



Financial Results for the Second Quarter of the Year Ending March 31, 2022

November 11, 2021
KYOKUYO CO., LTD.



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Launch of medium-term business plan 『 Build Up Platform 2024 』



Basic policy and Targets



➤ Basic Policy

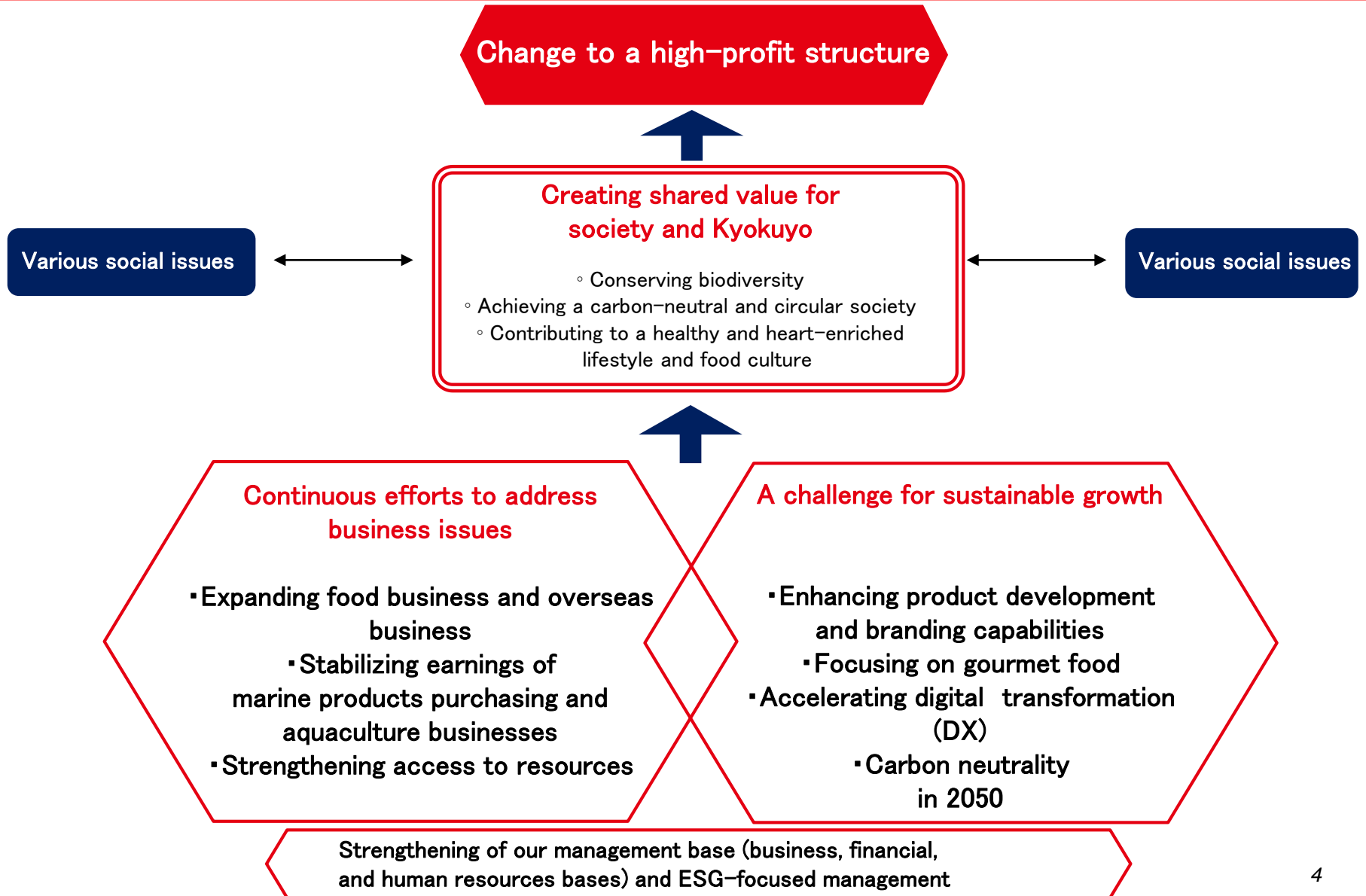
Promoting strategies pivoting on “continuous efforts to address business issues” and “a challenge for sustainable growth”, aiming for new growth founded on a “change to a high-profit structure” through the creation of value that can be shared between society and Kyokuyo, while strengthening our management base.

➤ Targets for the fiscal year ending March 2024

Net sales	300.0 billion yen
Operating profit	7.0 billion yen
Ordinary profit	6.5 billion yen
Overseas net sales	30.0 billion yen
D/E ratio	1.5
Operating profit margin and ordinary profit margin	over 2.0%



Business strategy



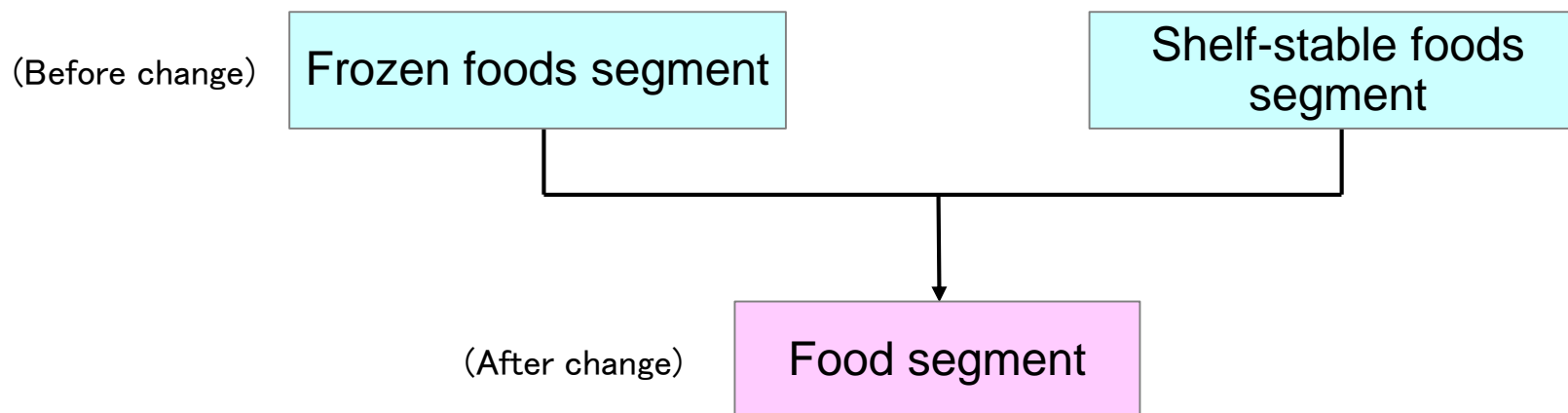
Topics for the first half of the year ending March 31, 2022

□ Revision of Organization 【April】

Food Department

Reorganized from product-specific organization to business-specific organization and strengthened Sales force.

□ Segment change【April】



Topics for the first half of the year ending March 31, 2022

□ Start broadcasting new corporate TV commercial 【 April 】

- Express emphasizing that we pursue “food to enjoy life” as well as deliciousness.



□ Begin the construction of new overseas purse-seiner 【 July 】

- The purse-seiner fishes skipjack and tuna. (KYOKUYO SUISAN CO., LTD. owns)
- Launch in February 2022, completion in August 2022. (scheduled dated)



※Image of Overseas purse-seiner (The photo shows the existing “Wakaba Maru No.7”)



※Image of Landing fish



Summary of Financial Results for the Second Quarter of the Year Ending March 31, 2022



Financial statements



1. Consolidated Statements of Income

(Million Yen)

	Results		Year-on-year		Initial full-year forecast	Year-on-year
	2nd quarter consolidated cumulative period		Increase / decrease amount	Increase / decrease ratio	Year Ending March 31, 2022	Achievement rate
	2nd Quarter of the Year Ended March 31, 2021	2nd Quarter of the Year Ending March 31, 2022				
Net Sales	116,861	120,880	4,018	3.4%	250,000	48.4%
Operating Profit	1,379	3,222	1,842	133.6%	5,000	64.4%
Non-operating Income	376	454	77	—	—	—
Non-operating Expenses	250	247	△2	—	—	—
Ordinary Profit	1,505	3,428	1,922	127.7%	5,000	68.6%
Extraordinary Income	1,465	39	△1,425	—	—	—
Extraordinary Losses	730	48	△682	—	—	—
Profit attributable to owners of parent	1,577	2,438	860	54.5%	3,500	69.7%

(Note)The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.

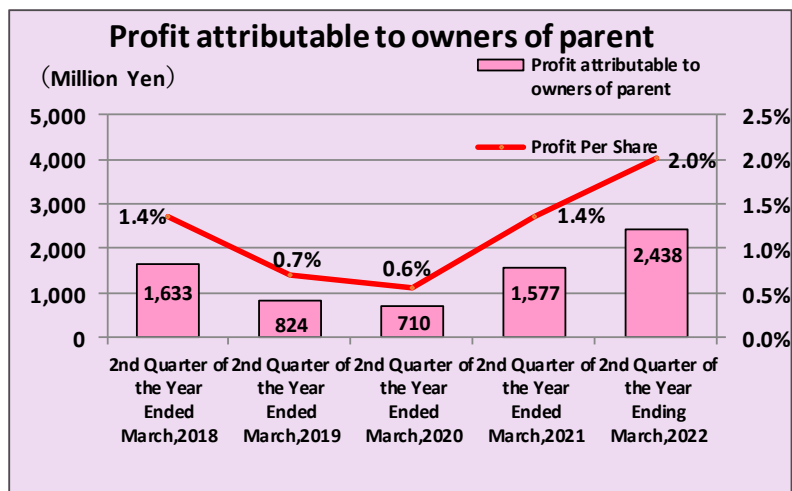
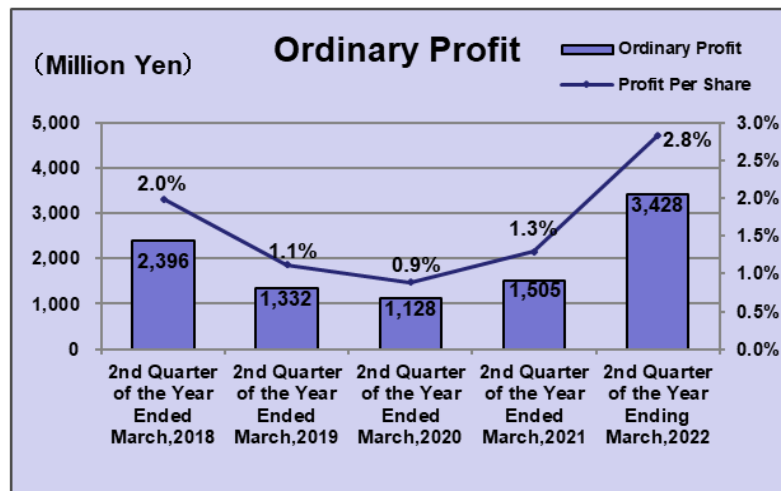
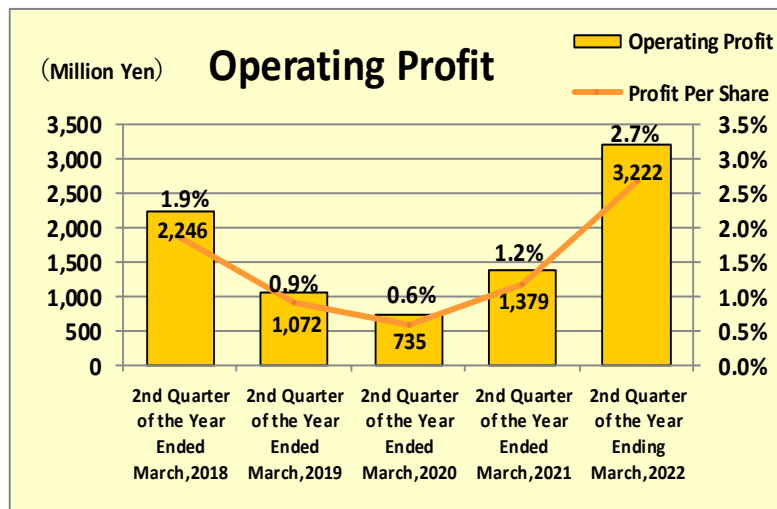
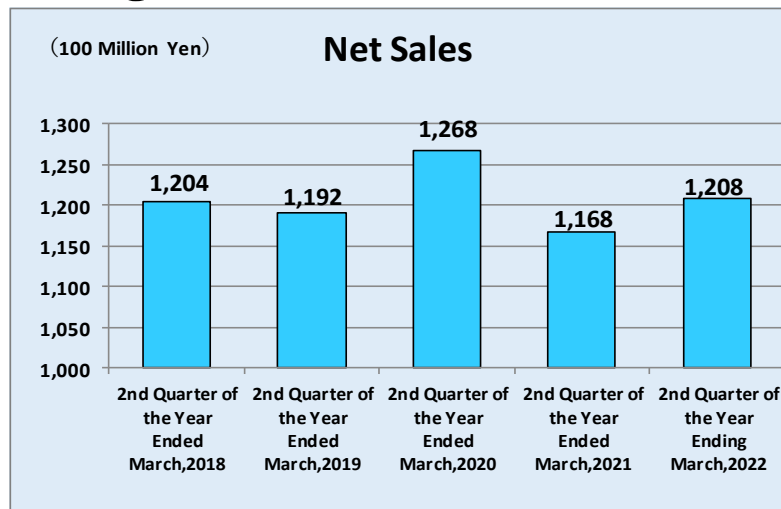
- Initial forecast : Forecast figures for the fiscal year ending March 31, 2022 which we announced on May 14, 2021
- Net Sales : Sales increased in all segments except Food segment and Increase of 4.0 billion yen from the previous fiscal year
- Operating Profit : Profit increased in Marine Products purchasing business and Tuna business. As a result, operating profit increased of 1.8 billion yen, 2.3 times higher than the same period last year.



Financial statements



2.Changes in consolidated financial results for the Second Quarter of the year



(Note)The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.



Financial statements



3. Non-consolidated Statement of Income

(Million Yen)

	Results		Year-on -Year	
	2nd Quarter of the Year Ended March 31, 2021	2nd Quarter of the Year Ending March 31, 2022	Increase / decrease amount	Increase / decrease rate
Net Sales	115,237	111,217	△4,019	△3.5%
Operating Profit	1,210	2,773	1,563	129.2%
Ordinary Profit	1,362	3,014	1,651	121.2%
Profit	2,165	2,132	△33	△1.5%

- Net Sales : Decreased of 4.0 billion yen from the same period last year, due mainly to lower sales in Food segment and Marine Products purchasing business resulting from the application of the Accounting Standard for Revenue Recognition.
- Operating Profit : Increased profits in Marine Products purchasing business, etc. As a result, increased of 1.5 billion yen from the same period last year.

(Note)The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.



Financial statements



4. Consolidated Balance Sheets

(Million Yen)

	As at September 30,2020	As at September 30,2021	Year-on-Year		As at September 30,2020	As at September 30,2021	Year-on-Year
Assets				Liabilities			
Current assets	88,846	95,418	6,572	Current liabilities	48,606	48,299	△307
Notes and accounts receivable – trade	36,488	31,972	△4,515	Short-term borrowings (Including CP)	27,331	23,448	△3,883
Merchandise and finished goods	33,527	40,972	7,444	Non-current liabilities	32,522	37,544	5,021
Work in process	3,960	3,665	△294	Long-term borrowings	27,929	32,929	4,999
Raw materials and supplies	7,013	6,792	△221	Total liabilities	81,129	85,843	4,713
Other	7,857	12,015	4,159	Net assets			
Non-current assets	26,764	32,010	5,246	Shareholders' equity	33,040	36,874	3,834
Property, plant and equipment	15,582	18,025	2,442	Accumulated other comprehensive income	1,994	5,195	3,200
Intangible assets	500	387	△113	Non-controlling interests	△554	△484	69
Investments and other assets	10,681	13,597	2,916	Total net assets	34,480	41,585	7,104
Total assets	115,610	127,429	11,818	Total liabilities and net assets	115,610	127,429	11,818



Financial statements



5. Consolidated Cash Flow

(Million yen)

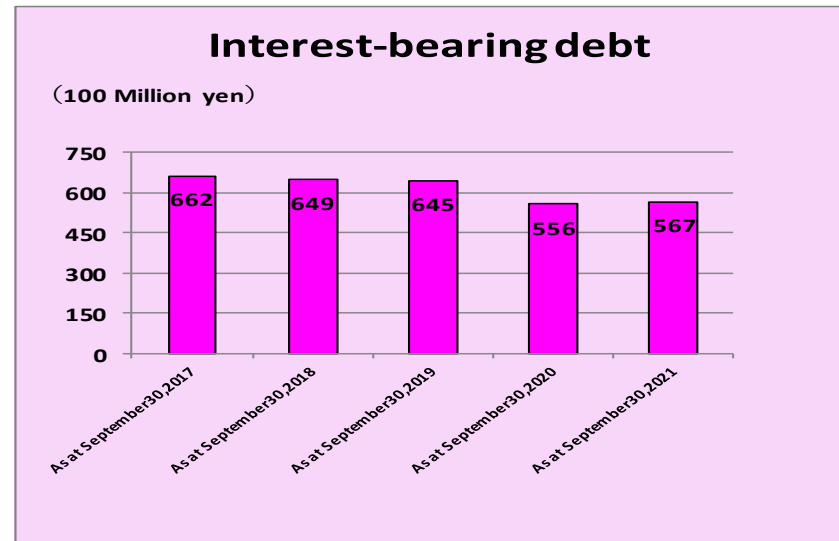
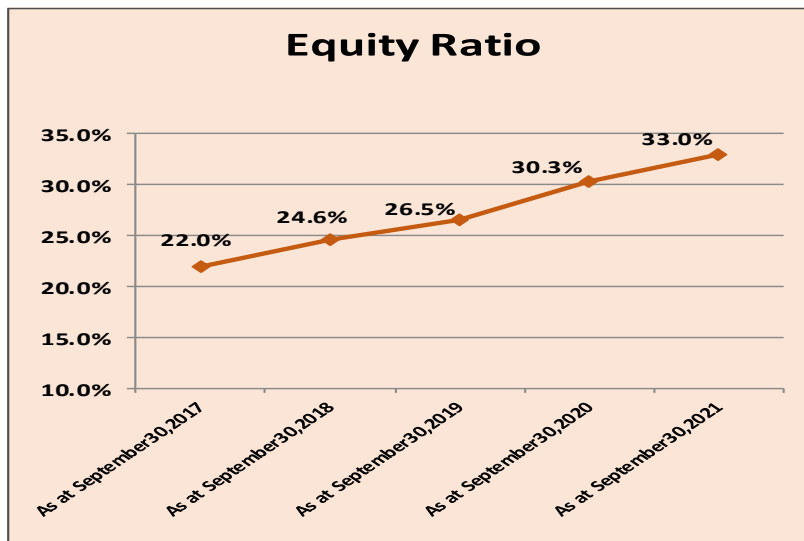
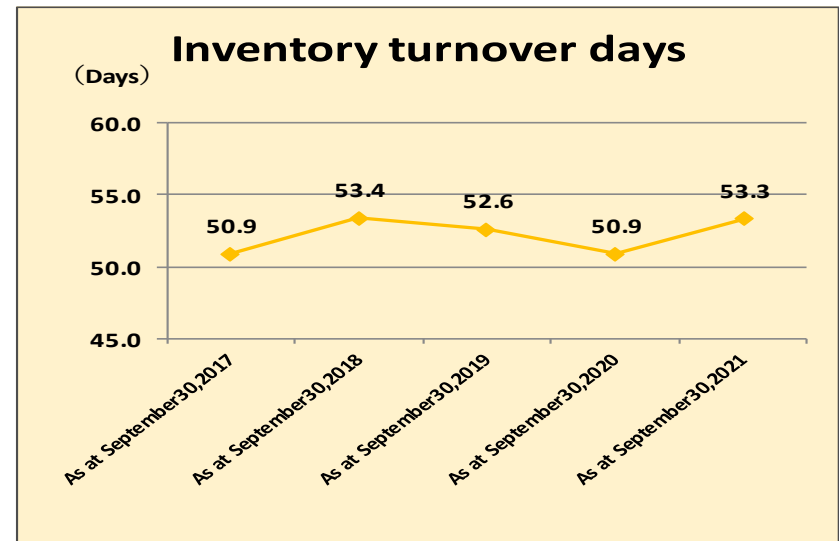
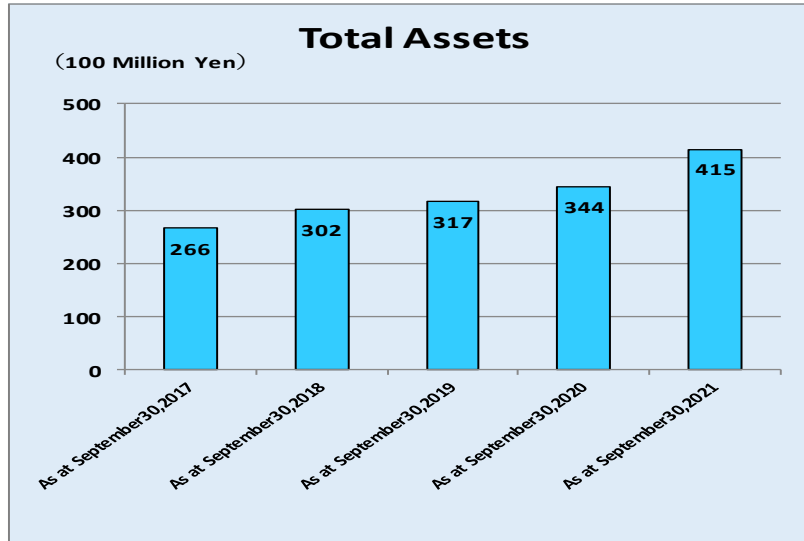
		2nd quarter consolidated cumulative period		
		As of September 30,2020	As of September 30,2021	Year-on-Year
Cash flows from operating activities	Profit before income taxes	2,240	3,419	1,179
	Depreciation	947	911	△35
	Decrease (increase) in trade receivables	△3,113	1,042	4,155
	Decrease (increase) in inventories	△3,516	△9,643	△6,127
	Increase (decrease) in trade payables	3,145	3,432	286
	Other,net	△525	△811	△285
	Sub total	△822	△1,649	△826
Cash flows from investing activities	Purchase of non-current assets	△1,171	△3,217	△2,046
	Other,net	1,833	△47	△1,880
	Sub total	661	3,265	△3,927
Cash flows from financing activities	Net increase (decrease) in short-term borrowings	△4,633	3,913	8,546
	Net increase (decrease) in long-term borrowings	5,246	1,619	△3,626
	Other,net	△907	△950	△42
	Sub total	△293	4,583	4,877



Financial statements



6. Changes in consolidated financial indicators for the first half of the year



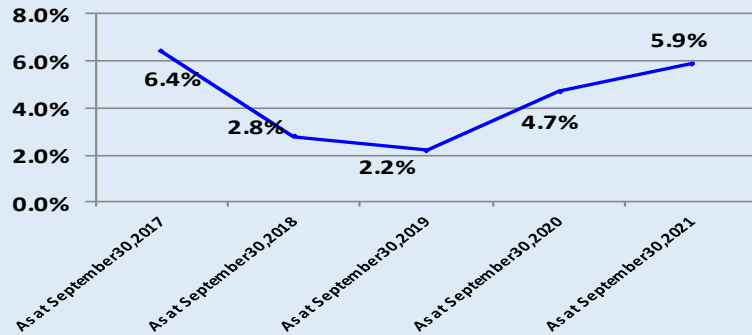


Financial statements

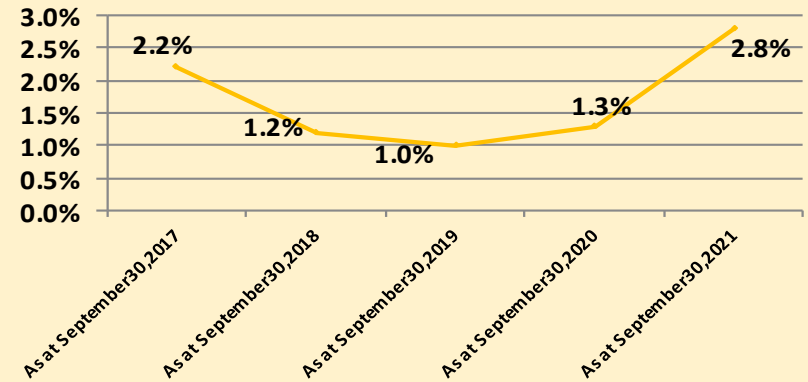


Changes in consolidated management indicators for the first half of the year

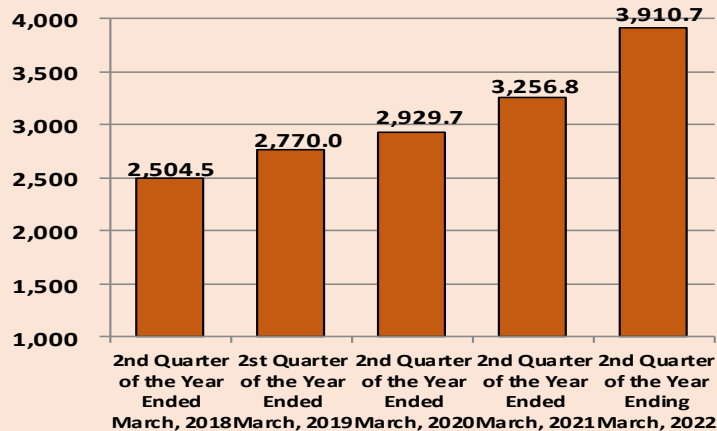
ROE (Return On Equity)



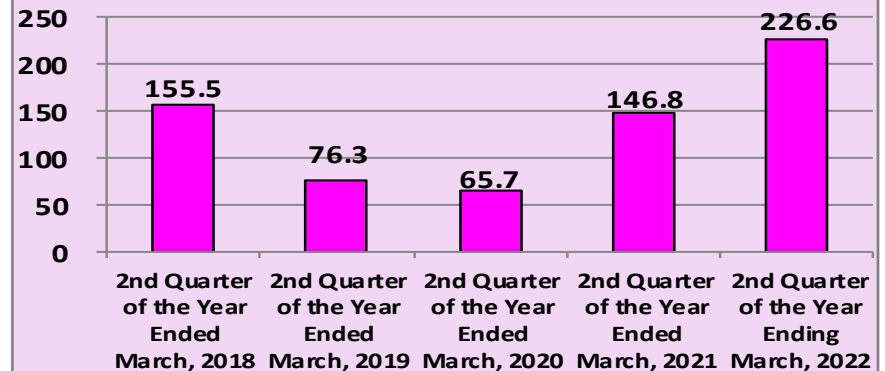
ROA (Return On Assets)



(Yen) Net Assets per share



(Yen) Profit per Share





Financial statements



8. Net Sales and Segment Profit by business segment <Consolidated>

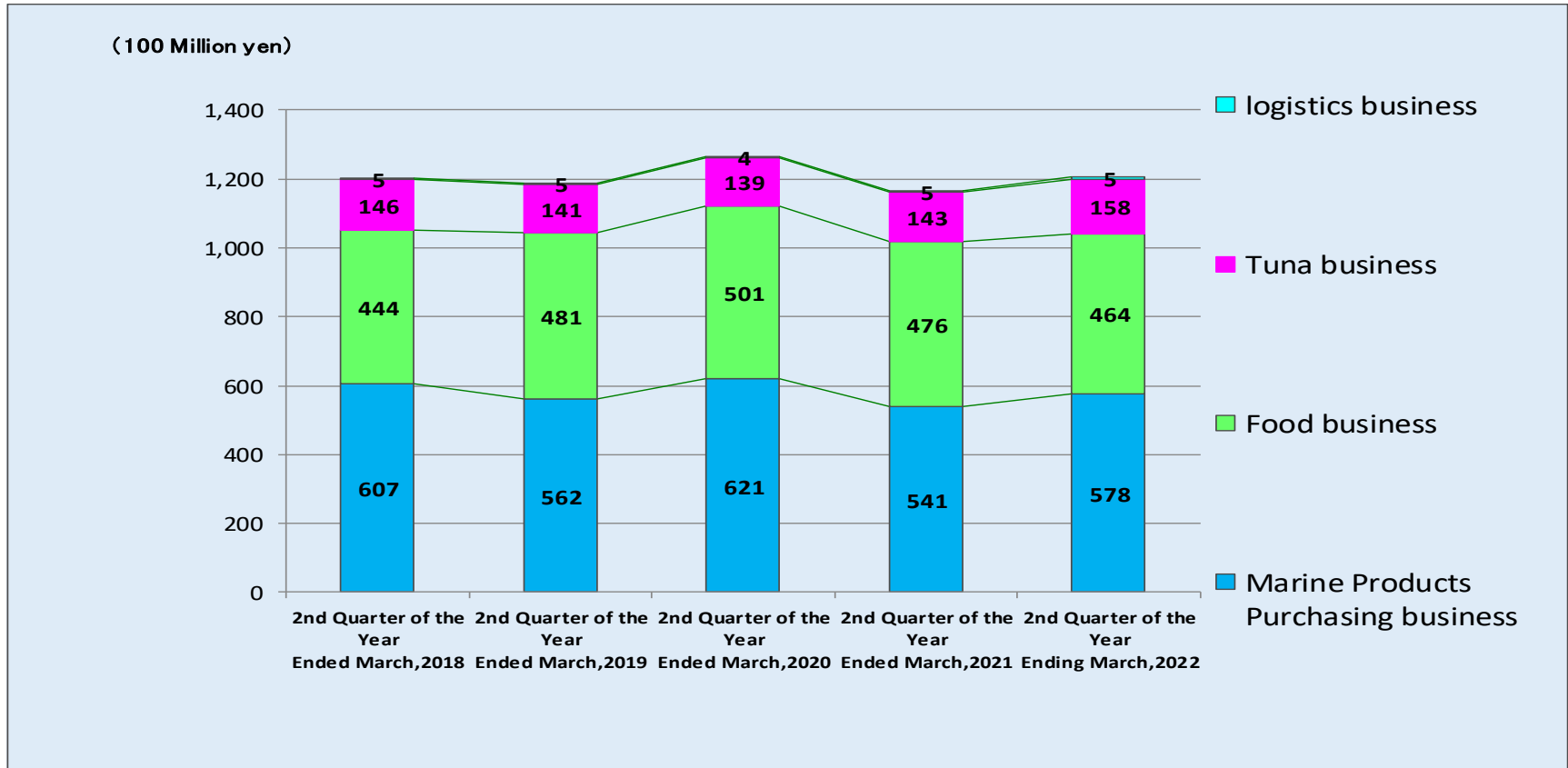
(Million yen)

	Net Sales			Segment Profit		
	2nd quarter consolidated cumulative period		Year-on-Year	2nd quarter consolidated cumulative period		Year-on-Year
	2nd Quarter of the Year Ended March 31, 2021	2nd Quarter of the Year Ending March 31, 2022		2nd Quarter of the Year Ended March 31, 2021	2nd Quarter of the Year Ending March 31, 2022	
Marine Products Purchasing Business	54,116	57,848	3,732	1,205	2,574	1,368
Food Business	47,613	46,471	△1,141	693	620	△73
Tuna Business	14,394	15,808	1,413	△58	464	523
Logistics Business	521	552	31	174	95	△79
Other	215	198	△16	△635	△532	△103
合計	116,861	120,880	4,018	1,379	3,222	1,842

(Note) We have integrated the conventional "frozen foods" and "shelf-stable foods" and changed to the "food" segment from the first quarter consolidated accounting period with the review of the management section within the Group. For segment information before the fiscal year ended March 2021, the total figures for "frozen foods" and "shelf-stable foods" are used.

(Note) The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.

9. Second quarter Net Sales comparison by business segment <Consolidated>



(Note) We have integrated the conventional "frozen foods" and "shelf-stable foods" and changed to the "food" segment from the first quarter consolidated accounting period with the review of the management section within the Group. For segment information before the fiscal year ended March 2021, the total figures for "frozen foods" and "shelf-stable foods" are used.

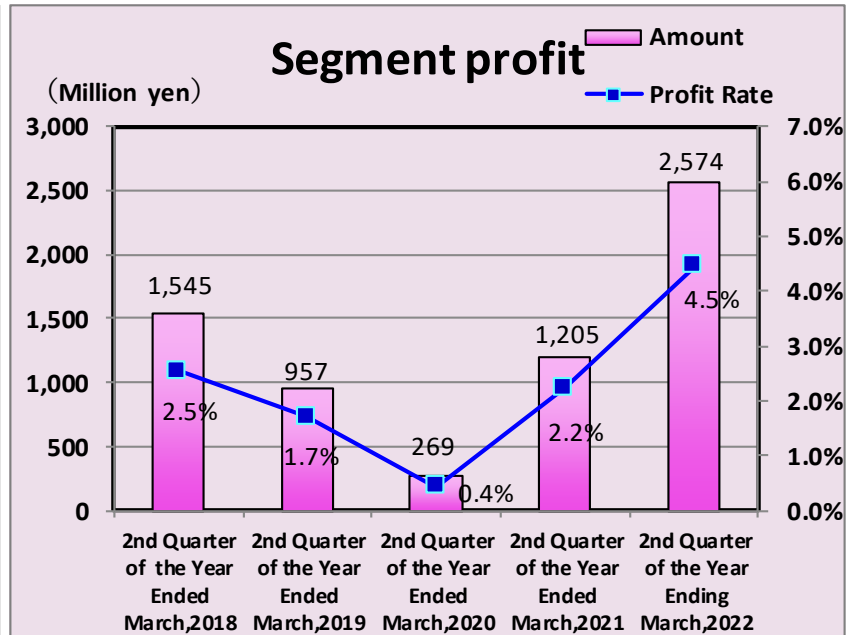
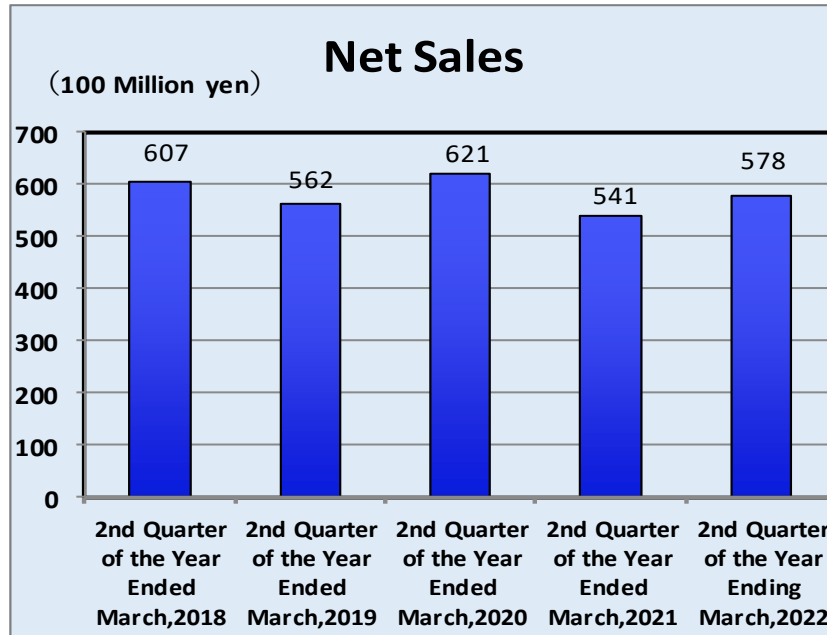
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Status by business segment



1. Marine Products Purchasing Business (Consolidated)・・・Purchasing and sales of marine products



【 Status of the current fiscal year 】

▣ Increased sales and profit

- Sales of processed salmon and shrimp products, the main fish species, were steady, mainly at mass retailers.
- Scallop exports increased.

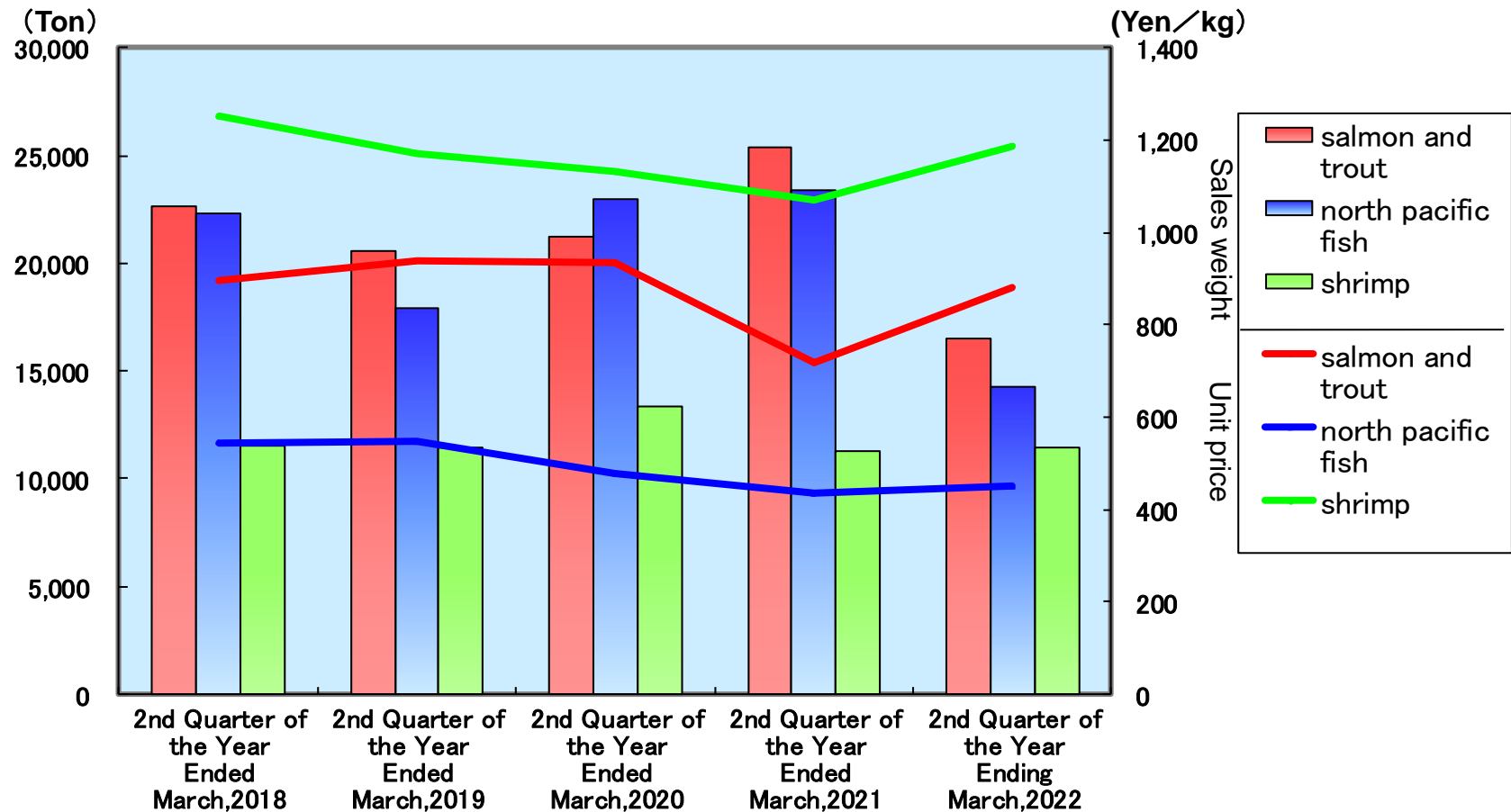
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Status by business segment

Marine products purchasing business (non-consolidated)

... Changes in sales weight・unit price by fish species



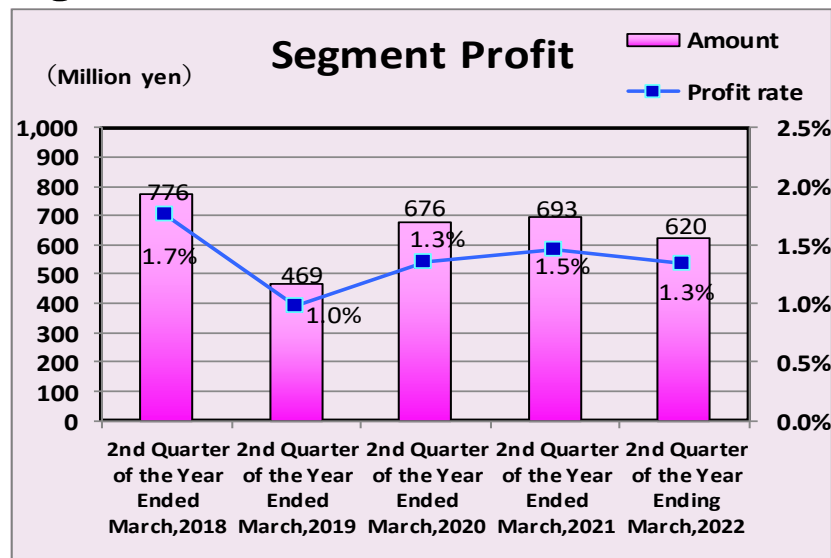
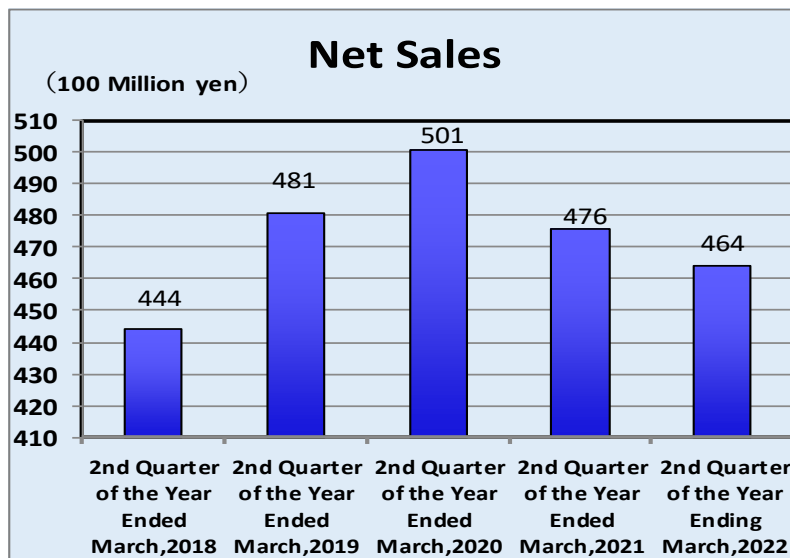
(Note)The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. About buy-sell transactions, the Company has changed to a method that does not recognize the extinguishment of supplied goods when the Company is obligated to repurchase such goods. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.



Status by business segment



2. Food business (Consolidated)---Processing and Sales of foods



【 Status of the current fiscal year 】 □ Decreased sales and profit

- Secured a certain level of sales sushi toppings in the conveyor-belt sushi restaurants.
- Decreased in sales of restaurant sector and corporate food service sector due to self-restraint caused by a state of emergency.
- Frozen foods for home use: Sales of seafood side dishes increased year on year.
- Sales of canned products at major mass retailers were sluggish due to intensifying market competition.
- Increasing costs of materials and ocean freight pressured on profits.

(Note) We have integrated the conventional "frozen foods" and "shelf-stable foods" and changed to the "food" segment from the first quarter consolidated accounting period with the review of the management section within the Group. For segment information before the fiscal year ended March 2021, the total figures for "frozen foods" and "shelf-stable foods" are used.

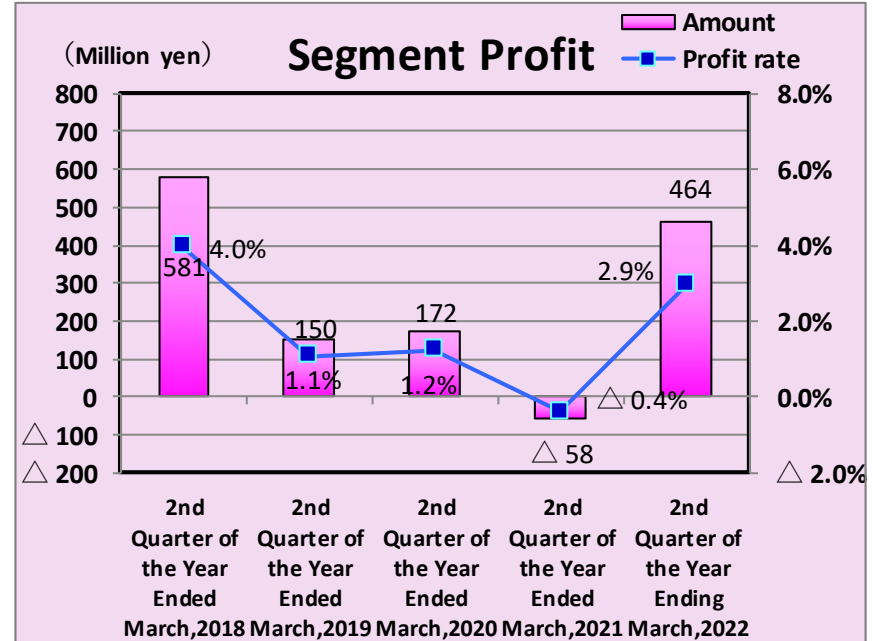
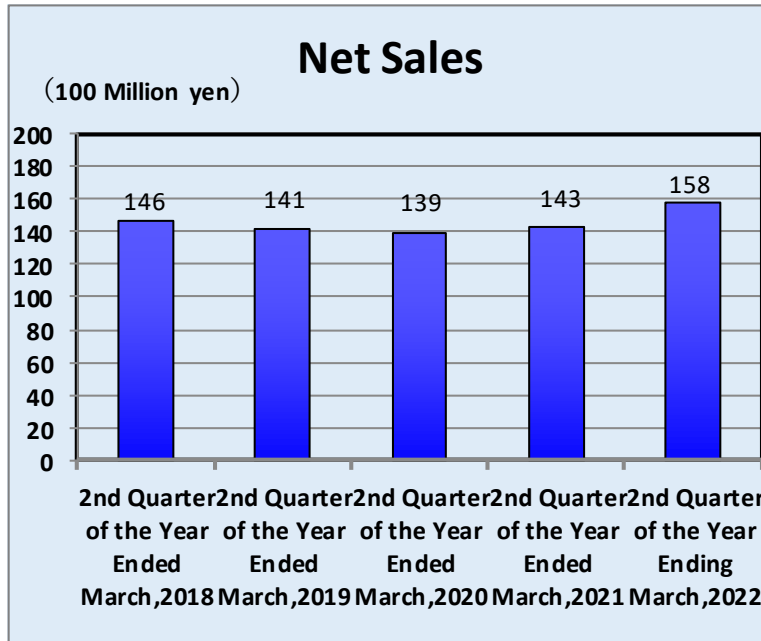
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Status by business segment



4. Tuna business <Consolidated>... Overseas purse seine fishing business ▪ Aquaculture business ▪ Processing and Sales of skipjack and other tuna business



【 Status of the current fiscal year 】 ■ Increased sales and profit

- 《Overseas purse seine fishing business》 ➤ Landing volume declined and although there were signs of a recovery in fish prices, the balance of payments was sluggish.
- 《Aquaculture business》 ➤ Increased handling of Japanese farmed pacific bluefin tuna.
- 《Processing and sales business》 ➤ Increased handling of imported frozen bluefin tuna and southern bluefin tuna.
➤ Processed products such as negitoro struggled due to soaring prices of lean tuna.

(Note) The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. The figures for the second quarter of the fiscal year ending March 31, 2022 are figures after the application of the said accounting standard, etc.



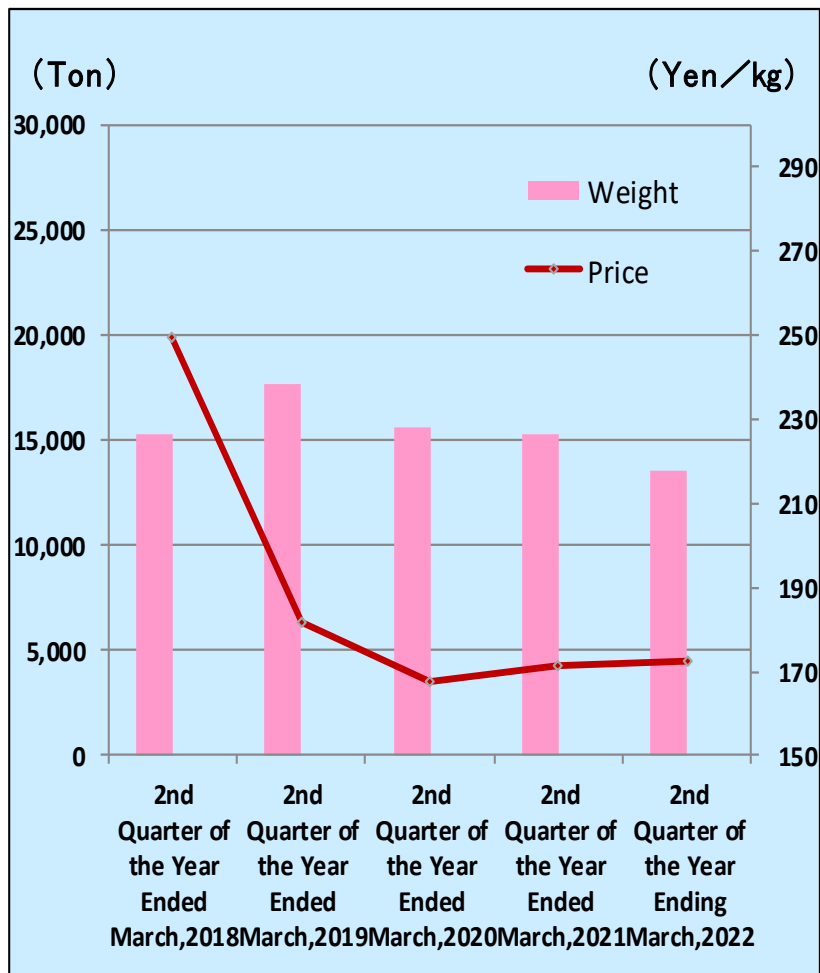
Status by business segment



Tuna business (First half)

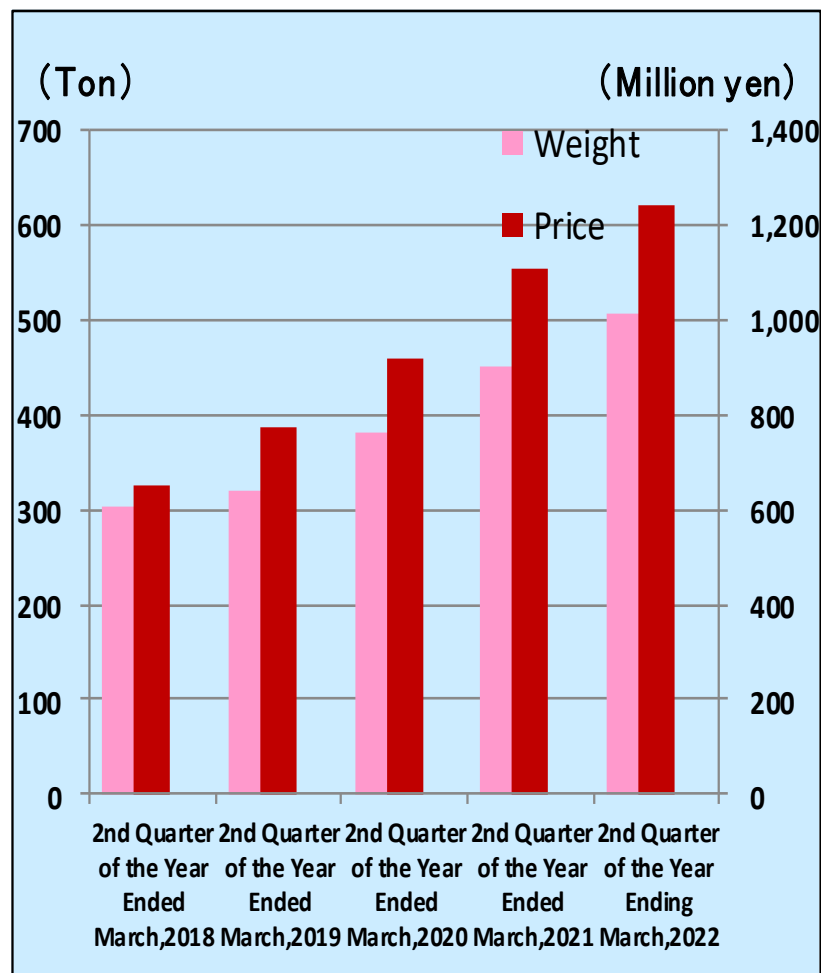
〈Overseas purse seine fishing business〉

---Changes in landing



〈Aquaculture business〉

---Changes in sales

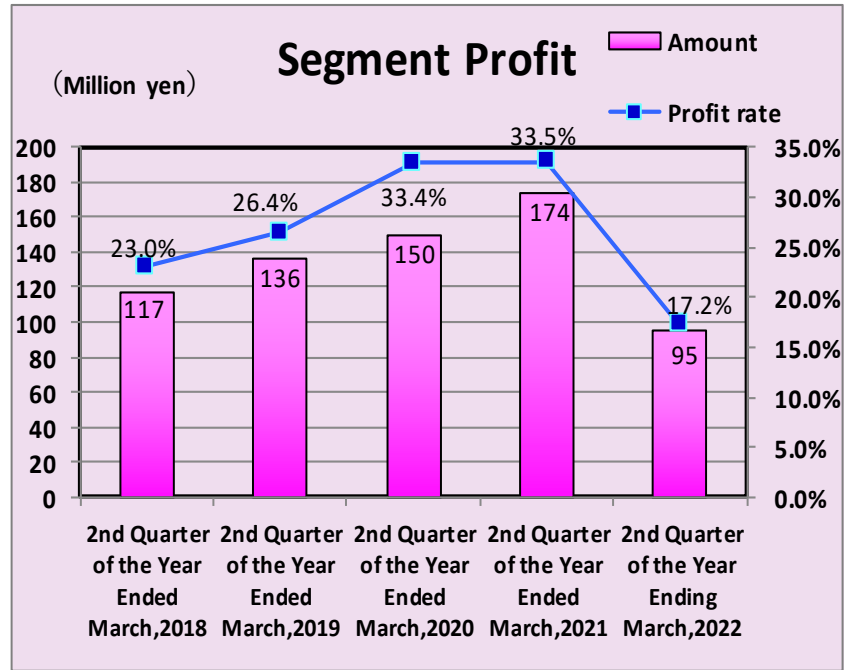
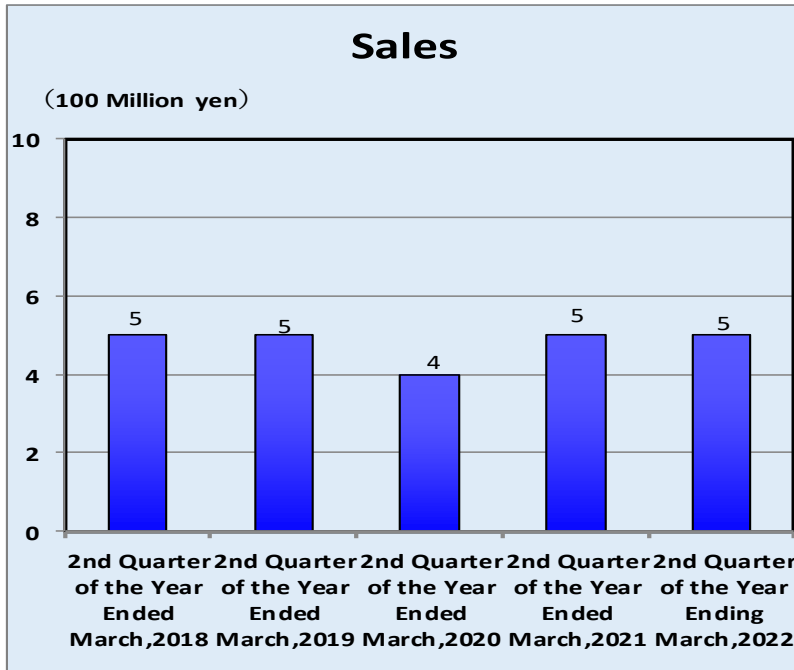




Status by business segment



5. Logistics business <Consolidated>...Cold storage business



【Status of the current fiscal year】

▣ Increased sales and decreased profit

- In the cold storage business, amount of goods received fell due to decreasing in the amount of foreign cargo.
- Strengthen acquisition of new customers in delivery business.

(Note) We have integrated the conventional "frozen foods" and "shelf-stable foods" and changed to the "food" segment from the first quarter consolidated accounting period with the review of the management section within the Group. For segment information before the fiscal year ended March 2021, the total figures for "frozen foods" and "shelf-stable foods" are used.



Measures and Forecast for the Second Half of the Year Ending March 31, 2022



Second half measures by business segment



➤ Second half measures by business segment

【Marine Products Purchasing Business】

- ❑ Purchasing marine products and management for processing marine products which are proper for markets.
- ❑ Expanding sales of high-value-added processed products.
- ❑ Developing products for overseas markets and sales channel.

【Food business】

- ❑ Deeping dive into sales strategies by business category.
- ❑ Expanding sales of our factory's products.
- ❑ Expanding sales of frozen foods that take advantage of Kyokuyo's procurement and processing capabilities.
- ❑ Expanding sales of canned blue fish and tuna.



Second half measures by business segment



【Tuna business】

- Expanding sales of Japanese farmed pacific bluefin tuna
- Focusing on skipjack products, owing to abundant catch in east offshore of Japan.

【Logistics business】

- Optimization of the cold storage space focusing on the Kyokuyo Group's inventory
- Strengthening of export and delivery operations



Forecast



➤ Forecast by business segment<Consolidated>

(Million yen)

	Net Sales			Segment Profit		
	2nd Quarter of the Year Ended March 31, 2021	Forecast for the Year Ending March 31, 2022	Achievement rate	2nd Quarter of the Year Ended March 31, 2021	Forecast for the Year Ending March 31, 2022	Achievement rate
Marine Products Purchasing Business	57,848	114,000	50.7%	2,574	3,000	85.8%
Food business	46,471	105,000	44.3%	620	2,000	31.0%
Tuna business	15,808	30,000	52.7%	464	1,000	46.4%
Logistics business	552	1,000	55.3%	95	200	47.5%
Other	198	0	—	△532	△1,200	—
Total	120,880	250,000	48.4%	3,222	5,000	64.4%



Capital investment plans



➤ Capital investment plans for the Year Ending March 31,2022

	overview	For the 2 nd Quarter of the Year Ending March 31 ,2022	Plans for the Year Ending March 31 ,2022
KYOKUYO	Shiogama plant -related	0million yen	200million yen
	Production plant -related	0million yen	200million yen
	Laboratory -related	0million yen	100million yen
	Aquaculture business -related	0million yen	0million yen
	IT -related and others	100million yen	500million yen
	Sub total	200million yen	1,000million yen
Affiliated companies	Production plant -related	700million yen	2,300million yen
	Purse-seiners -related	2,200million yen	100million yen
	Aquaculture business -related	100million yen	100million yen
	IT -related and others	0million yen	100million yen
	Sub total	3,000million yen	2,700million yen
Total		3,200million yen	3,700million yen



This material is created with the purpose of providing information about performance by the end of September 2021 and future management vision. We don't necessarily recommend investment.

Earning forecasts and estimates in this material are based on the information currently available. It contains potential risks and uncertainties.

The Company therefore wishes to caution readers that actual results may differ from these forecasts due to various factors.

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