



June 25, 2025

Company name: KYOKUYO CO.,LTD.

Representative: Makoto Inoue

President

(Securities code 1301;Prime Market,
Tokyo Stock Exchange)

Contact:

Hitoshi Higaki

Managing Director

(TEL:+81-3-5545-0703)

Announcement Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

We hereby announce that our Board of Directors, at a meeting held today, analyzed and evaluated the current situation and resolved a policy for improvement of various measures to realize management that is conscious of cost of capital and stock price as follows.

For details, please refer to the attached document.

Action to implement Management that is Conscious of Cost of Capital and Stock Price

June 25, 2025

KYOKUYO CO., LTD.

1. Kyokuyo Group's vision and summary of the mid-term business plan	pp.3-4
2. Current situation analysis	pp.5-6
3. Policy for improving PER and ROE	pp.7-8
4. Performance and progress of PER/ROE improvement measures	pp.9-11
5. Other initiatives	pp.12

As "Fishmonger," Kyokuyo's mission is to contribute to people's healthy lives and realize a sustainable world through the precious resource of fish. As concerns grow over food shortages due to global population growth, fish, which has a low environmental impact and is highly nutritious, is a key ingredient for a sustainable society.

With this understanding, we will create economic and social value.

The medium-term management plan we are working on starting from fiscal 2024 is as follows.

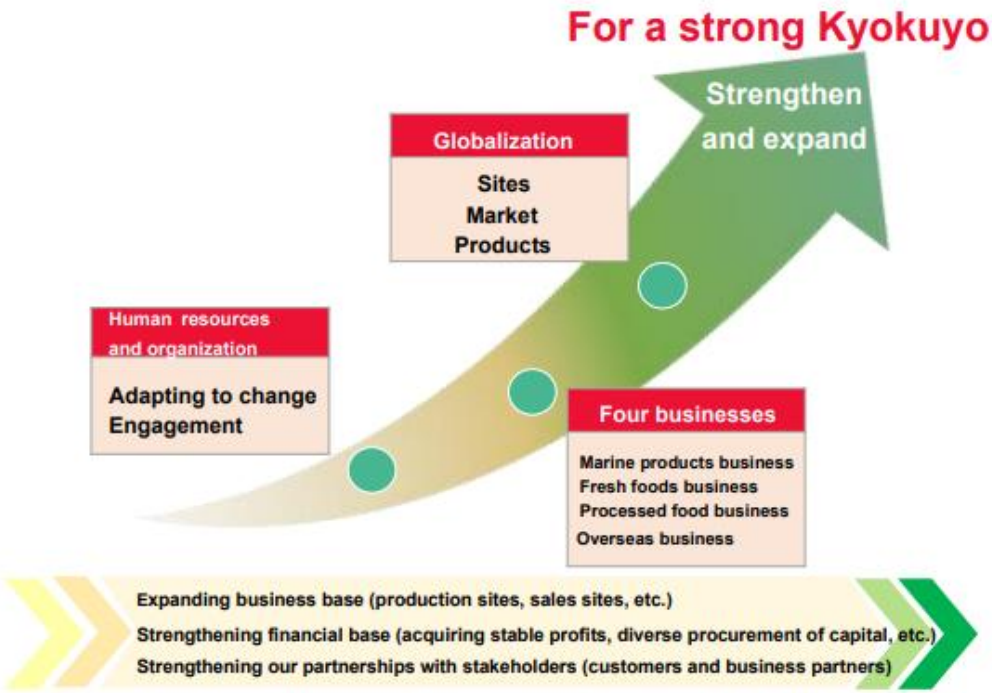
Summary of the New Medium-Term Business Plan: “Gear Up Kyokuyo 2027” (FY2024 - FY2026)

Based on our corporate purpose, while expanding our "business foundation," strengthen our "financial foundation," and "partnerships with stakeholders," we will 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,” we will strengthen and expand our Group and accelerate its growth.



Purpose

Contributing to people’s lives and the planet through foods with a focus on fish, for a more sustainable world



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

(1) Expanding business scale

KPI : Net sales with a target value of 400 billion yen
In order to increase profit, 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

KPI : Operating profit and ordinary profit with a target value of 13.5 billion yen
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

KPI : 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

KPI : ROIC (return on invested capital) with a target value of 6%
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

KPI to ensure stable and substantial dividends to shareholders : DOE (divided on equity ratio) as a, with a target value of 3%
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.

“Gear Up Kyokuyo 2027” KPIs

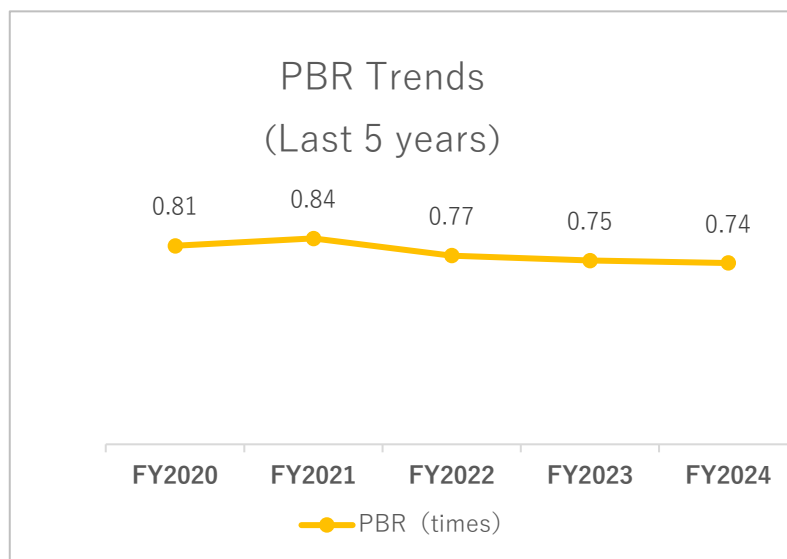
	FY ending March 2027 Target value
Net sales	400 billion yen
Operating profit	13.5 billion yen
Ordinary profit	13.5 billion yen
Overseas net sales ratio	15% or more
ROIC (Return on invested capital)	6%
DOE (Dividend on equity ratio)	3%



We will promote management that is conscious of Cost of Capital.

$$\text{ROIC} = \frac{\text{After-tax operating profit (Operating profit} \times (1 - \text{tax rate))}}{\text{Invested capital (Shareholders' equity} + \text{Interest-bearing debt)}}$$

- We are promoting management that is conscious of capital costs, for example by setting ROIC as a KPI, which is an indicator of the profits generated from funds invested in business activities (invested capital).
- On the other hand, PBR remains below 1.0.



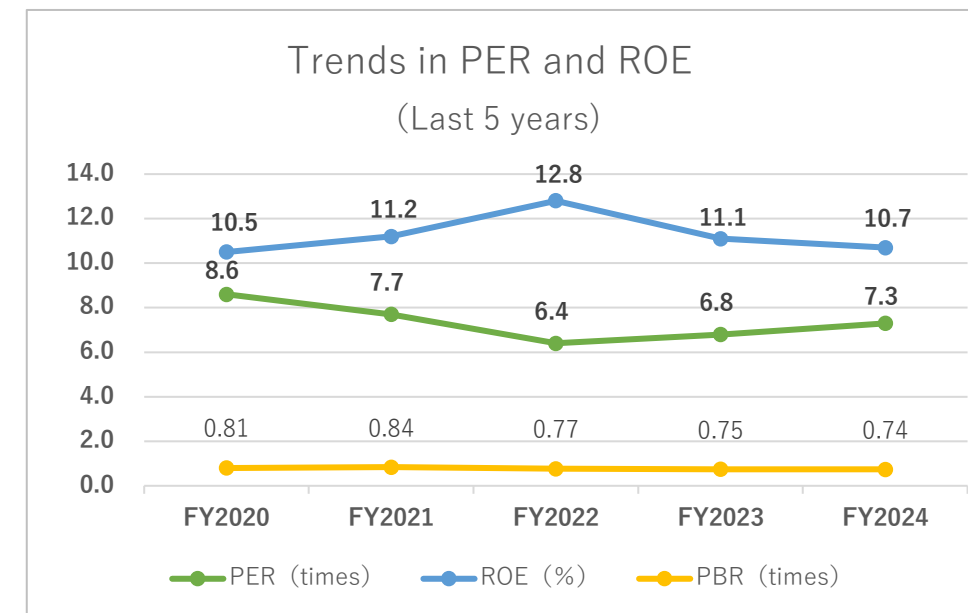
Current situation analysis – Reasons for PBR remaining below 1.0 –



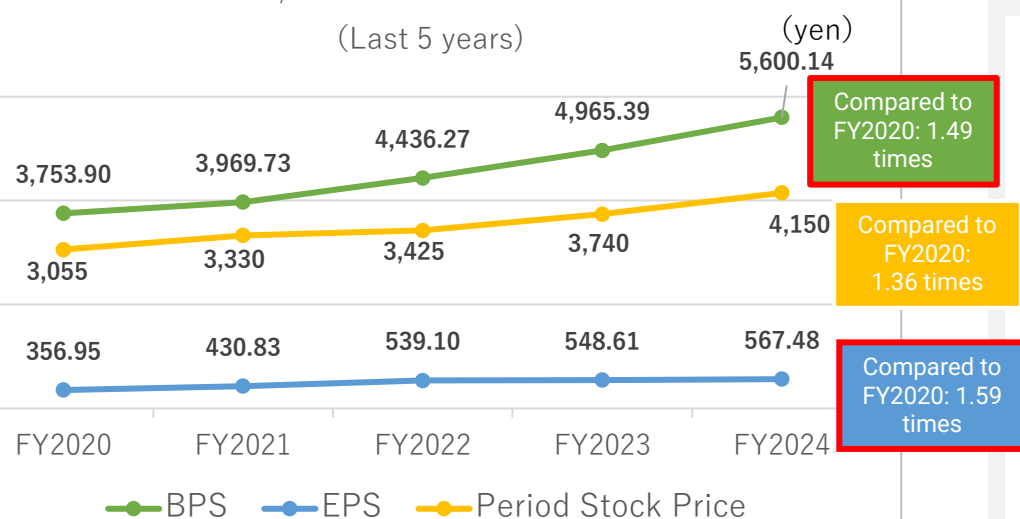
1. Although ROE remains above 10%, PER remains around 7 times.

2. We believe that the low PER is due to the fact that stock price has not increased along with the increase in "net income per share" due to the growth in business performance and the increase in net assets due to the capital increase implemented in 2024.

3. ROE is over 10%, but there is room for improvement.



Trends in BPS, EPS and End of Period Stock Price
(Last 5 years)



$$\text{PBR} = \frac{\text{Stock price}}{\text{Book-value per share}} \times \frac{\text{Stock price}}{\text{Earnings per share}} \times \frac{\text{Earnings per share}}{\text{Book-value per share}} = \frac{\text{PER}}{\text{EPS}} \times \frac{\text{ROE}}{\text{EPS}}$$

< Policy for improving PER >

- Under the medium-term management plan "Gear Up Kyokuyo 2027" (FY2024 to FY2026), we will strive to expand our business scale and strengthen our high-profit **structure to accumulate net profit**, while **strengthening our IR activities** to promote understanding of our business model and growth potential, increase interest in our shares, and work to **improve our share price**.

$$\frac{\text{Share price} \uparrow}{\text{EPS} \uparrow} = \text{PER} \uparrow$$

< Policy for improving ROE >

- By strengthening our high-profit structure and increasing profits, we will improve our net profit margin while reducing financial leverage.

	Net profit margin	Total asset turnover	Financial leverage
	Net income	Net sales	Total assets
ROE	= $\frac{\text{Net income}}{\text{Net sales}}$	× $\frac{\text{Net sales}}{\text{Total assets}}$	× $\frac{\text{Total assets}}{\text{Equity}}$
FY2024 Results	2.2%	1.8times	2.7times
Current situation analysis	low	high	high
Policy	high	high	low

supplementary explanation

Although we are managing its equity capital efficiently, there is room to reduce financial leverage by increasing equity capital through profit accumulation.

Strategies for improving ROE

Net Income

Net Sales

(Net profit margin)

×

Net Sales

Total Assets
(Total Asset
Turnover)

×

Total Assets

Equity
(Financial
leverage)

In order to increase profits, we will **shift to a high-profit** structure and increase the top line by expanding our business, while lowering the fixed ratio and improving our profit margins.

While expanding sales with **the aim of improving profits**, we will work to improve **the efficiency of our total assets** by operating our own factories more efficiently and sharing raw materials and products within our group, including overseas subsidiaries.

As we are in the investment expansion phase, we will need funds. We will increase equity capital through a variety of funding methods, including our own funds, borrowings, CPs and capital increases, while **steadily accumulating profits**.

Performance and progress of PER/ROE improvement measures



Under the medium-term management plan "Gear Up Kyokuyo 2027" (FY2024-FY2026), the following measures have been implemented to improve PER and ROE.

1. High-profit structure

<FY2024 results>

- Established the "Production Control Department" to centrally manage domestic factories in order to improve the operational efficiency of our own plants.
- Strengthened the production and supply of our own products with the operation of Kyokuyo Vina Foods Co.,Ltd. , a frozen food and seafood processing plant in Vietnam, Ocean's Kitchen Corporation, an imitation crab meat plant in the U.S., and Kyokuyo Foods Co., Ltd. Kurayoshi Plant (Tottori Prefecture), which produces frozen foods for home use.



Kyokuyo Vina Foods



Ocean's Kitchen Corporation



Kurayoshi Plant

< In progress >

- Improved ability to respond to fluctuations in the seafood market under inflationary conditions (Marine Products Business).
(Example) By leveraging a business model that handles everything from raw material procurement to processing and sales, and strengthening the supply chain so that it can respond quickly to market fluctuations, we will optimize inventory and costs and improve profitability.
- Strengthened sales structure centered on products produced in our own plants (Processed Food Business).

Key points

- Shift to a high-profit structure
- Steady accumulation of profits
- Efficient management of total assets
- Increase the top line to expand profits

Performance and progress of PER/ROE improvement measures



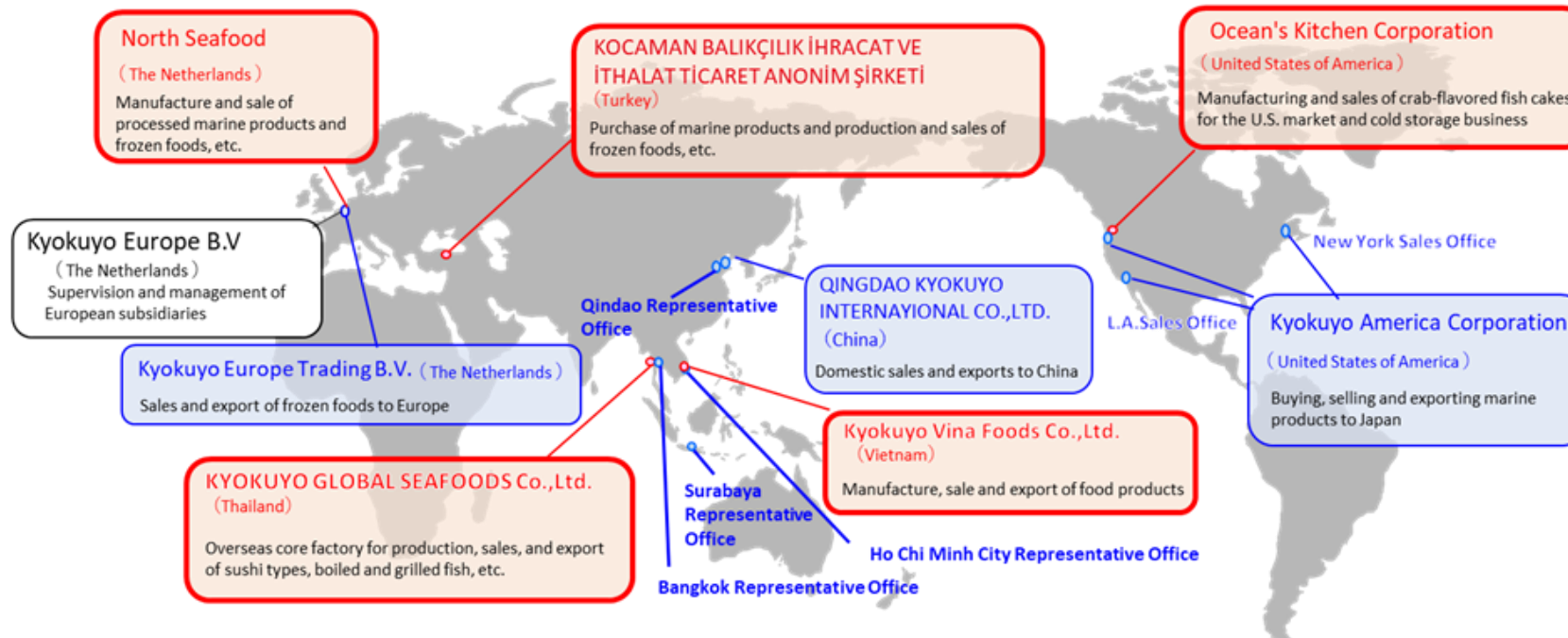
2. Promoting globalization

< FY2024 results >

- Establish a specialized department to oversee the overseas business of the entire group, aiming for an overseas sales ratio of 15% or more (FY2026)
- Acquired a Dutch company (North Seafoods) that manufactures and sells seafood products and frozen foods under the policy of "Produce overseas, sell overseas". Started operation of plants of "Kyokuyo Vina Foods" in Vietnam and "Ocean's Kitchen Corporation" in the United States.
- Established "Pacific Scallop Co., Ltd." specialized in processing and exporting scallops in order to expand the marine products export business.

Key points

- Strengthen overseas expansion
- Overseas net sales ratio 15% or more
- Efficient management of total assets
- Increase top line to expand profits



■ European business strategy

Expanding sales channels through M&A. By mutually utilizing the sales networks of the Kyokuyo Group, KOCAMAN in Turkey, and North Seafood in the Netherlands, we create synergy effects in sales power.

■ North American business strategy

Using the US imitation crab meat plant Ocean's Kitchen Corporation (West Coast) as a foothold, we also aggressively expand into the East Coast market.

Performance and progress of PER/ROE improvement measures



3.Shareholder relations

- Enhance dividends
Dividends: 130 yen in FY2024 (+30 yen Y-o-Y), 150 yen forecast for FY2025
Aim to increase dividends to achieve DOE (dividend on equity) of 3.0%, which is the KPI for the mid-term plan (FY2026).
* (Assumption) Dividends will be 160 yen (DOE 3.05%) if we estimate the achievement level of DOE 3.0% in FY2024
- Set ROIC (return on invested capital) of 6% as the KPI for the mid-term plan (ending March 2027).
Commit to management that is conscious of obtaining profits commensurate with investments
Recover investments for business (M&A, construction of new plants, renovation of plants, etc.)
Appropriate control of "goods and products" procured and produced to increase sales and profit
- Financial results briefings for institutional investors and analysts conducted by the President twice a year
IR interviews conducted by the IR director or IR department manager 29 times a year (FY2024)
- Enhanced the content of IR materials (business flow, clarifying key points)

Key points

- Enhancing shareholder returns
- Steady accumulation of profits
- Efficient management of total assets

	FY2024 Act	Target for FY2025	Medium-term Business Plan Targets (FY2026)
Net sales	302.6bn yen	350bn yen	400bn yen
Operating profit	11bn yen	12.5bn yen	13.5bn yen
Ordinary profit	10,8bn yen	12.5bn yen	13.5bn yen
Overseas net sales ratio	10.8%	-	15%以上
ROIC (Return on invested capital)	5.8%	-	6%
DOE (Dividend on equity ratio)	2.5%	2.6%	3%

Status of Dividend		
	Dividend per share	DOE
FY2021	9 0 yen	2.3%
FY2022	1 0 0 yen (Ordinary dividend 90yen) (Commemorative dividend 10yen)	2.4%
FY2023	1 0 0 yen	2.2%
FY2024	1 3 0 yen	2.5%
Forecast for FY2025	1 5 0 yen	2.6%

Other initiatives

In addition to continuing the PER/ROE improvement measures listed on the previous pages, we will work on the following two items.

1. Strengthening IR activities

- We will work to promote understanding of our business and shareholder returns by enhancing IR information and proactively engaging in dialogue with investors.

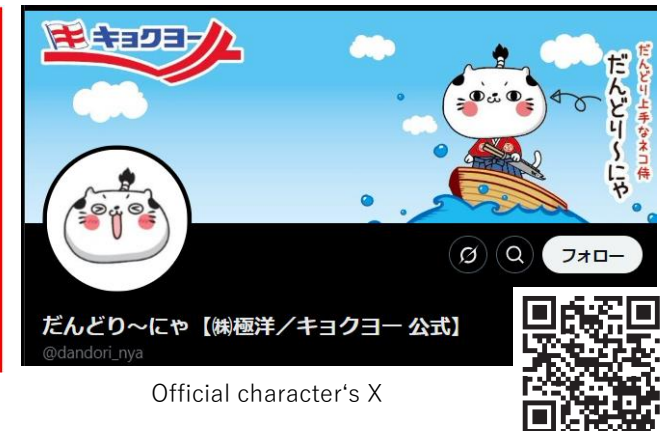
Response Policy	Response measures		Specific Initiatives
Improve understanding of business models	Explanation of business model	• Revenue structure	Enhancement of timely disclosure information
Improve understanding of growth potential	Explanation of growth strategy	• Measures to expand sales volume for increasing profit • Proactive investment track record and plans for growth areas (expanding and strengthening overseas and food businesses)	Strengthening information dissemination on the corporate website
Increased interest in our stock	Explanation of dividend policy	• Dividend trends • Appealing the significance of introducing DOE	Dialogue with investors and shareholders

2. Raising awareness

- Raise awareness of our company through advertising and public relations activities via mass media and social media



Corporate commercial



Official character's X