



# Financial Results for the Year Ended March 31, 2022

May 2022

**KYOKUYO CO., LTD.**

(Tokyo Stock Exchange Prime Section Securities Code: 1301)

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

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# I. Year Ended March 31, 2022

# Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year		Initial forecast for year ended March 31, 2022	Vs. year forecast
			Change	% change		
Net sales	249,197	253,575	4,378	1.8%	250,000	3,575
Operating profit	4,657	6,392	1,734	37.2%	5,000	1,392
Ordinary profit	4,879	6,904	2,025	41.5%	5,000	1,904
Profit attributable to owners of parent	3,838	4,634	796	20.7%	3,500	1,134

- Vs. same period previous year
  - Operating profit and ordinary profit increased significantly to all-time highs, both increasing around 40%.
  - Profit attributable to owners of parent also increased by around 20%.
- Vs. initial year forecast (disclosed May 14, 2021)
  - Net sales, operating profit, ordinary profit, and profit attributable to owners of parent all exceeded forecast.
  - Profit increased significantly, led by the Marine Products Purchasing business which captured strong demand for eating at home during the COVID-19 pandemic.

\* Consolidated performance forecast values for the year ended March 31, 2022 were revised and disclosed on February 25, 2022.

# Consolidated Balance Sheet

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year		Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year
<b>Assets</b>				<b>Liabilities</b>			
<b>Current assets</b>	<b>86,649</b>	<b>99,527</b>	<b>12,877</b>	<b>Current liabilities</b>	<b>39,189</b>	<b>56,936</b>	<b>17,747</b>
Notes and accounts receivable - trade	32,869	28,683	(4,186)	Notes and accounts payable - trade	8,941	9,950	1,009
Merchandise and finished goods	32,150	44,997	12,847	Short-term borrowings (including commercial paper)	18,056	30,714	12,657
Work in process	3,667	3,440	(226)	<b>Non-current liabilities</b>	<b>37,166</b>	<b>31,348</b>	<b>(5,817)</b>
Raw materials and supplies	5,942	6,191	248	Long-term borrowings	32,720	27,021	(5,698)
Other	12,019	16,214	4,194	<b>Total liabilities</b>	<b>76,355</b>	<b>88,285</b>	<b>11,929</b>
<b>Non-current assets</b>	<b>29,681</b>	<b>30,932</b>	<b>1,251</b>	<b>Net assets</b>			
Total property, plant and equipment	15,715	18,897	3,181	Shareholders' equity	35,300	39,072	3,771
Total intangible assets	417	350	(67)	Accumulated other comprehensive income	5,081	3,632	(1,448)
Investments and other assets	13,547	11,685	(1,862)	Non-controlling interests	(407)	(530)	(123)
<b>Total assets</b>	<b>116,331</b>	<b>130,460</b>	<b>14,129</b>	<b>Total net assets</b>	<b>39,975</b>	<b>42,174</b>	<b>2,199</b>
				<b>Total liabilities and net assets</b>	<b>116,331</b>	<b>130,460</b>	<b>14,129</b>

Inventories increased due to rising market prices for seafood, resulting in increases for both merchandise and finished goods and short-term borrowings (including commercial paper).

# Consolidated Cash Flows

(Millions of yen)

		Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year
Cash flows from operating activities	Profit before income taxes	5,621	6,725	1,104
	Depreciation	1,941	1,835	(105)
	Decrease (increase) in trade receivables	428	4,482	4,053
	Decrease (increase) in inventories ★	(802)	(12,822)	(12,019)
	Increase (decrease) in trade payables	975	952	(23)
	Other	(2,167)	(2,302)	(135)
	<b>Subtotal</b>	<b>5,997</b>	<b>(1,128)</b>	<b>(7,125)</b>
Cash flows from investing activities	Purchases of non-current assets	(2,395)	(4,859)	(2,464)
	Other	1,868	(365)	(2,233)
	<b>Subtotal</b>	<b>(527)</b>	<b>(5,225)</b>	<b>(4,698)</b>
Cash flows from financing activities	Net increase (decrease) in short-term borrowings (including commercial paper) ★	(8,927)	6,192	15,119
	Net increase (decrease) in long-term borrowings ★	5,283	570	(4,712)
	Other	(982)	(1,019)	(36)
	<b>Subtotal</b>	<b>(4,627)</b>	<b>5,743</b>	<b>10,371</b>

- Inventories increased due to high market prices for seafood

# Finance-Related Metrics

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year
<b>Equity</b> (millions of yen)	28,889	31,821	32,718	40,382	42,705	2,322
<b>Interest-bearing debt</b> (millions of yen)	51,476	58,023	55,173	51,174	58,121	6,947
<b>Total assets</b> (millions of yen)	106,297	114,673	111,184	116,331	130,460	14,129
<b>Year-end balance of cash and cash equivalents</b> (millions of yen)	4,977	4,621	6,313	7,097	6,539	(557)
<b>Equity ratio</b>	27.2%	27.7%	29.4%	34.7%	32.7%	(2.0 pts.)
<b>D/E ratio</b>	1.8	1.9	1.7	1.4	1.5	+0.1 pt.

- Total assets increased due to higher inventories as market prices for seafood rose.
- Equity ratio decreased due to the increase in total assets.

# Medium-term Business Plan and Initiatives in the Year Ended March 31, 2022

## Strategy

### Continuous efforts to address business issues

#### Expanding Food and Overseas business

##### ➤ Structural reorganization [April]

Reorganized food departments from product-specific to business-specific, and bolstered sales capabilities

##### ➤ Completed plant for Kyokuyo Global Seafoods Co., Ltd. [February]

Focal overseas plant for manufacturing products such as simmered fish, grilled fish, and sushi toppings  
To supply products to Japan and globally to Southeast Asia, Europe, and the Americas

#### Stabilizing earnings of Marine Products Purchasing and Aquaculture businesses

##### ◆ Accelerate shift to processed seafood including products for at-home consumption

#### Strengthening access to resources

##### ➤ Reached agreement for sales of domestic land-based aquaculture atlantic salmon [January]

Producing salmon at the world's largest Recirculating Aquaculture Systems facility, currently under construction  
To be released in 2025

##### ➤ Launched the Wakaba Maru No. 11 overseas purse seiner [February]

This large skipjack-catching fishing vessel was designed for sustainability of fishery resources and is internationally competitive. Scheduled to begin fishing in August 2022.

## Environment surrounding our business



Drastic changes in the market environment due to COVID-19

Heightened global demand for Japanese food

Strong demand from mass-market retailers during the pandemic

Rising global demand for seafood

Rising awareness of sustainability in fishery resources

Intensifying competition with foreign vessels



## Strategy

An effort for sustainable growth

### Enhancing product development and branding capabilities

- Began airing a new commercial for our company [April]

Bolstering our brand with a commercial about “Food for enjoying your life”

Environment surrounding our business



Reminders during the pandemic about the joy of food

# Status by Segment

## Net Sales and Profit by Segment

(Millions of yen)

	Net sales			Profit by business segment		
	Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year	Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year
Marine Products Purchasing	118,949	120,796	1,847	3,067	5,150	2,083
Foods	98,806	96,883	(1,922)	1,685	1,046	(638)
Tuna	29,918	34,295	4,377	506	988	482
Logistics Service	1,079	1,176	96	369	218	(151)
Other	443	423	(20)	(970)	(1,011)	(40)
<b>Total</b>	<b>249,197</b>	<b>253,575</b>	<b>4,378</b>	<b>4,657</b>	<b>6,392</b>	<b>1,734</b>

\* Starting the year ended March 31, 2022, the conventional "frozen foods" and "shelf-stable foods" segments were integrated and changed to the "foods" segment. Segment information for the year ended March 31, 2021 indicates combined totals for "frozen foods" and "shelf-stable foods."

## ➤ Marine Products Purchasing

[Higher sales and profit]

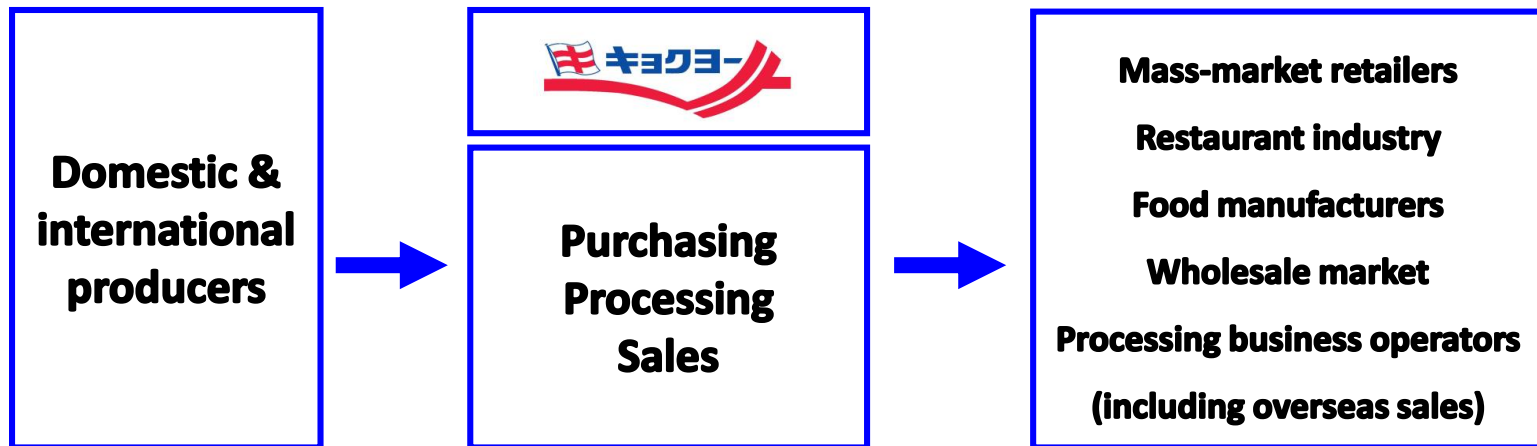
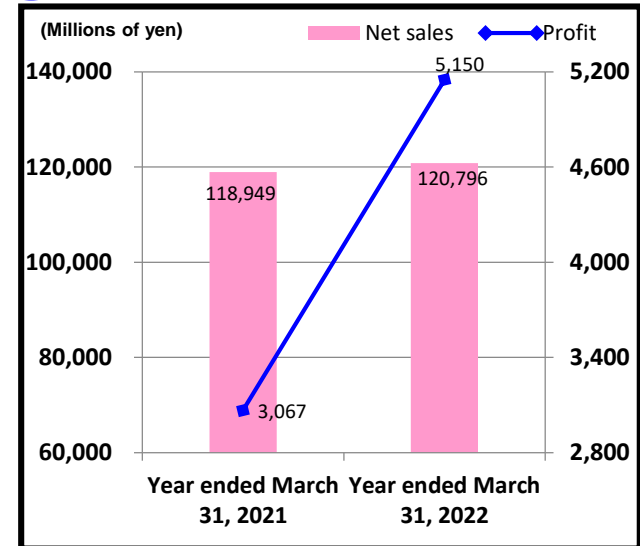
(Domestic sales)

- Sales of processed salmon and shrimp products to mass-market retailers were strong
- Sales of high-end crab and fish roe products increased
- Thorough management of northern ocean fish inventory led to higher profit
- Sales of raw ingredients for processing increased due to expectations of future increases

(Overseas business)

- Scallop exports to China increased
- Local sales rallied due to resurgent consumption in North America

\* See reference materials page 23: Sales weight and unit price of each seafood type by year



## ➤ Foods

[Lower sales and profit]

(Frozen foods for industrial use)

- Raw food products such as sushi toppings secured a certain level of sales
- Sales decreased through restaurants and meal services channels, primarily for major fried seafood products

(Frozen foods for home use)

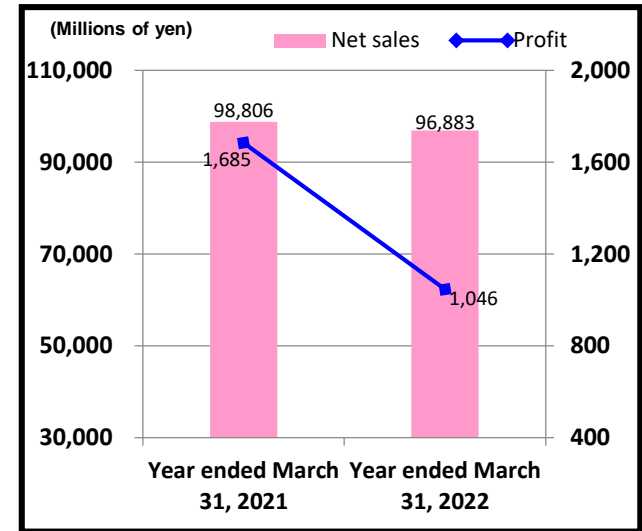
- Sales of simmered and grilled fish to drug stores increased

(Canned)

- Sales at major mass-market retailers decreased as stay-at-home demand cooled off

(Overall) Earnings were squeezed by spikes in raw materials prices and rising sea freight costs

\* See reference materials page 24: Breakdown of sales in foods business



## ➤ Tuna

[Higher sales and profit]

- Handled higher volumes of imported bluefin tuna
- Sales of processed products increased, mainly through mass-market retailer and conveyor belt sushi channels

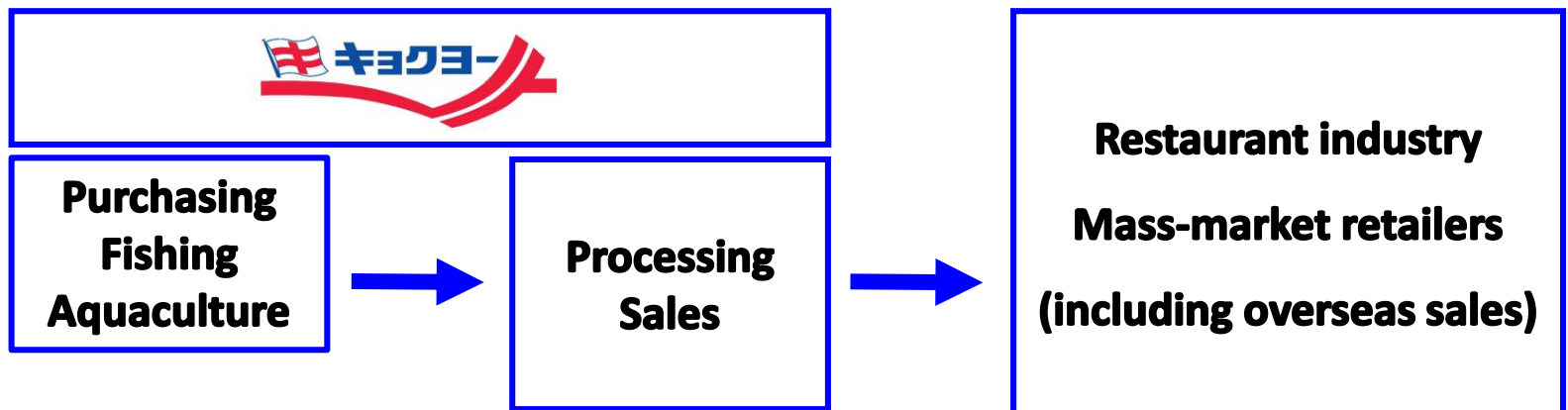
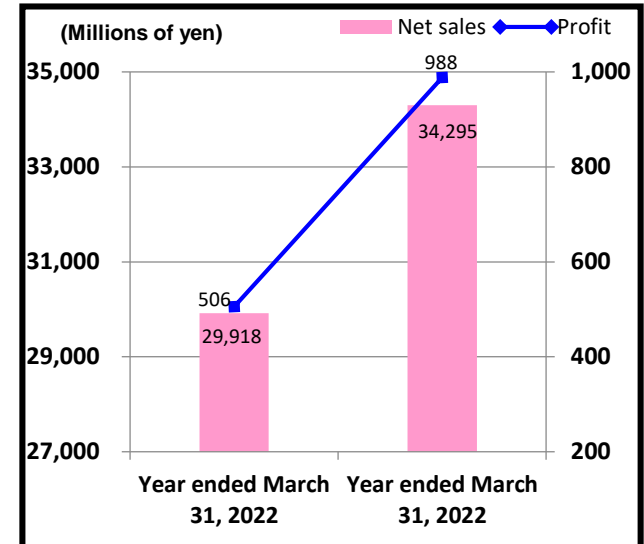
(Aquaculture business)

- Profits improved via quality improvements to domestically-produced bluefin tuna and stabilized shipping systems

(Overseas purse seine fishing business)

- Balance of incomes and expenditures improved for overseas purse seine fishing business due to recovery in prices of bonito

\* See reference materials pages 25-26: "Overseas purse seine fishing business: Catch weight & seafood prices" and "Bluefin tuna farming business Sales weight/amount."



## ➤ Logistics Service

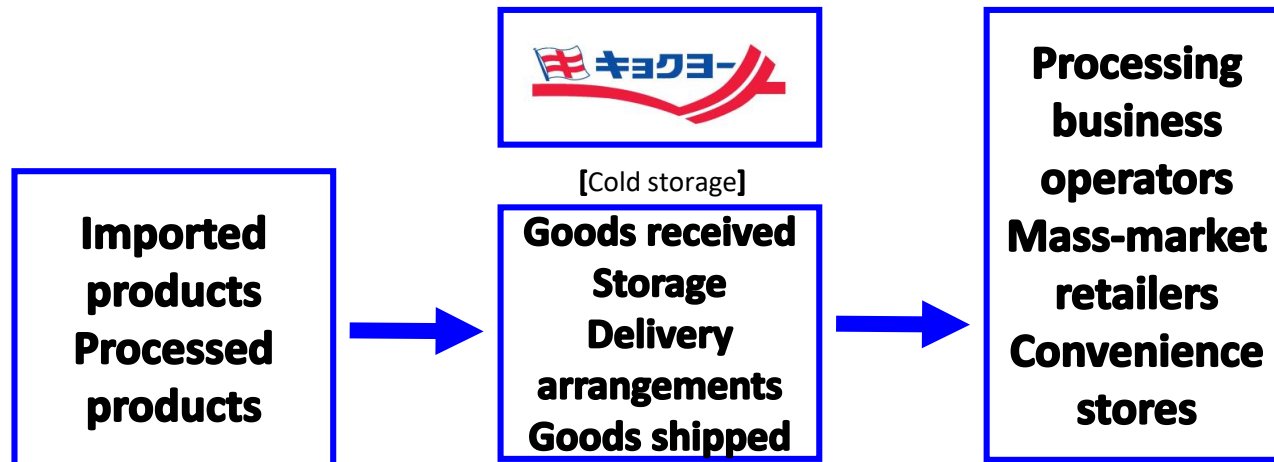
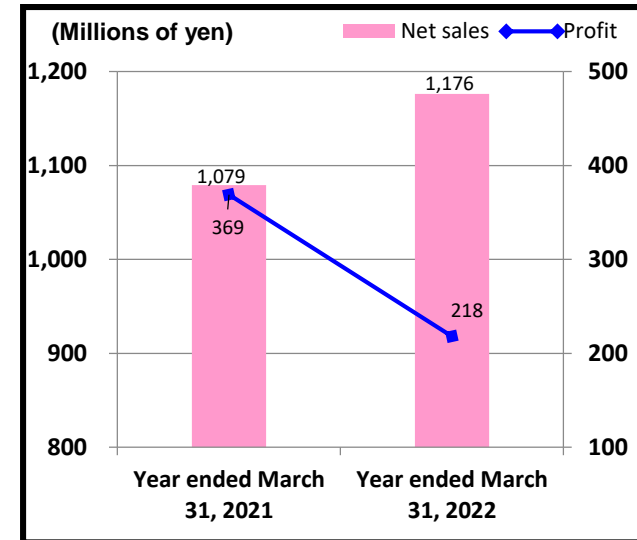
[Higher sales, lower profit]

(Delivery business)

- Stronger initiatives to increase main domestic transport lines due to instability in sea transport led to increased sales

(Cold storage business)

- Goods received were unchanged year-on-year while goods shipped increased supported by strong demand for seafood, resulting in lower inventory volumes and influencing profit



## **II. Measures & Performance Forecast for the Year Ending March 31, 2023**

➤ **Marine Products Purchasing**

[Measures]

Expand sales of our own high added-value processed food products

Diversify suppliers and processing sites

Accelerate sales of products from own plants overseas

Build business models of fully integrated overseas procurement, processing, and sales

[Medium-term plan strategy]

Stabilizing earnings of marine products purchasing and aquaculture businesses

Strengthening access to resources

Expanding overseas business

➤ **Foods**

[Measures]

Strengthen segmented sales systems by industry type

Focus efforts on sales of products from own plants to make plant operations more efficient

Instill product strategy to counter cost increases

[Medium-term plan strategy]

Expanding foods business

Enhancing product development and branding capabilities



➤ **Tuna**

[Measures]

Expand sales of processed products of own plants

Deliver stable supply of bluefin tuna farmed in Japan

Bolster sales of farmed sea bream

Make overseas purse seiner business more efficient and improve profitability



[Medium-term plan strategy]

**Stabilizing earnings of marine products purchasing and aquaculture businesses**

**Strengthening access to resources**

➤ **Logistics Service**

[Measures]

Proper management with focus on group inventories

Improve capacity ratios through sales to outside clients

Integrate deliveries and storage services



[Medium-term plan strategy]

**Accelerating digital transformation**

# Performance Forecast by Business Segment

(Millions of yen)

	Net sales			Profit by business segment		
	Actual, year ended March 31, 2022	Forecast, year ending March 31, 2023	Year-on-year	Actual, year ended March 31, 2022	Forecast, year ending March 31, 2023	Year-on-year
Marine Products Purchasing	120,796	130,000	9,203	5,150	4,500	(650)
Foods	96,883	109,000	12,116	1,046	2,300	1,253
Tuna	34,295	35,000	704	988	1,400	411
Logistics Service	1,176	1,000	(176)	218	200	(18)
Other	423	0	(423)	(1,011)	(1,400)	(388)
Total	253,575	275,000	21,425	6,392	7,000	607

# Capital Investment Plan

Capital Investment Plan			
	Overview	Year ended March 31, 2022 Actual on March 31	Year ending March 31, 2023 Plan
<b>Kyokuyo</b>	Shiogama plant-related	0.3 billion yen	0.1 billion yen
	Production plant-related	0 billion yen	0.2 billion yen
	Laboratory-related	0 billion yen	0.1 billion yen
	Sea-based aquaculture business	0 billion yen	0.1 billion yen
	IT-related & other	0.2 billion yen	0.7 billion yen
	<b>Total</b>	<b>0.6 billion yen</b>	<b>1.2 billion yen</b>
<b>Affiliated companies</b>	Production plant-related	1.5 billion yen	1.5 billion yen
	Purse seine fishing business- related	2.9 billion yen	0.9 billion yen
	Sea-based aquaculture business	0.1 billion yen	0.1 billion yen
	IT-related & other	0 billion yen	0.1 billion yen
	<b>Total</b>	<b>4.5 billion yen</b>	<b>2.6 billion yen</b>
	<b>Total</b>	<b>5.1 billion yen</b>	<b>3.8 billion yen</b>

## Major Investments

Accelerating digital transformation  
Group-wide systems implementation

Built overseas purse seiner during the year  
ended March 31, 2022

# Consolidated Performance Forecast & Medium-term Plan Targets

	Consolidated performance forecast (Second year of medium-term plan)	Target for final fiscal year of medium-term plan (Third year of medium-term plan)
Net Sales	275 billion yen	300 billion yen
Operating Profit	7 billion yen	7 billion yen
Ordinary Profit	7 billion yen	6.5 billion yen
Operating Margin	2.5%	Over 2%
Ordinary Profit Margin	2.5%	Over 2%

## III. Shareholder Returns

Dividend increase: 30 yen increase compared to four years ago

## Basic Approach to Profit Allocation

We consider proper returns of profits to shareholders to be one of the key points in our business management. In addition to greater retained earnings to strengthen our corporate organization and lay the groundwork for future business expansion, we also aim to continue paying a steady dividend while raising the level of our dividend through medium to long-term profit growth.

## Shareholder Gifts

### ■ Applicable shareholders and gifts provided

(1) Shareholders listed on our registry as of March 31 every year who own between at least one unit of shares (100 shares) and less than three units (300 shares) receive 2,500 yen worth of our products.

(2) Shareholders listed on our registry as of March 31 every year who own three units of shares (300 shares) or more receive 6,000 yen worth of our products.

### ■ Awarded: July every year

## Status of Dividend

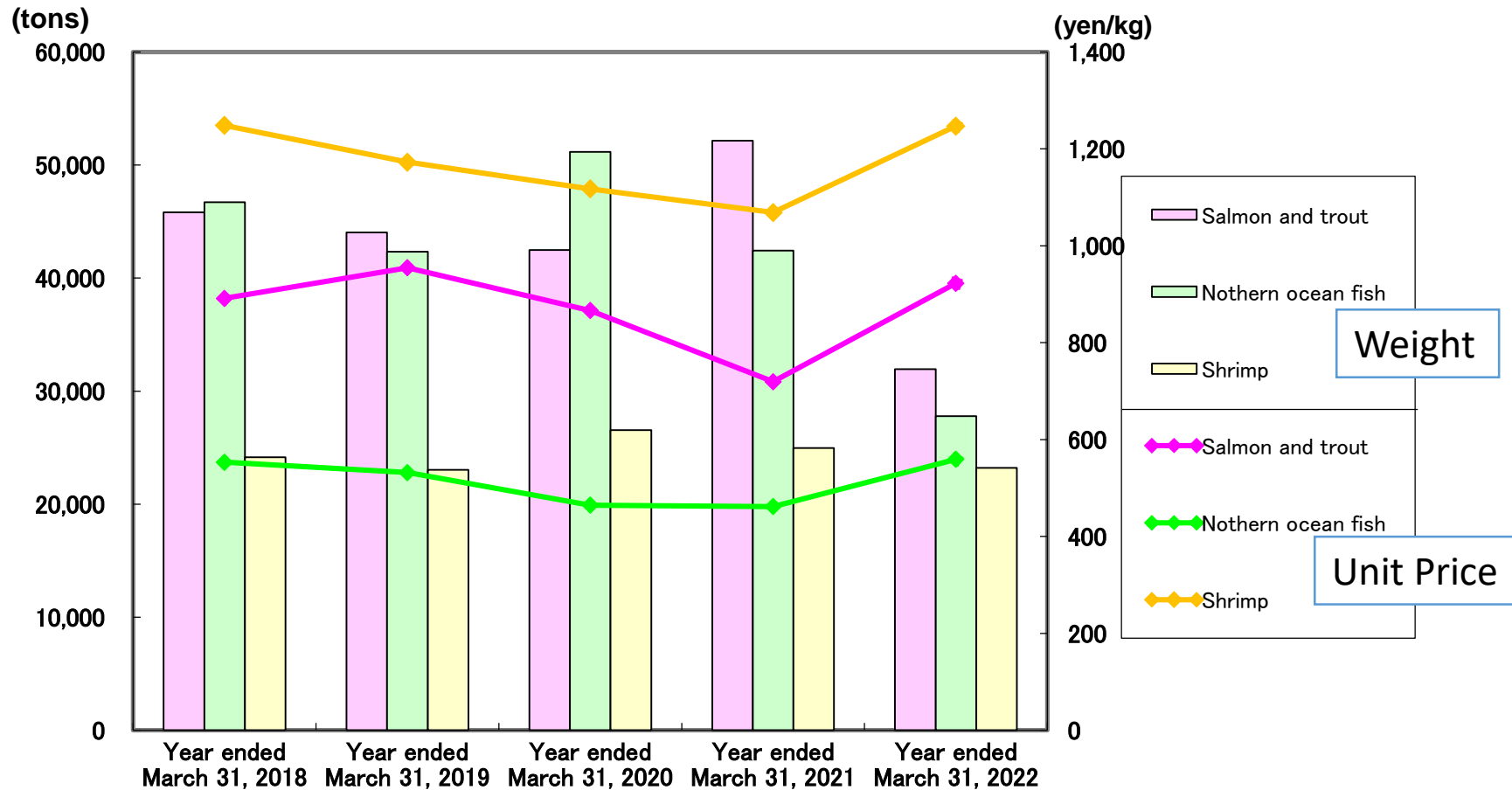
	Dividend per share
Year ended March 31, 2018	60 yen
Year ended March 31, 2019	70 yen
Year ended March 31, 2020	70 yen
Year ended March 31, 2021	80 yen
Year ended March 31, 2022	90 yen
Forecast, year ending March 31, 2023	90 yen

# Reference Materials

# Reference Materials (1)

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

\* Unit prices at the end of each fiscal year

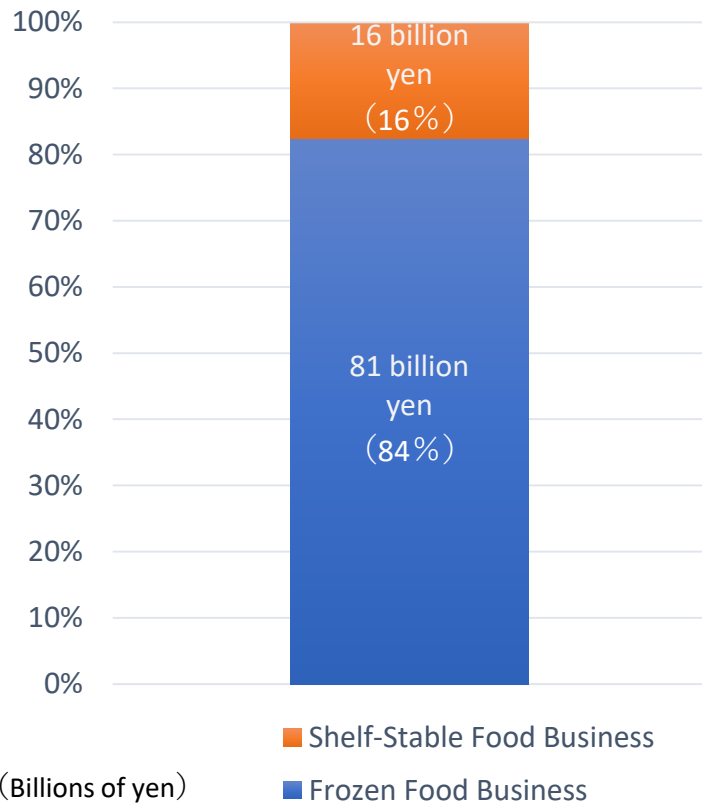




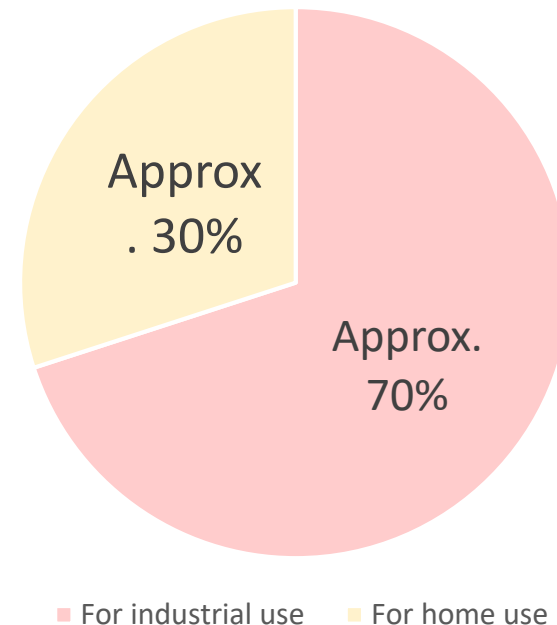
# Reference Materials (2)

## Breakdown of (96.883 billion yen) sales in foods business

By temperature range

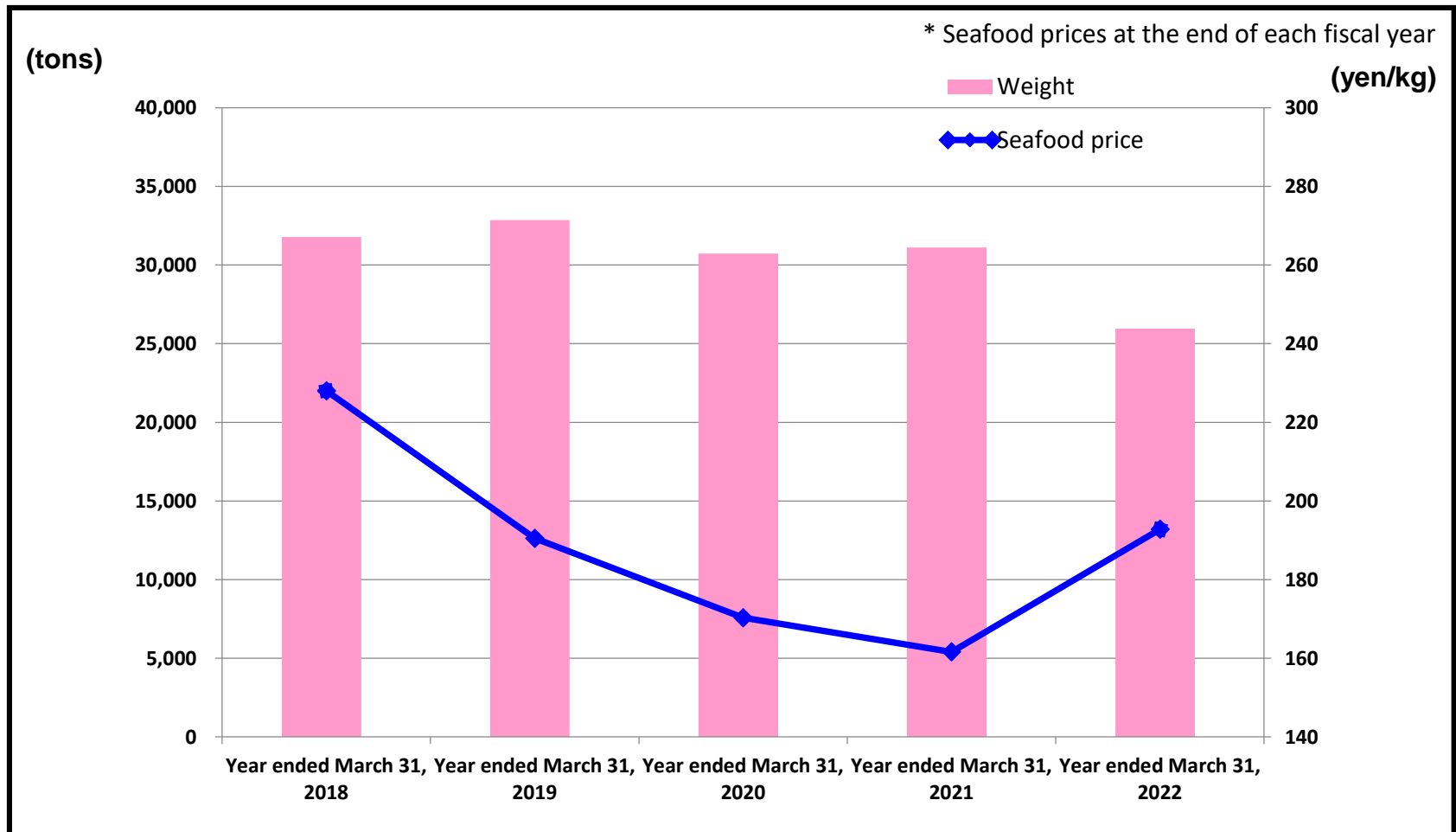


By industry type



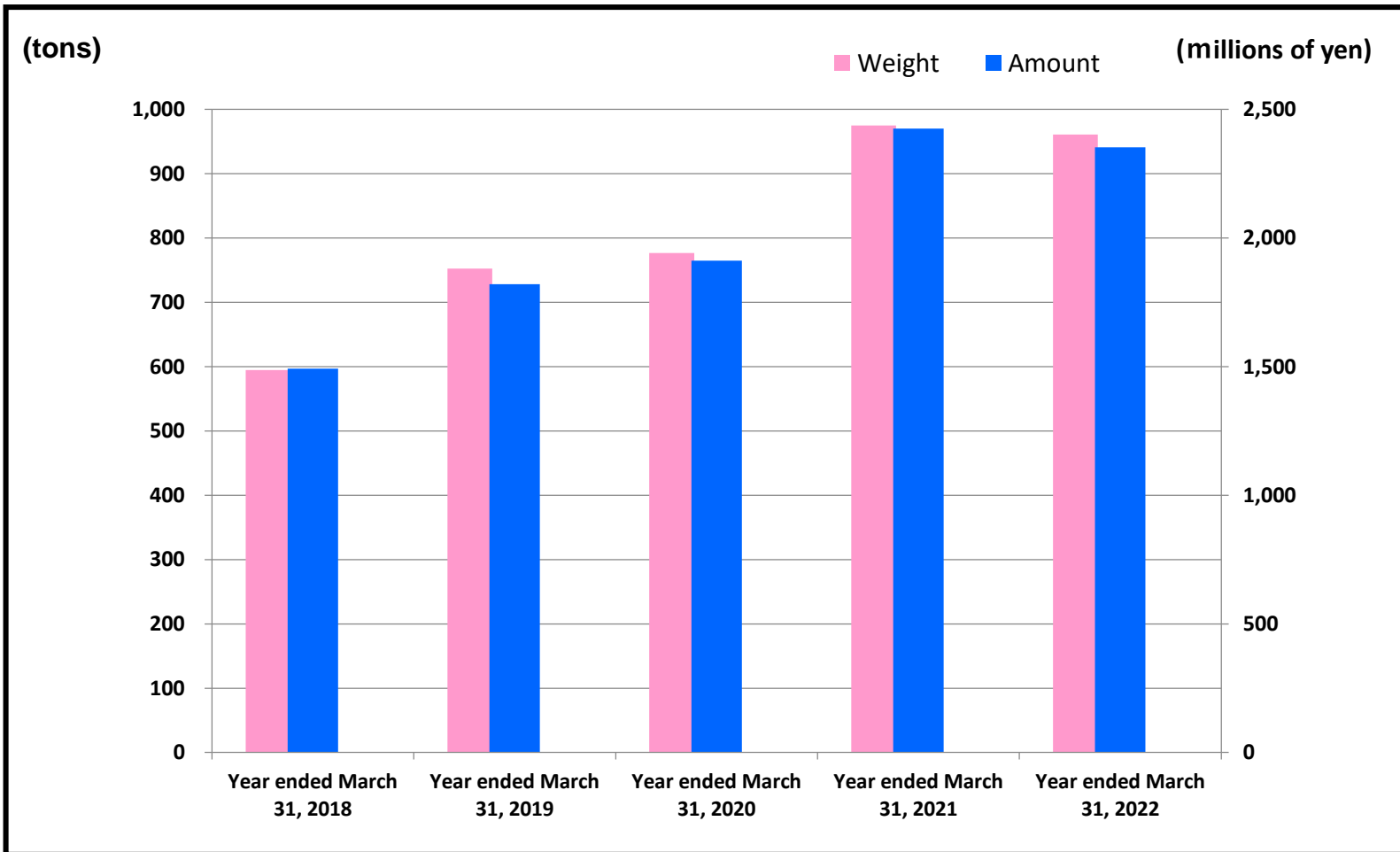
# Reference Materials (3)

## Overseas purse seine fishing business, Catch weight & seafood prices



# Reference Materials (4)

## Bluefin tuna farming business Sales weight/amount



# Reference Materials (5)

## ➤ Consolidated Performance by Year

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Net sales	254,783	256,151	262,519	249,197	253,575
Cost of sales	231,180	232,446	238,274	223,620	225,558
Gross profit	23,603	23,705	24,245	25,576	28,016
Selling & general administrative expenses	19,536	19,873	21,326	20,918	21,624
Operating profit	4,066	3,831	2,918	4,657	6,392
Ordinary profit	4,437	4,434	3,608	4,879	6,904
Extraordinary profit	1,576	125	68	1,676	50
Extraordinary loss	1,461	570	664	934	229
Profit attributable to owners of parent	3,211	2,914	2,037	3,838	4,634

# Reference Materials (6)

## ➤ Consolidated Financial Metrics by Year

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Net assets (millions of yen)	29,243	31,996	32,593	39,975	42,174
Interest-bearing debt (millions of yen)	51,476	58,023	55,173	51,174	58,121
Inventory turnover period	42.2 days	46.0 days	45.9 days	46.7 days	53.6 days
Equity ratio	27.2%	27.7%	29.4%	34.7%	32.7%
ROE	11.9%	9.6%	6.3%	10.5%	11.2%
ROA	4.4%	4.0%	3.2%	4.3%	5.6%
Net assets per share (yen)	2,679.00 yen	2,941.26 yen	3,046.26 yen	3,753.90 yen	3,969.73 yen
Net income per share (yen)	304.29 yen	269.63 yen	188.53 yen	356.95 yen	430.83 yen

- ROE: Profit attributable to owners of parent / equity\*
- ROA: Ordinary profit / total assets\*
- Inventory turnover period: Commercial product inventory balance\* / net sales x 365
- Equity ratio: Equity / total assets

\* Averages of values at end of this year and end of previous year.



# Notes of Caution Regarding Forecasts

These materials are created with the purpose of providing information about performance through the year ended March 31, 2022 and our future management vision, and do not necessarily constitute a recommendation for investment.

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

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

Contact for questions about these materials

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