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## Consolidated Financial Results for the Three Months Ended March 31, 2024 (Under Japanese GAAP)

May 14, 2024

Company name: STI Foods Holdings, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 2932  
 URL: <https://www.stifoods-hd.com/en/index.html>  
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 Scheduled date to file quarterly securities report: May 14, 2024  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Amounts are rounded down to the nearest million yen)

### 1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 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	%
Three months ended March 31, 2024	8,037	11.8	731	52.8	714	44.6	489	49.1
Three months ended March 31, 2023	7,186	13.6	478	50.3	494	48.3	328	75.5

Note: Comprehensive income For the three months ended March 31, 2024: 502 million yen [52.0%]  
 For the three months ended March 31, 2023: 330 million yen [69.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2024	82.53	80.32
Three months ended March 31, 2023	55.37	53.89

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	15,702	7,415	47.2
As of December 31, 2023	15,102	7,446	49.3

Reference: Equity  
 As of March 31, 2024: 7,415 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	-				
Fiscal year ending December 31, 2024 (Forecast)		40.00	-	50.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)  
(% figures show 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	34,000	7.0	2,400	4.1	2,400	3.0	1,600	2.4	269.98

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

2. Because the Company manages its business results on an annual basis, the consolidated financial results forecast for the first six months (cumulative) is omitted.

\* 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)

As of March 31, 2024	5,926,300 shares	As of December 31, 2023	5,926,300 shares
As of March 31, 2024	199 shares	As of December 31, 2023	199 shares
Three months ended March 31, 2024	5,926,101 shares	Three months ended March 31, 2023	5,926,201 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)

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* 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. Qualitative information on the results of this period

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.

In the three months ended March 31, 2024, while consumer spending was expected to recover due to improvements in the employment and income environment, the Japanese economy saw a gradual recovery as corporate earnings improved due to a weaker yen and inbound visitor demand increased. On the other hand, in the global economy, there continues to be uncertainty about the future due to factors such as monetary tightening to respond to inflation, concerns about the future of the Chinese economy, and rising geopolitical risks due to prolonged international conflicts.

In the food industry, while product price increases and product standard reviews corresponding with higher raw materials prices and manufacturing costs are continuing, there is a demand to respond to consumers' diversifying needs and savings mindset due to higher cost of goods.

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, sales volume of daily food products for Seven Eleven rose compared to the same period of the previous year, largely due to new purchases from improved name recognition of Group products, such as grilled fish and cup deli as well as repeat purchases from thorough manufacturing quality. Furthermore, the Group began sales of simmered mackerel in miso, which performed well in tests. While began in January 2024 in the Kanto region, the Group will expand the sales regions over time. Sales were also strong for food ingredients.

As a result, net sales during the three months under review totaled 8,037 million yen (up 11.8% compared with the year-earlier period).

In terms of profit and loss, due to increased sales volume and corresponding improved manufacturing efficiency, operating profit was 731 million yen (up 52.8%), ordinary profit was 714 million yen (up 44.6%), and profit attributable to owners of parent was 489 million yen (up 49.1%) for the three months under review.

### (2) Explanation of financial position

Total assets as of March 31, 2024 increased by 599 million yen compared to the end of the previous fiscal year to 15,702 million yen.

The balance of current assets increased by 438 million yen compared to the end of the previous fiscal year to 10,733 million yen. This was mainly due to increases of 89 million yen in cash and deposits and 207 million yen in raw materials and supplies.

The balance of non-current assets increased by 161 million yen compared to the end of the previous fiscal year to 4,968 million yen. This was mainly due to an increase of 223 million yen in other assets from deposits to acquire the new Kansai Plant.

Total liabilities increased by 630 million yen compared to the end of the previous fiscal year to 8,286 million yen.

The balance of current liabilities decreased by 108 million yen compared to the end of the previous fiscal year to 6,052 million yen. This was mainly due to a decrease of 279 million yen in income taxes payable, despite an increase of 140 million yen in the current portion of bonds payable.

The balance of non-current liabilities increased by 739 million yen compared to the end of the previous fiscal year to 2,233 million yen. This was mainly due to an increase of 860 million yen in bonds payable.

The balance of net assets decreased by 30 million yen compared to the end of the previous fiscal year to 7,415 million yen. This was mainly due to a decrease of 44 million yen in retained earnings due to a dividend payment of 533 million yen despite recording 489 million yen in profit attributable to owners of parent.

As a result, the equity-to-asset ratio as of March 31, 2024 decreased by 2.1 percentage points compared to the end of the previous fiscal year to 47.2%.

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

There is no change in the consolidated financial results forecast from the figures announced in the “Summary of Financial Results for the Fiscal Year Ended December 31, 2023” on February 9, 2024.

2. Consolidated financial statements and notes

(1) Quarterly consolidated balance sheet

(Unit: Thousands of yen)

	Previous fiscal year (December 31, 2023)	Three months ended March 31, 2024 (March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	4,046,605	4,136,289
Notes and accounts receivable - trade	3,349,529	3,452,262
Merchandise and finished goods	1,141,769	1,138,062
Work in process	45,669	55,529
Raw materials and supplies	1,626,338	1,833,378
Other	85,488	118,802
Allowance for doubtful accounts	(703)	(901)
Total current assets	10,294,699	10,733,422
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,309,507	2,266,839
Machinery, equipment and vehicles, net	477,587	498,908
Leased assets, net	729,570	697,166
Other, net	707,167	930,817
Total property, plant and equipment	4,223,832	4,393,732
Intangible assets	260,748	254,506
Investments and other assets	323,043	320,572
Total non-current assets	4,807,624	4,968,810
<b>Total assets</b>	<b>15,102,323</b>	<b>15,702,233</b>

STI Foods Holdings, Inc. (2932)  
Consolidated Financial Results for the Three Months Ended March 31, 2024

(Unit: Thousands of yen)

	Previous fiscal year (December 31, 2023)	Three months ended March 31, 2024 (March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	3,436,285	3,507,747
Current portion of bonds payable	-	140,000
Current portion of long-term borrowings	195,588	184,872
Income taxes payable	525,294	246,180
Provision for bonuses	-	74,716
Other	2,004,231	1,899,285
Total current liabilities	6,161,400	6,052,802
Non-current liabilities		
Bonds payable	-	860,000
Long-term borrowings	306,387	261,050
Asset retirement obligations	174,424	174,667
Other	1,013,551	937,727
Total non-current liabilities	1,494,363	2,233,445
Total liabilities	7,655,763	8,286,247
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,048,375	1,048,375
Capital surplus	948,375	948,375
Retained earnings	5,412,676	5,368,385
Treasury shares	(662)	(662)
Total shareholders' equity	7,408,766	7,364,474
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,098	10,110
Deferred gains or losses on hedges	(1,234)	(452)
Foreign currency translation adjustment	32,862	41,787
Total accumulated other comprehensive income	37,727	51,445
Share acquisition rights	66	66
Total net assets	7,446,559	7,415,985
Total liabilities and net assets	15,102,323	15,702,233

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

(Unit: Thousands of yen)

	Three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)	Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)
Net sales	7,186,144	8,037,296
Cost of sales	5,150,558	5,662,542
Gross profit	2,035,585	2,374,753
Selling, general and administrative expenses	1,556,781	1,643,271
Operating profit	478,804	731,481
Non-operating income		
Interest and dividend income	28	43
Gain on sale of goods	10,462	4,313
Nuclear site benefits	6,639	40
Rental income from buildings	1,423	2,181
Share of profit of entities accounted for using equity method	1,373	-
Other	4,014	2,645
Total non-operating income	23,943	9,224
Non-operating expenses		
Interest expenses	4,847	4,333
Bond issuance costs	-	20,068
Foreign exchange losses	3,585	1,678
Other	20	93
Total non-operating expenses	8,454	26,173
Ordinary profit	494,292	714,532
Extraordinary income		
Gain on sale of non-current assets	-	3,951
Total extraordinary income	-	3,951
Extraordinary losses		
Loss on valuation of investment securities	-	4,274
Total extraordinary losses	-	4,274
Income before income taxes	494,292	714,209
Income taxes	166,177	225,151
Net income	328,115	489,057
Profit attributable to owners of parent	328,115	489,057



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

(Unit: Thousands of yen)

	Three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)	Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)
Net income	328,115	489,057
Other comprehensive income		
Valuation difference on available-for-sale securities	1,164	4,011
Deferred gains or losses on hedges	767	781
Foreign currency translation adjustment	684	8,924
Total other comprehensive income	2,616	13,717
Comprehensive income	330,732	502,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	330,732	502,775

(3) Notes to quarterly consolidated financial statements

(Notes on assumption about going concern)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(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 first quarter under review, and multiplying income before income taxes by the estimated effective tax rate.

(Changes in accounting policies)

Not applicable.