

Information

Seasonable Products for Spring and Summer

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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, Garlic Salt Flavor

The feature of the product is deep richness with roasted garlic and grated garlic. By adding pepper, we have made spicy delicious flavor.



Newly launched

Kotetchan, Juicy Spiced Flavor

Using "Korean hot pepper paste" which feature is its richness and juiciness, we finish it with garlic and sesame oil to add richness. Its rich hot taste is perfect fit for a main dish, as well as for a snack with beer.



Newly launched

Kotetchan, Stir-fried Beef Offal Meat

Seasoned beef offal meat and cooking source are separately included in the package. Each flavor of black source, white source and red source is perfect fit for vegetable as well as for beef offal meat.



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.



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



SFoods News

Report for the fiscal year ended February 28, 2019

March 1, 2018 to February 28, 2019



Shinnosuke Murakami
President

Business Overview Report

During the fiscal year, the Japanese economy in the first half was on the recovery track supported by healthy corporate performance and solid personal spending, but in the latter half it began to decline because of sluggish economic activity due to natural disasters and slowing trade caused by trade friction. In the Japanese meat industry, rising material and transportation costs as well as tighter labor shortages made a situation for businesses even severer.

Given such circumstances, the S Foods Group is promoting vertical integration as its business strategy, where it integrates meat related businesses, starting with the breeding of animals for retailing and food services, in order to achieve a steady development of our group businesses. ↘



Yume-no-Daichi

➤ In the food processing and meat wholesale businesses, we focused on the upstream segment of breeding, fattening of animals and procurement of meat. We established the breeding and fattening capabilities for Japan's three major meat categories of beef, pork and chicken to penetrate into the market. Especially, "Yume-no-Daichi", Hokkaido pork brand, and "Aurora Beef", a US high quality beef brand, are the products we are working on to promote strongly across the group, by which we succeeded in improving efficiency and reducing costs. We also developed processed food products using these brand meat. In the products business, we relaunched our basic items such as "Kotetchan" and "Kotetchan beef Motsu-Nabe" to encourage sales. We improved and expanded our manufacturing facilities to establish the system that satisfies customers' increasing demands.



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In the meat retailing business, we realized economy of scale by merging delicatessen section and meat section as well as streamlined decision making process. We implemented measures such as refurbishing existing stores, closing unprofitable stores, opening new stores at new developer's facilities and starting new business category stores. We also tried proposal-based sales at promotional events in stores across the company where we share information mutually and establish more effective approaches. We worked on human development measures including establishing Meat Meister certification system to nourish skilled employees, enhancing employee education system and improving operation process.

In the meat food service business, we opened large-scale outlets in a joint project between our yakiniku, shabu-shabu restaurant chain and steak restaurant chain. We also conducted measures to boost competitive edge such as revising menus and prices, refurbishing stores. Also, unprofitable stores in the yakiniku, shabu-shabu restaurant chain were closed.

As a result, for the year ended February 28, 2019, net sales amounted to 338,781 million yen (up 7.1% year on year), with operating income of 10,973 million yen (up 0.1% year on year), ordinary income of 11,344 million yen (down 1.2% year on year) and net income attributable to owners of the parent of 7,185 million yen (down 7.4% year on year).

Business Outlook

In the food processing and meat wholesale businesses, we will continue to expand the most upstream segment of our businesses: production and procurement of meat. Economic growth of emerging countries, especially in Asia, and climate change have made the food procurement situation even harder. As an all-round meat company, we consider securing stable food supply capability a crucial task through enhancing not only domestic but also global purchasing power. We will also beef up sales activity in overseas retail and food service markets that have potential for substantial growth. A new hub that integrates functions of manufacturing, wholesaling and distributing will open by

the end of the next fiscal year, which will significantly increase our sales capacity in the Tokyo metropolitan area.

In the products business, we will swiftly notice changing demand for meat products led by shift in social structure in Japan to establish manufacturing system that meets evolving customer needs. As ready-to-serve or convenient products are apt to be preferred, we will develop, manufacture and sale products in line with them. We will build up the group quality assurance system that enables advanced and elaborate administration.



New Tokyo Headquarters

In the meat retail business, while continuing measures such as revitalization of existing stores and closing of unprofitable stores, we work on opening new stores in new developers' facilities and developing new category business outlets. We further promote merging meat retailing business and delicatessen business, which have been managed under different organizations, to operate the business effectively achieving economy of scale.

In the meat food service business, by maintaining steady operation with the emphasis on profitability, we will steadily operate the steak restaurant chain business and the Yakiniku-Shabushabu restaurant chain business, while keeping their competitive edge. We will also endeavor to develop new stores.

Regarding the improvement of group management, in order to maintain the unity of the expanding group, we will promote the cooperation within the group and endeavor to merge our ideas and make ourselves pursue the common goals. We will also strive to create the workplace environment where every group employee can achieve self-fulfillment.

In the year ending February 29, 2020, we forecast to achieve net sales of 360,000 million yen (up 6.3% year on year), operating income of 11,500

million yen (up 4.8% year on year), ordinary income of 12,000 million yen (up 5.8% year on year), and net income attributable to owners of the parent of 7,800 million yen (up 8.6% year on year).

Mid- to Long-Term Management Strategy

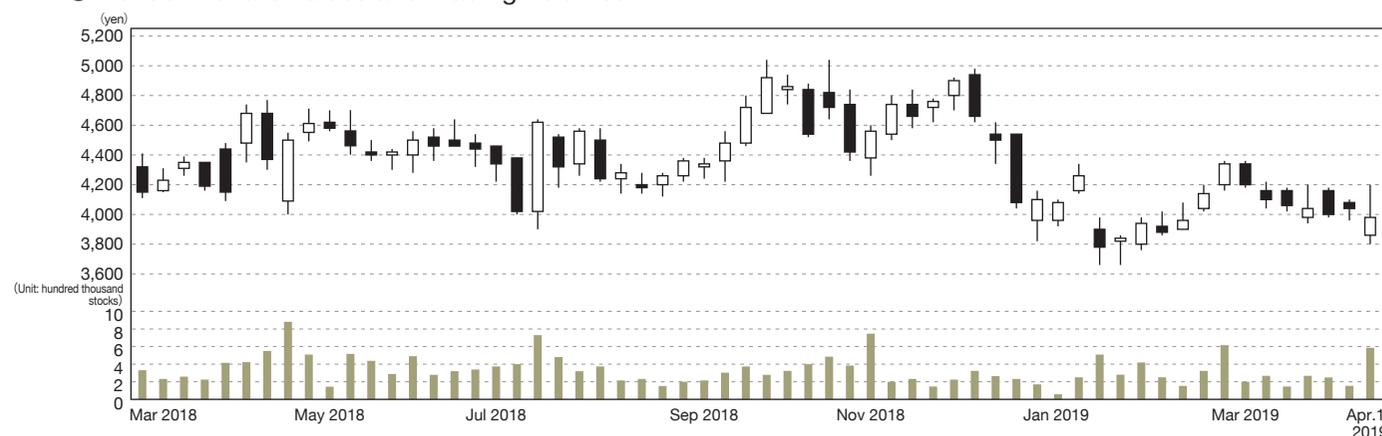
Based on its management philosophy, the S Foods Group aims to become a multifaceted meat vendor group and continue focusing on the establishment of a stable food supply system, mainly for meats. Specifically, we will create an integrated intra-group food supply chain that covers upstream to downstream 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.2017 (51st term)	FY Feb.2018 (52nd term)	FY Feb.2019 (53rd term)	FY Feb.2019 (54th term) projected
Sales	281,233	316,411	338,781	360,000
Income from operations	10,555	10,959	10,973	11,500
Pre-tax earnings	10,843	11,482	11,344	12,000
Net income attributable to owners of the parent	6,499	7,760	7,185	7,800
Total assets	134,271	156,649	165,542	
Shareholder's equity	64,524	86,552	86,028	
Dividend per share	35yen	43yen	56yen	60yen

Unit : Million yen (excl. dividends)

● Trends in Share Values and Trading Volumes



※TSE weekly chart