

## Introduction of Fall and Winter Products

### ●Kotetchan Beef Motsu-nabe Soup Series ....



#### Kotetchan Beef Motsu-nabe Soup: Soy Sauce-flavored Soup

This product is full of flavor and aroma, using soy sauce made in Kyushu (33% of soy sauce) and authentically brewed soy sauce. It also features seafood flavors such as Makurazaki dried bonito and Rishiri kelp for a rich, savory soup.



#### Kotetchan Beef Motsu-nabe Soup: Miso-Flavored Soup

This product has a rich and full-flavored miso taste from three kinds of miso – rice miso, mugil (barley) miso and reddish-brown miso. It is also made with stock from Rishiri kelp, sesame paste and sake lees as a secret ingredient to create a distinctive aromatic, rich and savory soup.



#### Kotetchan Beef Motsu-nabe Soup: Salty Taste Soup

This product uses four types of meat extracts such as beef extract from oxtail to create a rich and tasty soup. It also features a distinct aroma and spiciness by using black pepper with grains in different sizes.

### ●Shitagoshirae (Easy-to-Prepare) Series.....



#### Kotetchan Beef White Motsu

This product features beef motsu (giblets) that have been carefully prepared with a unique manufacturing process and seasoned with a Japanese-style broth of Rishiri kelp and Makurazaki dried bonito.



#### Stringy Beef (With Seasoning)

This product features stringy beef (membranes) that have been carefully prepared with a unique manufacturing process and seasoned with a Japanese-style broth of Rishiri kelp and Makurazaki dried bonito.

### Microwave Cooking Series .....

This line of products comes in a microwave-safe container, eliminating the need for pots or dishes. The dishes can be served just by heating them in the microwave.



#### Kotetchan Beef Motsu Stew

This product features beef motsu (giblets), konnyaku and carrots prepared in a rich and thick miso sauce.



#### Beef Tongue Stew

This product features beef tongue, potatoes and carrots prepared in a demi-glace sauce using madeira wine (prepared product) and sweet fruit liquor to create a stew with rich and deep flavor.



#### Stringy Beef Stew

This product features stringy beef (membranes), konnyaku and vegetables given a sweet and salty flavor using authentically brewed soy sauce.

## Company Profile

**Company Name:** S Foods Inc.  
(Listing exchange: 1st section of TokyoStock Exchange, Securities code 2292)

**Founding:** May 22,1967

**Representative:** Shinnosuke Murakami, President

**Capital:** 4,298,350,000 yen

**Businesses:** Wholesale meat business, products business,  
(Groups) retail & food service business

## Investor Information

- **Business year:** March 1 to the last day of February of the next year
- **Date of record for distribution of year-end dividends:** Last day of February
- **Date of record for distribution of interim dividends:** August 31
- **Ordinary general meeting of shareholders:** May of every year
- **Administrator of shareholder list/  
Management institution of special account:**  
Sumitomo Mitsui Trust Bank, Limited  
1-4-1 Marunouchi, Chiyoda-ku, Tokyo
- **Administrator of shareholder list  
Handling office:** Sumitomo Mitsui Trust Bank, Limited,  
Stock Transfer Agency Business Planning Dept.  
4-5-33 Kitahama, Chuo-ku, Osaka
- Mail:** Sumitomo Mitsui Trust Bank, Limited,  
Stock Transfer Agency Business Planning Dept.  
2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Japan
- Phone:** ☎0120-782-031 (toll free)
- Website:** <http://www.smbt.jp/personal/agency/index.html>

(Notes)

[ Inquiries relating to procedure for changes to shareholder's address, etc. ]  
Shareholders who hold an account with a securities company are requested to contact their securities company, since Sumitomo Mitsui Trust Bank, Limited is not able to handle this procedure. Those who do not hold an account with a securities company should contact the administrator at the above phone number.

[ Dividends receivable ]

- Please contact Sumitomo Mitsui Trust Bank, Limited, the administrator of the shareholder list.
- **Shares per sales Unit:** 100

[ Change in Management institution of special account ]

As of May 25, 2016, we changed the management institution of special account from Mitsubishi UFJ Trust and Banking Corporation to Sumitomo Mitsui Trust Bank, Limited.



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<http://www.sfoods.co.jp/english/>



# SFoods News

Interim Annual Report for  
the period ended August 31, 2016

March 1, 2016 to August 31, 2016



## Report on the Sales Process and Performance of Our Business Group

Shinnosuke Murakami  
President

### Our Management Environment

In the first six-month period of the fiscal year ending February 2017, the Japanese economy suffered a sudden appreciation of the yen and decline in stock prices due to concerns over Britain's exit from the European Union, but conditions eventually recovered and in the latter half, the economy stabilized despite being bearish. The Japanese meat industry continues to face an environment with an unstable outlook, affected by external factors such as the global rise in farm product prices and the appreciation of the yen. Under such conditions, the S Foods Group further promoted its ongoing efforts for the vertical integration of its meat business from meat production to retail sales and food services, with the aim of stabilizing its management and achieving business growth.

### General Sales Situation

In the food processing and meat wholesale businesses, we focused our efforts on stabilizing new businesses in the upstream segment, given signs of tightening in global food resources. In Japan, Hidaka Shokuniku Center, where pork is produced and processed, began operations in Hokkaido in May 2015. Furthermore, in the United States, we added AURORA PACKING COMPANY, INC., which produces and processes beef in Illinois, to our group in December 2015, and we promoted sales in both locations. In the products business, we worked to increase sales of "Kotetchan" through proactive sales activities, while working to reorganize our ham and sausage business centered on Foodlier Co. Through such efforts, we worked to achieve synergistic effects from product sales throughout the group, with mutual cooperation among group companies to promote sales and expand customers. In the meat retail business, we strengthened our efforts on proposal-type sales approaches for events, restructuring of layouts, review of work processes and controlling



Hidaka Shokuniku Center



AURORA PACKING COMPANY



Kotetchan Cooking Example  
"Kotetchan Spicy Porridge"

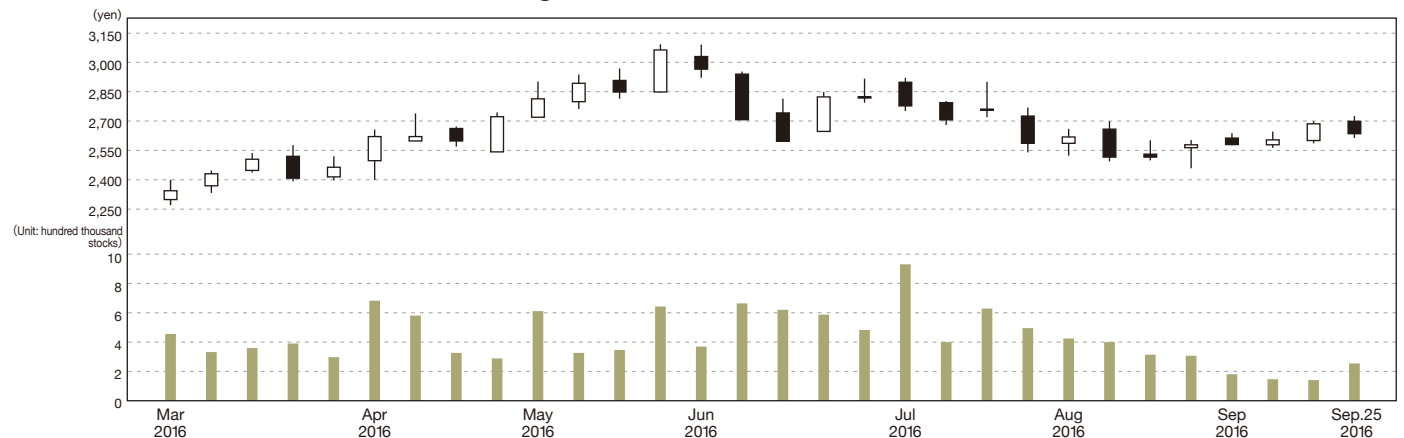
shifts for appropriate staffing. Furthermore, we promoted measures such as renovating existing stores, closing unprofitable stores, working on building new stores with new developers and opening new stores in new lines of business. In the meat food service business, we implemented measures to improve the competitiveness of our steak restaurant chains and Korean-style barbecue and shabu-shabu restaurant chains, while also closing unprofitable stores.

### Business Performance

As a result of adding AURORA PACKING COMPANY, INC. to our group and having the volume of products grow due to proactive sales efforts, S Foods Inc. reported its consolidated business performance for the first six months of the year ending February 28, 2017 as follows: net sales of 138,452 million yen (up 15.2% year-on-year), operating income of 4,712 million yen (up 19.0% year-on-year), ordinary income of 4,851 million yen (up 15.0% year-on-year) and net income attributable to owners of the parent of 2,711 million yen (up 22.6% year-on-year). Our business performance by segment is shown below. Net sales represent sales to external customers and segment profit is adjusted with operating income in the consolidated quarterly statements of income.

- (1) Food processing and wholesale meat businesses  
We reported segment profit of 4,247 million yen (up 20.9% year-on-year) on net sales of 122,769 million yen (up 17.8% year-on-year).
- (2) Meat retail business  
We reported segment profit of 696 million yen (up 9.2% year-on-year) on net sales of 11,188 million yen (up 2.1% year-on-year).
- (3) Meat food service business  
We reported segment profit of 281 million yen (up 1.3% year-on-year) on net sales of 3,806 million yen (down 7.9% year-on-year).
- (4) Other  
We reported segment profit of 68 million yen (down 14.6% year-on-year) on net sales of 687 million yen (down 21.4% year-on-year).

### Trends in Share Values and Trading Volumes



※TSE weekly chart

## Business Results and Financial Position

### Consolidated

Unit: Million yen

Term	The second quarter FY Aug. 2015	The second quarter FY Aug. 2016	FY Feb. 2016	FY Feb. 2017 projected
Sales	120,175	138,452	242,566	300,000
Income from operations	3,959	4,712	8,428	9,600
Pre-tax earnings	4,219	4,851	8,795	10,000
Net income attributable to owners of the parent	2,211	2,711	5,086	5,400
Total assets	113,453	126,050	114,330	—
Shareholder's equity	52,859	58,705	54,844	—

### Dividends

(yen)

	FY Feb. 2014	FY Feb. 2015	FY Feb. 2016	FY Feb. 2017
Annual dividend per share	26	28	32	35*
(Interim dividend)	(13)	(14)	(16)	(17)
(Year-end dividend)	(13)	(14)	(16)	(18)*

Note: Figures with \* are projections.

### Share

Total shares authorized : 120,000,000  
Total shares of common stock issued : 32,267,721  
Shareholders : 4,093