



# Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022

## [Japanese GAAP] (Consolidated)

May 11, 2022

Name of listed company: STI Foods Holdings, Inc. Listed stock exchange: Tokyo  
 Securities code: 2932 URL: <https://www.stifoods-hd.com/>  
 Representative (Title) President and Representative Director CEO (Name) Yutaka Jumi  
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Scheduled date for the filing of the quarterly financial statements: May 11, 2022

Scheduled commencement date for dividend payment: -

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated results for the first quarter of the fiscal year ending December 31, 2022 (January 1, 2022 to March 31, 2022)

#### (1) Consolidated operating results (cumulative)

(% figures show period-over-period change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of the fiscal year ending December 31, 2022	6,325	7.1	318	(26.5)	333	(25.9)	186	(38.5)
First quarter of the fiscal year ending December 31, 2021	5,905	-	433	-	450	-	303	-

(Note) Comprehensive income: First quarter of the fiscal year ending December 31, 2022: 195 million yen (-37.3%)

First quarter of the fiscal year ended December 31, 2021: 311 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of the fiscal year ending December 31, 2022	32.49	30.82
First quarter of the fiscal year ending December 31, 2021	55.29	-

(Notes) 1. As quarterly consolidated financial statements have not been prepared for the first quarter of the fiscal year ended December 31, 2020, percentage change from the same period of the previous year for the first quarter of the fiscal year ended December 31, 2021 are not shown.

2. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year ending December 31, 2022. The figures for the first quarter of the fiscal year ending December 31, 2022 are those after the application of the said accounting standard, etc.

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Million yen	Million yen	%
First quarter of the fiscal year ending December 31, 2022	12,439	5,319	42.8
Fiscal year ended December 31, 2021	12,777	5,440	42.6

(Reference) Shareholder's equity: First quarter of the fiscal year ending December 31, 2022: 5,319 million yen

Fiscal year ended December 31, 2021: 5,440 million yen

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) has been applied since the beginning of the first quarter of the fiscal year ending December 31, 2022, and all figures for the first quarter of the fiscal year ending December 31, 2022 are those after the application of the said accounting standard, etc.

### 2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	-	0.00	-	55.00	55.00
Fiscal year ending December 31, 2022	-	-	-	-	-
Fiscal year ending December 31, 2022 (forecast)	-	0.00	-	55.00	55.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Consolidated forecasts for fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% figures show period-over-period change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	28,000	-	1,500	-	1,500	-	950	-	165.14

(Notes) 1. Revisions to the most recently announced financial results forecast: None

2. Because the Company manages its business results on an annual basis, the consolidated earnings forecast for the second quarter (cumulative) is omitted.

\*Notes

(1) Change in the scope of consolidation for a significant subsidiary during the period under review: No

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to "2. Consolidated financial statements and notes (3) Notes to quarterly consolidated financial statements (Application of special accounting methods for the preparation of quarterly consolidated financial statements)" on page 8 of the attached materials.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

- |   |       |
|---|-------|
| 1. Changes in accounting policies due to revision of accounting standards | : Yes |
| 2. Changes to accounting policies other than 1.                           | : No  |
| 3. Changes in accounting estimates  | : No  |
| 4. Restatements   | : No  |

(4) Number of outstanding shares (common stock)

1. Number of outstanding shares at the end of the period (including treasury shares)	Q1 fiscal year ending December 31, 2022	5,752,900 shares	Fiscal year ended December 31, 2021	5,752,900 shares
2. Number of treasury shares at the end of the period	Q1 fiscal year ending December 31, 2022	50 shares	Fiscal year ended December 31, 2021	50 shares
3. Average number of shares during the period (cumulative quarterly period)	Q1 fiscal year ending December 31, 2022	5,752,850 shares	Q1 fiscal year ended December 31, 2021	5,495,450 shares

\*This summary of quarterly financial results is not subject to a quarterly review by a certified public accountant or an auditing firm.

\*Explanation regarding proper use of financial results forecasts, and other notes

Forward-looking statements concerning financial forecasts contained in these materials are based on information available when the forecasts were made and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors.

\*Method for acquiring the financial results briefing materials

The materials for the quarterly financial results briefing (for institutional investors and analysts) will be posted on the Company's website after the briefing.

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## 1. Qualitative information on quarterly results

The forward-looking statements in this document are based on judgments made as of the end of the period under review.

### (1) Explanation of operating results

Economic activities were restricted during most of the first quarter of the fiscal year ending December 31, 2022 in Japan due to the implementation of priority measures in many regions to prevent the spread of COVID-19 during its sixth wave of infections. While the number of infections increased, the third-dose vaccination rate mainly among the younger generation failed to rise, making it difficult to predict when the pandemic will end. Geopolitical risks such as friction between the U.S. and China, and tension over the situation in Ukraine are accelerating the soaring prices of crude oil and raw materials during the pandemic, as well as rising logistics costs, and fragmentation of the supply chain, making it necessary to keep a close eye on the situation.

In the food industry, domestic demand and demand for home meals due to stay-at-home consumption continues due to limitations on going outside and dining out, showing that the new daily life of the with and after COVID-19 era is growing more entrenched. On the other hand, stagnation in the global supply chain and increased global demand has made it difficult to obtain raw materials, and increasing raw material prices due to worsening inflation and the depreciation of the yen has increased the burden on continued supply, mainly in procurement activities.

In this environment, the Group has continued to work on improving corporate value and achieving sustainable growth over the medium to long term by adopting the following basic policies: efforts for sustainable raw materials and manufacturing, efforts to reduce food loss, consideration for the environment, vertically integrated development from raw material procurement to manufacturing and sales, and home-meal replacement initiatives with an emphasis on health consciousness and fish culture. In addition, the entire Group has been working to carry out its socially important mission as a food manufacturer to continue stable production and supply for the safety and security of consumers and employees, including thorough countermeasures against COVID-19.

In terms of sales, sales of food products such as the mainstay products of grilled fish and cup salad products remained stable while shipments began to new sales channels of distinctive retail partners and 7-ELEVEN Taiwan. In food ingredient sales, sales remain strong thanks to use in pasta, prepared foods, and breads in addition to rice balls. As a result, net sales during the first quarter of the current fiscal year totaled 6,325 million yen (up 7.1% compared with the year-earlier period).

In terms of profit and loss, the increasing cost of sales due to continued rising raw material costs from last year resulted in an operating income of 318 million yen (down 26.5%), ordinary income of 333 million yen (down 25.9%), and net income attributable to owners of the parent company of 186 million yen (down 38.5%) for the first quarter of the fiscal year ending December 31, 2022.

Furthermore, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year ending December 31, 2022. Therefore, the figures for the year-on-year comparison are based on different calculation methods. For further details, please refer to "2. Financial statements and notes (3) Notes to quarterly financial statements (Changes in accounting policies)."

### (2) Explanation of financial position

Total assets as of March 31, 2022 decreased by 338 million yen compared to the end of the previous fiscal year to 12,439 million yen.

The balance of current assets decreased by 368 million yen compared to the end of the previous fiscal year to 7,838 million yen. This was mainly due to a decrease of 690 million yen in cash and deposits, and a decrease of 158 million yen in raw materials and supplies, despite an increase of 436 million yen in merchandise and finished goods.

The balance of non-current assets increased by 29 million yen compared to the end of the previous fiscal year to 4,600 million yen. This was mainly due to an increase of 45 million yen in property, plant and equipment resulting from production facility-related investments.

Total liabilities decreased by 217 million yen compared to the end of the previous fiscal year to 7,119 million yen.

The balance of current liabilities decreased by 602 million yen compared to the end of the previous fiscal year to 4,955 million yen. This was mainly due to decreases of 687 million yen in accounts payable - trade and 236 million yen in income taxes payable, despite an increase of 300 million yen in short-term borrowings.

The balance of non-current liabilities increased by 385 million yen compared to the end of the previous fiscal year to 2,163 million yen. This was mainly due to an increase of 368 million yen in long-term borrowings as a result of new borrowings.

The balance of net assets decreased by 120 million yen compared to the end of the previous fiscal year to 5,319 million yen. This was mainly due to a decrease of 129 million yen in retained earnings due to a dividend payment of 316 million yen despite recording 186 million yen in net income attributable to owners of the parent company.

As a result, the shareholder's equity ratio as of March 31, 2022 increased by 0.2 percentage points compared to the end of the previous fiscal year to 42.8%.

(3) Explanation for the forecast of consolidated financial results and other future information

There is no change in the consolidated earnings forecast from the figures announced in the "Summary of Financial Results for the Fiscal Year Ended December 31, 2021" on February 14, 2022.

## 2. Consolidated financial statements and notes

### (1) Quarterly consolidated balance sheet

(Unit: thousand yen)

	Previous fiscal year (December 31, 2021)	Q1 fiscal year ending December 31, 2022 (March 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,293,147	2,602,829
Notes and accounts receivable - trade	2,935,161	-
Notes and accounts receivable - trade and contract assets	-	2,730,899
Merchandise and finished goods	764,069	1,200,844
Work in process	32,221	51,482
Raw materials and supplies	997,097	838,610
Other	184,764	413,499
<b>Total current assets</b>	<b>8,206,462</b>	<b>7,838,166</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,138,156	2,161,282
Machinery, equipment and vehicles, net	462,835	449,490
Leased assets, net	822,603	812,655
Other, net	409,981	455,978
<b>Total property, plant and equipment</b>	<b>3,833,576</b>	<b>3,879,408</b>
<b>Intangible assets</b>		
Goodwill	74,175	63,578
Other	369,249	356,866
<b>Total intangible assets</b>	<b>443,424</b>	<b>420,445</b>
Investments and other assets	294,245	301,099
<b>Total non-current assets</b>	<b>4,571,246</b>	<b>4,600,954</b>
<b>Total assets</b>	<b>12,777,709</b>	<b>12,439,120</b>

STI Foods Holdings, Inc. (2932)  
Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022

(Unit: thousand yen)

	Previous fiscal year (December 31, 2021)	Q1 fiscal year ending December 31, 2022 (March 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	3,000,378	2,312,895
Short-term borrowings	-	300,000
Current portion of long-term borrowings	502,708	483,408
Income taxes payable	372,599	135,960
Provision for bonuses	-	59,176
Other	1,683,061	1,664,375
<b>Total current liabilities</b>	<b>5,558,747</b>	<b>4,955,814</b>
<b>Non-current liabilities</b>		
Long-term borrowings	504,605	873,402
Asset retirement obligations	172,494	172,750
Other	1,100,884	1,117,156
<b>Total non-current liabilities</b>	<b>1,777,983</b>	<b>2,163,308</b>
<b>Total liabilities</b>	<b>7,336,731</b>	<b>7,119,123</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,020,557	1,020,557
Capital surplus	920,557	920,557
Retained earnings	3,486,010	3,356,519
Treasury shares	(205)	(205)
<b>Total shareholders' equity</b>	<b>5,426,919</b>	<b>5,297,428</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,255	6,917
Foreign currency translation adjustment	9,479	15,326
<b>Total accumulated other comprehensive income</b>	<b>13,734</b>	<b>22,243</b>
Share acquisition rights	324	324
<b>Total net assets</b>	<b>5,440,978</b>	<b>5,319,996</b>
<b>Total liabilities and net assets</b>	<b>12,777,709</b>	<b>12,439,120</b>

STI Foods Holdings, Inc. (2932)  
Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
(Quarterly consolidated statement of income)  
(Q1 fiscal year ending December 31, 2022)

(Unit: thousand yen)

	Q1 fiscal year ended December 31, 2021 (from January 1, 2021 to March 31, 2021)	Q1 fiscal year ending December 31, 2022 (from January 1, 2022 to March 31, 2022)
Net sales	5,905,762	6,325,765
Cost of sales	4,152,003	4,620,712
Gross profit	1,753,758	1,705,053
Selling, general and administrative expenses	1,320,454	1,386,419
Operating income	433,303	318,634
Non-operating income		
Interest and dividend income	10	12
Gain on sale of goods	7,227	2,686
Nuclear site benefits	3,175	4,596
Foreign exchange gains	4,743	7,680
Other	10,078	6,368
Total non-operating income	25,236	21,344
Non-operating expenses		
Interest expenses	7,133	5,535
Commission expenses	1,239	1,004
Other	73	97
Total non-operating expenses	8,446	6,637
Ordinary income	450,093	333,341
Extraordinary income		
Gain on sale of non-current assets	3,875	-
Total extraordinary income	3,875	-
Extraordinary losses		
Loss on disaster	-	15,465
Other	-	240
Total extraordinary losses	-	15,705
Income before income taxes	453,968	317,636
Income taxes	150,134	130,720
Net income	303,834	186,915
Net income attributable to owners of the parent company	303,834	186,915



STI Foods Holdings, Inc. (2932)  
 Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022

(Quarterly consolidated statement of comprehensive income)  
 (Q1 fiscal year ending December 31, 2022)

(Unit: thousand yen)

	Q1 fiscal year ended December 31, 2021 (from January 1, 2021 to March 31, 2021)	Q1 fiscal year ending December 31, 2022 (from January 1, 2022 to March 31, 2022)
Net income	303,834	186,915
Other comprehensive income		
Valuation difference on available-for-sale securities	2,638	2,662
Foreign currency translation adjustment	5,080	5,846
Total other comprehensive income	7,719	8,509
Comprehensive income	311,553	195,425
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent company	311,553	195,425

(3) Notes to quarterly consolidated financial statements

(Notes on assumption about going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Application of special accounting methods for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting to income before income taxes for the consolidated fiscal year, including the first quarter under review, and multiplying income before income taxes by the estimated effective tax rate.

(Changes in accounting policies)

(Accounting Standard for Revenue Recognition applied)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020. Hereafter referred to as "Accounting Standard for Revenue Recognition") has been applied since the beginning of the first quarter of the fiscal year ending December 31, 2022, and the amount of the expected revenue in exchange for goods and services is recognized when control of the applicable promised goods or services are transferred to the customer. In line with this, the following changes have been made.

Regarding supply transactions in exchange for a fee, the items supplied in exchange for a fee were conventionally recognized as ceasing to exist, however, the policy has been changed so that the applicable supplied items are not recognized as ceasing to exist if the obligation to repurchase the supplied items exists.

Regarding receiving transactions in exchange for a fee, items received in exchange for a fee were conventionally recognized as raw materials, however, the policy has been changed so that they are not recognized as raw materials.

Also, alternative handling defined in the "Guidance on Accounting Standard for Revenue Recognition" Paragraph 98 applies, and when selling merchandise or products domestically, revenue is recognized upon shipping if the period of time from when the applicable merchandise or product is shipped until control is transferred to the customer is the usual period.

Application of the Accounting Standard for Revenue Recognition follows transitional handling established as a proviso of the Accounting Standard for Revenue Recognition Paragraph 84, and the cumulative effect when a new accounting policy is retrospectively applied prior to the beginning of first quarter of the fiscal year ending December 31, 2022 is adjusted in the retained earnings of the same period, and the new accounting policy is applied starting with the balance at the beginning of the applicable period.

However, the method stipulated in the Accounting Standard for Revenue Recognition Paragraph 86 applies, and the new accounting policy is not applied retrospectively to contracts that recognize nearly the entire amount in line with previous handling up to the beginning of the first quarter of the fiscal year ending December 31, 2022.

As a result, net sales for the first quarter of the fiscal year ending December 31, 2022 decreased by 86,193 thousand yen, and the cost of sales decreased by 86,193 thousand yen, however, there was no impact on the operating income, ordinary income, or income before income taxes. Also, there was no impact on the balance at the beginning of the period for retained earnings.

Because the Company has applied the Accounting Standard for Revenue Recognition, the "Notes and accounts receivable - trade" shown under "Current Assets" in the consolidated balance sheet for the previous fiscal year are included in the "Notes and accounts receivable - trade and contract assets" starting from the first quarter of the fiscal year ending December 31, 2022. Also, following transitional handling stipulated in the Accounting Standard for Revenue Recognition Paragraph 89-2, the previous fiscal year has not been reclassified according to the new policy.

(Accounting Standard for Fair Value Measurement applied)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019. Hereafter referred to as the "Accounting Standard for Fair Value Measurement") has been applied since the beginning of the first quarter of the fiscal year ending December 31, 2022, and following transitional handling stipulated in the Accounting Standard for Fair Value Measurement Paragraph 19 and the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019) Paragraph 44-2, the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement will be applied for the future. This has had no impact on the quarterly consolidated financial statements.

(Significant subsequent events)

(Acquisition of non-current assets)

The Company resolved to acquire non-current assets at the Board of Directors' meeting held on May 11, 2022.

1. Reason for acquisition

The Company decided to select and acquire the property to construct new factory facilities in order to streamline Group manufacturing and logistics operations, and to expand business.

2. Details of the non-current assets for acquisition

- (1) Acquired asset: Land
- (2) Location: Aisho Town, Echi-gun, Shiga Prefecture
- (3) Area: Approximately 5,000 m<sup>2</sup>
- (4) Financial plan: Funds on hand
- (5) Purchase price: Not disclosed on request from the seller.

3. Overview of seller

The seller is a domestic non-financial corporation. There are no capital, personal, or transactional relationships between the Company and the seller. Also, the seller and other parties have no relation to the Company.

4. Transaction schedule

- (1) Contract date: May 17, 2022 (planned)
- (2) Transfer of ownership date: May 26, 2022 (planned)

5. Outlook

Impact on the Group's consolidated financial results for the fiscal year ending December 31, 2022 due to acquisition of the applicable non-current asset is insignificant.