オカムラ食品工業

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Supplementary Material on Financial Results for the Six Months Ended December 31, 2024



February 14, 2025
Okamura Foods Co., Ltd. (2938)

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Summary of H1 Financial Results

KPI for Growth

Domestic aquaculture harvest

Planned harvest in 2025: 3,500 tons (+800 tons YoY)

- Currently farming for harvest from April to July 2025. No particular abnormalities are noted at this time.

Net sales of Overseas Wholesale Business

¥5.3 billion in H1 (48% of target)

- Full-year sales target is ¥11.1 billion. At this time, sales are generally in line with the plan.

H1 Financial Results

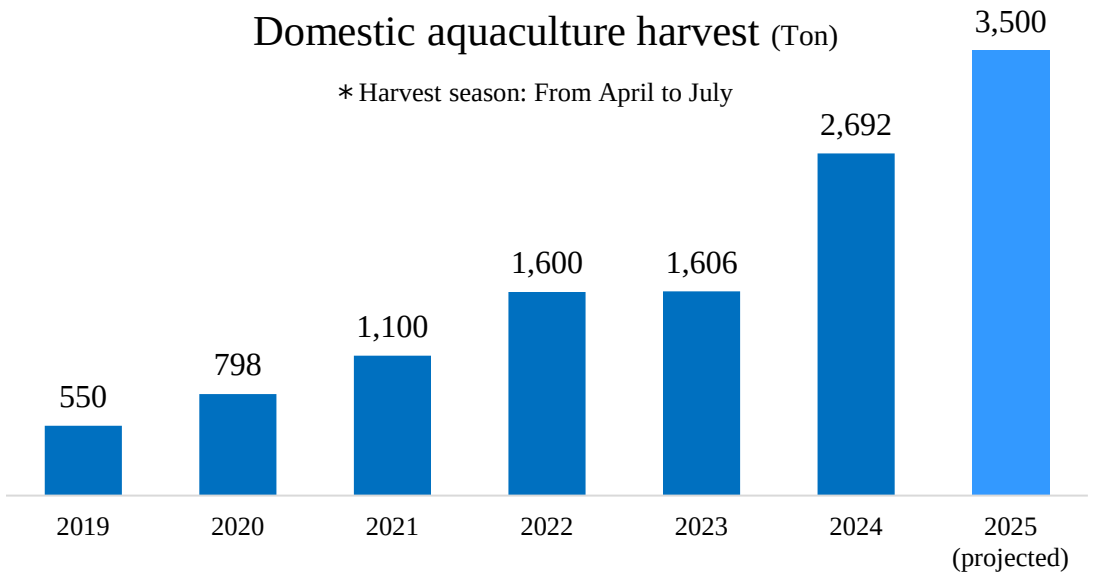
Consolidated net sales **+¥1.7 billion YoY**	• The impact of the global decline in the supply of Atlantic salmon belly raw materials was significant. Similarly to Q1, sales in the Overseas Processing Business fell below the level of the previous H1, although other businesses progressed smoothly. • Overall, progress was steady in relation to the figure of the full-year forecast.
Consolidated operating profit **+¥0.4 billion YoY**	• Consolidated net sales increased, and operating profit also grew by ¥0.4 billion. • Overall, operating profit progressed steadily in relation to the figure of the full-year forecast.

KPI for Growth (1) Increase domestic aquaculture harvest

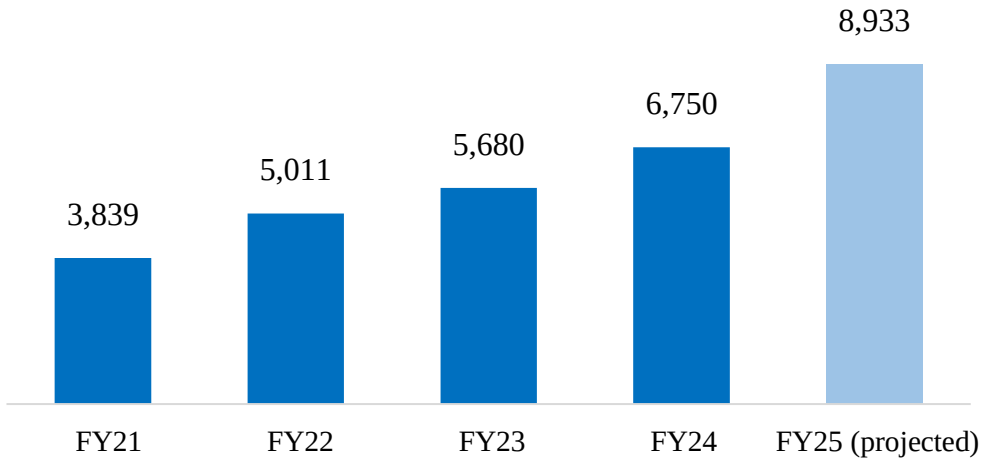
One of the Group's growth drivers is an expansion of the domestic aquaculture harvest. We plan to increase the domestic aquaculture harvest to 3,500 tons in the 2025 season (from April to July 2025) (up 800 tons compared with the 2024 season). Acclimation (*) at the end of last year was also completed as planned.

Domestic aquaculture harvest (Ton)

* Harvest season: From April to July



Net sales of aquaculture business (Million yen)



Main factors for increase in aquaculture harvest during this season

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



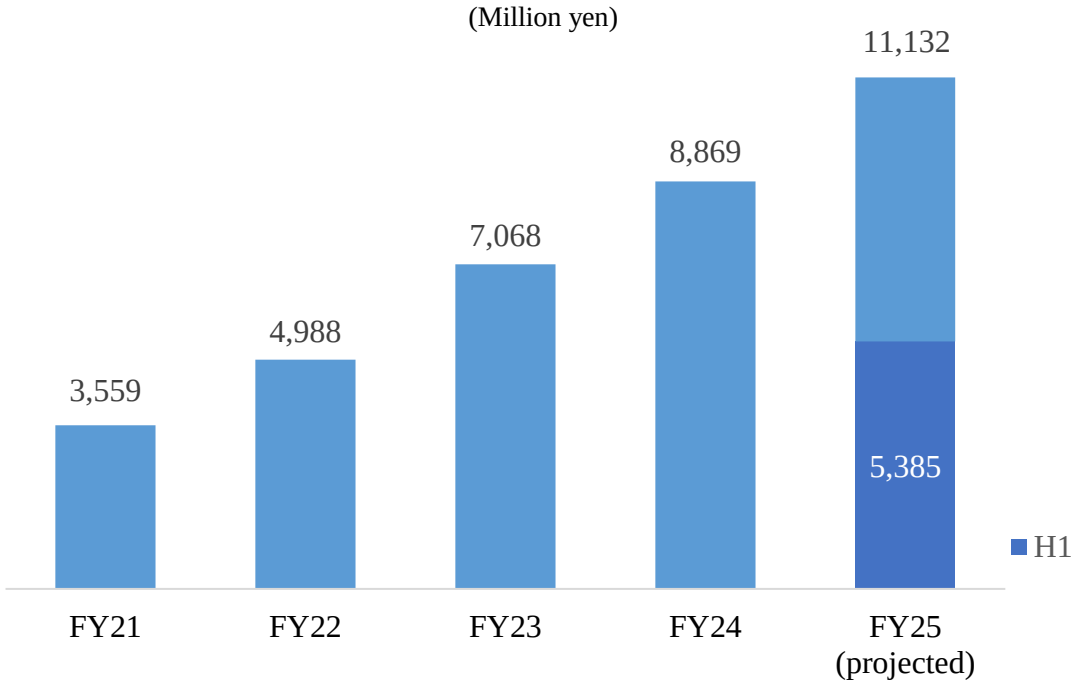
*Including net sales of subsidiaries in Denmark (Aquaculture Business)

*Acclimation is the process of gradually increasing the salinity of freshwater to sea water to acclimate the fish to the salinity of sea water during the transition from freshwater to sea water aquaculture.

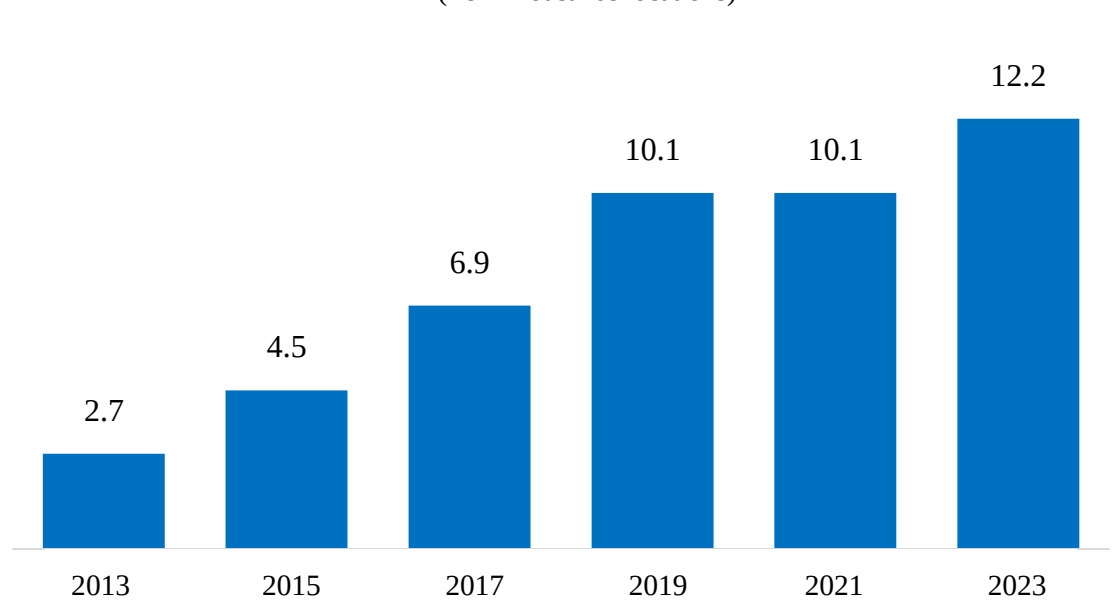
KPI for Growth (2) Increase net sales of Overseas Wholesale Business

The Overseas Wholesale Business, the other growth driver, remained steady against a background of expansion of the Japanese food market in Asia, reporting net sales of ¥5,385 million (up ¥1,247 million year on year, including the effects of foreign currency translation) for the six months ended December 31, 2024.

Net sales of Overseas Wholesale Business



Approximate number of Japanese restaurants in Asia



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

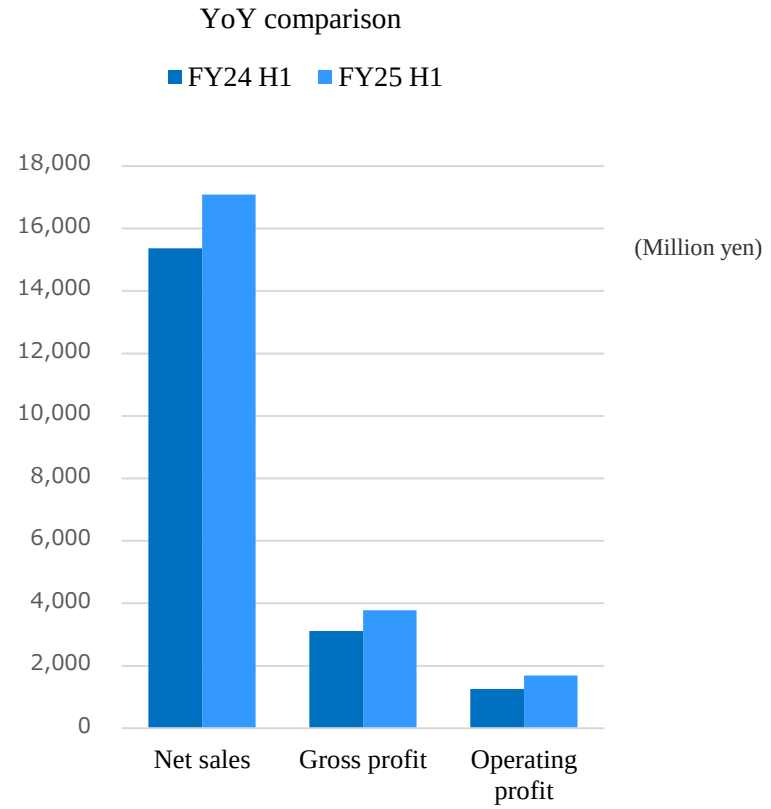
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OKAMURA FOODS CO., LTD.

Summary of Consolidated Financial Results (1)

Net sales increased by ¥1.7 billion year on year, and operating profit increased by ¥0.4 billion year on year, remaining strong overall. Ordinary profit increased by ¥0.3 billion year on year. There was a foreign currency loss of ¥0.13 billion on accounts receivable in foreign currencies, etc. (foreign currency gain of ¥0.06 billion in the six months ended December 31, 2023).

(Million yen)

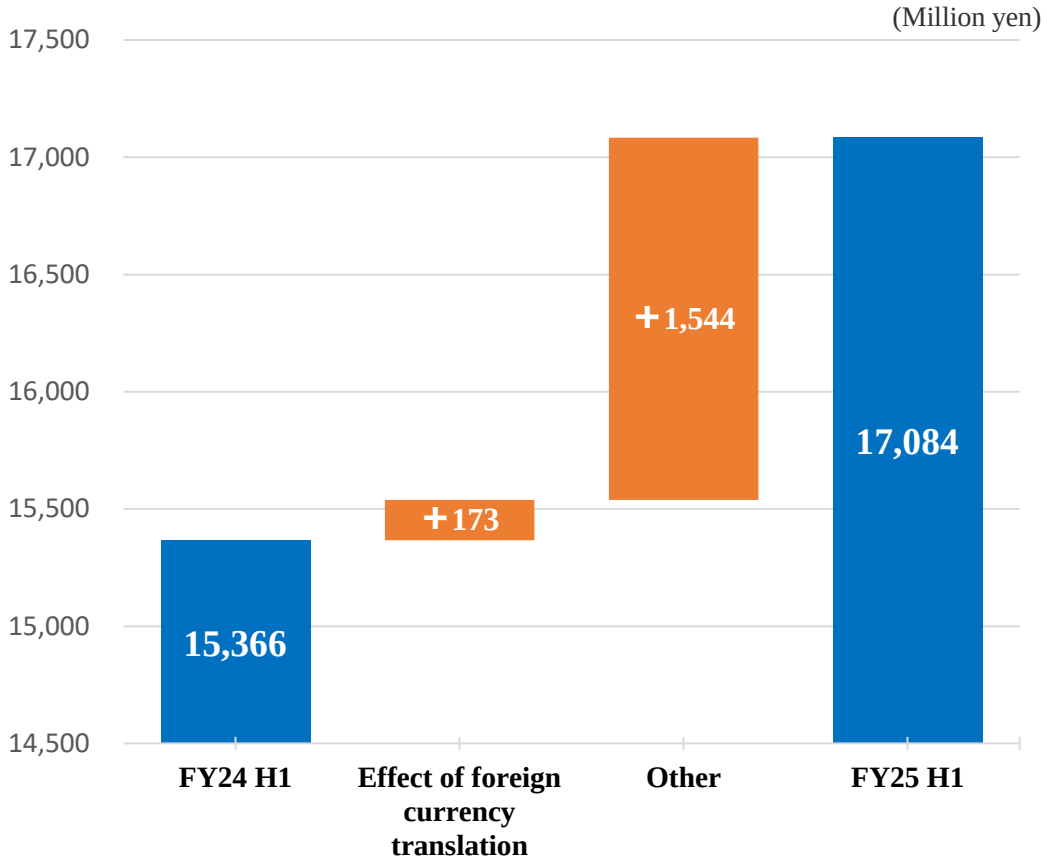
	FY24 H1	FY25 H1		FY25 Plan	
		Amount	YoY change	Amount	YoY change
Net sales	15,366	**17,084**	11.2%	36,119	10.6%
Gross profit	3,116	**3,781**	21.3%		
Operating profit	1,254	**1,692**	34.8%	3,212	26.1%
Ordinary profit	1,325	**1,634**	23.3%	2,949	0.6%
Net income attributable to owners of the parent	895	**1,114**	24.5%	2,093	6.4%



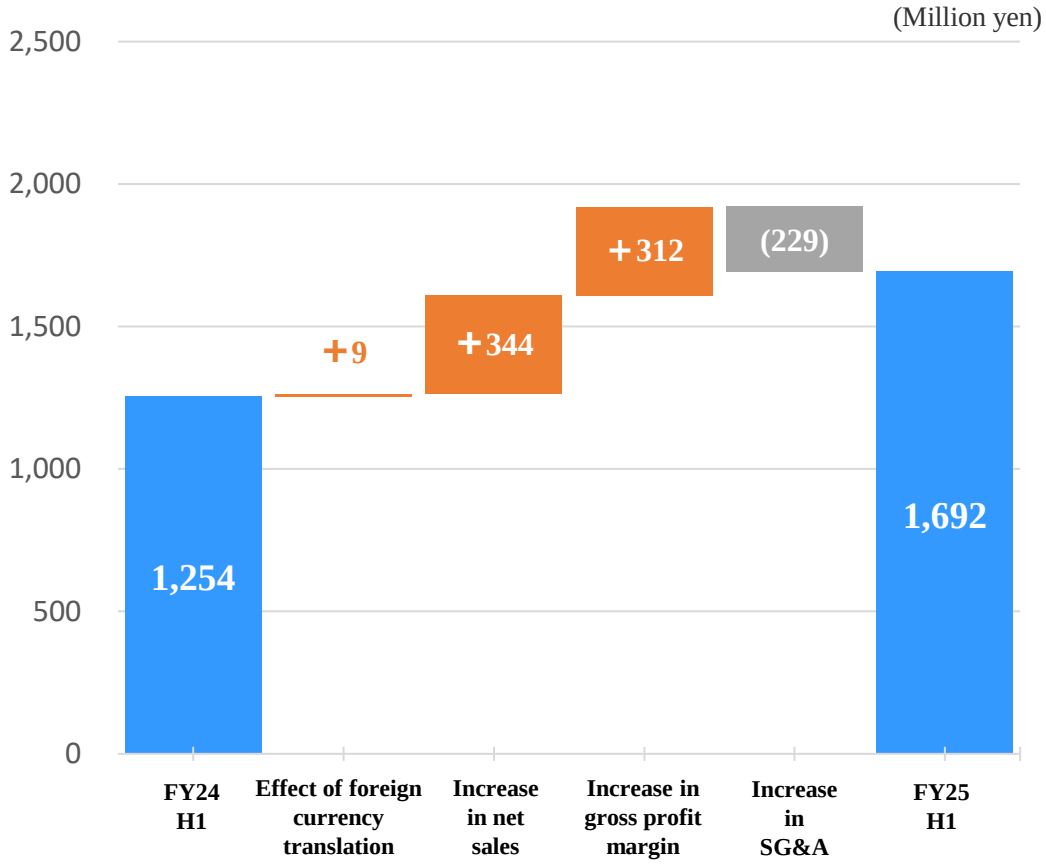
Summary of Consolidated Financial Results (2)

Net sales increased by ¥1,544 million, excluding the effect of foreign currency translation in a weakening yen environment.
Operating profit increased by ¥437 million, owing to the effect of a profit increase by sales gains and an increase in gross profit margin.

Breakdown of changes in consolidated net sales



Breakdown of changes in operating profit



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Summary of Segment Information

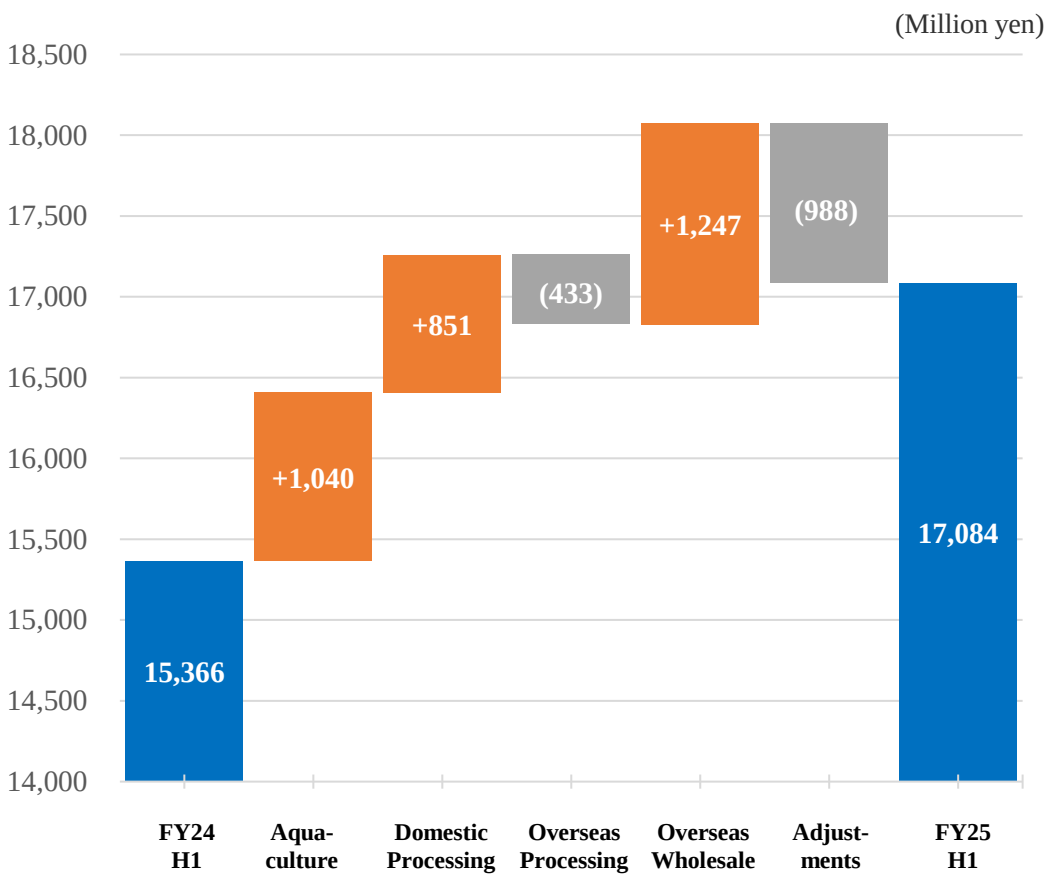
(Million yen)

	FY24 H1	FY25 H1	YoY change	YoY change in %	Breakdown of changes		
					Effect of foreign currency translation	Changes in real terms	YoY change in %
Net sales	**15,366**	**17,084**	**1,717**	**11.2**	**173**	**1,544**	**10.1**
Aquaculture	1,436	2,477	1,040	72.4	12	1,028	71.6
Domestic Processing	4,839	5,691	851	17.6	—	851	17.6
Overseas Processing	7,753	7,319	(433)	(5.6)	(1)	(431)	(5.6)
Overseas Wholesale	4,137	5,385	1,247	30.2	163	1,084	26.2
Adjustments	(2,801)	(3,790)	(988)	—	—	(988)	—
Segment profit	**1,254**	**1,692**	**437**	**34.8**	**9**	**427**	**34.1**
Aquaculture	391	475	83	21.2	3	79	20.3
Domestic Processing	690	784	93	13.5	—	93	13.5
Overseas Processing	482	579	96	20.1	(0)	97	20.2
Overseas Wholesale	122	267	145	118.9	6	138	113.4
Adjustments	(433)	(414)	18	—	—	18	—

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OKAMURA FOODS CO., LTD.

Changes in Net Sales by Segment

Changes in net sales by segment



Supplementary explanation for changes

Aquaculture +1,040 YoY

- This was due to steady consumption of the carryover of inventory from the previous year both inside and outside Japan. The increase in domestic carryover of inventory is the result of an increase in aquaculture harvest. The increase in overseas carryover of inventory is the result of sales being carried over to FY2025 due to factors such as the status of customers' inventories.

Domestic Processing +851 YoY

- Fish roe market prices rose due to a decrease in the domestic supply of fish roe. Sales of the Company's trout roe, which was relatively inexpensive, increased, resulting in increased sales.

Overseas Processing (433) YoY

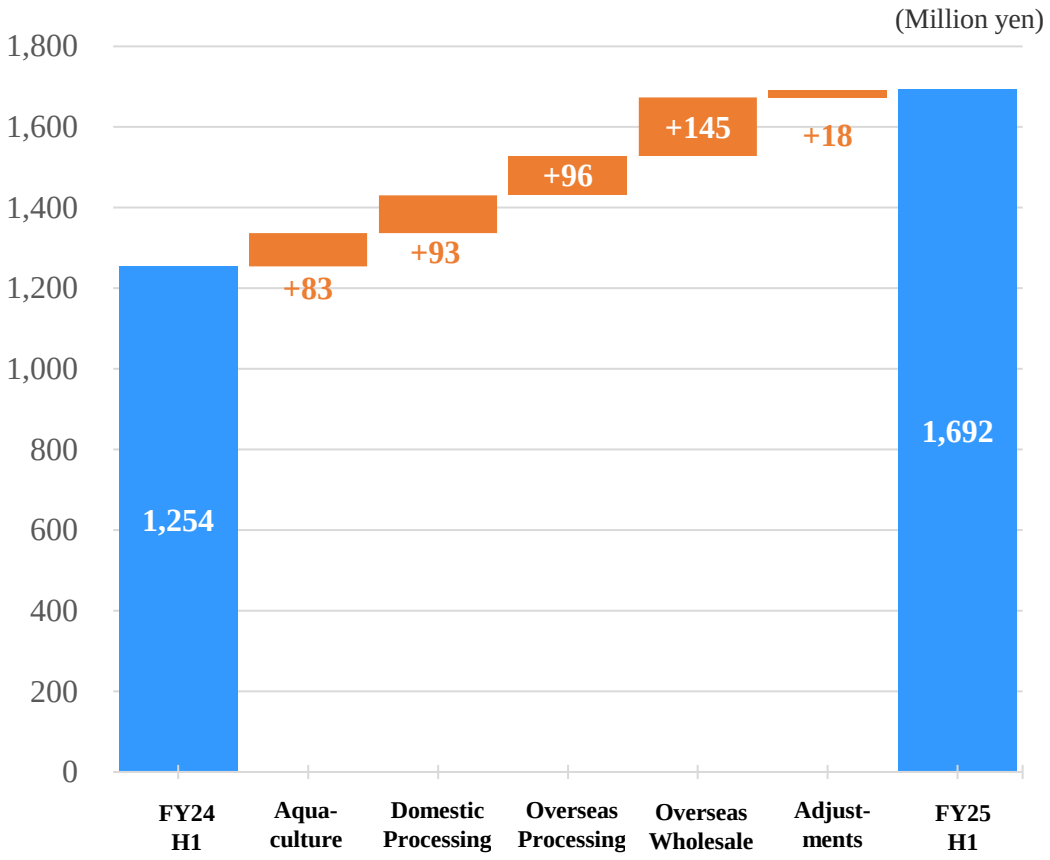
- Sales of Atlantic salmon belly, a key product, fell sharply due to a decrease in the global supply of raw materials.

Overseas Wholesale +1,247 YoY

- The market environment remained favorable, with the number of openings of Japanese restaurants continuing to increase. The existing trend of sales growth continued.

Changes in Operating Profit by Segment

Changes in operating profit by segment



Supplementary explanation for changes

Aquaculture +83 YoY

- Affected by the steady progress of domestic fresh produce sales and the use of carryover of frozen inventory.

Domestic Processing +93 YoY

- Fish roe market prices rose due to a decrease in the domestic supply of fish roe. Sales of the Company's trout roe, which was relatively inexpensive, increased, resulting in increased sales and profits.

Overseas Processing +96 YoY

- Affected by rising selling prices for belly and other fish species.

Overseas Wholesale +145 YoY

- In addition to increased sales, the effect of the weak yen, etc. led to increased profit margins.

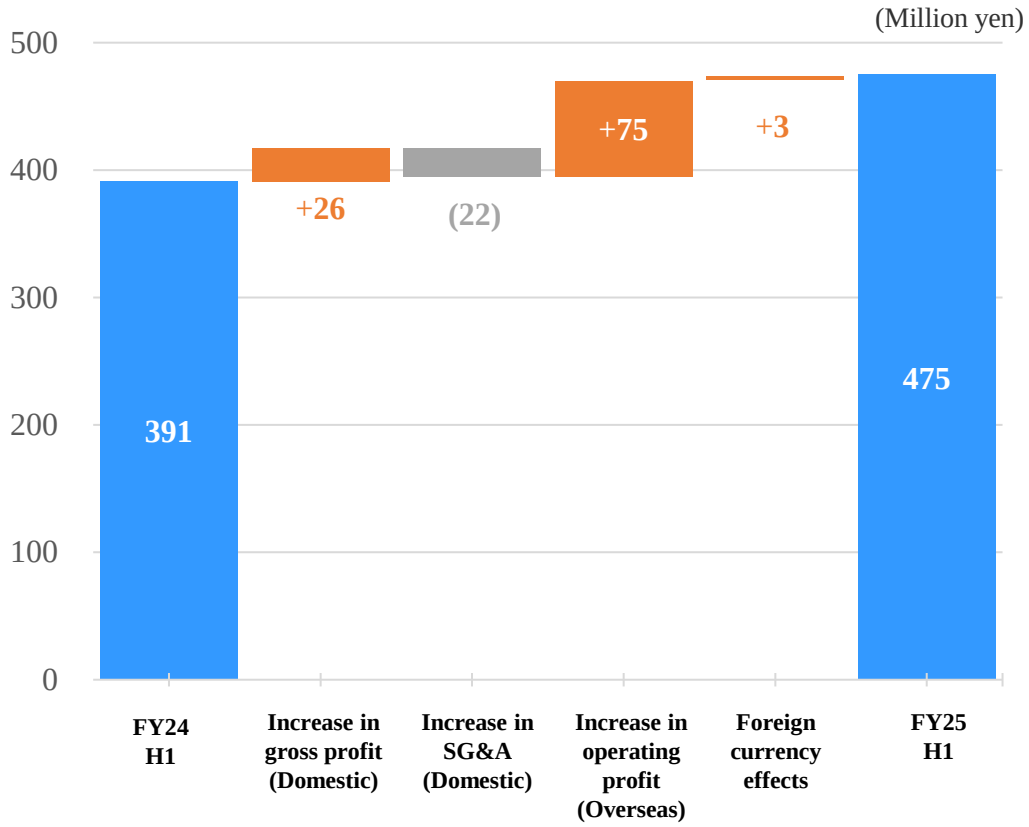
Adjustments +18 YoY

- Mainly due to unrealized gains and losses on consolidated inventories.

Breakdown of Changes in Segment Profit (Aquaculture Business)

Due to a supply shortage in the fish roe market, the outlook for unit selling prices of fish roe in the overseas aquaculture business improved, resulting in an increase in operating profit.

Changes in segment profit



Supplementary explanation for changes

Impact of increase in gross profit (Domestic) ＋26 YoY

- Sales and gross profit rose due to greater fresh produce sales volume resulting from harvest conducted until July and steady sales of carryover of frozen inventory from the previous year.

Impact of increase in SG&A (Domestic) (22) YoY

- Affected by higher transportation expenses, etc. due to increased sales volume.

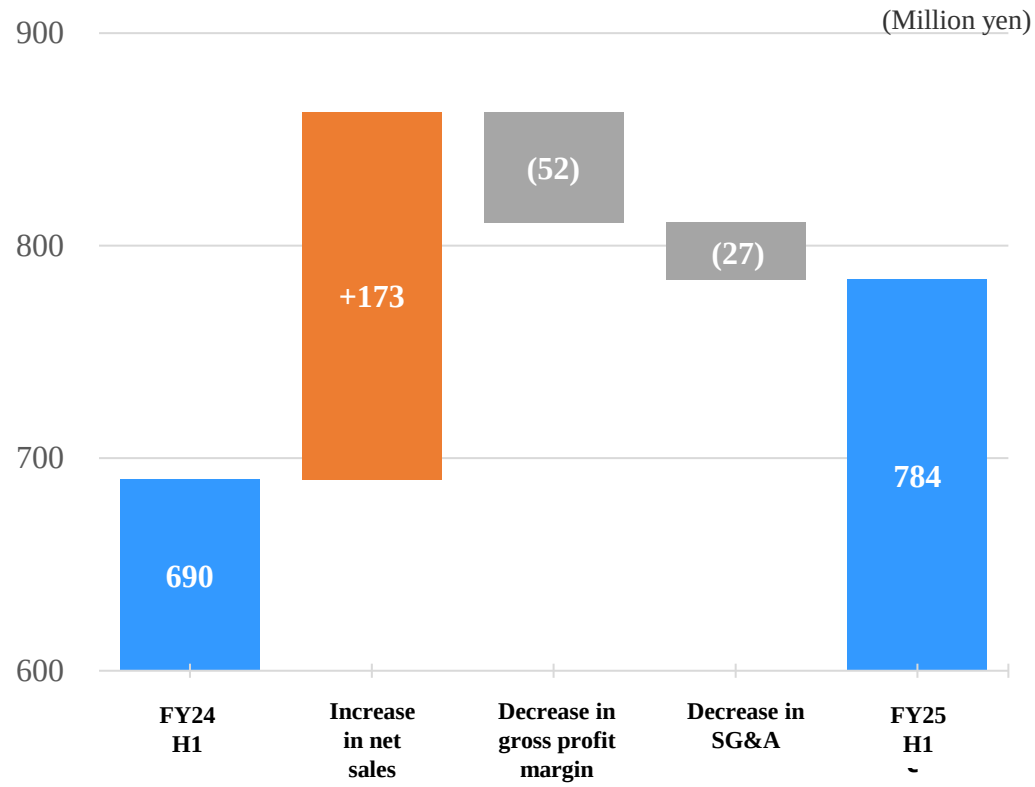
Impact of increase in operating profit (Overseas) ＋75 YoY

- Sales prices rose compared to the six months ended December 31, 2023, resulting in increased operating profit. Unit selling prices of fish roe in the six months ended December 31, 2023 were lower than those in the current fiscal year due to the market conditions for fish roe.
- On the other hand, the operating profit margin in the six months ended December 31, 2024 decreased year on year. This is because, despite a significant increase in sales due to the expansion of the domestic aquaculture business, profits from the Overseas Processing Business (fair value measurement of biological assets), which accounted for the majority of profits up until the six months ended December 31, 2024, did not change significantly.

Breakdown of Changes in Segment Profit (Domestic Processing Business)

Increased sales led to a recovery from H1 of the previous fiscal year, despite a decrease in gross profit margin due to a rise in the unit prices of raw materials.

Changes in segment profit



Supplementary explanation for changes

Impact of increase in net sales +173 YoY

- Fish roe market prices rose due to a decrease in the domestic supply of fish roe. Sales of the Company's trout roe, which was relatively inexpensive, increased, resulting in increased sales.

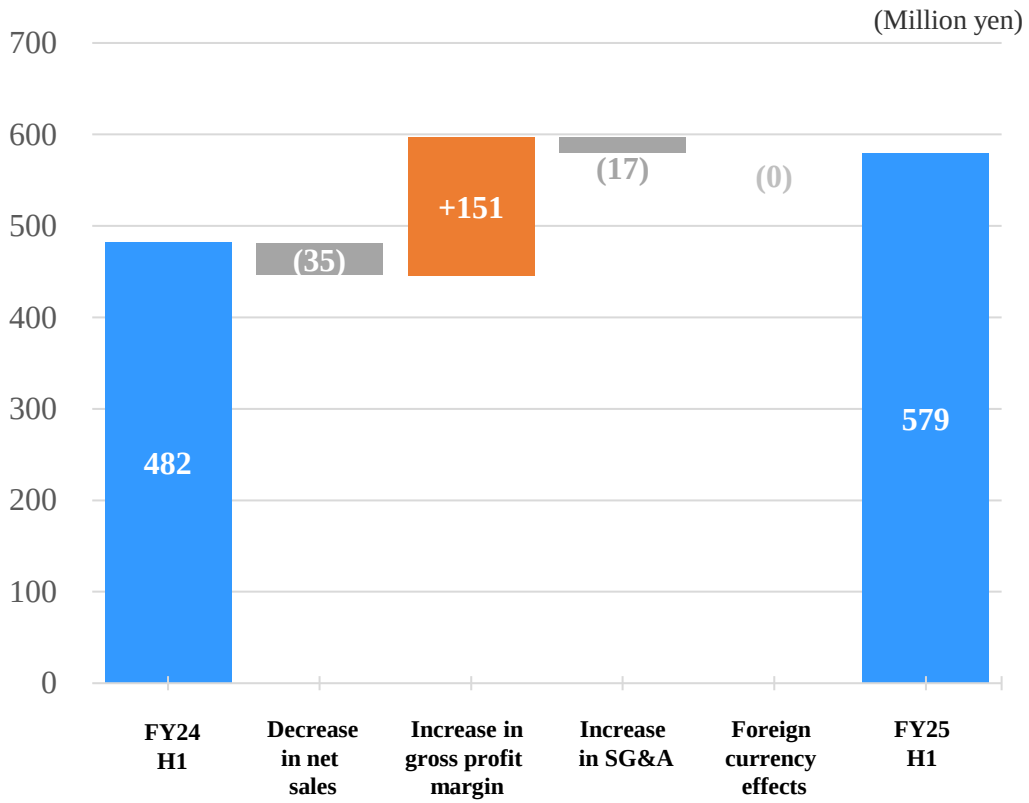
Impact of decrease in gross profit margin (52) YoY

- Unit prices of raw materials for new products for the current fiscal year rose significantly due to a decrease in the supply of fish roe raw materials, and margins fell despite increases in selling prices.

Breakdown of Changes in Segment Profit (Overseas Processing Business)

Processing and sales of belly decreased both inside and outside Japan due to a shortage of belly raw materials, while selling prices rose due to a shortage of raw materials. As a result, segment profit increased by ¥96 million.

Changes in segment profit



Supplementary explanation for changes

Impact of decrease in net sales (35) YoY

- Sales of Atlantic salmon belly, which is the Company's main product, decreased both inside and outside Japan due to a continued reduction in supply of raw materials. We are currently in the process of procuring raw materials, including other fish products.

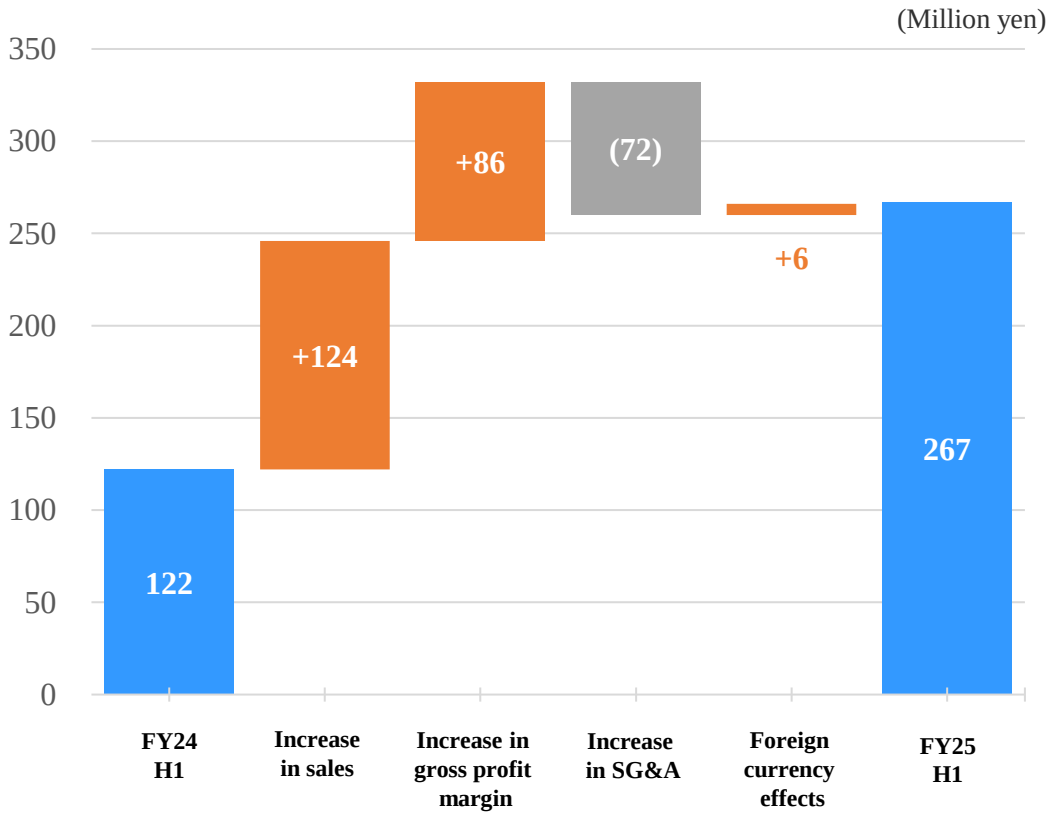
Impact of increase in gross profit margin +151 YoY

- Although the supply of raw materials for belly decreased significantly, the unit selling prices rose. Prices of other fish species also rose, which pushed up margins.

Breakdown of Changes in Segment Profit (Overseas Wholesale Business)

Segment profit increased by ¥145 million, mainly due to increased sales.

Changes in segment profit



Supplementary explanation for changes

Impact of increase in net sales +124 YoY

- Japanese food market in Asia continued to expand, forming a background for increased sales in this business. This contributed to an increase in profits.

Impact of increase in gross profit margin +86 YoY

- Due to the weaker yen compared with the six months ended December 31, 2023, purchasing prices in local currencies decreased and margins improved.

Impact of increase in SG&A (72) YoY

- In the previous fiscal year, SG&A temporarily rose due to concentrated investment in personnel and equipment, but SG&A has leveled off in the current fiscal year.
- However, net sales increased significantly, and SG&A rose year on year.

Summary of Changes in Balance Sheet

(Million yen)

Assets	As of June 30, 2024	As of December 31, 2024	Changes
Current assets	**29,249**	**34,657**	**5,408**
Cash and deposits	4,835	6,675	1,840
Trade receivables, etc.	4,371	4,474	103
Inventories	16,846	19,810	2,964
Other	3,196	3,696	500
Non-current assets	**9,920**	**10,139**	**218**
Property, plant and equipment	9,211	9,496	284
Intangible assets	266	253	(12)
Investments and other assets	442	389	(52)
Total Assets	**39,170**	**44,797**	**5,626**

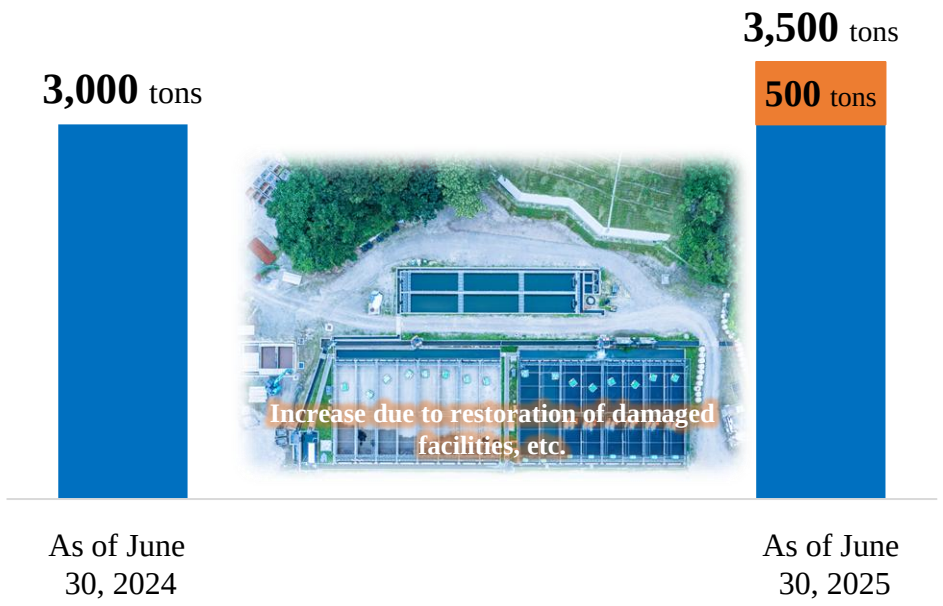
Liabilities	As of June 30, 2024	As of December 31, 2024	Changes
Current liabilities	**19,119**	**24,255**	**5,136**
Trade payables	1,314	1,286	(28)
Borrowings	13,554	18,205	4,651
Other	4,250	4,763	512
Non-current liabilities	**5,899**	**5,218**	**(681)**
Borrowings	4,053	3,152	(900)
Other	1,845	2,065	219
Total Liabilities	**25,019**	**29,473**	**4,454**
Net assets			
Total Net Assets	**14,151**	**15,323**	**1,172**

- Increase in inventories: Inventory increased due to increases in work in process in the Aquaculture Business (Farmed fish is harvest in Q3 overseas and Q4 in Japan. Before harvest, work in process for farmed fish increases.) and the purchasing season for domestic processing.
- For progress in capital investment, see pages 18 and 19.

Situation of Aquaculture Facilities (Domestic/In Operation)

- In an effort to increase the domestic aquaculture harvest, which is our growth strategy, one issue is increasing the capacity of aquaculture facilities, especially that of intermediate aquaculture where a bottleneck in capacity expansion exists.
- In FY2025, the intermediate aquaculture capacity (weight converted to adult farmed fish estimated by the Company) will increase to 3,500 tons due to the restoration of intermediate aquaculture facilities damaged in the heavy rain disaster of 2022 and so on.
- Our offshore aquaculture capacity is approximately 15,000 tons, so there are no capacity issues for the time being.

Capacity of intermediate aquaculture farms



Capacity of offshore aquaculture farms



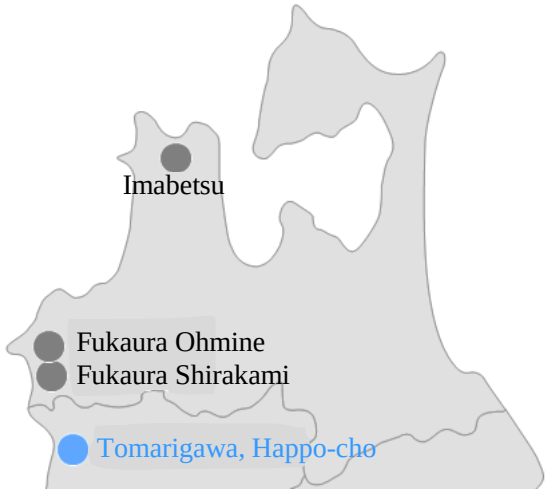
[Reference] Aquaculture harvest of the 2024 season: 2,692 tons

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

Situation of Aquaculture Facilities (Domestic/Under construction)

Tomarigawa Intermediate Farm is currently under construction. Its contribution to harvest has been delayed by one fiscal year in comparison to the previous forecast, and it is now expected to begin in FY2027.

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



	Estimated production volume of intermediate fish (Ton)	Estimated production volume of adult fish (Ton)	Expected contribution to harvest
Tomarigawa Intermediate Farm (Happo-cho, Akita Prefecture)	250	1,050	FY2027



Construction site of Tomarigawa Intermediate Farm (Photo taken in November 2024)

オカムラ食品工業

II. Plan for FY2025



Repost of announcement on August 9, 2024
(no revision to full-year plan)

Overview of Plan for Full-Year Business Performance

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

[Consolidated]

(Million yen)	Net sales	Operating profit	Ordinary profit (*)	Net income attributable to owners of the parent	Net income per share
Results for FY2024 (a)	32,665	2,548	2,932	1,968	252.16
Plan for FY2025 (b)	**36,119**	**3,212**	**2,949**	**2,093**	268.18
Changes (b-a)	3,453	664	16	134	—
YoY change	10.6%	26.1%	0.6%	6.4%	—

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

Repost of announcement on August 9, 2024
(no revision to full-year plan)

Plan for Full-Year Business Performance by Segment

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

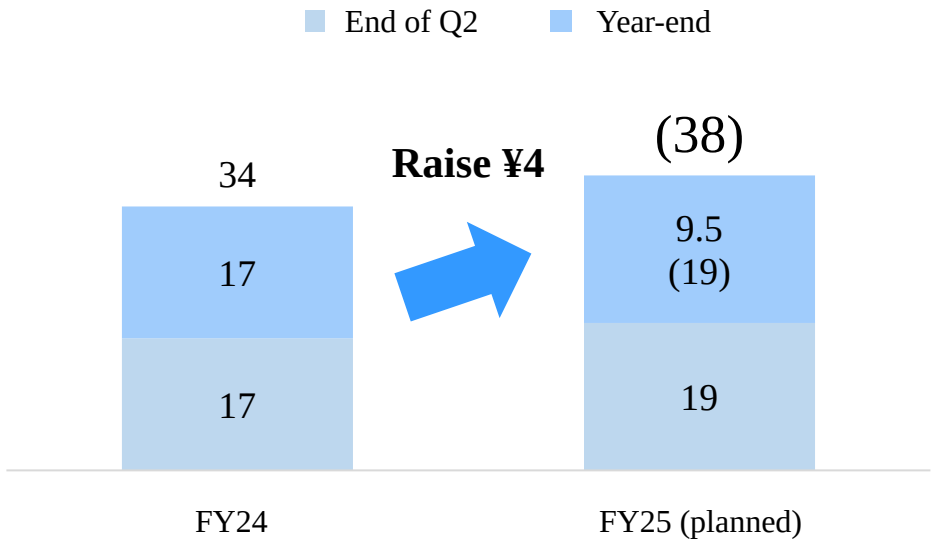
No change to announcement on August 9, 2024
Interim dividend paid as planned

Shareholder Returns

Dividends

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

Trends in dividends per share (Yen)



Shareholder special benefit plan

Planning to continue (Details undetermined)

* Figures in parentheses have been calculated on a pre-split basis

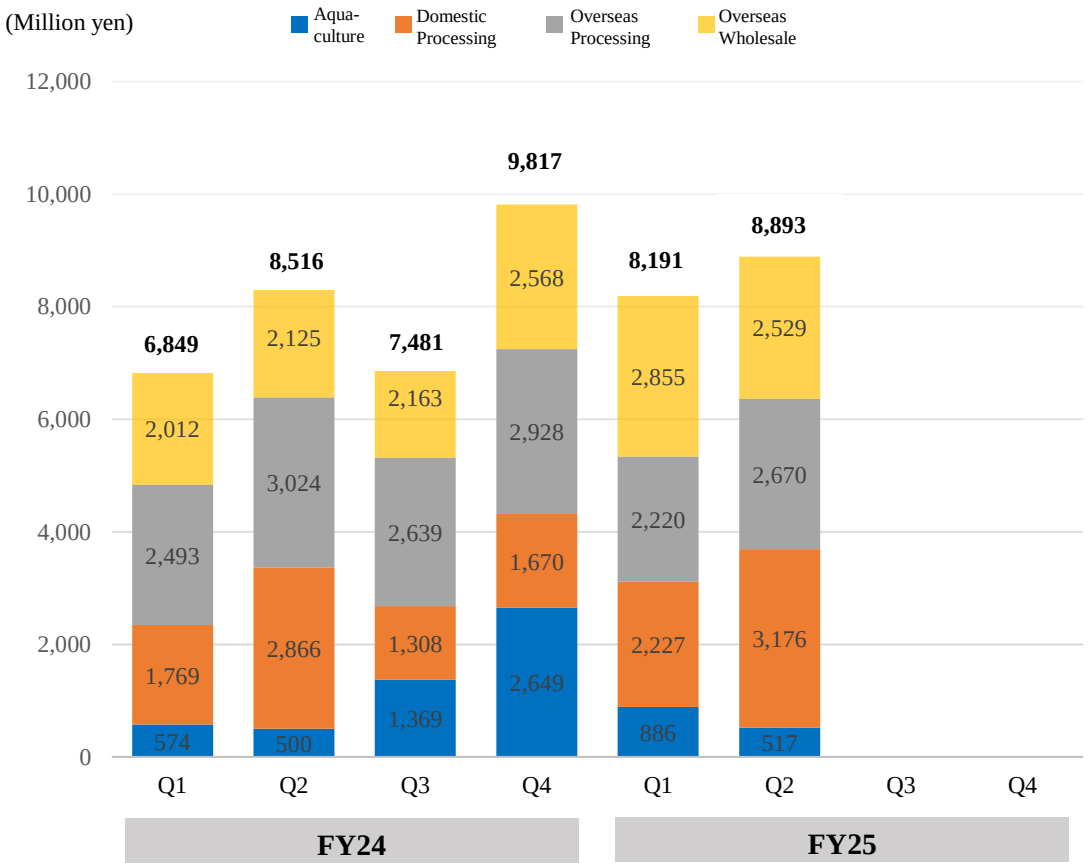
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III.　Reference Materials



Quarterly Seasonal Fluctuations (Net sales)

☐ Quarterly trends by segment (net sales to external customers)



<Main seasonal factors by segment>

○ Aquaculture Business

Sales tend to be concentrated during the harvest season. The harvest season for domestic aquaculture is from April to July (mainly in Q4), and for aquaculture in Denmark is from October to December (Q3; accounting dates may differ).

○ Domestic Processing Business

Due to the nature of the products we handle (trout, salmon and herring roe), sales tend to be concentrated during the year-end sales season (Q2) and then take a downturn at the beginning of the year.

○ Overseas Processing Business

There are no significant seasonal factors.

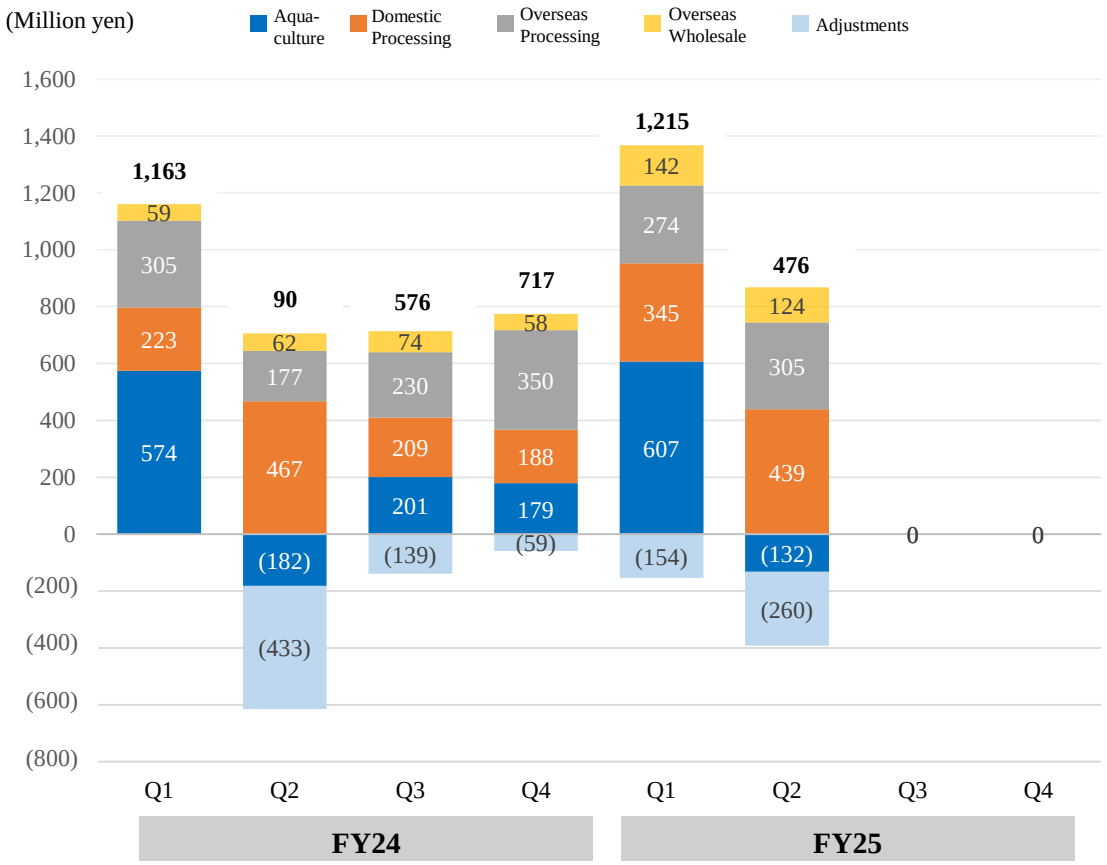
○ Overseas Wholesale Business

There are no significant seasonal factors.

(Note)
The above are explanations of seasonal factors in typical years. Please note that actual results may differ due to various other factors.

Quarterly Seasonal Fluctuations (Segment profit)

☐ Quarterly trends by segment (segment profit)



<Main seasonal factors by segment>

○ Aquaculture Business

Q1

Although Q1 is not the harvest season in Japan or overseas, estimated annual sales and profits for our Danish subsidiary (under IFRS) are recorded in full in Q1.

Q2

Since Q2 is not the harvest season in Japan or overseas, sales and profits tend to be low.

Q3

Q3 is the harvest season for the Danish subsidiary. Estimated differences in sales and profits (differences from actual results) for the Danish subsidiary tend to be recorded in Q3.

Q4

Q4 is the harvest season for domestic aquaculture. Most of sales and profits from domestic aquaculture tend to be recorded during Q4.

○ Domestic Processing Business / Overseas Processing Business / Overseas Wholesale Business

See the previous page.

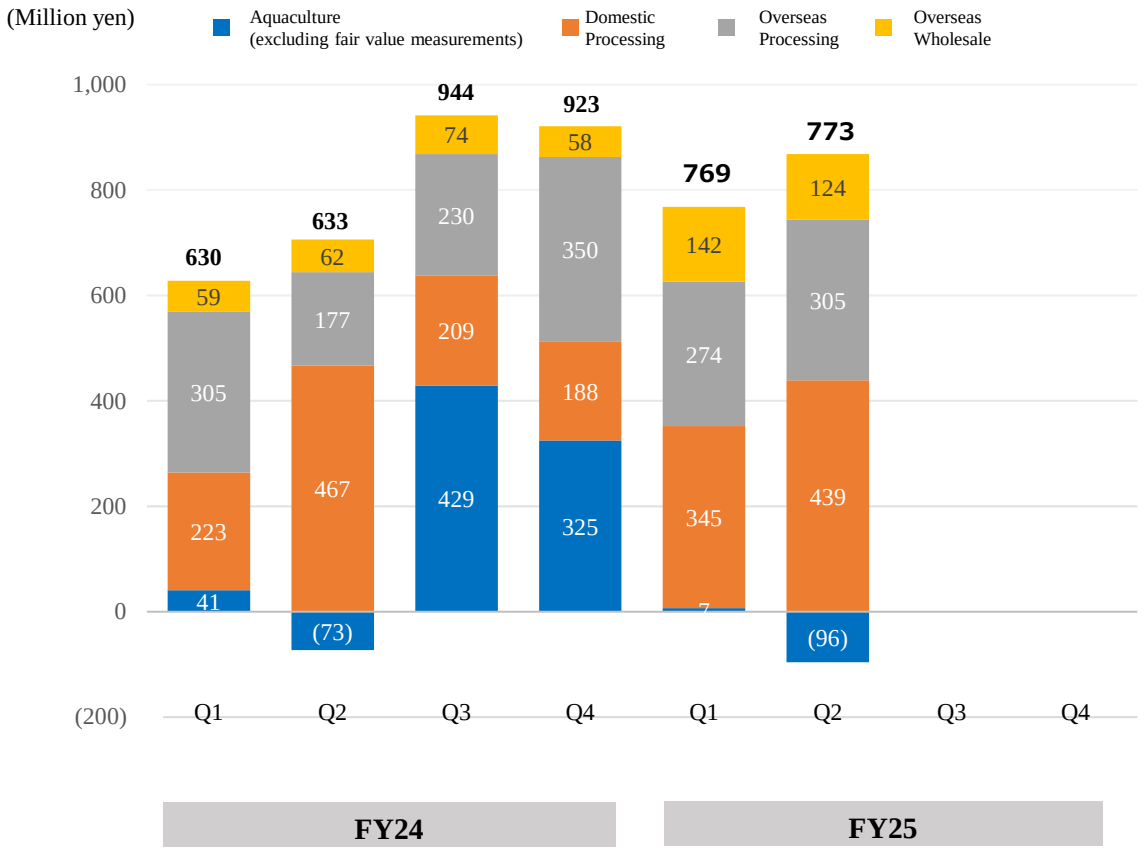
○ Adjustments

In addition to company-wide expenses, these adjustments include the deduction of unrealized inventory profits arising from inter-Group transactions, most of which tend to be recorded in Q2.

(Note) The above are explanations of seasonal factors in typical years. Please note that actual results may differ due to various other factors.

Quarterly Seasonal Fluctuations (excluding fair value measurement gains and losses under IAS 41)

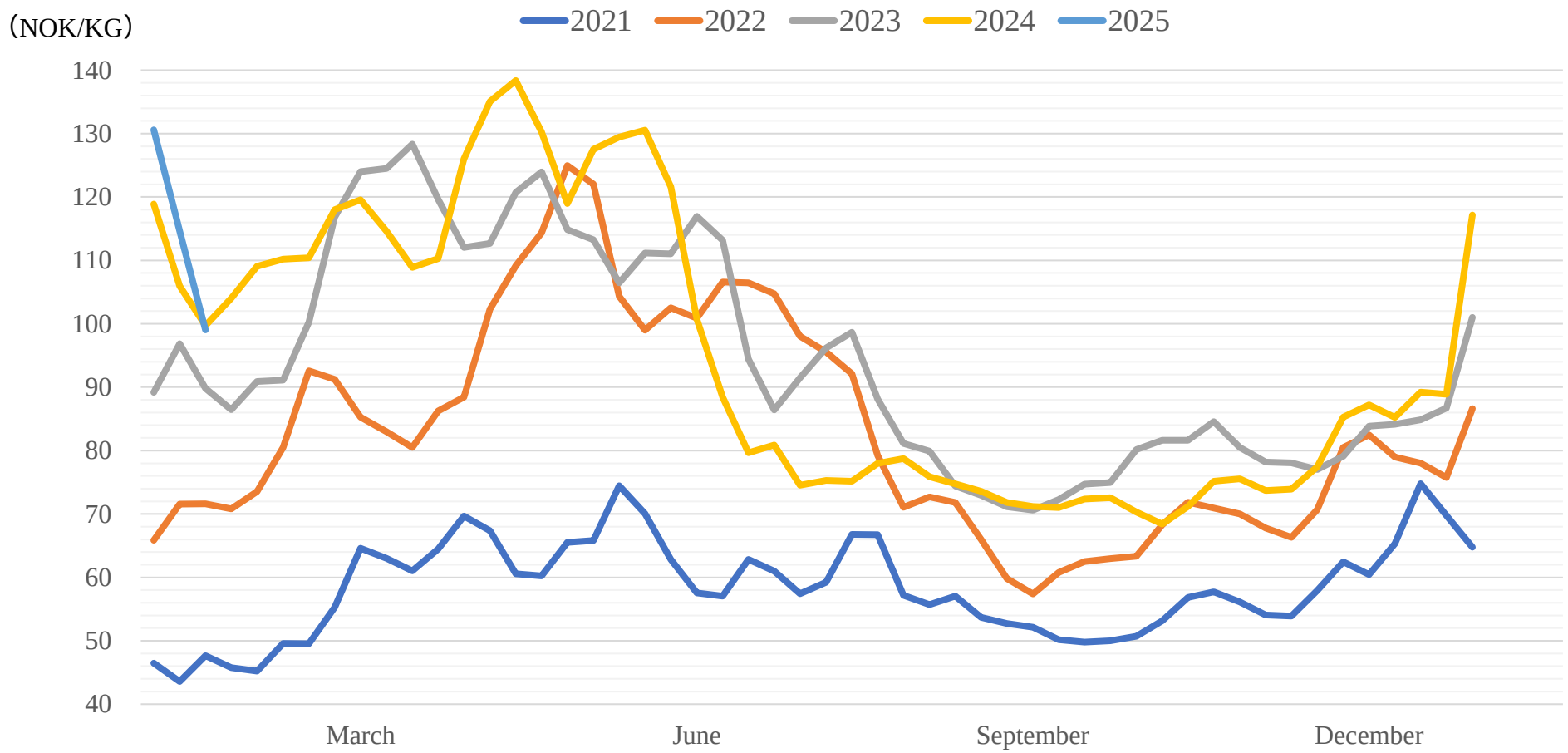
☐ Quarterly trends by segment (segment profit before adjustments)



Seasonal fluctuations excluding the impact of fair value measurement gains and losses (approximated when treated in accordance with Japanese GAAP) are shown on the left.

(Note)
- The figures shown are those prior to deducting adjustments to segment profits (company-wide expenses, elimination of unrealized profits included in inventory, etc.).

Spot Prices of Atlantic Salmon (Fish Pool Index)



* The above graph shows the spot prices for Atlantic salmon, which is a different species from the trout farmed by the Group. Since there is no similar index for trout, the Group uses this index as a reference for making plans and measuring market trends, even though the species is different. Actual transaction prices are based on various factors such as domestic supply and demand and transportation costs. Please note that this index should be regarded as a reference only.

Average Ikura (salmon and trout roe) Prices on Toyosu Market



Source: Market Statistics Information, Metropolitan Central Wholesale Market

* This information is intended to provide an overview of market trends.

Notes for Handling These Materials

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


To supply healthy seafood
to the people of the world
in a responsible way
with respect for nature.

Okamura Foods Co., Ltd.

AOMORI TROUT