

## Information

### Introduction of Spring and Summer Products



#### New Line-up in 3 Flavors



Rich Miso Flavor    Garlic Salt Taste    Rich Soy Sauce Taste

From the previous version that offered uses for yakiniku (grilled meat) and vegetable stir-fry, the series has been revived to create three distinctly different flavors – “Rich Miso Flavor”, “Rich Soy Sauce Taste” and “Garlic Salt Taste”.



#### Kotetchan Rich Miso Flavor

Renewal

The key to Kotetchan's deliciousness is its addictive richness and flavor. The product features a rich sauce made with combined miso that mixes three types of miso and roasted garlic.



#### Kotetchan Rich Soy Sauce Taste

New Product

This soy-sauce flavored Kotetchan has a rich taste that goes well with rice. It features a deep flavor created from authentically brewed soy sauce and charred soy sauce. By using roasted garlic, the taste is made rich and flavorful. A vegetable stir-fry can be prepared just by cooking the product with vegetables such as onions.



#### Kotetchan Garlic Salt Taste

A delicious taste has been created with a sauce using roasted garlic that is light, yet rich and savory, combined with two types of pepper. The key to its deliciousness is its addictive richness and flavor.

### Shareholder Special Benefit Plan

S foods will offer a special benefits plan to its shareholders.

#### Plan details

For shareholders registered in the shareholder's list as the end of February each year

- ◎ Shareholders with 2,000 or more shares  
Domestic beef or domestic pork worth 10,000 yen
- ◎ Shareholders with between 500 and 1,999 shares  
S Foods' product worth 3,000 yen

※ The domestic beef (pork) and S Foods' product mentioned above will be sent to each shareholder in November (planned).

Special sale to the shareholders as of the end of February and the end of August, respectively

- ◎ Shareholders with 100 or more shares  
Special discounts on S Foods Group's original products

※ A catalog of products will be sent to each eligible shareholder in June and November (planned).

**Domestic beef (wagyu)** Our specially selected domestic beef will be cut for shabu-shabu or steak as specified by each eligible shareholder before being sent.



Shabu-shabu



Steak

※ Photos above are for illustrative purposes only. Vegetables, plates and utensils in the photos are not included in the gifts.

### 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, retail & food service business (Groups)

### 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.smtb.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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# SFoods News

Report for the fiscal year ended February 28, 2017

March 1, 2016 to February 28, 2017



Shinnosuke Murakami  
President

## Business Overview Report

During the fiscal year, the Japanese economy was characterized by an unclear outlook despite appearing to be on a recovery path overall, due to changes in the global environment such as uncertainties over political conditions in the United States and Europe, as well as the weakening of the Chinese economy. The Japanese meat industry continues to face tough conditions from a prolonged weakening in consumers' willingness to spend, long-term tightening in food resources and rising competition in sales. Given such circumstances, the S Foods Group is pressing ahead with expanding and strengthening its business as it tries to promote its basic strategy of the meat business' vertical integration, working to make it more stable and sound. In the food processing and meat wholesale businesses, the company focused particularly on the upstream segment. In the fiscal year, we worked on stabilizing operations and expanding Hidaka Shokuniku Center, which produces and processes pork in Hokkaido, and AURORA PACKING COMPANY, INC., which produces and processes beef in the United States, and which was added to our group last fiscal year. Furthermore, we added Naigai Shokuhin Co., Ltd., which operates a chicken meat business, to our group last August. As a result, the S Foods Group has become involved with the production of beef, pork and chicken, which make up the most of edible meat in Japan. In the products business, we worked to strengthen the sales base for stable items such as “Kotetchan” and “Kotetchan Beef Motsu-nabe Soup”, reorganize our ham and sausage business centered on Foodlier Co., Ltd. and develop and promote sales ↘

of new products under the cooperative structure of each of our group companies. In the meat retail business, we continued to revitalize existing stores, launch new stores, work on new types of stores, and close unprofitable stores. Furthermore, we were able to make more effective offers by having all stores take part in proposal-type sales shown at various events and share information with one another.



Kotetchan Rich Miso Flavor  
(Cooking Example)

In the meat food service business, we have been implementing measures to improve competitiveness for our Korean-style barbecue and shabu-shabu restaurant chains and steak restaurant chains by reviewing menus and prices, and renovating locations while closing unprofitable locations.

As a result, we reported increases in both net sales and profits in the fiscal year ended February 28, 2017, with net sales of 281,233 million yen (up 15.9% year-on-year), operating income of 10,555 million yen (up 25.2% year-on-year), ordinary income of 10,843 million yen (up 23.3% year-on-year) and net income attributable to owners of the parent of 6,499 million yen (up 27.8% year-on-year).

## Business Outlook

As conditions for international trade become uncertain with factors such as the global rise of trade protectionism, forecasting the outlook for the Japanese economy is becoming very difficult. Under such circumstances, our company will mainly work to stabilize the management base of existing domestic businesses while developing the growth strategies for our new businesses both in Japan and abroad.

In the food processing and meat wholesale businesses, we will work to further strengthen our upstream segment. As global competition for resources grows, we feel it is our responsibility as an all-round meat company to secure reliable sources for meat supply, and we will continue to work proactively to enhance our procurement network in Japan and abroad. For products that our company has developed on our own, we will improve their distinctiveness and appeal by nurturing them into brands with high product value. Furthermore, to strengthen our sales abilities in the Tokyo metropolitan area, we will build a base in Funabashi City, Chiba Prefecture that integrates our production, wholesale and distribution functions.

In the products business, we will work to improve our sales ability with a marketing strategy that takes advantage of the "Kotetchan" series' popularity. We will



penetrate sales channels that had not been sought after in the past, by making the most of each group company's strengths and promoting cooperation among group companies by overcoming barriers. Given the increase in companies within the group that operate businesses that process products, we will respond to the rising demand for safe and secure food from customers and society by building a group-wide system for quality assurance and strengthening our system for food defense.

In the meat retail and food service businesses, we have identified meat retail stores that operate as tenants as our main business, and we are aiming to become the largest meat retail store group in Japan. Furthermore, as an extension of this, we have made our policy clear that our food service business is also an area that we will strengthen in the future to meet customers' needs, and we will similarly work to expand into businesses that are expected to have synergistic effects for our meat-related businesses.



Outback Steakhouse, Umeda  
©Nacasa & Partners

Regarding the improvement of group management, we will move forward to build a unified management system that integrates the group, given that the range of our business is growing and that the relative importance of our overseas business is becoming higher. Furthermore, to strengthen the abilities of our employees in line with the growth of the company, we will work to raise the overall standard of our employees through training based on hierarchy and training for the entire company.

In the year ending February 28, 2018, we forecast to achieve net sales of 310,000 million yen (up 10.2% year-on-year), operating income of 11,500 million yen (up 9.0% year-on-year), ordinary income of 12,000 million yen (up 10.7% year-on-year), and net

income attributable to owners of the parent of 7,000 million yen (up 7.7% year-on-year).

## Mid- to Long-Term Management Strategy

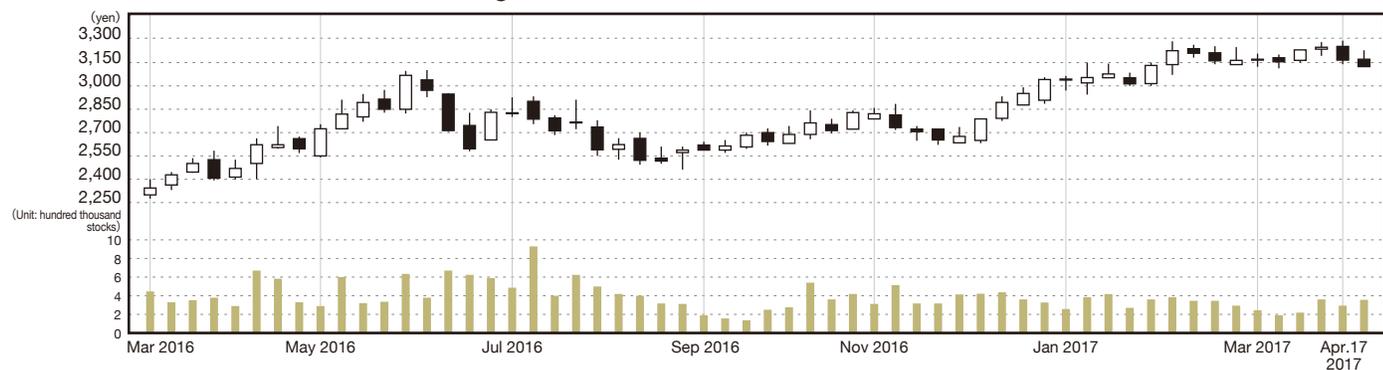
Based on its management philosophy, the S Foods Group aims to become a multifaceted meat vendor group and continue focusing on the establishment of a stable food supply system, mainly for meats. Specifically, we will create an integrated intra-group food supply chain that covers upstream to downstream of the meat distribution channel -- everything from production to procurement and processing to distribution, along with retail sales and services for end-consumers. Furthermore, we will upgrade our meat distribution functions overseas as well as in Japan to increase our capability to cope with changes in social conditions.

### Business Results and Financial Position (Consolidated)

Term	FY Feb.2015 (49th term)	FY Feb.2016 (50th term)	FY Feb.2017 (51st term)	FY Feb.2018 (52nd term) projected
Sales	214,103	242,566	281,233	310,000
Income form operations	8,230	8,428	10,555	11,500
Pre-tax earnings	8,601	8,795	10,843	12,000
Net income attributable to owners of the parent	4,343	5,086	6,499	7,000
Total assets	98,755	114,330	134,271	
Shareholder's equity	49,768	54,844	64,524	
Dividend per share	28yen	32yen	35yen	38yen

Unit : Million yen (excl. dividends)

## ● Trends in Share Values and Trading Volumes



※TSE weekly chart