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Securities code: 8091

May 30, 2024

(Date of commencement of electronic provision measures: May 27, 2024)

To Shareholders with Voting Rights:

Kazuaki Matsumoto
President, Representative Director
NICHIMO CO., LTD.
2-20 Higashi-Shinagawa 2-chome,
Shinagawa-ku, Tokyo, Japan

**NOTICE OF
THE 138th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We hereby inform you that the 138th Annual General Meeting of Shareholders of NICHIMO CO., LTD. (the “Company”) will be held as described below.

When convening this general meeting of shareholders, the Company has taken the electronic provision measures and has posted matters subject to the electronic provision measures as the “Notice of the 138th Annual General Meeting of Shareholders” on each of the following websites.

[The Company website]

<https://www.nichimo.co.jp/english/>

(Please access the Company website above and click on “Investor Relations” on the top menu and then click on “General Meeting of Shareholders” to review the information.)

[Tokyo Stock Exchange (TSE) website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the TSE website above, enter “NICHIMO” in the “Issue name (company name)” field or our stock exchange code “8091” in the “Code” field, and click on “Search” to find search results. Then, click on “Basic information” and “Documents for public inspection/PR information” in this order to find the matters subject to the electronic provision measures.)

If you do not attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:10 p.m. on Thursday, June 20, 2024, Japan time.

- 1. Date and Time:** Friday, June 21, 2024 at 10:00 a.m. Japan time
*Reception starts at 9:00 a.m. Japan time
- 2. Place:** DIAMOND 30, Shinagawa Prince Hotel, 30th floor of Main Tower
10-30 Takanawa 4-chome, Minato-ku Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 138th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. The Non-consolidated Financial Statements for the Company's 138th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

- Proposal 1:** Election of Six (6) Directors (excluding Directors Serving as Audit & Supervisory Committee Member)
- Proposal 2:** Election of Five (5) Directors Serving as Audit & Supervisory Committee Member

4. Other Matters Concerning Convocation of the General Meeting of Shareholders

- (1) If you have exercised your voting rights more than once via the Internet, the last vote will be treated as the valid one.
- (2) If you have exercised your voting rights both by posting the Voting Rights Exercise Form by mail and via the Internet, only the vote exercised via the Internet, will be treated as the valid one.
- (3) If you show no indication of approval or disapproval of the proposals on the Voting Rights Exercise Form, we will treat it as an indication of approval.
- (4) Among the matters subject to the electronic provision measures, the following matters will not be provided in the paper copy to shareholders who made a request for delivery of documents in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company. The Audit & Supervisory Committee and the Accounting Auditor have audited documents subject to audit, including the following matters.
 - (i) Notes to Consolidated Financial Statements in Consolidated Financial Statements
 - (ii) Notes to Non-consolidated Financial Statements in Non-consolidated Financial Statements

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- ◎ For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
- ◎ If any revisions to the matters subject to electronic provision measures arise, a notice to that effect and the matters before and after the revision will be posted in Japanese on each of the websites mentioned above.
- ◎ For this Annual General Meeting of Shareholders, the Company sends a paper copy of the matters subject to electronic provision measures to all shareholders regardless of whether or not they made a request for delivery of documents.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Six (6) Directors (excluding Directors Serving as Audit & Supervisory Committee Member)

The terms of office of the current six (6) Directors (excluding Directors Serving as Audit & Supervisory Committee Member; hereinafter, the same applies in this proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of six (6) Directors is proposed.

With respect to this proposal, the Audit & Supervisory Committee has provided its opinion to the effect that all candidates for Directors are qualified.

The candidates for Director are as follows.

No .	Name (Date of birth)		Gender	Current positions and responsibilities at the Company	Years served (at conclusion of this Meeting)
1	[Reappointment]	Kazuaki Matsumoto (January 11, 1954)	Male	President, Representative Director	16 years
2	[Reappointment]	Shinya Aoki (June 5, 1962)	Male	Director, Executive Officer	2 years
3	[Reappointment]	Yoshitomo Yageta (January 25, 1952)	Male	Senior Managing Director, Executive Officer, Assistant to the President in charge of overall corporate management	14 years
4	[Reappointment]	Tadayoshi Koremura (December 20, 1955)	Male	Managing Director, Executive Officer in charge of overall sales	12 years
5	[Reappointment]	Yoshiyuki Tsuchida (January 10, 1961)	Male	Director, Executive Officer in charge of food business section, General Manager of Food Business Division	12 years
6	[Reappointment]	Toshihiko Suwabe (March 1, 1960)	Male	Director, Executive Officer in charge of marine, machinery and materials business sections, General Manager of Marine Business Division	4 years

- Notes: 1. There is no special interest between each candidate for Director and the Company.
2. The Company has entered into a directors and officers liability insurance agreement provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company to cover damage that could arise due to the insured directors assuming responsibility for the performance of their duties or from claims pertaining to the pursuit of the said responsibility. If this proposal is approved, each candidate for Director will be included in the insured under the policy.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
1	Kazuaki Matsumoto (January 11, 1954) [Reappointment]	April 1976 June 2000 April 2002 June 2003 April 2007 April 2008 June 2008 June 2011 June 2014	Joined the Company Manager of Food Sales Department 2 Head of Fukuoka Branch Executive Officer, Manager of Biotics Sales Department Executive Officer, Manager of Food Business Department 1 Executive Officer, General Manager of Food Business Division Director, Executive Officer, General Manager of Food Business Division Managing Director, General Manager of Food Business Division President, Representative Director (current position)	8,700
		<p>[Reason for nomination]</p> <p>Mr. Kazuaki Matsumoto currently serves as President and Representative Director of the Company. We believe that, based on his abundant experience and extensive knowledge as a business manager, Mr. Kazuaki Matsumoto is capable of enhancing the effectiveness of the Company's management and properly executing his duties as Director. Accordingly, we have nominated him as Director of the Company.</p>		
2	Shinya Aoki (June 5, 1962) [Reappointment]	April 1985 April 2002 April 2018 April 2020 April 2021 June 2022 April 2024	Joined the Company Head of Shikoku Office Executive Officer, Head of Fukuoka Branch Executive Officer, General Manager of Materials Business Division Executive Officer, General Manager of Marine Business Division Director, Executive Officer, General Manager of Marine Business Division Director, Executive Officer (current position)	2,700
		<p>[Significant concurrent positions]</p> <p>Director and Chairman, Nichimo Mariculture Co., Ltd.</p> <p>[Reason for nomination]</p> <p>Mr. Shinya Aoki has abundant experience and extensive knowledge gained throughout his career mainly in the marine business section, including his involvement in the management of group companies. We thus believe that he is capable of enhancing the effectiveness of the Company's management and appropriately executing his duties as Director. Accordingly, we have nominated him as Director of the Company.</p>		

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Yoshitomo Yageta (January 25, 1952) [Reappointment]	<p>April 1975 Joined the Company</p> <p>April 2005 Manager of Finance Department</p> <p>April 2007 Executive Officer, Manager of Finance Department</p> <p>April 2008 Executive Officer, Manager of General Affairs Department and Finance Department</p> <p>April 2009 Executive Officer in charge of administrative section, Manager of Finance Department</p> <p>April 2010 Executive Officer in charge of administrative section, Manager of Corporate Planning Office and Finance Department</p> <p>June 2010 Director, Executive Officer in charge of administrative section, Manager of Corporate Planning Office and Finance Department</p> <p>July 2011 Director, Executive Officer in charge of administrative section, Manager of Finance Department</p> <p>June 2014 Managing Director in charge of administrative section, Manager of Finance Department</p> <p>April 2016 Managing Director in charge of administrative section</p> <p>June 2016 Managing Director in charge of administrative section and group companies</p> <p>January 2017 Managing Director in charge of administrative section and group companies, Manager of Finance Department</p> <p>June 2018 Managing Director in charge of administrative section and group companies, Manager of General Affairs Department and Finance Department</p> <p>October 2019 Managing Director in charge of administrative section and group companies, Manager of General Affairs Department</p> <p>April 2022 Managing Director in charge of administrative section and group companies</p> <p>June 2022 Senior Managing Director, Executive Officer, Assistant to the President in charge of overall corporate management (current position)</p>	10,600
<p>[Reason for nomination]</p> <p>Mr. Yoshitomo Yageta has abundant experience and extensive knowledge gained throughout his career mainly in the administrative section. We thus believe that he is capable of enhancing the effectiveness of the Company's management and appropriately executing his duties as Director. Accordingly, we have nominated him as Director of the Company.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
4	Tadayoshi Koremura (December 20, 1955) [Reappointment]	March 1988	Joined the Company	6,300
		April 2007	Head of Fukuoka Branch and Shimonoseki Office	
April 2010	Executive Officer, Head of Fukuoka Branch and Shimonoseki Office			
June 2012	Director, Executive Officer, Head of Fukuoka Branch and Shimonoseki Office			
June 2014	Director, Executive Officer, General Manager of Food Business Division			
June 2017	Managing Director, General Manager of Food Business Division			
April 2018	Managing Director in charge of food business section			
April 2024	Managing Director, Executive Officer in charge of overall sales (current position)			
		[Significant concurrent positions] Chairman of the Board, Marukyu Shokuhin Co., Ltd.		
[Reason for nomination] Mr. Tadayoshi Koremura has abundant experience and extensive knowledge gained throughout his career mainly in the food business section. We thus believe that he is capable of enhancing the effectiveness of the Company's management and appropriately executing his duties as Director. Accordingly, we have nominated him as Director of the Company.				
5	Yoshiyuki Tsuchida (January 10, 1961) [Reappointment]	April 1986	Joined the Company	7,900
		June 2003	Manager of Food Sales Department 2	
April 2007	Head of Osaka Branch			
April 2010	Executive Officer, Head of Osaka Branch			
June 2012	Director, Executive Officer, Head of Osaka Branch			
April 2018	Director, Executive Officer, General Manager of Food Business Division			
April 2024	Director, Executive Officer in charge of food business section, General Manager of Food Business Division (current position)			
[Reason for nomination] Mr. Yoshiyuki Tsuchida has abundant experience and extensive knowledge gained throughout his career mainly in the food business section. We thus believe that he is capable of appropriately executing his duties as Director. Accordingly, we have nominated him as Director of the Company.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Toshihiko Suwabe (March 1, 1960) [Reappointment]	April 1982 Joined the Company April 2002 Manager of Food Sales Department 2 June 2003 Executive Officer, Manager of Food Sales Department 3 October 2004 Executive Officer in charge of food business section April 2007 Executive Officer, Manager of Food Business Department 2 June 2014 Executive Officer, Head of Fukuoka Branch and Shimonoseki Office April 2015 Executive Officer, Head of Fukuoka Branch April 2018 Executive Officer, Head of Osaka Branch June 2020 Director, Executive Officer, Head of Osaka Branch April 2024 Director, Executive Officer in charge of marine, machinery and materials business sections, General Manager of Marine Business Division (current position)	3,400
<p>[Reason for nomination]</p> <p>Mr. Toshihiko Suwabe has abundant experience and extensive knowledge gained throughout his career mainly in the food business section. We thus believe that he is capable of appropriately executing his duties as Director. Accordingly, we have nominated him as Director of the Company.</p>			

Proposal 2: Election of Five (5) Directors Serving as Audit & Supervisory Committee Member

The terms of office of the current four (4) Directors Serving as Audit & Supervisory Committee Member will expire at the conclusion of this General Meeting of Shareholders. In order to strengthen and enhance the audit system, the Company proposes increasing the number of Directors Serving as Audit & Supervisory Committee Member by one (1) and electing five (5) Directors Serving as Audit & Supervisory Committee Member.

The Audit & Supervisory Committee has previously given its approval to this proposal.

The candidates for Director Serving as Audit & Supervisory Committee Member are as follows.

No.	Name (Date of birth)	Gender	Current positions and responsibilities at the Company	Years served (at conclusion of this Meeting)
1	[Reappointment] Toshio Yamamoto (August 27, 1958)	Male	Director, Audit & Supervisory Committee Member (Standing)	6 years
2	[Reappointment] Tatsuya Kikuchi (July 15, 1959)	Male	Director, Audit & Supervisory Committee Member (External)	8 years
3	[Reappointment] Sunao Hirata (April 27, 1955)	Male	Director, Audit & Supervisory Committee Member (External)	6 years
4	[Reappointment] Ninjo Akashi (February 18, 1960)	Male	Director, Audit & Supervisory Committee Member (External)	2 years
5	[New appointment] Yumiko Yoshie (March 18, 1965)	Female	—	—

- Notes:
1. There is no special interest between each candidate for Director Serving as Audit & Supervisory Committee Member and the Company.
 2. Messrs. Tatsuya Kikuchi, Sunao Hirata, Ninjo Akashi, and Ms. Yumiko Yoshie are candidates for External Director specified in Article 2, paragraph (3), item (vii) of the Regulations for Enforcement of the Companies Act.
 3. The years served by Messrs. Tatsuya Kikuchi, Sunao Hirata, and Ninjo Akashi indicate their years of service as Director Serving as Audit & Supervisory Committee Member (External).
 4. Mr. Ninjo Akashi serves as President of Nippon Sokki Co., Ltd., which is a specified related business operator (affiliate company accounted for by the equity method) of the Company. There are no business or other relationships to be noted between Nippon Sokki Co., Ltd. and the Company.
 5. The Company has, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, entered into liability limitation agreements with Messrs. Tatsuya Kikuchi, Sunao Hirata, and Ninjo Akashi, respectively. The maximum amount of liability under these agreements will be the amount stipulated by laws and regulations. If this proposal is approved, the Company plans to continue said agreements with them. Likewise, the Company plans to enter into a similar liability limitation agreement with Ms. Yumiko Yoshie, if her election is approved.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Tatsuya Kikuchi (July 15, 1959)</p> <p>[Reappointment] [External] [Independent]</p>	<p>April 1984 Joined Asahi Mutual Life Insurance Company</p> <p>April 2011 Executive Officer, Manager of Specialized Department of Sales Planning, Corporate Planning Division</p> <p>April 2014 Executive Officer, Manager of General Affairs and Human Resources Division</p> <p>July 2014 Director, Executive Officer, Manager of General Affairs and Human Resources Division</p> <p>April 2015 Director, Executive Officer in charge of General Affairs Department, Human Resources Department, and Personnel and Administration Department</p> <p>June 2015 External Auditor of the Company</p> <p>April 2016 Director, Managing Executive Officer in charge of General Affairs Department, Human Resources Department, and Personnel and Administration Department, Asahi Mutual Life Insurance Company</p> <p>June 2016 Director, Audit & Supervisory Committee Member of the Company (External) (current position)</p> <p>April 2018 Director, Senior Managing Executive Officer, General Manager of Directorate General for Sales and in charge of Metropolitan Business Enhancement, in charge of Sales Management Department and Sales Staff Enhancement Department, Asahi Mutual Life Insurance Company</p> <p>April 2019 Representative Director, Senior Managing Executive Officer, General Manager of Directorate General for Sales and in charge of Metropolitan Business Enhancement, in charge of Sales Management Department and Sales Staff Enhancement Department</p> <p>April 2021 Director</p> <p>June 2021 Representative Director and President, Info Techno Asahi (current position) Director, Audit & Supervisory Committee Member (External), Rasa Industries, Ltd. (current position)</p> <p>[Significant concurrent positions] Representative Director and President, Info Techno Asahi Director, Audit & Supervisory Committee Member (External), Rasa Industries, Ltd.</p>	10,000
<p>[Reason for nomination as candidate for Outside Director and summary of expected role] Mr. Tatsuya Kikuchi has abundant experience and extensive knowledge as a business manager. Based on such knowledge and experience, we expect him to oversee legality and appropriateness of the Company's management and contribute to further enhancement of the Company's corporate governance system. Accordingly, we have nominated him as External Director (Audit & Supervisory Committee Member) of the Company. In addition, the Company expects that he will, if elected, contribute to strengthening of the independence, objectivity, and accountability of the Board of Directors' functions by, for example, properly being involved and appropriately providing advice as a member of the Nomination and Remuneration Advisory Committee.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	<p style="text-align: center;">Sunao Hirata (April 27, 1955)</p> <p style="text-align: center;">[Reappointment] [External] [Independent]</p>	<p>April 1979 Joined Dai-Ichi Kangyo Bank, Ltd. (present Mizuho Bank, Ltd.)</p> <p>October 2000 Manager of Gaienmae Branch</p> <p>April 2005 Manager of Operations Control Department</p> <p>April 2007 Executive Officer, Manager of Operations Service Department</p> <p>June 2008 Managing Executive Officer, Seiwa Building Co., Ltd.</p> <p>July 2010 President and Representative Director, Seiwa Create Co., Ltd.</p> <p>November 2013 President and Representative Director, Mizuho Marketing Experts, Ltd.</p> <p>April 2016 Corporate Auditor, National Agriculture and Food Research Organization (NARO)</p> <p>June 2018 Director, Audit & Supervisory Committee Member of the Company (External) (current position) Full-time Corporate Auditor, Chuo Real Estate Co., Ltd. (present Chuo-Nittochi Co., Ltd.)</p> <p>June 2020 Advisor to Chuo Real Estate Co., Ltd. (present Chuo-Nittochi Co., Ltd.)</p>	3,000
<p>[Reason for nomination as candidate for Outside Director and summary of expected role]</p> <p>Mr. Sunao Hirata has extensive knowledge gained through his many years of work experience at other companies. We expect him to oversee, based on such knowledge, legality and appropriateness of the Company's management and contribute to further enhancement of the Company's corporate governance system. Accordingly, we have nominated him as External Director (Audit & Supervisory Committee Member) of the Company. In addition, the Company expects that he will, if elected, contribute to strengthening of the independence, objectivity, and accountability of the Board of Directors' functions by, for example, properly being involved and appropriately providing advice as a member of the Nomination and Remuneration Advisory Committee.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	<p>Ninjo Akashi (February 18, 1960)</p> <p>[Reappointment] [External] [Independent]</p>	<p>April 1984 Joined Nippon Sokki Co., Ltd.</p> <p>June 2012 Manager of Overseas Sales Department</p> <p>April 2013 Deputy General Manager of Sales Division</p> <p>June 2014 General Manager of Sales Division</p> <p>June 2015 Manager of Nagoya Sales Department</p> <p>June 2016 Director, General Manager of Sales Division and Manager of Tokyo Sales Department</p> <p>June 2018 President and Representative Director (current position)</p> <p>June 2022 Director, Audit & Supervisory Committee Member of the Company (External) (current position)</p> <p>[Significant concurrent positions] President and Representative Director, Nippon Sokki Co., Ltd.</p>	600
<p>[Reason for nomination as candidate for Outside Director and summary of expected role]</p> <p>Mr. Ninjo Akashi has abundant experience and extensive knowledge as a business manager. We expect him to oversee, based on such experience and knowledge, legality and appropriateness of the Company's management and contribute to further enhancement of the Company's corporate governance system. Accordingly, we have nominated him as External Director (Audit & Supervisory Committee Member) of the Company. In addition, the Company expects that he will, if elected, contribute to strengthening of the independence, objectivity, and accountability of the Board of Directors' functions by, for example, properly being involved and appropriately providing advice as a member of the Nomination and Remuneration Advisory Committee.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	<p data-bbox="220 488 421 568">Yumiko Yoshie (March 18, 1965)</p> <p data-bbox="209 629 432 660">[New appointment]</p> <p data-bbox="261 678 379 710">[External]</p> <p data-bbox="240 728 400 759">[Independent]</p>	<p data-bbox="464 286 1262 353">April 1987 Joined Nippon Suisan Kaisha, Ltd. (present Nissui Corporation)</p> <p data-bbox="464 365 1246 472">July 1997 Assistant, Faculty of Fisheries, Tokyo University of Fisheries (present Tokyo University of Marine Science and Technology)</p> <p data-bbox="464 483 1214 515">April 2007 Assistant Professor, Faculty of Marine Studies</p> <p data-bbox="464 526 1262 701">April 2010 Professor, Department of Food and Life Sciences, Faculty of Life Sciences, Toyo University (present Department of Food and Life Sciences, Faculty of Food and Nutritional Sciences, Toyo University) (current position)</p> <p data-bbox="464 712 1246 743">June 2017 External Director, KENKO Mayonnaise Co., Ltd.</p> <p data-bbox="464 754 1086 786">June 2023 External Director (current position)</p> <p data-bbox="464 826 847 857">[Significant concurrent positions]</p> <p data-bbox="464 869 1262 936">Professor, Department of Food and Life Sciences, Faculty of Food and Nutritional Sciences, Toyo University</p> <p data-bbox="464 947 1023 978">External Director, KENKO Mayonnaise Co., Ltd.</p>	0
<p data-bbox="201 981 1206 1012">[Reason for nomination as candidate for Outside Director and summary of expected role]</p> <p data-bbox="201 1023 1469 1317">Ms. Yumiko Yoshie has abundant experience and extensive knowledge as an expert in fisheries. We expect her to oversee, based on such experience and knowledge, legality and appropriateness of the Company's management and contribute to further enhancement of the Company's corporate governance system. Accordingly, we have nominated her as External Director (Audit & Supervisory Committee Member) of the Company. In addition, the Company expects that she will, if elected, contribute to strengthening of the independence, objectivity, and accountability of the Board of Directors' functions by, for example, properly being involved and appropriately providing advice as a member of the Nomination and Remuneration Advisory Committee.</p>			

(Reference)

Composition of the Board of Directors upon approval of Proposals 1 and 2

Name	Areas of expertise/experience expected by the Company						Nomination and Remuneration Advisory Committee member	
	Corporate management	Finance and accounting	Legal affairs and risk management	Sales strategy	Internationality	Sustainability (ESG)		
Director (excluding the Audit & Supervisory Committee Member)	Kazuaki Matsumoto [Reappointment]	●			●	●	●	
	Shinya Aoki [Reappointment]	●			●	●	●	■
	Yoshitomo Yageta [Reappointment]	●	●	●				
	Tadayoshi Koremura [Reappointment]	●			●	●		
	Yoshiyuki Tsuchida [Reappointment]				●	●		
	Toshihiko Suwabe [Reappointment]				●	●		
Director (Audit & Supervisory Committee Member)	Toshio Yamamoto [Reappointment]			●		●		
	Tatsuya Kikuchi [Reappointment] [External] [Independent]	●	●	●				■
	Sunao Hirata [Reappointment] [External] [Independent]		●	●			●	■
	Ninjo Akashi [Reappointment] [External] [Independent]	●		●	●			■
	Yumiko Yoshie [New appointment] [External] [Independent]			●		●	●	■

Business Report

(April 1, 2023–March 31, 2024)

1. Overview of the Corporate Group

(1) Business Progress and Results

In the consolidated fiscal year under review, the Japanese economy showed a moderate recovery trend, with social and economic activities normalizing after a long period of stagnation. However, the economic outlook remained unclear as geopolitical risks, such as the prolonged situation in Ukraine and growing tensions in the Middle East, elevated raw material and energy prices, and rapid fluctuations in foreign exchange rates have made consumers more budget-conscious and slowed down the recovery in consumer spending.

In such an economic environment, the fishery, seafood processing and distribution and food products industries, which form the operating base of the Nichimo Group (the “Group”), have all struggled under tough conditions despite a recovery in inbound tourism and demand for food services following the full relaxation of restrictions on movement. Challenges include elevated production costs, the effects of fishery product embargoes in China and other countries on raw material prices, and sluggish domestic consumption as consumers further cut back on spending in response to ongoing price hikes.

Under such circumstances, the Group, during the second year of its three-year management plan, the “Fiscal 2023 Medium-term Management Plan (Toward the next stage),” has been promoting sales activities through a unified system that is unique to the Group under its management policy, “From Ocean To Dining.”

As a result, net sales for the consolidated fiscal year under review totaled 127,756 million yen (an increase of 926 million yen year on year), operating profit stood at 2,020 million yen (a decrease of 854 million yen year on year), and ordinary profit totaled 2,562 million yen (a decrease of 658 million yen year on year).

As for extraordinary income and losses, the Group recorded an extraordinary income of 1,767 million yen, including a gain of 1,745 million yen due to the sale of part of its investment securities held by the Company, and extraordinary losses of 808 million yen, including impairment losses of 786 million yen as part of the expense for the restructuring and liquidation of its consolidated subsidiaries. As a result, profit attributable to owners of parent totaled 2,349 million yen (a decrease of 87 million yen year on year).

The following is a summary of the business according to segments.

Food Business

In the *surimi* (fish paste) section, the intermittent decline in the market price of *surimi* since last year bottomed out late last year, but our year-end sales promotion did not make up for the decline, resulting in significant decreases in both sales and operating profit. In the fresh frozen seafood products section, sales of crabs decreased due to market decline, but operating profit increased thanks to strong mail-order and commercial sales. The sales of Pollock roe products increased on the back of the solid sales of souvenir products, but operating profit declined significantly as we could not sufficiently pass on the soaring raw material prices and higher production costs to selling prices to mass merchandisers. Both sales and operating profit from frozen fish from northern waters fell due to a sluggish market affected by exchange rate fluctuations and other factors and the lower-than-expected sales of black cod. In the processed food products section, the sales volumes of processed tuna, salmon, and trout products were maintained by passing on higher raw material prices to product prices, but the sales of boiled and grilled fish products struggled, resulting in flat sales and a decrease in operating profit compared to the same period of the previous year.

As a result of the above factors, consolidated net sales for the food business totaled 82,288 million yen (a decrease of 618 million yen year on year), and operating profit totaled 1,636 million yen (a decrease of 534 million yen year on year).

Marine Business

In the fishing net and fishing gear section, we captured replacement demand for fishing gear for purse seine nets overseas and promoted sales as customers’ appetite for purchasing various materials increased due to good catches of some inshore fish species, resulting in increased sales

and operating profit. In the ship and machinery section, our meticulous sales activities for ship equipment and ship supplies paid off with sales and operating profit growth. In the aquaculture section, sales increased due to steady demand for both eggs, fry, and farmed fish, despite struggles with rising costs, including soaring feed prices. However, operating profit significantly decreased partly due to a revaluation of inventory at a subsidiary that manufactures and sells seaweed machinery and materials.

As a result of the above factors, consolidated net sales for the marine business totaled 21,813 million yen (an increase of 835 million yen year on year), and operating profit totaled 503 million yen (a decrease of 114 million yen year on year).

Machinery Business

In the machinery business, sales and operating profit both increased due to a steady accumulation of small and medium-sized projects in Japan, such as additional equipment installation and equipment renewal in the food processing industry. Outside Japan, increased demand for labor-saving production facilities for tofu, deli and other products, coupled with the continued benefits of a weak yen for exports, led to higher sales and operating income.

As a result of the above factors, consolidated net sales for the machinery business totaled 12,259 million yen (an increase of 1,014 million yen year on year), and operating profit totaled 966 million yen (an increase of 21 million yen year on year).

Materials Business

In the materials business, sales and operating profit for the chemical products section decreased as higher raw material prices for synthetic resins and packaging materials were not passed on to product and selling prices as planned. In the agricultural and livestock materials section, sales of agriculture materials and fertilizers suffered from soaring raw material prices, resulting in a decline in both sales and operating profit.

As a result of the above factors, consolidated net sales for the materials business totaled 8,506 million yen (a decrease of 283 million yen year on year), and operating profit totaled 349 million yen (a decrease of 87 million yen year on year).

Biotics Business

In the biotics business, sales to medical professionals and through mail order remained strong, and sales of AglyMax and ImmuBalance ingredients to leading health food products manufacturers and OEM products to pharmacies also picked up, resulting in consolidated net sales for the biotics business of 309 million yen (a decrease of 2 million yen year on year) and operating profit of 24 million yen (an increase of 11 million yen year on year).

Distribution Business

In the distribution business, we launched a warehouse business as a solution to inflated vehicle-related costs and increased expenses due to chronic labor shortages in the transportation industry, but it proved unprofitable and resulted in high withdrawal costs. As a result, consolidated net sales for the distribution business totaled 2,469 million yen (a decrease of 19 million yen year on year), and operating loss totaled 120 million yen (a deterioration of 73 million yen year on year).

Other Businesses

We are engaged in other businesses, including real-estate leasing and temporary staffing. These businesses recorded consolidated net sales of 109 million yen (an increase of 1 million yen year on year) and operating profit of 148 million yen (an increase of 61 million yen year on year).

Breakdown of Net Sales and Operating Profit by Business Segment

Business segment	Net sales	Ratio of total sales	Operating profit or loss
Food Business	82,288 <small>Millions of yen</small>	64.41 %	1,636 <small>Millions of yen</small>
Marine Business	21,813	17.07	503
Machinery Business	12,259	9.60	966
Materials Business	8,506	6.66	349
Biotics Business	309	0.24	24
Distribution Business	2,469	1.93	(120)
Other Businesses	109	0.09	148
Subtotal	127,756	100.00	3,509
Other adjustments	–	–	(1,489)
Total	127,756	100.00	2,020

(2) Capital Investments

The total amount of capital investment, etc., conducted during the consolidated fiscal year under review was 1,083 million yen.

(3) Financing

In the fiscal year under review, we raised funds as follows.

- (i) We issued the 12th unsecured straight bond of 1.0 billion yen fully underwritten by The Norinchukin Bank on March 29, 2024.
- (ii) In order to secure stable access to short-term working capital in the consolidated fiscal year under review, on September 27, 2023, we signed a one-year commitment line agreement for a total of 4.0 billion yen using the syndication method with Sumitomo Mitsui Trust Bank, Limited as the arranger.
- (iii) We raised 765 million yen upon exercise of the 1st Series of Share Acquisition Rights (with share options subject to exercise value change) for growth investment purposes based on investment policies in the “Fiscal 2023 Medium-term Plan (Toward the next stage)”.

(4) Issues to Be Addressed

Consumption and investment are expected to be stimulated by the effects of various policy measures under an improved employment and income environment; however, future prospects remain unclear as the economic downturn in overseas economies caused by global monetary tightening, geopolitical tensions, and other uncertainties may pose a risk of exerting downward pressure on the Japanese economy. In addition to responding to labor shortages throughout the supply chain owing to changes in population dynamics in Japan, we must also meet the diversifying needs of consumers as prices of various products continue to rise in response to rising raw material and energy prices.

In the fiscal year under review, the Group recorded a year-on-year decrease in profit mainly due to the deteriorating market conditions for *surimi* and the restructuring and liquidation of consolidated subsidiaries. As we enter into the final year of the current three-year management plan, the “Fiscal 2023 Medium-term Plan (Toward the next stage),” we will further advance the selection and concentration of businesses to successfully achieve the final year targets set forth in the plan: net sales of 130 billion yen, operating profit of 3.3 billion yen and ordinary profit of 3.5 billion yen.

Specifically, as a platformer for providing the wealth of technology, experience, and expertise in the fishery and marine products industries that we have amassed since our founding and merchandise based on them, the Group will enhance its capabilities to implement its plan, centering around the three pillars of “commercializing the onshore aquaculture business,” “commercializing biomass fishing nets,” and “establishing a system to secure continued processing and a stable

supply of seafood products.” Toward a sustainable future beyond these goals, we will mobilize all of our officers and employees under a new structure.

We are pleased to announce that as of March 31, 2024, we satisfied all TSE Prime Market criteria to secure our continued listing. In order to continue to meet the criteria for maintaining our listing in a stable manner, we move forward to achieve the targets of our medium-term management plan, strive for enhanced shareholder engagement, IR activities, and corporate value of the Company.

We ask for the continued support and kind encouragement of all our shareholders.

(5) Trends in Assets and Income

(Millions of yen, unless otherwise specified.)

Item	The 135th fiscal year ended March 31, 2021	The 136th fiscal year ended March 31, 2022	The 137th fiscal year ended March 31, 2023	The 138th fiscal year ended March 31, 2024 (Fiscal year under review)
Net sales	113,317	115,469	126,829	127,756
Operating profit	2,177	3,201	2,874	2,020
Ordinary profit	2,362	3,611	3,220	2,562
Profit or loss attributable to owners of parent	1,491	2,754	2,437	2,349
Net profit or loss per share (Yen)	217.30	402.58	341.31	283.24
Total assets	65,230	74,863	78,647	81,092
Net assets	17,347	20,066	24,095	28,349

Note: Effective January 1, 2024, the Company conducted a two-for-one stock split of its common stock. Accordingly, net profit per share is calculated based on the assumption that this stock split was conducted at the beginning of the 135th fiscal year ended March 31, 2021.

Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Assets		Liabilities and net assets	
Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	56,596	Current liabilities	38,806
Cash and deposits	8,358	Notes and accounts payable - trade	16,273
Notes receivable - trade	2,900	Short-term borrowings	13,509
Accounts receivable - trade	14,771	Current portion of bonds payable	576
Merchandise and finished goods	24,778	Current portion of long-term borrowings	3,501
Work in process	1,160	Accounts payable - other	1,014
Raw materials and supplies	3,551	Contract liabilities	2,082
Advance payments to suppliers	694	Income taxes payable	734
Other	455	Provision for bonuses	530
Allowance for doubtful accounts	(74)	Other	583
Non-current assets	24,378	Non-current liabilities	13,937
Property, plant and equipment	9,174	Bonds payable	6,286
Buildings and structures	3,614	Long-term borrowings	5,181
Machinery, equipment and vehicles	1,906	Deferred tax liabilities	1,092
Tools, furniture and fixtures	172	Provision for retirement benefits for directors (and other officers)	152
Land	2,824	Provision for share awards for directors (and other officers)	200
Construction in progress	656	Retirement benefit liability	514
Intangible assets	761	Other	509
Other	761	Total liabilities	52,743
Investments and other assets	14,442	(Net assets)	
Investment securities	13,746	Shareholders' equity	23,298
Long-term loans receivable	36	Share capital	6,354
Distressed receivables	618	Retained earnings	17,861
Deferred tax assets	222	Treasury shares	(917)
Other	454	Accumulated other comprehensive income	5,034
Allowance for doubtful accounts	(636)	Valuation difference on available-for-sale securities	4,068
Deferred assets	118	Deferred gains or losses on hedges	(1)
Bond issuance costs	118	Foreign currency translation adjustment	967
		Remeasurements of defined benefit plans	0
		Non-controlling interests	16
		Total net assets	28,349
Total assets	81,092	Total liabilities and net assets	81,092

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statement of Income

(April 1, 2023–March 31, 2024)

(Millions of yen)

Item	Amount	
Net sales		127,756
Cost of sales		116,975
Gross profit		10,780
Selling, general and administrative expenses		8,760
Operating profit		2,020
Non-operating income		
Interest income	28	
Dividend income	211	
Share of profit of entities accounted for using equity method	592	
Other	296	1,129
Non-operating expenses		
Interest expenses	383	
Loss on abandonment of inventories	89	
Commission for syndicated loans	8	
Other	105	587
Ordinary profit		2,562
Extraordinary income		
Gain on sale of non-current assets	10	
Gain on sale of investment securities	1,745	
Gain on forgiveness of lease obligations	4	
Subsidy income	6	1,767
Extraordinary losses		
Impairment losses	786	
Loss on retirement of non-current assets	16	
Loss on tax purpose reduction entry of non-current assets	5	808
Profit before income taxes		3,521
Income taxes-current	1,203	
Income taxes-deferred	(38)	1,164
Profit		2,356
Profit attributable to non-controlling interests		7
Profit attributable to owners of parent		2,349

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Assets		Liabilities and net assets	
Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	33,410	Current liabilities	22,432
Cash and deposits	1,886	Notes payable - trade	3,096
Notes receivable - trade	2,532	Accounts payable - trade	5,770
Accounts receivable - trade	7,610	Short-term borrowings	6,500
Merchandise	18,949	Current portion of bonds payable	576
Advance payments to suppliers	1,793	Current portion of long-term borrowings	3,050
Short-term loans receivable	420	Accounts payable - other	413
Other	230	Income taxes payable	509
Allowance for doubtful accounts	(13)	Contract liabilities	2,100
		Accrued expenses	60
		Provision for bonuses	279
		Other	74
Non-current assets	19,002	Non-current liabilities	12,985
Property, plant and equipment	3,822	Bonds payable	6,286
Buildings	1,178	Long-term borrowings	3,500
Structures	141	Deferred tax liabilities	1,101
Machinery and equipment	218	Provision for retirement benefits	359
Vehicles	0	Provision for loss on business of subsidiaries and associates	1,420
Tools, furniture and fixtures	78	Provision for share awards for directors (and other officers)	200
Land	2,204	Other	117
Intangible assets	733	Total liabilities	35,417
Telephone subscription right	10	(Net assets)	
Other	722	Shareholders' equity	13,466
		Share capital	6,354
Investments and other assets	14,447	Capital surplus	22
Investment securities	6,861	Legal capital surplus	22
Shares of subsidiaries and associates	6,301	Retained earnings	7,966
Long-term loans receivable	762	Legal retained earnings	984
Distressed receivables	1,330	Other retained earnings	6,981
Leasehold deposits	156	General reserve	2,700
Other	58	Reserve for tax purpose reduction entry of non-current assets	3
Allowance for doubtful accounts	(1,024)	Retained earnings brought forward	4,278
		Treasury shares	(876)
Deferred assets	118	Valuation and translation adjustments	3,647
Bond issuance costs	118	Valuation difference on available-for-sale securities	3,649
		Deferred gains or losses on hedges	(1)
Total assets	52,531	Total net assets	17,113
		Total liabilities and net assets	52,531

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statement of Income

(April 1, 2023–March 31, 2024)

(Millions of yen)

Item	Amount	
Net sales		71,331
Cost of sales		65,734
Gross profit		5,597
Selling, general and administrative expenses		4,572
Operating profit		1,025
Non-operating income		
Interest income	7	
Dividend income	824	
Other	196	1,029
Non-operating expenses		
Interest expenses	218	
Loss on abandonment of inventories	89	
Commission for syndicated loans	8	
Other	39	355
Ordinary profit		1,698
Extraordinary income		
Gain on sale of non-current assets	2	
Gain on sale of investment securities	1,745	1,747
Extraordinary losses		
Impairment losses	2	
Loss on retirement of non-current assets	4	
Loss on valuation of shares of subsidiaries	448	
Provision for loss on business of subsidiaries and associates	522	
Provision of allowance for doubtful accounts	584	1,561
Profit before income taxes		1,884
Income taxes-current	827	
Income taxes-deferred	(71)	756
Profit		1,128

Note: Figures presented in the financial statements are rounded down to the nearest million yen.