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## Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

November 14, 2024

Company name: STI Foods Holdings, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2932  
 URL: <https://www.stifoods-hd.com/en/index.html>  
 Representative: Yutaka Jumi, President and Representative Director CEO  
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 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: None

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated financial results for the nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (% figures show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2024	26,346	12.3	2,360	37.4	2,378	34.9	1,586	32.6
Nine months ended September 30, 2023	23,458	17.3	1,717	52.7	1,763	58.6	1,196	66.0

(Note) Comprehensive income: Nine months ended September 30, 2024: 1,590 million yen [30.9%]  
 Nine months ended September 30, 2023: 1,214 million yen [57.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	267.68	260.44
Nine months ended September 30, 2023	201.94	196.62

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	16,966	8,266	48.7
As of December 31, 2023	15,102	7,446	49.3

Reference: Equity  
 As of September 30, 2024: 8,266 million yen  
 As of December 31, 2023: 7,446 million yen

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	-	0.00	-	90.00	90.00
Fiscal year ending December 31, 2024	-	40.00	-		
Fiscal year ending December 31, 2024 (Forecast)				80.00	120.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)  
(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	35,000	10.1	3,000	30.1	3,000	28.8	1,950	24.8	329.05

Note: Revisions to the forecast of financial results most recently announced: Yes

\* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to 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 (Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 8 of the attached materials.

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of September 30, 2024	5,926,300 shares	As of December 31, 2023	5,926,300 shares
As of September 30, 2024	199 shares	As of December 31, 2023	199 shares
Nine months ended September 30, 2024	5,926,101 shares	Nine months ended September 30, 2023	5,926,167 shares

\* Review of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (optional)

\* Proper use of earnings forecasts, and other special matters

Forward-looking statements concerning financial results forecasts contained in these materials are based on information available to the Company 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. Summary of Business Results

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

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

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

During the nine months ended September 30, 2024, the Japanese economy continued to perform well, and has been on a moderate recovery trend due to inbound tourist demand and improvements in the employment and income environment. At the same time, prices have continued to rise in a broad range of sectors due to the soaring prices of resources and raw materials, and it is necessary to monitor the impact of the heightened awareness for reticent spending among consumers on personal consumption. Going forward, there continues to be uncertainty about the future in terms of the impact of domestic and foreign political affairs on financial markets as well as the international disputes that are becoming more prolonged and spreading.

In the food industry, product planning that responds to diversified consumer needs and a trend of thriftiness among consumers is required amid expectations of continuous increases in manufacturing costs due to higher raw material and material prices and higher personnel and utilities expenses.

In this environment, the Group has continued to work on improving corporate value over the medium to long term and achieving sustainable growth 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 food sales, in daily food products for Seven Eleven, the exposure effect from the prepared foods purchasing campaign in stores, TV commercials and TV programs increased the sales volume of grilled fish, boiled fish and cup deli products compared to the same period last year. Additionally, simmered mackerel in miso launched nationwide from May 2024 and squid and shrimp with broccoli in olive oil launched as a new product in June, also contributed to the increase in sales volume.

As a result, net sales during the nine months ended September 30, 2024 totaled 26,346 million yen (up 12.3% compared with the year-earlier period).

In terms of profit and loss, cost increases were absorbed by improved manufacturing efficiency accompanying increased sales volume, operating profit was 2,360 million yen (up 37.4%), ordinary profit was 2,378 million yen (up 34.9%), and profit attributable to owners of parent was 1,586 million yen (up 32.6%) for the nine months ended September 30, 2024.

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

Total assets as of September 30, 2024 increased by 1,864 million yen compared to the end of the previous fiscal year to 16,966 million yen.

The balance of current assets decreased by 795 million yen compared to the end of the previous fiscal year to 9,498 million yen. This was mainly due to increases of 119 million yen in raw materials and supplies and 415 million yen in notes and accounts receivable - trade, and decreases of 1,237 million yen in cash and deposits and 112 million yen in merchandise and finished goods.

The balance of non-current assets increased by 2,660 million yen compared to the end of the previous fiscal year to 7,468 million yen. This was mainly due to an increase of 2,126 million yen in construction in progress from the construction of the new Kansai Plant.

Total liabilities increased by 1,044 million yen compared to the end of the previous fiscal year to 8,700 million yen.

The balance of current liabilities increased by 352 million yen compared to the end of the previous fiscal year to 6,514 million yen. This was mainly due to a decrease of 283 million yen in accounts payable - trade, increases of 800 million yen in short-term borrowings and 140 million yen for the current portion of bonds payable.

The balance of non-current liabilities increased by 691 million yen compared to the end of the previous fiscal year to 2,186 million yen. This was mainly due to a decrease of 142 million yen in long-term borrowings and an increase of 790 million yen in bonds payable.

The balance of net assets increased by 819 million yen compared to the end of the previous fiscal year to 8,266 million yen. This was mainly due to an increase of 815 million yen in retained earnings resulting from the posting of 1,586 million yen in net income attributable to owners of the parent company, despite the dividend payment of 770 million yen.

As a result, the shareholder's equity ratio as of September 30, 2024 decreased by 0.6 percentage points compared to the end of the previous fiscal year to 48.7%.

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

Please refer to the “Notice of Revision of Earnings and Dividend Forecasts” released today for the consolidated earnings forecast for the fiscal year ending December 31, 2024.

The said forecasts are based on judgments and assumptions based on information currently available to the Company, and actual results may differ from the forecast due to various factors.

## 2. Consolidated financial statements and notes

### (1) Quarterly consolidated balance sheet

	(Unit: Thousands of yen)	
	Previous fiscal year (December 31, 2023)	Q3 fiscal year ending December 31, 2024 (September 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	4,046,605	2,808,818
Notes and accounts receivable - trade	3,349,529	3,765,296
Merchandise and finished goods	1,141,769	1,029,167
Work in process	45,669	58,904
Raw materials and supplies	1,626,338	1,745,779
Other	85,488	91,127
Allowance for doubtful accounts	(703)	(196)
Total current assets	10,294,699	9,498,897
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,309,507	2,495,634
Machinery, equipment and vehicles, net	477,587	510,474
Leased assets, net	729,570	651,877
Construction in progress	-	2,126,525
Other, net	707,167	1,090,915
Total property, plant and equipment	4,223,832	6,875,428
Intangible assets	260,748	240,320
Investments and other assets	323,043	352,268
Total non-current assets	4,807,624	7,468,017
Total assets	15,102,323	16,966,914

(Unit: Thousands of yen)

	Previous fiscal year (December 31, 2023)	Q3 fiscal year ending December 31, 2024 (September 30, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	3,436,285	3,152,993
Short-term borrowings	-	800,000
Current portion of bonds payable	-	140,000
Current portion of long-term borrowings	195,588	181,348
Income taxes payable	525,294	479,638
Provision for bonuses	-	78,091
Other	2,004,231	1,682,232
<b>Total current liabilities</b>	<b>6,161,400</b>	<b>6,514,303</b>
<b>Non-current liabilities</b>		
Bonds payable	-	790,000
Long-term borrowings	306,387	163,597
Asset retirement obligations	174,424	175,153
Other	1,013,551	1,057,390
<b>Total non-current liabilities</b>	<b>1,494,363</b>	<b>2,186,141</b>
<b>Total liabilities</b>	<b>7,655,763</b>	<b>8,700,444</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,048,375	1,048,375
Capital surplus	948,375	948,375
Retained earnings	5,412,676	6,228,554
Treasury shares	(662)	(662)
<b>Total shareholders' equity</b>	<b>7,408,766</b>	<b>8,224,644</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,098	9,462
Deferred gains or losses on hedges	(1,234)	(694)
Foreign currency translation adjustment	32,862	32,991
<b>Total accumulated other comprehensive income</b>	<b>37,727</b>	<b>41,760</b>
Share acquisition rights	66	66
<b>Total net assets</b>	<b>7,446,559</b>	<b>8,266,470</b>
<b>Total liabilities and net assets</b>	<b>15,102,323</b>	<b>16,966,914</b>

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
(Quarterly consolidated statement of income)  
(Nine months ended September 30)

(Unit: Thousands of yen)

	Nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)	Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)
Net sales	23,458,847	26,346,007
Cost of sales	16,893,625	18,772,696
Gross profit	6,565,221	7,573,310
Selling, general and administrative expenses	4,847,706	5,213,164
Operating profit	1,717,515	2,360,146
Non-operating income		
Interest and dividend income	9,312	10,151
Gain on sale of goods	15,029	17,164
Compensation income	12,316	19,468
Other	24,034	14,352
Total non-operating income	60,693	61,137
Non-operating expenses		
Interest expenses	13,941	17,679
Bond issuance costs	-	20,068
Share of loss of entities accounted for using equity method	520	-
Other	348	4,710
Total non-operating expenses	14,810	42,458
Ordinary profit	1,763,398	2,378,824
Extraordinary income		
Gain on sale of non-current assets	50	14,304
Insurance claim income	-	943
Subsidy income	61,529	-
Total extraordinary income	61,579	15,248
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	-	4,274
Loss on cancellation of leases	420	-
Total extraordinary losses	420	4,274
Income before income taxes	1,824,557	2,389,799
Income taxes	627,827	803,527
Net income	1,196,729	1,586,271
Profit attributable to owners of parent	1,196,729	1,586,271



(Quarterly consolidated statement of comprehensive income)  
(Nine months ended September 30)

(Unit: Thousands of yen)

	Nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)	Nine months ended September 30, 2024 (January 1, 2024 to September 30, 2024)
Net income	1,196,729	1,586,271
Other comprehensive income		
Valuation difference on available-for-sale securities	688	3,363
Deferred gains or losses on hedges	1,087	540
Foreign currency translation adjustment	15,937	128
Total other comprehensive income	17,714	4,032
Comprehensive income	1,214,444	1,590,303
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,214,444	1,590,303

(3) Notes to quarterly consolidated financial statements

(Adoption of accounting treatment specific to 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 nine months ended September 30, 2024, and multiplying income before income taxes by the estimated effective tax rate.

(Notes on segment information)

[Segment information]

Nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)

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

Nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

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

(Notes on significant changes in shareholders' equity)

Not applicable.

(Notes on assumption about going concern)

Not applicable.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended September 30, 2024 have not been prepared. In addition, depreciation (including amortization for intangible assets except goodwill) and amortization of goodwill for the nine months ended September 30, 2024 are as follows.

	Nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023)	Nine months ended September 30, 2024 (January 1, 2024 to September 30, 2024)
Depreciation	617,877 thousand yen	602,380 thousand yen
Amortization of goodwill	31,789	-

Mid-period review report for quarterly consolidated financial statements by the independent audit corporation

November 14, 2024

To the Board of Directors,  
STI Foods Holdings, Inc.

Tokyo Office,  
Gyosei & Co.  
Designated Partner  
Managing Partner

Certified Public Accountant, Makoto Iwabuchi

Designated Partner  
Managing Partner

Certified Public Accountant, Takao Miki

**Auditors' conclusion**

This audit corporation has conducted a mid-period review of the quarterly consolidated financial statements for the Q3 consolidated accounting period of the consolidated fiscal year (July 1, 2024 to September 30, 2024) and the Q3 consolidated cumulative period (January 1, 2024 to September 30, 2024) during the period of January 1, 2024 until December 31, 2024 at STI Foods Holdings, Inc. The financial statements appear in the "attached materials" of the quarterly financial results. The reviewed documents were the quarterly consolidated balance sheet, the quarterly consolidated statement of income, the quarterly consolidated statement of comprehensive income and the notes section.

During the mid-period review conducted by this audit corporation, we did not find any matters in all material aspects that would cause us to believe that the above quarterly consolidated financial statements have not been prepared in accordance with the accounting standards (however, the omission of the description prescribing Article 4, Paragraph 2 of the standards for preparation of quarterly financial statements, etc., is applied) concerning quarterly financial statements that are generally accepted as fair and appropriate in Japan and Article 4, Paragraph 1 of the standards for preparation of quarterly financial statements, etc., of Tokyo Stock Exchange, Inc.

**Basis of auditors' conclusion**

This audit corporation conducted the mid-period review in accordance with the mid-period review standards that are generally accepted as fair and appropriate in Japan. The responsibilities of this audit corporation in the mid-period review standards is described in the section entitled "Auditor's responsibilities for the mid-period review of the quarterly consolidated financial statements". In accordance with Japan's regulations on professional ethics, this audit corporation is independent of the Company and its consolidated subsidiaries, and is also committed to other ethical responsibilities as an auditor. This audit corporation has determined that we have obtained the evidence that supports our conclusion statement.

**Responsibilities of management, the Corporate Auditors and the Board of Corporate Auditors concerning the quarterly consolidated financial statements**

Management are responsible for the preparation of quarterly consolidated financial statements in accordance with the accounting standards (however, the omission of the description prescribing Article 4, Paragraph 2 of the standards for preparation of quarterly financial statements, etc., is applied) concerning quarterly financial statements that are generally accepted as fair and appropriate in Japan and Article 4, Paragraph 1 of the standards for preparation of quarterly financial statements, etc., of Tokyo Stock Exchange, Inc. This responsibility includes the establishment and operation of internal control that management deem necessary to prepare quarterly consolidated financial statements with no material misstatements due to fraud or error.

When preparing quarterly consolidated financial statements, management assess whether it is appropriate to prepare quarterly consolidated financial statements based on going concern assumptions, and if it is necessary to disclose matters relating to going concern based on accounting standards (however, the omission of the description prescribing Article 4, Paragraph 2 of the standards for preparation of quarterly financial statements, etc., is applied) concerning quarterly financial statements that are generally accepted as fair and appropriate in Japan and Article 4, Paragraph 1 of the standards for preparation of quarterly financial statements, etc., of Tokyo Stock Exchange, Inc., then management are responsible for disclosing such matters.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of duties by Directors in the establishment and operation of the financial reporting process.

#### Auditor's responsibilities for the mid-period review of the quarterly consolidated financial statements

Auditors are responsible for expressing conclusions concerning quarterly consolidated financial statements from an independent standpoint in the mid-period review report based on the mid-period review conducted by the auditors.

In accordance with the mid-period review standards that are generally accepted as fair and appropriate in Japan, the auditors make professional expert decisions throughout the mid-period review process, and perform the following duties while maintaining professional skepticism.

- Primarily interview management and people who are responsible for matters relating to financial and accounting duties, conduct analysis procedures, and perform other mid-period review procedures. Mid-period review procedures are limited procedures compared to auditing annual financial statements conducted in accordance with auditing standards that are generally accepted as fair and appropriate in Japan.
- When it has been determined that significant uncertainty is recognized regarding events or circumstances that cause significant doubt for matters on going concern assumptions, based on the obtained evidence, draw a conclusion whether any matters were found that would cause us to believe that the quarterly consolidated financial statements had not been prepared in accordance with the accounting standards (however, the omission of the description prescribing Article 4, Paragraph 2 of the standards for preparation of quarterly financial statements, etc., is applied) concerning quarterly financial statements that are generally accepted as fair and appropriate in Japan and Article 4, Paragraph 1 of the standards for preparation of quarterly financial statements, etc., of Tokyo Stock Exchange, Inc.

Furthermore, when significant uncertainty is recognized relating to going concern assumptions, it is necessary to call attention to the notes of the quarterly consolidated financial statements in the mid-period review report as well as express a limited or negative conclusion for the quarterly consolidated financial statements if the notes of the quarterly consolidated financial statements relating to significant uncertainty are inadequate. The auditors' conclusions are based on evidence obtained by the date of the mid-period review report. However, future events or circumstances may result in the Company not being able to continue its business as a going concern.

- Assess whether any matters were found that would cause us to believe that the presentation and notes of the quarterly consolidated financial statements had not been prepared in accordance with the accounting standards (however, the omission of the description prescribing Article 4, Paragraph 2 of the standards for preparation of quarterly financial statements, etc., is applied) concerning quarterly financial statements that are generally accepted as fair and appropriate in Japan and Article 4, Paragraph 1 of the standards for preparation of quarterly financial statements, etc., of the Tokyo Stock Exchange, Inc.
- Obtain evidence relating to the financial information of the Company and consolidated subsidiaries to express conclusions about the quarterly consolidated financial statements. Auditors are responsible for instructions concerning the mid-period review of the quarterly consolidated financial statements, as well as its supervision and implementation. Auditors are solely responsible for the auditors' conclusions.

Auditors report the scope of the planned mid-period review, its implementation period, and any key findings discovered during the mid-period review to the Corporate Auditors and the Board of Corporate Auditors.

Auditors report any details to the Corporate Auditors and the Board of Corporate Auditors about compliance with regulations relating to professional ethics in Japan concerning independence, matters considered to reasonably affect auditor independence, and when measures are taken to eliminate disincentives or when applying safeguards to reduce disincentives to acceptable levels.

#### Interested parties

There are no interested parties that should be listed based on the provisions of the Certified Public Accountants Act between the Company and its consolidated subsidiaries and this audit corporation or the Managing Partner.

End

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Notes 1. The original copy of the above mid-period review report shall be stored separately by the Company.

2. XBRL data is not included in the mid-period review.