

# Results Briefing Materials for the First Half of the Fiscal Year Ending December 31, 2023

Standard Market of the Tokyo Stock Exchange (Securities Code: 2932)



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◆ August 9, 2023

# Summary of financial results for the first half of the fiscal year ending December 31, 2023

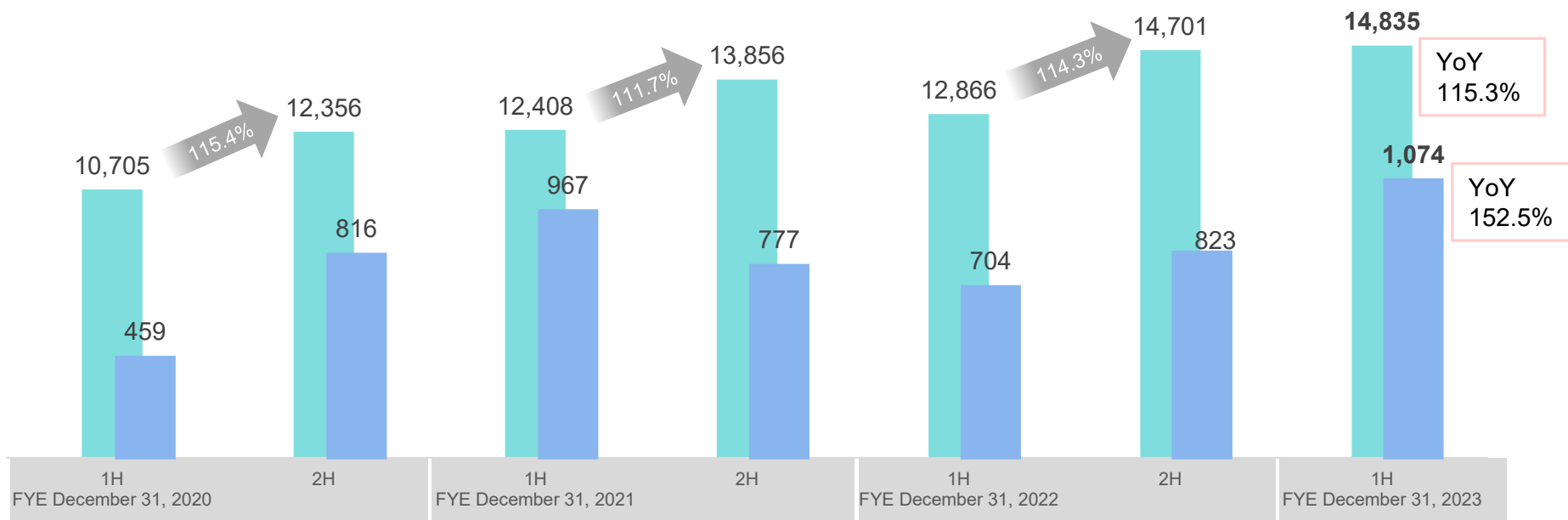
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# Summary of consolidated financial results

	Net sales	Ordinary income	Ordinary income ratio
<b>1H FYE December 31, 2023</b> (January to June 2023)	<b>14,835 million yen</b>	<b>1,074 million yen</b>	<b>7.2%</b>
1H FYE December 31, 2022 (January to June 2022)	12,866 million yen	704 million yen	5.5%

## Trends in semi-annual results

Net sales Ordinary income (Unit: million yen)



# Consolidated statement of income

(Unit: million yen)

	1H FYE December 31, 2022 (January to June 2022)		1H FYE December 31, 2023 (January to June 2023)		YoY	Change
	Results	Sales ratio	Results	Sales ratio		
Net sales	12,866	-	14,835	-	115.3%	1,968
Cost of sales	9,385	72.9%	10,683	72.0%	113.8%	1,297
Gross profit	3,480	27.1%	4,152	28.0%	119.3%	671
Selling, general and administrative expenses	2,804	21.8%	3,116	21.0%	111.1%	312
Operating income	676	5.3%	1,035	7.0%	153.1%	358
Ordinary income	704	5.5%	1,074	7.2%	152.5%	369
Net income attributable to owners of the parent company	469	3.6%	687	4.6%	146.6%	218
EPS (yen)	81.55	-	113.01	-	138.6%	

# Consolidated balance sheet

(Unit: million yen)

	FYE 12/2022 Year end	FYE 12/2023 End-1H	Ratio of increase/ decrease	Change
Current assets	9,139	8,104	88.7%	(1,034)
Of which, cash and deposits	2,686	2,720	101.2%	33
Non-current assets	4,666	4,712	101.0%	45
Of which, property, plant and equipment	4,035	4,142	102.7%	107
<b>Total assets</b>	<b>13,806</b>	<b>12,816</b>	<b>92.8%</b>	<b>(989)</b>
Total liabilities	7,604	6,233	82.0%	(1,370)
Current liabilities	5,977	4,694	78.5%	(1,283)
Non-current liabilities	1,626	1,539	94.7%	(86)
Total net assets	6,202	6,583	106.1%	381
<b>Total liabilities and net assets</b>	<b>13,806</b>	<b>12,816</b>	<b>92.8%</b>	<b>(989)</b>

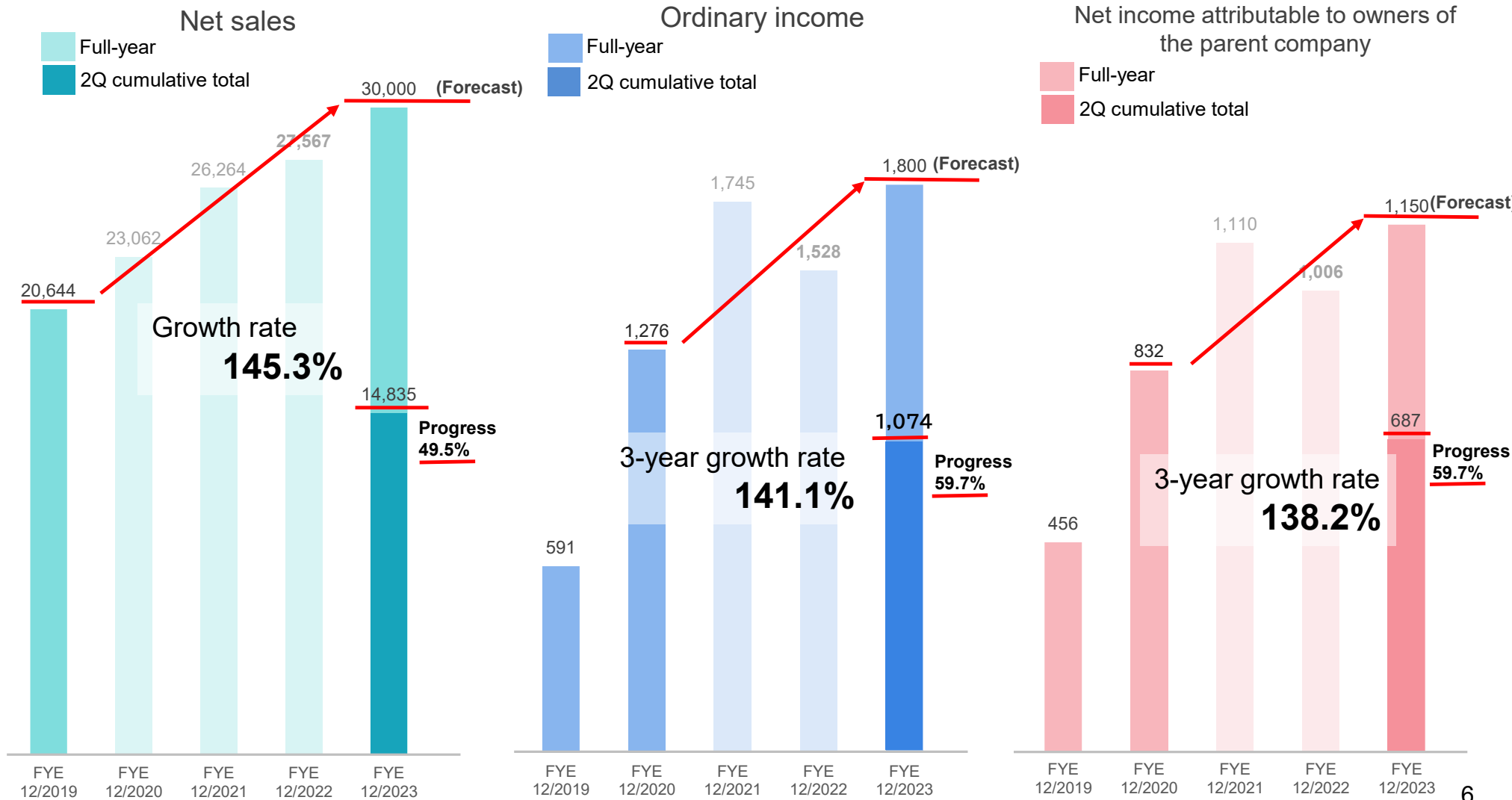
# Growth rate and progress versus earnings forecast

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# Growth rate and progress versus earnings forecast

- Net sales grew by about 145% and **ordinary income by about 305%** over the four years since listing.
- Steady progress versus earnings forecasts for FYE December 31, 2023

Unit: million yen



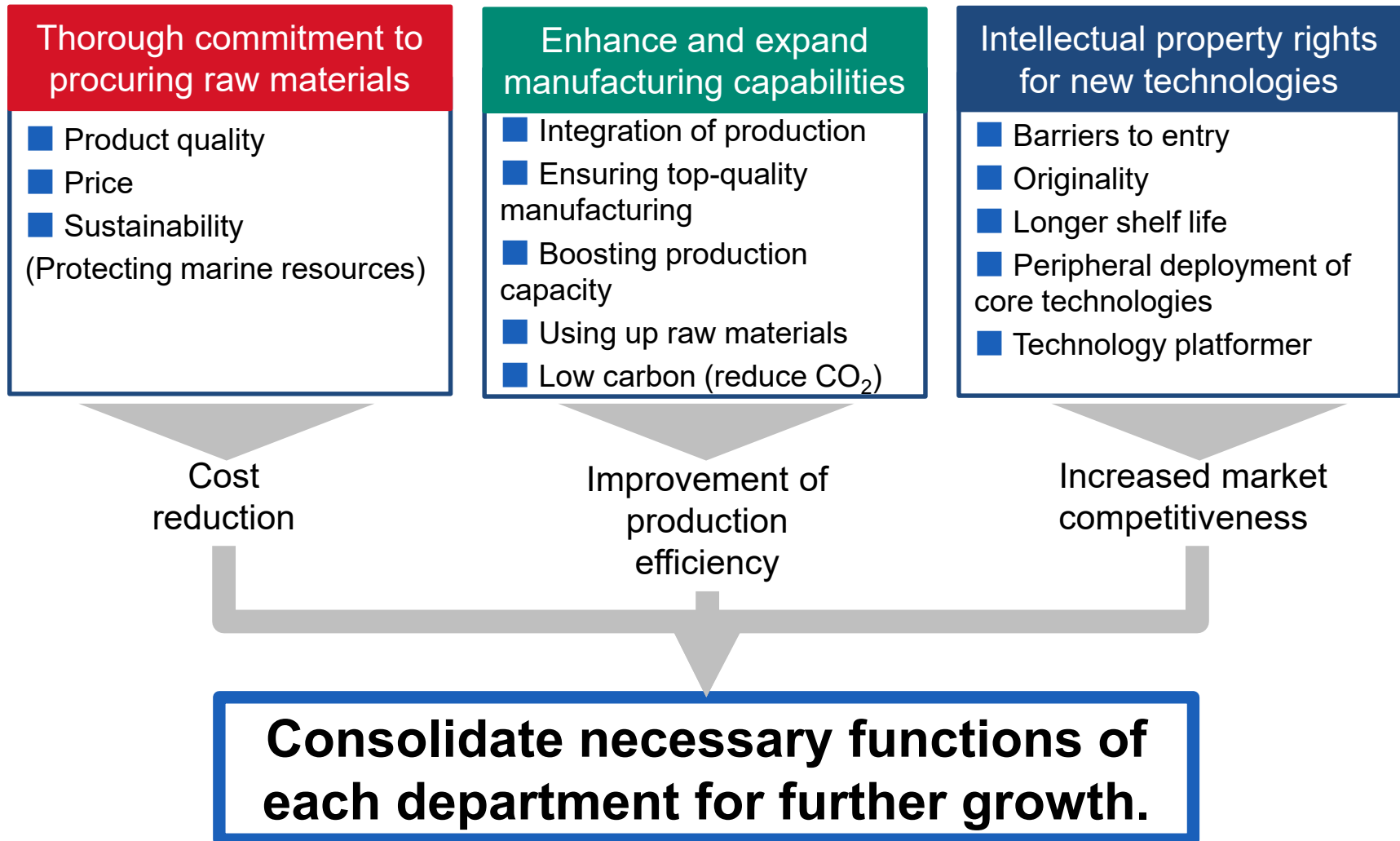
# Priority measures and strategies

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## Another look at priority measures

- Creating a strong corporate Group through contributions to the business from the raw material procurement, manufacturing, and intellectual property departments.



# Priority measures

## Efforts to boost production capacity

- Further expansion planned for STI Miyagi daily line
- Various areas in the Kansai region are under consideration for a Kinki plant. The Company is proceeding cautiously with an emphasis on efficient investment.

## Participation in FRD JAPAN's land-based aquaculture business

- Global salmon demand is increasing, but supply is not keeping up.
  - ✓ In Japan, 96% of raw salmon is imported, with domestic production at 4%.
  - ✓ Obtaining a new license is difficult for marine aquaculture due to its high environmental burden.
  - ✓ Land-based aquaculture facilities can be built anywhere and expand globally.

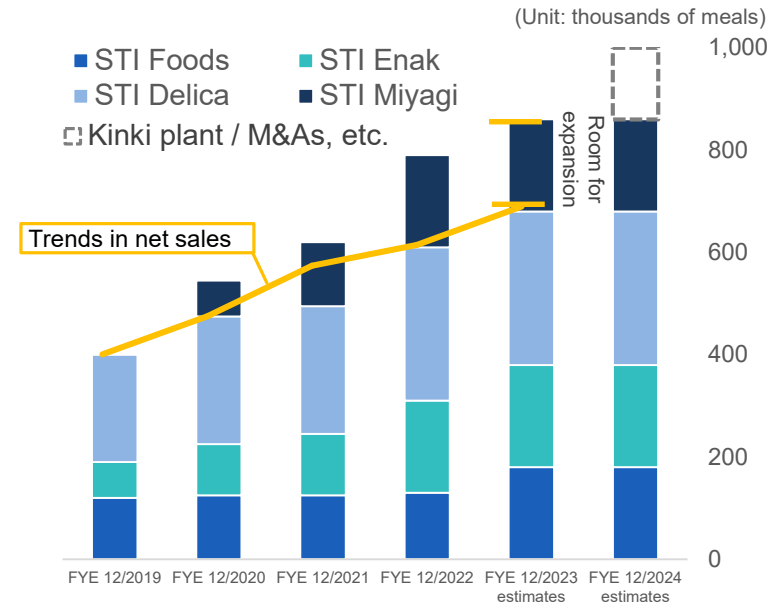
## Expansion to stores overseas

- For 7-ELEVEN Taiwan, transactions have evolved from just selling products to offering food ingredients, expanding our business scope.

## Efforts to expand into North America

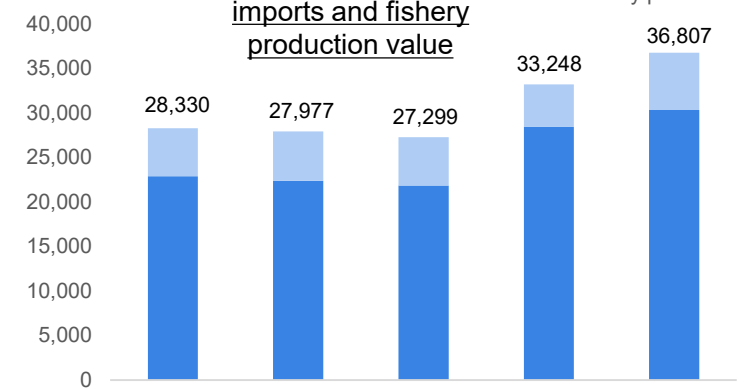
- Now developing a business scheme based on the current situation.
  - ✓ As health awareness grows, the consumption of seafood increases year by year, with enormous demand for salmon.
  - ✓ Demand for seafood keeps growing as it is healthy and a good source of protein that contains DHA and EPA.

Changes in maximum capacity (number of days)



Actual maximum daily production	300	415	460	520	620
Operating rate	55%	67%	61%	61%	62%

(Unit: Millions USD) Trends in U.S. seafood imports and fishery production value



Source: National Marine Fisheries Service (NMFS)

# Earnings forecast and shareholder return policy

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## FYE 12/2023 full-year earnings forecast

- Although 1H FYE 12/2023 is progressing smoothly versus the performance forecast, we will maintain our current forecast for the time being as we assess market trends moving forward.

	FYE December 31, 2022		FYE December 31, 2023		YoY
	Results	Sales ratio	Earnings forecast	Sales ratio	
Net sales	27,567	-	<b>30,000</b>	-	108.8%
Operating income	1,488	5.4%	<b>1,800</b>	<b>6.0%</b>	120.9%
Ordinary income	1,528	5.5%	<b>1,800</b>	<b>6.0%</b>	117.8%
Net income attributable to owners of the parent company	1,006	3.7%	<b>1,150</b>	<b>3.8%</b>	114.3%
EPS (yen)	174.17	-	<b>194.05</b>	-	111.4%

# Shareholder return policy

- There are no changes to our policy of maintaining dividends at the same level as the previous fiscal year and providing shareholders with shareholder benefits twice a year.

## [Dividends]

	FYE 12/2021 results	FYE 12/2022 schedule	FYE 12/2023 forecast
Dividend per share	55 yen	55 yen	55 yen

## [Shareholder benefit program]

Twice yearly, on the last day of June and December every year, shareholders who own at least one unit (100 shares) receive the Company's products exclusively for shareholders.



**STI Foods Holdings, Inc. will celebrate  
its 35th anniversary  
on December 1, 2023.**

**We would like to express our deep gratitude to all the  
stakeholders who have supported us over the years.**

# Appendix

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# Company profile / business description

## Company profile

<b>Name of company</b>	STI Foods Holdings, Inc.	<b>Establishment</b>	November 2017 (founded in December 1988)
<b>Headquarters</b>	1-15-14, Minami Aoyama, Minato-ku, Tokyo	<b>Number of employees</b>	283 (including 885 temporary employees) *As of the end of December 2022, the number of temporary employees is the number of people working a full-time equivalent of eight hours per day
<b>Representative</b>	President and Representative Director Yutaka Jumi	<b>Listing date</b>	September 25, 2020 (Standard Market of the Tokyo Stock Exchange)

## Business description

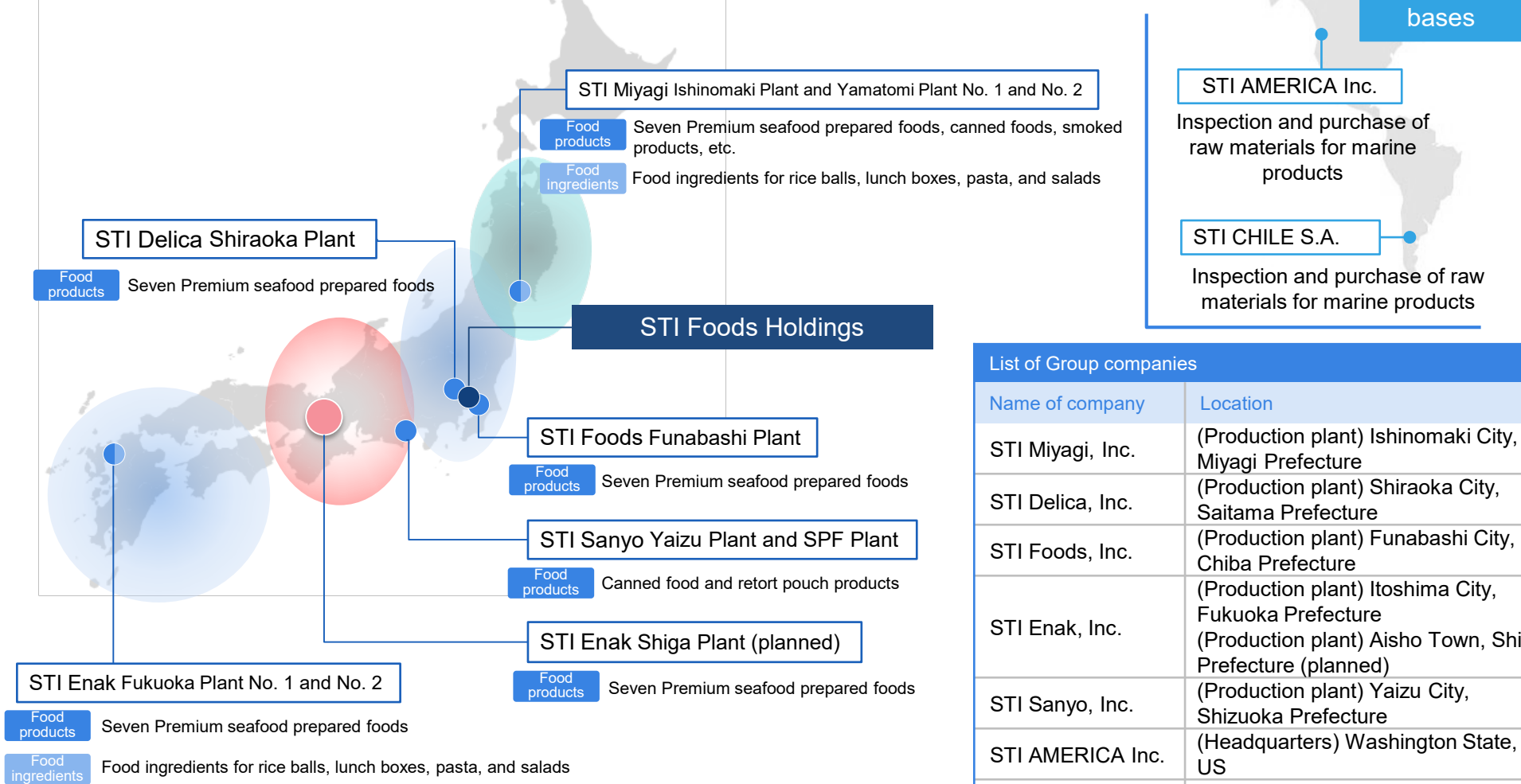
The Group is engaged in the food manufacturing and sales business, which includes everything from the procurement of raw materials for marine products to manufacturing and sales.

Product category	Description of major operations	Company	Examples of manufactured products			
Foods	Manufacturing and sales of prepared marine products mainly for convenience stores, and manufacturing and sales of canned food and retort pouch products using marine raw materials, etc.	The Company STI Foods STI Delica STI Enak STI Miyagi STI Sanyo STI AMERICA Inc. STI CHILE S.A.				
Food ingredients	Manufacturing and sales of marine products mainly used in rice balls, lunch boxes, pasta, salads for convenience stores to daily prepared foods manufacturers through food ingredients trading companies	The Company STI Enak STI Miyagi STI AMERICA Inc. STI CHILE S.A.				



# Group and production bases

- The Group is formed of STI Foods Holdings, six consolidated subsidiaries and one non-consolidated subsidiary.
- Each plant has its own specialties and products, and by combining them, the manufacturing system can handle any of the three temperature ranges (chilled, room temperature, frozen).

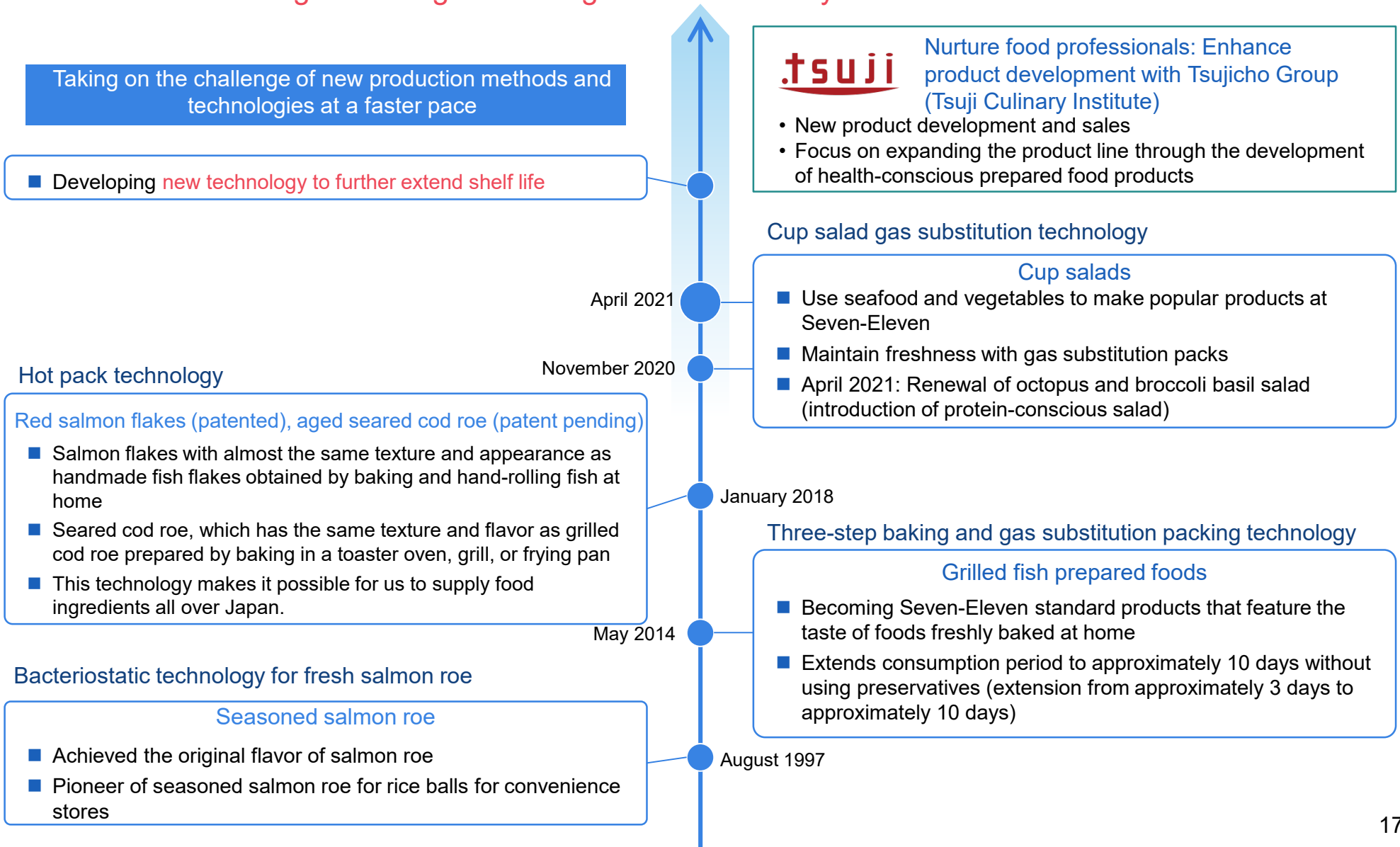


List of Group companies	
Name of company	Location
STI Miyagi, Inc.	(Production plant) Ishinomaki City, Miyagi Prefecture
STI Delica, Inc.	(Production plant) Shiraoka City, Saitama Prefecture
STI Foods, Inc.	(Production plant) Funabashi City, Chiba Prefecture
STI Enak, Inc.	(Production plant) Itoshima City, Fukuoka Prefecture (Production plant) Aisho Town, Shiga Prefecture (planned)
STI Sanyo, Inc.	(Production plant) Yaizu City, Shizuoka Prefecture
STI AMERICA Inc.	(Headquarters) Washington State, US
STI CHILE S.A.*	(Headquarters) Los Lagos Region, Chile

\*: Non-consolidated subsidiary

# Strengths of the business: Manufacturing technologies and patents

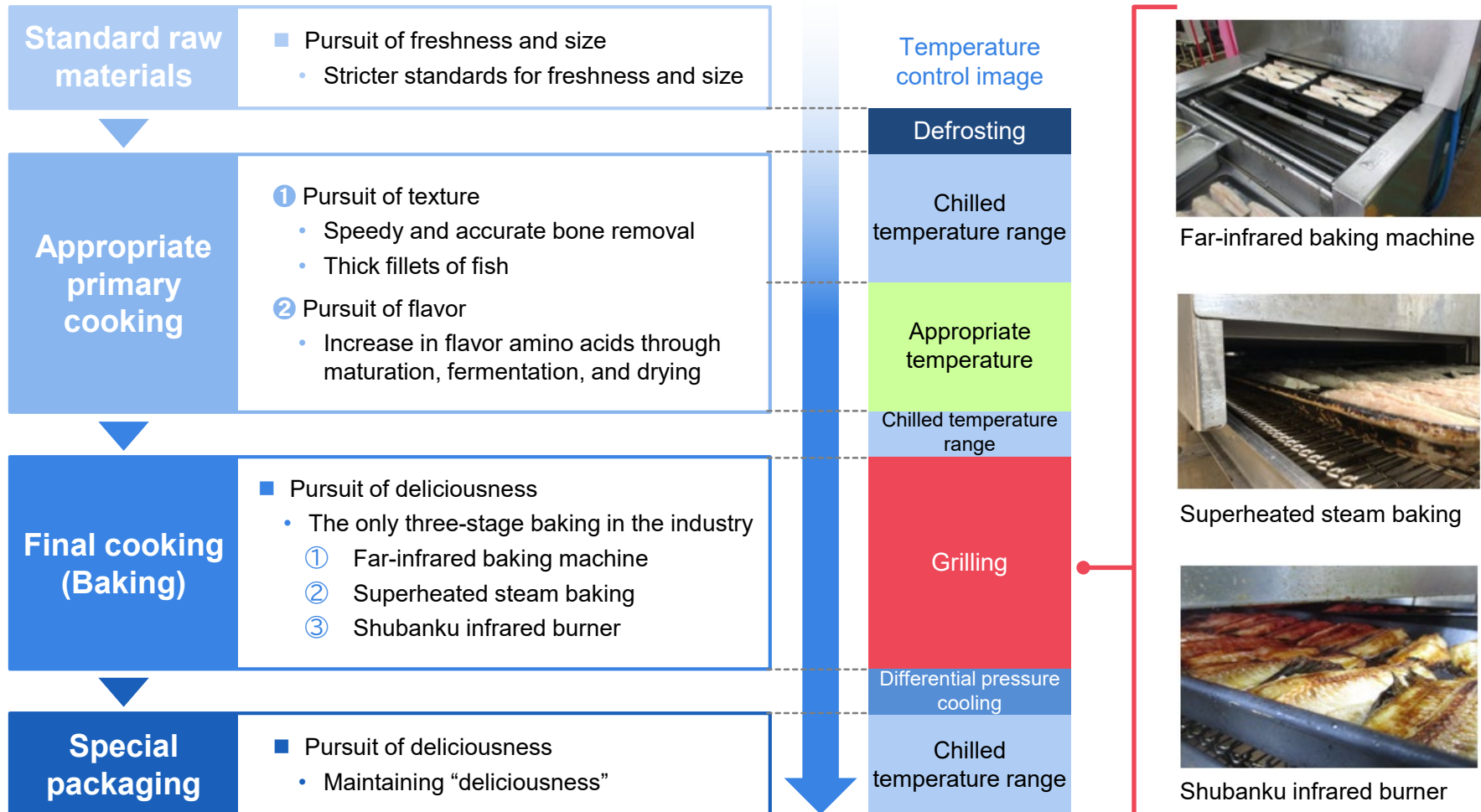
Research and development of new manufacturing methods and unique marine food products that do not exist in the world **using technologies with high barriers to entry**



# Strengths of the business: Improvement of taste quality through integrated production

- **Thorough temperature control** and **reduction in the number of thawing cycles** in the integrated production (cooking) process **to improve the quality of taste**

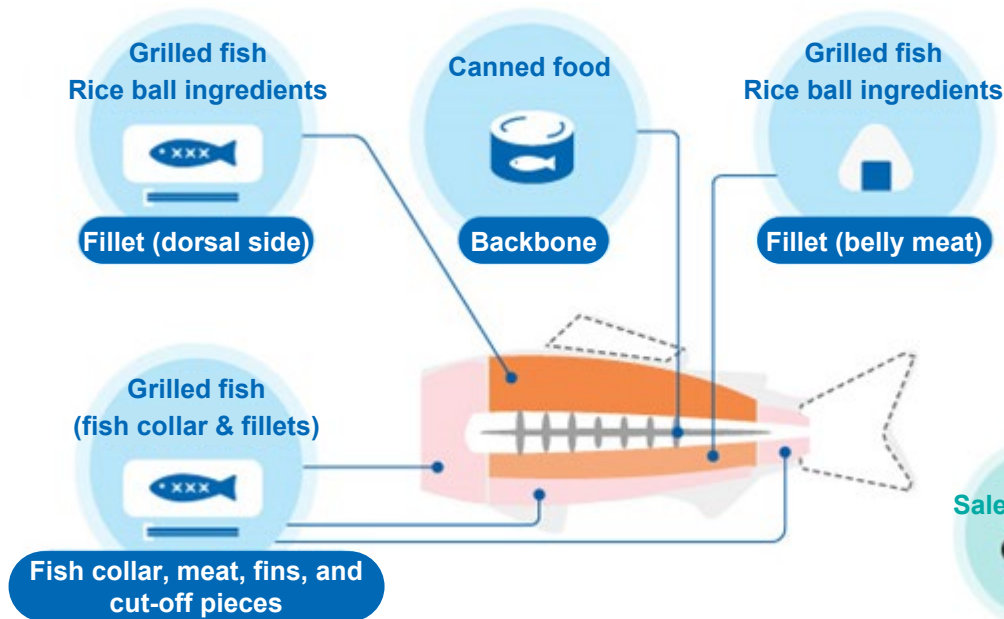
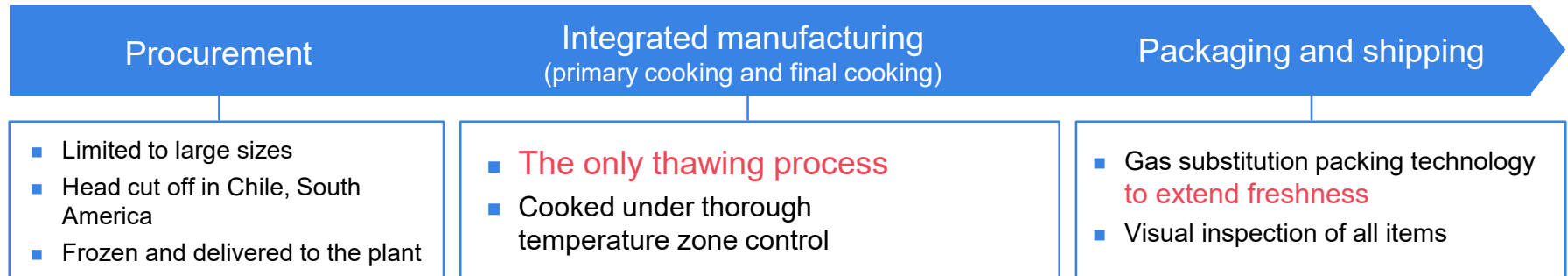
## Manufacturing process for grilled fish prepared foods



# Strengths of the business: Balancing food loss and cost reduction

- Reduce raw material costs **by thoroughly addressing food loss** with a product portfolio that uses up all ingredients.

Integrated production system that achieves both deliciousness and reduced raw material costs




















**Excellent product portfolio  
to reduce food loss**



## SUSTAINABLE DEVELOPMENT GOALS

We will reduce the burden on the environment and society in all parts of the value chain, from procurement, processing, distribution, consumption, and disposal, and work to solve social issues through business.

Social issues	Initiatives	Targets
<b>Responsibility to deliver the blessings of the sea</b>	Procurement of sustainable raw materials Investment in land-based aquaculture	  
<b>Mission as a food manufacturer</b>	Reduction of food loss and food waste	  
<b>Eco-friendly business activities</b>	Reduction of greenhouse gas emissions	   
<b>Disaster-stricken area recovery support</b>	Supporting sustainable growth of local fisheries	   
<b>Respecting human rights</b>	Formulation of Group Human Rights Policy	  

# SDGs initiative: Promoting the sale of Miyagi Prefecture Suisan High School's Kinka Canned Mackerel

## Supporting recovery efforts in collaboration with local high school students in Ishinomaki, Miyagi Prefecture, which was severely affected by the Great East Japan Earthquake



### 2022 - 2023 Project

In Japan's fisheries industry, there is a serious shortage of new workers. Miyagi Prefecture Suisan High School is addressing various industry challenges with a focus on training this next generation, while STI Miyagi is promoting the charm of Ishinomaki through food. Together, they launched a project in May 2022 to help revitalize the Ishinomaki area.

After a year of preparation, they co-developed a product called Kinka Canned Mackerel with an "All Miyagi" theme. It features prefecture-sourced ingredients, from the Kinka mackerel to the water, salt, and miso used in the product. Even the cans are local. The product was launched in the Tohoku region in February 2023.



STI Foods Holdings Group understands and supports the minimum principles and standards that should be adhered to as outlined in the United Nations International Bill of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work.

We conduct our business in accordance with the principles and standards of the United Nations Guiding Principles on Business and Human Rights, and the National Action Plan on Business and Human Rights (2020-2025) set forth by the Japanese government.

## Group Human Rights Policy

STI Foods Holdings Group (below “we”) conducts our business activities utilizing domestic and international food resources to contribute to a more prosperous future for society. We do this with the support of all our stakeholders, including customers, suppliers, shareholders, communities, and employees.

The foundation of all our business activities lies in people and society.

We recognize the human rights of all people and, in fulfilling our responsibility to respect those rights, we have established our STI Foods Holdings Group Human Rights Policy.

This policy serves as the foundation for all STI Foods Holdings Group business activities and embodies our corporate motto of “fairness and honesty.”

In implementing this policy, we will collaborate with all of our stakeholders to co-create a sustainable society where human rights are respected.

\* See our corporate site for details

(available in Japanese only).

<https://www.stifoods-hd.com/ja/news.html>



## **[Precaution]**

The forward-looking statements contained in this document are based on management's assumptions and beliefs in light of the information currently available, and are subject to change due to macroeconomic conditions and industry trends. Accordingly, please be aware that there are risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements.



**STI Foods Holdings, Inc.**