

## Information

### Announcement of the new products

#### Kotetchan Beef Motsu Stir-Fly series

You can make a dinner dish loaded with vegetables in five minutes by just stir-frying the product and various vegetables together.



Kotetchan Beef Motsu Stir-Fry with rich soy sauce taste



Kotetchan Beef Motsu Stir-Fry with rich miso flavor



Kotetchan Beef Motsu Stir-Fry with salty taste

You can also make horumon yakisoba (fried noodles with the internal organs of cow) by cooking the product together with noodles!

#### New Sale

#### Asian Rice Dish Taco Rice

To the popular series of Asian rice dishes now on sale, "Taco Rice" which is popular in Okinawa has been added since this spring!



### 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, (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:** 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 refer to the note below [Special account].

#### [Special account]

We have opened an account ("special account") at Mitsubishi UFJ Trust and Banking Corporation for shareholders who did not use Japan Securities Depository Center, Inc. (JASDEC) before the digitization of share certificates. Please note that the contact details for inquiries and the address for reporting changes to shareholder's address, etc. relating to the special account are different to those of the administrator of the shareholder list.

#### <Contact details relating to special account>

(Special account managing institution) Mitsubishi UFJ Trust and Banking Corporation,  
Osaka Corporate Agency Division  
(Mail) 3-6-3 Fushimimachi, Chuo-ku, Osaka 541-8502 Japan  
(Phone) ☎0120-094-777 (toll free)

#### [Dividends receivable]

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



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Phone: +81-798-43-1065

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



# SFoods News

Report for the fiscal year ended February 28, 2014

March 1, 2014 to February 28, 2015



Shinnosuke Murakami  
President

## Business Overview

In the current fiscal year, the Japanese economy gradually recovered because large enterprises in particular raised the wage base for their employees, although consumer sentiment remained weak at the beginning of the period due to the consumption tax rate hike in April 2014. Furthermore, because the Nikkei Stock Average maintained an upward trend over the past year, business performance, in general, looked strong. However, households continued to face hard times since raw material prices increased due to the continued depreciation of the yen and economic growth in emerging countries, causing price increases for many daily necessities. Meanwhile, the Japanese meat industry, as a whole, struggled to maintain profitability because of rising raw material prices. In these circumstances, the S Foods Group promoted vertical integration of its meat business from production to retail sales to food services, a less common business model in the Japanese meat industry, with the aim of strengthening its business structure and achieving stable growth.

In the Meat Production businesses, following the previous year's efforts, we tried to strengthen and expand our production facilities, the most upstream segment of the Group's meat business. In the Meat Wholesale business, we endeavored to increase our market share in sales of both domestic and imported meats. Meanwhile, we steadily expanded exports of Japanese beef in both the number of countries and volume. As an example, we began exporting Kobe-gyu (Kobe beef) to the European Union (EU) in July 2014.



Kobe beef

In the Food Processing business, Foodlier Co., Ltd. (formerly known as Glico Ham Co., Ltd.) joined the S Foods Group in January 2014, enhancing our business potential. We saw mutual cooperation between processing and sales departments in the Group companies gradually start paying off.



Logo mark of Foodlier

In the Meat Retail business, we enhanced cooperation with existing developers, closed unprofitable stores, improved employees' education and operations, and strengthened a proposal-type sales approach for events. In the Meat Food Service business, we implemented measures to increase the competitiveness of both our Korean-style barbecue and shabu-shabu restaurant chains and our steak restaurant chain.

Consequently, we reported increases in both net sales and profits in the fiscal year ended February 28, 2015, with net sales of 214,103 million yen (up 26.5% year-on-year), operating income of 8,230 million yen (up 44.8% year-on-year), ordinary income of 8,601 million yen (up 40.4% year-on-year), and net income of 4,343 million yen (up 31.1% year-on-year).

## Business outlook

Because some economic forecasts say that the economy is moderately recovering, we expect the Japanese economy to continue gaining strength for the time being along with increasing consumer confidence, unless there is an unforeseen change in business conditions. However, the Japanese meat industry will likely be forced to fight an uphill battle—how to avoid deteriorating profitability caused by rising raw material prices. In such an environment, the S Foods Group will proactively develop its business to increase market share and secure earnings.

In the Food Processing and Meat Wholesale businesses, we will upgrade the meat production facilities for Japanese meats, the most upstream segment of the Group's meat business, and implement measures to boost sales, which are tailored to regions and brands. In May 2015, we also plan to begin operation of the Hidaka Meat Center, a pork meat processing plant, in Niikappu-cho, Hokkaido. Meanwhile, with regard to the imported meat business, we will try to increase our market share by strengthening our international

procurement network and establishing a mechanism for a stable supply of goods. In overseas business, although the number of countries where we export Japanese beef has been growing year by year, competition has intensified correspondingly. We will implement our sales strategy using our advantages of expanding sales in existing markets and cultivating demand in new markets.



Newly built Hidaka Meat Center

In the Food Processing business, the integration of Foodlier Co., Ltd. into the S Foods Group the previous year broadened the Group's business potential. We will strive to increase market share and improve profitability by strengthening cooperation among the Group's meat processing companies and expanding production capacities. In addition, to meet the rise in the level of food safety expected by consumers, we will upgrade our food safety measures and ensure that all parties comply with our food safety rules.

In the Meat Retail business, we will continue revitalizing existing stores; deepening cooperation with new developers; getting newly opened stores off the ground; and further closing money-losing stores. We will also work with the Group's meat processing division to develop competitive private brand products with the aim of expanding and strengthening our product lineups. In the Delicatessen business, we will revamp the business structure to generate profit by improving and eliminating items and invigorating existing stores. In the Meat Food Service business, we will steadily operate our steak restaurant, Korean-style barbecue, and shabu-shabu restaurant chains by continuously emphasizing profitability while maintaining their competitiveness.

Regarding the improvement of group management, we will create an efficient control system that can cope with the expansion of the S Foods Group, since the number of group companies including those overseas has grown, leading to an increased number of joint projects within the group. In addition, since we need to develop human resources on a

long-term basis to support the growth of these projects, we will carry out a major overhaul of our employee education system. In the year ending February 28, 2016, we forecast to achieve net sales of 230,000 million yen (up 7.4% year-on-year), operating income of 8,500 million yen (up 3.3% year-on-year), ordinary income of 8,800 million yen (up 2.3% year-on-year), and net income of 5,000 million yen (up 15.1% year-on-year).

## Mid-and Long-Term Management Strategies

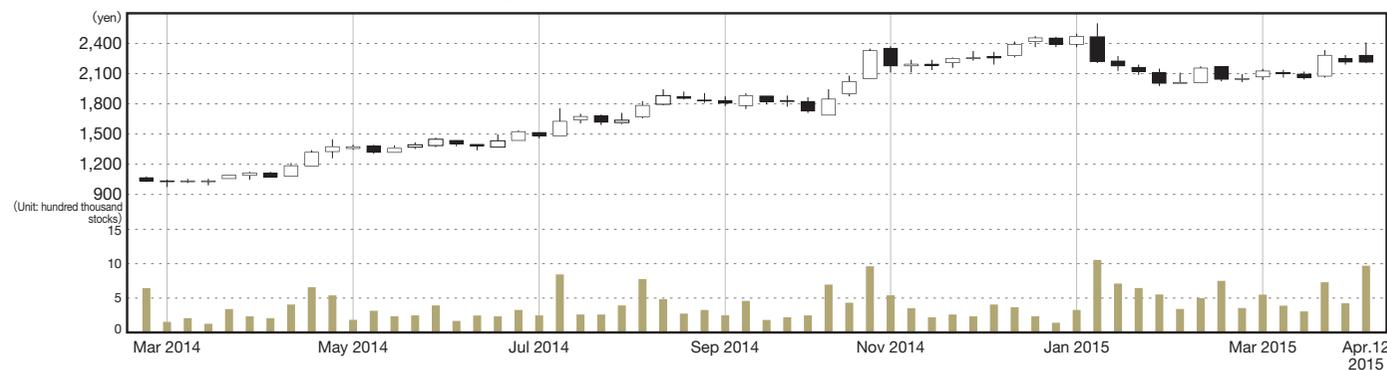
Based on its management philosophy, the S Foods Group aims to become a multifaceted meat vendor group and continue focusing on establishment of a stable food supply system, mainly for meats. Specifically, we will create an integrated intra-group food supply chain that covers upstream to downstream of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

## Business Results and Financial Position (Consolidated)

Term Item	FY Feb.2013 (47 th term)	FY Feb.2014 (48 th term)	FY Feb.2015 (49 th term)	FY Feb.2016 (50 th term) projected
Sales	148,097	169,253	214,103	230,000
Income from operations	5,166	5,683	8,230	8,500
Pre-tax earnings	5,593	6,127	8,601	8,800
Net income	2,507	3,313	4,343	5,000
Total assets	72,224	85,643	98,755	
Shareholder's equity	40,631	43,533	49,768	
Dividend per share	24yen	26yen	28yen	32yen

Unit : Million yen (excl. dividends)

## Trends in Share Values and Trading Volumes



※TSE weekly chart