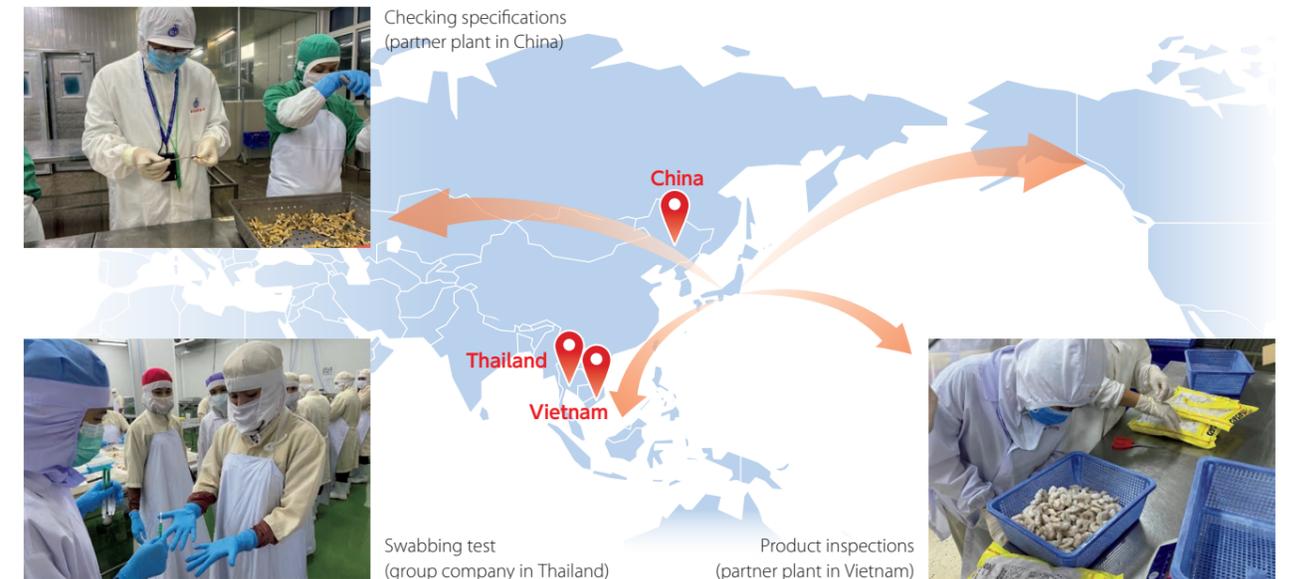
Quality Assurance Initiatives

The Kyokuyo Group works to achieve quality assurance. These activities center on our Quality Assurance Department and prioritize the procurement of safe and reliable foods.

In order to manufacture safe and reliable products, members of staff from our Quality Assurance Department directly visit processing subcontractors in Japan, as well as processing

subcontractors overseas that do not have onsite quality control staff, in order to conduct audits and provide guidance. At processing subcontractors in China, Vietnam and Thailand, Japanese and local product quality control specialists are permanently stationed onsite, where they work to provide for product quality and sanitation management.

For further information on our quality assurance system, please refer to our website.
 URL <https://www.kyokuyo.co.jp/en/company/point/reliability/index.html>



Securing food safety certification

Kyokuyo Foods Co., Ltd., which manufactures more than 6,000 tons of frozen foods—mainly Ocean King (imitation crab meat)—every year and is developing export sales, implements HACCP management (the foundation for food safety) and has secured FSSC 22000 food safety certification. By undergoing

periodic auditing by a third-party certification body and implementing ongoing improvement activities to maintain this certification, Kyokuyo Foods is aiming to enhance food quality and take the entire organization to an even higher level.

Going forward, we will be striving to ensure that the Group as a whole supplies products that embody safety and reliability.



Kyokuyo Foods Co., Ltd.



Imitation crab meat production

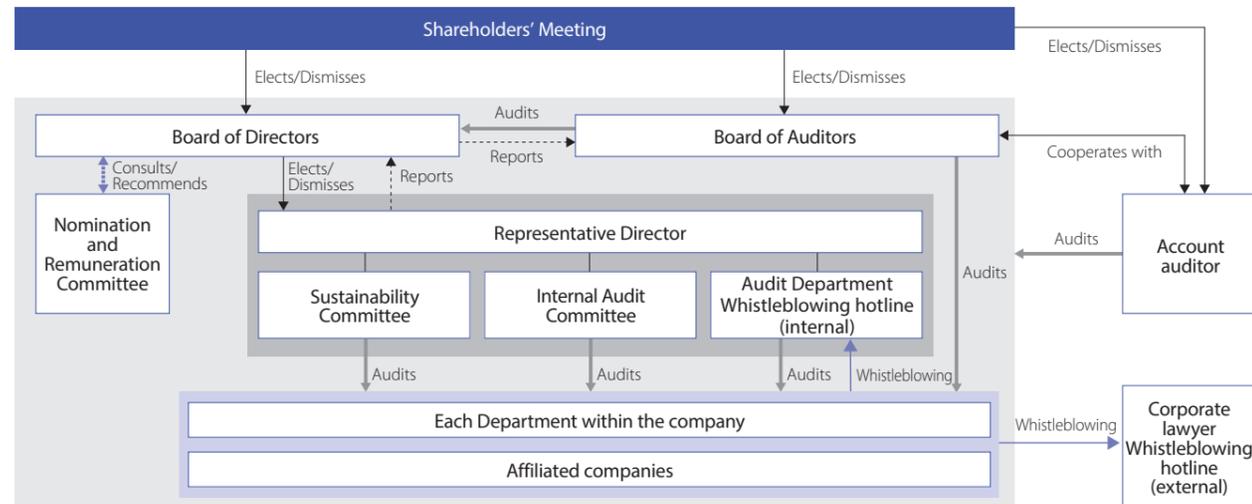
Governance Corporate Governance

Basic approach

The Kyokuyo Group's basic corporate governance policy is to conduct highly transparent management for shareholders and other stakeholders, and to perform swift and decisive decision-making to achieve sustainable growth and improve our

corporate value over the medium- to long-term. In addition, we also uphold our company's Corporate Philosophy, Group Corporate Action Charter, and Basic Sustainability Policy, building appropriate audit and monitoring systems to ensure thorough implementation of compliance, as we work to achieve and maintain efficient, fair operations.

Corporate governance system



Corporate governance system

Board of Directors

The Board of Directors convenes regularly, with extraordinary meetings convened as necessary, to ensure that the directors carry out their duties efficiently. In order to clarify the management responsibilities of directors and establish a management system that can swiftly respond to changes in the business environment, we set a one-year term of office for directors. In addition, we have appointed five independent outside directors, who account for over one third of the total number of directors, so by strengthening our oversight systems.

Please refer to our website for further information on our corporate governance guidelines.
 URL Japanese link: <https://www.kyokuyo.co.jp/files/20230127CG.pdf>

Board of Auditors

The Board of Auditors, which supervises the company's management, is composed of four members: two external auditors and two internal auditors.

At the start of each fiscal year, each auditor, in accordance with the audit policy and audit plan drawn up by the Board of Auditors, investigates and understands details of the company's internal controls including the execution of the company's business management, internal check and balances, compliance, and our internal audit, conducting their audit with a principal focus on confirming efficiency in these areas.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee has been established as an advisory organ to the Board of Directors.

The majority of the committee's members must be independent outside directors. The committee shall deliberate on matters related to directors' nomination and remuneration based on consultations and requests from directors.

The Nomination and Remuneration Committee's activities

Nomination and Remuneration Committee	April 1, 2023 to March 31, 2024
No. of meetings held	Three meetings
Attendance of individual committee members	The three committee members all attended every meeting
Content of the committee's deliberations	Nomination of candidates for directorships Directors' remuneration

As of the end of June 2024, the members of the Nomination and Remuneration Committee were as follows.

Chair Makoto Inoue (President and Representative Director)

Member Masayo Miura (Independent Outside Director)

Member Katsuhiko Machida (Independent Outside Director)

Evaluating the effectiveness of the Board of Directors

We give an annual questionnaire to all directors and auditors regarding the effectiveness of the Board of Directors as a whole. The results are reported to the Board of Directors, leading to improvements. The questionnaires have been returned with generally positive evaluations of the composition and operation of the Board of Directors, the mechanism of governance, etc.

We are also striving to ensure that there is adequate time to discuss proposals, for example by simplifying business results reports, and we are working to further enhance the performance of the Board of Directors.

Main evaluation items

- 1 Board composition (total no. of directors, and share held by outside directors)
- 2 Director diversity (in terms of specialist expertise and career background)
- 3 Content and amount of materials provided prior to deliberation
- 4 Implementation of deliberation, and time taken
- 5 Liveliness of discussion
- 6 Contribution to business strategy
- 7 Extent to which decision-making embodies awareness of external perspectives
- 8 Risk management
- 9 Oversight of individual directors
- 10 Self-assessment

Policy of training for directors and auditors

Newly appointed internal directors attend external seminars to acquire necessary knowledge as directors. We also promptly provide explanations of the Group's business to newly appointed outside directors and newly appointed external auditors at the time of their appointment.

In addition to regular executive training sessions for directors and auditors, we recommend that directors and auditors participate in external seminars and other training sessions as necessary, with the company paying all expenses.

Executive remuneration

Policy for deciding executive remuneration

Our basic policy on remuneration for directors is to have a balanced remuneration system, the purpose of which is to motivate directors to contribute more to improving performance and increasing corporate value from a medium- to long-term perspective.

Under the above policy, directors' remuneration consists of fixed basic compensation and performance-based stock compensation, both of which are paid within the total amount of remuneration set at the Ordinary Shareholders' Meeting.

History of corporate governance reform

Progress made in corporate governance reform	Unit: persons		
	Executive directors	Independent outside directors	Total
FY ended March 2016	11	1 (1)	12 (1)
FY ended March 2017	10	1 (1)	11 (1)
FY ended March 2018	9	2 (1)	11 (1)
FY ended March 2019	10	2 (1)	12 (1)
FY ended March 2020	10	2 (1)	12 (1)
FY ended March 2021	9	2 (2)	11 (2)
FY ended March 2022	8	4 (2)	12 (2)
FY ended March 2023	7	4 (2)	11 (2)
FY ended March 2024	8	4 (2)	12 (2)
FY ending March 2025	9	5 (3)	14 (3)

Figures in parentheses denote the number of women

Corporate Governance

Fixed basic compensation is determined based on each director's responsibilities. For performance-based stock compensation, the points to be awarded to each director for each fiscal year are determined according to the degree of achievement of consolidated sales and consolidated operating profit, with

the Company's shares being paid through a trust upon a director's retirement.

Since the remuneration of outside directors is independent of business execution, they are only paid fixed basic compensation with no performance-based stock compensation.

Amounts of remuneration for directors and auditors (FY2023)

Executive classification	Total amount of remuneration (million yen)	Total amount by type of compensation (million yen)			Number of eligible Basic executives
		Basic compensation	Performance-based stock compensation	Non-monetary compensation	
Directors (excluding outside directors)	323	292	30	—	9
Auditors (excluding external auditors)	9	9	—	—	2
External executives	92	92	—	—	6

(Notes) 1. The amount of basic compensation for each director and auditor is within the compensation framework established at the Shareholders' Meeting.
 2. Performance-based stock compensation was established at the 100th Ordinary Shareholders' Meeting.
 3. Directors' pay does not include the employee salary portion for directors who are concurrently employees.

Outside directors

Outside directors are expected to conduct effective management supervision and to provide frank and constructive advice regarding the Group's management from an independent and objective standpoint, with a practical perspective that draws on abundant experience, knowledge, and expertise. (➡ P.65)

When selecting candidates for outside directors, we select only those candidates who can provide frank and constructive advice on our company's business management. The independence of candidates is determined based on the requirements established by the Tokyo Stock Exchange, as well as our company's own criteria. The concrete reasons for the selection of the five outside directors are as described below.

Names of independent outside directors, and reasons for selection

Masayo Miura	Ms. Masayo Miura researched food and nutrition, among other subjects, at Kagawa Nutrition University. At Board of Directors meetings, she offers pertinent opinions from a fair and objective standpoint, drawing on her long experience and expertise as a specialist in food and nutrition. The Company has again nominated her for the position of Outside Director as it expects that she will continue to provide appropriate guidance for decision-making by the Board of Directors based on her long experience and expertise.
Mika Shirao	Ms. Mika Shirao researched food hygiene and dietary education at Jissen Women's University. At Board of Directors meetings, she offers pertinent opinions from a specialist standpoint, drawing on her abundant experience and advanced scholarship. The Company has again nominated her for the position of Outside Director as it expects her to continue to apply her knowledge and experience to the management of the Company and perform a supervisory role.
Katsuhiro Machida	Mr. Katsuhiro Machida worked for many years in key positions at the Ministry of Agriculture, Forestry and Fisheries and has abundant knowledge and experience accumulated at a research institute. The Company has again nominated him for the position of Outside Director as it expects him to provide advice and guidance from a specialist standpoint, and to supervise business execution appropriately from an impartial perspective.
Eiji Yamada	Mr. Eiji Yamada has served as Representative Director and President of Japan Information Processing Service Co., Ltd. over many years and has broad-based insight as a business executive with experience and a record of achievement in systems development. The Company has again nominated him for the position of Outside Director as it expects him to supervise the running of the Company and to contribute to bolstering its corporate governance by providing advice on all aspects of the Company's management.
Asako Nagano	Ms. Asako Nagano worked for many years in key positions at the Ministry of Agriculture, Forestry and Fisheries and has abundant knowledge and experience accumulated through the forestry consulting business. The Company has nominated her for the position of Outside Director as it expects her to provide advice and guidance on sustainability from a specialist standpoint and to supervise business execution appropriately from an impartial perspective.

Internal controls

We have established a basic policy on internal control systems and have put in place related rules to develop and operate an internal control system. With the Internal Controls over Financial Reporting, as stipulated by the Financial Instruments and Exchange Act, we evaluate the status of the development and operation of our internal control system. We reported that the Group's internal control system was effective in FY2023, as in the past.

Cross-shareholdings*

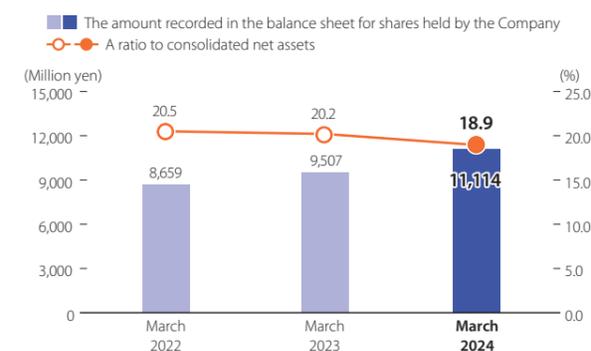
Recognizing the risk of price fluctuations associated with holding shares, we hold shares other than those for investment purposes, taking fully into account the rationality of the holding purpose, such as maintaining and stabilizing business relationships and fostering mutual trust.

The Board of Directors carefully examines the purpose of holding, transaction status, dividends, capital costs, and other matters related to cross-shareholdings, individually each year to evaluate the necessity for holding the shares.

In principle, when exercising voting rights, we respect the judgment of the Board of Directors of the share issuer and vote in the affirmative.

However, when exercising voting rights on matters that may have an adverse impact on the relationship with all transactions with our Group, or matters that may negatively affect the common good of shareholders, we will decide whether to vote in favor of the motion after careful consideration.

Changes in cross-shareholdings



* Cross-shareholdings: Amount recorded in the balance sheet and ratio to consolidated net assets of shares held by the Company for purposes other than net investment

Dialogue with shareholders and investors

IR policy

We believe that maintaining transparent and fair management is fundamental to corporate governance with the aim of achieving sustainable growth of the company and increasing corporate value over the medium- to long-term. To this end, we recognize that it is important to actively engage in dialogue with shareholders and reflect their opinions and requests in our management.

Based on this recognition, we disclose accurate corporate information required by shareholders and investors fairly and promptly in clear language. As well as providing disclosure consistent with regulations, including the regulations for public companies set out under the Financial Instruments and Exchange Act and by the Tokyo Stock Exchange, we also strive to provide timely and proactive disclosure.

Please refer to our website for further information on our IR policy.
 URL Japanese link <https://www.kyokuyo.co.jp/ir/policy/index.html>

Promoting shareholders' and investors' understanding of Kyokuyo

In order to provide shareholders with a deeper understanding of the current state of Kyokuyo, we send a Business Report to people who are shareholders as of the end of March every year. In addition, at our twice-yearly IR Presentations for analysts and institutional investors, the president himself explains our financial results and future measures, and successively conducts dialogues (interviews) at the request of analysts and institutional investors.



Business Report

Please refer to our website for further information on our Business Report.
 URL <https://www.kyokuyo.co.jp/en/files/101businessreport.pdf>

Governance Board of Directors and Auditors

Directors ⓄIndependent director

*Attendance at Board of Directors meetings is for FY2023



Makoto Inoue
President and Representative Director
Date of birth December 5, 1957
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Shigeru Kondo
Vice President and Director
Date of birth December 8, 1958
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Shuichi Kiyama
Senior Managing Director
Date of birth August 30, 1959
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Hitoshi Higaki
Managing Director
Date of birth August 17, 1962
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Eiji Yamada
Outside Director (part-time) Ⓞ
Date of birth July 18, 1955
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Asako Nagano
Outside Director (part-time) Ⓞ
Date of birth December 11, 1971
Attendance at Board of Directors meetings
Attendance rate Newly appointed
Meetings attended Newly appointed



Yoichi Kanno
External Auditor (full-time) Ⓞ
Date of birth August 6, 1962
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Tsutomu Sasaki
External Auditor (full-time)
Date of birth September 1, 1965
Attendance at Board of Directors meetings
Attendance rate Newly appointed
Meetings attended Newly appointed



Yutaka Tanaka
Director
Date of birth August 20, 1961
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Keizo Yamaguchi
Director
Date of birth January 8, 1962
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Atsushi Hattori
Director
Date of birth July 16, 1965
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 14/14



Masaki Miyama
Director
Date of birth March 30, 1966
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 14/14



Masahiko Oda
Director
Date of birth July 12, 1966
Attendance at Board of Directors meetings
Attendance rate Newly appointed
Meetings attended Newly appointed



Masayo Miura
Outside Director (part-time) Ⓞ
Date of birth May 16, 1946
Attendance at Board of Directors meetings
Attendance rate 94%
Meetings attended 16/17



Mika Shirao
Outside Director (part-time) Ⓞ
Date of birth February 28, 1960
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Katsuhiko Machida
Outside Director (part-time) Ⓞ
Date of birth November 15, 1953
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17

Supervisory Board Members ⓄIndependent director

*Attendance at Board of Directors and Board of Auditors meetings is for FY2023



Masayuki Nishihama
Auditor (part-time)
Date of birth November 21, 1954
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Yasuyuki Sobajima
Auditor (part-time)
Date of birth April 23, 1957
Attendance at Board of Directors meetings
Attendance rate Newly appointed
Meetings attended Newly appointed

Attendance at Board of Auditors meetings
Attendance rate 100%
Meetings attended 14/14

Attendance at Board of Auditors meetings
Attendance rate Newly appointed
Meetings attended Newly appointed

Executive expertise and experience (skill matrix)

Our Board of Directors consists of members with the following skills.

Name	General management	Industry insight	IT	Legal and compliance	Finance and accounting	Government and academic research	Internationality
Makoto Inoue	●	●					
Shigeru Kondo	●	●					●
Shuichi Kiyama	●		●	●	●		
Hitoshi Higaki	●		●		●		
Yutaka Tanaka		●					
Keizo Yamaguchi		●					●
Atsushi Hattori		●					
Masaki Miyama		●					●
Masahiko Oda				●	●		
Masayo Miura						●	
Mika Shirao						●	
Katsuhiko Machida	●	●				●	
Eiji Yamada	●		●				
Asako Nagano	●	●				●	●



Masayuki Nishihama
Auditor (part-time)
Date of birth November 21, 1954
Attendance at Board of Directors meetings
Attendance rate 100%
Meetings attended 17/17



Yasuyuki Sobajima
Auditor (part-time)
Date of birth April 23, 1957
Attendance at Board of Directors meetings
Attendance rate Newly appointed
Meetings attended Newly appointed

Reasons for selecting the seven items included in the skills matrix

The items chosen for inclusion in the skills matrix—which include management capability, involvement in measures to address society's problems, compliance-related expertise, specialist expertise in areas including legal affairs, finance, accounting, and government- and academic-related research, and also the ability to operate effectively in an international context—are items necessary for realizing business expansion and sustainable growth. (It should be noted that the list on the left shows areas where members have more specialized knowledge based on each individual's experience, etc., and is not a complete representation of their knowledge.)

Message from an Outside Director



Aiming to create a workplace full of diversity that welcomes different points of view

Mika Shirao Outside Director

Evaluation of the governance system as a whole, and the Board of Directors

It has been noticeable that Kyokuyo has been proceeding proactively with reforms, including a restructuring of the departments responsible for risk management and compliance, and the establishment of a new, dedicated unit to promote overseas M&A activity. I get a real sense that the company's governance system has been strengthened.

Kyokuyo's Board of Directors provides an environment in which each member can freely express their views, so I have been able, without hesitation, to give my opinion (from a food hygiene and nutrition education perspective) regarding various proposals. Also, speaking as someone who goes shopping at the supermarket, etc. on a daily basis, I believe that the consumer's viewpoint is very important for Kyokuyo Group's continued growth from a diversity, equity, and inclusion (DEI) perspective as well.

Challenges for moving to the next stage

With Kyokuyo having adopted a sales strategy that emphasizes "produce overseas, sell overseas," it is of key importance that the company proceeds with investment in developing human capital to achieve globalization of its operations, and that it focuses on recruiting and retaining global human resources. One thing that Kyokuyo has done that I have been particularly impressed by is its initiatives to ensure that it has human talent able to make an immediate contribution to the company, for example by promoting the recruitment of mid-career hires. At the same time, however, it is also important to cultivate human resources within the Kyokuyo Group. Kyokuyo needs to promote the development of human resources who possess diverse perspectives, through a repeated process of trial and error involving, for example, job rotation. A further point is that globalization does not apply only to employees working overseas. I think that Kyokuyo should also be working to realize globalization by sharing, within Japan, overseas culture and other related information.

Aiming to enhance corporate value

I feel that, to fully grasp the attitudes of diverse customers and to understand what kind of workplace environment will best motivate employees with different backgrounds, it is important to have a diverse range of people in decision-making positions. Having a workplace characterized by diversity will foster the interaction of different viewpoints, which in turn will lead to the generation of new ideas.

As someone who belongs to a generation in which women had fewer opportunities for higher education and fewer chances to develop a career, and who knows about the conflicts, worries, and joys that people experienced in the past, I feel that I can provide useful support to people from the younger generation who have grown up having their own views respected.

Looking ahead, I will continue working to make it possible for people working in the Kyokuyo Group to make choices that align with their own preferred lifestyle, and to play an active role in the group in a variety of different positions including managerial roles, in a way that also contributes toward enhancing the group's corporate value.

Profile

April 1994 Special Research Fellow, Institute of Public Health (now the National Institute of Public Health)
 April 2002 Assistant Professor, Jissen Women's Junior College
 April 2014 Professor, Jissen Women's University (current position)
 June 2020 Outside Director, Kyokuyo Co., Ltd. (current position)

Risk Management

Basic approach

We have established basic risk management rules for the Kyokuyo Group, and maintain a risk management system, in order to consider all risks that could affect the entire Group's business activities, to prevent the occurrence of such risks, and to minimize the impact of any risks that actually materialize.

Each department and group company manages, on a daily basis, the risks faced in their own work. Kyokuyo's headquarters departments, in their role as supervisory departments, oversee the managing of risks relating to their operations in the foregoing departments and group companies. Furthermore, Kyokuyo's Business Management Department oversees headquarters departments and manages risks throughout the entire Group. We are prepared to respond to crises and emergencies by organizing level-specific response organizations, including countermeasure headquarters, countermeasure projects, and response teams.

Risk management system

We recognize the major risks that could have a material impact on metrics including the financial condition and business results of the whole Kyokuyo Group, and we share the status of risks and countermeasures with the Board of Directors.

Our Internal Audit Team, which is organized by our Audit Department, conducts risk management system audits, reporting the results to the Internal Audit Committee.

Key risks and countermeasures

Risks	Countermeasures
Food safety issues	<ul style="list-style-type: none"> Establishment and maintenance of a quality assurance system by the Quality Assurance Department Product-liability insurance and other forms of insurance
Risks related to overseas business	<ul style="list-style-type: none"> Diversification of procurement areas Holding of appropriate inventory in accordance with procurement risk
Fluctuations in raw material prices	<ul style="list-style-type: none"> Forecasting raw material market conditions based on supply and demand estimates Holding of the strategic inventory required to respond to the market environment Enhancing sales of value-added products
Risks in the aquaculture business	<ul style="list-style-type: none"> Making use of Fishery Mutual Aid Insurance Thorough facility management
Exchange rate fluctuations	<ul style="list-style-type: none"> Risk hedging through yen-denominated settlements, foreign exchange reserves, etc.
Crude oil prices fluctuations	<ul style="list-style-type: none"> Efficient business operations
Fixed asset impairment risk	<ul style="list-style-type: none"> Careful investment decision-making Rigorous revenue and expenditure management Rapid implementation of countermeasures to improve the revenue and expenditure situation as quickly as possible in the case of businesses that have been experiencing difficulties
Countermeasures against natural disasters	<ul style="list-style-type: none"> Fire insurance, domestic comprehensive general cargo insurance, and other forms of insurance Establishment of a business continuity plan (BCP)
Risks related to information systems	<ul style="list-style-type: none"> Use of antivirus software Continual uninterrupted monitoring of the network, regular security diagnostics Multiple backups
Sustainability-related risks	<ul style="list-style-type: none"> Utilizing energy more efficiently and adopting energy-saving equipment Promoting the handling of certified marine products

Governance Compliance

Basic approach

The Kyokuyo Group defines “compliance” as complying with laws and regulations, and adhering to Kyokuyo’s Corporate Philosophy, Action Guidelines, Corporate Action Charter, internal rules, and corporate ethics, and views compliance as constituting a fundamental management policy.

In line with this fundamental policy, we believe that it is vitally important for the Kyokuyo Group’s company officers and employees to comply faithfully with laws and regulations, maintain a thorough understanding of corporate ethics and the social code of conduct, and carry out their duties with good judgment as responsible adults.

This approach is shared throughout the group, and by acting with an awareness of compliance on a day-to-day basis, we strive to ensure that there are no violations of laws or internal rules in our daily operations.



Management system

The Audit Department, which builds, maintains, and strengthens compliance systems under the direct supervision of the president, is putting in place an inter-departmental compliance system that covers the whole of the Kyokuyo Group.

As regards internal controls relating to compliance and financial reporting, the Audit Department implements compliance audits and monitoring for individual cases of operational execution, and, where necessary, reports to the Board of Directors regarding the effectiveness of the steps taken.

In addition, to ensure thorough implementation of compliance, we undertake the group-wide dissemination of information and awareness-raising.

Education

To enhance the compliance awareness of every individual Kyokuyo Group company officer and employee, and enable them to make effective use of this awareness in their day-to-day operations, the Audit Department holds compliance lectures on an occasional basis, with a particular focus on managerial staff. Compliance-related lectures are also provided for new employees as part of their initial training.

The lectures make use of case studies of compliance violations to help attendees develop an understanding of how problems emerge and become actualized, and of the impact that compliance violations have on the company. Attendees are given guidance on how to implement compliance thoroughly.

We also encourage company officers and employees to attend the annual workshop on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and we are continuing to implement compliance education on an ongoing basis.

Whistleblowing system

For the reporting of compliance violations and other compliance-related matters within the Kyokuyo Group, a whistleblowing system has been established, with the department heads responsible for compliance matters, and attorneys, acting as contact windows.

In 2022, as a response to the enactment of the revised Whistleblower Protection Act in June of the same year, we made adjustments to relevant systems in line with the revised act. The Kyokuyo Group’s whistleblower protection rules have been revised and redeveloped to strengthen the obligation of confidentiality, thereby safeguarding whistleblower anonymity, and assurance of the protection of the whistleblower themselves, in turn prohibiting disadvantageous treatment—including retaliatory action—by the company or subject of the whistleblower’s report. The system’s scope has also been expanded so that all employees, from regular to part-time and temporary, are included.

We have striven to ensure that Kyokuyo Group employees are aware of the whistleblower system by publicizing it on internal bulletin boards.

Financial Data Highlights

Consolidated basis

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	(Million yen)	262,519	249,197	253,575	272,167	261,604
Operating profit	(Million yen)	2,918	4,657	6,392	8,105	8,806
Operating profit margin	(%)	1.1	1.9	2.5	3.0	3.4
Ordinary profit	(Million yen)	3,608	4,879	6,904	8,182	8,856
Ordinary profit margin	(%)	1.4	2.0	2.7	3.0	3.4
Profit attributable to owners of parent	(Million yen)	2,037	3,838	4,634	5,782	5,936
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Total assets	(Million yen)	111,184	116,331	130,460	146,301	160,720
Net assets	(Million yen)	32,593	39,975	42,174	46,966	58,860
Net assets per share	(Yen)	3,046.26	3,753.90	3,969.73	4,436.27	4,965.39
Net income per share	(Yen)	188.53	356.95	430.83	539.10	589.35
Equity ratio	(%)	29.4	34.7	32.7	32.5	36.7
Return on equity (ROE)	(%)	6.3	10.5	11.2	12.8	11.1
Return on assets (ROA)	(%)	3.2	4.3	5.6	5.9	5.8
Interest-bearing debt	(Million yen)	55,173	51,174	58,121	68,973	74,625
D/E ratio	(Ratio)	1.7	1.4	1.5	1.6	1.4
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Cash flows from operating activities	(Million yen)	9,410	5,997	(1,128)	(6,243)	(1,721)
Cash flows from investing activities	(Million yen)	(2,931)	(527)	(5,225)	(2,338)	(5,707)
Cash flows from financing activities	(Million yen)	(4,817)	(4,627)	5,743	9,011	8,524
Year-end balance of cash and cash equivalents	(Million yen)	6,313	7,097	6,539	7,042	8,452
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R&D expenses	(Million yen)	343	336	317	338	365
Capital investment	(Million yen)	3,160	2,456	5,064	2,292	5,623
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Dividend payout ratio	(%)	37.1	22.4	20.9	18.5	18.2
Total shareholder return	(%)	92	113	126	133	147
Dividend per share	(Yen)	70	80	90	100	100

Corporate Data and Stock Information (as of March 31, 2024)

Corporate profile

Company name	Kyokuyo Co., Ltd.
Headquarters address	3-3-5, Akasaka, Minato-ku, Tokyo, 107-0052, Japan
Established	September 3, 1937
Stated capital	¥7,527 million
Major businesses	Export, import, domestic purchasing, and sales of marine products, and manufacture and sales of processed and frozen foods
Employees	2,089 (consolidated) / 711 (nonconsolidated)
Number of consolidated companies	28

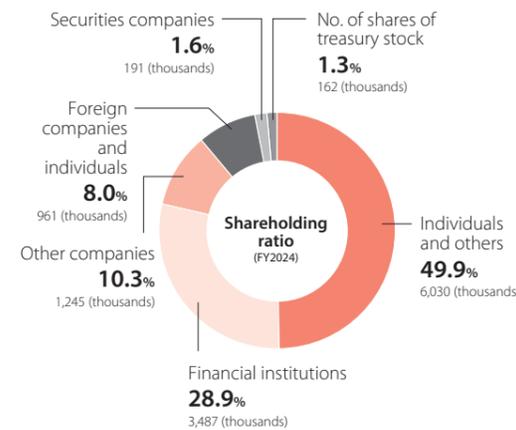
Stock information

Total number of shares the company is authorized to issue	43,700,000
Total number of shares issued	12,078,283
Number of shareholders	32,021

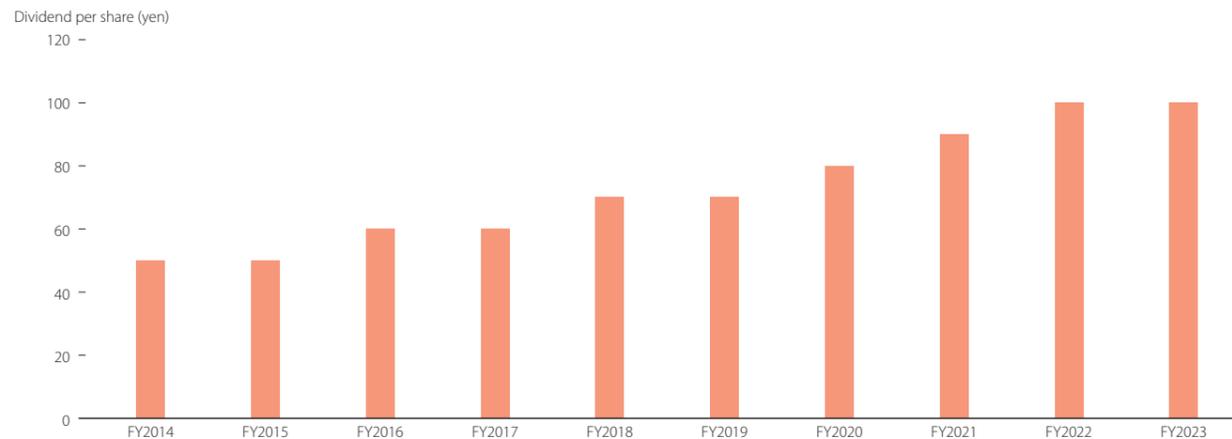
Major shareholders

Shareholder's name	No. of shares held (thousands)	Number of shares held as a percentage of the total number of outstanding shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd.	1,162	9.75
Resona Bank, Limited	523	4.39
The Norinchukin Bank	445	3.73
Custody Bank of Japan, Ltd.	424	3.55
Toyo Seikan Group Holdings, Ltd.	315	2.64
Mitsui Sumitomo Insurance Co., Ltd.	250	2.09
Tokio Marine & Nichido Fire Insurance Co., Ltd.	224	1.88
Noriaki Nakamura	169	1.41
JP MORGAN CHASE BANK 385781	149	1.25
Kyokuyo Akitsukai	146	1.22

Distribution of shares by shareholder type



Dividends (10-year period)



List of Group Companies



● Company name
 ● Capitalization / Share of equity held by parent company
 ● Description of business

As of April 1, 2024

Kyokuyo Akitsu Reizo Co., Ltd.

80 million yen/100%
 Cold storage business

Kyokuyo Shoji Co., Ltd.

60 million yen/100%
 Purchasing and sale of marine, agricultural and meat products

Kyokuyo Shokuhin Co., Ltd.

100 million yen/100%
 Manufacturing of frozen and chilled food products

Kyokuyo Suisan Co., Ltd.

192 million yen/100%
 Overseas purse seine fishing business, processing skipjack tuna and other tuna, cold storage business

Kyokuyo Sougou Service Co., Ltd.

10 million yen/100%
 Insurance agent business, facilitating sales of various products

Kyokuyo Foods Co., Ltd.

30 million yen/100%
 Manufacture of frozen and chilled food products (imitation crab meat, etc.)

Kyokuyo Fresh Co., Ltd.

90 million yen/100%
 Operations include processing and sale of tuna and others

Kyokuyo Marine Ehime Co., Ltd.

60 million yen/100%
 Operations include aquaculture, processing, and sale of tuna and others

Kyokuyo Marine Farm Co., Ltd.

30 million yen/100%
 Operations include aquaculture, processing, and sale of tuna and others

Ibusuki Shokuhin Co., Ltd.

50 million yen/95%
 Processing and sale of skipjack tuna, other tuna, other marine products, and agricultural and livestock products

Integrate System Service Co., Ltd.

50 million yen/55%
 General services for computer systems

Apex Kyokuyo Co., Ltd.

50 million yen/100%
 Processing and sale of assorted grilled fish products

Kaiyo Foods Co., Ltd.

40 million yen/100%
 Processing and sale of products including salt-cured salmon, fillet, and fish flakes

Kuroshio Suisan Co., Ltd.

5 million yen/70%
 Aquaculture and sale of marine products

Jokki Co., Ltd.

60 million yen/100%
 Processing and sale of seafood delicacies

Kyokuyo America Corporation

15.6 million US dollars/100%
 Purchase and sale of marine products

QINGDAO KYOKUYO INTERNATIONAL CO., LTD.

0.2 million US dollars/100%
 Purchasing and sales in mainland China and overseas

Kyokuyo Europe B.V.

0.25 million euro/100%
 Purchase and sale of frozen food products

KYOKUYO GLOBAL SEAFOODS Co., Ltd.

350 million baht/100%
 Manufacturing products including sushi toppings, simmered fish and grilled fish products

Kyokuyo Vina Foods Co., Ltd.

225,000 million dong/100%
 Manufacturing of food products, etc.

Ocean's Kitchen Corporation

1 million US dollars/100%
 (owned indirectly through our subsidiary Kyokuyo America Corporation)
 Manufacture and sale of imitation crab meat and cold storage business for the US market

KOCAMAN BALIKÇILIK İHRACAT VE İTHALAT TİCARET ANONİM ŞİRKETİ

16.6 million Turkish lira/50%
 Purchasing of marine products, manufacturing and sale of frozen food products