

## Information

### Seasonable Products for Spring and Summer



Renewal

**Kotetchan,  
Rich Miso  
Flavor**



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

Renewal

**Kotetchan,  
Tasty Hot  
Cochijian  
Flavor**



Using "Cochijian", Korean hot pepper paste, which feature its richness and juiciness, we finish it with garlic and sesame oil to add richness.

Newly launched

**Kotetchan,  
Garlic Soy Sauce  
Flavor**



Using garlic paste and roasted garlic, we create rich flavor which increases your appetite. It also goes well with sauteed vegetables.

Newly launched

**Okazu Raku-Sai  
Series**

This series of products is cooking sauce with prepared meat. You can prepare dishes just by stirring in a pan or by heating in a microwave.



### Shareholder Special Benefit Plan

#### 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)



Shabu-shabu or Sukiyaki



Steak

#### Domestic pork (Yume-no-Daichi)

※ 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:** <https://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.



# SFoods News

Report for the fiscal year ended February 29, 2020

March 1, 2019 to February 29, 2020



**Shinnosuke Murakami**  
President

### Business Overview Report

During the current fiscal year, Japanese economy has been strong with solid corporate results and healthy job market in the face of the unstable overseas situation such as the prolonged US-China trade war and the volatile Middle East. Personal spending, which was on recovery

track in the first half, slowed in the latter half due to the consumption tax hike in October. The outbreak of Covid-19 infection which occurred at the end of the fiscal year is expected to have a huge effect on Japanese economy. In the meat industry, cost increase in logistic and personnel has put pressure on their performance. Furthermore, possible change in its consumption structure caused by Covid-19 pandemic will likely to require them to address it successfully. Under these circumstances, the S Foods group has been promoting the vertical integration where we integrally engage in meat-related business from breeding of animal to retailing and foodservice to strengthen the stable development of our business as our basic business strategy.

In the meat manufacturing and wholesale business, we focused on the upstream segment, which is animal production and procurement. As for beef, we worked to strengthen the management basis of the US high-class beef brand "Aurora Beef".



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↳ We also put forth an effort to build up buying power of domestic branded beef. As for pork, we endeavored to increase the number of pigs bred and shipped from Hokkaido under the brand of "Yume-no-Daichi".



As for poultry, we reorganized facilities in the Kanto area to improve efficiency and profitability in our business. In the manufacturing business, as well as improving appeal of our products by renewing regular products such as "kotetchan" and "kotetchan beef motsu-nabe" and by launching seasonal new products, we enhanced our system which enables us to satisfy requirements for future demand increase and advanced manufacturing technology.

In the meat retail business, by accelerating integration of departments and distribution centers in the delicatessen section and the meat section we conducted our business swiftly utilizing its advantage of scale. On top of that, with measures such as revitalization of existing stores and closure of unprofitable stores, we worked on opening new stores at new developers and creating new category stores. Furthermore, aiming to improve competitive edge, human resource development measures were executed including maintaining of Meat Meister system to acknowledge employees with extensive expertise, improving education system for part-time staff and streamlining work operation. As for proposition-based sales at various promotion events, we worked to realize more effective proposition through participation of all stores and sharing of mutual information.

In the meat foodservice business, a large joint outlet of both the yakiniku & shabushabu chain and the steak restaurant chain played a leading role in the sector. Measures to bolster its competitive edge such as revision of menus and prices and store renovations were carried out. Also, some unprofitable stores were closed in the yakiniku & shabu-shabu chain.

As a result, consolidated net sales for the current fiscal year was 351,917 million yen (up 3.9% year on year). As for profits, despite the increase of sales because of rise in costs on goods sold and higher sales and administrative costs including distribution cost, operating income was 10,703 million yen (down 2.5% year on year), ordinary income was 11,082 million yen (up 9.4% year on year) and net income attributable to owners of the parent was 6,511 million yen (down 9.4% year on year).



Newly built Tokyo Branch

## Business Outlook

Covid-19 pandemic started in China has wreaked havoc all over the world; it also has caused extensive damage on Japanese politics and economics including the one-year postponement of Olympic Games. In the meat industry, fundamental countermeasures against

this long lasting and unprecedented disaster are required. Under these circumstances, we are resolved to contribute to the development of the meat industry by recognizing our duty as a food company and by

providing stable food related services as well as maintaining our business steadily.



Monbeef (Australia)

In the meat manufacturing and wholesale business, for the sake of stable supply of the materials, we will further expand our upstream business, meat production and procurement businesses. The meat procurement business which we engage in Japan, North America and Oceania will be reinforced even more as a long-term strategy. In the domestic business, along with acquiring new customers, we will review our approach to existing customers to increase our market share. With regard to the overseas sales, we will look closely into the changing environment and try to penetrate in each country's market.

In the product business, we will work to develop and promote the products which keenly respond to the market trend. In recent years, increase of dual-income families is causing the shift in demand from food materials to processed products and individually prepared products. Heightened concern over waste loss issues is increasing demands for products with a longer shelf life. We are working to strengthen our system in order to swiftly launch products which cater to changing customer needs.

In the meat retail business, while continuing revitalization of existing stores and closing of unprofitable stores, we will build up effort to open new stores with new developers and cultivate new business categories. We also plan to accelerate the merger of meat retailing and delicatessen retailing to improve efficiency with economics of scale.

In the meat foodservice business, understanding that foodservice is most susceptible to Covid-19 in our businesses, we will thoroughly carry out hygiene measures to make sure that customers' security is secured. We will also continue to manage our business in line with a stable profitability-centered policy.

As for the improvement of group management, allowing each subsidiary to manage itself independently, we aim to achieve balanced development across the group by pursuing cross-sectorial management for

company-wide challenges such as societal requirements regarding food safety.

It is expected that severe economic environment would remain in the coming year because of persisting Covid-19 pandemic. Therefore, for the year ending February 28, 2021 we forecast to achieve net sales of 330,000 million yen (down 6.2% year-on-year), operating income of 8,000 million yen (down 25.3% year-on-year), ordinary income of 8,200 million yen (down 26.0% year-on-year) and net income attributable to owners of the parent of 7,200 million yen (down 10.6% year-on-year).

## Mid- to Long-Term Management Strategy

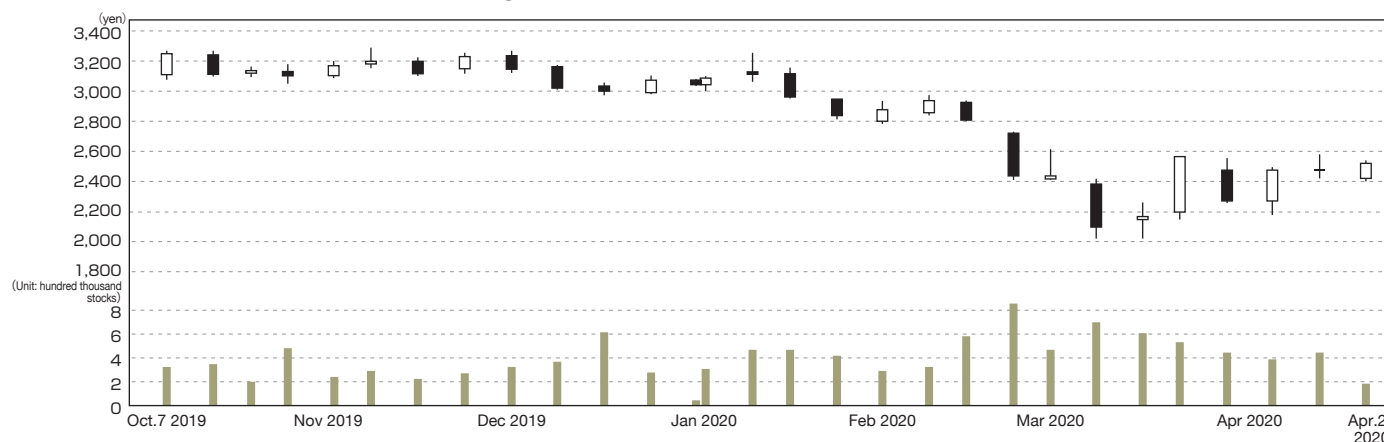
Based on its management philosophy, the S Foods Group aims to become a multifaceted meat vendor group and continue focusing on the establishment of a stable food supply system, mainly for meats. Specifically, we will create an integrated intra-group food supply chain that covers upstream to downstream 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)

Item \ Term	FY Feb.2018 (52nd term)	FY Feb.2019 (53rd term)	FY Feb.2020 (54th term)	FY Feb.2021 (55th term) projected
Sales	316,411	338,781	351,972	330,000
Income from operations	10,959	10,973	10,703	8,000
Pre-tax earnings	11,482	11,344	11,085	8,200
Net income attributable to owners of the parent	7,760	7,185	6,511	7,200
Total assets	156,649	165,062	171,071	
Shareholder's equity	86,552	86,028	86,348	
Dividend per share	43yen	56yen	60yen	64yen

Unit : Million yen (excl. dividends)

## Trends in Share Values and Trading Volumes



※TSE weekly chart