



FY 10/2024 2Q

Supplementary Materials for Financial Results

**SHOEI FOODS CORPORATION
(TSE code:8079,Prime Market)**

I. Report on Business Results for FY 10/2024 2Q

II. Progress of Medium-Term Management Plan

Financial Highlights



- ◆ Net sales exceeded the initial forecast due to increased sales of dairy products and retail products in Japan, as well as walnut exports from the U.S. and sales of nuts and dried fruits in China.
- ◆ Profits improved in Japan due to improved export profitability of seeds from China and increased domestic sales in China and Hong Kong, as well as calming energy costs and progress in product price revisions. As a result, profits were well above the initial forecast and increased compared to the previous fiscal year.
- ◆ The full-year forecast has been revised upward in consideration of the current situation.

(Million yen,%)

	FY 10/2023 2Q	FY 10/2024 2Q		year on year change	Ratio to Initial Forecast	FY 10/2024	
	Result	Forecast at beginning of period	Result			Forecast at beginning of period	Revised Forecast
Net sales	55,771	57,000	59,692	+7.0%	+4.7%	110,000	115,000
Gross profit	8,732	—	10,018	+14.7%	—	—	—
Operating profit	2,097	2,300	3,092	+47.4%	+34.4%	4,200	5,000
Ordinary profit	2,082	2,350	3,178	+52.6%	+35.2%	4,250	5,100
Profit attributable to owners of parent	1,349	1,600	1,949	+44.4%	+21.8%	2,900	3,250
Operating income to net sales	3.7%	4.0%	5.1%	—	achieved	3.8%	4.3%

Business Performance

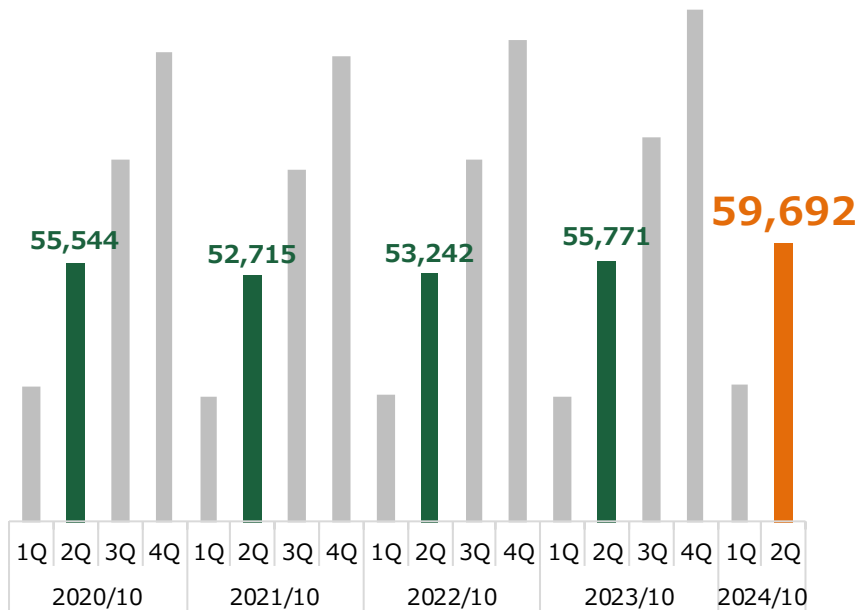
Net Sales and Gross Profit



- ◆ **Net sales:** Despite a decrease due to the adoption of the revenue recognition standard from the fiscal year 10/2022, net sales increased for three consecutive fiscal years.
- ◆ **Gross profit:** Gross profit increased significantly due in part to the effect of price increases reflecting higher costs.

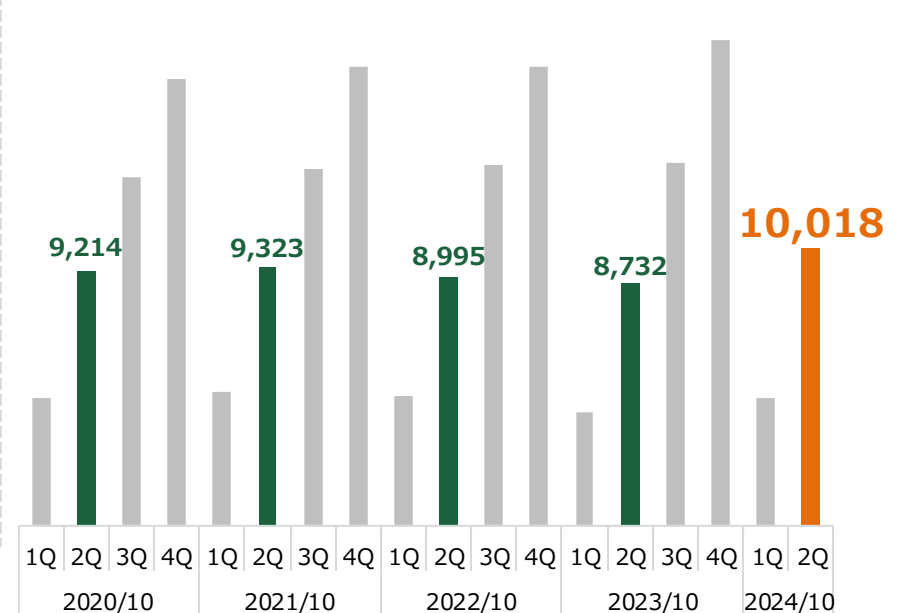
Net Sales Trend (Quarterly)

(Millions Yen)



Gross Profit Trend (Quarterly)

(Millions Yen)



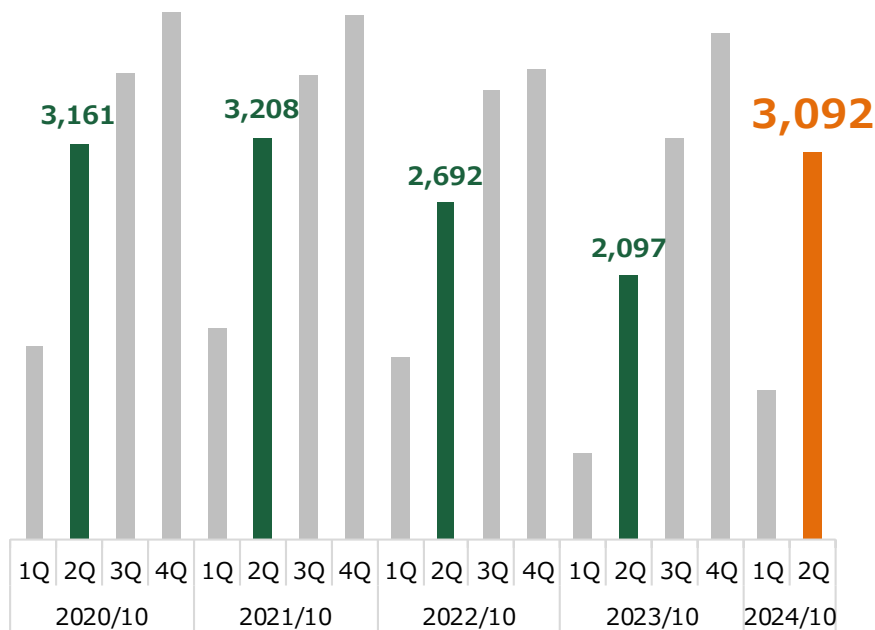
Financial Results Operating Profit



◆ Although SG&A expenses (personnel and property expenses) increased, operating income increased significantly due to an increase in revenue and a decline in the cost of sales ratio.

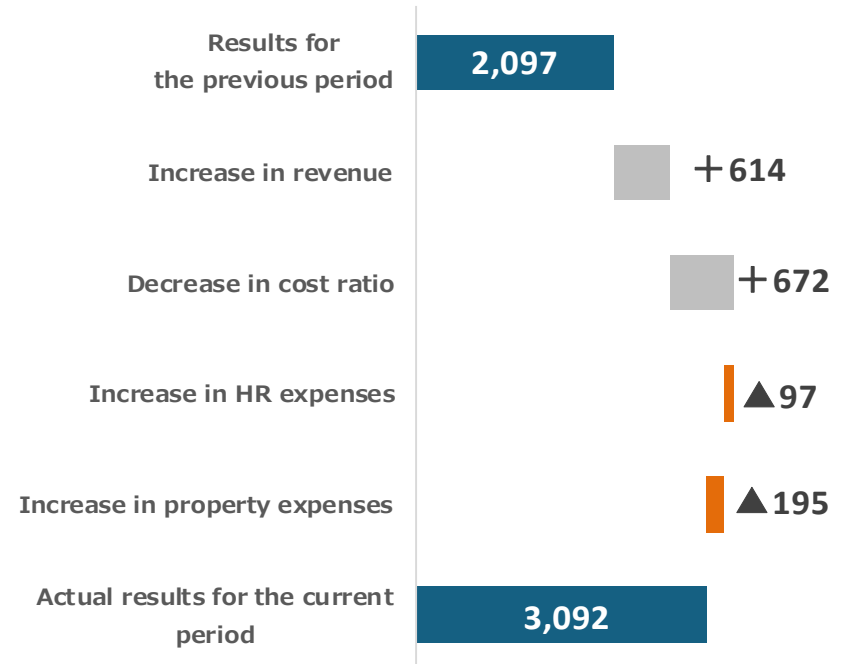
Operating Income Trend (Quarterly)

(Millions Yen)



Operating Income Increase/Decrease Factors

(Millions Yen)



Financial Results by Segment **ShoEi**

Japan

The company's main business is the procurement, processing, manufacturing, and sales of food ingredients (dairy products, oils and fats, confectionery ingredients, dried fruits, canned foods, food ingredients for restaurants, etc.) for the food industry, mainly the confectionery and baking industries, as well as the production and sales of retail confectionery and dried fruit products (nuts and dried fruits). The company owns seven plants in Japan.

USA

SHOEI FOODS (U.S.A.), INC

- ① Purchasing dried fruits in the U.S. and exporting them to Japan (our company)
- ② Purchasing, processing and sales of walnuts
- ③ Purchasing and sales of prunes
- ④ Management of prune and walnut farms
- ⑤ Import and sale of dried fruits

China

ShoEi Foods Qingdao Co., Ltd.

Yanji ShoEi Foods Co., Ltd.

- ① Processing and manufacturing of confectionery ingredients and dried fruits
- ② Export of processed and manufactured products to Japan
- ③ Sales in China and Hong Kong via ShoEi International Trading Shanghai Co., Ltd. & ShoEi International Trading Hong Kong Co., Ltd.

ShoEi International Trading Shanghai Co., Ltd.

ShoEi International Trading Hong Kong Co., Ltd.

- ① Purchasing dried fruits and vegetables from overseas and selling them in China and Hong Kong
- ② Selling products processed and manufactured by ShoEi Foods Qingdao Co., Ltd. & Yanji ShoEi Foods Co., Ltd.

Performance by Segment



(Million yen,%)

	Net sales				Segment profit			
	FY 10/2023 2Q	FY 10/2024 2Q	Difference	%	FY 10/2023 2Q	FY 10/2024 2Q	Difference	%
Japan	50,976	52,553	+1,576	+3.0%	1,941	2,824	+882	+45.4%
USA	4,142	5,500	+1,357	+32.7%	379	276	▲103	▲27.2%
China	3,896	5,252	+1,356	+34.8%	▲45	211	+257	—
Adjustment	▲3,244	▲3,613	▲368	—	▲177	▲219	▲41	—
Total	55,771	59,692	+3,921	+7.0%	2,097	3,092	+994	+47.4%

Japan

- ◆ Net sales increased due to higher sales of dairy products, dried fruits, and confectionery and retail products.
- ◆ Segment income increased due to strong profits from dairy products and improved profitability of confectionery and retail products, partly due to calmer energy prices.

USA

- ◆ Net sales increased due to an increase in the volume of goods received and shipments of walnuts due to a favorable crop, despite lower selling prices for the mainstay walnut crop due to lower market prices.
- ◆ Segment income decreased due to a decline in sales of prune bags for Japan, despite strong sales of walnuts, as profit margins contracted from the same period last year.

China

- ◆ Net sales increased due to higher sales of nuts and dried fruits in China and favorable exports of Chinese seeds and other products.
- ◆ Segment income improved from the previous year's segment loss to post a profit due to improved profitability of export products such as Chinese seeds and strong sales within China and Hong Kong.

Main Products by Category



category	Subcategory	Main Products
Dairy products, oils and fats	Dairy products	Butter, milk powder, condensed milk, liquid dairy products, cheese, lactose, whey
	Oils and fats	Fats and oils for confectionery, frozen desserts and bread (margarines, shortening, etc.)
Confectionery raw materials	Confectionery Materials	Chocolate products, baked confectionery, fruits soaked in liquor (rum raisins, etc.), peel products, fruit fillings
	Chestnut products	Chestnut paste, candied chestnuts, marron glacé
	Japanese confectionery Materials	Sweet potato, apricot kernel powder, oak leaf, pickled cherry leaf
	Bread making materials	New flour and cake flour
	Purchased products	Leavening agents/jelly, chocolate/cocoa, honey/sugar, alcohol (liqueurs, etc.), matcha, sesame
Dried fruits and canned foods	Nuts	Almonds, walnuts, macadamia nuts, pine nuts, pumpkin seeds, coconut, pistachios, cashews, hazelnuts
	Dried Fruits	Raisins, prunes, cranberries, blueberries, pineapples
	Fruit Processed Products	Processed apples, processed mangoes, canned yellow peaches, canned pineapples
	Raw Materials for Food Service	Pasta, sweet corn, processed tomatoes, olive oil, dessert ingredients
Confectionery and retail products	Confectionery	Chocolate confectionery, biscuits
	Retail products	Nuts bags, prunes bags, other dried fruit bags, vegetable products

Business results by product category



(Million yen)

	FY 10/2023 2Q		FY 10/2024 2Q		Year on year change	
	Net sales	Composition	Net sales	Composition	Difference	%
Dairy products, oils and fats	17,409	31.2%	18,270	30.6%	+861	+4.9%
Confectionery raw materials	9,558	17.1%	9,567	16.0%	+9	+0.1%
Dried fruits and canned foods	18,224	32.7%	20,981	35.2%	+2,756	+15.1%
Confectionery and retail products	10,406	18.7%	10,748	18.0%	+342	+3.2%
Other	172	0.3%	124	0.2%	▲48	▲27.8%
Total	55,771	100.0%	59,692	100.0%	+3,921	+7.0%

Dairy products, oils and fats

- ◆ The increase in sales was due to higher sales of imported dairy products, which were also affected by higher prices.

Confectionery raw materials

- ◆ Sales of sugar-substituted fruits and chestnut paste increased.

Dried fruits and canned foods

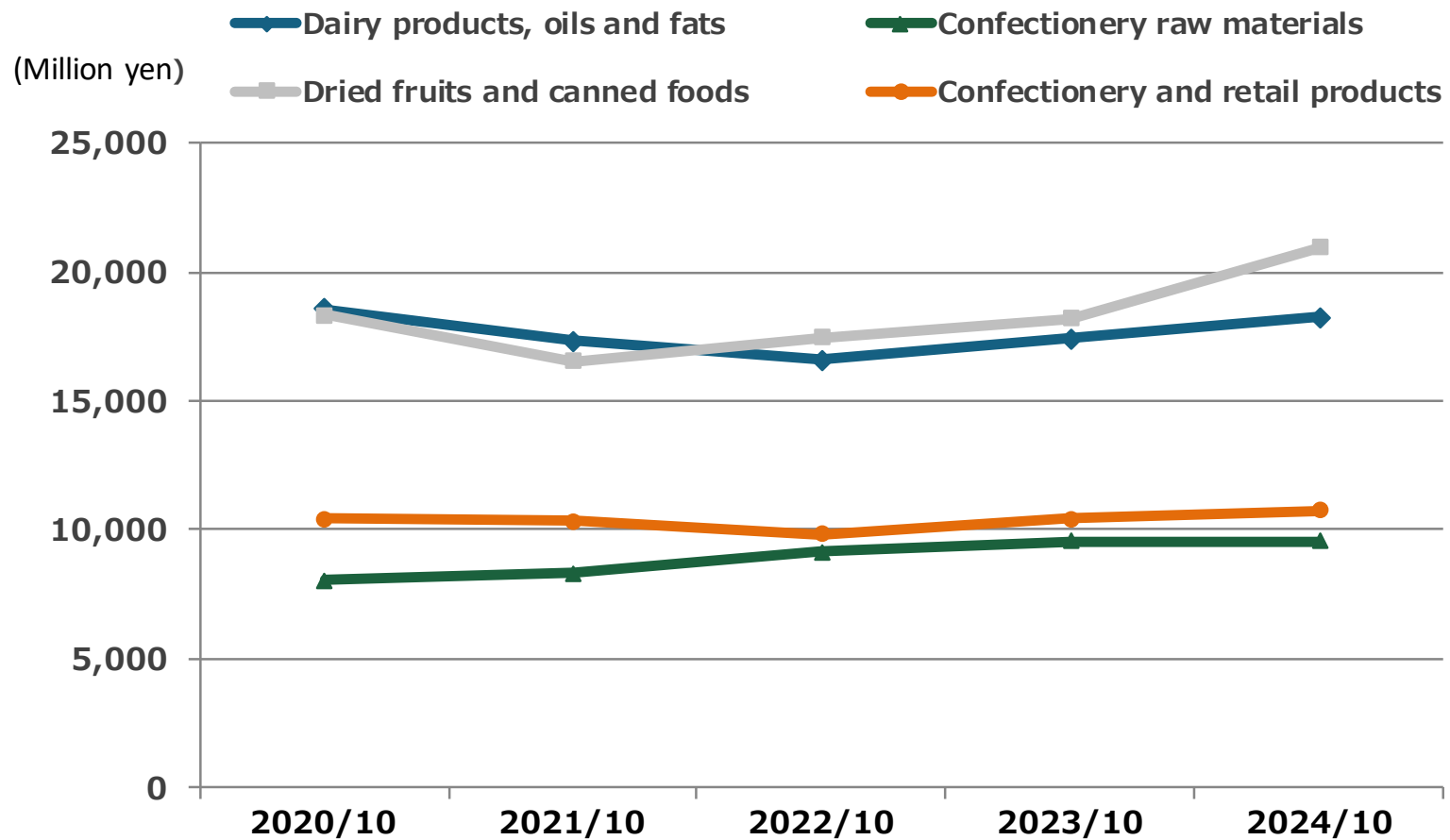
- ◆ Exports of shelled walnuts from the U.S. and increased sales of nuts and dried fruits in China contributed to the increase in sales.

Confectionery and retail products

- ◆ The increase in sales was due in part to the effect of price hikes, which led to higher sales of retail products such as nut bags and private-brand confectionery products.

Sales composition by product category **ShoEi**

Sales by Product Category



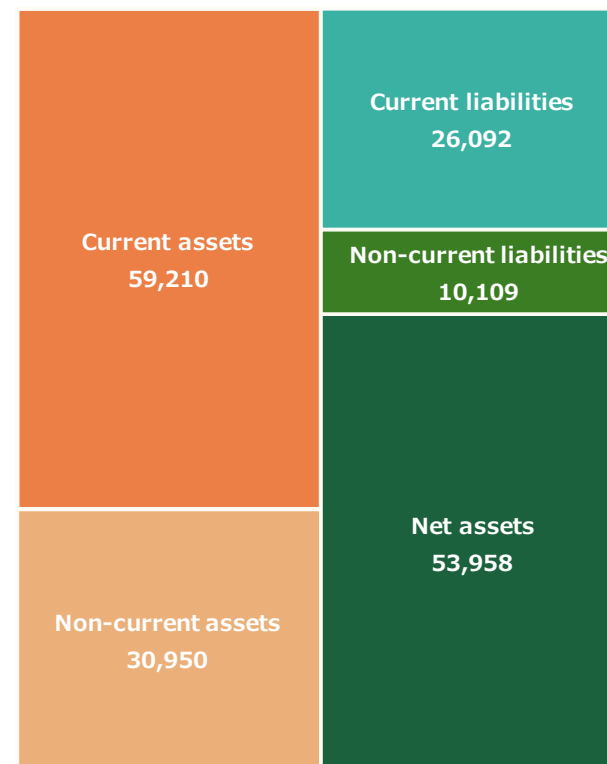
Consolidated Financial Position



- ◆ Total assets increased as inventories increased and current assets increased despite a decrease in fixed assets.
- ◆ Total liabilities increased due to an increase in long-term liabilities, although current liabilities decreased.
- ◆ Net assets increased due to retained earnings.

		FY 10/2023	FY 10/2024 2Q	Difference	
Assets	Current assets	Cash and deposits	12,948	9,458	▲3,489
		Notes and accounts receivable - trade	21,124	24,749	+3,625
		inventories	20,104	23,649	+3,544
		Other current assets	2,077	1,353	▲724
		Total current assets	56,254	59,210	+2,956
	Non-current assets	Property, plant and equipment	24,119	23,773	▲345
		Intangible assets	291	271	▲20
		Total investments and other assets	6,787	6,904	+117
		Total non-current assets	31,198	30,950	▲248
		Total assets	87,452	90,160	+2,708
Liabilities	Current liabilities		27,191	26,092	▲1,099
	Non-current liabilities		8,225	10,109	+1,884
	Total liabilities		35,416	36,202	+785
Net assets	Shareholders' equity		44,890	46,458	+1,568
	Accumulated other comprehensive income		6,217	6,526	+308
	Non-controlling interests		928	973	+45
	Total net assets		52,035	53,958	+1,922
Total liabilities and net assets		87,452	90,160	+2,708	
Interest-Bearing Debt		18,705	17,656	▲1,048	

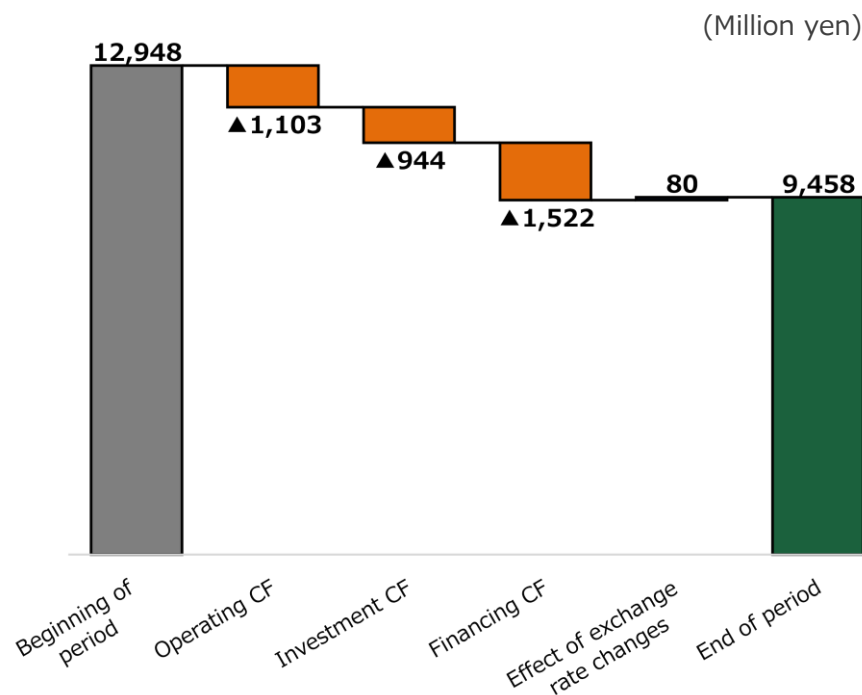
(Million yen)



Cash flow situation

- ◆ Profit retention was good, but as usual, cash flows from operating activities were negative in the second quarter due to an increase in notes and accounts receivables and inventories .
- ◆ Capital expenditures were on par with the previous year, and cash flows from investing activities were negative, almost on par with the previous year.
- ◆ Cash flows from financing activities were negative due to a decrease in interest-bearing debt.
- ◆ Cash and cash equivalents decreased but remained adequate.

	FY 10/2023 2Q	FY 10/2024 2Q	Difference
Cash flows from operating activities	▲447	▲1,103	▲656
Cash flows from investing activities	▲951	▲944	+7
Cash flows from financing activities	307	▲1,522	▲1,829
Effect of exchange rate change on cash and cash equivalents	▲242	80	+322
Net increase (decrease) in cash and cash equivalents	▲1,333	▲3,489	▲2,155
Cash and cash equivalents at beginning of period	7,867	12,948	+5,081
Cash and cash equivalents at end of period	6,533	9,458	+2,925



I. Report on Business Results for
FY 10/2024 2Q

**II. Progress of Medium-Term
Management Plan**

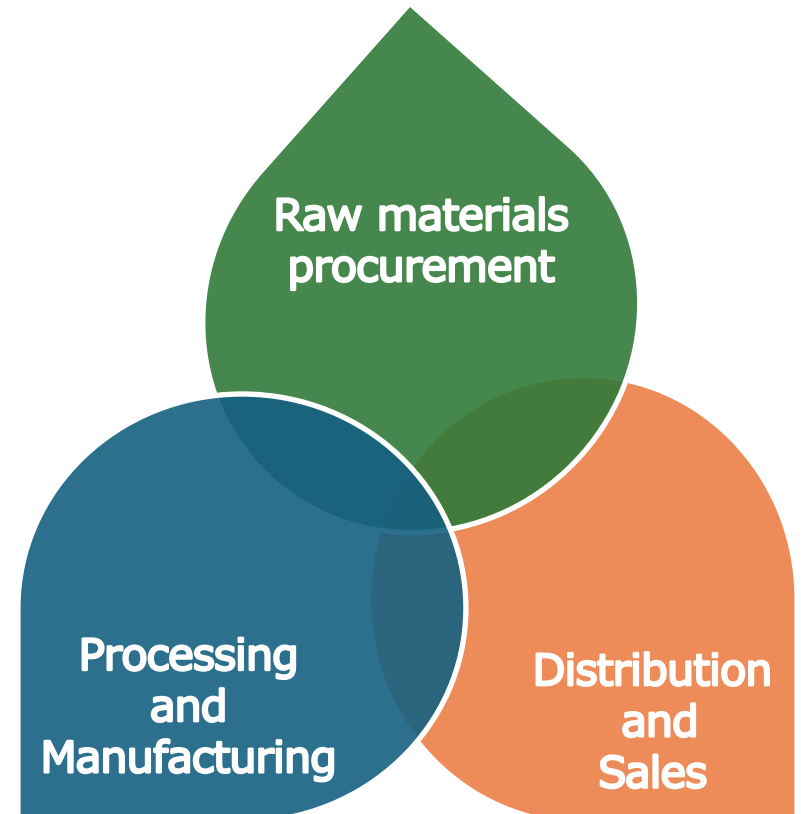
Mission Statement

Our mission is to contribute to society through creation of a new food culture. We will achieve this mission by always providing our customers with safe and reliable food from carefully selected sources both domestically and globally.

Corporate Vision

Our vision is to be a global corporate group that can contribute to society through creation of new food culture. We will strengthen our integrated functions of raw material procurement, processing/production and sales/distribution so that we can meet the changing needs of our customers.

customer



Progress of Medium-Term Management Plan Initiatives

Growth strategy as a Trading Company Specializing in Food Products

◆ Strengthening proposal sales capabilities ~ ShoEi 120th anniversary exhibition held

For 120 years since our founding, we have provided valuable products while responding to the various needs of our customers. Returning to the perspective of our customers who have supported our growth thus far, we hope to contribute to the creation of new value through the display of delicious, convenient products that will please our customers, and have adopted the theme of "Delicious, Delightful, and New."



April 23rd-24th, 2024
Tokyo Dome City Prism Hall



Progress of Medium-Term Management Plan Initiatives

Growth strategy as a Trading Company Specializing in Food Products

◆ Strengthening proposal sales capabilities ~ ShoEi 120th anniversary exhibition held

• **Well-being Corner**

To meet new demands such as health consciousness, vegan food, and complete nutrition, we set up a special Well-Being corner and offered food diversity suggestions.



• **Towards a healthy and rich diet** ~ **Proposal of new healthy ingredients**

We proposed new ingredients such as walnut oil, chickpeas, avocado, and steamed mixed beans as healthy ingredients for meals.



Progress of Medium-Term Management Plan Initiatives

Growth strategy as a food-processing manufacturer

◆ Development of new products through capital investment

We are focusing on processing and producing raw materials purchased both domestically and overseas at our affiliated factories in China and Japan, and are working to expand sales of our processed products and develop new sales channels, including the possibility of expanding overseas exports.

Specifically, we are working to expand sales of products with higher added value by utilizing our group factories, such as candied fried nuts, sterilized nuts, walnut oil, and moist raisins.



Sustainability Initiatives

Environmental Initiatives

◆ Set and disclose CO₂ emissions reduction targets

Reduce CO₂ emissions by 30% (compared to fiscal year 2022, Scope1 and 2 combined)

FY2022 (April 2022 - March 2023) actual CO₂ emissions: 45,759 t

◆ Started expansion of solar power generation systems at affiliated company in the U.S.

⇒ Estimated that 100% of the electricity used by the affiliate will be covered by the end of the year.



Sustainability Initiatives



Collaboration with Stakeholders



◆ Strengthen support activities for food banks

As part of our CSR activities, we have been supporting the activities of the Food Bank* certified NPO "Second Harvest Japan" since 2019. As part of our CSR activities, we have been supporting the activities of Second Harvest Japan, a certified NPO, by donating biscuits, chocolates, and retort pouch foods that we stockpile as emergency rations for disaster prevention when they are replaced, and by making donations. We have also started donating food products that are not suitable for sale due to their form, approaching expiration dates, or other reasons, even though they are of acceptable quality.



Human Resource Management

◆ Promotion of female activities

One female director was newly added to our board of directors, bringing the total to two.

◆ Human Resource Diversity

We have set targets for diversification of human resources in terms of points for women, foreigners, and mid-career hires in managerial and supervisory positions, and conducted a survey of each group company to identify issues that need to be addressed to make progress.

Cautionary Statement Regarding Forward-Looking Statements



This material is intended solely for informational purposes and is not intended as a solicitation to buy or sell any securities. Forward-looking statements in this material are based on targets and forecasts, and are not guarantees or assurances. Please be aware that our future business performance may differ from our current forecasts.

In addition, statements regarding the industry, etc., are based on various data that are believed to be reliable, but we do not guarantee their accuracy or completeness. This material is presented on the premise that investors use this material at their own discretion and responsibility, regardless of the purpose for which they use it.