



Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023 [Japanese GAAP] (Consolidated)

May 11, 2023

Name of listed company: STI Foods Holdings, Inc.

Listed stock exchange: Tokyo

Securities code: 2932

URL: <https://www.stifoods-hd.com/en/index.html>

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Scheduled date for the filing of the quarterly financial statements: May 11, 2023

Scheduled commencement date for dividend payment: -

Preparation of supplementary materials for quarterly financial results: No

Information meeting for quarterly financial results to be held: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for the first quarter of the fiscal year ending December 31, 2023 (January 1, 2023 to March 31, 2023)

(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, 2023	7,186	13.6	478	50.3	494	48.3	328	75.5
First quarter of the fiscal year ended December 31, 2022	6,325	7.1	318	(26.5)	333	(25.9)	186	(38.5)

(Note) Comprehensive income: First quarter of the fiscal year ending December 31, 2023: 330 million yen (69.2%)

First quarter of the fiscal year ended December 31, 2022: 195 million yen (-37.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of the fiscal year ending December 31, 2023	55.37	53.89
First quarter of the fiscal year ended December 31, 2022	32.49	30.82

(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, 2023	13,054	6,206	47.5
Fiscal year ended December 31, 2022	13,806	6,202	44.9

(Reference) Shareholder's equity: First quarter of the fiscal year ending December 31, 2023: 6,206 million yen

Fiscal year ended December 31, 2022: 6,201 million yen

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year end	Total
Fiscal year ended December 31, 2022	Yen -	Yen 0.00	Yen -	Yen 55.00	Yen 55.00
Fiscal year ending December 31, 2023	-				
Fiscal year ending December 31, 2023 (forecast)		0.00	-	55.00	55.00

(Note) Revisions to the most recently announced dividend forecast: No

3. Consolidated forecasts for fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% 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	30,000	8.8	1,800	20.9	1,800	17.8	1,150	14.3	194.05

(Notes) 1. Revisions to the most recently announced financial results forecast: No

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)
2. Number of treasury shares at the end of the period
3. Average number of shares during the period (cumulative quarterly period)

Q1 fiscal year ending December 31, 2023	5,926,300 shares	Fiscal year ended December 31, 2022	5,926,300 shares
Q1 fiscal year ending December 31, 2023	99 shares	Fiscal year ended December 31, 2022	99 shares
Q1 fiscal year ending December 31, 2023	5,926,201 shares	Q1 fiscal year ending December 31, 2022	5,752,850 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.

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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

Segment information is not provided because the Group operates in the single segment of the food manufacturing and sales business.

During the three months ended March 31, 2023, the Japanese economy showed signs of recovery in the with COVID-19 era thanks to normalization of socioeconomic activities and the recovery of the inbound tourism market due to gradual loosening of COVID-19 restrictions. On the other hand, soaring resource costs and advancing inflation due to the protracted situation in Ukraine and sudden fluctuations in exchange rates mean that the economic outlook continues to be uncertain, with consumers being increasingly reticent to spend.

In the food industry as well, prices of raw materials and the cost of energy, including electricity, have remained high, resulting in price hikes and revisions of product standards. On the other hand, wage increases are not keeping pace with advancing inflation, and there is a growing tendency for consumers to spend less on consumption at home with wages essentially falling.

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.

In terms of sales, daily food sales for Seven-Eleven performed well by attracting new buyers and repeat customers thanks to product renewals and thorough implementation manufacturing quality in regard to new added value. Sales of canned foods performed well with a focus on canned mackerel.

As a result, net sales during the three months ended March 31, 2023 totaled 7,186 million yen (up 13.6% compared with the year-earlier period).

In terms of profit and loss, despite the increasing cost of sales, price revisions accompanying product renewals resulted in an operating income of 478 million yen (up 50.3% compared with the year-earlier period), ordinary income of 494 million yen (up 48.3% compared with the year-earlier period), and net income attributable to owners of the parent company of 328 million yen (up 75.5% compared with the year-earlier period) for the three months ended March 31, 2023.

(2) Explanation of financial position

Total assets as of March 31, 2023 decreased by 751 million yen compared to the end of the previous fiscal year to 13,054 million yen.

The balance of current assets decreased by 716 million yen compared to the end of the previous fiscal year to 8,422 million yen. This was mainly due to a decrease of 321 million yen in cash and deposits, and a decrease of 345 million yen in raw materials and supplies, despite an increase of 41 million yen in merchandise and finished goods.

The balance of non-current assets decreased by 34 million yen compared to the end of the previous fiscal year to 4,631 million yen. This was mainly due to a decrease of 53 million yen in leased assets.

Total liabilities decreased by 756 million yen compared to the end of the previous fiscal year to 6,847 million yen.

The balance of current liabilities decreased by 659 million yen compared to the end of the previous fiscal year to 5,318 million yen. This was mainly due to decreases of 1,413 million yen in accounts payable - trade, despite an increase of 800 million yen in short-term borrowings.

The balance of non-current liabilities decreased by 97 million yen compared to the end of the previous fiscal year to 1,529 million yen. This was mainly due to a decrease of 66 million yen in long-term borrowings.

The balance of net assets increased by 4 million yen compared to the end of the previous fiscal year to 6,206 million yen. This was mainly due to an increase of 2 million yen in retained earnings due to a dividend payment of 325 million yen despite recording 328 million yen in net income attributable to owners of the parent company.

As a result, the shareholder's equity ratio as of March 31, 2023 increased by 2.6 percentage points compared to the end of the previous fiscal year to 47.5%.

Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(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, 2022" on February 14, 2023.

2. Consolidated financial statements and notes

(1) Quarterly consolidated balance sheet

(Unit: thousand yen)

	Previous fiscal year (December 31, 2022)	Q1 fiscal year ending December 31, 2023 (March 31, 2023)
Assets		
Current assets		
Cash and deposits	2,686,613	2,364,777
Notes and accounts receivable - trade	3,394,606	3,155,956
Merchandise and finished goods	1,097,253	1,138,969
Work in process	27,572	41,725
Raw materials and supplies	1,781,967	1,436,949
Other	151,520	284,509
Total current assets	9,139,533	8,422,889
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,157,166	2,174,132
Machinery, equipment and vehicles, net	459,083	455,885
Leased assets, net	751,850	697,948
Other, net	666,941	693,110
Total property, plant and equipment	4,035,042	4,021,076
Intangible assets		
Goodwill	31,789	21,192
Other	328,403	309,934
Total intangible assets	360,193	331,127
Investments and other assets	271,463	279,624
Total non-current assets	4,666,698	4,631,828
Total assets	13,806,232	13,054,718

STI Foods Holdings, Inc. (2932)

Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(Unit: thousand yen)

	Previous fiscal year (December 31, 2022)	Q1 fiscal year ending December 31, 2023 (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	3,580,705	2,167,505
Short-term borrowings	-	800,000
Current portion of long-term borrowings	427,630	337,783
Income taxes payable	218,116	182,830
Provision for bonuses	-	81,515
Other	1,751,161	1,748,794
Total current liabilities	5,977,612	5,318,428
Non-current liabilities		
Long-term borrowings	501,975	435,619
Asset retirement obligations	173,464	173,702
Other	951,164	920,159
Total non-current liabilities	1,626,603	1,529,481
Total liabilities	7,604,216	6,847,910
Net assets		
Shareholders' equity		
Share capital	1,048,375	1,048,375
Capital surplus	948,375	948,375
Retained earnings	4,175,764	4,177,939
Treasury shares	(327)	(327)
Total shareholders' equity	6,172,189	6,174,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,401	7,565
Deferred gains or losses on hedges	(1,044)	(276)
Foreign currency translation adjustment	24,300	24,985
Total accumulated other comprehensive income	29,657	32,274
Share acquisition rights	169	169
Total net assets	6,202,016	6,206,807
Total liabilities and net assets	13,806,232	13,054,718

Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
 (Quarterly consolidated statement of income)
 (Three months ended March 31)

(Unit: thousand yen)

	Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)	Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)
Net sales	6,325,765	7,186,144
Cost of sales	4,620,712	5,150,558
Gross profit	1,705,053	2,035,585
Selling, general and administrative expenses	1,386,419	1,556,781
Operating income	318,634	478,804
Non-operating income		
Interest and dividend income	12	28
Gain on sale of goods	2,686	10,462
Nuclear site benefits	4,596	6,639
Foreign exchange gains	7,680	-
Share of profit of entities accounted for using equity method	-	1,373
Other	6,368	5,438
Total non-operating income	21,344	23,943
Non-operating expenses		
Interest expenses	5,535	4,847
Commission expenses	1,004	-
Foreign exchange losses	-	3,585
Other	97	20
Total non-operating expenses	6,637	8,454
Ordinary income	333,341	494,292
Extraordinary losses		
Loss on disaster	15,465	-
Other	240	-
Total extraordinary losses	15,705	-
Income before income taxes	317,636	494,292
Income taxes	130,720	166,177
Net income	186,915	328,115
Net income attributable to owners of the parent company	186,915	328,115

Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(Quarterly consolidated statement of comprehensive income)
(Three months ended March 31)

(Unit: thousand yen)

	Three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)	Three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)
Net income	186,915	328,115
Other comprehensive income		
Valuation difference on available-for-sale securities	2,662	1,164
Deferred gains or losses on hedges	-	767
Foreign currency translation adjustment	5,846	684
Total other comprehensive income	8,509	2,616
Comprehensive income	195,425	330,732
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent company	195,425	330,732

(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)

(Implementation Guidance on Accounting Standard for Fair Value Measurement applied)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021. Hereafter referred to as the "Implementation Guidance on Accounting Standard for Fair Value Measurement") has been applied since the beginning of the first quarter of the fiscal year ending December 31, 2023, and following transitional handling stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement Paragraph 27-2, the new accounting policy stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied for the future. This has had no impact on the quarterly consolidated financial statements.