



Summary of Financial Results for the Fiscal Year Ended December 31, 2021 [Japanese GAAP] (Consolidated)

February 14, 2022

Name of listed company: STI Foods Holdings, Inc.

Listed stock exchange: Tokyo

Securities code: 2932

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

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Scheduled date for ordinary general meeting of shareholders: March 25, 2022

Scheduled commencement date for dividend payment: March 8, 2022

Scheduled date for the filing of the consolidated financial statements: March 25, 2022

Preparation of supplementary materials for financial results: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Consolidated results for fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

(% 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	%
Fiscal year ended December 31, 2021	26,264	13.9	1,723	30.2	1,745	36.8	1,110	33.4
Fiscal year ended December 31, 2020	23,062	11.7	1,323	139.3	1,276	115.8	832	82.6

(Notes) Comprehensive income: Fiscal year ended December 31, 2021: 1,124 million yen (36.4%)

Fiscal year ended December 31, 2020: 824 million yen (77.1%)

	Net income per share		Diluted net income per share		Return on equity		Return on asset		Operating profit on sales	
	Yen		Yen		%		%		%	
Fiscal year ended December 31, 2021	199.95		—		24.7		14.5		6.6	
Fiscal year ended December 31, 2020	162.65		—		30.2		12.4		5.7	

(Reference) Equity in income (losses) affiliates: Fiscal year ended December 31, 2021: — million yen

Fiscal year ended December 31, 2020: — million yen

(2) Consolidated financial position

	Total assets		Net assets		Shareholder's equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Fiscal year ended December 31, 2021	12,777		5,440		42.6		945.73	
Fiscal year ended December 31, 2020	11,324		3,566		31.5		648.84	

(Reference) Shareholder's equity: Fiscal year ended December 31, 2021: 5,440 million yen

Fiscal year ended December 31, 2020: 3,565 million yen

(3) Status of consolidated cash flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at the end of the period	
	Million yen		Million yen		Million yen		Million yen	
Fiscal year ended December 31, 2021	1,490		(518)		(287)		3,243	
Fiscal year ended December 31, 2020	1,130		(231)		215		2,548	

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			
Fiscal year ended December 31, 2020	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2020	—	0.00	—	40.00	40.00	219	24.6	7.7
Fiscal year ended December 31, 2021	—	0.00	—	55.00	55.00	316	27.5	6.9
Fiscal year ending December 31, 2022 (forecast)	—	0.00	—	55.00	55.00		33.3	

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. 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.

2. As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending December 31, 2022, the above forecast of consolidated financial results is after the application of the said accounting standard, etc., and the percentage change from the previous fiscal year is not stated.

*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.: Yes
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, 2021	5,752,900 shares	Fiscal year ended December 31, 2020	5,495,500 shares
Fiscal year ended December 31, 2021	50 shares	Fiscal year ended December 31, 2020	50 shares
Fiscal year ended December 31, 2021	5,555,464 shares	Fiscal year ended December 31, 2020	5,119,844 shares

*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, 2021, the Japanese economy was severely restricted in its activities due to the prolonged epidemic of COVID-19, which led to the frequent declaration of a state of emergency. Since the summer of 2021, the number of infected people has been on a downward trend as vaccination rates increased, and when the state of emergency was lifted at the end of September of the same year, the economy began to recover gradually. However, a new mutated virus with strong infectious power has begun to spread, and the future is once again uncertain.

In the food industry, the increase in domestic demand and demand for home meals due to stay-at-home consumption continued even during the lull in COVID-19, and there is a need to respond to changes in personal consumption behavior in the new daily life of the with and after the COVID-19 era. On the other hand, the stagnation of supply chains overseas and the surge in raw material prices due to the increased demand resulting from the resumption of economic activities have increased the burden on the continuous supply of products at production sites.

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 chilled prepared food products such as cup salad products increased due to the impact of stay-at-home demand. In food product sales, demand for rice balls, which declined in the first half of the fiscal year, gradually recovered in the second half of the fiscal year as well as through sales of new products. As a result, net sales during the fiscal year under review were 26,264 million yen (up 13.9% YoY).

In terms of profit and loss, the cost of sales ratio rose in the second half of the fiscal year due to soaring raw material prices caused by increased overseas demand, but the cost of sales ratio improved in the first half of the fiscal year, centered on labor costs resulting from improved production efficiency. As a result, operating income was 1,723 million yen (up 30.2%), ordinary income was 1,745 million yen (up 36.8%), and net income attributable to owners of the parent company was 1,110 million yen (up 33.4%).

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, 2021 increased by 1,453 million yen YoY to 12,777 million yen. The balance of current assets increased by 1,430 million yen YoY to 8,206 million yen. This was mainly due to an increase of 694 million yen in cash and deposits resulting from the issuance of new shares, an increase of 279 million yen in notes and accounts receivable - trade resulting from an increase in sales, and an increase of 250 million yen in merchandise and finished goods.

The balance of non-current assets increased by 22 million yen YoY to 4,571 million yen. This was mainly due to a 355 million yen increase in buildings and structures due to the construction of company dormitories, and a 203 million yen increase in lease assets due to the expansion of production facilities, etc., while depreciation and amortization of goodwill decreased by 785 million yen.

Total liabilities decreased by 421 million yen YoY to 7,336 million yen.

The balance of current liabilities increased by 206 million yen YoY to 5,558 million yen. This was mainly due to an increase in accounts payable - trade of 149 million yen due to an increase in purchases, and an increase in income taxes payable of 95 million yen due to an increase in income before income taxes.

The balance of non-current liabilities decreased by 628 million yen YoY to 1,777 million yen. This was mainly due to a decrease of 495 million yen in long-term borrowings as a result of repayment and 118 million yen in long-term accounts payable - other.

The balance of net assets increased by 1,874 million yen YoY to 5,440 million yen. This was mainly due to an increase of 485 million yen in share capital and capital surplus, respectively, as a result of the issuance of new shares, and an increase of 890 million yen in retained earnings as a result of the recording of 1,110 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 11.1 percentage points YoY to 42.6%.

(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 694 million yen YoY to 3,243 million yen.

(Cash flows from operating activities)

Cash provided by operating activities amounted to 1,490 million yen (compared to 1,130 million yen provided in the previous fiscal year). This was mainly due to an increase in cash due to income before income taxes of 1,748 million yen and depreciation of 742 million yen, despite a decrease in cash due to an increase in inventories of 440 million yen and trade receivables of 279 million yen.

(Cash flows from investing activities)

Cash used in investing activities amounted to 518 million yen (compared to 231 million yen used in the previous fiscal year). This was mainly due to 417 million yen used for the purchase of property, plant and equipment and 104 million yen used for the purchase of intangible assets.

(Cash flows from financing activities)

Cash used in financing activities amounted to 287 million yen (compared to 215 million yen provided in the previous fiscal year). This is mainly because cash increased due to proceeds from issuance of shares of 962 million yen, while cash decreased due to repayments of long-term borrowings of 560 million yen and repayments of lease obligations of 280 million yen.

(4) Outlook

As for the outlook for the future, although progress has been made in the development of vaccinations and therapeutic agents, and COVID-19 is expected to be brought under control, the timing of this is still uncertain due to the spread of a mutated strain (Omicron strain), and it is assumed that economic activities will continue to be restricted.

In this environment, the Group will further focus on product development, strengthen its production system, and develop new sales channels in order to respond to the new daily life of the with and after the COVID-19 era. However, we are aware of various issues in the business environment, such as problems in securing a workforce due to restrictions on the entry of foreigners, problems in obtaining raw materials in a timely manner due to stagnation in the global supply chain, and rising costs due to soaring prices of marine resources and oil.

As a result, we are not optimistic until the business environment is expected to improve in the next consolidated fiscal year (fiscal year ending December 31, 2022), and our consolidated forecast is net sales of 28,000 million yen, operating income of 1,500 million yen, ordinary income of 1,500 million yen, and net income attributable to owners of the parent company of 950 million yen.

As the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending December 31, 2022, the above forecast of consolidated financial results is after the application of the said accounting standard, etc., and the percentage change from the previous fiscal year is not stated.

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, 2020)	Current fiscal year (December 31, 2021)
Assets		
Current assets		
Cash and deposits	2,598,584	3,293,147
Notes and accounts receivable - trade	2,655,970	2,935,161
Merchandise and finished goods	513,534	764,069
Work in process	30,151	32,221
Raw materials and supplies	808,416	997,097
Other	169,097	184,764
Total current assets	6,775,754	8,206,462
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,954,019	3,309,409
Accumulated depreciation and impairment	(965,702)	(1,171,252)
Buildings and structures, net	1,988,317	2,138,156
Machinery, equipment and vehicles	1,097,515	1,165,049
Accumulated depreciation and impairment	(620,727)	(702,214)
Machinery, equipment and vehicles, net	476,787	462,835
Land	313,622	313,622
Leased assets	1,561,002	1,764,176
Accumulated depreciation and impairment	(743,216)	(941,572)
Leased assets, net	817,785	822,603
Construction in progress	44,935	—
Other	322,662	361,713
Accumulated depreciation and impairment	(222,188)	(265,355)
Other, net	100,473	96,358
Total property, plant and equipment	3,741,922	3,833,576
Intangible assets		
Goodwill	116,561	74,175
Software	363,188	272,580
Other	22,506	96,668
Total intangible assets	502,256	443,424
Investments and other assets		
Investment securities	17,552	25,816
Leasehold and guarantee deposits	135,949	136,287
Deferred tax assets	125,672	85,356
Other	25,544	46,785
Total investments and other assets	304,718	294,245
Total non-current assets	4,548,897	4,571,246
Total assets	11,324,652	12,777,709

(Unit: thousand yen)

	Previous fiscal year (December 31, 2020)	Current fiscal year (December 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	2,851,283	3,000,378
Current portion of long-term borrowings	567,068	502,708
Lease obligations	245,491	264,965
Accounts payable - other	948,447	899,241
Income taxes payable	276,674	372,599
Other	463,381	518,853
Total current liabilities	5,352,346	5,558,747
Non-current liabilities		
Long-term borrowings	1,000,534	504,605
Lease obligations	667,541	653,263
Long-term accounts payable - other	503,978	385,972
Deferred tax liabilities	57,707	54,913
Retirement benefit liability	1,836	—
Asset retirement obligations	167,792	172,494
Other	6,904	6,735
Total non-current liabilities	2,406,294	1,777,983
Total liabilities	7,758,640	7,336,731
Net assets		
Shareholders' equity		
Share capital	534,920	1,020,557
Capital surplus	434,920	920,557
Retained earnings	2,595,708	3,486,010
Treasury shares	(205)	(205)
Total shareholders' equity	3,565,344	5,426,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(372)	4,255
Foreign currency translation adjustment	710	9,479
Total accumulated other comprehensive income	337	13,734
Share acquisition rights	330	324
Total net assets	3,566,011	5,440,978
Total liabilities and net assets	11,324,652	12,777,709

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

(Unit: thousand yen)

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
Net sales	23,062,021	26,264,847
Cost of sales	16,871,853	19,007,056
Gross profit	6,190,167	7,257,791
Selling, general and administrative expenses	4,866,321	5,534,556
Operating income	1,323,846	1,723,235
Non-operating income		
Interest and dividend income	3,597	6,792
Gain on sale of goods	14,739	9,031
Rental income	7,361	7,805
Compensation income	5,397	1,040
Nuclear site benefits	4,257	8,176
Subsidy income	3,688	14,100
Other	14,853	16,230
Total non-operating income	53,896	63,178
Non-operating expenses		
Interest expenses	30,963	26,610
Commission expenses	23,575	4,923
Listing expenses	33,292	—
Share issuance costs	—	9,247
Foreign exchange losses	13,397	—
Other	434	513
Total non-operating expenses	101,664	41,294
Ordinary income	1,276,078	1,745,119
Extraordinary income		
Gain on sale of non-current assets	—	4,667
Gain on bargain purchase	9,039	—
Settlement received	17,600	—
Total extraordinary income	26,639	4,667
Extraordinary losses		
Loss on retirement of non-current assets	16,345	818
Loss on cancellation of leases	1,244	36
Impairment losses	3,250	—
Total extraordinary losses	20,840	854
Income before income taxes	1,281,878	1,748,931
Income taxes - current	387,191	603,329
Income taxes - deferred	63,638	34,796
Total income taxes	450,829	638,125
Net income	831,048	1,110,806
Net profit (loss) attributable to non-controlling shareholders	(1,704)	—
Net income attributable to owners of the parent company	832,753	1,110,806

(Consolidated statement of comprehensive income)

(Unit: thousand yen)

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
Net income	831,048	1,110,806
Other comprehensive income		
Valuation difference on available-for-sale securities	(976)	4,627
Foreign currency translation adjustment	(6,018)	8,769
Total other comprehensive income	(6,995)	13,396
Comprehensive income	824,053	1,124,203
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	826,357	1,124,203
Comprehensive income attributable to non-controlling interests	(2,304)	—

(3) Consolidated statement of changes in equity
Previous 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)
Changes in items other than shareholders' equity (Net)					
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)
Changes in items other than shareholders' equity (Net)	(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

Current fiscal year (January 1, 2021 to December 31, 2021)

(Unit: thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	534,920	434,920	2,595,708	(205)	3,565,344
Changes during period					
Dividends of surplus			(219,818)		(219,818)
Issuance of new shares	485,636	485,636			971,273
Net income attributable to owners of the parent company			1,110,806		1,110,806
Other			(686)		(686)
Changes in items other than shareholders' equity (Net)					
Total changes during period	485,636	485,636	890,302	—	1,861,575
Balance at the end of period	1,020,557	920,557	3,486,010	(205)	5,426,919

	Accumulated other comprehensive income			Share acquisition rights	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	(372)	710	337	330	3,566,011
Changes during period					
Dividends of surplus					(219,818)
Issuance of new shares					971,273
Net income attributable to owners of the parent company					1,110,806
Other					(686)
Changes in items other than shareholders' equity (Net)	4,627	8,769	13,396	(5)	13,391
Total changes during period	4,627	8,769	13,396	(5)	1,874,966
Balance at the end of period	4,255	9,479	13,734	324	5,440,978

(4) Consolidated statement of cash flows

(Unit: thousand yen)

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Income before income taxes	1,281,878	1,748,931
Depreciation	667,377	742,669
Impairment losses	3,250	—
Amortization of goodwill	42,385	42,385
Gain on bargain purchase	(9,039)	—
Increase (decrease) in provision for bonuses	(9,225)	—
Interest and dividend income	(3,597)	(6,792)
Interest expenses	30,963	26,610
Commission expenses	23,575	4,923
Listing expenses	33,292	—
Share issuance costs	—	9,247
Loss (gain) on sale of non-current assets	—	(4,667)
Loss on retirement of non-current assets	16,345	818
Settlement received	(17,600)	—
Decrease (increase) in trade receivables	(382,512)	(279,135)
Decrease (increase) in inventories	(177,769)	(440,913)
Increase (decrease) in trade payables	(33,337)	148,319
Decrease (increase) in other assets	24,156	(16,338)
Increase (decrease) in other liabilities	186,053	73,795
Other	6,484	6,539
Subtotal	1,682,682	2,056,395
Interest and dividends received	3,555	685
Interest paid	(31,189)	(26,622)
Payment of commitment line-related expenses	(23,402)	(4,701)
Payment for rehabilitation debt of subsidiaries	(258,752)	—
Settlement package received	17,600	—
Income taxes refund	92,526	85,085
Income taxes paid	(352,682)	(619,974)
Net cash provided by (used in) operating activities	1,130,336	1,490,866
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	50,029	—
Purchase of property, plant and equipment	(153,146)	(417,832)
Payments for retirement of property, plant and equipment	(8,900)	—
Proceeds from sale of property, plant and equipment	—	6,568
Purchase of intangible assets	(39,602)	(104,328)
Purchase of investment securities	(1,559)	(1,595)
Proceeds from acquisition of newly consolidated subsidiaries	4,504	—
Loan advances	(81,800)	—
Other	(1,119)	(1,704)
Net cash provided by (used in) investing activities	(231,593)	(518,891)
Cash flows from financing activities		
Proceeds from long-term borrowings	400,000	—
Repayments of long-term borrowings	(510,780)	(560,289)
Repayments of long-term accounts payable - other	(170,972)	(188,396)
Repayments of lease obligations	(253,337)	(280,990)
Dividends paid	(65,000)	(219,660)
Proceeds from issuance of shares	836,669	962,026
Purchase of treasury shares of subsidiaries	(21,412)	—
Other	673	—
Net cash provided by (used in) financing activities	215,840	(287,311)
Effect of exchange rate change on cash and cash equivalents	(7,024)	9,899
Net increase (decrease) in cash and cash equivalents	1,107,558	694,563
Cash and cash equivalents at beginning of period	1,441,026	2,548,584
Cash and cash equivalents at end of period	2,548,584	3,243,147

(5) Notes to consolidated financial statements

(Notes on assumption about going concern)

Not applicable.

(Changes in accounting policies)

(Changes in the method of translating income and expenses of overseas subsidiaries into Japanese yen)

Income and expenses of overseas subsidiaries were previously translated into Japanese yen at the spot exchange rate on the fiscal year-end date of the subsidiary. However, as a result of taking into consideration the increased importance of overseas subsidiaries and the significant fluctuations in foreign exchange rates in recent years, the Company has changed to a method of translating foreign currency transactions into Japanese yen using the average exchange rate for the period from the current consolidated fiscal year in order to more appropriately reflect the business results of overseas subsidiaries in the consolidated financial statements.

Because the impact of this change is not material, it has not been applied retrospectively.

(Changes in accounting classification of proceeds from sales of scrap)

In the past, the Group recorded proceeds from the sale of scrap generated in the manufacturing process as "Gain on sale of goods" under "Non-operating income." However, as a result of reviewing the cost management method, the Company has changed to the method of deducting them from manufacturing costs from the current consolidated fiscal year. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the same period of the previous fiscal year have been prepared after the retrospective application.

As a result, "cost of sales" for the previous consolidated fiscal year decreased by 13,178 thousand yen and "gross profit" and "operating income" increased by the same amount, but there was no impact on "ordinary income" and "income before income taxes."

Because the impact on manufacturing costs is smaller than that of the previous method, the Company does not recalculate the manufacturing cost accounting for the previous fiscal years, and all proceeds from the sale of scrap in each fiscal year are deducted from "cost of sales" and treated as such, and there is no cumulative effect on net assets at the beginning of the previous fiscal year.

(Changes in the presentation method)

(Consolidated statement of income)

"Nuclear site benefits" and "subsidy income," which were included in "other" under "non-operating income" in the previous fiscal year, have exceeded 10% of non-operating income and are therefore presented as separate line items in the current fiscal year. The financial statements from the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, the 22,800 thousand yen presented as "other" under "non-operating income" in the consolidated statement of income for the previous fiscal year has been reclassified as "nuclear site benefits" of 4,257 thousand yen, "subsidy income" of 3,688 thousand yen, and "other" of 14,853 thousand yen.

(Segment information)

[Segment information]

Previous 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.

Current fiscal year (January 1, 2021 to December 31, 2021)

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, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
Net assets per share	648.84 yen	945.73 yen
Net income per share	162.65 yen	199.95 yen

(Notes) 1. Diluted net income per share for the previous and current fiscal year is not shown because there are no potential shares with dilutive effects.

2. The basis for calculating net income per share is as follows.

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Current fiscal year (January 1, 2021 to December 31, 2021)
Net income per share		
Net income attributable to owners of the parent company (thousand yen)	832,753	1,110,806
Amount not attributed to common shareholders (thousand yen)	—	—
Net income attributable to owners of the parent company related to common stock (thousand yen)	832,753	1,110,806
Average outstanding shares of common stock during the fiscal year (shares)	5,119,844	5,555,464
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: 95,200 (476,000 shares of common stock))	Three classes of share acquisition rights (number of share acquisition rights: 93,260 (466,300 shares of common stock))

(Significant subsequent events)

On January 28, 2022, a fire broke out at the Funabashi Plant of STI Foods, Inc., a consolidated subsidiary of the Company. The Company is currently investigating the cost of restoration and the impact on business activities, etc., and it is difficult to make a reasonable estimate.