The original disclosure in Japanese was released on May 11, 2022 at 15:00

May 11, 2022

Consolidated Financial Results (Japanese Accounting Standards) for the FY2021 (Ended March 31, 2022)

Company name: House Foods Group Inc.
Stock exchange listing: Tokyo Stock Exchange
Stock code: 2810
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Scheduled date of ordinary shareholders' meeting: June 28, 2022
Scheduled date of commencement of dividend payment: June 29, 2022
Scheduled date for filing of annual securities report: June 28, 2022
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Consolidated Results of Operations (Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2022	253,386	1.3	19,227	(1.0)	21,125	6.5	13,956	59.5
Year ended March 31, 2021	250,066	–	19,413	–	19,837	–	8,752	–

(Note) Comprehensive income: 21,581 million yen (75.7%) for the fiscal year ended March 31, 2022
12,284 million yen (–%) for the fiscal year ended March 31, 2021

	Profit per share (basic)	Profit per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	139.75	–	5.3	5.6	7.6
Year ended March 31, 2021	86.87	–	3.5	5.4	7.8

(Reference) Share of profit (loss) of entities accounted for using equity method:
(322) million yen for the fiscal year ended March 31, 2022
(1,230) million yen for the fiscal year ended March 31, 2021

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review and the figures for the year ended March 31, 2021 are figures after retrospective application of the standard and guidance. Therefore, year-on-year changes are not shown.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	382,021	298,567	70.4	2,700.99
As of March 31, 2021	369,335	286,883	69.8	2,559.12

(Reference) Shareholders' equity: As of March 31, 2022: 268,966 million yen
As of March 31, 2021: 257,825 million yen

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review and the figures for the year ended March 31, 2021 are figures after retrospective application of the standard and guidance.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2022	16,140	(10,398)	(10,068)	75,705
Year ended March 31, 2021	23,181	(8,558)	(6,172)	78,343

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2021	–	23.00	–	23.00	46.00	4,634	53.0	1.8
Year ended March 31, 2022	–	23.00	–	23.00	46.00	4,581	32.9	1.7
Year ending March 31, 2023 (forecasts)	–	23.00	–	23.00	46.00		40.5	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentage figures for the fiscal year represent the changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2023	270,600	6.8	18,400	(4.3)	19,500	(7.7)	11,200	(19.8)	113.60

* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates
- (i) Changes in accounting policies caused by revision of accounting standards: Yes
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(Note) Please refer to “4. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 25 of the Accompanying Materials for details.

(3) Number of shares outstanding (common shares):
- (i) Number of shares outstanding at end of period (including treasury shares)
  - As of March 31, 2022: 100,750,620 shares
  - As of March 31, 2021: 100,750,620 shares
- (ii) Number of treasury shares at end of period
  - As of March 31, 2022: 1,169,959 shares
  - As of March 31, 2021: 2,816 shares
- (iii) Average number of shares outstanding during the term
  - Year ended March 31, 2022: 99,867,791 shares
  - Year ended March 31, 2021: 100,748,551 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Non-Consolidated Financial Results

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2022	22,464	6.7	11,066	9.8	12,079	10.2	13,096	23.0
Year ended March 31, 2021	21,061	0.3	10,083	5.4	10,963	6.8	10,645	(3.1)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Year ended March 31, 2022	131.13	–
Year ended March 31, 2021	105.66	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	222,917	193,625	86.9	1,944.40
As of March 31, 2021	216,741	187,923	86.7	1,865.28

(Reference) Shareholders' equity: As of March 31, 2022: 193,625 million yen
As of March 31, 2021: 187,923 million yen

* These consolidated financial results are not included in the scope of audits by certified public accountants or the audit corporation.

* Explanations and other special notes concerning the appropriate use of business results forecasts

- The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.
- For other matters relating to the forecasts, please refer to "1. Analysis of Operating Results and Financial Position, (4) Future Outlook" on page 6 of the accompanying materials.

Accompanying Materials – Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

In the fiscal year under review, the business environment remained challenging, with disruptions to global supply chains and rising raw materials prices in addition to the impact of the protracted COVID-19 crisis.

Under these conditions, House Foods Group launched its Seventh Medium-term Business Plan. Under this Medium-term Business Plan, the Group will accelerate its transformation into a high quality company in terms of all "three responsibilities" ("For our customers," "For our employees and their families," and "For society"). It has also defined four value chains or VCs (the Spice VC, the Functional Ingredients VC, the Soybean VC and the Value Added Vegetable VC) as domains in which it will, create the value of "Healthy Life Through Foods" and will seek priority allocation of management resources to growing domains with the aim of achieving sustainable growth.

Net sales for the fiscal year under review, which is the initial fiscal year of the plan, increased due to growth in the International Food Business and Other Food Related Business, which offset lackluster performances in the Spice/Seasoning/Processed Food Business and the Health Food Business, reflecting the absence of special demand created by at-home consumption the previous fiscal year and the dragging impact of the COVID-19 pandemic. Operating profit was down year on year, severely impacted by lower profit in the Spice/Seasoning/Processed Food Business, which offset a boost to profit from a decrease in goodwill amortization in the Restaurant Business. Ordinary profit and profit attributable to owners of parent both increased, due primarily to the recording of a gain on sale of investment securities in addition to decreases in the share of loss of entities accounted for using equity method and impairment losses which were recorded a year earlier.

As a result, the Group's operating results were as shown below.

	FY2021	
	Amount (million yen)	Year-on-year change (%)
Net sales	253,386	101.3
Operating profit	19,227	99.0
Ordinary profit	21,125	106.5
Profit attributable to owners of parent	13,956	159.5

As a result, the management indicators regarded as important by the Company are as follows.

	FY2020	FY2021
ATO (Asset Turnover)	0.68 times	0.67 times
ROS (Ratio of operating profit to net sales)	7.8%	7.6%
ROA (Ratio of operating profit to total assets)	5.3%	5.1%
ROE (Ratio of profit to equity)	3.5%	5.3%

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021), effective from beginning of the fiscal year. Regarding application of said accounting standard and implementation guidance, the Company applied the new policy retrospectively to all prior periods in accordance with the principle treatment set forth in Paragraph 84 of the Accounting Standard for Revenue Recognition. Comparative analysis with the fiscal year ended March 31, 2021 are therefore based on figures after retrospective application of said standard and implementation guidance. Please refer to "4. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" for details.

The following is an overview of results by segment (before the elimination of inter-segment transactions).

Segment	Consolidated net sales		Consolidated operating profit (Segment profit (loss))	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	117,422	97.5	12,628	80.9
Health Food Business	14,432	94.4	(138)	–
International Food Business	39,110	114.8	5,250	114.5
Restaurant Business	45,422	101.6	1,502	–
Other Food Related Business	45,571	103.8	1,480	83.6
Subtotal	261,957	101.4	20,721	99.1
Adjustment (elimination)	(8,571)	–	(1,494)	–
Total	253,386	101.3	19,227	99.0

(Note) 1. Adjustment (elimination) comprises profit or loss not distributed to segments and the elimination of inter-segment transactions.

Spice / Seasoning / Processed Food Business

The Spice/Seasoning/Processed Food Business is focusing on achieving growth based on the creation of new value alongside the strengthening of profitability in existing business. During the fiscal year under review, with business affected by the absence of special demand arising from at-home consumption a year earlier, efforts were made to improve value provided in response to changing customer needs, including promoting a shift towards microwaveable retort pouched products in household use business and putting a production line for retort pouched large volume products into operation in the business of food service products.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 117,422 million yen, down 2.5% year on year, whilst operating profit was 12,628 million yen, down 19.1% year on year, partly due to higher depreciation and amortization and sharp increases in raw materials prices from the second half. As a consequence, the ratio of operating profit to net sales was 10.8%, falling 2.2 percentage point from a year earlier.

Health Food Business

Still facing a challenging business environment, the Health Food Business is focusing on the implementation of restructuring and the early establishment of the Functional Ingredients VC in accordance with the Seventh Medium-term Business Plan. During the fiscal year under review, efforts were focused on restructuring, including strategic withdrawal from unprofitable business and expansion of customer contact points through integration of the sales capabilities for products for household use in Japan. Sales in the Health Food Business decreased, partly due to withdrawal from unprofitable business and slow growth of core products, reflecting a persistent lack of opportunity to drink out. On the profit front, the impact of the protracted COVID-19 pandemic created difficult conditions. However, the benefits of restructuring, such as the diversification of sales channels, could be seen in some areas, and the operating loss narrowed from the previous fiscal year.

As a result of the above, sales in the Health Food Business declined 5.6% year on year, to 14,432 million yen, and the segment reported an operating loss of 138 million yen, representing improvement of 258 million yen year on year.

Consequently, the ratio of operating profit to net sales was -1.0%, improving 1.6 percentage point from a year ago.

International Food Business Period covered by the consolidated financial statements: Mainly from January to December 2021

The tofu business in the United States posted higher sales and lower operating profit, reflecting sharp increases in raw materials prices and logistics expenses due to supply chain disruptions and inflation from the third quarter, despite success tapping into growing demand for plant-based food.

The curry business in China reported increased sales, achieving growth exceeding pre-pandemic levels despite restrictions on activities due to sporadic COVID-19 outbreaks. Operating profit fell compared to the previous fiscal year, when the business benefited from lower costs due to restrictions on business activities, and sharp increases in raw material prices also contributed to the decline.

The functional beverage business in Thailand focused on creating new ways to increase vitamin consumption, including marketing large-volume pack products. Additionally, the encouragement of deliveries to the traditional market as a result of government measures to boost consumption and a lighter tax burden contributed to higher sales and profits.

As a result of the above, sales in the International Food Business rose 14.8% year on year, to 39,110 million yen, and operating profit increased 14.5%, to 5,250 million yen. Consequently, the ratio of operating profit to net sales was 13.4%, remaining in a same level from a year earlier.

Restaurant Business Periods covered by the consolidated financial statements: From March 2021 to February 2022 for Ichibanya Co., Ltd. and from January to December 2021 for overseas subsidiaries

The Restaurant Business segment reported growth in sales and profit despite the challenging business environment resulting from the protracted COVID-19 crisis.

Ichibanya Co., Ltd. saw sales at existing stores in Japan fall 1.4% from the previous fiscal year, with restaurants still having no choice but to shorten their operating hours. However, it endeavored to tap into growing demand for delivery, including increasing restaurants offering delivery services. At restaurants overseas, business improved from the dramatic slump seen the same period a year earlier, although conditions varied from region to region.
As a result of the above, sales in the Restaurant Business amounted to 45,422 million yen, rising 1.6% year on year. Operating profit was 1,502 million yen, growing 2,162 million yen year on year, partly because the goodwill which arose when Ichibanya Co., Ltd. was made into a consolidated subsidiary was fully amortized the previous fiscal year. Consequently, the ratio of operating profit to net sales was 3.3%, improving 4.8 percentage point from a year ago.

Other Food Related Business
Delica Chef Corporation posted gains in sales and profit as productivity improved on the back of growth of prepared food and baked bread.
Vox Trading Co., Ltd. posted higher sales due to an increase in successful tenders for MA rice (minimum access rice). However, profit was lower, reflecting the stagnation of food service demand.
As a result of the above, sales in Other Food Related Business increased 3.8% year on year, to 45,571 million yen, and operating profit fell 16.4% year on year, to 1,480 million yen. As a consequence, the ratio of operating profit to net sales was 3.2%, falling 0.8 percentage point from a year earlier.

(2) Analysis of Financial Position
Total assets at the end of the consolidated fiscal year under review rose 12,686 million yen from the end of the previous consolidated fiscal year, to 382,021 million yen.
Current assets stood at 157,123 million yen, an increase of 184 million yen compared to the end of the previous consolidated fiscal year. Non-current assets were 224,898 million yen, a year-on-year increase of 12,502 million yen.
The primary factors for the increase in current assets include a 3,342 million yen increase in notes and accounts receivable-trade, 1,658 million yen increase in merchandise and finished goods, and 895 million yen increase in raw materials and supplies, offsetting a 3,901 million yen decrease in cash and deposits and 3,507 million yen decrease in securities.
The main factors for the increase in non-current assets include a 6,461 million yen increase in investment securities, 4,377 million yen increase in retirement benefit asset, and 2,800 million yen increase in software, offsetting a 2,144 million yen decrease in software in progress.
Total liabilities at the end of the consolidated fiscal year under review were 83,454 million yen, an increase of 1,002 million yen compared to the end of the previous consolidated fiscal year.
Current liabilities were down 300 million yen from the end of the previous consolidated fiscal year, to 51,609 million yen, and non-current liabilities were 31,845 million yen, a year-on-year increase of 1,303 million yen.
The primary factors for the decrease in current liabilities include a 1,416 million yen decrease in accounts payable-other and 577 million yen decrease in electronically recorded obligations - operating, offsetting a 1,483 million yen increase in note and accounts payable-trade.
The main factor for the increase in non-current liabilities was a 1,243 million yen increase in deferred tax liabilities.
Net assets at the end of the consolidated fiscal year under review stood at 298,567 million yen, an increase of 11,684 million yen from the end of the previous consolidated fiscal year, mainly because of an increase in retained earnings thanks to profit attributable to owners of parent and an increase in foreign currency translation adjustment, offsetting an increase in treasury shares due to the purchase of treasury shares.
As a result, the equity ratio at the end of the consolidated fiscal year under review stood at 70.4%, compared with 69.8% at the end of the previous consolidated fiscal year, and net assets per share were 2,700.99 yen, compared with 2,559.12 yen at the end of the previous consolidated fiscal year.
The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review and applied this accounting policy to all prior periods.

(3) Analysis of Cash Flows
With respect to cash flows for the consolidated fiscal year under review, net cash provided by operating activities amounted to 16,140 million yen, net cash used in investing activities, including the purchase of plant, property and equipment and purchase of investment securities, amounted to 10,398 million yen, and net cash used in financing activities, including proceeds from short-term borrowings, repayments of short-term borrowings, and dividends paid, was 10,068 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 75,705 million yen, a decrease of 2,638 million yen compared with the balance at the beginning of the year.
The status and primary contributing factors for each cash flows category were as follows:

(Cash flows from operating activities)
Cash provided by operating activities during the consolidated fiscal year under review was 16,140 million yen, a decrease of 7,042 million yen from the previous consolidated fiscal year. Key factors included 23,369 million yen in profit before income taxes and income taxes paid of 7,676 million yen.
The decrease in comparison to the previous consolidated fiscal year is mainly attributable to an increase in –trade receivables (a year-on-year decrease of 7,506 million yen), an increase in profit before income taxes (a year-on-year

increase of 11,304 million yen), a decrease in impairment loss (a year-on-year decrease of 9,439 million yen), and a decrease in amortization of goodwill (a year-on-year decrease of 1,664 million yen).

(Cash flows from investing activities)
Cash used in investing activities during the consolidated fiscal year under review was 10,398 million yen, which was 1,840 million yen less than cash used in the previous consolidated fiscal year. Key factors included the purchase of property, plant and equipment of 11,863 million yen, the purchase of investment securities of 10,637 million yen, and proceeds from sale of securities of 9,500 million yen.
The primary factors for the decrease compared with the previous consolidated fiscal year were an increase in purchase of investment securities (a year-on-year decrease of 6,178 million yen), an increase from the sale of securities (a year-on-year increase of 2,598 million yen), and a decrease in the purchase of securities (a year-on-year increase of 2,508 million yen).

(Cash flows from financing activities)
Cash used in financing activities during the consolidated fiscal year under review was 10,068 million yen, which was 3,895 million yen less than cash used in the previous consolidated fiscal year. Key factors included repayments of short-term borrowings of 42,524 million yen, purchase of treasury shares of 4,001 million yen, dividends paid of 4,611 million yen, and proceeds from short-term borrowings of 42,965 million yen.
The primary factors for the decrease compared with the previous consolidated fiscal year were a decrease in proceeds from short-term borrowings (a year-on-year decrease of 5,000 million yen), an increase in purchase of treasury shares (a year-on-year decrease of 3,995 million yen) and a decrease in repayments of short-term borrowings (a year-on-year increase of 5,140 million yen).

(Million yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Year-on-year change
Cash flows from operating activities	23,181	16,140	(7,042)
Cash flows from investing activities	(8,558)	(10,398)	(1,840)
Cash flows from financing activities	(6,172)	(10,068)	(3,895)
Effect of exchange rate changes on cash and cash equivalents	22	1,688	1,665
Net increase (decrease) in cash and cash equivalents	8,473	(2,638)	(11,111)
Cash and cash equivalents at beginning of period	69,870	78,343	8,473
Cash and cash equivalents at end of period	78,343	75,705	(2,638)

Cash flow indicators for the Group are as follows:

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Equity ratio (%)	66.5	66.6	67.7	69.8	70.4
Equity ratio (market value basis) (%)	95.9	120.8	96.7	99.3	75.4
Cash flow/interest bearing liabilities ratio (%)	62.6	63.7	45.9	40.5	60.4
Interest coverage ratio (times)	263.5	256.0	383.1	444.8	537.6

(Notes)
1. Equity ratio: Shareholders' equity / Total assets
   Equity ratio (market value basis): Market capitalization / Total assets
   Cash flow / interest bearing liabilities ratio: Interest-bearing debt / Operating cash flow
   Interest coverage ratio: Operating cash flow / Interest payments
2. Each indicator is calculated based on consolidated financial figures.
3. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury shares) as of that date.
4. Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements.
5. Interest-bearing debt includes all liabilities requiring the payment of interest under the liabilities section of the consolidated balance sheet. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

(4) Future Outlook

	Result for year ended March 31, 2022 (Million yen)	Year ending March 31, 2023 (forecasts) (Million yen)	Increase/ Decrease (Million yen)	Increase/ Decrease (%)
Net sales	253,386	270,600	+17,214	+6.8
Operating profit	19,227	18,400	(827)	(4.3)
Ordinary profit	21,125	19,500	(1,626)	(7.7)
Profit attributable to owners of parent	13,956	11,200	(2,757)	(19.8)

By segment

		Result for year ended March 31, 2022 (Million yen)	Year ending March 31, 2023 (forecasts) (Million yen)	Increase/ Decrease (Million yen)	Increase/ Decrease (%)
Spice / Seasoning / Processed Food Business					
	Net sales	117,422	122,500	+5,078	+4.3
	Operating profit	12,628	9,700	(2,928)	(23.2)
Health Food Business					
	Net sales	14,432	15,800	+1,368	+9.5
	Operating profit	(138)	300	+438	–
International Food Business					
	Net sales	39,110	45,100	+5,990	+15.3
	Operating profit	5,250	5,500	+250	+4.8
Restaurant Business					
	Net sales	45,422	52,000	+6,579	+14.5
	Operating profit	1,502	3,400	+1,898	+126.4
Other Food Related Business					
	Net sales	45,571	44,200	(1,370)	(3.0)
	Operating profit	1,480	1,600	+120	+8.1
Adjustment					
	Net sales	(8,571)	(9,000)	(429)	–
	Operating profit	(1,494)	(2,100)	(606)	–

Under the Seventh Medium-term Business Plan launched in April 2021, the Group will accelerate its transformation into a high quality company in terms of all “three responsibilities” (“For our customers,” “For our employees and their families,” and “For society”). It has also defined four value chains or VCs (the Spice VC, the Functional Ingredients VC, the Soybean VC and the Value Added Vegetable VC) as domains in which it will, create the value of “Healthy Life Through Foods” and is working to achieve sustainable growth through the priority allocation of management resources to growing domains.

The operating environment in FY2022, which is the middle fiscal year under the Medium-term Plan, is even more difficult, with challenges such as supply chain disruptions, rising raw materials prices and energy costs, and a weaker yen to contend with, against a backdrop of higher geopolitical risk, including the Ukraine crisis, in addition to global inflation. The Group will endeavor to absorb the various costs through further rationalization and improvement in efficiency alongside the implementation of price revisions for certain products and services.

Notwithstanding such conditions, the Group will push ahead with optimal initiatives from a Group perspective for improving the value provided, meeting the changing needs of customers and strengthening its procurement capabilities. In the next fiscal year, the Group will continue to focus on restructuring for the development of the four value chains, including establishing a new company to promote the global expansion of the Functional Ingredients Value Chain and preparing for the integration of the business of products for food service in the Spice Value Chain.

With these initiatives, for the next fiscal year the Group expects consolidated net sales of 270,600 million yen (a year-on-year increase of 6.8%), consolidated operating profit of 18,400 million yen (a year-on-year decrease of 4.3%) and consolidated ordinary profit of 19,500 million yen (a year-on-year decrease of 7.7%). The Group also anticipates profit attributable to owners of parent of 11,200 million yen (a year-on-year decrease of 19.8%).

The forecasts above have been made based on information available on the date of publication of this document. Actual results may differ materially from the forecast depending on future conditions, etc. The Company shall make prompt disclosure if the need to revise the business results forecasts arises.

(5) Basic Policy on the Payment of Dividends and Dividends for the Fiscal Year under Review and Next Fiscal Year

Recognizing that one of the key management issues is the return of profits to shareholders, the Group endeavors to increase its earnings power and improve its financial position. In addition, our basic policy on the payment of dividends is to “maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill as a standard,” comprehensively considering the Consolidated business results and the business plans, among other aspects.

The Group expects to pay a year-end dividend for the fiscal year under review of 23.00 yen per share. This combined with the interim dividend of 23.00 yen, will bring the annual dividend to 46.00 yen per share, which is unchanged from the previous fiscal year.

As a result, the consolidated dividend payout ratio will be 32.9%. However, excluding the effects of extraordinary income/losses arising from business combinations and the amortization of goodwill mentioned above, the dividend payout ratio will be 31.8% on a consolidated basis.

For the next fiscal year, the Group expects to pay an annual dividend of 46 yen (an interim dividend of 23 yen).

In terms of internal reserves, the Group seeks to use such reserves to fund investment in manufacturing equipment, research and development, and new businesses development, to prepare for future business.

(6) Business and Other Risks

To achieve the Group philosophy, “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives,” the Group is “striving to become a high quality company that provides ‘Healthy Life Through Foods,’” while fulfilling its responsibility as a corporate citizen in all “three responsibilities” (“For our customers,” “For our employees and their families,” and “For society”).

Risks that could influence the Group’s situation including its financial position, operating results and cash flow (hereinafter referred to as “financial position, etc.”) include the following. However, the statements below do not cover all the risks, and the Group may be subject to the impact of any risk in the future that cannot be foreseen or is not perceived as a problem at the present time. Recognizing the possibility of these risks occurring (being actualized), the Group will work to prevent or avoid them. The Group will also focus on minimizing risks to operations and business risks in the event of actualization of risks.

The forward-looking statements included in this document are judgments made by the Group as of the end of the fiscal year under review.

<Effects of COVID-19>

Since the start of the COVID-19 pandemic, amid the multiple waves of COVID-19 and the rounds of containment measures, the Group has sought to prevent the spread of infection, including modifying the way it does business and adjusting working environments, in line with the established guidance for each phase to ensure that the Group can continue conducting business as a corporate group which is instrumental in the “food” lifeline. The Group believes it is imperative to assume that the effects will continue to drag on further and to take action to address the increased societal demands and changing consumer behaviors brought about by COVID-19.

Effects on business There is a risk that the Group’s financial position, etc. will be affected by increased opportunities for home-cooked meals and the subsequent decrease in such opportunities, and market contraction in the Restaurant Business and the business of food service products. Meanwhile, House Wellness Foods Corporation, which sells products linked to drinking such as the Ukon No Chikara series, may continue to be hit by fewer opportunities to drink out, as people refrain from going out and workstyles and lifestyles change, and the Group’s financial position, etc. could be affected as a result.
Effects on value chains The Group has many manufacturing and business facilities in Japan and overseas and also procures raw materials from countries all over the world. Although the Group is implementing measures to prevent the spread of infection as outlined above, any temporary stoppage in business activities due to a COVID-19 cluster or instability in the supply of raw materials procured overseas might disrupt the supply of products and services.
Effect on business operations and expansion There is the risk that business expansion will be delayed because of COVID-19, with business investments that require overseas trips or other visits being disrupted or taking longer than anticipated.

(i) Risks related to responsibility for our customers

Key risks related to the activities for sustainable business growth and the continued provision of unique value to society are as follows.

1) Risks related to domestic market trends

Background	Overview and impact of risks	Main countermeasures
Domestic sales account for about 80% of the Group's total sales. In the Spice/Seasoning/Processed Food Business, products for cooking, such as curry roux, make up most of net sales, and there is a risk that the market will shrink due to a growing underlying tendency for people to eat out or buy food to eat at home. In the Health Food Business, there is a risk of market contraction because of changes in lifestyles.	There is a risk that domestic economic trends and a fall in the population will lead to sluggish consumption and intensified sales competition over the long term. There is also a risk that the value we provide will be damaged by a delayed response to the shrinking market described on the left.	- Pursuit of value creation in Japan and overseas through identification of the domains in which the Group provides value as four value chains (hereinafter referred to as "VC"): "Spice VC," "Functional Ingredients VC," "Soybean VC" and "Value-Added Vegetable VC." - Reinforcement of earnings strength through improved productivity in existing mature business areas and the focused allocation of management resources to growth business areas in Japan and overseas - Sharing of Group management resources, improvement of efficiency and improvement of ability to provide value through the implementation of initiatives to be conducted beyond the boundaries within the Group (hereinafter referred to as "GOT") - Pursuit of the creation of new value through integration of the three dimensions: business development, R&D, and development of human resources

2) Risks related to business expansion

Background	Overview and impact of risks	Main countermeasures
Since shifting to a holding company system in 2013, the Group has promoted the expansion of value chains by including Ichibanya Co., Ltd. and Gaban Co., Ltd. in the Group in 2015 and 2016, respectively, among other measures. The Group also established a venture capital fund in 2017 and worked to lay the foundations for new value through investment in enterprises expected to generate business synergy with the Group. As a result, the Group may record goodwill and intangible assets associated with acquisitions.	There is a risk that the Group will incur impairment losses in relation to goodwill and intangible assets associated with acquisitions if these assets are unable to generate the expected cash flows or create the initially assumed synergies due to nonattainment of the business plan or changes in the market environment.	- Examination of investment plans at the Management committee (including reasonability from a financial perspective as well as profitability and growth potential risk from a business strategy perspective) - Establishment of advisory body (Investment Committee) with the aim of accumulating knowledge about the issues that arise from business investments such as M&A and strengthening of management of the investment process - Tightening of rules on monitoring after investments are made (When unexpected business changes occur, the Investment Committee is consulted without delay and a management decision is made by the Management Committee)

3) Risks related to technological innovation

Background	Overview and impact of risks	Main countermeasures
In the mature food industry, the Competitive environment is diversified due to entries from other industries and the rise of new technologies, in addition to existing business competition.	While the Group is working to strengthen its R&D functions to help resolve the issues facing customers and society and working to adapt to digitalization, there is a risk that value provided will become obsolete as a result of the declining competitive advantage of the Group if its response to these developments is delayed.	- Setting of key R&D areas and themes as well as the concentrated investment of management resources - Awareness-raising and creation of a climate to improve the ability to create and achieve new innovations - Enhancement of collaboration among value chains with the aim of creating businesses, in addition to solving technological issues among the Group companies - Promotion of co-creation strategies through open innovation - Laying of foundations and the creation of new value through more proactive investment in digital technology

4) Risks related to overseas business development

Background	Overview and impact of risks	Main countermeasures
The Group is expanding businesses such as curry products, TOFU products and functional drinks in the countries it operates. Food cultures are conservative by nature and detailed prior research and continuous strengthening of the business base are required for these products to penetrate and become firmly established in the food cultures of the countries in which the Group operates.	Business plans may be delayed or impairment losses may be incurred if products and services are less successful than expected in penetrating and becoming firmly established in the food cultures of each market. There is also a risk of a decline in ability to generate profit or incompetent governance if the Group is too slow in establishing or developing a management base commensurate with business size, if it is too slow to comply with the promulgation or amendment of national laws or if a country risk emerges.	- Forecasting of market potential based on detailed market research into receptivity of food culture and brand recognition - Strengthening of the business base by continually developing and securing human resources for managerial posts and gathering information about national laws in collaboration with outside agencies - Construction and development of a risk management system according to business size based on cooperation between House Foods Group and its overseas business companies - Mitigation of country risk through decentralization of business infrastructure by expanding business into multiple geographical areas

5) Risks related to safety and security of food

Overview and impact of risks	Main countermeasures
The entire Group is focused on maintaining and improving quality to continue supplying customers with worthwhile products and services in a safe and secure manner. However, there is a risk that the occurrence of quality issues in its products and services will harm the health of consumers or give rise to concerns, resulting in damage to the Group's corporate brand or a loss of its social credibility, and that costs to address such issues will increase.	- Strengthening and promotion of a quality assurance system as an overall Group centered on the Group Quality Assurance committee and the Group Quality Assurance Executives committee - Acquisition of international certifications for quality and food safety management systems, such as ISO 9001 and FSSC 22000, according to the characteristics of the Group companies, and operation in accordance with such standards - Management of quality risk information related to legal regulations governing food safety and quality and matters of concern from customers regarding food safety - Cultivation of human resources through study meetings on the subject of safety and security of food - Fostering of an organizational climate which attaches importance to quality through measures such as a professional award scheme - Improvement in quality assurance in each process, from product design to sales, through activities that reflect customers' comments - Full enforcement of easy-to-understand information disclosure through product packages and the web

(ii) Risks related to responsibility for our employees and their families

Diversity in terms of gender, nationality and other characteristics and utilization of the diverse experiences and aptitudes of individuals are essential for the medium- to long-term growth of the Group. Key risks in terms of activities for supporting the growth and active participation of employees, to help them lead enriched lives through work, are as follows.

1) Risks related to the securing, cultivation and active participation of diverse human resources

Overview and impact of risks	Main countermeasures
There is a risk that the ability to innovate will be damaged, business opportunities will be lost, and excellent human resources will leave the Group if human resources cannot be appropriately secured, trained and supplied according to the characteristics and growth stage of each Group company or the realization of GOT and global expansion of business domains and if an organizational climate that respects diversity and a challenging spirit cannot be fostered.	- Support for employees to gain diverse growth experiences through in-house recruitment system and side business system and personnel exchanges inside and outside the Group - Understanding of aptitudes through assessment and increased provision of internal and external learning opportunities to increase aptitude and broaden competence - Deployment of human resources to growing business domains and development of human resources for these domains - Acquisition of outside human resources with high levels of expertise and new knowledge - Creation of an organizational climate in which diverse human resources can take on challenges for growth, regardless of gender, nationality, career or disability - Development of a safe and secure workplace environment that observes compliance without discrimination and harassment - Systems to support employees in keeping healthy

(iii) Risks related to responsibility for society

Key risks related to activities for helping solve various issues facing society through business activities as a corporate member of society are as follows.

1) Risks related to sustainable procurement of raw materials

Overview and impact of risks	Main countermeasures
The Group procures a variety of raw materials including spices from countries around the world. In the procurement of these raw materials, there is a risk that intensified competition in the procurement of food resources and changes in supply and demand associated with growing international demand, climate change, geopolitical risk, suspended or delayed supply of raw materials due to outbreaks of infection at materials suppliers, and a delay in response to social and environmental issues in each stage of the VC will lead to inadequate procurement, higher costs and loss of social credibility.	- Execution of a variety of measures to strengthen efforts in upstream areas (such as stable procurement through the diversification of production regions, the promotion of efforts to collaborate with procurement places in areas such as technological development and quality improvement, and the strengthened monitoring of suppliers) - Development of mechanisms for sustainable procurement (procurement of raw materials that takes social and environmental performance of production areas into consideration, strengthening of human rights due diligence through the use of a third-party agency (Sedex), switch to procurement methods with less environmental impact) - Review of safety stock levels for important raw materials and operation within safety stock levels for other raw materials

2) Risks related to climate change

Overview and impact of risks	Main countermeasures
Recognizing that climate change is an issue that could have an impact on a global scale and is important for the Group, which has created value chains in Japan and overseas, the Group takes measures against it. However, there is a risk that incomplete procurement of raw materials, rising costs and the division of business activities, such as a halt in production, will occur due to a rise in temperature, abnormal weather and natural disasters. There is also a risk that higher production costs, restrictions on business activities and damage to corporate value will occur due to deficiency or delay in response to decarbonization.	- Promotion of investments to reduce environmental burdens by formulating judgment criteria for environmental investments - Consideration and implementation of new energy measures in relation to emissions of CO_2 and other greenhouse gases (acceleration of initiatives to reduce scope 1 and 2 emissions and action to address scope 3) - Promotion of resource circulation and recycling through initiatives such as the reduction of food waste and process loss (conversion to feedstuff and fertilizer, food banks, disposal control and the establishment of technology to use up raw materials) and development of eco-friendly containers and packages - Shift to renewable energy

3) Risks related to weather-related factors, large-scale natural disasters and widespread outbreak of serious diseases

Overview and impact of risks	Main countermeasures
Weather-related factors, such as relatively cold summers, heat waves and relatively mild winters, the occurrence of a large-scale natural disaster, or the widespread outbreak of serious infectious disease could affect the Group's financial position, etc. Details of the effects of COVID-19 on the Group are described earlier in <Effects of COVID-19>.	- Construction of a crisis management system including the development of production and supply systems to fulfill our responsibility for supplying products while securing the safety of human lives as the mission of a food company when a large-scale disaster or the widespread outbreak of a serious infectious disease has occurred - Formulation of a business continuity plan (BCP) according to the characteristics and size of business and implementation of a review through regular trainings and other means at the Group companies in Japan and overseas

(iv) Other common risks

1) Risk related to laws and regulations and soft law

Overview and impact of risks	Main countermeasures
The Group is subject to a number of laws and regulations, including the Food Sanitation Act, the Product Liability Act, the Act against Unjustifiable Premiums and Misleading Representations, and local laws and regulations overseas. The Group conducts business activities in Japan and overseas in compliance with the laws and regulations of each country but new laws and regulations are being enacted in line with changes in society and the environment and increasingly diverse values. If the Group fails to obtain information about existing laws and regulations or the enactment or amendment of new laws and regulations in a timely manner, if it fails to properly adapt its businesses practices to the content of such laws and regulations, or if it fails to conduct business activities in line with moral values and ethical values that show respect for diverse values, the Group's business activities may be restricted and there is a risk of other consequences such as a loss of favor among customers, increased costs if it is sanctioned or subject to restrictions on its business activities for violation of the law or anti-social behavior, and damage to its corporate value due to a loss of social credibility.	- Compliance with laws, regulations and international rules in the countries of each officer and employee and the maintenance and promotion of friendly relationships by respecting human rights and local cultures, traditions and customs based on the House Way, which contains values common to the Group, as well as the House Foods Group CSR Policy and the House Foods Group Action Guidelines, which outline the code of conduct for the Group. - Implementation of monitoring and review of the status of efforts for important CSR-related subjects for the entire Group through the Group CSR Committee, which consists of directors, etc. in House Foods Group - With respect to compliance, which is regarded as an important CSR issue, progress on the resolution of issues at each company through establishment of the Compliance Promotion Committee - Development and publication of the House Foods Group General Compliance Helpline to discover and solve compliance issues at an early stage - Gathering of information about new laws and amendments through the division responsible for each type of law or the Legal Division and adaptation of business practices accordingly

2) Risk related to exchange fluctuations

Overview and impact of risks	Main countermeasures
In the case of raw materials that the Group procures from overseas, there is the possibility that procurement costs will rise due to the impact of exchange rate fluctuations. With respect to the Group's foreign- currency-denominated receivables and payables, a foreign exchange gain or loss may occur due to the impact of exchange rate fluctuations. The Group's overseas sales account for around 20% of its total sales, but the Group is working to accelerate the expansion of the International Food Business and its materiality is expected to increase in the future. The Group converts financial statements prepared in the local currency of each area of operations into yen to prepare its consolidated financial statements and is affected by currency fluctuations.	(Raw materials procured from overseas) - Mitigation of exchange rate risk through the build-up of inventories of imported raw materials in Japan, within reason (Foreign-currency-denominated receivables and payables) - Use of hedging instruments such as forward exchange contracts and cross currency swaps to hedge against exchange rate risk

3) Risks related to information security

Overview and impact of risks	Main countermeasures
The Group uses mainly IT systems to manage data about development, production, logistics, sales, labor and other aspects, and the personal information of many customers obtained mainly through mail-order marketing. Systems could become inoperative, or sensitive information could be lost if software or equipment were to be damaged in a disaster. There is also the potential for system failures, unauthorized disclosure, or falsification of data as a result of unexpected cyber attacks. Meanwhile, the diversification of workstyles might result in employees taking information outside the Group or handling it inappropriately, leading to information leaks. Such events could affect the Group's financial position, etc. and public trust in the Group.	- Development of structures and enforcement of rules for comprehensively managing information security - Implementation of system security measures using software and equipment as well as employee trainings and exercises - Verification of the current status of diversification in work styles, including working at home and on-line meetings, through periodical internal surveys - Identification of information held which needs protecting, and establishment and thoroughgoing implementation of appropriate measures to prevent information leaks

2. Basic Corporate Management Policy and Issues Facing the Group

(1) Basic Corporate Management Policy

The Group positions the following three factors as the Group philosophy. According to the Group philosophy, the Group has been striving to expand its business through consistent business activities by clarifying the targets it aims to achieve.

“Our Founding philosophy”

In every happy home throughout Japan you will find the warm flavor of home cooking, House. The Symbol of a Happy Home

“Group philosophy”

Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.

“House Ideals (Spirit)”

Consisting of the Company’s motto (Sincerity, Originality and Enthusiasm) and the 10 House Values.

(2) Business Environment

The outlook for the Group’s business environment remains uncertain, given geopolitical risk such as the Ukraine situation, in addition to global supply chain disruption and rising raw materials prices and energy costs against the backdrop of the ongoing COVID-19 pandemic. In Japan, the growth in demand for home-cooked meals seen during the COVID-19 pandemic will come to an end and the Group expects to see diversification in customer needs and an increasing tendency for people to eat out or buy food to eat at home as the new normal becomes more firmly established. Meanwhile, the employment and labor environments are changing, with the COVID-19 pandemic prompting a change in attitudes towards working styles in addition to the decline in the working-age population. Overseas, the Group forecasts continued growth in the United States, where demand for plant-based food is growing amid greater environmental awareness and health awareness, and in markets with enormous potential such as China and ASEAN. At the same time, companies are increasingly expected to contribute to solutions to global social issues, including global environmental concerns, for instance by reducing carbon dioxide and waste.

In response to such changes in the business environment, the Group will implement prices revisions for certain products and services. It will also strengthen its ability to adapt to changing customer needs, push ahead with initiatives for the realization of diversity, and fulfil its social responsibilities as a corporate citizen.

(3) The Company’s Medium- to Long-term Management Strategy and the Issues that the Company Needs to Address

The House Foods Group launched its Seventh Medium-term Business Plan in the fiscal year under review and is taking steps to become a high quality company in all three of the responsibilities (“For our customers,” “For our employees and their families,” and “For society”).

In terms of responsibilities “For our customers,” the Group has defined four value chains or VCs (the Spice VC, the Functional Ingredients VC, the Soybean VC and the Value Added Vegetable VC) as domains in which it will, create the value of “Healthy Life Through Foods” and it has clarified the domains and themes it will focus on for each value chain. In its existing business domains, the Group will focus on strengthening the earnings base and improving productivity, whilst in growing domains and new domains it will work to achieve sustainable growth through the allocation of management resources to these domains as a priority.

At the same time, the Group is now in the implementation phase of the three GOT (Spice VC-GOT, Production-GOT, and BtoB-GOT) initiatives (initiatives to be conducted beyond the boundaries within the Group). In its “Spice VC-GOT” initiatives, the Group is pursuing a global strategy, with upstream activities as the starting point, aiming to strengthen the Group’s procurement capabilities. The “Production-GOT” initiatives are aimed at establishing the Group’s optimum production management system. Through its “BtoB-GOT” initiatives, the Group intends to increase its presence in the market for products for food service by combining the strengths of House Foods Corporation and Gaban Co., Ltd. in the BtoB business in Japan.

Furthermore, the Group aims to achieve topline growth driven by the creation of new value through the integration of business development, R&D and the development of human resources.

In terms of responsibilities “For our employees and their families,” the COVID-19 crisis created more opportunities to work remotely and prompted a change in attitudes towards work styles. Against this background, the Group will transform job satisfaction and pursue “ease of work.” At the same time, it will create rewarding workplaces and implement measures with emphasis on career development. Through the “realization of diversity,” it will improve productivity and seek to achieve both the growth of employees and the growth of the Group.

In terms of responsibilities “For society,” there is mounting pressure to address social issues given the increasing seriousness of environmental problems. The Group will accelerate initiatives to address social issues in all its value chains by seeking to broaden efforts to reduce CO2 emissions and waste in all its activities including supply chains and leveraging the strengths of each value chain to create new health value.

● Financial strategies
Over the period of the Seventh Medium-term Management Plan, we plan to make business investments totaling 70 billion yen, comprising investments of 40 billion yen in growth domains of the four VCs, 20 billion yen in existing domains, and 10 billion yen in digital transformation and the environment. We also plan to purchase treasury shares worth 12 billion yen funded by the partial sale of the Group's cross-shareholdings.

● Strengthening of corporate governance
The Group considers a system of internal controls to be a mechanism for strengthening its corporate governance system, embodying its corporate philosophy, and achieving its management goals. We plan to step up the construction and operation of governance systems for risk management, compliance, and other areas from the perspective of Group management, to improve our corporate value, and achieve sustainable development.
Regarding the organs of the Company, the Company transitioned from a Company with an Audit and Supervisory Board to a Company with an Audit & Supervisory Committee on June 25, 2021, with the aim of strengthening the audit and supervisory capabilities and further enhancing the corporate governance structure. At meetings of the Audit & Supervisory Committee, five Directors who are Audit & Supervisory Committee Members, including four Outside Directors, inspect the directors' performance of their duties. Directors who are standing Audit & Supervisory Committee Members strive to ensure the effectiveness of Audit & Supervisory Committee Members' auditing in the Group by concurrently becoming non-standing auditors of major Group companies.
In addition, the Company has two committees, the Nomination Advisory Committee and the Compensation Advisory Committee, both of which are chaired by an Independent Director and of which a majority is Independent Directors, and it ensures objectivity and transparency in the appointment and dismissal of Directors and the procedure for determining the remuneration of directors and audit & supervisory board members.
We plan to make ongoing improvements to our system of internal controls so that it functions effectively for the entire Group.

● Key Initiatives in FY2022
Under the Seventh Medium-Term Business Plan, the Group will focus on strengthening the earnings base and improving productivity in existing business and prioritizing growth domains and new domains when allocating management resources in an optimal manner from a group perspective. In this way, the Group will make its value chains more robust and aims to realize sustainable growth.
In Japan, the Group will implement an absorption-type merger through which House Foods Corporation will transfer its business of products for food service to Gaban Co., Ltd., with the aim of restructuring Group resources for the growth of the BtoB business in Japan, which is a growing domain, maximizing customer value and striving for sustainable growth. The Group will also strengthen its earnings base in the growing spices market and, with the aim of further strengthening the earnings base in Japan by improving the earning potential of its core business, the Group will expand the production capacity Gaban Co., Ltd.'s Kanto Plant and also clarify the roles of the production sites of House Foods Corporation, Gaban Co., Ltd. and House Ai-Factory Corporation and build a production structure which draws on the strengths of each company.
Overseas, in its Soybean Value Chain, the Group will build a strong base ready for the next growth stage, including strengthening the production structure in the United States and expanding into Europe. Meanwhile, in its Functional Ingredients Value Chain, the Group has established House Foods Group Asia Pacific Co., Ltd, which is mainly responsible for overseeing business in the Southeast Asia region, developing products and providing technical and sales support, with the aim of establishing and accelerating the Functional Ingredients Value Chain.

(4) Target Management Indicators

The target management indicators for the fiscal year ending March 31, 2024, which is the final fiscal year of the Seventh Medium-term Business Plan, are as follows.

	Seventh Medium-term Business Plan Final Year (FY2023) Target
Net sales	305.0 billion yen
Operating profit	26.0 billion yen
ATO (Asset turnover)	0.80 times
ROS (Return on sales)	8.5%
EBITDA margin	13.2%
ROA (Return on assets)	6.8%
E-ratio (Equity ratio)	70.6%
ROE (Return on equity)	6.1%

3. Basic Concept concerning the Selection of Accounting Standards

To sustain comparability of consolidated financial statements between periods as well as between companies, the Group prepares consolidated financial statements under Japanese GAAP. With regard to the International Financial Reporting Standards (IFRS), we will appropriately determine the timing for the application while considering various circumstances in Japan and overseas.

4. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Consolidated fiscal year under review (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	78,905	75,004
Notes and accounts receivable - trade	43,104	46,446
Securities	9,515	6,008
Merchandise and finished goods	12,634	14,292
Work in process	2,301	2,520
Raw materials and supplies	5,185	6,080
Other	5,472	6,866
Allowance for doubtful accounts	(177)	(92)
Total current assets	156,939	157,123
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,504	33,717
Machinery, equipment and vehicles, net	17,639	19,740
Land	31,940	31,314
Lease assets, net	1,586	1,479
Construction in progress	3,138	3,538
Other, net	2,134	2,235
Total property, plant and equipment	89,942	92,024
Intangible assets		
Goodwill	312	268
Trademark right	19,370	18,850
Software	1,554	4,354
Contract-related intangible assets	19,802	19,002
Software in progress	2,268	124
Other	714	770
Total intangible assets	44,021	43,368
Investments and other assets		
Investment securities	60,268	66,729
Long-term loans receivable	1	2
Deferred tax assets	782	753
Long-term time deposits	1,000	1,000
Retirement benefit asset	9,947	14,325
Distressed receivables	638	622
Long-term deposits	1,080	1,073
Other	6,609	6,867
Allowance for doubtful accounts	(1,892)	(1,865)
Total investments and other assets	78,433	89,506
Total non-current assets	212,396	224,898
Total assets	369,335	382,021

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Consolidated fiscal year under review (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,781	18,264
Electronically recorded obligations - operating	1,847	1,269
Short-term borrowings	3,650	4,149
Lease obligations	519	575
Accounts payable - other	11,403	9,986
Income taxes payable	3,814	3,452
Provision for bonuses	476	472
Provision for bonuses for directors (and other officers)	80	58
Provision for shareholder benefit program	92	96
Asset retirement obligations	12	4
Other	13,238	13,284
Total current liabilities	51,910	51,609
Non-current liabilities		
Long-term borrowings	96	177
Lease obligations	1,142	963
Long-term accounts payable - other	215	181
Deferred tax liabilities	21,976	23,220
Retirement benefit liability	1,948	1,999
Asset retirement obligations	738	815
Long-term guarantee deposits	3,984	3,877
Other	442	613
Total non-current liabilities	30,542	31,845
Total liabilities	82,452	83,454
Net assets		
Shareholders' equity		
Share capital	9,948	9,948
Capital surplus	22,829	22,829
Retained earnings	199,623	208,969
Treasury shares	(11)	(3,984)
Total shareholders' equity	232,389	237,762
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,364	21,257
Deferred gains or losses on hedges	(34)	40
Foreign currency translation adjustment	(356)	2,925
Remeasurements of defined benefit plans	5,462	6,982
Total accumulated other comprehensive income	25,437	31,204
Non-controlling interests	29,058	29,601
Total net assets	286,883	298,567
Total liabilities and net assets	369,335	382,021

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)
Net sales	250,066	253,386
Cost of sales	154,114	158,383
Gross profit	95,953	95,003
Selling, general and administrative expenses	76,539	75,776
Operating profit	19,413	19,227
Non-operating income		
Interest income	253	240
Dividend income	673	693
Rental income from buildings	804	854
Foreign exchange gains	111	353
Subsidy income	120	1,026
Other	588	553
Total non-operating income	2,549	3,719
Non-operating expenses		
Interest expenses	52	61
Rental expenses	638	691
Share of loss of entities accounted for using equity method	1,230	322
Litigation expenses	–	281
Other	206	465
Total non-operating expenses	2,126	1,821
Ordinary profit	19,837	21,125
Extraordinary income		
Gain on sale of non-current assets	2	194
Gain on sale of investment securities	2,453	3,099
Gain on sale of restaurants	134	74
Other	0	7
Total extraordinary income	2,590	3,375
Extraordinary losses		
Loss on sale of non-current assets	11	6
Loss on retirement of non-current assets	224	385
Loss on sale of investment securities	15	–
Loss on valuation of investment securities	3	99
Impairment losses	10,075	636
Other	32	5
Total extraordinary losses	10,361	1,130
Profit before income taxes	12,066	23,369
Income taxes - current	7,160	7,308
Income taxes - deferred	(2,012)	219
Total income taxes	5,148	7,528
Profit	6,917	15,842
Profit attributable to		
Profit attributable to owners of parent	8,752	13,956
Profit (loss) attributable to non-controlling interests	(1,835)	1,886

(Million yen)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 - March 31, 2022)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,880	663
Deferred gains or losses on hedges	(55)	85
Foreign currency translation adjustment	(673)	3,431
Remeasurements of defined benefit plans, net of tax	4,250	1,582
Share of other comprehensive income of associates accounted for using equity method	(36)	(22)
Total other comprehensive income	5,367	5,740
Comprehensive income	12,284	21,581
Profit attributable to		
Comprehensive income attributable to owners of parent	14,035	19,724
Comprehensive income attributable to non-controlling interests	(1,751)	1,858

(3) Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,948	22,829	195,844	(6)	228,616
Cumulative effects of changes in accounting policies			(340)		(340)
Restated balance	9,948	22,829	195,505	(6)	228,276
Changes in items during period					
Dividends of surplus			(4,634)		(4,634)
Profit attributable to owners of parent			8,752		8,752
Purchase of treasury shares				(5)	(5)
Cancellation of treasury shares					–
Net changes in items other than shareholders' equity					–
Total changes in items during period	–	–	4,118	(5)	4,113
Balance at end of period	9,948	22,829	199,623	(11)	232,389

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	18,650	14	292	1,198	20,154	32,160	280,930
Cumulative effects of changes in accounting policies					–	(88)	(428)
Restated balance	18,650	14	292	1,198	20,154	32,072	280,502
Changes in items during period							
Dividends of surplus					–		(4,634)
Profit attributable to owners of parent					–		8,752
Purchase of treasury shares					–		(5)
Cancellation of treasury shares					–		–
Net changes in items other than shareholders' equity	1,714	(48)	(647)	4,264	5,283	(3,015)	2,268
Total changes in items during period	1,714	(48)	(647)	4,264	5,283	(3,015)	6,381
Balance at end of period	20,364	(34)	(356)	5,462	25,437	29,058	286,883

Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,948	22,829	199,623	(11)	232,389
Cumulative effects of changes in accounting policies					–
Restated balance	9,948	22,829	199,623	(11)	232,389
Changes in items during period					
Dividends of surplus			(4,610)		(4,610)
Profit attributable to owners of parent			13,956		13,956
Purchase of treasury shares				(4,001)	(4,001)
Cancellation of treasury shares		1		27	28
Net changes in items other than shareholders' equity					–
Total changes in items during period	–	1	9,346	(3,973)	5,373
Balance at end of period	9,948	22,829	208,969	(3,984)	237,762

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	20,364	(34)	(356)	5,462	25,437	29,058	286,883
Cumulative effects of changes in accounting policies					–		–
Restated balance	20,364	(34)	(356)	5,462	25,437	29,058	286,883
Changes in items during period							
Dividends of surplus					–		(4,610)
Profit attributable to owners of parent					–		13,956
Purchase of treasury shares					–		(4,001)
Cancellation of treasury shares					–		28
Net changes in items other than shareholders' equity	893	74	3,281	1,520	5,767	543	6,311
Total changes in items during period	893	74	3,281	1,520	5,767	543	11,684
Balance at end of period	21,257	40	2,925	6,982	31,204	29,601	298,567

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	12,066	23,369
Depreciation	10,035	10,941
Amortization of goodwill	1,708	45
Impairment loss	10,075	636
Share of (profit) loss of entities accounted for using equity method	1,230	322
Loss (gain) on valuation of investment securities	3	99
Increase (decrease) in allowance for doubtful accounts	23	(111)
Increase (decrease) in provision for directors' bonuses	(5)	(22)
Increase (decrease) in provision for shareholder benefit program	5	4
Increase (decrease) in net defined benefit liability	98	64
Interest and dividend income	(926)	(934)
Interest expenses	52	61
Foreign exchange losses (gains)	(135)	(553)
Loss (gain) on sale of investment securities	(2,439)	(3,099)
Loss (gain) on sale of non-current assets	9	(188)
Loss on retirement of non-current assets	224	385
Loss (gain) on sale of restaurants	(134)	(71)
Decrease (increase) in trade receivables	4,549	(2,957)
Decrease (increase) in inventories	(1,588)	(2,512)
Increase (decrease) in trade payables	(3,121)	1,357
Increase (decrease) in accounts payable - bonuses	(160)	(4)
Increase (decrease) in long-term guarantee deposits	(1,714)	(107)
Decrease (increase) in other assets	(424)	(3,522)
Increase (decrease) in other liabilities	392	(306)
Subtotal	29,824	22,896
Interest and dividend income received	957	949
Interest paid	(52)	(30)
Income taxes paid	(7,548)	(7,676)
Net cash provided by (used in) operating activities	23,181	16,140

(Million yen)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 - March 31, 2022)
Cash flows from investing activities		
Payments into time deposits	(2,089)	(1,730)
Proceeds from withdrawal of time deposits	2,061	2,026
Purchase of securities	(4,508)	(2,000)
Proceeds from sale of securities	6,902	9,500
Purchase of property, plant and equipment	(8,819)	(11,863)
Proceeds from sale of property, plant and equipment	5	1,408
Gain on sales of restaurants	301	116
Purchase of intangible assets	(2,175)	(1,912)
Purchase of investment securities	(4,459)	(10,637)
Proceeds from sale of investment securities	4,534	4,689
Payments for investments in capital	(0)	−
Proceeds from divestments	11	4
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(323)	−
Net cash provided by (used in) investing activities	(8,558)	(10,398)
Cash flows from financing activities		
Repayments of short-term borrowings	(47,663)	(42,524)
Proceeds from short-term borrowings	47,965	42,965
Repayments of lease obligations	(548)	(662)
Repayments of long-term borrowings	−	(42)
Proceeds from long-term borrowings	−	169
Redemption of bonds	(26)	−
Purchase of treasury shares	(5)	(4,001)
Purchase of treasury shares of subsidiaries	(1)	(97)
Dividends paid	(4,634)	(4,611)
Dividends paid to non-controlling interests	(1,261)	(1,266)
Net cash provided by (used in) financing activities	(6,172)	(10,068)
Effect of exchange rate change on cash and cash equivalents	22	1,688
Net increase (decrease) in cash and cash equivalents	8,473	(2,638)
Cash and cash equivalents at beginning of period	69,870	78,343
Cash and cash equivalents at end of period	78,343	75,705

(5) Notes to Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Changes in Accounting Policies

Adoption of the Accounting Standard for Revenue Recognition, etc.

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review and adopted the policy of recognizing as revenue the amount expected to be received upon exchange of goods or services when it transfers control of the promised goods or services to the customer.

As a result, in the case of sale with a right of return, revenue for goods expected to be returned is not recognized at the point of sale and instead revenue is reduced to reflect the expected value of returns and a refund liability is recognized in accordance with the provisions on variable consideration. In addition, the Company deducts from net sales a portion of sales promotion expenses which were previously recorded as selling, general and administrative expenses.

This change in accounting policy is applied retrospectively, in principle, and consolidated financial statements for the previous year are after retrospective application.

A comparison of consolidated financial statements for the previous fiscal year after retrospective application compared with before shows that merchandise and finished goods increased by 30 million yen and deferred tax assets increased by 155 million yen, accounts payable-other decreased by 6,904 million yen, other current liabilities increased by 7,486 million yen, deferred tax liabilities increased by 10 million yen and the balance of retained earnings at the beginning of the previous period decreased by 340 million yen.

A comparison of financial statements for the previous fiscal year after retrospective application compared with before shows that net sales decreased by 33,688 million yen, costs of sales decreased by 2,885 million yen, and selling, general administrative expenses decreased by 30,820 million yen, whilst operating profit, ordinary profit, profit before income taxes each increased by 17 million yen.

The effect on per-share information is stated in relevant sections.

Adoption of Accounting Standard for Fair Value Measurement, etc.

The Company has decided to adopt the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the fiscal year under review and apply the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. according to the provisional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The adoption of the accounting standard has no impact on the consolidated financial statements.

Additional Information

Impacts of COVID-19 on accounting estimates

In the Company's judgment, the situation does not yet merit any significant change in the assumptions underlying accounting estimates made the previous fiscal year but that uncertainty surrounding the impact of COVID-19 on society and economic activity is likely to persist. When considering impairment losses in relation to the non-current assets pertaining to the Health Food Business and trademark right and contract-related intangible assets which arose on consolidation of Ichibanya Co., Ltd., the Company adopted certain assumptions about the impact of COVID-19. The Group’s financial position and operating results may, therefore, be affected in the event of even greater changes than those currently assumed.

Segment Information

[Segment Information]

1. Overview of Reported Segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company's business strategy in the domestic Spice / Seasoning / Processed Food Business and the domestic Health Food Business is to strengthen the existing fields and develop new fields. The Company will also work to create new value in the mature market, while promoting partnerships with each reported segment including the Other Food Related Business.

In the International Food Business, the Company is working to increase the speed of business expansion and improve profitability in the United States, China and ASEAN with a view to business expansion.

In the Restaurant Business, the Company will work to make Japanese-style curry more available worldwide through the operation of curry restaurants both in Japan and overseas.

In the Other Food Related Business, which includes the business engaged in exports, imports and sales of foodstuffs and the transport business, the Company is working to increase the comprehensive strength of the Group by optimizing business and pursuing the strengthened capabilities of each company.

On the basis of these strategic business areas, the Company has decided to make the five units−Spice / Seasoning / Processed Food Business, Health Food Business, International Food Business, Restaurant Business, and Other Food Related Business−its reported segments.

2. Basis for Calculating Sales, Profit or Loss, Assets, and Other Items by Reportable Segment

The accounting methods for reportable segments are mostly the same as the methods used in preparing the consolidated financial statements.

Reported segments' profit is based on operating profit. Intersegment sales and transfers are based on actual market prices.

(Adoption of Accounting Standard for Revenue Recognition, etc.)

Since the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review, and has changed its accounting procedures for revenue recognition as described in “Changes in Accounting Policies,” the Company has also changed its methods for measuring segment profit or loss accordingly.

Segment information for the previous fiscal year has been restated to reflect the change in methods for measuring segment profit or loss.

3. Information on Amounts of Sales, Profit or Loss, Assets, and Other Items by Reportable Segment

Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	116,050	14,946	33,929	44,637	40,447	250,008	–	250,008	58	250,066
Sales and transfer – inter-segment	4,330	334	128	61	3,475	8,329	–	8,329	(8,329)	–
Total	120,380	15,281	34,056	44,698	43,922	258,337	–	258,337	(8,271)	250,066
Segment profit (loss)	15,614	(396)	4,584	(660)	1,770	20,912	–	20,912	(1,498)	19,413
Segment assets	81,458	17,929	34,478	77,357	20,126	231,349	–	231,349	137,986	369,335
Other items										
Depreciation	3,948	686	1,469	2,870	601	9,572	–	9,572	463	10,035
Amortization of goodwill	–	–	–	1,708	–	1,708	–	1,708	–	1,708
Increase in property, plant and equipment, and intangible assets	7,141	347	1,293	1,857	471	11,110	–	11,110	469	11,579

(Note) 1. The details of the adjustments listed are as follows:

(1) Sales-outside customers are mainly real estate rental revenues recorded by the Company.

(2) Segment profit (loss) includes a loss of 1,498 million yen of the Company and House Business Partners Corporation which was not allocated to business segments.

(3) Segment assets include assets of 139,430 million yen of the Company and House Business Partners Corporation which were not allocated to business segments and elimination of inter-segment transactions of -1,444 million yen.

(4) Depreciation includes depreciation of 463 million yen of the Company and House Business Partners Corporation that was not allocated to business segments.

(5) Increase in property, plant and equipment and intangible assets includes equipment investment of 469 million yen of the Company and House Business Partners Corporation which was not allocated to business segments.

2. Segment profit was adjusted with operating profit on the consolidated financial statements.

Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	112,714	14,131	38,976	45,310	42,156	253,287	–	253,287	99	253,386
Sales and transfer – inter-segment	4,708	302	134	112	3,415	8,671	–	8,671	(8,671)	–
Total	117,422	14,432	39,110	45,422	45,571	261,957	–	261,957	(8,571)	253,386
Segment profit (loss)	12,628	(138)	5,250	1,502	1,480	20,721	–	20,721	(1,494)	19,227
Segment assets	83,358	17,696	46,727	76,930	21,580	246,290	–	246,290	135,731	382,021
Other items										
Depreciation	4,756	668	1,552	2,844	616	10,436	–	10,436	505	10,941
Amortization of goodwill	–	–	–	45	–	45	–	45	–	45
Increase in property, plant and equipment, and intangible assets	5,727	245	4,016	1,550	698	12,236	–	12,236	653	12,888

(Note) 1. The details of the adjustments listed are as follows:

(1) Sales-outside customers are mainly real estate rental revenues recorded by the Company.

(2) Segment profit (loss) includes a loss of 1,494 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

(3) Segment assets include assets of 137,213 million yen of the Company and House Business Partners Corporation which were not allocated to business segments and elimination of inter-segment transactions of -1,482 million yen.

(4) Depreciation includes depreciation of 505 million yen of the Company and House Business Partners Corporation that was not allocated to business segments.

(5) Increase in property, plant and equipment and intangible assets includes equipment investment of 653 million yen of the Company and House Business Partners Corporation which was not allocated to business segments.

2. Segment profit was adjusted with operating profit on the consolidated financial statements.

[Related information]

Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)

1. Information by Product and Service

Since similar information is described in the segment information, this information is omitted.

2. Information by Area

(1) Net sales (Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
206,544	15,147	12,538	14,788	1,048	250,066

(2) Property, plant and equipment (Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
74,586	5,125	1,356	8,703	172	89,942

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	32,548	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	17,914	Spice / Seasoning / Processed Food Business Health Food Business

Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)

1. Information by Product and Service

Since similar information is described in the segment information, this information is omitted.

2. Information by Area

(1) Net sales (Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
202,982	17,802	14,119	16,911	1,572	253,386

(2) Property, plant and equipment (Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
72,374	5,869	1,622	11,972	187	92,024

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	31,467	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	17,192	Spice / Seasoning / Processed Food Business Health Food Business

[Information on impairment loss in non-current assets by reported segment]

Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Impairment loss	14	-	457	9,604	-	10,075	-	-	10,075

Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Impairment loss	-	349	-	287	-	636	-	-	636

[Information on amortization of goodwill and amortized balance by reported segment]

Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Amortization in fiscal year under review	-	-	-	1,708	-	1,708	-	-	1,708
Balance at end of fiscal year under review	-	-	-	312	-	312	-	-	312

Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Amortization in fiscal year under review	-	-	-	45	-	45	-	-	45
Balance at end of fiscal year under review	-	-	-	268	-	268	-	-	268

[Information on gain on bargain purchase by reported segment]

Previous consolidated fiscal year (April 1, 2020 – March 31, 2021)

Not applicable.

Consolidated fiscal year under review (April 1, 2021 – March 31, 2022)

Not applicable.

Per Share Information

(Yen)

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 - March 31, 2022)
Net assets per share	2,559.12	2,700.99
Profit per share	86.87	139.75

(Notes) 1. Diluted profit per share is omitted because there are no potential shares with a dilutive effect.

2. As stated in "Changes in Accounting Policies," the Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. pursuant to the principle accounting treatment provided for in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. As a result, net assets per share for the previous fiscal year decreased 3.17 yen and profit per share increased 0.19 yen.

3. The basis for calculating profit per share is as follows.

	Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)	Consolidated fiscal year under review (April 1, 2021 - March 31, 2022)
	Million yen	Million yen
Profit attributable to owners of parent	8,752	13,956
Amount not allocable to common shareholders	-	-
Profit attributable to owners of parent available for common stock	8,752	13,956
	Thousand shares	Thousand shares
Average number of shares of common stock outstanding during the term	100,749	99,868

4. The basis for calculating net assets per share is as follows.

	Previous consolidated fiscal year (As of March 31, 2021)	Consolidated fiscal year under review (As of March 31, 2022)
	Million yen	Million yen
Total net assets	286,883	298,567
Amount deducted from total net assets	29,058	29,601
(Of which are non-controlling interests)	(29,058)	(29,601)
Net assets at end of year available for common stock	257,825	268,966
	Thousand shares	Thousand shares
Number of shares of common stock at end of year used for calculating net assets per share	100,748	99,581

Important Subsequent Events

(Establishment of Subsidiary in Thailand and Group Realignment Associated with Investment in Kind (Capital Increase) to Said Subsidiary)

On April 22, 2022, the Company resolved at a meeting of the Board of Directors to make investment in kind (capital increase) of equity interest held in House Osotspa Foods Co., Ltd., a subsidiary of the Company, to House Foods Group Asia Pacific Co., Ltd. (hereinafter referred to as "House Foods Group Asia Pacific") established in Thailand in April 2022. Accordingly, House Foods Group Asia Pacific comes under the category of a specified subsidiary of the Company with an amount of capital equivalent to no less than 10% of capital of the Company.

5. Supplementary Information

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the fiscal year under review and the figures from the first quarter of the fiscal year ended March 31, 2021 are figures after retrospective application of the standard and guidance. Therefore, year-on-year changes are not shown.

(1) Business Results

Consolidated

(Million yen)

	FY2020		FY2021		FY2022 Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	250,066	−	253,386	101.3%	270,600	106.8%
Operating profit	19,413	−	19,227	99.0%	18,400	95.7%
Ordinary profit	19,837	−	21,125	106.5%	19,500	92.3%
Profit attributable to owners of parent	8,752	−	13,956	159.5%	11,200	80.3%
Comprehensive income	12,284	−	21,581	175.7%	−	−

Net sales by business segment

Net sales	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	120,380	−	117,422	97.5%	122,500	104.3%
Health Food Business	15,281	−	14,432	94.4%	15,800	109.5%
International Food Business	34,056	−	39,110	114.8%	45,100	115.3%
Restaurant Business	44,698	−	45,422	101.6%	52,000	114.5%
Other Food Related Business	43,922	−	45,571	103.8%	44,200	97.0%
Adjustment	(8,271)	−	(8,571)	−	(9,000)	−

Operating profit by business segment

Operating profit	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	15,614	−	12,628	80.9%	9,700	76.8%
Health Food Business	(396)	−	(138)	−	300	−
International Food Business	4,584	−	5,250	114.5%	5,500	104.8%
Restaurant Business	(660)	−	1,502	−	3,400	226.4%
Other Food Related Business	1,770	−	1,480	83.6%	1,600	108.1%
Adjustment	(1,498)	−	(1,494)	−	(2,100)	−

(2) Number of Group Companies

	FY2020	FY2021
Consolidated subsidiaries	37	37
Japan	15	15
Overseas	22	22
Equity-method affiliate	5	5
Japan	2	2
Overseas	3	3

(3) Consolidated Statements of Income

1. Consolidated Statements of Income (Million yen)

	FY2020		FY2021		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Consolidated net sales	**250,066**	**100.0%**	**253,386**	**100.0%**	**3,320**	**1.3%**
<By business segment>						
Spice/Seasoning/Processed Food Business	120,380	48.1%	117,422	46.3%	(2,958)	(2.5%)
Health Food Business	15,281	6.1%	14,432	5.7%	(848)	(5.6%)
International Food Business	34,056	13.6%	39,110	15.4%	5,054	14.8%
Restaurant Business	44,698	17.9%	45,422	17.9%	724	1.6%
Other Food Related Business	43,922	17.6%	45,571	18.0%	1,648	3.8%
Adjustment	(8,271)	(3.3%)	(8,571)	(3.4%)	(300)	−
Cost of sales	154,114	61.6%	158,383	62.5%	4,269	2.8%
Selling, general and administrative expenses	76,539	30.6%	75,776	29.9%	(763)	(1.0%)
Operating profit	**19,413**	**7.8%**	**19,227**	**7.6%**	**(186)**	**(1.0%)**
<By business segment>						
Spice/Seasoning/Processed Food Business	15,614	6.2%	12,628	5.0%	(2,986)	(19.1%)
Health Food Business	(396)	(0.2%)	(138)	(0.1%)	258	−
International Food Business	4,584	1.8%	5,250	2.1%	665	14.5%
Restaurant Business	(660)	(0.3%)	1,502	0.6%	2,162	−
Other Food Related Business	1,770	0.7%	1,480	0.6%	(290)	(16.4%)
Adjustment	(1,498)	(0.6%)	(1,494)	(0.6%)	4	−
Non-operating income	2,549	1.0%	3,719	1.5%	1,170	45.9%
Non-operating expenses	2,126	0.9%	1,821	0.7%	(305)	(14.3%)
Ordinary profit	**19,837**	**7.9%**	**21,125**	**8.3%**	**1,288**	**6.5%**
Extraordinary income	2,590	1.0%	3,375	1.3%	785	30.3%
Extraordinary losses	10,361	4.1%	1,130	0.4%	(9,230)	(89.1%)
Profit before income taxes	12,066	4.8%	23,369	9.2%	11,304	93.7%
Income taxes	5,148	2.1%	7,528	3.0%	2,379	46.2%
Profit	6,917	2.8%	15,842	6.3%	8,924	129.0%
Profit attributable to						
Profit attributable to owners of parent	**8,752**	**3.5%**	**13,956**	**5.5%**	**5,204**	**59.5%**
Profit (loss) attributable to non-controlling interests	(1,835)	(0.7%)	1,886	0.7%	3,721	−
Comprehensive income	**12,284**	**4.9%**	**21,581**	**8.5%**	**9,298**	**75.7%**

2. Major Changes in Selling, General and Administrative Expenses (Million yen)

	FY2020	FY2021	Year-on-year change
Advertising expenses	7,961	8,122	161
Transportation and storage costs	10,962	10,992	29
Sales commission	119	122	3
Promotion expenses	2,752	2,968	216
Personnel expenses	28,397	27,708	(689)
Research and development expenses	4,279	4,417	138
Amortization of goodwill	1,708	45	(1,664)
Other	20,361	21,402	1,043

3. Non-Operating Income (Expenses) (Million yen)

	FY2020	FY2021	Year-on-year change
Interest income	253	240	(12)
Dividend income	673	693	20
Rental income from buildings	804	854	49
Foreign exchange gains	111	353	241
Subsidy income	120	1,026	906
Other	588	553	(35)
Total non-operating income	2,549	3,719	1,170
Interest expenses	52	61	9
Rental expenses	638	691	53
Share of loss of entities accounted for using equity method	1,230	322	(908)
Litigation expenses	−	281	281
Other	206	465	260
Total non-operating expenses	2,126	1,821	(305)

4. Extraordinary Income (Losses) (Million yen)

	FY2020	FY2021	Year-on-year change
Gain on sale of non-current assets	2	194	192
Gain on sale of investment securities	2,453	3,099	646
Gain on sale of restaurants	134	74	(60)
Other	0	7	7
Total extraordinary income	2,590	3,375	785
Loss on sale of non-current assets	11	6	(6)
Loss on retirement of non-current assets	224	385	160
Loss on sale of investment securities	15	−	(15)
Loss on valuation of investment securities	3	99	96
Impairment losses	10,075	636	(9,439)
Other	32	5	(28)
Total extraordinary losses	10,361	1,130	(9,230)

5. Quarterly Statements

Consolidated

(Million yen)

	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Net sales	59,750	63,935	67,945	58,436	250,066	61,636	62,491	67,794	61,464	253,386
Year-on-year change	−	−	−	−	−	1,886	(1,444)	(150)	3,028	3,320
Operating profit	4,431	5,475	8,675	832	19,413	5,690	3,341	7,855	2,341	19,227
Year-on-year change	−	−	−	−	−	1,259	(2,134)	(820)	1,508	(186)
Ordinary profit	4,515	4,324	8,962	2,037	19,837	6,345	3,991	8,182	2,607	21,125
Year-on-year change	−	−	−	−	−	1,830	(333)	(780)	570	1,288
Profit (loss) attributable to owners of parent	2,812	(1,818)	5,767	1,991	8,752	4,073	3,138	6,149	596	13,956
Year-on-year change	−	−	−	−	−	1,261	4,956	383	(1,395)	5,204
Comprehensive income	2,976	(2,902)	7,375	4,835	12,284	5,032	4,734	5,288	6,528	21,581
Year-on-year change	−	−	−	−	−	2,055	7,636	(2,087)	1,693	9,298

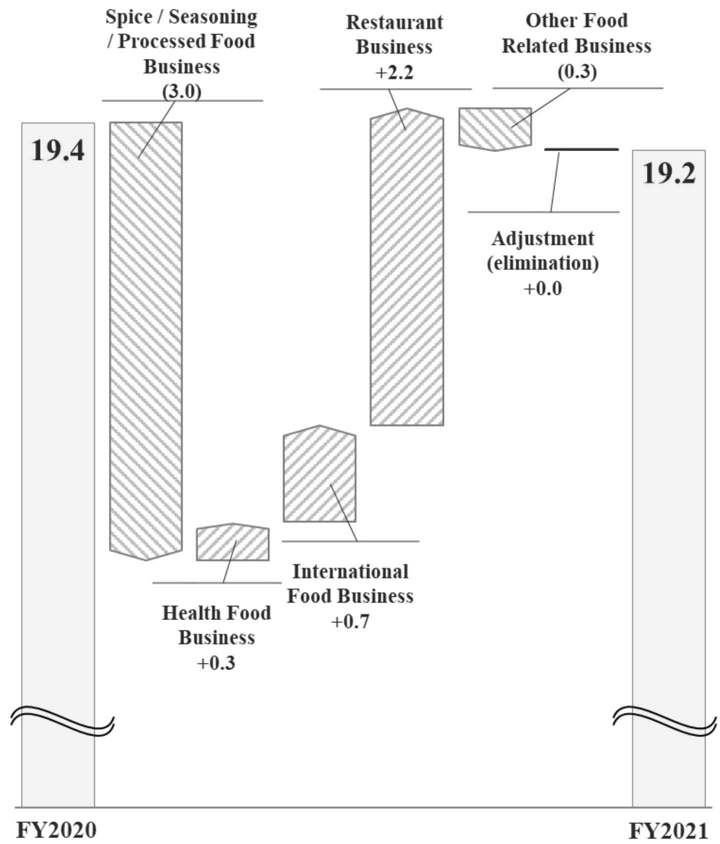
Net sales by business segment

Net sales	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	29,328	29,872	33,871	27,309	120,380	27,631	29,334	32,640	27,817	117,422
Year-on-year change	−	−	−	−	−	(1,696)	(538)	(1,231)	508	(2,958)
Health Food Business	3,739	4,355	4,152	3,035	15,281	3,351	3,689	4,305	3,088	14,432
Year-on-year change	−	−	−	−	−	(389)	(666)	153	54	(848)
International Food Business	8,095	10,170	9,614	6,178	34,056	9,813	9,627	10,241	9,429	39,110
Year-on-year change	−	−	−	−	−	1,718	(543)	628	3,251	5,054
Restaurant Business	10,426	11,242	11,600	11,429	44,698	11,126	10,979	11,242	12,074	45,422
Year-on-year change	−	−	−	−	−	700	(262)	(359)	645	724
Other Food Related Business	10,676	10,086	10,593	12,568	43,922	11,675	11,192	11,477	11,227	45,571
Year-on-year change	−	−	−	−	−	999	1,106	884	(1,341)	1,648
Adjustment	(2,514)	(1,790)	(1,885)	(2,082)	(8,271)	(1,960)	(2,330)	(2,111)	(2,171)	(8,571)
Year-on-year change	−	−	−	−	−	554	(540)	(225)	(88)	(300)

Operating profit by business segment

Operating profit		FY2020					FY2021				
		1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
	Spice / Seasoning / Processed Food Business	4,275	3,682	5,718	1,939	15,614	3,075	2,326	4,816	2,410	12,628
	Year-on-year change	–	–	–	–	–	(1,199)	(1,356)	(902)	471	(2,986)
	ROS	14.6%	12.3%	16.9%	7.1%	13.0%	11.1%	7.9%	14.8%	8.7%	10.8%
	Health Food Business	(223)	171	388	(732)	(396)	(163)	(170)	604	(410)	(138)
	Year-on-year change	–	–	–	–	–	60	(341)	216	322	258
	ROS	(6.0%)	3.9%	9.3%	(24.1%)	(2.6%)	(4.9%)	(4.6%)	14.0%	(13.3%)	(1.0%)
	International Food Business	1,010	1,963	1,676	(65)	4,584	1,983	1,244	1,507	516	5,250
	Year-on-year change	–	–	–	–	–	973	(718)	(170)	581	665
	ROS	12.5%	19.3%	17.4%	(1.0%)	13.5%	20.2%	12.9%	14.7%	5.5%	13.4%
	Restaurant Business	(927)	(516)	554	229	(660)	350	176	420	556	1,502
	Year-on-year change	–	–	–	–	–	1,277	692	(133)	327	2,162
	ROS	(8.9%)	(4.6%)	4.8%	2.0%	(1.5%)	3.1%	1.6%	3.7%	4.6%	3.3%
	Other Food Related Business	508	413	526	323	1,770	471	328	479	201	1,480
	Year-on-year change	–	–	–	–	–	(37)	(85)	(47)	(122)	(290)
	ROS	4.8%	4.1%	5.0%	2.6%	4.0%	4.0%	2.9%	4.2%	1.8%	3.2%
	Adjustment	(212)	(238)	(187)	(862)	(1,498)	(27)	(563)	28	(933)	(1,494)
	Year-on-year change	–	–	–	–	–	185	(325)	215	(71)	4

6. Factors of changes in operating profit by business segment (Billion yen)



Billion yen	Year-on-year change
Spice/Seasoning/Processed Food Business	(3.0)
Change in sales	(1.4)
Change in cost of sales ratio	(1.2)
Marketing costs	(0.5)
Other expenses	+0.5
GABAN and other affiliated companies, adjustment	(0.5)
Health Food Business	+0.3
Change in sales	(1.0)
Change in cost of sales ratio	+0.8
Marketing costs	+0.1
Other expenses	+0.4
International Food Business	+0.7
Business in the United States	(0.1)
Business in China	(0.1)
Businesses in ASEAN	+0.8
Restaurant Business	+2.2
Ichibanya Co., Ltd. (Consolidated)	+0.3
Amortization of goodwill, etc.	+1.8
Other Food Related Business	(0.3)
Delica Chef Corporation	+0.0
Vox Trading Co., Ltd. (Consolidated)	(0.3)
Adjustment (elimination)	+0.0

Changes in operating profit	(0.2)

(4) Consolidated Balance Sheets

Consolidated Balance Sheets (Million yen)

	FY2020		FY2021		Increase / decrease from end of FY2020	Major factors for increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount		
Current assets	156,939	42.5%	157,123	41.1%	184	Increase in notes and accounts receivable - trade	3,342
						Increase in inventories	2,772
						Increase in other current assets	1,394
						Decrease in cash and deposits	(3,901)
						Decrease in securities	(3,507)
Non-current assets	212,396	57.5%	224,898	58.9%	12,502	Increase in investment securities	6,461
						Increase in retirement benefit asset	4,377
						Increase in software	2,800
						Increase in machinery, equipment and vehicles	2,101
						Decrease in software in progress	(2,144)
Total assets	**369,335**	**100.0%**	**382,021**	**100.0%**	**12,686**		
Current liabilities	51,910	14.1%	51,609	13.5%	(300)	Decrease in accounts payable - other	(1,416)
						Decrease in electronically recorded obligations - operating	(577)
						Increase in notes and accounts payable - trade	1,483
Non-current liabilities	30,542	8.3%	31,845	8.3%	1,303	Increase in deferred tax liabilities	1,243
						Decease in lease obligations	(179)
Total liabilities	**82,452**	**22.3%**	**83,454**	**21.8%**	**1,002**		
Total shareholders' equity	232,389	62.9%	237,762	62.2%	5,373	Increase in retained earnings	9,346
						Increase in treasury shares	(3,973)
Total accumulated other comprehensive income	25,437	6.9%	31,204	8.2%	5,767	Increase in foreign currency translation adjustment	3,281
						Increase in remeasurements of defined benefit plans	1,520
Non-controlling interests	29,058	7.9%	29,601	7.7%	543		
Total net assets	**286,883**	**77.7%**	**298,567**	**78.2%**	**11,684**		
Total liabilities and net assets	**369,335**	**100.0%**	**382,021**	**100.0%**	**12,686**		

(5) Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows (Million yen)

	FY2020	FY2021	Year-on-year change	Major factors for increase/decrease	
Cash flows from operating activities	23,181	16,140	(7,042)	Decrease in impairment losses	(9,439)
				Decrease (increase) in trade receivables	(7,506)
				Decrease (increase) in other assets	(3,098)
				Increase in profit before income taxes	11,304
				Increase (decrease) in trade payables	4,478
Cash flows from investing activities	(8,558)	(10,398)	(1,840)	Purchase of investment securities	(6,178)
				Purchase of property, plant and equipment	(3,045)
				Proceeds from sale of securities	2,598
				Purchase of securities	2,508
				Proceeds from sale of property, plant and equipment	1,403
Cash flows from financing activities	(6,172)	(10,068)	(3,895)	Proceeds from short-term borrowings	(5,000)
				Purchase of treasury shares	(3,995)
				Repayments of short-term borrowings	5,140
Cash and cash equivalents at end of period	78,343	75,705	(2,638)		

(6) Capital Investment

Consolidated (Million yen)

	FY2020	FY2021	FY2022 Forecast
Capital investment	11,324	12,425	17,000
Leases	383	551	200
Total	11,708	12,976	17,200

(7) Depreciation

Consolidated (Million yen)

	FY2020	FY2021	FY2022 Forecast
Depreciation	10,035	10,941	11,400
Lease payments	337	298	300
Total	10,373	11,239	11,700

* Lease payments for leased property which is recorded as an asset according to the method for sales transactions are included in "depreciation."

(8) Major Management Indicators, etc.

Consolidated

	FY2020	FY2021	FY2022 Forecast
Profit per share	86.87 yen	139.75 yen	113.60 yen
Net assets per share	2,559.12 yen	2,700.99 yen	2,764.40 yen
ATO	0.68 times	0.67 times	0.71 times
Ratio of operating profit to net sales	7.8%	7.6%	6.8%
EBITDA margin	12.4%	11.9%	11.0%
Ratio of ordinary profit to net sales	7.9%	8.3%	7.2%
Ratio of operating profit to total assets	5.3%	5.1%	4.8%
ROE (Return on equity)	3.5%	5.3%	4.2%
Equity ratio	69.8%	70.4%	70.2%

Dividend per share	46.00 yen	46.00 yen	46.00 yen
Dividend payout ratio	53.0%	32.9%	40.5%
Dividend payout ratio according to the basic policy on the return of earnings to shareholders	29.6%	31.8%	40.3%

* Basic policy on the payment of dividends:

A dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill

Number of employees	6,153 people	6,169 people	-

* Excluding those on leave of absence and part-time workers

(9) Reference Information

1. Domestic market scale (according to the survey by House Foods) (Billion yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Curry roux	55.3	52.9	51.3	50.5	46.9
Stew roux	21.0	19.6	18.9	18.9	18.1
Hashed beef sauce roux	7.1	7.1	7.1	7.3	6.6
Retort pouched curry	67.1	70.7	75.3	78.9	78.7
Spice in total	82.3	85.9	88.4	100.6	97.0

2. Curry roux market trends (SRI+)

FY2021		1Q	2Q	3Q	4Q	1H	2H	Full year
Overall market	Average selling price	192 yen	194 yen	192 yen	192 yen	193 yen	192 yen	193 yen
	Change from the previous year	-4 yen	+2 yen	+2 yen	+0 yen	-1 yen	+1 yen	+0 yen
House Foods Corporation	Average selling price	192 yen	193 yen	191 yen	191 yen	192 yen	191 yen	192 yen
	Change from the previous year	-5 yen	+1 yen	-1 yen	-1 yen	-2 yen	-1 yen	-2 yen
	Share of amount	62.0%	62.1%	62.7%	62.1%	62.1%	62.4%	62.3%

Source: SRI+ monthly data of INTAGE Inc. (April 2021 – March 2022)

3. Trends by Business (Net Sales – Year on Year)

FY2021	1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business (House Foods)							
Curry roux *1	90.6%	95.0%	100.2%	101.5%	92.7%	100.8%	96.6%
Retort pouched curry *1	99.1%	98.8%	92.3%	104.1%	99.0%	98.1%	98.5%
Stew roux *1	86.0%	103.3%	95.2%	96.3%	97.1%	95.5%	96.1%
Spice *1	91.8%	97.5%	92.5%	96.3%	94.6%	94.1%	94.4%
Food service products *1	112.7%	98.0%	103.9%	107.0%	104.7%	105.3%	105.0%
Health Food Business (House Wellness Foods)							
Ukon No Chikara *1	107.8%	67.8%	106.1%	101.9%	82.1%	105.0%	94.8%
C1000 *1	74.2%	73.8%	103.0%	88.3%	74.0%	95.6%	82.5%
Ichinichibun No Vitamin *1	98.2%	114.8%	102.4%	121.8%	106.9%	111.2%	108.9%
International Food Business (Local currency basis)							
Business in the United States	109.6%	107.5%	108.3%	98.0%	108.6%	103.2%	105.9%
Business in China	146.0%	78.4%	109.2%	121.1%	106.8%	114.1%	110.2%
Functional drinks business in Thailand	114.5%	91.1%	77.0%	388.5%	99.8%	127.4%	112.1%
Restaurant Business (Ichibanya)							
Net sales of all domestic restaurants	104.8%	92.6%	92.8%	101.6%	98.4%	97.4%	97.8%
Net sales of existing domestic restaurants	105.3%	93.4%	93.9%	102.5%	99.0%	98.2%	98.6%
Number of customers	101.7%	92.5%	92.4%	102.7%	96.9%	97.5%	97.2%
Average sales per customer	103.5%	101.0%	101.6%	99.8%	102.2%	100.7%	101.4%

*1 Results by product are based on shipments and are for reference only.