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To whom it may concern

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New Medium-Term Business Plan: **“Gear Up Kyokuyo 2027”**
(FY2024 - FY2026)

I. Social and Economic Environment

While social and economic activities in Japan have been on the road to recovery since the COVID-19 pandemic, circumstances remain difficult, what with soaring energy and raw material prices, and the worsening labor shortage. The outlook outside of Japan remains uncertain as well, due to the protracted nature of the Russia-Ukraine conflict, increased geopolitical risk due to the regional conflicts in the Middle East, and the growing risk in China due to their economic slowdown and foreign policies. The fisheries and processed food industry also continues to face difficulties due to the effects of the ALPS treated water discharge, high energy and raw material prices and distribution costs with regards to production, and the prolonged depreciation of the yen.

It is under these circumstances also that the Bank of Japan has put an end to its negative interest rates, shifting its monetary policy from its long-term deflationary phase to an inflationary phase. Companies must strengthen their overall ability, including elements like growth potential and continuity, in order to build structures that can handle these sorts of changes in society, the economy, and the greater world.

II. Reflecting on the Previous Medium-Term Business Plan

In the previous medium-term business plan, we worked on “Change to a high-profit structure” as the foundation for our new growth, allowing us to create values to be shared by both society and Kyokuyo. While we were very much affected by the COVID-19 pandemic from our first year, we achieved the profit targets of our previous medium-term business plan in the fiscal year ending March 2023, and updated our all-time high profits. This means that to a certain extent we did achieve a change to a high-profit structure—one that would lay the foundation for new growth by improving our profitability.

On the business side, we were able to strengthen our management base for further growth by

stabilizing our profits through organizational changes to improve customer handling ability in our processed food business, the absorption of cost increases through price revisions, etc.; expanding production capacity through the completion of our new plant in Thailand; building an infrastructure for overseas production sites in Vietnam, North America, etc.; building a new, internationally competitive, large-scale overseas purse seine vessel; establishing a Resources Research & Development Department with the aim of expanding our aquaculture business; and more.

On the financial side, we procured equity funds through public stock offerings for the first time since 1961 in order to invest in our growth, including the development of overseas sites, and worked to expand our equity capital and reduce our borrowings. This has given us the financial flexibility to handle future growth strategies for expanding production scale and improving the profitability of our overseas operations, and has strengthened our financial base by making our capital structure capable of withstanding the increased risks associated with business expansion.

We also worked to strengthen our human resource base by introducing a new personnel system to improve employee work engagement, based on our management vision that frames employee happiness as essential for the company to remain competitive. In addition to strengthening our governance, we have also made progress towards sustainable growth by implementing an executive officer system with the aim of fostering the next generation of management personnel.

We did not, however, achieve our net sales target, and challenges remain in our business expansion, as the expansion of our overseas business has only just begun. And despite earning record profits, we were unable to stabilize our profits in the marine products business, due to it being severely impacted by the volatility of the marine products market. The cash generation in our businesses also remains a challenge.

III. Formulating the New Medium-Term Business Plan

The Kyokuyo Group has set “Contributing to people’s lives and the planet through foods with a focus on fish, for a more sustainable world” as our corporate purpose, so as to steadily realize our corporate philosophy of growing together with society and contributing to food culture. In this new medium-term business plan, we will build on the achievements of the previous medium-term business plan to expand our business base and strengthen our financial base, as well as our partnerships with stakeholders.

1. Expanding business base

To expand our business base, 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. In doing so, we aim to further expand and strengthen our overseas business and processed foods business, which has been part of our strategy since the previous medium-term business plan. 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.

2. Strengthening financial base

A strong financial base is a prerequisite for the expansion of business base. In addition to increasing our capital through stable profits, we will further strengthen our financial base by diversifying our financing methods in an interest rate-conscious way, thereby establishing a structure that can respond proactively to investments that will accelerate the Group's growth. We will also strive to optimize our capital investment and management through asset efficiency-oriented management, using ROIC as an indicator.

3. Strengthening our partnerships with stakeholders

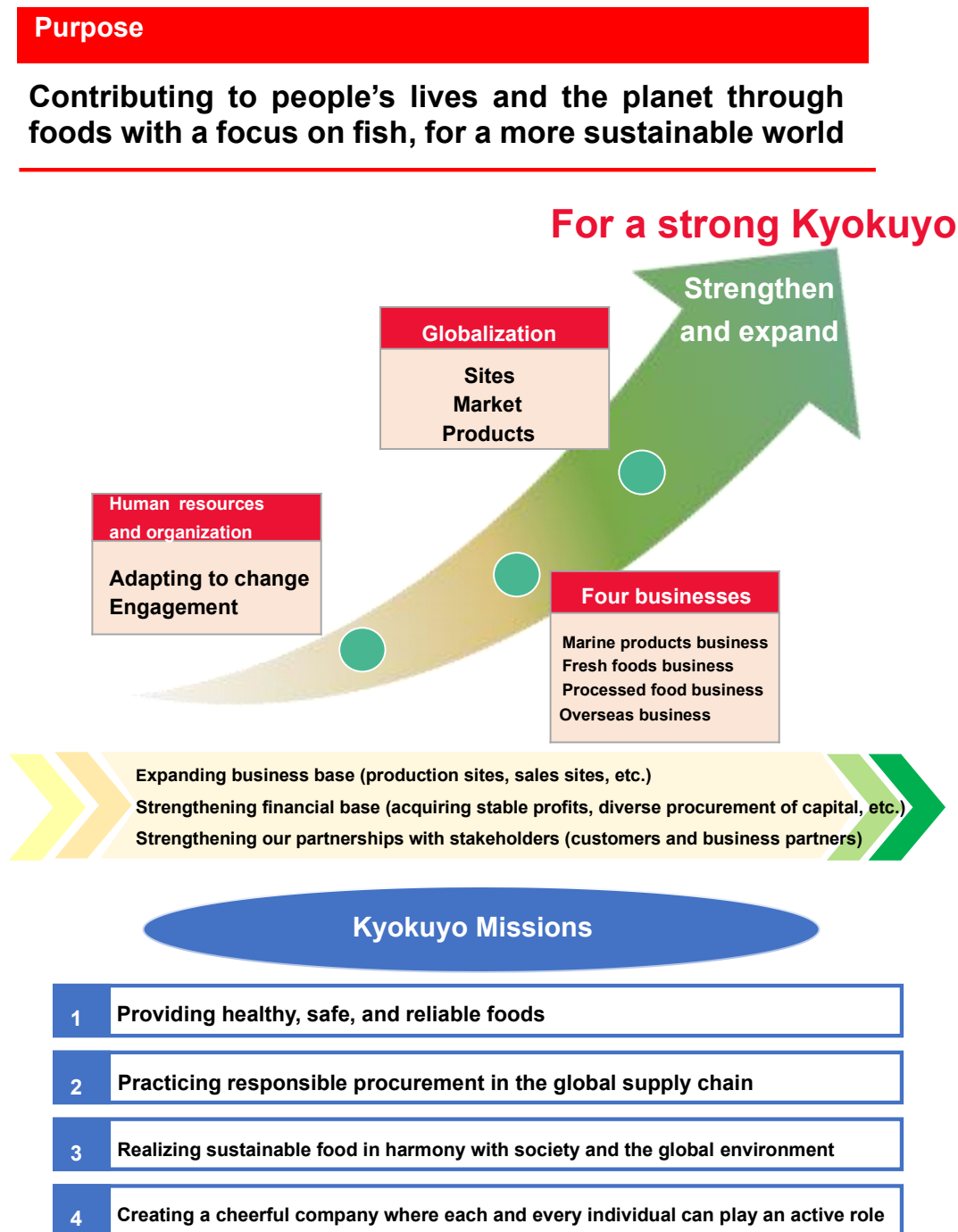
Strengthening and expanding our business is only possible when there is strong trust between us and our various stakeholders, from consumers to business partners, shareholders/investors, employees, and more. We will build this trust by actively communicating with our stakeholders; providing healthy, safe, and delicious foods to consumers; building win-win business relationships with business partners through effective sales strategies and product development; disclosing information in a timely and proactive way, and providing stable and substantial dividends to shareholders/investors; and providing a comfortable work environment, including increased income levels, to our employees.

The sustainability of society, the environment, the economy, and our Group is also a prerequisite to the growth of the Kyokuyo Group, and an integral part of our management. We will also engage in sustainability-conscious management that emphasizes corporate ethics, including governance, and human rights for all people involved, while also working actively to solve social issues through our businesses, for instance contributing to the advancement of carbon neutrality.

While expanding and strengthening our base in these ways, we will also be implementing measures to achieve the Group's mission, based on the sustainability of society, through the three perspectives of "Human resources and organization," "Four businesses," and "Globalization." In doing so, we will strengthen and expand our Group and accelerate its growth.

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

1. Illustrative diagram



2. Three perspectives

(1) Human resources and organization

The key to surviving this era of rapid change is strengthening corporate resilience, and paramount to this endeavor is the effective utilization of human capital and human resources. As such, we will work to create a cheerful work environment that will allow each individual within the organization to express their individuality and exert their abilities. To do so, we will emphasize our engagement with each individual in each company within the Kyokuyo Group, and work to grow with all of them together.

We will also acquire and train the kind of human resources needed for these efforts in order to build an organization capable of responding to changes in social needs and the business environment.

(2) Four businesses

As an organization rich in human resources that can adapt flexibly to change, we will develop the four businesses that comprise the pillars of the Kyokuyo Group—marine products, fresh foods, processed food, and overseas business—to strengthen and expand the Group. And through these four businesses, we will provide healthy, safe, and reliable foods.

We will also further hone our product development capabilities and enhance our brand power with “Only Kyokuyo” products that fulfill the needs of society.

In the meantime, we will also 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.

(3) Globalization

Each region of the world has different food preferences and demands, and responding to this kind of food diversity will lead to business opportunities. We will skillfully identify the food needs of each region, establish local production and sales structures, and promote global development in the most optimal way. Global demand for marine products is growing dramatically, and we believe that we can fully demonstrate the experience the Kyokuyo Group has cultivated over the decades not only in Japan, but on the global stage as well.

By deepening our domestic development and expanding our overseas business wings, we will further accelerate our growth (Gear Up) and pursue a “strong Kyokuyo” that is strengthened and expanded as a company.

3. Setting KPIs (Key Performance Indicators)

The following KPIs have been set, and business operations will be promoted, in order to achieve our goal of strengthening and expanding the Kyokuyo Group, and ensure our acceleration towards growth.

	FY ending March 2027 Target value
Net sales	400 billion yen
Operating profit	13.5 billion yen
Ordinary profit	13.5 billion yen
Overseas net sales ratio	15% or more
ROIC (Return on invested capital)	6% or more
DOE (Dividend on equity ratio)	3% or more

(Target values by segment)

	Net sales	Operating profit
Marine products	235 billion yen	7.4 billion yen
Fresh food	77 billion yen	3.4 billion yen
Processed food	85 billion yen	4 billion yen
Logistics	2.5 billion yen	0.3 billion yen
Other	0.5 billion yen	-1.6 billion yen
Total	400 billion yen	13.5 billion yen

(1) 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.

(2) Strengthening 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 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.

(3) 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.

(4) 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.

(5) Enhancing shareholder returns

We have set DOE (divided 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.

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