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Consolidated Financial Results for the Six Months Ended August 31, 2024 [Japanese GAAP]

October 11, 2024

Company name: S Foods Inc.

Listing: Tokyo

Securities code: 2292

URL: <https://www.sfoods.co.jp>

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Scheduled date to file semi-annual securities report: October 15, 2024

Scheduled date to commence dividend payments: October 31, 2024

Preparation of supplementary material on financial results: None

Holding of financial results briefing: None

President and Representative Director
Corporate Officer Supervising Administration Group

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended August 31, 2024 (March 1, 2024 to August 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate 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	%
Six months ended August 31, 2024	218,900	4.7	2,643	(68.3)	3,471	(63.2)	1,215	(83.0)
August 31, 2023	208,986	7.8	8,333	(3.0)	9,426	(2.9)	7,166	25.2

(Note) Comprehensive income: Six months ended August 31, 2024: ¥ 6,969 million [(41.7)%]
Six months ended August 31, 2023: ¥ 11,952 million [34.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended August 31, 2024	Yen 38.41	Yen -
August 31, 2023	226.61	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of August 31, 2024	Millions of yen 239,082	Millions of yen 132,159	52.0
February 29, 2024	224,240	126,576	53.0

(Reference) Equity: As of August 31, 2024: ¥ 124,221 million
As of February 29, 2024: ¥ 118,783 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2024	-	42.00	-	42.00	84.00
Fiscal year ending February 28, 2025	-	44.00			
Fiscal year ending February 28, 2025 (Forecast)			-	45.00	89.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025(March 1, 2024 to February 28, 2025)

(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	445,000	4.7	7,300	(42.4)	8,300	(42.3)	4,200	(53.7)	132.70

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)

Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

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

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

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

August 31, 2024: 32,267,721 shares

February 29, 2024: 32,267,721 shares

2) Number of treasury shares at the end of the period:

August 31, 2024: 617,567 shares

February 29, 2024: 632,484 shares

3) Average number of shares outstanding during the period:

Six months ended August 31, 2024: 31,641,039 shares

Six months ended August 31, 2023: 31,626,854 shares

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	49,858	38,708
Notes and accounts receivable - trade	40,216	51,006
Securities	-	1,000
Merchandise and finished goods	27,382	31,396
Work in process	9,529	8,948
Raw materials and supplies	4,845	4,268
Other	4,328	5,977
Allowance for doubtful accounts	(46)	(130)
Total current assets	136,114	141,174
Non-current assets		
Property, plant and equipment		
Buildings and structures	61,128	61,897
Accumulated depreciation	(31,105)	(32,267)
Buildings and structures, net	30,023	29,630
Land	15,814	15,899
Construction in progress	15,007	24,587
Other	38,149	39,143
Accumulated depreciation	(29,830)	(31,246)
Other, net	8,319	7,897
Accumulated impairment	(2,796)	(2,803)
Total property, plant and equipment	66,369	75,211
Intangible assets		
Goodwill	253	210
Other	306	292
Total intangible assets	559	503
Investments and other assets		
Investment securities	16,611	16,582
Retirement benefit asset	200	204
Other	4,576	5,882
Allowance for doubtful accounts	(193)	(476)
Total investments and other assets	21,196	22,192
Total non-current assets	88,125	97,907
Total assets	224,240	239,082

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,803	33,058
Short-term borrowings	7,866	11,090
Income taxes payable	1,989	2,160
Provision for bonuses	1,363	1,216
Other	17,858	17,036
Total current liabilities	54,881	64,561
Non-current liabilities		
Bonds payable	250	200
Long-term borrowings	35,516	35,666
Provision for retirement benefits for directors (and other officers)	128	102
Retirement benefit liability	1,818	1,779
Other	5,069	4,612
Total non-current liabilities	42,782	42,361
Total liabilities	97,664	106,923
Net assets		
Shareholders' equity		
Share capital	4,298	4,298
Capital surplus	18,792	18,828
Retained earnings	85,994	85,881
Treasury shares	(397)	(390)
Total shareholders' equity	108,688	108,618
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,155	5,208
Deferred gains or losses on hedges	(70)	(42)
Foreign currency translation adjustment	4,930	10,364
Remeasurements of defined benefit plans	79	72
Total accumulated other comprehensive income	10,095	15,603
Non-controlling interests	7,792	7,938
Total net assets	126,576	132,159
Total liabilities and net assets	224,240	239,082

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Net sales	208,986	218,900
Cost of sales	181,036	196,177
Gross profit	27,949	22,723
Selling, general and administrative expenses	19,616	20,080
Operating profit	8,333	2,643
Non-operating income		
Interest income	199	345
Dividend income	345	366
Rental income from buildings	75	111
Share of profit of entities accounted for using equity method	1	2
Foreign exchange gains	428	2
Other	423	212
Total non-operating income	1,473	1,041
Non-operating expenses		
Interest expenses	151	133
Arrangement fee	100	-
Rent cost	20	25
Other	108	53
Total non-operating expenses	380	212
Ordinary profit	9,426	3,471
Extraordinary income		
Gain on sale of non-current assets	52	4
Gain on sale of shares of subsidiaries and associates	1,388	-
Gain on sale of investment securities	4	180
Subsidy income	1,584	-
Total extraordinary income	3,028	184
Extraordinary losses		
Loss on disposal of non-current assets	24	27
Impairment losses	21	4
Loss on store closings	1	0
Loss on tax purpose reduction entry of non-current assets	1,583	-
Loss on sale of investment securities	4	-
Loss on valuation of investment securities	374	-
Provision of allowance for doubtful accounts	-	274
Loss on transfer of subsidiary	-	215
Total extraordinary losses	2,010	522
Profit before income taxes	10,444	3,133
Income taxes	2,979	1,655
Profit	7,465	1,478
Profit attributable to non-controlling interests	298	263
Profit attributable to owners of parent	7,166	1,215

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Profit	7,465	1,478
Other comprehensive income		
Valuation difference on available-for-sale securities	1,628	38
Deferred gains or losses on hedges	142	28
Foreign currency translation adjustment	2,713	5,433
Remeasurements of defined benefit plans, net of tax	3	(9)
Total other comprehensive income	4,487	5,491
Comprehensive income	11,952	6,969
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,633	6,722
Comprehensive income attributable to non-controlling interests	319	246

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended August 31, 2023	For the six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	10,444	3,133
Depreciation	2,280	2,121
Impairment losses	21	4
Amortization of goodwill	30	42
Increase (decrease) in provision for bonuses	225	(146)
Decrease (increase) in retirement benefit asset	(14)	(4)
Increase (decrease) in retirement benefit liability	(10)	(57)
Interest and dividend income	(545)	(712)
Interest expenses	151	133
Loss (gain) on sale of non-current assets	(52)	(4)
Decrease (increase) in trade receivables	(8,600)	(10,394)
Decrease (increase) in inventories	(5,977)	(1,966)
Increase (decrease) in trade payables	1,118	7,184
Loss (gain) on sale of shares of subsidiaries and associates	(1,388)	-
Subsidy income	(1,584)	-
Loss on tax purpose reduction entry of non-current assets	1,583	-
Increase (decrease) in accrued consumption taxes	30	(876)
Other, net	(1,896)	(73)
Subtotal	(4,180)	(1,616)
Interest and dividends received	698	712
Interest paid	(150)	(125)
Income taxes paid	(2,948)	(1,723)
Subsidies received	0	-
Net cash provided by (used in) operating activities	(6,581)	(2,752)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(0)	(1,019)
Purchase of property, plant and equipment	(7,013)	(6,030)
Proceeds from sale of property, plant and equipment	108	7
Purchase of intangible assets	(14)	(23)
Purchase of investment securities	(273)	(4)
Proceeds from sale of investment securities	132	250
Payments for sales of shares of subsidiaries and associates resulting in change in scope of consolidation	(3,120)	-
Purchase of shares of subsidiaries	-	(2)
Loan advances	(421)	(2,351)
Proceeds from collection of loans receivable	417	449
Subsidies received	1,583	-
Other, net	(77)	109
Net cash provided by (used in) investing activities	(8,677)	(8,614)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(258)	3,222
Proceeds from long-term borrowings	11,000	3,500
Repayments of long-term borrowings	(3,335)	(5,629)
Redemption of bonds	(50)	(50)
Dividends paid	(1,231)	(1,327)
Dividends paid to non-controlling interests	(75)	(94)
Other, net	(24)	(42)

Net cash provided by (used in) financing activities	6,024	(421)
Effect of exchange rate change on cash and cash equivalents	1,475	1,619
Net increase (decrease) in cash and cash equivalents	(7,759)	(10,169)
Cash and cash equivalents at beginning of period	46,601	49,597
Increase in cash and cash equivalents from newly consolidated	96	-
Cash and cash equivalents at end of period	38,939	39,428