

Results Briefing Materials for the Fiscal Year Ended December 31, 2023

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



IR e-mail distribution registration (Japanese only)
<https://www.magicalir.net/2932/mail/index.php>

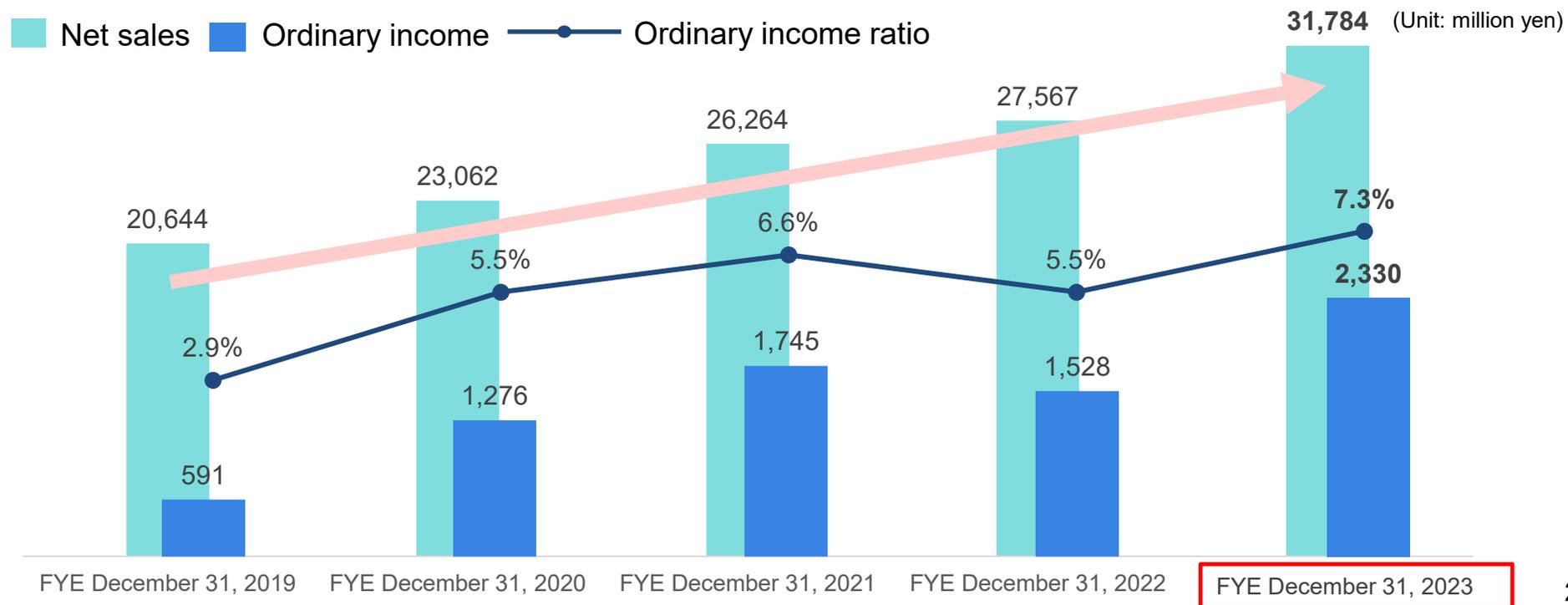
◆ February 9, 2024

Summary of financial results

Trends in full year results

- Profit increased to overcome the increase in raw materials and other costs because the sales volume increased as a result of thorough manufacturing of quality products.

	Net sales	Ordinary income	Net income attributable to owners of the parent company
FYE December 31, 2023	31,784 million yen	2,330 million yen	1,562 million yen
FYE December 31, 2022	27,567 million yen	1,528 million yen	1,006 million yen
FYE December 31, 2021	26,264 million yen	1,745 million yen	1,110 million yen



Consolidated statement of income

(Unit: million yen)

	FYE December 31, 2022		FYE December 31, 2023		YoY	Change
	Results	vs. Net sales	Results	vs. Net sales		
Net sales	27,567	-	31,784	-	115.3%	4,216
Cost of sales	20,178	73.2%	22,952	72.2%	113.7%	2,773
Gross profit	7,388	26.8%	8,831	27.8%	119.5%	1,442
Selling, general and administrative expenses	5,900	21.4%	6,525	20.5%	110.6%	625
Operating income	1,488	5.4%	2,306	7.3%	154.9%	817
Ordinary income	1,528	5.5%	2,330	7.3%	152.5%	801
Net income attributable to owners of the parent company	1,006	3.7%	1,562	4.9%	155.3%	556
EPS (yen)	174.17	-	263.72	-	151.4%	89.55

Consolidated balance sheet and consolidated statement of cash flows

Consolidated balance sheet

(Unit: million yen)

	As of December 31, 2022	As of December 31, 2023	YoY	Change
Current assets	9,139	10,294	112.6%	1,155
Of which, cash and deposits	2,686	4,046	150.6%	1,359
Non-current assets	4,666	4,807	103.0%	140
Of which, property, plant and equipment	4,035	4,223	104.7%	188
Total assets	13,806	15,102	109.6%	1,325
Total liabilities	7,604	7,655	100.7%	51
Current liabilities	5,977	6,161	103.1%	183
Non-current liabilities	1,626	1,494	91.9%	(132)
Total net assets	6,202	7,446	120.1%	1,244
Total liabilities and net assets	13,806	15,102	109.4%	1,296

Shareholder's equity ratio: As of December 31, 2022 44.9%

As of December 31, 2023 49.3%

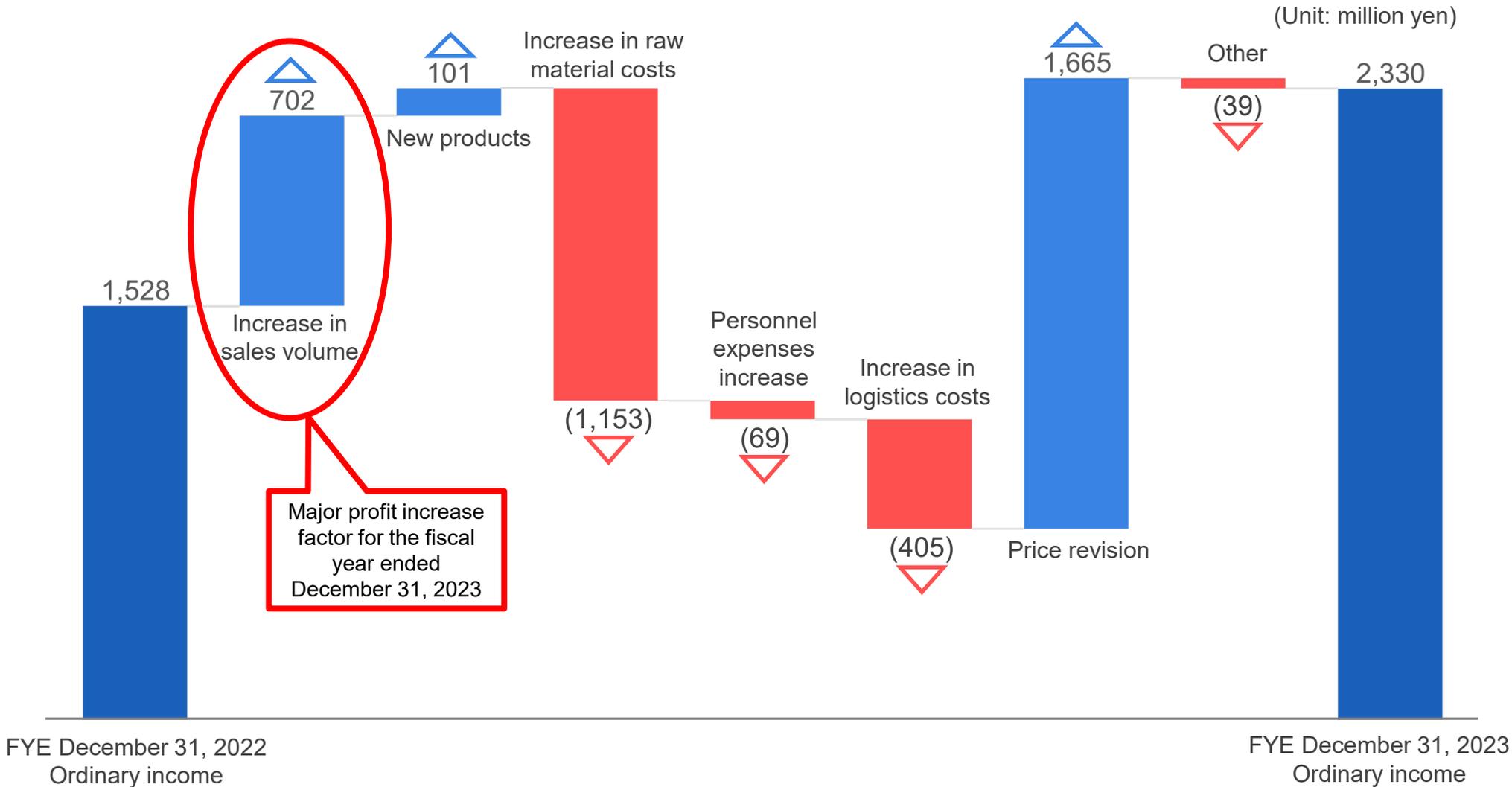
Consolidated statement of cash flows

(Unit: million yen)

	FYE December 31, 2022	FYE December 31, 2023	Change
Cash provided by (used in) operating activities	859	3,065	2,206
Cash provided by (used in) investing activities	(660)	(459)	201
Cash provided by (used in) financing activities	(822)	(1,258)	(435)
Cash and cash equivalents at end of period	2,636	3,996	1,359

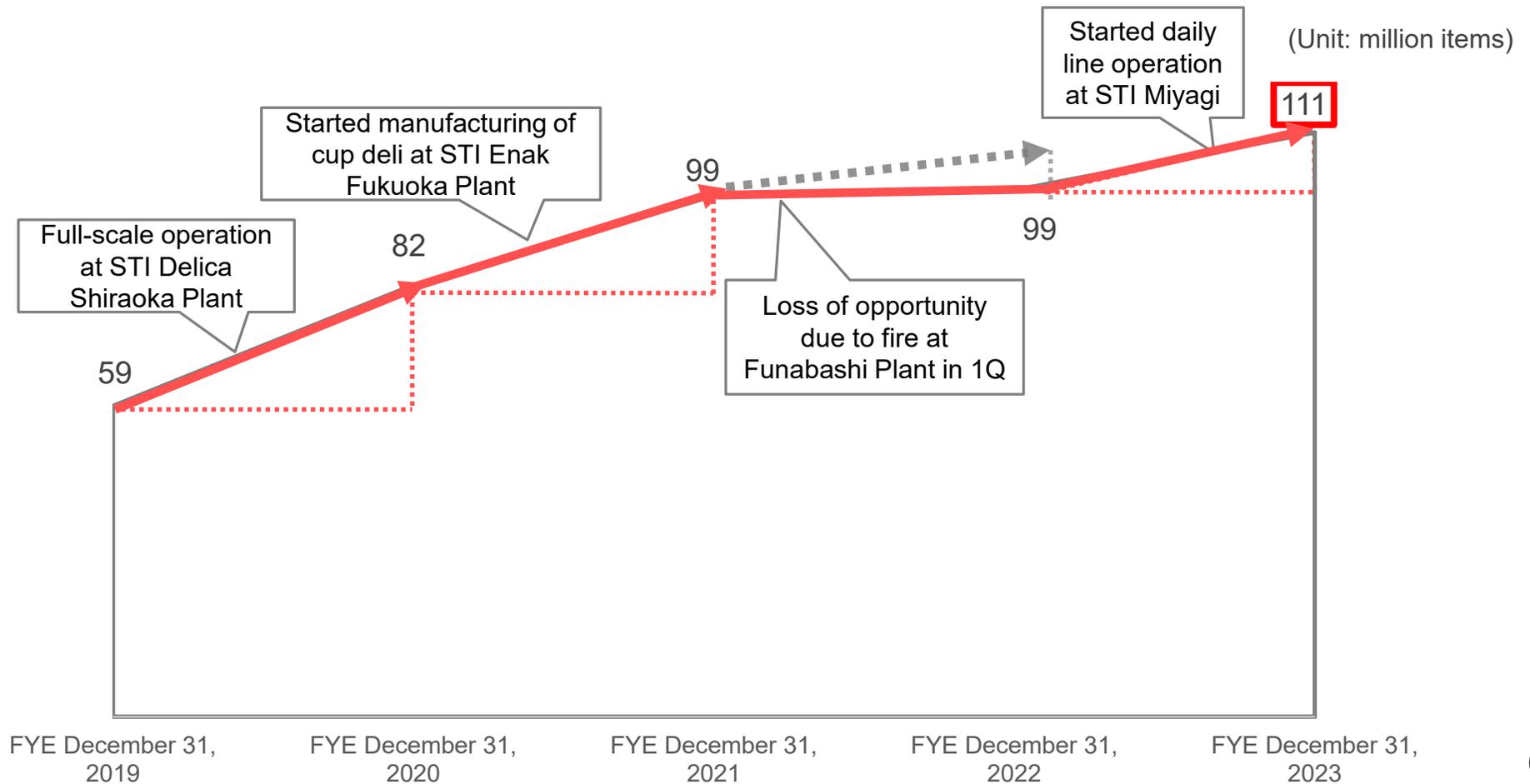
Analysis of changes in ordinary income

■ Ordinary income was boosted mainly due to the increase in sales volume.



Trends in annual sales volume for daily products

- Daily products annual sales volume in excess of 100 million items for Seven-Eleven
- Increase in mainstay products sales volume
- Development of NB products using variation in raw materials



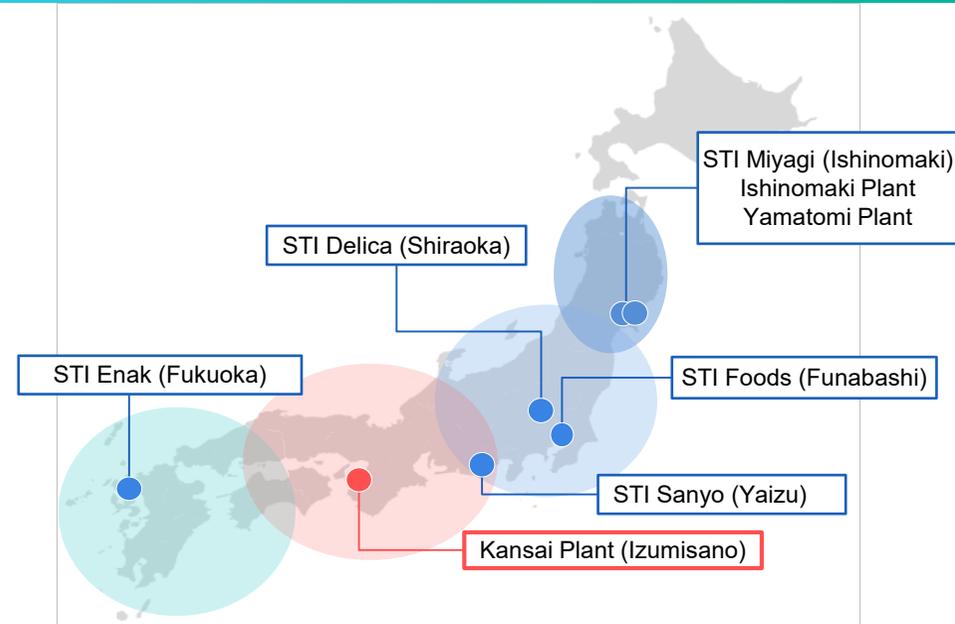
Priority measures

Kansai Plant operation

- Start of operation in 4Q of the fiscal year ending December 31, 2024
- Improvement in logistics efficiency
- Extension of sales period in the Kansai area
- Grilled fish, cup deli and frozen prepared foods

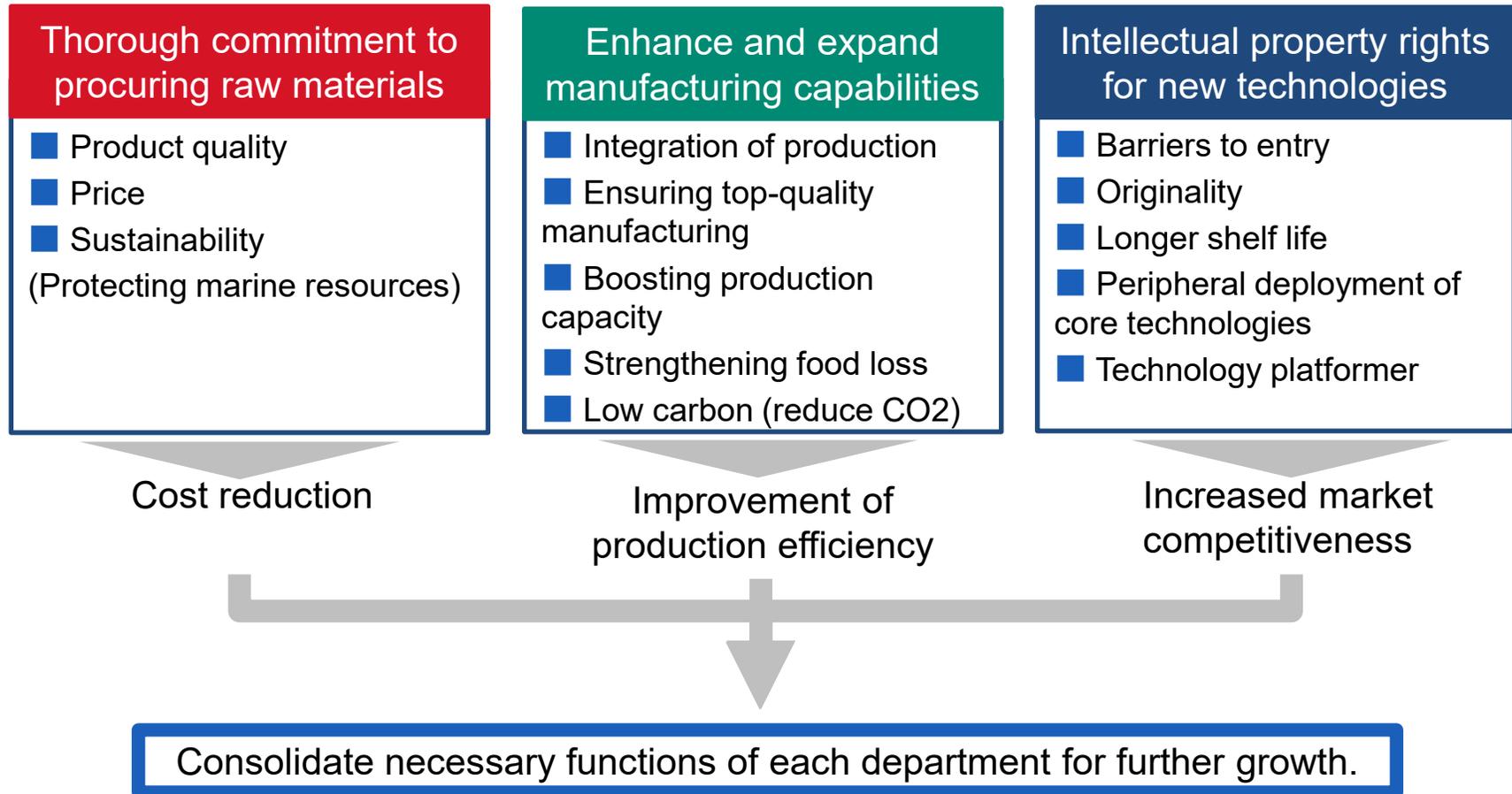
Achieve optimization of manufacturing site

- Start manufacturing multiple daily products at STI Miyagi from 2024
- Also start distribution from Tohoku region to Hokkaido



Priority measures (continued)

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



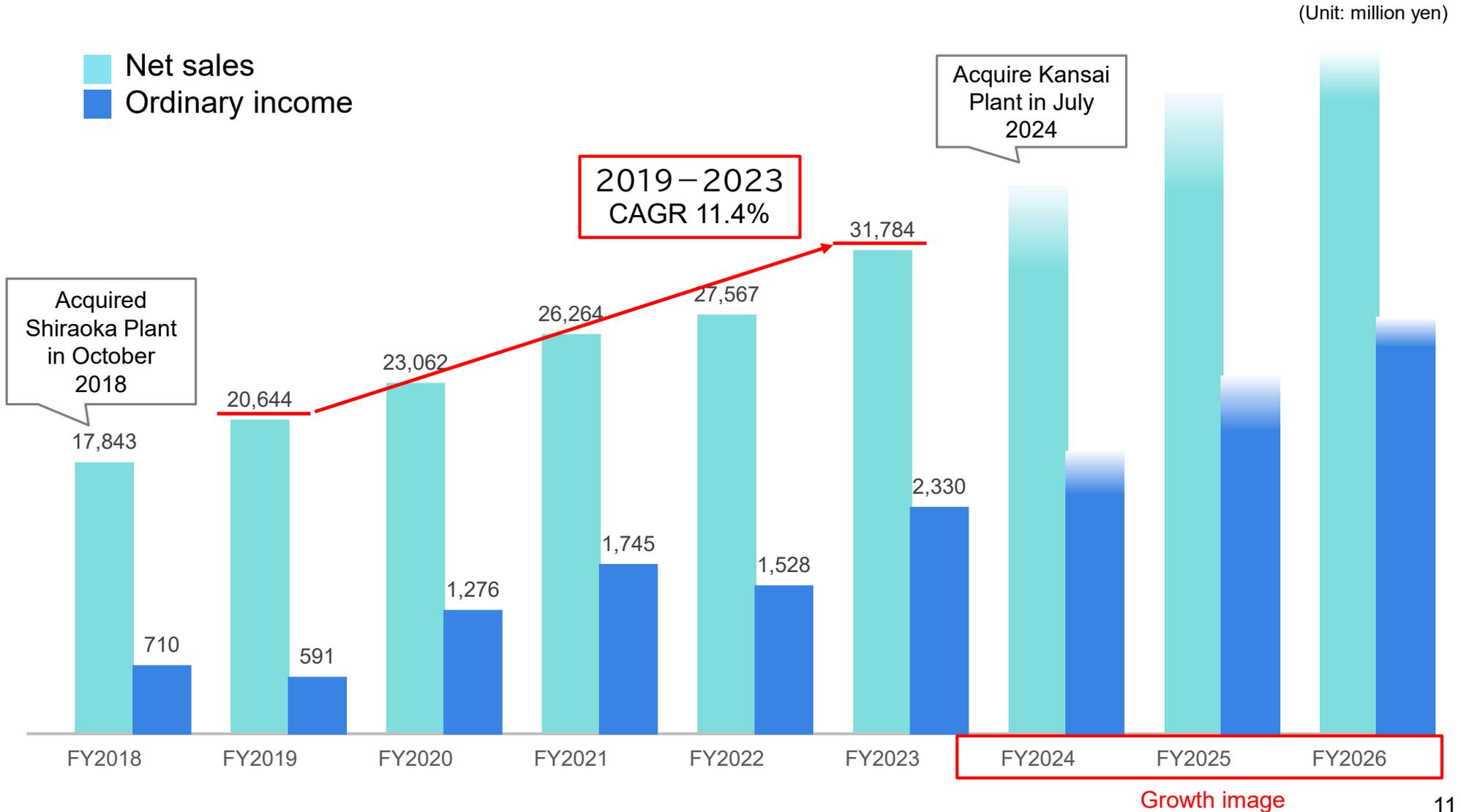
- Decision and start of implementation of business model to enter the overseas market (planned)

Earnings forecast for the fiscal year ending December 31, 2024

Trends in results so far and future plans

■ CAGR* from 2019 was 11.4%, with plans to maintain the same growth in the future.

*CAGR = Compound Annual Growth Rate/average annual growth rate



Full-year earnings forecast for the fiscal year ending December 31, 2024

- In the fiscal year ending December 31, 2024, we will focus on start of operation at the new Kansai Plant within the fiscal year and on developing new products based on thorough manufacturing quality in Japan and on proceeding with specific commercialization overseas towards 2025 and later.

	FYE December 31, 2023		FYE December 31, 2024		YoY
	Results	vs. Net sales	Earnings forecast	vs. Net sales	
Net sales	31,784	-	34,000	-	107.0%
Operating income	2,306	7.30%	2,400	7.1%	104.1%
Ordinary income	2,330	7.30%	2,400	7.1%	107.3%
Net income attributable to owners of the parent company	1,562	4.90%	1,600	4.7%	102.4%
EPS (yen)	263.72	-	269.98	-	102.4%

Shareholder return policy

Shareholder return policy

- In the fiscal year ended December 31, 2023, we plan for dividend of a total of 90 yen with a **20 yen commemorative dividend for our 35th anniversary** in addition to the common dividend of 70 yen.
- In the fiscal year ending December 31, 2024, we have a plan to **start interim dividends** and continue the 90 yen annual dividend.

[Dividends]	FYE 12/2022 results	FYE 12/2023 schedule	FYE 12/2024 forecast
Annual dividend per share	55 yen	90 yen (Common dividend of 70 yen) (Commemorative dividend of 20 yen)	90 yen (Interim dividends of 40 yen) (Year-end dividend of 50 yen)

- Shareholder benefits will **change to once a year** only at the end of the fiscal year in accordance with the start of interim dividends.

[Shareholder benefit program]

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

*Shareholders who hold 100 shares or more as recorded in the Company shareholder's register as of the end of December, and have held them for one year or longer are entitled to receive this benefit.



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)

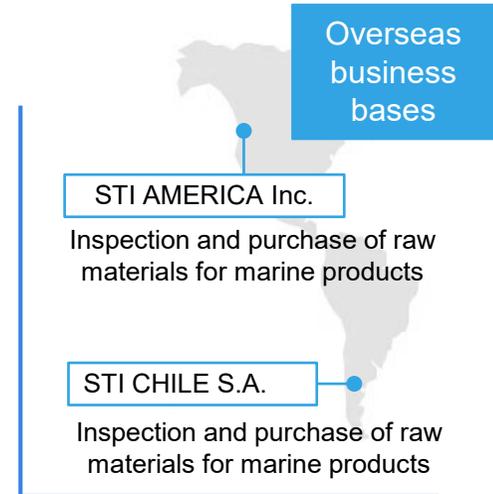
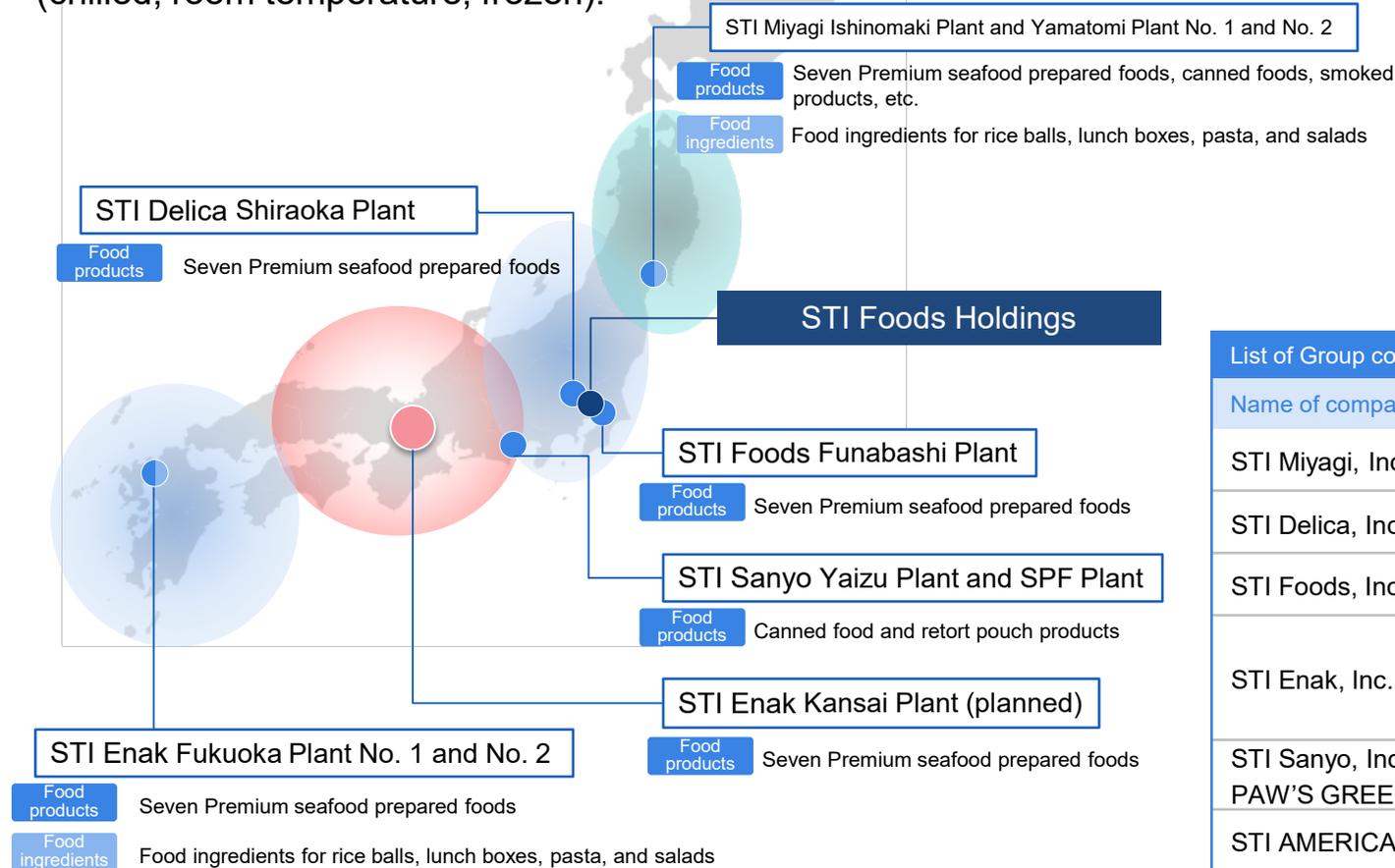
Business description

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.	     
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, one sub-subsidiary 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).

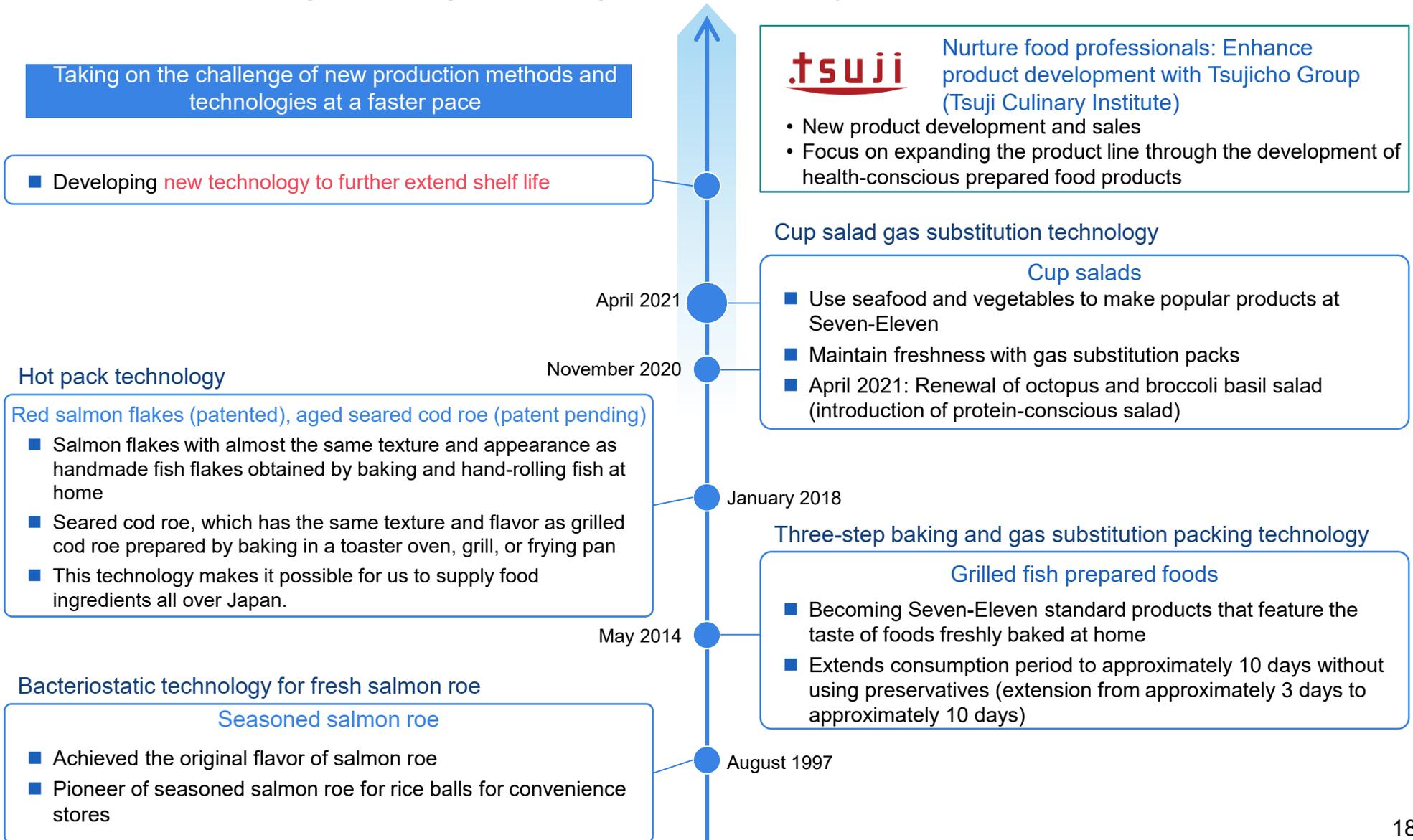


List of Group companies	
Name of company	Location
STI Miyagi, Inc.	(Production plant) Ishinomaki City, Miyagi Prefecture
STI Delica, Inc.	(Production plant) Shiraoka City, Saitama Prefecture
STI Foods, Inc.	(Production plant) Funabashi City, Chiba Prefecture
STI Enak, Inc.	(Production plant) Itoshima City, Fukuoka Prefecture (Production plant) Izumisano City, Osaka Prefecture (planned)
STI Sanyo, Inc. PAW'S GREEN, 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

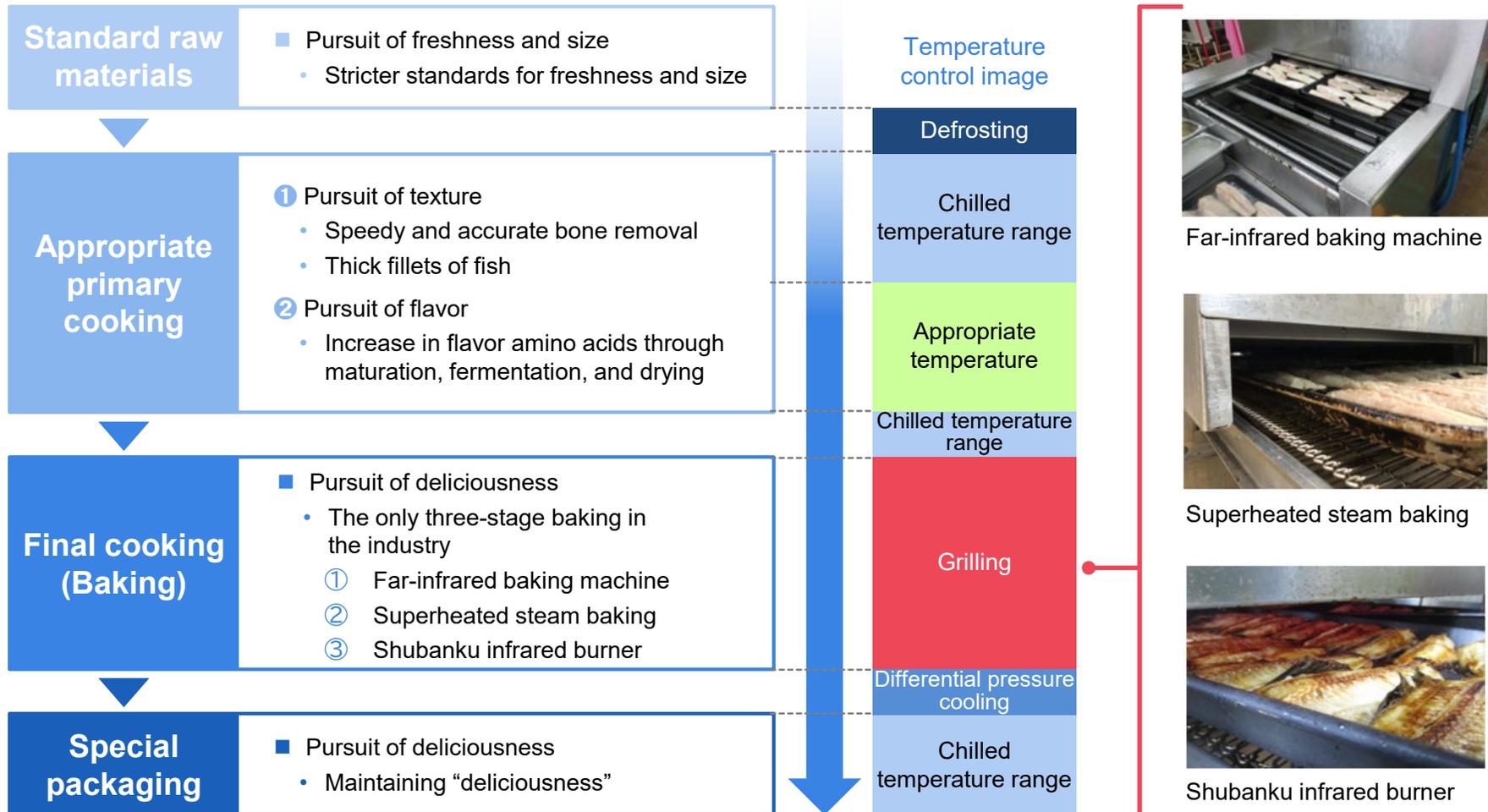
Researching and developing new manufacturing methods and unique marine food products that do not exist in the world **using technologies with high barriers to entry**



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**

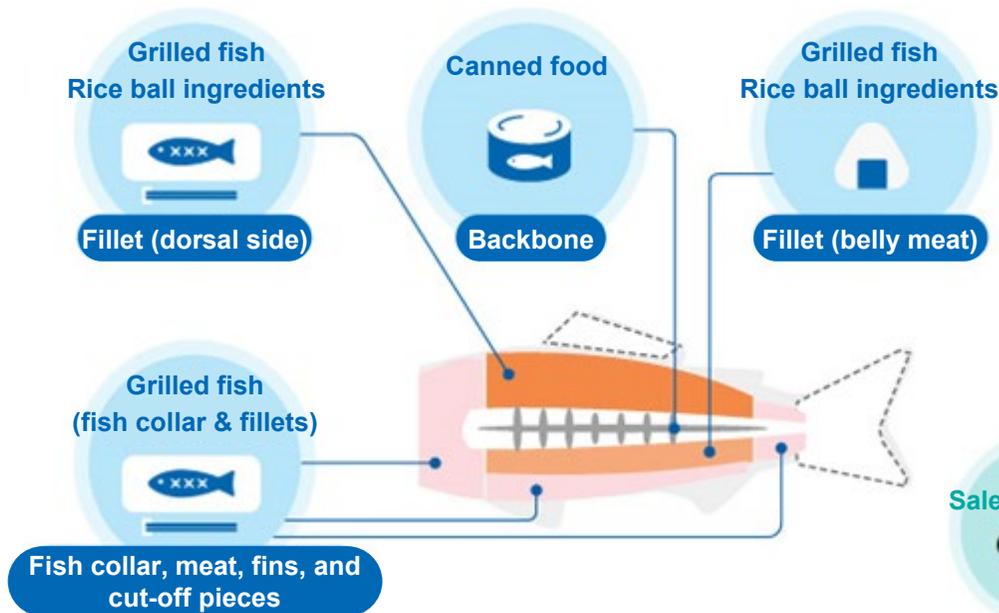
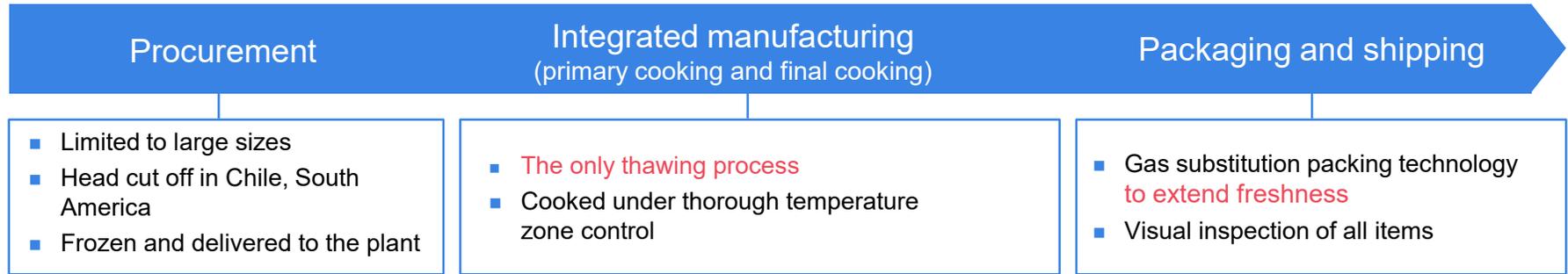
Manufacturing process for grilled fish prepared foods



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**



SDGs initiatives



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	  
Mission as a food manufacturer	Reduction of food loss and food waste	  
Eco-friendly business activities	Reduction of greenhouse gas emissions	   
Disaster-stricken area recovery support	Supporting sustainable growth of local fisheries	   
Respecting human rights	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.



2023 - 2024 Project

Since the canning manufacturing equipment at Suisan High School was out of service making it difficult to conduct training at the high school, we loaned some of STI Miyagi plant equipment.

We had all the students manufacture "canned seasoned saury" using the actual equipment used at the plant.



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.