

2. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2019	-	0.00	75.00	65.00	140.00	140	30.7	7.6
Fiscal year ended December 31, 2020	-	0.00	-	40.00	40.00	219	24.6	7.7
Fiscal year ending December 31, 2021 (forecast)	-	0.00	-	45.00	45.00		24.5	

(Note) The Company implemented a 5-for-1 stock split of common stock on June 30, 2020. The amount of dividends for December 2019 is the actual amount before the stock split.

3. Consolidated forecasts for fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021)

(% 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	26,000	12.7	1,570	19.8	1,560	22.2	1,010	21.3	183.78

(Note) Because the Company manages its business results on an annual basis, the consolidated earnings forecast for the second quarter (cumulative) is omitted. For details, see "1. Summary of business results, (4) Outlook" on page 3 of the attached materials.

*Notes

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

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

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

(3) 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

Fiscal year ended December 31, 2020	5,495,500 shares	Fiscal year ended December 31, 2019	5,000,500 shares
Fiscal year ended December 31, 2020	50 shares	Fiscal year ended December 31, 2019	500 shares
Fiscal year ended December 31, 2020	5,119,844 shares	Fiscal year ended December 31, 2019	5,000,000 shares

(Note) The Company implemented a 5-for-1 stock split of common stock on June 30, 2020. Number of outstanding shares at the end of the period, number of treasury shares at the end of the period, and average number of shares during the period are calculated based on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

*This summary of financial results is not subject to audit 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. For the assumptions used for the forecast and notes on the use of the forecast, see "1. Summary of business results, (4) Outlook" on page 3 of the attached materials.

*Method for acquiring the financial results briefing materials

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

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1. Summary of business results

(1) Summary of business results for the period under review

During the fiscal year ended December 31, 2020, the Japanese economy experienced significant restrictions on economic activities, including the declaration of a state of emergency due to the spread of COVID-19. Although there were temporary signs of a recovery in personal consumption, the reemergence of COVID-19 could not be halted by the end of the consolidated fiscal year under review, and the outlook remained uncertain.

In the food industry, while demand has increased due to nesting demand, the business environment continues to be challenging as we are forced to respond to changes in personal consumption behavior due to the adoption of a "new normal," including changes in lifestyles such as remote work and a decline in demand due to a decrease in inbound travelers, and concerns about securing employees for factories continue due to the effective restriction on the entry of foreign trainees.

In this environment, the Group continues 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, while COVID-19 has become a global pandemic, the entire Group is 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, although sales of food ingredients fell YoY due to a decline in demand for onigiri (rice balls) at convenience stores, sales of chilled prepared food products such as mackerel, silver salmon, and other mainstay products such as grilled fish and new products including cup salad products were strong and exceeded the previous year's level due to the impact of nesting demand in food product sales. As a result, net sales during the fiscal year under review increased 2,417 million yen (up 11.7%) YoY to 23,062 million yen.

In terms of profit and loss, thanks to the progress in building a stable production system at STI Delica, Inc. (Shiraoka Plant) and improvements in cost management at Group subsidiaries, operating income was 1,310 million yen (up 779 million yen, or 146.7% YoY), ordinary income was 1,276 million yen (up 684 million yen, or 115.8% YoY), and net income attributable to owners of the parent company was 832 million yen (up 376 million yen, or 82.6% YoY).

Segment information is not provided because the Group operates in the single segment of the manufacture and sale of food products.

(2) Summary of financial position for the period under review

Total assets at the end of the fiscal year ended December 31, 2020 increased by 2,123 million yen YoY to 11,324 million yen.

The balance of current assets increased by 1,620 million yen YoY to 6,775 million yen. This was mainly due to an increase of 1,057 million yen in cash and deposits resulting from the issuance of new shares, and an increase of 397 million yen in notes and accounts receivable - trade resulting from an increase in sales.

The balance of non-current assets increased by 503 million yen YoY to 4,548 million yen. This was mainly due to an increase in property, plant and equipment resulting from the acquisition of a new consolidated subsidiary.

Total liabilities increased by 517 million yen YoY to 7,758 million yen.

The balance of current liabilities increased by 519 million yen YoY to 5,352 million yen. This was mainly due to an increase of 214 million yen in accounts payable - other due to the expansion of the scale of business and an increase of 110 million yen in income taxes payable due to an increase in income before income taxes.

The balance of non-current liabilities decreased by 1 million yen YoY to 2,406 million yen. This was mainly due to a decrease of 167 million yen in long-term borrowings as a result of repayment, despite increases of 84 million yen in lease obligations and 55 million yen in deferred tax liabilities.

The balance of net assets increased by 1,606 million yen YoY to 3,566 million yen. This was mainly due to an increase of 434 million yen in share capital and capital surplus, respectively, as a result of the issuance of new shares, and an increase of 757 million yen in retained earnings as a result of the recording of 832 million yen in net income attributable to owners of the parent company.

As a result, the shareholder's equity ratio at the end of the fiscal year under review increased by 10.4 percentage points YoY to 31.5%.

(3) Summary of cash flows for the period under review

The balance of cash and cash equivalents (below, "cash") at the end of the fiscal year under review increased by 1,107 million yen YoY to 2,548 million yen.

(Cash flows from operating activities)

Cash provided by operating activities totaled 1,130 million yen (compared to 622 million yen provided in the previous fiscal year). This was mainly due to an increase in income before income taxes of 1,281 million yen and depreciation of 667 million yen, which offset decreases in cash due to an increase in trade receivables of 382 million yen and inventories of 177 million yen.

(Cash flows from investing activities)

Cash used in investing activities amounted to 231 million yen (compared to 63 million yen used in the previous fiscal year). This was mainly due to 153 million yen used for the purchase of property, plant and equipment and 81 million yen used for payment for loans.

(Cash flows from financing activities)

Cash provided by financing activities totaled 215 million yen (compared to 1,160 million yen used in the previous fiscal year). This was mainly due to an increase in cash due to proceeds from issuance of new shares of 836 million yen, despite decreases due to repayments of long-term borrowings of 510 million yen and repayments of lease obligations of 253 million yen.

(4) Outlook

As for the future outlook, we believe that the situation will continue to be uncertain due to the unpredictable impact of COVID-19 on social and economic activities, as the timing of its containment is not clear.

Against this backdrop, the Group will further focus on product development, strengthen its production system, and develop new sales channels in order to respond to the instilling of a new normal in addition to the increase in nesting demand. In addition, the Group will continue to focus on improving production efficiency to strengthen its profit structure.

In light of the above, for the fiscal year ending December 31, 2021, we forecast net sales of 26,000 million yen (an increase of 2,937 million yen, or 12.7% YoY), operating income of 1,570 million yen (an increase of 259 million yen, or 19.8% YoY), ordinary income of 1,560 million yen (an increase of 283 million yen, or 22.2% YoY), and net income attributable to owners of the parent company of 1,010 million yen (up 177 million yen, or 21.3% YoY).

Note that the earnings forecasts above are based on information that was currently available at the time this report was prepared. Actual results may differ from the forecasts due to a variety of factors.

2. Basic stance towards the selection of accounting standards

For its accounting standard, the Group applies J-GAAP to ensure that consolidated financial statements can be compared with other companies in the same industry in Japan.

3. Consolidated financial statements and notes

(1) Consolidated balance sheet

(Unit: thousand yen)

	Previous fiscal year (December 31, 2019)	Current fiscal year (December 31, 2020)
Assets		
Current assets		
Cash and deposits	1,541,055	2,598,584
Notes and accounts receivable - trade	2,258,459	2,655,970
Merchandise and finished goods	941,990	513,534
Work in process	25,594	30,151
Raw materials and supplies	203,093	808,416
Other	185,283	169,097
Total current assets	5,155,476	6,775,754
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,152,447	2,954,019
Accumulated depreciation and impairment loss	(561,931)	(965,702)
Buildings and structures, net	1,590,515	1,988,317
Machinery, equipment and vehicles	869,308	1,097,515
Accumulated depreciation and impairment loss	(414,894)	(620,727)
Machinery, equipment and vehicles, net	454,413	476,787
Land	261,706	313,622
Leased assets	1,300,969	1,561,002
Accumulated depreciation and impairment loss	(575,671)	(743,216)
Leased assets, net	725,297	817,785
Construction in progress	-	44,935
Other	223,386	322,662
Accumulated depreciation and impairment loss	(130,121)	(222,188)
Other, net	93,265	100,473
Total property, plant and equipment	3,125,199	3,741,922
Intangible assets		
Goodwill	158,947	116,561
Software	348,983	363,188
Software in progress	17,250	-
Other	21,157	22,506
Total intangible assets	546,338	502,256
Investments and other assets		
Investment securities	17,453	17,552
Leasehold and guarantee deposits	136,052	135,949
Deferred tax assets	193,366	125,672
Other	26,989	25,544
Total investments and other assets	373,863	304,718
Total non-current assets	4,045,401	4,548,897
Total assets	9,200,877	11,324,652

(Unit: thousand yen)

	Previous fiscal year (December 31, 2019)	Current fiscal year (December 31, 2020)
Liabilities		
Current liabilities		
Accounts payable - trade	2,879,307	2,851,283
Current portion of long-term borrowings	510,780	567,068
Lease obligations	217,029	245,491
Accounts payable - other	734,224	948,447
Income taxes payable	166,417	276,674
Provision for bonuses	9,225	-
Other	315,841	463,381
Total current liabilities	4,832,825	5,352,346
Non-current liabilities		
Long-term borrowings	1,167,602	1,000,534
Lease obligations	583,222	667,541
Long-term accounts payable - other	478,977	503,978
Deferred tax liabilities	2,245	57,707
Retirement benefit liability	-	1,836
Asset retirement obligations	167,815	167,792
Other	8,354	6,904
Total non-current liabilities	2,408,217	2,406,294
Total liabilities	7,241,042	7,758,640
Net assets		
Shareholders' equity		
Share capital	100,000	534,920
Capital surplus	-	434,920
Retained earnings	1,838,409	2,595,708
Treasury shares	-	(205)
Total shareholders' equity	1,938,409	3,565,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	604	(372)
Foreign currency translation adjustment	6,129	710
Total accumulated other comprehensive income	6,733	337
Share acquisition rights	350	330
Non-controlling interests	14,342	-
Total net assets	1,959,835	3,566,011
Total liabilities and net assets	9,200,877	11,324,652

(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)

(Unit: thousand yen)

	Previous fiscal year (January 1, 2019 to December 31, 2019)	Current fiscal year (January 1, 2020 to December 31, 2020)
Net sales	20,644,845	23,062,021
Cost of sales	15,853,216	16,885,032
Gross profit	4,791,629	6,176,989
Selling, general and administrative expenses	4,260,321	4,866,321
Operating income	531,308	1,310,668
Non-operating income		
Interest and dividend income	2,186	3,597
Gain on sales of goods	38,690	27,917
Rental income	10,818	7,361
Compensation income	15,171	5,397
Other	33,479	22,800
Total non-operating income	100,346	67,074
Non-operating expenses		
Interest expenses	35,586	30,963
Commission expenses	1,000	23,575
Listing expenses	-	33,292
Foreign exchange losses	1,408	13,397
Other	2,311	434
Total non-operating expenses	40,306	101,664
Ordinary income	591,348	1,276,078
Extraordinary income		
Gain on sales of non-current assets	1,830	-
Gain on bargain purchase	-	9,039
Settlement received	92,684	17,600
Other	2,450	-
Total extraordinary income	96,965	26,639
Extraordinary losses		
Loss on retirement of non-current assets	916	16,345
Loss on cancellation of leases	3,155	1,244
Impairment loss	3,420	3,250
Extra retirement payments	7,331	-
Total extraordinary losses	14,824	20,840
Income before income taxes	673,489	1,281,878
Income taxes - current	261,992	387,191
Income taxes - deferred	(57,372)	63,638
Total income taxes	204,620	450,829
Net income	468,869	831,048
Profit (loss) attributable to non-controlling interests	12,863	(1,704)
Net income attributable to owners of the parent company	456,006	832,753

(Consolidated statement of comprehensive income)

(Unit: thousand yen)

	Previous fiscal year (January 1, 2019 to December 31, 2019)	Current fiscal year (January 1, 2020 to December 31, 2020)
Net income	468,869	831,048
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,004)	(976)
Foreign currency translation adjustment	(1,486)	(6,018)
Total other comprehensive income	(3,491)	(6,995)
Comprehensive income	465,378	824,053
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	452,900	826,357
Comprehensive income attributable to non-controlling interests	12,477	(2,304)

(3) Consolidated statements of changes in equity

Previous fiscal year (January 1, 2019 to December 31, 2019)

(Unit: thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at the beginning of period	100,000	-	1,619,690	1,719,690
Changes during period				
Dividends of surplus			(225,000)	(225,000)
Net income attributable to owners of the parent company			456,006	456,006
Change in ownership interest of parent due to transactions with non-controlling interests		(12,287)		(12,287)
Transfer from retained earnings to capital surplus		12,287	(12,287)	-
Net changes in items other than shareholders' equity	-	-	-	-
Total changes during period	-	-	218,718	218,718
Balance at the end of period	100,000	-	1,838,409	1,938,409

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of period	2,608	7,230	9,838	350	39,581	1,769,461
Changes during period						
Dividends of surplus						(225,000)
Net income attributable to owners of the parent company						456,006
Change in ownership interest of parent due to transactions with non-controlling interests						(12,287)
Transfer from retained earnings to capital surplus						-
Net changes in items other than shareholders' equity	(2,004)	(1,100)	(3,105)	-	(25,239)	(28,344)
Total changes during period	(2,004)	(1,100)	(3,105)	-	(25,239)	190,374
Balance at the end of period	604	6,129	6,733	350	14,342	1,959,835

Current fiscal year (January 1, 2020 to December 31, 2020)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	100,000	-	1,838,409	-	1,938,409
Changes during period					
Dividends of surplus			(65,000)		(65,000)
Issuance of new shares	434,920	434,920			869,841
Net income attributable to owners of the parent company			832,753		832,753
Change in ownership interest of parent due to transactions with non-controlling interests		(9,374)			(9,374)
Transfer from retained earnings to capital surplus		9,374	(9,374)		-
Purchase of treasury shares				(205)	(205)
Other			(1,080)		(1,080)
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	434,920	434,920	757,299	(205)	1,626,934
Balance at the end of period	534,920	434,920	2,595,708	(205)	3,565,344

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of period	604	6,129	6,733	350	14,342	1,959,835
Changes during period						
Dividends of surplus						(65,000)
Issuance of new shares						869,841
Net income attributable to owners of the parent company						832,753
Change in ownership interest of parent due to transactions with non-controlling interests						(9,374)
Transfer from retained earnings to capital surplus						-
Purchase of treasury shares						(205)
Other						(1,080)
Net changes in items other than shareholders' equity	(976)	(5,418)	(6,395)	(20)	(14,342)	(20,758)
Total changes during period	(976)	(5,418)	(6,395)	(20)	(14,342)	1,606,176
Balance at the end of period	(372)	710	337	330	-	3,566,011

(4) Consolidated statement of cash flows

(Unit: thousand yen)

	Previous fiscal year (January 1, 2019 to December 31, 2019)	Current fiscal year (January 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Income before income taxes	673,489	1,281,878
Depreciation	612,297	667,377
Impairment loss	3,420	3,250
Amortization of goodwill	42,385	42,385
Gain on bargain purchase	-	(9,039)
Increase (decrease) in provision for bonuses	(6,292)	(9,225)
Interest and dividend income	(2,186)	(3,597)
Interest expenses	35,586	30,963
Commission expenses	-	23,575
Listing expenses	-	33,292
Loss (gain) on sales of non-current assets	(1,830)	-
Loss on retirement of non-current assets	916	16,345
Settlement received	(92,684)	(17,600)
Decrease (increase) in trade receivables	(127,305)	(382,512)
Decrease (increase) in inventories	(548,138)	(177,769)
Increase (decrease) in trade payables	204,944	(33,337)
Decrease (increase) in other assets	27,321	24,156
Increase (decrease) in other liabilities	22,348	186,053
Other	(579)	6,484
Subtotal	843,694	1,682,682
Interest and dividends received	2,103	3,555
Interest paid	(34,903)	(31,189)
Payment of commitment line-related expenses	-	(23,402)
Payment for rehabilitation debt of subsidiaries	-	(258,752)
Settlement package received	80,000	17,600
Subsidies received	64,351	-
Income taxes refund	-	92,526
Income taxes paid	(332,636)	(352,682)
Net cash provided by (used in) operating activities	622,609	1,130,336
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	50,029
Purchase of property, plant and equipment	(182,786)	(153,146)
Payments for retirement of property, plant and equipment	-	(8,900)
Proceeds from sales of property, plant and equipment	170,000	-
Purchase of intangible assets	(39,916)	(39,602)
Purchase of investment securities	(1,517)	(1,559)
Proceeds from acquisition of newly consolidated subsidiaries	-	4,504
Loan advances	(9,500)	(81,800)
Other	(142)	(1,119)
Net cash provided by (used in) investing activities	(63,861)	(231,593)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	400,000
Repayments of long-term borrowings	(510,780)	(510,780)
Payments for long-term accounts payable - other	(143,942)	(170,972)
Repayments of lease obligations	(230,401)	(253,337)
Dividends paid	(225,000)	(65,000)
Proceeds from issuance of shares	-	836,669
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(50,004)	-
Purchase of treasury shares of subsidiaries	-	(21,412)
Other	-	673

Net cash provided by (used in) financing activities	(1,160,127)	215,840
Effect of exchange rate change on cash and cash equivalents	(1,627)	(7,024)
Net increase (decrease) in cash and cash equivalents	(603,007)	1,107,558
Cash and cash equivalents at beginning of period	2,044,033	1,441,026
Cash and cash equivalents at end of period	1,441,026	2,548,584

(5) Notes to consolidated financial statements

(Note on assumption about going concern)

Not applicable.

(Segment information)

[Segment information]

Previous fiscal year (January 1, 2019 to December 31, 2019)

As the Group's only segment is the manufacture and sale of food products, this information has been omitted.

Current fiscal year (January 1, 2020 to December 31, 2020)

As the Group's only segment is the manufacture and sale of food products, this information has been omitted.

(Per share information)

	Previous fiscal year (January 1, 2019 to December 31, 2019)	Current fiscal year (January 1, 2020 to December 31, 2020)
Net assets per share	389.02 yen	648.84 yen
Net income per share	91.20 yen	162.65 yen

- (Notes) 1. Diluted net income per share for the previous fiscal year is not shown because the average share price during the period could not be determined because the Company's shares were unlisted, although there were potential shares.
2. The Company implemented a 5-for-1 stock split of common stock on June 30, 2020. Net assets per share and net income per share are calculated based on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.
3. Diluted net income per share for the fiscal year under review is not shown because there are no potential shares with dilutive effects.
4. The basis for calculating net income per share is as follows.

	Previous fiscal year (January 1, 2019 to December 31, 2019)	Current fiscal year (January 1, 2020 to December 31, 2020)
Net income per share		
Net income attributable to owners of the parent company (Thousand yen)	456,006	832,753
Amount not attributed to common shareholders (thousand yen)	-	-
Net income attributable to owners of parent related to common stock (thousand yen)	456,006	832,753
Average outstanding shares of common stock during the fiscal year (shares)	5,000,000	5,119,844
Overview of potential shares that were not included in the calculation of diluted net income per share because they have no dilutive effects	Three classes of share acquisition rights (number of share acquisition rights: 100,000 (500,000 shares of common stock))	Same as left

(Significant subsequent events)

(Transactions under common control)

(Establishment of subsidiary through corporate split)

At a meeting of the Board of Directors held on February 12, 2021, the Company and its wholly owned subsidiary SANYO SHOKUHIN resolved to newly establish and split the Yaizu Business Division and SPF Business Division of SANYO SHOKUHIN through an incorporation-type company split and to transfer these businesses to the newly established STI SANYO Co., Ltd. on April 1, 2021.

(1) Purpose of the incorporation-type company split

The Company has formulated a plan to reorganize the Ishinomaki Business Division of SANYO SHOKUHIN and Yamatomi Co., Ltd. which are existing wholly-owned subsidiaries of the Company in Ishinomaki City, Miyagi Prefecture, in order to more efficiently utilize the functions of both companies, develop their businesses, and deepen their local ties and contribute to regional development. For this purpose, the Company will conduct an incorporation-type company split of the business of SANYO SHOKUHIN in Yaizu City, Shizuoka Prefecture.

(2) Nature of the business subject to the incorporation-type company split

Food manufacturing and sales business

(3) Method of corporate split

SANYO SHOKUHIN will be the splitting company and STI SANYO Co., Ltd. will be the company newly established through the incorporation-type company split.

(4) Details of allocations related to the incorporation-type company split

STI SANYO Co., Ltd., the newly established company, will issue 600 shares of common stock upon the incorporation-type company split, all of which will be allotted and delivered to SANYO SHOKUHIN. At the same time, SANYO SHOKUHIN will deliver all of the allotted shares to the Company, the wholly owning parent company of SANYO SHOKUHIN, as dividends of surplus.

(5) Outline of the company newly established through the incorporation-type company split

Company name: STI SANYO Co., Ltd.

Business description: Food manufacturing and sales business

Address of head office: 1-15-14, Aoyama, Minato-ku, Tokyo

Name and title of representative: Representative Director Mitsuyoshi Date

Amount of share capital: 30,000 thousand yen

(6) Overview of accounting treatment

Accounting treatment will be applied as transactions under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(Absorption-type merger between consolidated subsidiaries and change of trade name of the surviving entity)

At a meeting of the Board of Directors held on February 12, 2021, the Company, the Company's wholly owned subsidiaries SANYO SHOKUHIN and Yamatomi Co., Ltd. resolved to merge SANYO SHOKUHIN and Yamatomi Co., Ltd. with an effective date of April 1, 2021, and also resolved to change the trade name of the surviving company, SANYO SHOKUHIN, to STI Miyagi Co. Ltd.

(1) Objective of the merger

As part of the Group's management, it has been decided to merge the subsidiaries in order to integrate the management resources of the existing subsidiaries in Ishinomaki City, Miyagi Prefecture, and to enhance the corporate value of the Group by making the functions of both companies more efficient, developing their businesses, and contributing to regional development by deepening local ties.

(2) Merger method

SANYO SHOKUHIN will be the surviving company through an absorption-type merger, Yamatomi Co., Ltd. will be dissolved, and the name of the merged company will be STI Miyagi Co., Ltd.

(3) Overview of accounting treatment

Accounting treatment will be applied as transactions under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).