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Consolidated Financial Results for the Year Ended February 29, 2024 [Japanese GAAP]

April 15, 2024

Company name: S Foods Inc.

Stock exchange listing: Tokyo

Code number: 2292

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

Representative: Shinnosuke Murakami

President and Representative Director

Contact: Kenji Unoki

Corporate Officer Supervising Administration Group

Phone: +81-798(43)1065

Scheduled date of Annual General Meeting of Shareholders: May 24, 2024

Scheduled date of commencing dividend payments: May 27, 2024

Scheduled date of filing annual securities report: May 27, 2024

Availability of supplementary briefing material on annual financial results: No

Schedule of annual financial results briefing session: No

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

1. Consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended February 29, 2024	425,011	6.5	12,673	(13.0)	14,390	(9.2)	9,073	(14.2)
February 28, 2023	399,208	11.3	14,571	(16.4)	15,841	(12.0)	10,570	(11.5)

(Note) Comprehensive income: Fiscal year ended February 29, 2024: ¥ 13,238 million [(2.3) %]
Fiscal year ended February 28, 2023: ¥ 13,545 million [(2.0) %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended February 29, 2024	Yen 286.85	Yen -	% 7.9	% 6.7	% 3.0
February 28, 2023	334.30	-	10.1	8.2	3.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 29, 2024: ¥ 3 million
Fiscal year ended February 28, 2023: ¥ 11 million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of February 29, 2024	Millions of yen 224,240	Millions of yen 126,576	% 53.0	Yen 3,754.80
February 28, 2023	204,778	117,306	53.8	3,481.61

(Reference) Equity: As of February 29, 2024: ¥ 118,372 million
As of February 28, 2023: ¥ 110,092 million

(3) 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 period
Fiscal year ended February 29, 2024	Millions of yen 9,286	Millions of yen (14,799)	Millions of yen 7,335	Millions of yen 49,597
February 28, 2023	13,707	(13,167)	3,139	46,601

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
February 28, 2023	-	39.00	-	39.00	78.00	2,466	23.3	2.4
February 29, 2024	-	42.00	-	42.00	84.00	2,657	30.5	2.3
Fiscal year ending February 28, 2025 (Forecast)	-	44.00	-	45.00	89.00		-	

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

(% indicates changes from the previous corresponding period.)

	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	11,500	(9.3)	12,500	(13.1)	8,000	(11.8)	252.88

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- New - (Company name:)
- Exclusion: - (Company name:)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):
- February 29, 2024: 32,267,721 shares
- February 28, 2023: 32,267,721 shares
- 2) Number of treasury shares at the end of the period:
- February 29, 2024: 632,484 shares
- February 28, 2023: 646,640 shares
- 3) Average number of shares outstanding during the period:
- Fiscal Year ended February 29, 2024: 31,631,164 shares
- Fiscal Year ended February 28, 2023: 31,619,190 shares

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	46,862	49,858
Notes and accounts receivable - trade	35,212	40,216
Merchandise and finished goods	28,304	27,382
Work in process	2,049	9,529
Raw materials and supplies	5,644	4,845
Other	9,778	4,328
Allowance for doubtful accounts	(48)	(46)
Total current assets	127,803	136,114
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,419	61,128
Accumulated depreciation	(29,822)	(31,105)
Buildings and structures, net	30,597	30,023
Machinery, equipment and vehicles	29,757	31,063
Accumulated depreciation	(22,113)	(23,993)
Machinery, equipment and vehicles, net	7,643	7,070
Tools, furniture and fixtures	5,190	5,265
Accumulated depreciation	(4,292)	(4,434)
Tools, furniture and fixtures, net	897	831
Land	14,989	15,814
Leased assets	1,191	1,375
Accumulated depreciation	(1,063)	(1,081)
Leased assets, net	127	294
Construction in progress	8,599	15,007
Other	105	444
Accumulated depreciation	(80)	(321)
Other, net	24	123
Accumulated impairment	(3,796)	(2,796)
Total property, plant and equipment	59,084	66,369
Intangible assets		
Goodwill	197	253
Other	389	306
Total intangible assets	586	559
Investments and other assets		
Investment securities	13,920	16,611
Retirement benefit asset	180	200
Deferred tax assets	1,156	771
Other	2,234	3,805
Allowance for doubtful accounts	(188)	(193)
Total investments and other assets	17,304	21,196
Total non-current assets	76,974	88,125
Total assets	204,778	224,240

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,964	25,803
Short-term borrowings	12,275	7,866
Current portion of long-term borrowings	5,576	9,079
Current portion of bonds payable	100	100
Accounts payable - other	2,951	3,239
Income taxes payable	2,792	1,989
Provision for bonuses	1,083	1,363
Other	3,829	5,439
Total current liabilities	55,572	54,881
Non-current liabilities		
Bonds payable	350	250
Long-term borrowings	26,971	35,516
Deferred tax liabilities	1,630	4,162
Provision for retirement benefits for directors (and other officers)	140	128
Retirement benefit liability	2,035	1,818
Asset retirement obligations	458	431
Other	313	475
Total non-current liabilities	31,899	42,782
Total liabilities	87,472	97,664
Net assets		
Shareholders' equity		
Share capital	4,298	4,298
Capital surplus	18,754	18,792
Retained earnings	80,861	85,994
Treasury shares	(407)	(397)
Total shareholders' equity	103,507	108,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,332	5,155
Deferred gains or losses on hedges	(61)	(70)
Foreign currency translation adjustment	3,362	4,930
Remeasurements of defined benefit plans	(47)	79
Total accumulated other comprehensive income	6,585	10,095
Non-controlling interests	7,213	7,792
Total net assets	117,306	126,576
Total liabilities and net assets	204,778	224,240

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Net sales	399,208	425,011
Cost of sales	346,718	373,134
Gross profit	52,489	51,876
Selling, general and administrative expenses	37,918	39,203
Operating profit	14,571	12,673
Non-operating income		
Interest income	283	411
Dividend income	376	401
Rental income from buildings	208	157
Share of profit of entities accounted for using equity method	11	3
Foreign exchange gains	285	677
Other	589	675
Total non-operating income	1,754	2,328
Non-operating expenses		
Interest expenses	264	282
Arrangement fee	-	110
Rent cost	47	42
Other	172	175
Total non-operating expenses	484	610
Ordinary profit	15,841	14,390
Extraordinary income		
Gain on sale of non-current assets	342	54
Gain on sale of shares of subsidiaries and associates	-	1,184
Gain on sale of investment securities	-	145
Subsidy income	1,013	1,584
Gain on liquidation of subsidiaries and associates	-	33
Total extraordinary income	1,356	3,002
Extraordinary losses		
Loss on disposal of non-current assets	119	48
Impairment losses	209	551
Loss on store closings	2	1
Loss on temporary store closings	39	-
Loss on tax purpose reduction entry of non-current assets	50	1,583
Loss on sale of investment securities	115	4
Loss on valuation of investment securities	161	340
Total extraordinary losses	697	2,529
Profit before income taxes	16,499	14,862
Income taxes - current	5,567	4,154
Income taxes - deferred	(32)	970
Total income taxes	5,534	5,124
Profit	10,965	9,738
Profit attributable to non-controlling interests	395	664
Profit attributable to owners of parent	10,570	9,073

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Profit	10,965	9,738
Other comprehensive income		
Valuation difference on available-for-sale securities	378	1,796
Deferred gains or losses on hedges	(75)	(9)
Foreign currency translation adjustment	2,384	1,568
Remeasurements of defined benefit plans, net of tax	(95)	144
Share of other comprehensive income of entities accounted for using equity method	(11)	-
Total other comprehensive income	2,579	3,500
Comprehensive income	13,545	13,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,156	12,584
Comprehensive income attributable to non-controlling interests	388	654

Consolidated Statements of Changes in Equity

For the fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,298	18,739	72,631	(410)	95,258
Changes during period					
Dividends of surplus			(2,339)		(2,339)
Profit attributable to owners of parent			10,570		10,570
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		14		3	18
Change in scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	14	8,230	3	8,249
Balance at end of period	4,298	18,754	80,861	(407)	103,507

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,956	13	989	38	3,998	6,900	106,157
Changes during period							
Dividends of surplus							(2,339)
Profit attributable to owners of parent							10,570
Purchase of treasury shares							(0)
Disposal of treasury shares							18
Change in scope of consolidation							-
Net changes in items other than shareholders' equity	375	(75)	2,372	(85)	2,586	312	2,899
Total changes during period	375	(75)	2,372	(85)	2,586	312	11,148
Balance at end of period	3,332	(61)	3,362	(47)	6,585	7,213	117,306

For the fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,298	18,754	80,861	(407)	103,507
Changes during period					
Dividends of surplus			(2,561)		(2,561)
Profit attributable to owners of parent			9,073		9,073
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		38		9	48
Change in scope of consolidation			(1,378)		(1,378)
Net changes in items other than shareholders' equity					
Total changes during period	-	38	5,132	9	5,180
Balance at end of period	4,298	18,792	85,994	(397)	108,688

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,332	(61)	3,362	(47)	6,585	7,213	117,306
Changes during period							
Dividends of surplus							(2,561)
Profit attributable to owners of parent							9,073
Purchase of treasury shares							(0)
Disposal of treasury shares							48
Change in scope of consolidation							(1,378)
Net changes in items other than shareholders' equity	1,823	(9)	1,568	127	3,510	578	4,089
Total changes during period	1,823	(9)	1,568	127	3,510	578	9,270
Balance at end of period	5,155	(70)	4,930	79	10,095	7,792	126,576

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	16,499	14,862
Depreciation	4,530	4,800
Impairment losses	209	551
Amortization of goodwill	60	62
Increase (decrease) in provision for bonuses	28	278
Increase (decrease) in allowance for doubtful accounts	(4)	2
Decrease (increase) in retirement benefit asset	(28)	(27)
Increase (decrease) in retirement benefit liability	2	(8)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(33)	(12)
Interest and dividend income	(659)	(813)
Interest expenses	264	282
Loss (gain) on sale of investment securities	115	(140)
Loss (gain) on sale of shares of subsidiaries and associates	-	(1,184)
Loss (gain) on disposal of non-current assets	119	48
Loss (gain) on sale of non-current assets	(342)	(54)
Decrease (increase) in trade receivables	(2,714)	(4,536)
Decrease (increase) in inventories	(4,817)	(6)
Increase (decrease) in trade payables	4,433	(1,226)
Subsidy income	(1,013)	(1,584)
Loss on tax purpose reduction entry of non-current assets	-	1,583
Increase (decrease) in accrued consumption taxes	255	920
Other, net	270	(156)
Subtotal	17,175	13,641
Interest and dividends received	485	974
Interest paid	(267)	(282)
Income taxes paid	(3,973)	(5,046)
Subsidies received	287	0
Net cash provided by (used in) operating activities	13,707	9,286
Cash flows from investing activities		
Net decrease (increase) in time deposits	277	(0)
Purchase of property, plant and equipment	(11,371)	(12,748)
Proceeds from sale of property, plant and equipment	1,320	116
Purchase of intangible assets	(21)	(151)
Purchase of investment securities	(8)	(884)
Proceeds from sale of investment securities	247	289
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(3,120)
Loan advances	(6,242)	(831)
Proceeds from collection of loans receivable	2,568	1,114
Subsidies received	50	1,583
Other, net	12	(167)
Net cash provided by (used in) investing activities	(13,167)	(14,799)

(Millions of yen)

	For the fiscal year ended February 28, 2023	For the fiscal year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,047	(3,965)
Proceeds from long-term borrowings	3,500	20,600
Repayments of long-term borrowings	(4,843)	(6,502)
Redemption of bonds	(100)	(100)
Dividends paid	(2,338)	(2,559)
Dividends paid to non-controlling interests	(75)	(75)
Other, net	(51)	(60)
Net cash provided by (used in) financing activities	3,139	7,335
Effect of exchange rate change on cash and cash equivalents	1,601	1,076
Net increase (decrease) in cash and cash equivalents	5,280	2,899
Cash and cash equivalents at beginning of period	41,321	46,601
Increase in cash and cash equivalents from newly consolidated	-	96
Cash and cash equivalents at end of period	46,601	49,597