

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

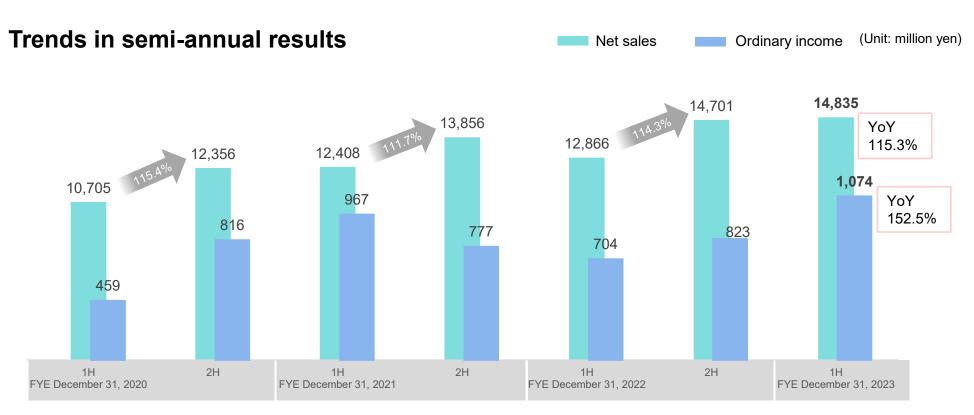
Standard Market of the Tokyo Stock Exchange (Securities Code: 2932)



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

Summary of consolidated financial results

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



Consolidated statement of income

(Unit: million yen)

					(Un	it: million yen)
	1H FYE December 31, 2022 (January to June 2022)		1H FYE December 31, 2023 (January to June 2023)			
	Results	Sales ratio	Results	Sales ratio	YoY	Change
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%	

(Unit: million yen)

		FYE 12/2022 Year end	FYE 12/2023 End-1H	Ratio of increase/ decrease	Change
Curr	ent 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
Tota	assets	13,806	12,816	92.8%	(989)
Tota	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)
Tota	net assets	6,202	6,583	106.1%	381
Tota	liabilities and net assets	13,806	12,816	92.8%	(989)



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 Net income attributable to owners of Ordinary income Net sales the parent company Full-year Full-year Full-year 2Q cumulative total 2Q cumulative total 30.000 (Forecast) 2Q cumulative total 1,800 (Forecast) 1.745 1,150(Forecast) 1,110 23,06 20.644 Growth rate 1,276 145.3% 1,074 **Progress Progress** 49.5% 3-year growth rate **Progress** 59.7% 3-year growth rate 59.7% 141.1% 138.2% 456 591 FYE **FYE FYE FYE FYE FYE FYE** FYE **FYE FYE FYE** FYE FYE FYE FYE 12/2019 12/2020 12/2021 12/2022 12/2023 12/2021 12/2022 12/2023 12/2019 12/2020 12/2021 12/2022 12/2023 12/2019 12/2020

Priority measures and strategies

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.

Thorough commitment to procuring raw materials

- Product quality
- Price
- Sustainability

(Protecting marine resources)

Enhance and expand manufacturing capabilities

- Integration of production
- Ensuring top-quality manufacturing
- Boosting production capacity
- Using up raw materials
- Low carbon (reduce CO₂)

Intellectual property rights for new technologies

- Barriers to entry
- Originality
- Longer shelf life
- Peripheral deployment of core technologies
- Technology platformer

Cost reduction

Improvement of production efficiency

Increased market competitiveness

Consolidate necessary functions of each department for further growth.

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.

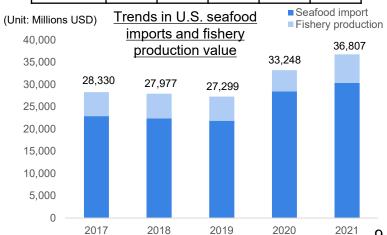
Expansion to stores overseas

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) (Unit: thousands of meals) 1,000 ■ STI Foods STI Fnak STI Delica ■ STI Miyagi expansion SKinki plant / M&As, etc. 800 Trends in net sales 600 400 200 FYE 12/2019 FYE 12/2020 FYE 12/2021 FYE 12/2022 FYE 12/2023 FYE 12/2024 Actual maximum dailv 300 415 460 520 620 production 67% 61% Operating rate 55% 61% 62%



Source: National Marine Fisheries Service (NMFS)

Earnings forecast and shareholder return policy

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

Company profile / business description

Company profile

Name of company	STI Foods Holdings, Inc.	Establishment	November 2017 (founded in December 1988)
Headquarters	1-15-14, Minami Aoyama, Minato-ku, Tokyo	Number of employees	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
Representative	President and Representative Director Yutaka Jumi	Listing date	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.	TO THE PARTY OF TH
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.	THE PARTY OF THE P

Group and production bases

STI Enak Fukuoka Plant No. 1 and No. 2

Seven Premium seafood prepared foods

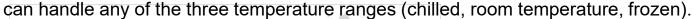
Food ingredients for rice balls, lunch boxes, pasta, and salads

Food products

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

STI Foods Funabashi Plant





Seven Premium seafood prepared foods

Canned food and retort pouch products

Seven Premium seafood prepared foods

STI Sanyo Yaizu Plant and SPF Plant

STI Enak Shiga Plant (planned)

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

Overseas

business

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

Taking on the challenge of new production methods and technologies at a faster pace

Developing new technology to further extend shelf life

<u>tsuji</u>

Nurture food professionals: Enhance product development with Tsujicho Group (Tsuji Culinary Institute)

- New product development and sales
- Focus on expanding the product line through the development of health-conscious prepared food products

Cup salad gas substitution technology

Cup salads

- Use seafood and vegetables to make popular products at Seven-Eleven
- Maintain freshness with gas substitution packs
- April 2021: Renewal of octopus and broccoli basil salad (introduction of protein-conscious salad)

Hot pack technology

Red salmon flakes (patented), aged seared cod roe (patent pending)

- Salmon flakes with almost the same texture and appearance as handmade fish flakes obtained by baking and hand-rolling fish at home
- Seared cod roe, which has the same texture and flavor as grilled cod roe prepared by baking in a toaster oven, grill, or frying pan
- This technology makes it possible for us to supply food ingredients all over Japan.

January 2018

Three-step baking and gas substitution packing technology

Grilled fish prepared foods

- Becoming Seven-Eleven standard products that feature the taste of foods freshly baked at home
- Extends consumption period to approximately 10 days without using preservatives (extension from approximately 3 days to approximately 10 days)

May 2014

April 2021

November 2020

Bacteriostatic technology for fresh salmon roe

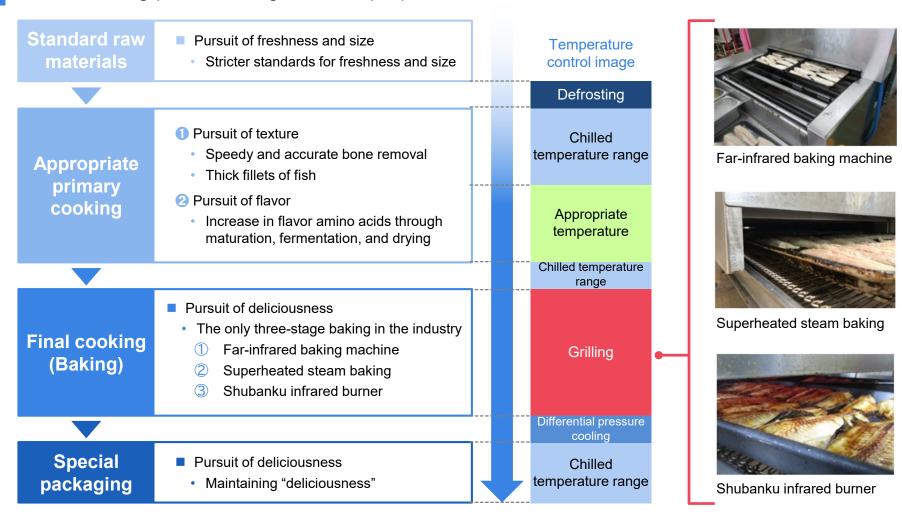
Seasoned salmon roe

- Achieved the original flavor of salmon roe
- Pioneer of seasoned salmon roe for rice balls for convenience stores

August 1997

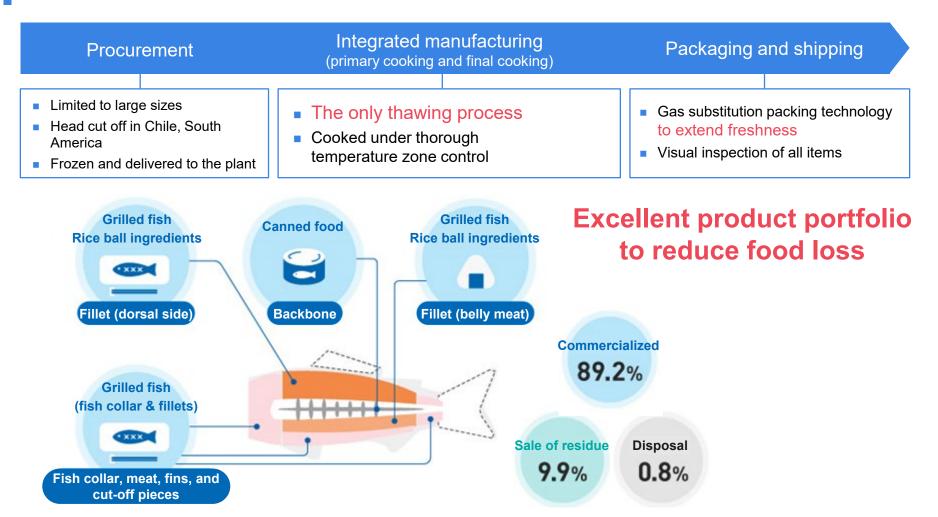
Strengths of the business: Improvement of taste quality through integrated production

- 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





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
Responsibility to deliver the blessings of the sea	Procurement of sustainable raw materials Investment in land-based aquaculture	2 航線を せっに 3 すべての人に 健康と福祉を
Mission as a food manufacturer	Reduction of food loss and food waste	2 飢餓を せ口に つかう責任 12 つくる責任 つかう責任 マカラ (マラカ) (マラカ
Eco-friendly business activities	Reduction of greenhouse gas emissions	7 エネルギーをみんなに そしてクリーンに 12 つくる責任 つかう責任 13 気候変動に 見体的な対策を すろう 15 陸の豊かさも すろう ・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・
Disaster-stricken area recovery support	Supporting sustainable growth of local fisheries	11 住み続けられる まちづくりを 12 つくる責任 つかう責任 14 海の豊かさを 守ちう 17 パートナーシップで 目標を達成しよう 15 日本を達成しよう 17 日本を達成しよう
Respecting human rights	Formulation of Group Human Rights Policy	5 ジェンダー平等を 実現しよう 8 働きがいも 経済成長も 16 平和と公正を すべての人に

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.

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







^{*} See our corporate site for details (available in Japanese only).

[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.

