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Consolidated Financial Results for the Six Months Ended August 31, 2021 [Japanese GAAP]

October 14, 2021

Company name: S Foods Inc.

Stock exchange listing: Tokyo

Code number: 2292

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

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Scheduled date of filing quarterly securities report: October 15, 2021

Scheduled date of commencing dividend payments: October 29, 2021

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended August 31, 2021 (March 01, 2021 to August 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended August 31, 2021	170,277	6.9	8,066	33.8	8,438	36.8	5,594	(10.5)
August 31, 2020	159,280	(8.5)	6,027	28.6	6,166	23.7	6,252	157.7

(Note) Comprehensive income: Six months ended August 31, 2021: ¥ 6,851 million [(1.5)%]
Six months ended August 31, 2020: ¥ 6,958 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended August 31, 2021	Yen 176.98	-
August 31, 2020	197.43	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of August 31, 2021	Million yen 179,154	Million yen 100,291	52.3
February 28, 2021	172,394	94,507	51.0

(Reference) Equity: As of August 31, 2021: ¥ 93,684 million
As of February 28, 2021: ¥ 87,970 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended February 28, 2021	Yen -	Yen 32.00	Yen -	Yen 32.00	Yen 64.00
Fiscal year ending February 28, 2022	-	35.00			
Fiscal year ending February 28, 2022 (Forecast)			-	35.00	70.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2022(March 01, 2021 to February 28, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	340,000	3.8	12,700	0.7	13,000	0.1	8,000	(19.7)	253.09

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended August 31, 2021

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

August 31, 2021: 32,267,721 shares

February 28, 2021: 32,267,721 shares

2) Total number of treasury shares at the end of the period:

August 31, 2021: 652,801 shares

February 28, 2021: 658,707 shares

3) Average number of shares during the period:

Six months ended August 31, 2021: 31,611,178 shares

Six months ended August 31, 2020: 31,670,789 shares

Quarterly Consolidated Financial Statements
 Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28,2021	As of August 31,2021
Assets		
Current assets		
Cash and deposits	40,284	35,287
Notes and accounts receivable - trade	32,754	35,585
Merchandise and finished goods	20,286	27,594
Work in process	1,630	1,744
Raw materials and supplies	3,965	3,971
Other	3,550	4,340
Allowance for doubtful accounts	(61)	(73)
Total current assets	102,409	108,449
Non-current assets		
Property, plant and equipment		
Buildings and structures	55,371	56,222
Accumulated depreciation	(25,795)	(27,048)
Buildings and structures, net	29,575	29,173
Land	15,152	15,252
Other	34,501	35,658
Accumulated depreciation	(23,676)	(24,749)
Other, net	10,825	10,909
Accumulated impairment loss	(3,162)	(3,237)
Total property, plant and equipment	52,391	52,098
Intangible assets		
Goodwill	100	357
Other	537	558
Total intangible assets	637	916
Investments and other assets		
Investment securities	13,220	13,934
Retirement benefit asset	118	130
Other	3,823	3,826
Allowance for doubtful accounts	(206)	(200)
Total investments and other assets	16,955	17,691
Total non-current assets	69,984	70,705
Total assets	172,394	179,154

(Million yen)

	As of February 28,2021	As of August 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,032	28,276
Short-term borrowings	7,825	8,917
Income taxes payable	3,578	2,053
Provision for bonuses	1,023	1,270
Other	12,107	10,660
Total current liabilities	48,568	51,177
Non-current liabilities		
Bonds payable	550	500
Long-term borrowings	24,052	22,625
Provision for retirement benefits for directors (and other officers)	220	164
Retirement benefit liability	1,928	1,948
Other	2,568	2,448
Total non-current liabilities	29,319	27,685
Total liabilities	77,887	78,863
Net assets		
Shareholders' equity		
Share capital	4,298	4,298
Capital surplus	18,723	18,739
Retained earnings	62,805	67,388
Treasury shares	(414)	(410)
Total shareholders' equity	85,412	90,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,826	3,300
Deferred gains or losses on hedges	(3)	16
Foreign currency translation adjustment	(281)	338
Remeasurements of defined benefit plans	15	14
Total accumulated other comprehensive income	2,557	3,669
Non-controlling interests	6,536	6,606
Total net assets	94,507	100,291
Total liabilities and net assets	172,394	179,154

Quarterly Consolidated Statements of Income and Comprehensive Income
 Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended August 31,2020	For the six months ended August 31,2021
Net sales	159,280	170,277
Cost of sales	134,263	142,864
Gross profit	25,016	27,412
Selling, general and administrative expenses	18,988	19,346
Operating profit	6,027	8,066
Non-operating income		
Interest income	37	8
Dividend income	240	293
Rental income from buildings	66	66
Share of profit of entities accounted for using equity method	14	4
Other	240	217
Total non-operating income	599	589
Non-operating expenses		
Interest expenses	135	131
Arrangement fee	106	-
Foreign exchange losses	43	13
Rent cost	53	23
Other	121	50
Total non-operating expenses	460	218
Ordinary profit	6,166	8,438
Extraordinary income		
Gain on sales of non-current assets	4,050	2
Gain on sales of investment securities	12	2
Subsidy income	185	270
Compensation income	3	1
Total extraordinary income	4,252	276
Extraordinary losses		
Loss on disposal of non-current assets	76	185
Impairment loss	43	19
Loss on store closings	10	0
Loss on temporary store closings	216	216
Loss on tax purpose reduction entry of non-current assets	181	-
Other	0	1
Total extraordinary losses	529	424
Profit before income taxes	9,889	8,290
Income taxes	3,460	2,557
Profit	6,428	5,732
Profit attributable to non-controlling interests	176	138
Profit attributable to owners of parent	6,252	5,594

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended August 31,2020	For the six months ended August 31,2021
Profit	6,428	5,732
Other comprehensive income		
Valuation difference on available-for-sale securities	632	481
Deferred gains or losses on hedges	8	19
Foreign currency translation adjustment	(112)	616
Remeasurements of defined benefit plans, net of tax	5	(1)
Share of other comprehensive income of entities accounted for using equity method	(5)	3
Total other comprehensive income	529	1,119
Comprehensive income	6,958	6,851
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,763	6,706
Comprehensive income attributable to non-controlling interests	194	145

Quarterly Consolidated Statements of Cash Flows

	(Million yen)	
	For the six months ended August 31, 2020	For the six months ended August 31, 2021
Cash flows from operating activities		
Profit before income taxes	9,889	8,290
Depreciation	2,512	2,237
Impairment loss	43	19
Amortization of goodwill	118	49
Increase (decrease) in provision for bonuses	182	235
Decrease (increase) in retirement benefit asset	(1)	(13)
Increase (decrease) in retirement benefit liability	8	(7)
Interest and dividend income	(278)	(301)
Interest expenses	135	131
Loss (gain) on sales of non-current assets	(4,049)	(2)
Decrease (increase) in trade receivables	3,986	(2,610)
Decrease (increase) in inventories	(2,480)	(7,317)
Increase (decrease) in trade payables	(6,071)	4,129
Subsidy income	(185)	(270)
Compensation income	(3)	(1)
Increase (decrease) in accrued consumption taxes	140	(919)
Other, net	1,292	(795)
Subtotal	5,240	2,855
Interest and dividends received	288	297
Interest paid	(135)	(131)
Income taxes paid	(2,268)	(3,753)
Subsidies received	0	193
Proceeds from compensation	3	1
Net cash provided by (used in) operating activities	3,128	(536)
Cash flows from investing activities		
Net decrease (increase) in time deposits	(0)	10
Purchase of property, plant and equipment	(3,845)	(1,658)
Proceeds from sales of property, plant and equipment	6,401	7
Purchase of intangible assets	(53)	(101)
Purchase of investment securities	(5)	(4)
Proceeds from sales of investment securities	27	20
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(513)
Loan advances	(1,643)	(666)
Collection of loans receivable	1,390	9
Subsidies received	184	-
Other, net	7	82
Net cash provided by (used in) investing activities	2,463	(2,814)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,321	1,049
Proceeds from long-term borrowings	1,080	200
Repayments of long-term borrowings	(4,210)	(2,256)
Redemption of bonds	(550)	(50)
Purchase of treasury shares of subsidiaries	(17)	-
Dividends paid	(950)	(1,010)
Dividends paid to non-controlling interests	(76)	(75)
Other, net	(49)	(32)
Net cash provided by (used in) financing activities	(2,452)	(2,175)
Effect of exchange rate change on cash and cash equivalents	(7)	442
Net increase (decrease) in cash and cash equivalents	3,132	(5,083)
Cash and cash equivalents at beginning of period	30,189	39,829
Cash and cash equivalents at end of period	33,321	34,745