オカムラ食品工業

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Supplementary Material on Financial Results for the Fiscal Year Ended June 30, 2024



August 9, 2024
Okamura Foods Co., Ltd. (2938)

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(2) External Environment

-Great Potential of Salmon and Trout for Raw Consumption

(3) Features and Strengths of the Group

(4) Future Growth Strategy



Company name	Okamura Foods Co., Ltd.
Head office	1-6-11 Yaeda, Aomori-shi, Aomori, Japan
Representatives	Koichi Okamura, President and Chief Executive Officer Koji Yagi, Vice President
Established	August 1971
Capital	¥1,093 million (As of June 30, 2024)
Number of employees	852 (Consolidated basis, as of June 30, 2024)
Number of consolidated subsidiaries	9

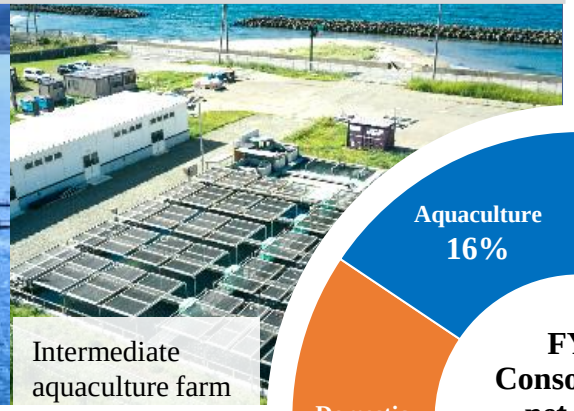
Business Lines and Breakdown of Sales

Operating four businesses encompassing the global supply chain of salmon and trout

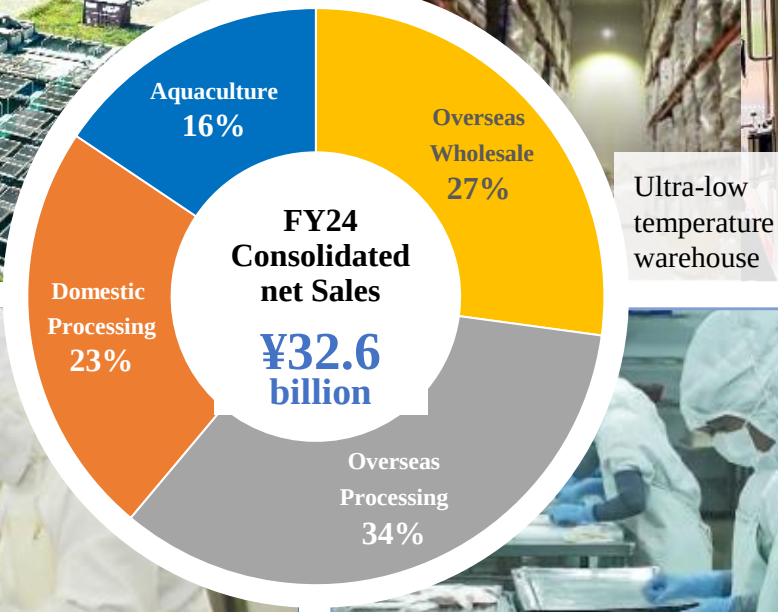
Aquaculture Business
Net sales: ¥5.0 billion, segment profit: ¥0.7 billion



Offshore aquaculture farm



Intermediate aquaculture farm



Overseas Wholesale Business
Net Sales: ¥8.8 billion, segment profit: ¥0.2 billion

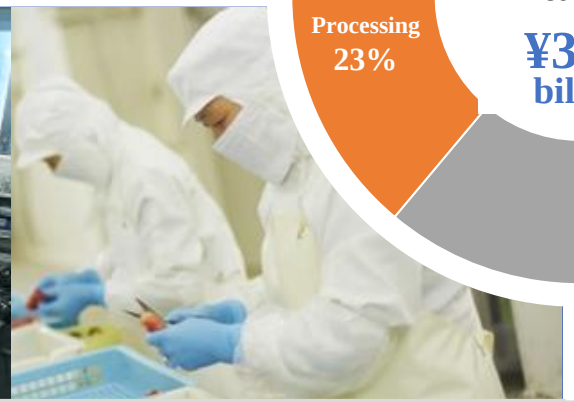
Ultra-low temperature warehouse



Low temperature delivery truck



Aomori Plant





Myanmar Plant

Domestic Processing Business
Net sales: ¥7.6 billion, segment profit: ¥1.0 billion

Overseas Processing Business
Net sales: ¥11.0 billion, segment profit: ¥1.0 billion

Main Products

Salmon and trout related products account for over 90% of sales, with a wide-ranging lineup from HOG fish to processed products

Aquaculture Business



Fresh Aomori trout (HOG: Head On Gutted)



Aomori trout fillet

Domestic Processing Business



Trout roe products made from fish roe ingredients from Musholm A/S



Herring roe products made at the Plant No. 1

Overseas Processing Business



Aomori trout raw belly slices



Sushi topping products using salmon belly raw materials purchased from outside suppliers



Okamura Kitchen (baked or boiled fish products on the market)

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OKAMURA FOODS CO., LTD.

History

Started with food processing business, now grown into a key player in the salmon and trout supply chain

1971 Establishment
Processing of fish roe and adult fish

1990 Musholm A/S
Started import of frozen trout roe from Musholm A/S in Denmark

2003 Vietnam
Started processing salmon and trout for sushi toppings at a partner plant

2005 Aquaculture Business
M&A of Musholm A/S

2015 Cold Chain
Established a sales base in Singapore, in which ultra-low temperature warehouse and low temperature delivery trucks were introduced

2017 Japan's first large-scale aquaculture of salmon and trout for raw consumption
Established Japan Salmon Farm Inc. (JSF)

2017 Myanmar
Started processing salmon and trout for sushi toppings at our own plant

2019 ASC Certification*
First certification among domestic trout aquaculture businesses

2023
Listed on the Standard Market of Tokyo Stock Exchange

Domestic Processing Business

Overseas Processing Business

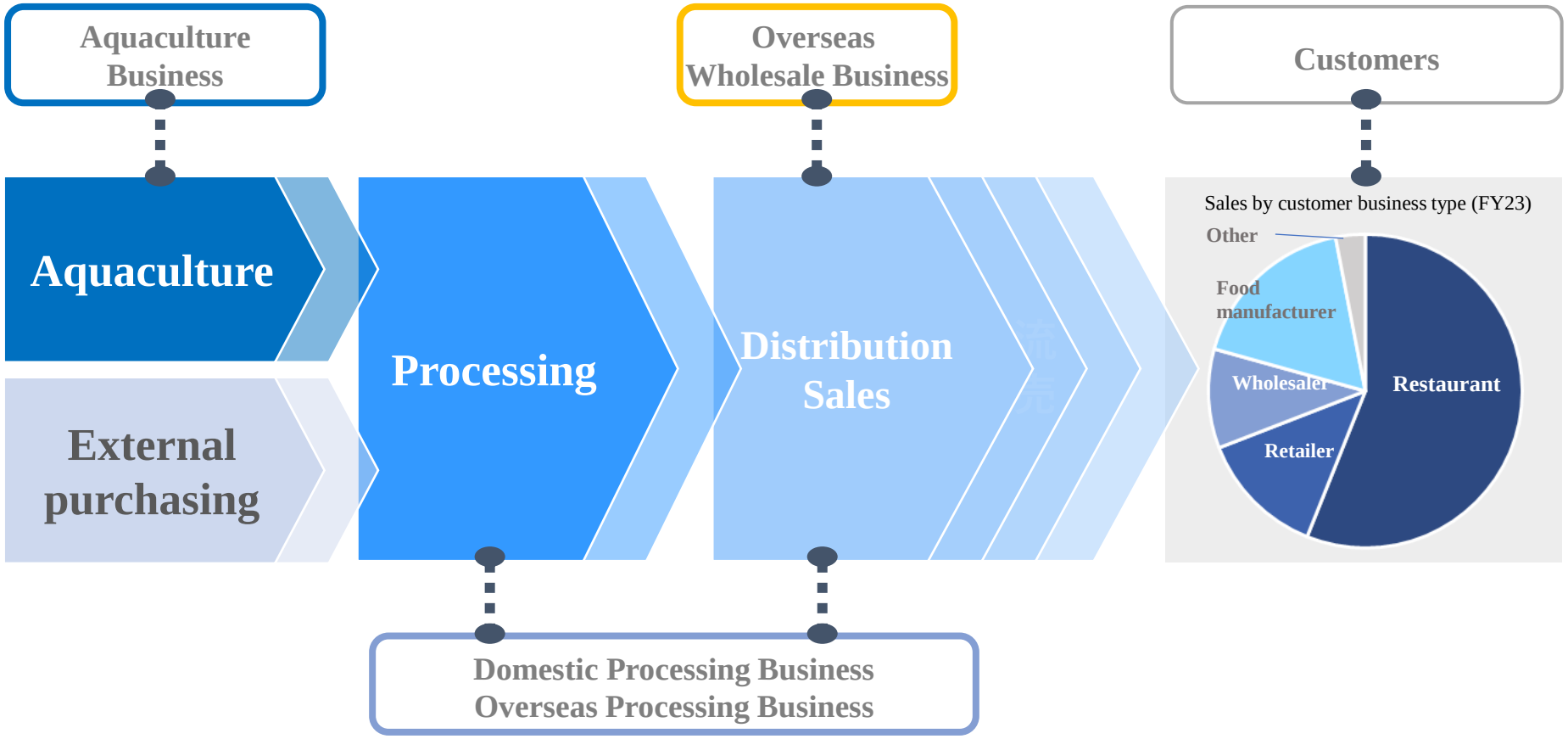
Aquaculture Business

Overseas Wholesale Business

* An international certification for aquaculture managed and operated by the Aquaculture Stewardship Council. ASC certifies an aquaculture farm which operates sustainable aquaculture business without polluting the natural environment or overusing resources.

Overview of Business

Operating globally based on a vertically integrated business model centering on salmon and trout
Aim to achieve a stable supply chain by further expanding the aquaculture business



Bases and Group Companies

Operating Group companies at bases established in 8 countries worldwide

Denmark
Musholm, Loejstrup Dambrug





Tokyo
Tokyo Head Office of Okamura Foods Co., Ltd.

Aomori
Okamura Foods Co., Ltd., Japan Salmon Farm Inc.









Myanmar
Okamura Trading Myanmar



Taiwan
Okamura Trading Taiwan

Thailand
Okamura Trading (Thailand)

Vietnam
Okamura Trading Vietnam

Malaysia
Xenka Trading (M)

Singapore
Okamura Trading Singapore



- Aquaculture Business Bases
- Domestic Processing Business Bases
- Overseas Processing Business Bases
- Overseas Wholesale Business Bases

9 consolidated subsidiaries

- Japan Salmon Farm Inc.
- Musholm A/S
- Loejstrup Dambrug A/S
- Okamura Trading Myanmar Co., Ltd.
- Okamura Trading Vietnam CO., Ltd.
- Okamura Trading Singapore Pte., Ltd.
- Xenka Trading (M) Sdn. Bhd.
- Okamura Trading Taiwan Co., Ltd.
- Okamura Trading (Thailand) Co., Ltd.

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(1) Company Profile

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- Great Potential of Salmon and trout for Raw Consumption

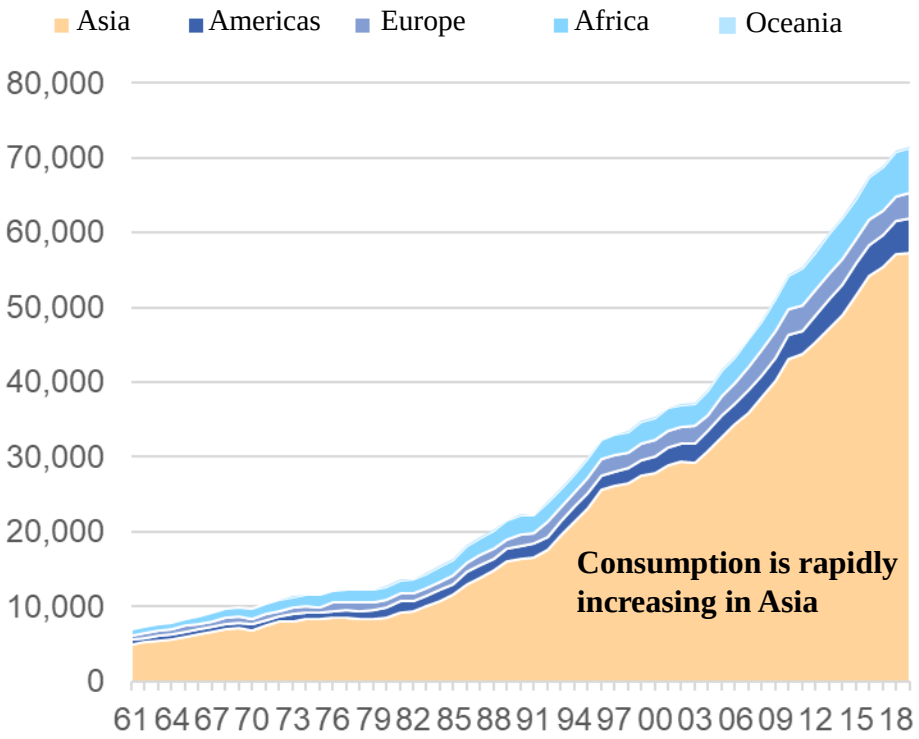
(3) Features and Strengths of the Group

(4) Future Growth Strategy



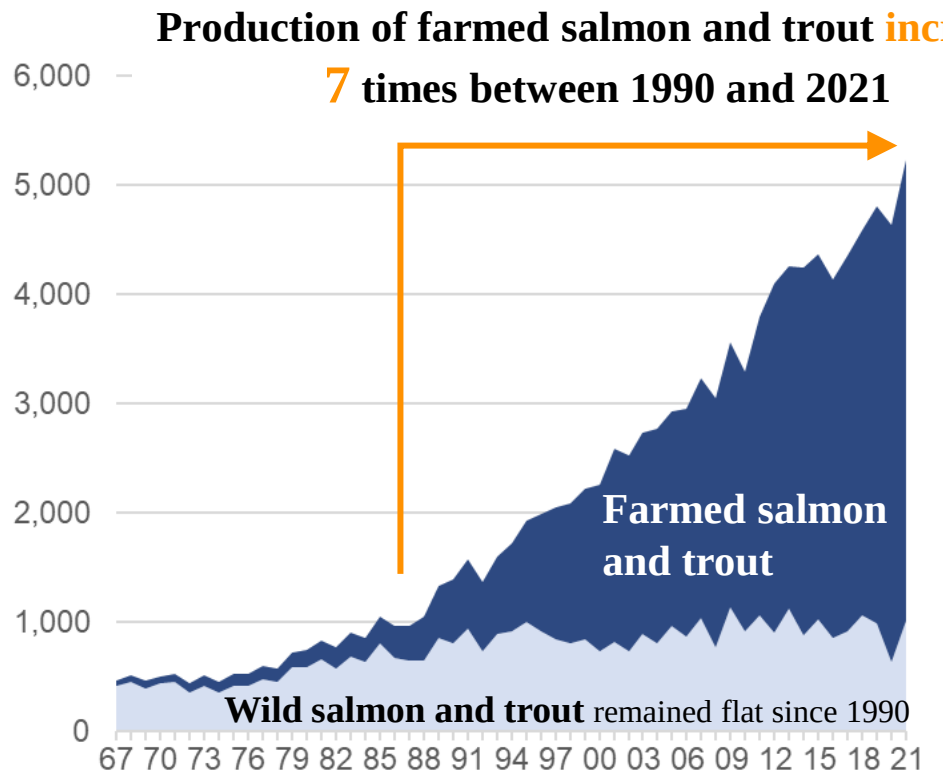
- Driven by the Asian market where demand is rapidly expanding, farmed salmon and trout production has grown significantly worldwide
- However, as almost all suitable sites for aquaculture have been developed in aquaculture powerhouses (Norway and Chile), the pace of increase in aquaculture harvest is expected to change moving forward

Trends in demand for fish by region (Thousand tons)



Source: FAO, FishStat

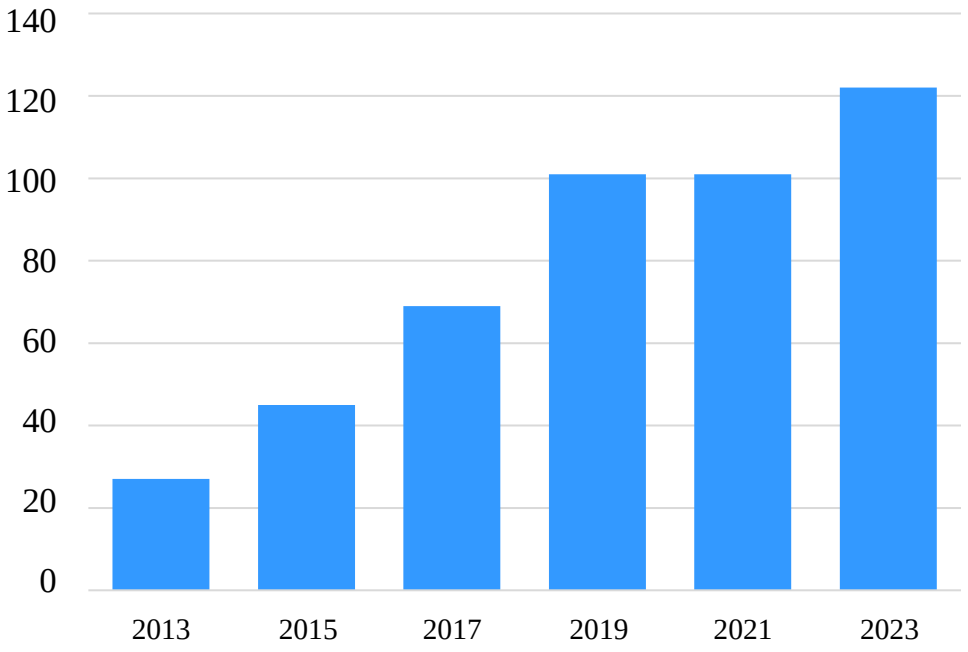
Trends in salmon and trout production in the world (Thousand tons)



Source: FAO, FishStat

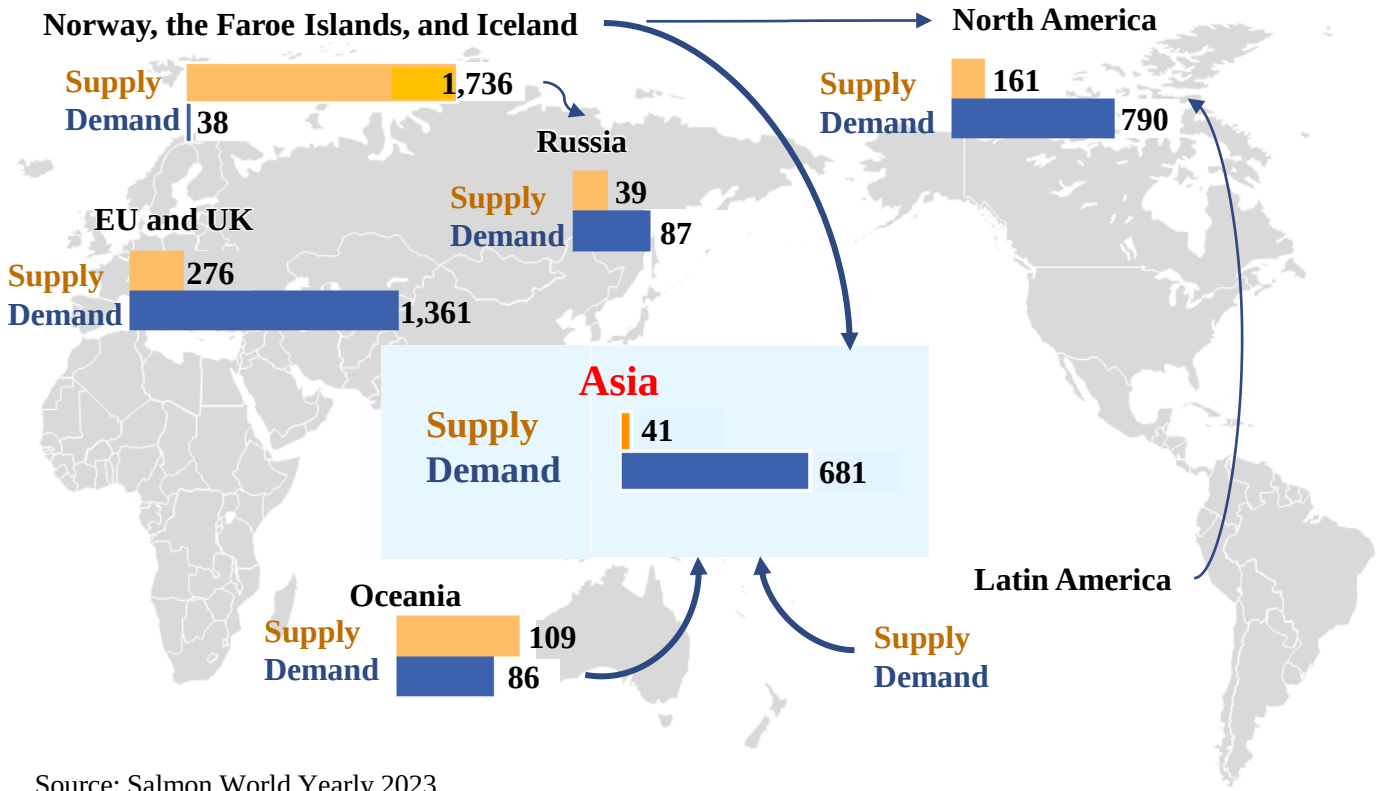
- Demand for salmon and trout continues to grow, with the number of Japanese restaurants across Asia exceeding 120,000
- Despite of this, a significant increase in supply from aquaculture powerhouses, including countries in Northern Europe and South America, is unlikely

Trends in the number of Japanese restaurants in Asia (Thousand stores)



Source: Estimated by the Ministry of Agriculture, Forestry and Fisheries based on survey by the Ministry of Foreign Affairs of Japan

Worldwide supply of farmed salmon and trout, and their market size (Thousand tons)



Source: Salmon World Yearly 2023

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Strength 1

Making possible large-scale aquaculture of trout for raw consumption

Strength 2

Solving customer’s challenges in overseas wholesale with our vertically integrated business model

Strength 1: Making possible large-scale aquaculture of trout for raw consumption

—Two challenges that can not be solved by the logic of capital



Strength 1: Making possible large-scale aquaculture of trout for raw consumption

—Overcome challenges with strengths, which is possible because of our strengths

1 Support from local communities
- Water rights
- Demarcated fishery rights

2 Know-how & technology

I. Enabled to utilize local resources,
only because we are based in Aomori
II. Advanced technology in aquaculture,
which can be acquired
only because we have subsidiaries in Denmark

Okamura Foods

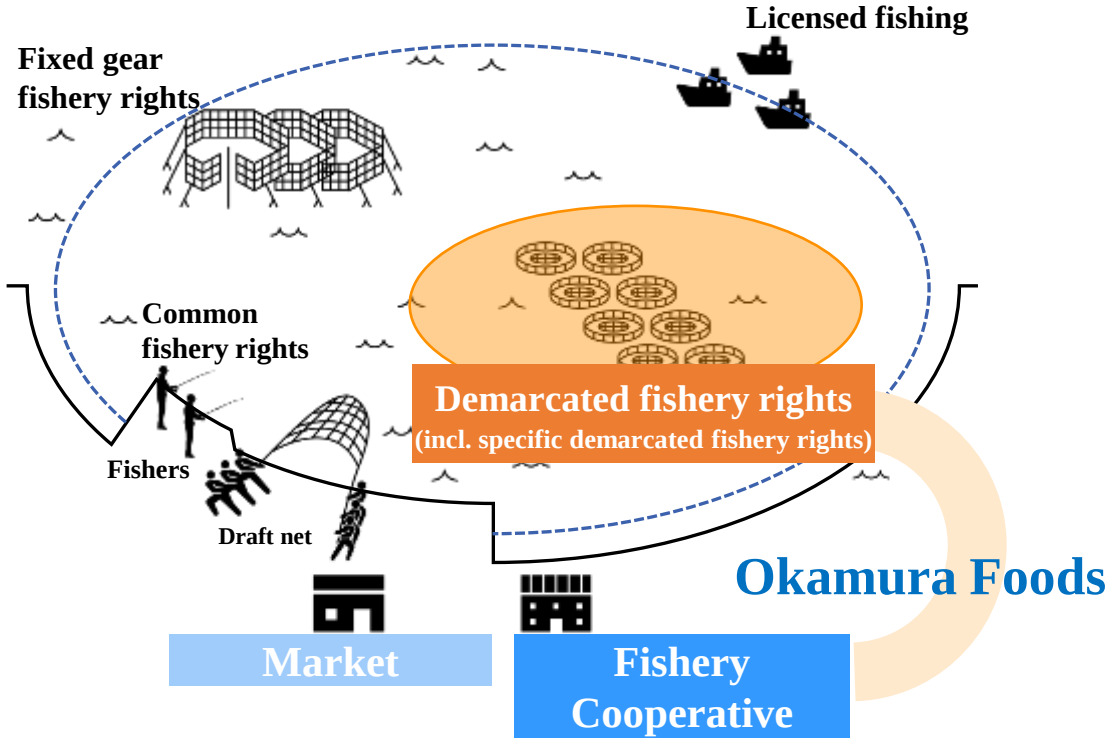
Strength 1: Making possible large-scale aquaculture of trout for raw consumption

—Enabled to utilize local resources, only because we are based in Aomori

Expanded aquaculture business in sea surrounding Aomori, suitable for salmon and trout aquaculture, supported by local communities

Social environment

Exercising demarcated fishery rights as a member of local fishery cooperative



Natural environment

Aomori is suitable for trout aquaculture

Sea conditions

- Water temperature of no more than 17°C
- Right currents



Business environment

- Backed by national policies to promote aquaculture*

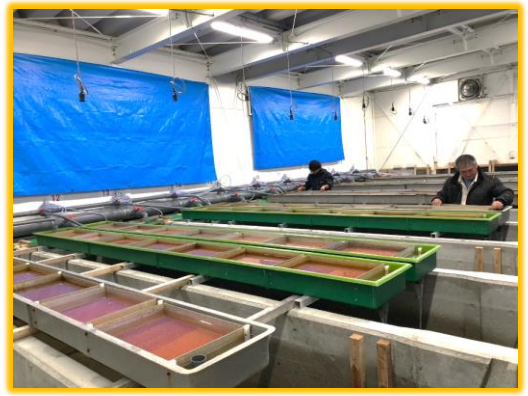
* Revised Fishery Act enacted in 2020

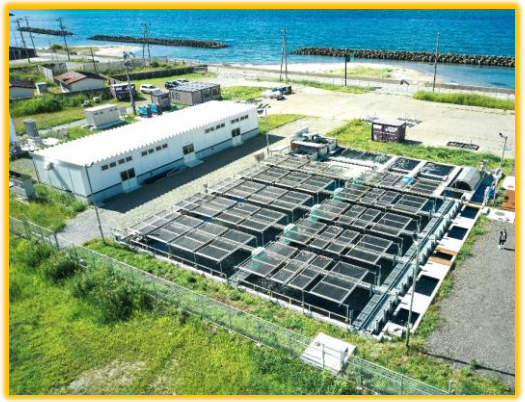
Strength 1: Making possible large-scale aquaculture of trout for raw consumption

—Advanced technology in aquaculture, which can be acquired only because we have subsidiaries in Denmark

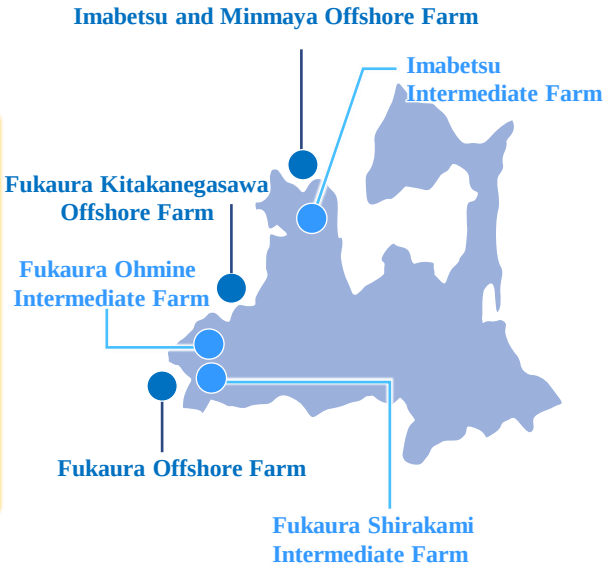
Established an integrated production system spanning from hatching to adult fish, while using large-scale facilities

Purchase of eyed eggs → **Hatching** → **Freshwater aquaculture** → **Offshore aquaculture** → Harvest









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OKAMURA FOODS CO., LTD.

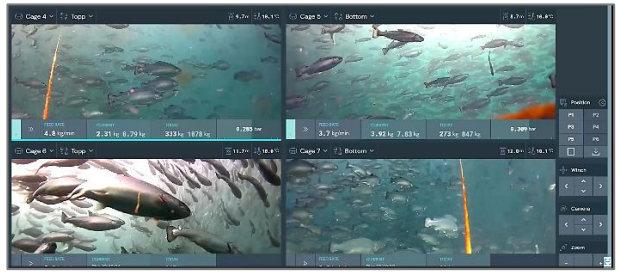
Strength 1: Making possible large-scale aquaculture of trout for raw consumption

—Advanced technology in aquaculture, which can be acquired only because we have subsidiaries in Denmark

Case 1: Achieved stable and lower-cost feeding by introducing Japan's first feed barges with a remotely operated and automated feeding system

● Remotely-operated and automatic feeding

- Feeding at the best suited time while ensuring safety, without being affected by weather conditions
- Analyzing schools of fish by monitoring in water
- Understanding the temperature at which a fish's appetite increases
- Automatic oxygenating



● Feed Barges

- Adjacent to fish cages 1–2 km off the coast
- Storing mixed feed of 250 tons (two weeks' worth)
- Equipped with power-generating function



- **FCR (Feed conversion ratio)**[*1] —— **Improved by 3%**



- **Number of feeding days during the aquaculture period (December to June)** —— **Up by 24%**



- **Number of feeding personnel** —— **Down by 80%**



- **Other benefits**
  - Dramatically improved safety at aquaculture farms
  - Diversified aquaculture personnel including non-managerial employees and IT personnel
  - Fish bodies became larger

[*1]FCR: Feed conversion ratio, an indicator of the amount of feed required to fatten an aquaculture fish by 1kg

[*2]Before: FY22 results, After: FY23 results

Strength 1: Making possible large-scale aquaculture of trout for raw consumption

—Advanced technology in aquaculture, which can be acquired only because we have subsidiaries in Denmark

Case 2: Eliminated bottlenecks in increasing aquaculture harvests by using open recirculating intermediate aquaculture farms

Advanced technologies from Denmark

- **Technological system of high-density aquaculture**
- **Automatic oxygenation system using IoT**
- **Recirculating aquaculture system**



Recirculating intermediate aquaculture farm in Imabetsu-cho, Aomori Prefecture

Challenges of intermediate aquaculture farms

- **Measures for water rights**
- **Measures for natural disasters**
- **Measures to prevent environmental burden**

- **Overcame challenges through aquaculture farms using advanced technologies**

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Strength 2: Solving customer's challenges in overseas wholesale with our vertically integrated business model

Enhanced business performance mainly for Asian food service companies, attaining reputation for Japanese quality and advanced expertise

Needs of customers in Asia (conveyor-belt sushi chain restaurants, Japanese restaurants, supermarkets, etc.)

Product planning and proposals	Accurate logistics	Customizable

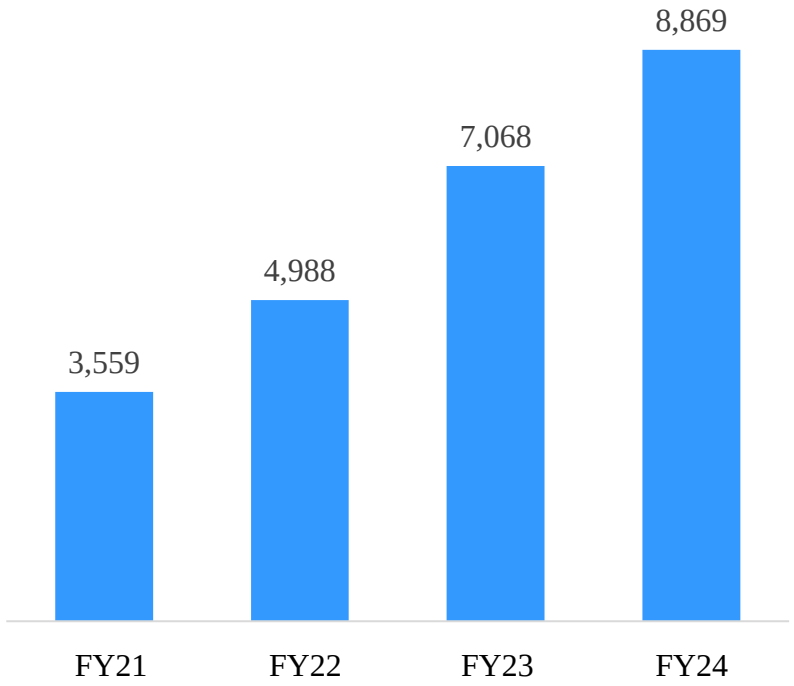
Our Solutions

- **Japan quality**
  - High-quality distribution
  - Meet deadlines
  - Stable supply
- **Advanced expertise**
  - Customizable
  - Respond to high-variety and small-lot wholesale

Strengths of our vertically integrated business model

- **Secure a stable supply of raw materials**
  - In-house produced raw materials by aquaculture
- **Processing capability**
  - Domestic processing (in Aomori)
  - Overseas processing (in Myanmar, Vietnam)
- **Wholesale bases**
  - Singapore, Malaysia, Taiwan, Thailand

Trends in sales of Overseas Wholesale Business (Million yen)



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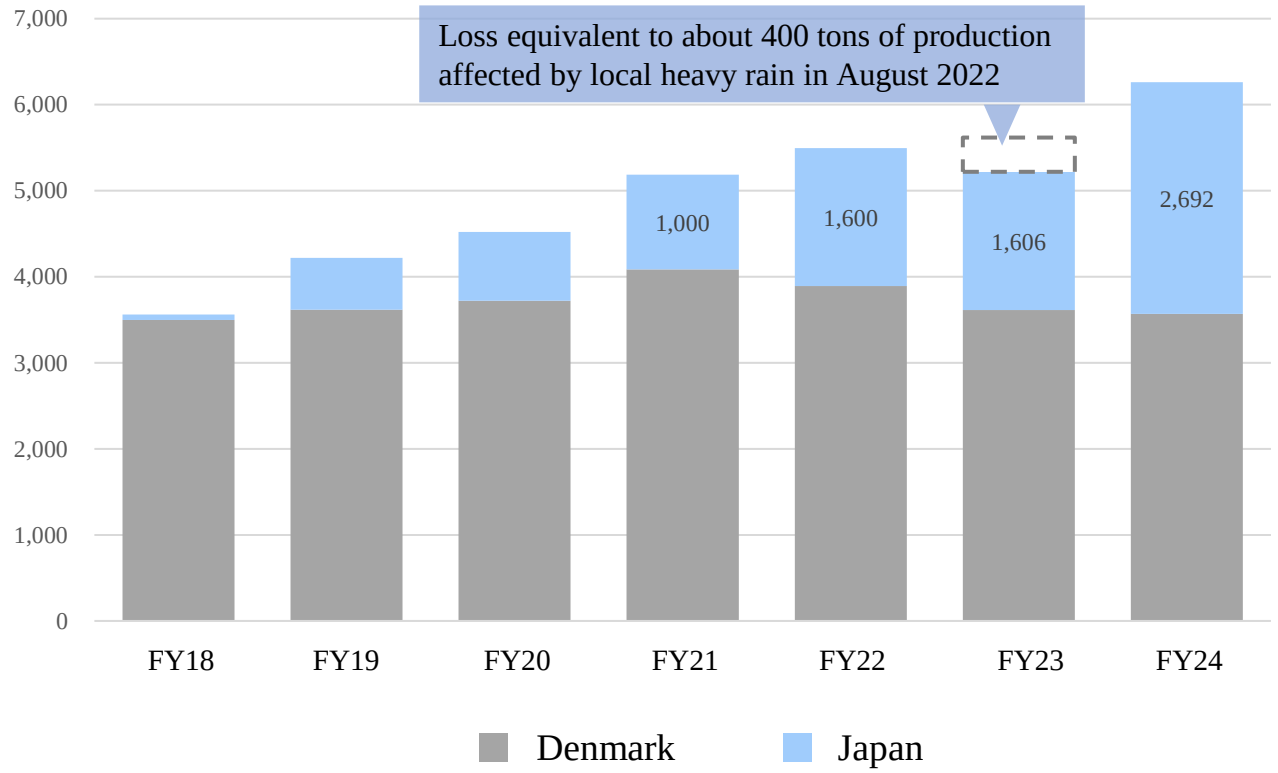
Strategy 1 **Increase domestic trout aquaculture harvest**

Strategy 2 **Expand wholesale business in Asia**

Strategy 1: Increase domestic trout aquaculture harvest

Accelerate capital investment to increase aquaculture harvest, using IPO as one of the means of raising funds

Trends in trout production in Japan and abroad (Ton)



<Major capital investment in FY24>

- **Expansion of the intermediate aquaculture farm (in Aomori Prefecture)**
- **Expansion of the offshore aquaculture farms (in Aomori Prefecture)**





Recirculating intermediate aquaculture farms (Imabetsu-cho, Aomori Prefecture)

Strategy 2: Expand wholesale business in Asia

Expand our business areas in Asia to fully capture the demand from continuously growing Japanese food market

1 Strengthen product proposals

- **Pursue expertise**
  - Reinforce personnel

2 Strengthen logistics capabilities

- **Expand wholesale infrastructure**
  - Ultra-low temperature containers, and delivery trucks

3 Enhance ability to customize

- **Renovate plants**
  - Strengthen ability to respond to high-variety and small-lot wholesale

オカムラ食品工業

II. Financial Results for FY2024



- Summary of Full-Year Financial Results
- KPI for Growth
- Summary of Consolidated Financial Results
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- Changes in Operating Profit by Segment
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- Breakdown of Changes in Segment Profit (Overseas Processing Business)
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Summary of Full-Year Financial Results

KPI for Growth

Domestic aquaculture harvest

2,692 tons, +68% YoY

- Enhancement of aquaculture capacity progressed as planned, though the aquaculture harvest fell below the initial plan of 2,910 tons due to a lack of the growth of individual fish bodies

Net sales of Overseas Wholesale Business

¥8.8 billion, +¥1.8 billion, +25% YoY

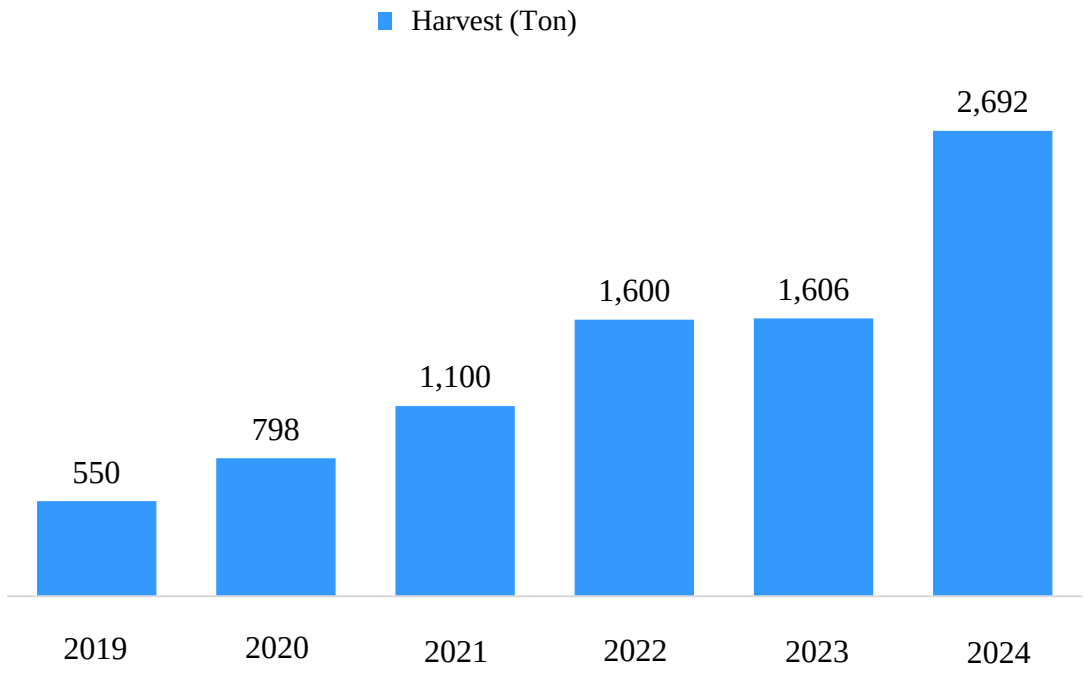
- Increased against a background of market expansion
- Achieved an increase of 15% excluding the effects of the weaker yen

Consolidated net sales **+¥3.7 billion YoY**	• Sales growth was mainly attributable to an increase in domestic aquaculture harvest, continued high salmon and trout prices, expansion of the overseas markets, and yen depreciation
Consolidated operating profit **(¥0.6 billion) YoY**	• Despite sales growth, operating profit decreased year-on-year due to the impact of decreases in margin of the Domestic Processing Business and the Overseas Wholesale Business • Margin of the Domestic Processing Business decreased owing to lower selling prices as the fish roe market was in a correction phase during FY2024 • Profit decrease in the Overseas Wholesale Business was largely impacted by upfront expenditures in personnel and materials

KPI for Growth (1) Increase domestic aquaculture harvest

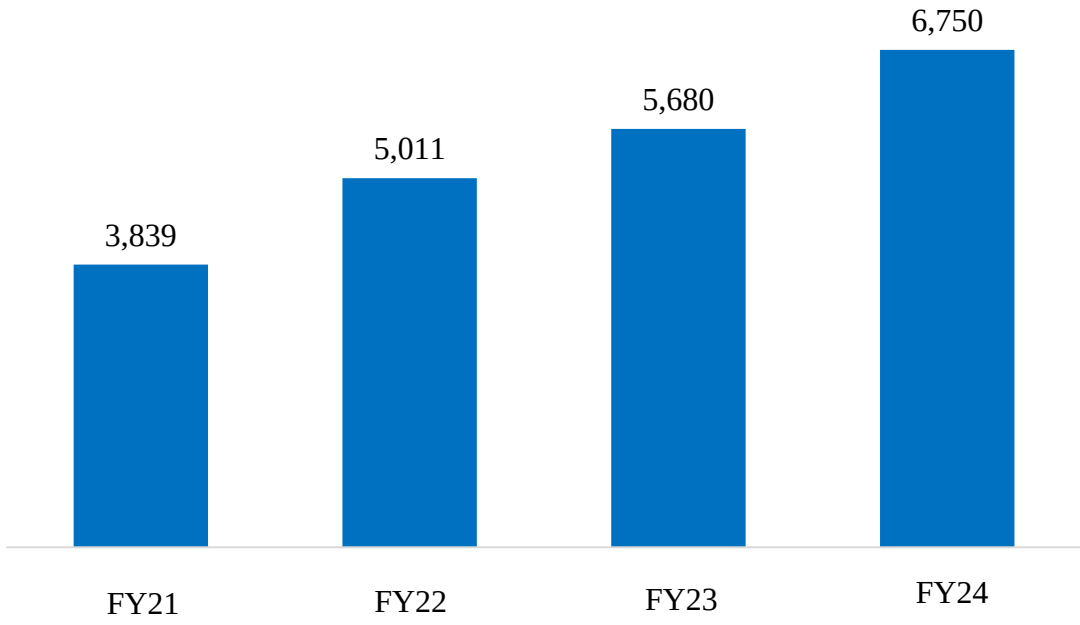
Harvest of domestic aquaculture, one of the Group's growth drivers, increased by 1,086 tons year on year to 2,692 tons. The No. 2 and No. 3 aquaculture cages of Imabetsu Intermediate Farm, which began to operate in October 2023, contributed to the increase.

Domestic aquaculture harvest



＊Harvest season is from April to July

Net sales of aquaculture business (Million yen)

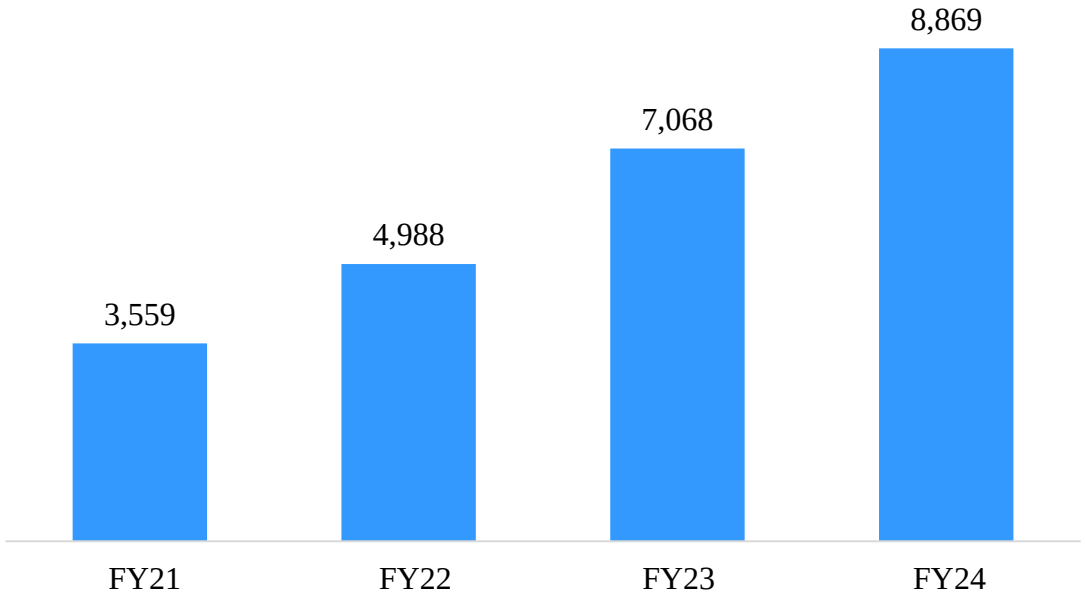


＊Including net sales of subsidiaries in Denmark (Aquaculture Business)

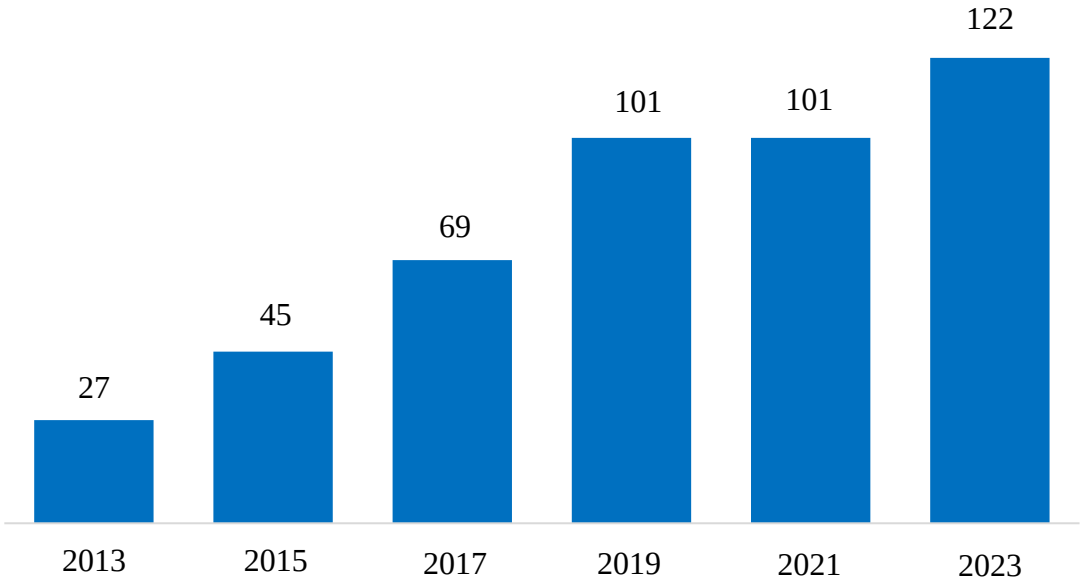
KPI for Growth (2) Increase net sales of Overseas Wholesale Business

The Overseas Wholesale Business, the other growth driver, grew steadily, against a background of expansion of the Japanese food market in Asia, reporting net sales of ¥8,869 million (up ¥1,801 million year on year, including the effects of foreign currency translation).

Net sales of Overseas Wholesale Business
(Million yen)



Approximate number of Japanese restaurants in Asia (Thousand locations)



(Sources) "Approximate Number of Japanese Restaurants Overseas (2023)," Ministry of Agriculture, Forestry and Fisheries, October 13, 2023
"Approximate Number of Japanese Restaurants Overseas (2021)," Ministry of Agriculture, Forestry and Fisheries, September 30, 2021
"Introduction of the Ministry of Agriculture, Forestry and Fisheries' Program to Expand Overseas Demand for Japanese Products by Disseminating the Appeal of Japanese Food and Food Culture," Ministry of Agriculture, Forestry and Fisheries, September 2018
"Overseas Spread of Japanese Food and Food Culture" Ministry of Agriculture, Forestry and Fisheries, June 2013

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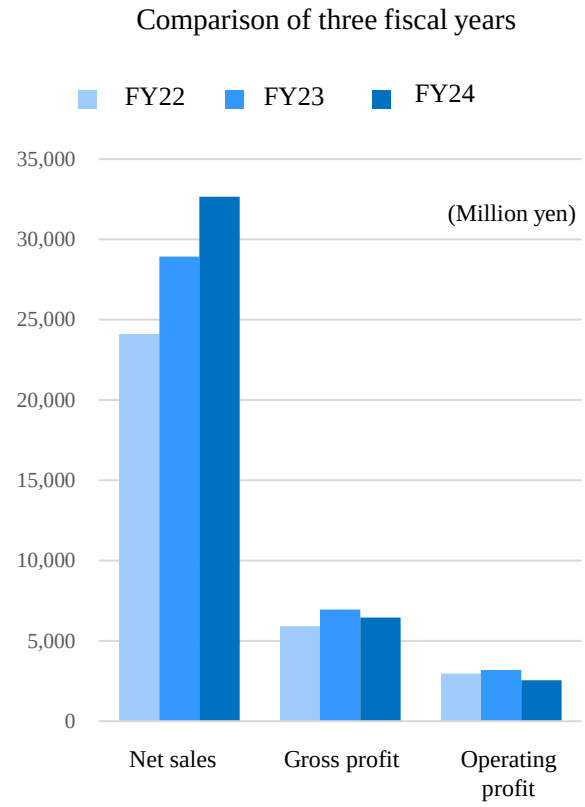
OKAMURA FOODS CO., LTD.

Summary of Consolidated Financial Results (1)

Net sales increased by ¥3.7 billion year on year, mainly due to an increase in the domestic aquaculture harvest, continued high salmon and trout prices, the expansion of the overseas markets, and yen depreciation.
Operating profit decreased by ¥0.6 billion year on year, mainly due to decreases in margin of the Domestic Processing Business and the Overseas Wholesale Business.

(Million yen)

	FY22	FY23	FY24	Changes	YoY change in %
Net sales	24,100	28,939	32,665	3,725	12.8
Gross profit	5,923	6,951	6,464	(487)	(7.0)
Operating profit	2,961	3,187	2,548	(638)	(20.0)
Ordinary profit	3,341	3,544	2,932	(612)	(17.2)
Net income Attributable to owners of the parent	2,249	2,389	1,968	(421)	(17.6)



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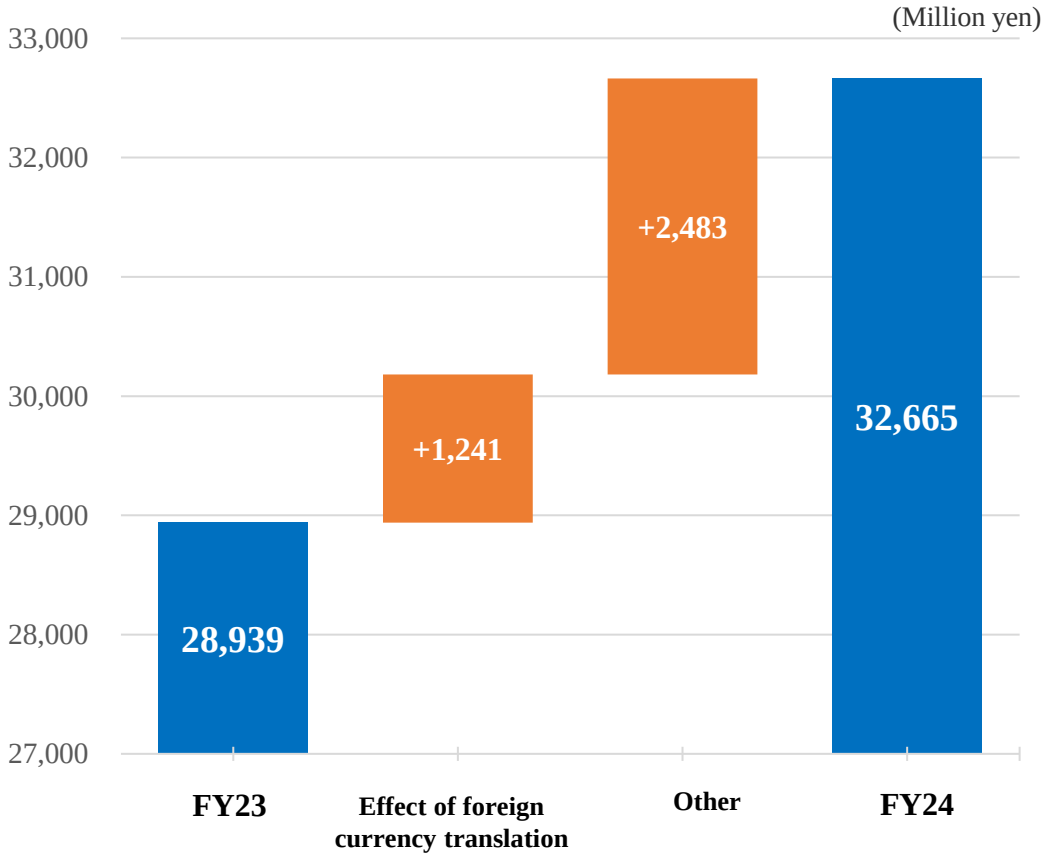
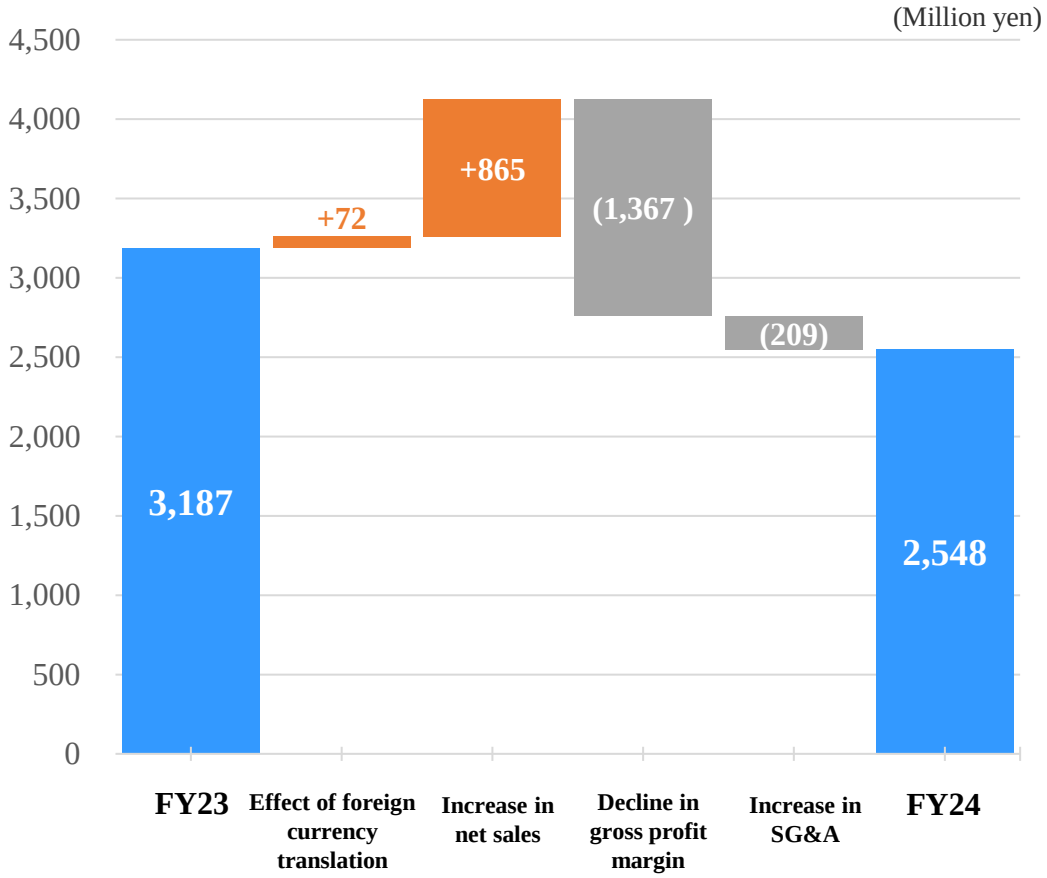
Summary of Consolidated Financial Results (2)

Net sales increased by ¥2,483 million, excluding the effect of foreign currency translation in a weakening yen environment.
Operating profit decreased by ¥638 million, owing to the effect of a profit increase by sales gains offset by the effect of profit decrease due to lower gross profit margin.

Breakdown of changes in consolidated net sales



Breakdown of changes in operating profit



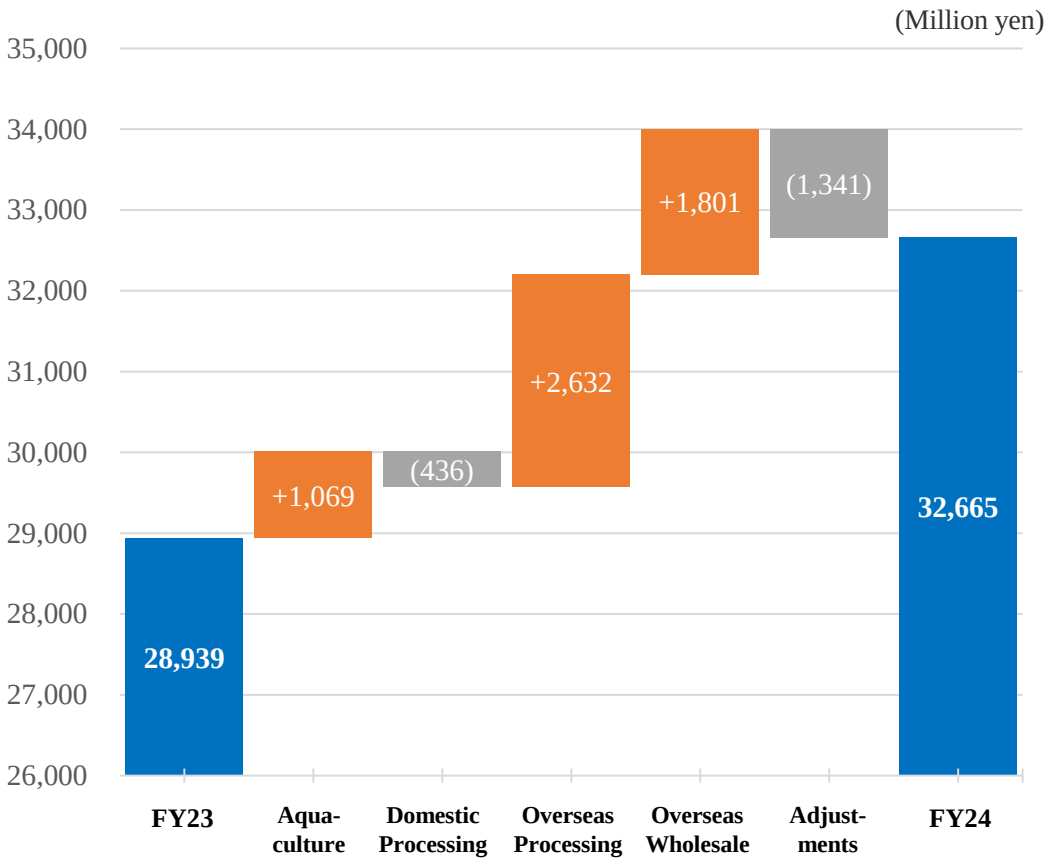
Summary of Segment Information

(Million yen)

	FY23	FY24	Changes	YoY change in %	Breakdown of changes: Effect of foreign currency translation	Breakdown of changes: Changes in real terms	Breakdown of changes: YoY change in %
Net sales	**28,939**	**32,665**	**3,725**	**12.9**	**1,241**	**2,483**	**8.6**
Aquaculture	5,680	6,750	1,069	18.8	498	570	10.0
Domestic Processing	8,715	8,279	(436)	(5.0)	—	(436)	(5.0)
Overseas Processing	12,623	15,255	2,632	20.9	5	2,626	20.8
Overseas Wholesale	7,068	8,869	1,801	25.5	737	1,063	15.0
Adjustments	(5,148)	(6,489)	(1,341)	—	—	(1,341)	—
Segment profit	**3,187**	**2,548**	**(638)**	**(20.0)**	**72**	**(711)**	**(22.3)**
Aquaculture	813	772	(40)	(5.0)	50	(91)	(11.2)
Domestic Processing	1,462	1,089	(373)	(25.5)	—	(373)	(25.5)
Overseas Processing	1,085	1,064	(20)	(1.9)	(3)	(17)	(1.6)
Overseas Wholesale	518	254	(263)	(50.9)	25	(288)	(55.8)
Adjustments	(692)	(632)	59	—	—	59	—

Changes in Net Sales by Segment

Changes in net sales by segment



Supplementary explanation for changes

Aquaculture +1,069 YoY

- Net sales increased owing to higher sales volume associated with an increase in the domestic aquaculture harvest and the effects of foreign currency translation in sales of the overseas aquaculture business, aided by yen depreciation.

Domestic Processing (436) YoY

- Net sales decreased. A fall of selling prices in the market, which was in the process of correction after prices surged, offset an increase in overall sales volume.

Overseas Processing +2,632 YoY

- As salmon and trout market prices continued to be high globally, demand remained strong partly due to the market recovery after the pandemic. The increase in net sales includes a large amount of sales within the Group, which were eliminated by adjustment.

Overseas Wholesale +1,801 YoY

- Demand continued to be on an upward trend.

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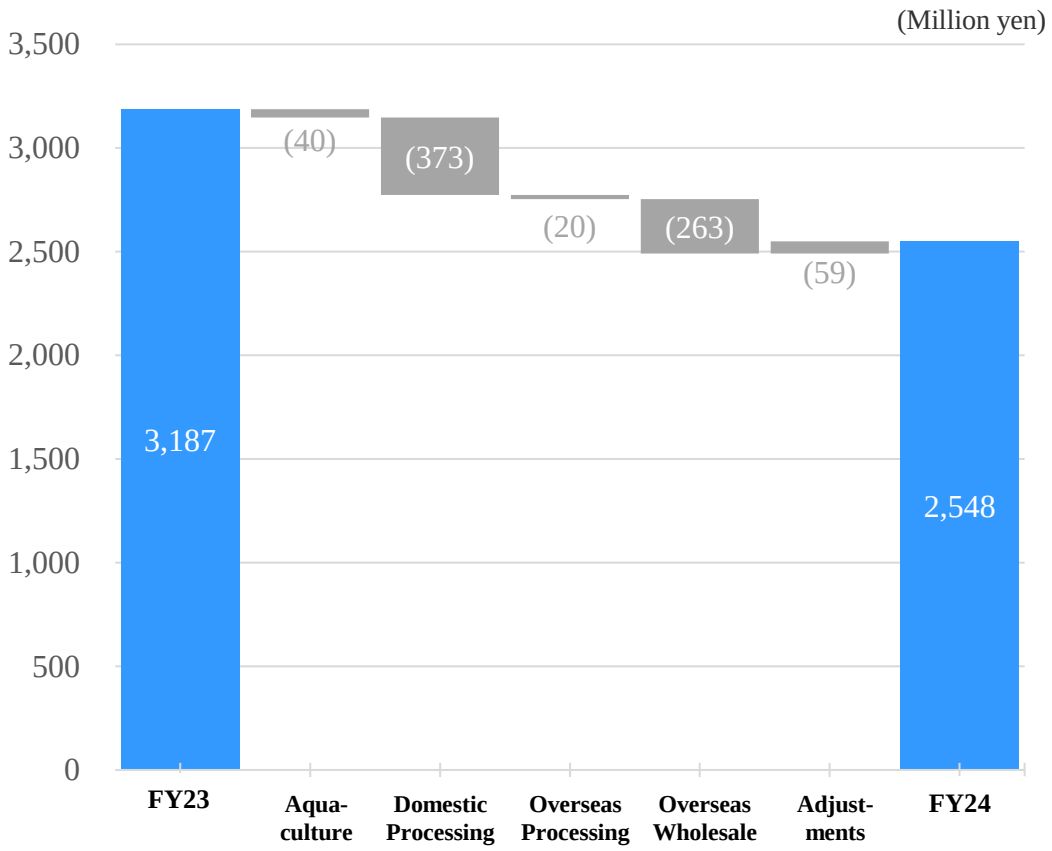
Changes in Operating Profit by Segment

Changes in operating profit by segment



Supplementary explanation for changes

Aquaculture (40) YoY

- Although profit rose in domestic aquaculture due to harvest growth, margin contracted overseas because of a correction in the fish roe market and higher costs of aquaculture.

Domestic Processing (373) YoY

- As the fish roe market was in the process of correction during FY2024, selling prices fell. This led to a higher cost ratio (the costs of materials, labor, and other expenses) and resulted in a decrease in margin.

Overseas Processing (20) YoY

- Although sales rose, margin declined as higher raw materials prices were not fully passed to selling prices as in the previous year.

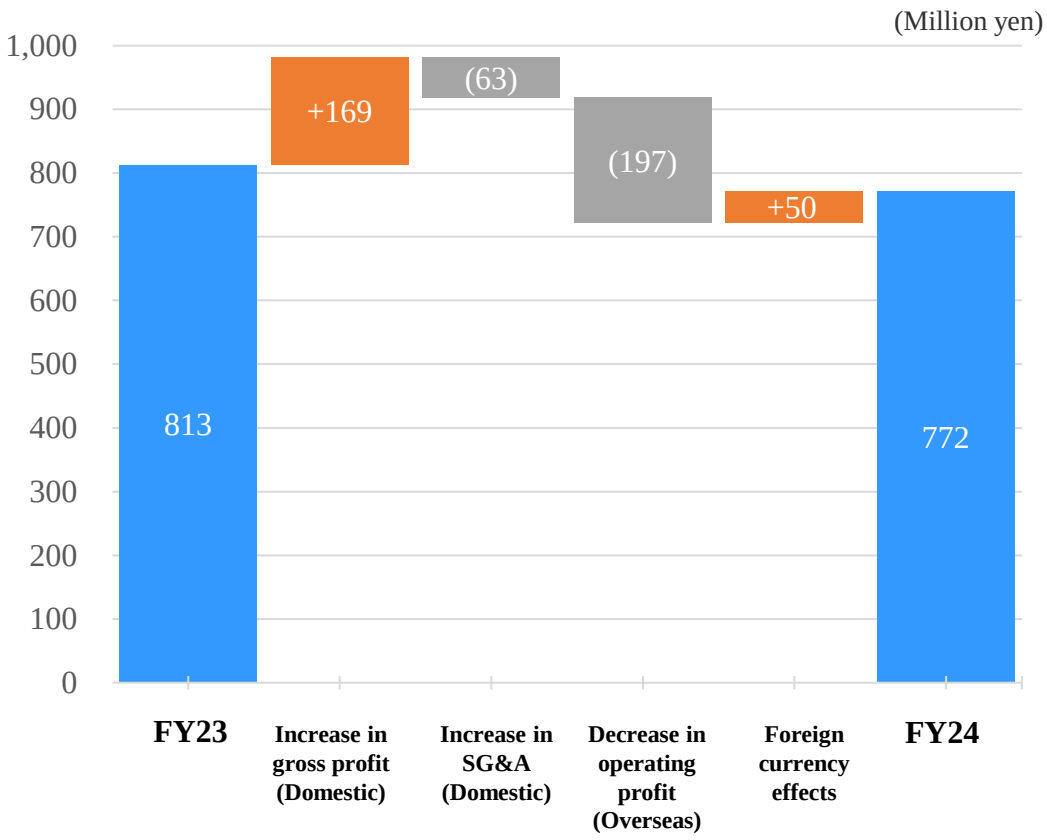
Overseas Wholesale (263) YoY

- Although sales grew, profit decreased as a result of concentrated investments in personnel and materials, which tended to be lacking at the time of business expansion.

Breakdown of Changes in Segment Profit (Aquaculture Business)

Although profit rose in domestic aquaculture due to harvest growth, margin contracted overseas owing to a correction in the fish roe market and higher costs of aquaculture. Segment profit overall fell by ¥40 million.

Changes in segment profit



Supplementary explanation for changes

Impact of increase in gross profit (Domestic) +169 YoY

- Sales volume increased as the harvest rose. Gross profit increased as a carryover of inventory from the previous year was larger than in FY2023 and the unit selling price remained high during FY2024.

Impact of increase in SG&A (Domestic) (63) YoY

- Affected by higher shipping expenses, warehousing expenses, etc., as business scale expanded.

Impact of decrease in operating profit (Overseas) (197) YoY

- Profit decreased partly due to higher aquaculture costs resulting from inflation and lower selling prices of fish roe in the market.

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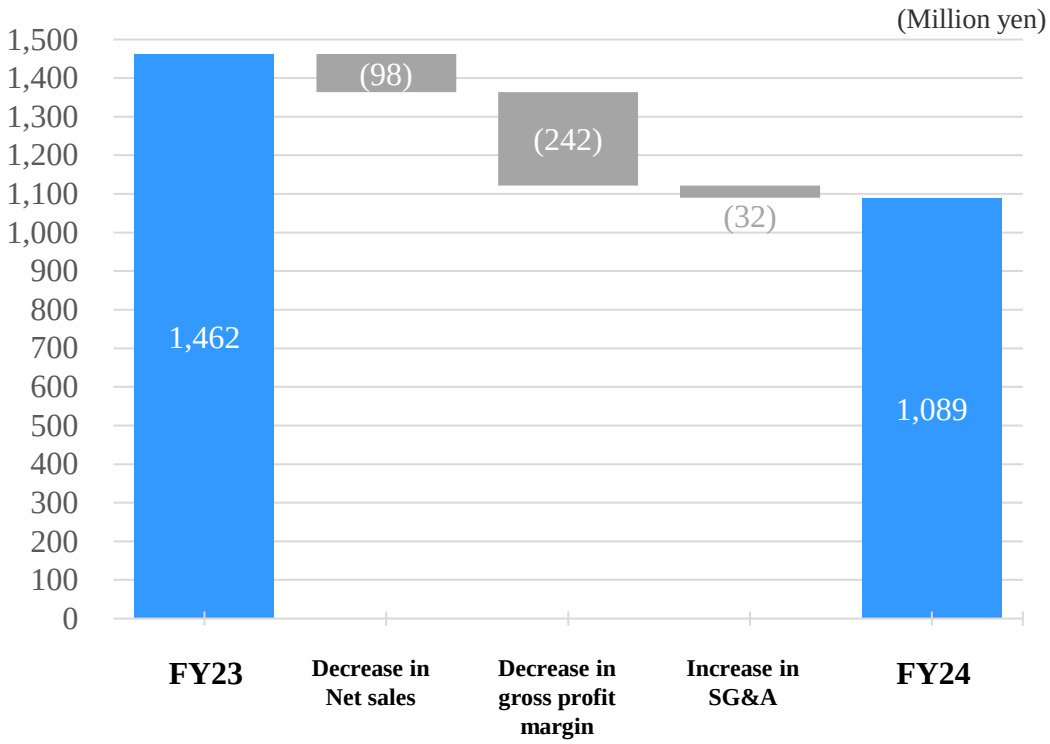
Breakdown of Changes in Segment Profit (Domestic Processing Business)

Margin decreased in line with a fall in net sales. Behind this was a correction of the fish roe market from the latter half of FY2023 and difficulties in the procurement of raw materials. Although market prices showed signs of bottoming out after the latter half of FY2024, operating profit decreased by ¥373 million from FY2023, when the segment reported strong performance.

Changes in segment profit



Supplementary explanation for changes

Impact of decrease in net sales (98) YoY

- Selling prices fell due to a correction after prices surged in the market. Although the overall sales volume of salmon and trout roe grew, the sales volume of salmon and trout roe (Ikura) in a higher price range than salmon and trout roe (Sujiko) decreased. Lower selling prices had greater impact than sales volume increases, resulting in a drop in net sales.

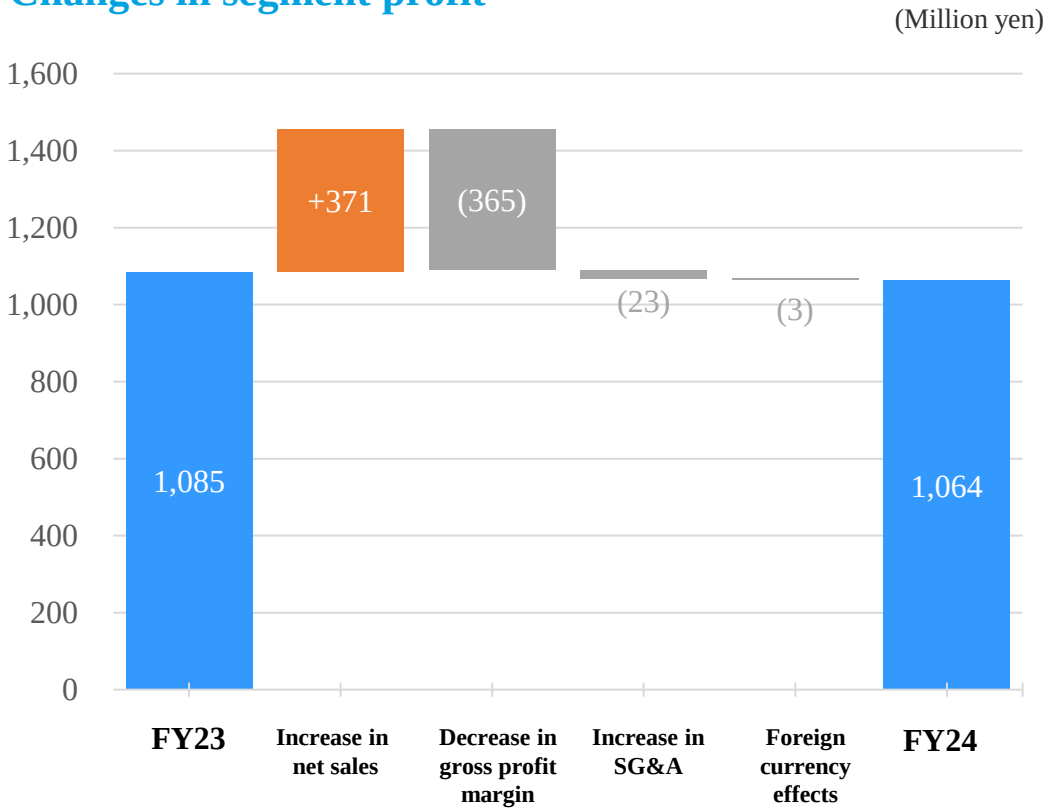
Impact of decrease in gross profit margin (242) YoY

- As the fish roe market was in the process of correction during FY2024, selling prices fell. This led to a higher cost ratio (the costs of materials, labor, and other expenses) and resulted in a decline in margin.

Breakdown of Changes in Segment Profit (Overseas Processing Business)

Segment profit decreased by ¥20 million. Despite sales growth both inside and outside Japan owing to higher selling prices, margin decreased as higher unit prices of raw materials were not fully passed to selling prices as in the previous fiscal year.

Changes in segment profit



Supplementary explanation for changes

Impact of increase in net sales +371 YoY

- Selling prices rose as salmon and trout market prices continued to be high globally. The recovery of the market after the pandemic was also a contributor, resulting in an increase in net sales.

Impact of decrease in gross profit margin (365) YoY

- During FY2023, the segment achieved high margin by raising prices in advance amid surging prices in the market. For FY2024, despite results being better than expected, margin in the segment declined overall as higher prices of raw materials were not fully passed to selling prices as in FY2023.

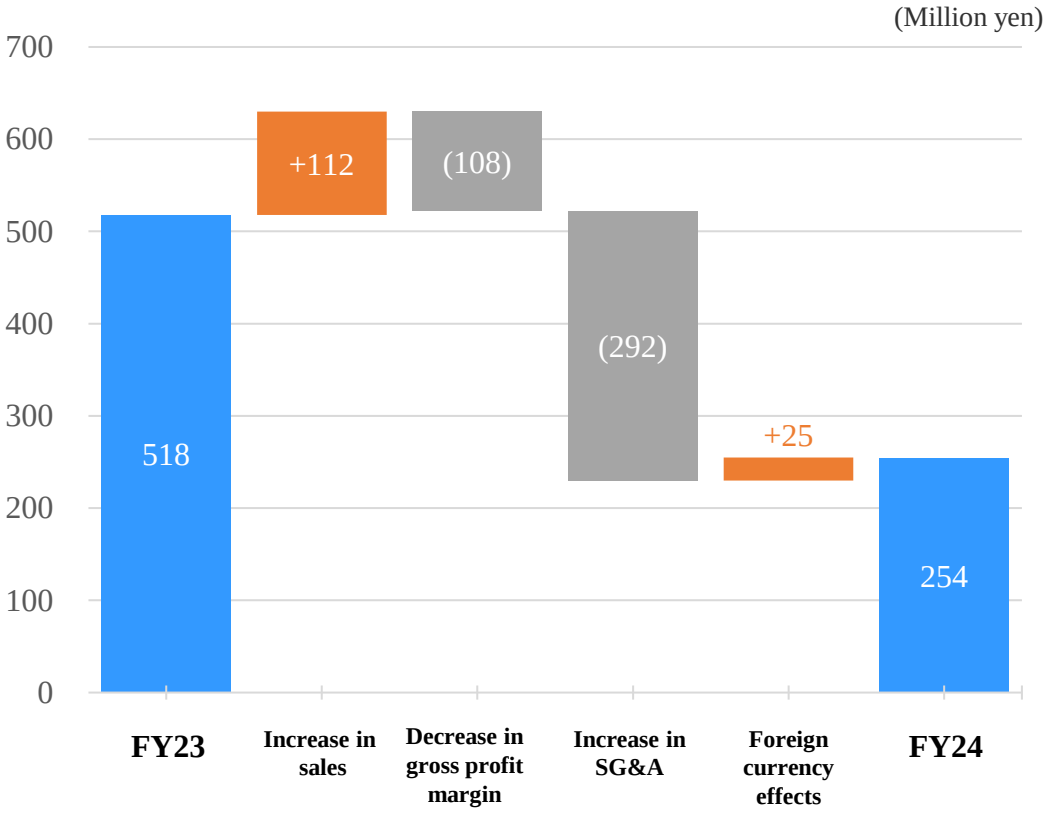
Impact of increase in SG&A (23) YoY

- Expenses related to warehouses increased as inventories increased.

Breakdown of Changes in Segment Profit (Overseas Wholesale Business)

Although sales grew against a background of continued expansion of the market, segment profit decreased by ¥263 million. This was a result of concentrated investments in personnel and materials, which tended to be short of at the time of sales expansion.

Changes in segment profit



Supplementary explanation for changes

Impact of increase in net sales +112 YoY

- Demand continued to be on an upward trend in the Asian market.

Impact of decrease in gross profit margin (108) YoY

- Gross profit margin overall declined partly because expenses for the start up of salmon and trout processing plants increased and no spot transactions with high margin took place.

Impact of increase in SG&A (292) YoY

- This was because of concentrated investments in personnel and materials, which tended to be lacking at the time of business enhancement and expansion.

Summary of Changes in Balance Sheet

(Million yen)

Assets	As of June 30, 2023	As of June 30, 2024	Changes
Current assets	**22,581**	**29,249**	**6,667**
Cash and deposits	2,062	4,835	2,772
Trade receivables, etc.	3,235	4,371	1,135
Inventories	14,785	16,855	2,070
Other	2,498	3,187	688
Non-current assets	**7,529**	**9,920**	**2,391**
Property, plant and equipment	7,049	9,211	2,162
Intangible assets	66	266	200
Investments and other assets	414	442	28
Total assets	**30,111**	**39,170**	**9,058**

Liabilities	As of June 30, 2023	As of June 30, 2024	Changes
Current liabilities	**15,439**	**19,119**	**3,680**
Trade payables	1,067	1,314	246
Borrowings	10,947	13,554	2,607
Other	3,424	4,250	825
Non-current liabilities	**4,703**	**5,899**	**1,195**
Borrowings	3,422	4,053	631
Other	1,281	1,845	564
Total Liabilities	**20,143**	**25,019**	**4,875**
Net assets			
Total net assets	**9,968**	**14,151**	**4,183**

- Key topics: Increase in inventories, which was mainly due to scaling up of aquaculture operations and the Overseas Wholesale Business (see page 42), and progress in capital investment (see page 43)

Consolidated Cash Flows

(Million yen)	FY2024
Cash flows from operating activities	**277**
Net income before income taxes	2,932
Decrease (increase) in inventories	(1,681)
Other, net	(974)
Cash flows from investing activities	**(2,339)**
Purchase of property, plant and equipment	(2,135)
Other, net	(204)
Cash flows from financing activities	**4,727**
Increase (decrease) in long-term and short -term borrowings	3,173
Proceeds from share issuance	1,974
Other, net	(420)
Effect of exchange rate change on cash and cash equivalents	106
Net increase (decrease) in cash and cash equivalents	**2,772**

Supplementary explanation

Cash flows from operating activities 277

- Net income was favorable.
- An increase in inventories squeezed cash flows. A large part of this increase was accounted for by work in process and aquaculture products, which increased as the aquaculture harvest grew.

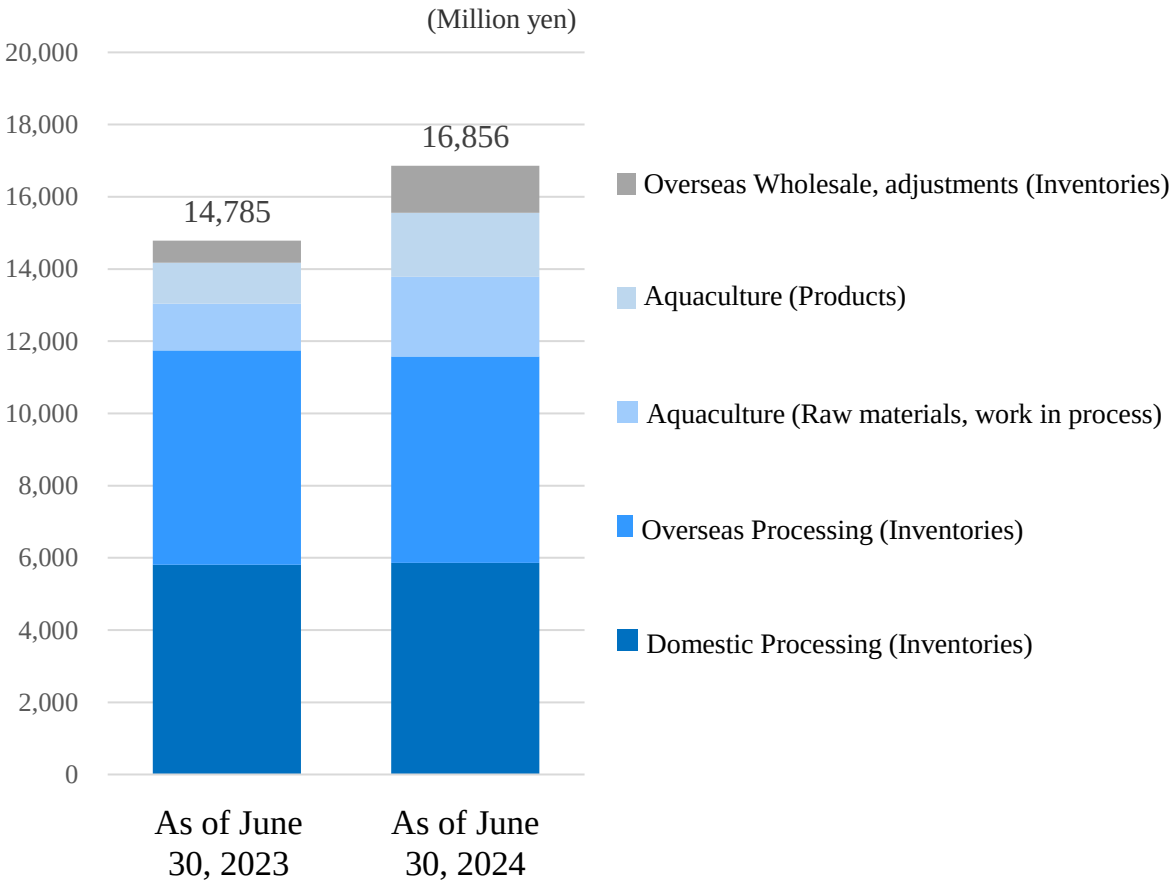
Cash flows from investing activities (2,339)

- To increase the aquaculture harvest, which requires upfront investments in aquaculture facilities, we have continued to invest in the facilities.
- Investments during FY2024 centered around the facilities for aquaculture, such as the expansion of the intermediate aquaculture farm in Imabetsu-cho, Aomori Prefecture, and others.

Breakdown of Changes in Inventories

Inventories increased by ¥2,070 million from the end of FY2023, mainly due to increases in work in process and aquaculture products in line with an increase in the aquaculture harvest.

Trends in balance of inventories



Supplementary explanation for changes

Overseas Wholesale +557 from the end of FY23

- Inventory levels rose as business expanded.

Aquaculture (Raw materials, work in process) +912 from the end of FY23

- Work in process of aquaculture increased as aquaculture harvest grew.

Aquaculture (Products) +637 from the end of FY23

- Product inventories increased because of an increased harvest during FY2024.

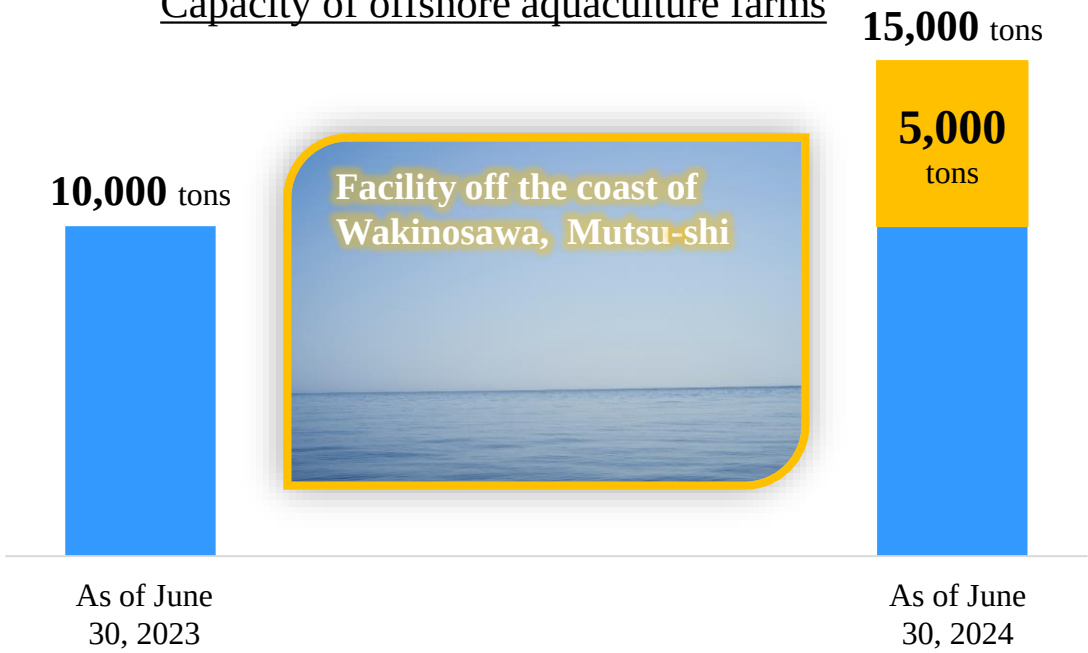
Situation of Aquaculture Facilities (Domestic)

- In an effort to increase the domestic aquaculture harvest, which is our growth strategy, one issue is increasing the capacity of aquaculture facilities, especially that of intermediate aquaculture farms where a bottleneck in capacity expansion exists.
- Capacity of aquaculture facilities increased from 2,000 tons to 3,000 tons owing to capital investments during FY24.
- There is still room in the capacity of offshore aquaculture farms for the time being.

Capacity of intermediate aquaculture farms



Capacity of offshore aquaculture farms



[Reference] Aquaculture harvest of this season (April to July 2024): 2,692 tons

∗ All tonnage represents approximate weight converted into adult farmed fish, which is estimated by the Company

Shareholder Returns

Dividends	
Dividend policy	Strive for consistent and stable dividends aiming at dividend on equity (DOE) ratio of at least 2%
Dividends per share paid in FY2024	
End of Q2	¥17.00
Year-end	¥17.00
Total	**¥34.00**
Total dividends paid	**¥274 million**

Shareholder special benefit plan	
Goal	➢ Improve the understanding and recognition of the Company's businesses and products ➢ Increase the attractiveness of the Company's shares for investors
Eligibility	Shareholders who owned at least 100 shares as of June 30, 2024
Gift	Product farmed or processed in-house (valued at approximately ¥5,000) 

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III. Plan for FY2025



Overview of Plan for Full-Year Business Performance

- Planning consolidated net sales of ¥36.1 billion, up ¥3.4 billion year on year, mainly due to higher sales in the Aquaculture Business in line with an aquaculture harvest increase, and higher sales in the Overseas Wholesale Business against a background of market growth.
- Planning consolidated operating profit of ¥3.2 billion, up ¥0.6 billion, due to sales growth mentioned above.

[Consolidated]

(Million yen)	Net sales	Operating profit	Ordinary profit (*)	Net income attributable to owners of the parent	Net income per share
Results for FY2024 (a)	32,665	2,548	2,932	1,968	252.16
Plan for FY2025 (b)	**36,119**	**3,212**	**2,949**	**2,093**	268.18
Changes (b-a)	3,453	664	16	134	—
YoY change	10.5%	26.0%	0.5%	6.8%	—

*Ordinary profit of FY2024 includes foreign currency gain of ¥355 million (foreign currency gain related to accounts receivable in foreign currencies, etc.)

Plan for Full-Year Business Performance by Segment

(Million yen)	FY2024 results (a)	FY2025 plan (b)	(b-a)
Net sales	**32,665**	**36,119**	**3,453**
Aquaculture	6,750	8,933	2,183
Domestic Processing	8,279	8,205	(73)
Overseas Processing	15,255	15,373	117
Overseas Wholesale	8,869	11,132	2,262
Adjustments	(6,489)	(7,526)	(1,036)
Segment profit	**2,548**	**3,212**	**664**
Aquaculture	772	1,476	703
Domestic Processing	1,089	1,215	126
Overseas Processing	1,064	852	(212)
Overseas Wholesale	254	415	161
Adjustments	(632)	(746)	(114)

Explanation for changes (Segment profit)

Aquaculture +703 compared with FY24

- The domestic aquaculture harvest in the next season is expected to increase by 800 tons year on year (see page 49), and by over 1,000 tons in the Aquaculture Business as a whole. Margin is expected to improve as higher trout prices are incorporated into the plan based on reference indicators.

Domestic Processing +126 compared with FY24

- Although net sales are expected to decrease marginally, margin is expected to improve. Behind this is a decline in the book value of raw materials, aided by progress in the consumption of main raw materials purchased during FY2023, when market prices soared.

Overseas Processing (212) compared with FY24

- Exports are expected to increase as the Overseas Wholesale Business expands. In Japan, net sales are expected to decrease due to difficulties in the purchase of raw materials for salmon belly. Despite projected price increases of salmon and trout, margin is expected to fall, based on the assumption that passing price increases to selling prices will become more difficult.

Overseas Wholesale +161 compared with FY24

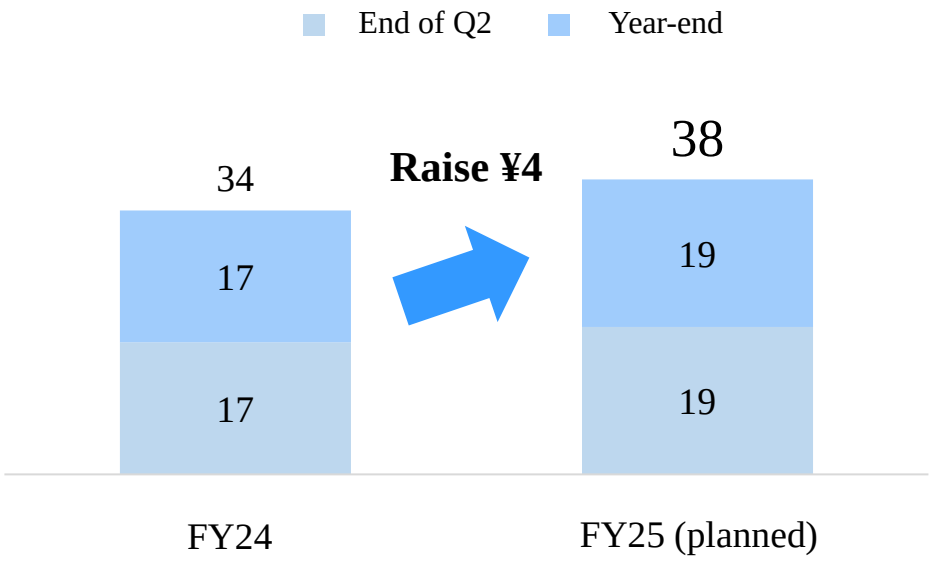
- Current trends in market expansion are expected to continue. Margin is expected to improve due to a decrease in SG&A as concentrated investments in personnel and materials during FY2024 will stabilize.

Shareholder Returns

Dividends

Dividend policy	Strive for consistent and stable dividends aiming at dividend on equity (DOE) ratio of at least 2%

Trends in dividends per share (Yen)



Shareholder special benefit plan

Planning to continue (Details undetermined)

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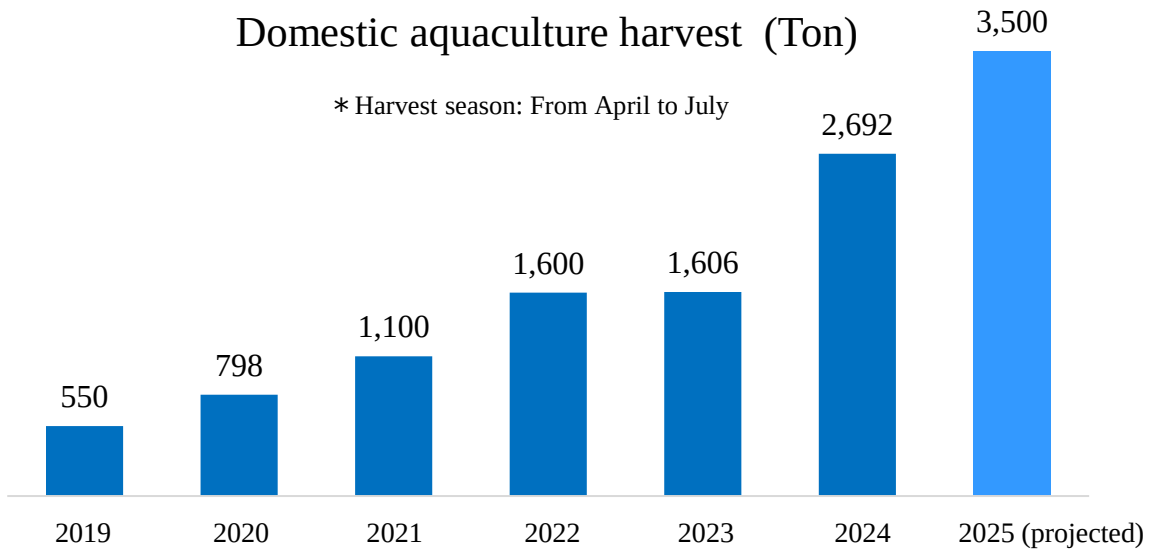
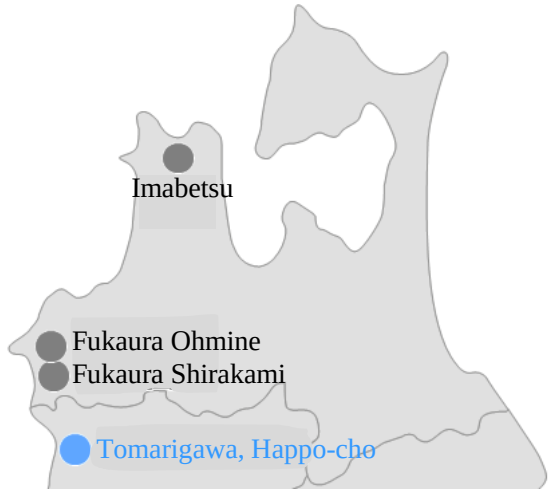
Plan for Domestic Aquaculture Harvest

The domestic aquaculture harvest in the next season (from April to July 2025) is expected to be 3,500 tons (up 800 tons compared with the 2024 season). A new intermediate aquaculture farm, a construction project currently underway, is planned to start operations in FY2026.



▼ Intermediate aquaculture farm currently under construction for extension (Tomarigawa) ▼



Main factors for increase in aquaculture harvest during 2025 season

- Recovery of intermediate aquaculture facility (Fukaura-machi, Aomori Prefecture) that was hit by a disaster and had been unusable since August 2022
- Use of outside aquaculture facilities

	Estimated production volume of intermediate fish (Ton)	Estimated production volume of adult fish (Ton)	Projected start of operations
Tomarigawa Intermediate Farm (Happo-cho, Akita Prefecture)	250	1,050	FY2026

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IV. Other Initiatives



Trial Aquaculture in Hokkaido

Trial aquaculture is in progress in Hokkaido, in partnership with local governments and fishery cooperatives.

<Ongoing trial aquaculture>

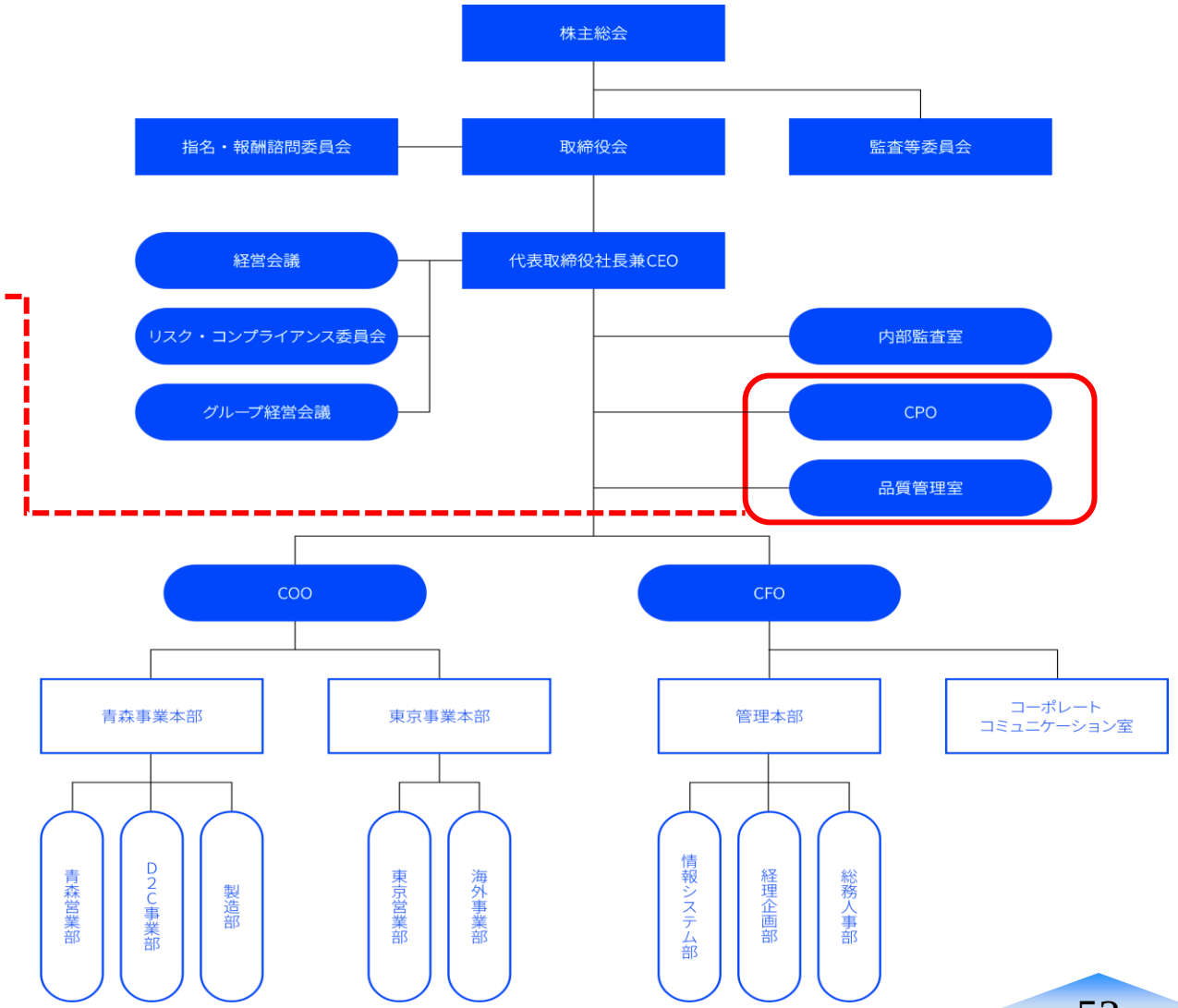
Iwanai-cho, Hokkaido Prefecture	February 2021	Conclusion of a comprehensive collaboration agreement between Okamura Foods, Co., Ltd., Japan Salmon Farm Inc. and Iwanai-cho.
	June 2023	First harvest
Shiriuchi-cho, Hokkaido Prefecture	July 2023	Signature of a tripartite partnership agreement between Kamiisogun Fisheries Cooperative, Shiriuchi-cho, and Japan Salmon Farm Inc.
	July 2024	First harvest



Initiatives to Improve Quality Control

As a food company, we will continue to make efforts to provide safe, reliable, and high-quality products.





<Major initiatives>

- Created the position of Chief Production Officer in April 2024
- Restructure and increase staff in the Quality Control Office
- Review workflows in the purchase of raw materials and product development
- Conduct quality control training for all employees

Promote Dialogue with Stakeholders

We are committed to promoting dialogue with stakeholders in order to get our businesses and products known widely and to make use of various opinions we received for corporate management.

<Major initiatives>

- Started information dissemination using X (formerly Twitter) at the end of May 2024 (Link)
- Started publishing a company newsletter available to the public using the “note” media platform, at the end of May 2024 (Link)
- Planning to hold a social gathering with shareholders after the conclusion of the Annual General Meeting of Shareholders to be held in September 2024
- Planning to conduct a questionnaire survey to shareholders after the conclusion of the Annual General Meeting of Shareholders to be held in September 2024



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Notes for Handling These Materials

Forecasts for business performance and forward-looking statements mentioned in this material is our view based on information available at the time of preparing them. This material, therefore, includes potential risks and uncertainties such as economic trends, competitive environments and trends in product prices in the market. Please note that actual business performance may significantly differ from forward-looking statements mentioned or described in this material owing to various factors including changes in our operating environment.


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to the people of the world
in a responsible way
with respect for nature.

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