

November 8, 2022

Consolidated Financial Results (Japanese Accounting Standards) for the Six Months Ended September 30, 2022 (Q2 FY2022)

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2810
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Scheduled date for filing of securities report: November 14, 2022
 Scheduled date of commencement of dividend payment: December 5, 2022
 Supplementary documents for quarterly results: Yes
 Quarterly 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 Six Months Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(1) Consolidated Results of Operations (Accumulated Total)

(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	%
Six months ended								
September 30, 2022	133,831	7.8	7,632	(15.5)	8,964	(13.3)	5,493	(23.8)
September 30, 2021	124,127	0.4	9,032	(8.8)	10,336	16.9	7,211	625.2

(Note) Comprehensive income: 10,217 million yen (4.6%) for the six months ended September 30, 2022
 9,766 million yen (–%) for the six months ended September 30, 2021

	Profit per share (basic)		Profit per share (diluted)	
	Yen	Yen	Yen	Yen
Six months ended				
September 30, 2022	55.88	–	–	–
September 30, 2021	72.00	–	–	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
September 30, 2022	387,072	299,922	69.6	2,763.23
March 31, 2022	382,021	298,567	70.4	2,700.99

(Reference) Shareholders' equity: As of September 30, 2022: 269,522 million yen
 As of March 31, 2022: 268,966 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	23.00	–	23.00	46.00
Year ending March 31, 2023	–	23.00			
Year ending March 31, 2023 (forecasts)			–	23.00	46.00

(Note) Revisions to dividend forecasts published most recently: None

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

(Percentage figures 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	275,300	8.6	16,000	(16.8)	17,900	(15.3)	11,100	(20.5)	112.93

(Note) Revisions to financial forecasts published most recently: Yes

For details, please refer to “(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts” under “1. Qualitative Information on Results for the First Half Ended September 30, 2022” on page 5 of the accompanying materials.

* Notes

- (1) Changes of important subsidiaries during the period
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
New: 1 company (Company Name) House Foods Group Asia Pacific Co., Ltd.
- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes
- (3) 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 “2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 12 of the Accompanying Materials for details.
- (4) Number of shares outstanding (common shares):
- | | |
|---|--------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) | |
| As of September 30, 2022: | 100,750,620 shares |
| As of March 31, 2022: | 100,750,620 shares |
| (ii) Number of treasury shares at end of period | |
| As of September 30, 2022: | 3,211,704 shares |
| As of March 31, 2022: | 1,169,959 shares |
| (iii) Average number of shares outstanding during the term | |
| Six months ended September 30, 2022: | 98,288,290 shares |
| Six months ended September 30, 2021: | 100,154,885 shares |

* Quarterly consolidated financial results are not subject to a quarterly review by certified public accountants or audit corporations.

* 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 related to the forecasts, please refer to “(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts” under “1. Qualitative Information on Results for the First Half Ended September 30, 2022” on page 5 of the accompanying materials.

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1. Qualitative Information on Results for the First Half Ended September 30, 2022

(1) Details of Operating Results

During the first six months ended September 30, 2022, the business environment was quite volatile, with the resumption of economic activity after COVID-19 giving rise to a supply-demand gap and the protracted Russia-Ukraine conflict triggering global inflation and a sharp depreciation of the yen, and the outlook remained fraught with uncertainty.

Net sales for the first six months ended September 30, 2022 increased 7.8% year on year to 133,831 million yen, reflecting the timely implementation of price revisions for certain products and services in addition to recovery of sales in each business, including growth in the International Food Business, as a result of the resumption of economic activity. Operating profit was significantly affected by the sharp rise in raw material prices in the Spice/Seasoning/Processed Food Business, and declined 15.5% year on year to 7,632 million yen. Ordinary profit declined 13.3% year on year to 8,964 million yen, while profit attributable to owners of parent was 5,493 million yen, down 23.8% year on year.

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	58,013	101.8	3,205	59.3
Health Food Business	8,521	121.1	1,076	–
International Food Business	22,620	116.4	3,106	96.2
Restaurant Business	22,947	103.8	647	123.0
Other Food Related Business	26,387	115.4	521	65.1
Subtotal	138,489	107.8	8,555	88.9
Adjustment (elimination)	(4,658)	–	(923)	–
Total	133,831	107.8	7,632	84.5

(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 working to increase the efficiency of the Group as a whole and strengthen proposal making capabilities through measures such as transferring part of the business of Malony Co., Ltd. to House Foods Corporation with effect from April 2022.

Looking at the net sales of the household use business, sales of retort pouched products and snacks held firm and sales of curry roux products were also solid amid concern over sinking consumer sentiment due to rising inflation. The net sales of the food service business were still below pre-COVID levels but were on the recovery path and higher than the level a year earlier.

Meanwhile, profits decreased, severely impacted by dramatic deterioration in conditions in terms of cost, notably rising raw material and energy costs. In response to such deteriorating cost conditions, the Spice/Seasoning/Processed Food Business has been implementing timely product price revisions and working to accelerate the firm establishment of the new prices.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 58,013 million yen, up 1.8% year on year, and operating profit was 3,205 million yen, down 40.7% year on year. As a result, the ratio of operating profit to net sales was 5.5%, declining 4.0 percentage point from the same period of the previous fiscal year.

Health Food Business

In this business segment, we are promoting structural reforms domestically and working to quickly build the Functional Ingredients Value Chain globally.

In terms of net sales, sales of *Ukon no Chikara* increased year on year as a result of the easing of COVID restrictions and sales of key jelly products also grew, reflecting the effect of integration of sales functions into House Foods Corporation and their adoption as food products for people recovering from COVID-19 infection by local governments. Thanks to the effect of increased sales, in addition to the results of structural reforms being implemented for some time, the Health Food Business returned to operating profitability.

As a result of the above, net sales in the Health Food Business rose 21.1% year on year to 8,521 million yen with operating profit of 1,076 million yen, an improvement of 1,409 million yen year on year. Consequently, the ratio of operating profit to net sales was 12.6%, rising 17.4 percentage points from a year earlier.

International Food Business Period covered by the consolidated financial statements: Mainly from January to June 2022

In this business segment we have strived to accelerate the speed of growth in three priority areas (United States, China and ASEAN).

In the United States, the tofu business, which accounts for around 90% of all business, posted increased sales, partly due to price revisions implemented in January 2022; however, this was not enough to offset higher costs, including logistics and labor costs, and profit fell. Meanwhile, the import business, which accounts for the remaining 10% of business in the United States, reported large declines in sales and profit due to container shipping delays associated with supply chain disruptions and higher logistics costs.

The results of the curry business in China strongly reflected the effects of the Chinese authorities' "zero COVID policy." The household use business posted gains in sales and profit thanks to favorable exchange rates in addition to the firm establishment of price revisions implemented in April 2022, both of which offset the impact of rising raw material costs. In addition, certain House Foods products were adopted as government food rations during the Shanghai lockdown and this is expected to increase the popularity of curry as a meal option. However, the food service business posted declines in sales and profit, with lockdowns inevitably leading to decreased orders. As a result, the curry business in China as a whole reported increased sales and decreased profit.

The functional beverage business in Thailand reported increases in both sales and profits, with a campaign to celebrate the 10th Anniversary of the core *C-vitt* brand boosting results and the vitamin beverage market remaining on a growth path.

As a result of the above, sales in the International Food Business rose 16.4% year on year, to 22,620 million yen, and operating profit decreased 3.8%, to 3,106 million yen. Consequently, the ratio of operating profit to net sales was 13.7%, declining 2.9 percentage points from a year ago.

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

The Restaurant Business is focusing on further growth both in Japan and overseas through chains of restaurants which constantly exceed expectations, whilst at the same time adapting to changes in the environment in the COVID era and meeting needs for greater convenience.

Net sales at existing domestic stores of Ichibanya Co., Ltd. rose 4.5% year on year, reflecting gradual recovery in the number of customers after requests to shorten business hours were fully lifted in late March and no change in customer levels despite price revisions in June. Net sales at existing overseas stores increased 11.8% overall, though conditions varied from region to region, with sales exceeding pre-COVID levels in the United States but hit by prolonged lockdowns in China, which is adhering to a zero COVID strategy.

Operating profit rose year on year, bolstered by higher sales, which offset the impact of negative factors such as rising costs including raw material and logistic costs and lower sales from overseas subsidiaries due to lockdowns in China.

As a result of the above, sales in the Restaurant Business increased 3.8% year on year, to 22,947 million yen, and operating profit increased 23.0% year on year, to 647 million yen. Consequently, the ratio of operating profit to net sales was 2.8%, rising 0.4 percentage points from a year earlier.

Other Food Related Business

Although Delica Chef Corporation posted increased sales driven by growth in baked bread, operating profit fell sharply due to rapidly rising raw material prices and increased manufacturing costs.

Vox Trading Co., Ltd. posted increased sales and profit due to an increase in successful tenders for MA rice (minimum access rice), in addition to recovering food service demand and strong performance for exported goods.

As a result of the above, sales in Other Food Related Business increased 15.4% year on year, to 26,387 million yen, and operating profit declined 34.9% year on year, to 521 million yen. Consequently, the ratio of operating profit to net sales was 2.0%, declining 1.5 percentage points from a year ago.

(2) Details of Financial Position

The consolidated financial situation at the end of the first half of the fiscal year under review is as follows:

Total assets were 387,072 million yen, an increase of 5,051 million yen from the end of the previous consolidated fiscal year.

Current assets stood at 160,776 million yen, an increase of 3,652 million yen mainly due to increases in notes and accounts receivable - trade and inventories, despite decreases in cash and deposits. Non-current assets increased 1,399 million yen, to 226,296 million yen, mainly due to a decrease in investment securities offset by increases in retirement benefit assets, construction in progress and buildings and structures.

Liabilities stood at 87,150 million yen, an increase of 3,696 million yen from the end of the previous consolidated fiscal year.

Current liabilities were up 1,234 million yen, to 52,844 million yen, mainly due to increases in notes and accounts payable - trade and short-term borrowings, while accounts payable - other decreased. Non-current liabilities increased 2,462 million yen, to 34,307 million yen, chiefly due to an increase in retirement benefit liability.

Net assets stood at 299,922 million yen, an increase of 1,355 million yen from the end of the previous consolidated fiscal year, mainly because of an increase in foreign currency translation adjustment and an increase in retained earnings thanks to profit attributable to owners of parent, offsetting an increase in treasury shares due to the purchase of treasury shares and a decrease in valuation difference on available-for-sale securities due to decline in the market value of securities held.

As a result, the equity ratio stood at 69.6% (compared with 70.4% at the end of the previous fiscal year), and net assets per share amounted to 2,763.23 yen (2,700.99 yen at the end of the previous fiscal year) at the end of the first half of the fiscal year under review.

(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts

The Company has revised its consolidated financial forecasts for the fiscal year ending March 31, 2023, which were announced on May 11, 2022, as shown below. Net sales are expected to exceed initial forecasts in all businesses except the Restaurant Business. However, operating profit and ordinary profit are expected to be lower than initially anticipated because the net sales of the Restaurant Business are likely to be less than expected, the increase in costs attributable to inflation and a sharply weaker yen is expected to be greater than anticipated, and the cost of acquisition of an equity interest in US based Keystone Natural Holdings announced on September 16, 2022 and the estimated amount of amortization of goodwill arising in the acquisition of said company have been newly factored into the forecast. Profit attributable to owners of parent is expected to be in line with the previous forecast due mainly to the recording of a gain on sale of investment securities.

- Revision to consolidated financial forecast for fiscal year ending March 2023 (April 1, 2022 to March 31, 2023)

	Previous forecast	Revised forecast	Increase/ Decrease	Rate of change	Reference Results for the previous fiscal year
	Million yen	Million yen	Million yen	%	Million yen
Net sales	270,600	275,300	+4,700	+1.7	253,386
Operating profit	18,400	16,000	(2,400)	(13.0)	19,227
Ordinary profit	19,500	17,900	(1,600)	(8.2)	21,125
Profit attributable to owners of parent	11,200	11,100	(100)	(0.9)	13,956

- Segment net sales

	Previous forecast	Revised forecast	Increase/ Decrease	Rate of change	Reference Results for the previous fiscal year
	Million yen	Million yen	Million yen	%	Million yen
Spice / Seasoning / Processed Food Business	122,500	122,900	+400	+0.3	117,422
Health Food Business	15,800	16,500	+700	+4.4	14,432
International Food Business	45,100	48,700	+3,600	+8.0	39,110
Restaurant Business	52,000	47,300	(4,700)	(9.0)	45,422
Other Food Related Business	44,200	48,900	+4,700	+10.6	45,571
Adjustment	(9,000)	(9,000)	+0	-	(8,571)

- Segment operating profit

	Previous forecast	Revised forecast	Increase/ Decrease	Rate of change	Reference Results for the previous fiscal year
	Million yen	Million yen	Million yen	%	Million yen
Spice / Seasoning / Processed Food Business	9,700	8,800	(900)	(9.3)	12,628
Health Food Business	300	1,400	+1,100	+366.7	(138)
International Food Business	5,500	5,400	(100)	(1.8)	5,250
Restaurant Business	3,400	1,700	(1,700)	(50.0)	1,502
Other Food Related Business	1,600	1,200	(400)	(25.0)	1,480
Adjustment	(2,100)	(2,500)	(400)	-	(1,494)

(Note) Statements contained in this document, including the forecasts above, are based on information available on November 8, 2022, and actual results may differ from the forecasts. The Company shall make prompt disclosure if the need to revise the business results forecasts arises in the future.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2022)	End of first half of the fiscal year under review (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	75,004	73,181
Notes and accounts receivable - trade	46,446	48,714
Securities	6,008	7,363
Merchandise and finished goods	14,292	16,196
Work in process	2,520	3,017
Raw materials and supplies	6,080	6,776
Other	6,866	5,625
Allowance for doubtful accounts	(92)	(97)
Total current assets	157,123	160,776
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,717	35,112
Machinery, equipment and vehicles, net	19,740	19,707
Land	31,314	31,617
Lease assets, net	1,479	1,411
Construction in progress	3,538	6,130
Other, net	2,235	2,364
Total property, plant and equipment	92,024	96,341
Intangible assets		
Goodwill	268	245
Trademark right	18,850	18,598
Software	4,354	3,980
Contract-related intangible assets	19,002	18,602
Software in progress	124	294
Other	770	844
Total intangible assets	43,368	42,564
Investments and other assets		
Investment securities	66,729	61,488
Long-term loans receivable	2	7
Deferred tax assets	753	826
Long-term time deposits	1,000	1,000
Retirement benefit asset	14,325	17,619
Distressed receivables	622	620
Long-term deposits	1,073	1,070
Other	6,867	6,580
Allowance for doubtful accounts	(1,865)	(1,818)
Total investments and other assets	89,506	87,391
Total non-current assets	224,898	226,296
Total assets	382,021	387,072

(Million yen)

	End of previous fiscal year (As of March 31, 2022)	End of first half of the fiscal year under review (As of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,264	19,892
Electronically recorded obligations - operating	1,269	1,409
Short-term borrowings	4,149	4,968
Lease liabilities	575	663
Accounts payable - other	9,986	8,217
Income taxes payable	3,452	3,001
Provision for bonuses	472	506
Provision for bonuses for directors (and other officers)	58	36
Provision for shareholder benefit program	96	99
Asset retirement obligations	4	14
Other	13,284	14,039
Total current liabilities	51,609	52,844
Non-current liabilities		
Long-term borrowings	177	183
Lease liabilities	963	797
Long-term accounts payable - other	181	181
Deferred tax liabilities	23,220	22,259
Retirement benefit liability	1,999	4,581
Asset retirement obligations	815	1,034
Long-term guarantee deposits	3,877	3,803
Other	613	1,469
Total non-current liabilities	31,845	34,307
Total liabilities	83,454	87,150
Net assets		
Shareholders' equity		
Share capital	9,948	9,948
Capital surplus	22,829	22,828
Retained earnings	208,969	212,171
Treasury shares	(3,984)	(9,956)
Total shareholders' equity	237,762	234,991
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	21,257	19,802
Deferred gains or losses on hedges	40	127
Foreign currency translation adjustment	2,925	8,156
Remeasurements of defined benefit plans	6,982	6,446
Total accumulated other comprehensive income	31,204	34,531
Non-controlling interests	29,601	30,400
Total net assets	298,567	299,922
Total liabilities and net assets	382,021	387,072

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(First six-month period)

(Million yen)

	First six-month period of previous fiscal year (April 1, 2021 - September 30, 2021)	First six-month period of the fiscal year under review (April 1, 2022 - September 30, 2022)
Net sales	124,127	133,831
Cost of sales	77,553	87,008
Gross profit	46,575	46,823
Selling, general and administrative expenses	37,543	39,191
Operating profit	9,032	7,632
Non-operating income		
Interest income	103	121
Dividend income	371	404
Share of profit of entities accounted for using equity method	–	15
Rental income from buildings	425	435
Foreign exchange gains	100	519
Subsidy income	525	219
Other	292	205
Total non-operating income	1,816	1,918
Non-operating expenses		
Interest expenses	24	111
Rental expenses	348	347
Share of loss of entities accounted for using equity method	27	–
Other	114	128
Total non-operating expenses	512	586
Ordinary profit	10,336	8,964
Extraordinary income		
Gain on sale of non-current assets	62	1
Gain on sale of investment securities	2,031	747
Gain on sale of restaurants	45	37
Other	6	3
Total extraordinary income	2,144	788
Extraordinary losses		
Loss on sale of non-current assets	0	50
Loss on retirement of non-current assets	110	70
Loss on sale of investment securities	–	1
Loss on valuation of investment securities	14	122
Loss on valuation of membership	–	1
Impairment losses	137	67
Other	0	0
Total extraordinary losses	261	311
Profit before income taxes	12,219	9,441
Income taxes	3,981	3,124
Profit	8,238	6,318
Profit attributable to		
Profit attributable to owners of parent	7,211	5,493
Profit attributable to non-controlling interests	1,027	825

(Million yen)

	First six-month period of previous fiscal year (April 1, 2021 - September 30, 2021)	First six-month period of the fiscal year under review (April 1, 2022 - September 30, 2022)
Other comprehensive income		
Valuation difference on available-for- sale securities	(98)	(1,466)
Deferred gains or losses on hedges	86	101
Foreign currency translation adjustment	2,018	5,711
Remeasurements of defined benefit plans, net of tax	(443)	(575)
Share of other comprehensive income of associates accounted for using equity method	(36)	129
Total other comprehensive income	1,528	3,900
Comprehensive income	9,766	10,217
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,850	8,820
Comprehensive income attributable to non-controlling interests	916	1,397

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	First six-month period of previous fiscal year (April 1, 2021 - September 30, 2021)	First six-month period of the fiscal year under review (April 1, 2022 - September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	12,219	9,441
Depreciation	5,234	5,533
Amortization of goodwill	22	22
Impairment losses	137	67
Share of (profit) loss of entities accounted for using equity method	27	(15)
Loss (gain) on valuation of investment securities	14	122
Loss on valuation of membership	-	1
Increase (decrease) in allowance for doubtful accounts	(95)	(43)
Increase (decrease) in provision for bonuses for directors	(43)	(22)
Increase (decrease) in provision for shareholder benefit program	4	3
Increase (decrease) in retirement benefit liability	51	2,486
Interest and dividend income	(473)	(525)
Interest expenses	24	111
Foreign exchange losses (gains)	(78)	(701)
Loss (gain) on sale of investment securities	(2,031)	(747)
Loss (gain) on sale of non-current assets	(62)	49
Loss on retirement of non-current assets	110	70
Loss (gain) on sale of restaurants	(45)	(37)
Decrease (increase) in trade receivables	(2,056)	(1,407)
Decrease (increase) in inventories	(1,759)	(2,621)
Increase (decrease) in trade payables	2,027	1,600
Increase (decrease) in accounts payable - bonuses	7	34
Increase (decrease) in long-term guarantee deposits	(81)	(75)
Decrease (increase) in other assets	(1,573)	(2,655)
Increase (decrease) in other liabilities	(1,945)	90
Subtotal	9,637	10,786
Interest and dividend income received	457	397
Interest paid	(14)	(28)
Income taxes paid	(4,565)	(2,736)
Net cash provided by (used in) operating activities	5,514	8,419

(Million yen)

	First six-month period of previous fiscal year (April 1, 2021 - September 30, 2021)	First six-month period of the fiscal year under review (April 1, 2022 - September 30, 2022)
Cash flows from investing activities		
Payments into time deposits	(1,473)	(78)
Proceeds from withdrawal of time deposits	744	78
Purchase of securities	(2,000)	(2,041)
Proceeds from sale of securities	6,000	2,765
Purchase of property, plant and equipment	(5,231)	(6,295)
Proceeds from sale of property, plant and equipment	345	179
Gain on sale of restaurants	59	60
Purchase of intangible assets	(1,345)	(427)
Purchase of investment securities	(7,265)	(2,269)
Proceeds from sale of investment securities	2,084	2,210
Proceeds from divestments	2	2
Net cash provided by (used in) investing activities	(8,080)	(5,816)
Cash flows from financing activities		
Repayments of short-term borrowings	(19,635)	(34,168)
Proceeds from short-term borrowings	19,716	34,880
Repayments of lease liabilities	(336)	(327)
Repayments of long-term borrowings	(30)	–
Proceeds from long-term borrowings	165	–
Purchase of treasury shares	(3,583)	(6,002)
Purchase of treasury shares of subsidiaries	(97)	(0)
Dividends paid	(2,317)	(2,290)
Dividends paid to non-controlling interests	(634)	(626)
Net cash provided by (used in) financing activities	(6,751)	(8,533)
Effect of exchange rate change on cash and cash equivalents	835	3,079
Net increase (decrease) in cash and cash equivalents	(8,481)	(2,850)
Cash and cash equivalents at beginning of period	78,343	75,705
Cash and cash equivalents at end of period	69,862	72,854

(4) Notes to Quarterly Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Notes for Case Where Shareholders' Equity underwent Significant Changes in Value

The Company completed the purchase of 2,050,600 treasury shares based on a resolution at the meeting of the Board of Directors held on May 11, 2022. As a result, treasury shares increased by 5,972 million yen during the first six months under review, and treasury shares amounted to 9,956 million yen as of September 30, 2022.

Application of Particular Accounts Procedures to the Preparation of Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

The Company calculates tax expenses by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year and multiplying profit before income taxes for the first quarter under review by the estimated effective tax rate.

However, if the calculation of tax expenses using the estimated effective tax rate results in a markedly unreasonable outcome, tax expenses are calculated by using the statutory effective tax rate after adding and subtracting important differences that do not fall under temporary differences to and from profit before income taxes.

Changes in Accounting Policies

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has decided to adopt the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Implementation Guidance") from the beginning of the first quarter and apply the new accounting policy stipulated in the Fair Value Measurement Implementation Guidance according to the provisional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. The adoption of the implementation guidance has no impact on the quarterly 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, etc., 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

I. First six-month period of previous fiscal year (April 1, 2021 - September 30, 2021)

1. Information on net sales and profits or losses by reported segment

(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	54,630	6,885	19,369	22,047	21,159	124,090	–	124,090	37	124,127
Sales and transfer – inter-segment	2,335	154	71	58	1,708	4,327	–	4,327	(4,327)	–
Total	56,965	7,039	19,440	22,106	22,867	128,417	–	128,417	(4,290)	124,127
Segment profit (loss)	5,402	(333)	3,227	526	799	9,621	–	9,621	(589)	9,032

(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 589 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

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

2. Information on impairment losses on non-current assets and goodwill by reportable segment

(Important impairment losses on non-current assets)

In the first half of the consolidated fiscal year under review, the Company recorded an impairment losses of 137 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

II. First six-month period of the fiscal year under review (April 1, 2022 - September 30, 2022)

1. Information on net sales and profits or losses by reported segment

(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	55,449	8,314	22,534	22,898	24,588	133,782	–	133,782	49	133,831
Sales and transfer – inter-segment	2,565	208	86	49	1,799	4,706	–	4,706	(4,706)	–
Total	58,013	8,521	22,620	22,947	26,387	138,489	–	138,489	(4,658)	133,831
Segment profit (loss)	3,205	1,076	3,106	647	521	8,555	–	8,555	(923)	7,632

(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 923 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

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

2. Information on impairment losses on non-current assets and goodwill by reportable segment

(Important impairment losses on non-current assets)

In the first half of the consolidated fiscal year under review, the Company recorded an impairment losses of 67 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

Important Subsequent Events

(Business combination through acquisition)

At a meeting of its Board of Directors held on September 16, 2022, the Company resolved to make Keystone Natural Holdings, LLC (hereinafter, “Keystone”), a US producer of tofu and plant based food (PBF) products, into a wholly owned subsidiary through House Foods Holding USA, Inc., a consolidated subsidiary of the Company, and acquired an equity interest in Keystone on September 30, 2022 (local time in the United States). Keystone falls under the category of specified subsidiary because it has an amount of capital equivalent to more than 10% of that of the Company.

(1) Outline of the business combination

(i) Name of the acquired company and its business

Acquired company: Keystone Natural Holdings, LLC

Business: Production and distribution of tofu and PBF

(ii) Main reason for the business combination

Under the Seventh Medium-term Business Plan of the House Foods Group (the “Group”), which started in April 2021, the Group has defined Striving for Four Value Chains (“VCs”), which comprise spices, functional ingredients, soybean and value-added vegetables, as areas of the Group’s value proposition, “Healthy Life Through Foods,” with the aim of achieving sustained growth by concentrating management resources on growth areas.

In the Soybean VC, the Group has been developing the tofu business in the United States since 1983. This VC has continued to show steady growth mainly in the market for Asian Americans and sales are expanding in recent years across the US market, mainly attributable to rising health awareness and the PBF trend from the perspective of protecting the environment.

As the United States is a very large market with a population of 330 million, the Group regards the country as a promising market with a continuous population growth in the future. The market for PBF, including tofu, is expected to show sustained growth in the future, given that the generations of Americans known as Millennials and Generation Z, who will be a main driving force for consumption in the future, have a keen interest in climate change and tend to choose food with a low environmental impact.

House Foods America Corporation, a company handling the tofu business, has made capital investments with an eye on further growth of the tofu business, while it has been seeking opportunities to expand its business fields in the US market.

Keystone produces and sells tofu, meat alternatives and other PBF products in the United States and Canada. Having established a vision to provide a healthy diet to a broad customer base, Keystone has achieved steady growth in recent years as it persists in using clean ingredients and pushes the boundaries of deliciousness. This vision accords with the direction House Foods America Corporation aims, and the Company believes that there is a great possibility of mutual adaptation of the two parties as strategic partners for future growth because of considerable complementarities in terms of focus areas for products, marketing areas, and customer base in the United States.

Through the collaboration of Keystone’s product development capabilities with the technologies of House Foods America Corporation and the Group, we will achieve portfolio improvement, including value added tofu and PBF, and accelerate the expansion of our business in the US market. With the Acquisition, the Group will have a total of eight production bases in the soybean VC, including the one scheduled to be constructed in Kentucky, and we will aim at building optimal production, distribution and marketing systems and providing services to as many customers as possible. Moreover, we will pursue to develop business in Europe and other regions in addition to the United States, utilizing resources held by Keystone. By including Keystone in the Group, we will strive to achieve the

medium- to long-term growth of the tofu and PBF business in the United States and further globalization of our business, aiming to be a good partner able to contribute to human health and the environment and to building a sustainable society.

(iii) Date of the business combination

September 30, 2022

Since House Foods Holding USA, Inc.'s closing date is December 31 and the difference between this date and the consolidated closing date is not more than 3 months, House Foods Holding USA, Inc.'s regular financial results are used as a basis for the consolidated financial results. Accordingly, this latest acquisition of shares is expected to have an impact starting from the quarterly consolidated financial statements for the third quarter of the fiscal year ending March 31, 2023.

(iv) Legal form of the business combination

Acquisition of shares in exchange for cash

(v) Name of company after the business combination

No change

(vi) Percentage share of voting rights acquired

100%

(vii) Main reason for the decision to acquire the company

Because the Company's subsidiary acquired the shares in exchange for cash.

(2) Acquisition cost of shares to be acquired

US\$110 million

The acquisition cost is provisional as adjustment of the purchase value based on the contract is under review.

(3) Major acquisition-related costs and amounts of costs

Not yet determined

(4) Amount of goodwill, reason for goodwill, and method and period of amortization

Not yet determined

(5) Assets accepted and liabilities assumed on the date of business combination and a breakdown of them

Not yet determined

3. Supplementary Information

(1) Business Results

Consolidated

(Million yen)

	First half of FY2021		First half of FY2022		FY2021		FY2022 Revised Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	124,127	100.4%	133,831	107.8%	253,386	101.3%	275,300	108.6%
Operating profit	9,032	91.2%	7,632	84.5%	19,227	99.0%	16,000	83.2%
Ordinary profit	10,336	116.9%	8,964	86.7%	21,125	106.5%	17,900	84.7%
Profit attributable to owners of parent	7,211	725.2%	5,493	76.2%	13,956	159.5%	11,100	79.5%
Comprehensive income	9,766	13,208.0%	10,217	104.6%	21,581	175.7%	–	–

Net sales by business segment

Net sales	First half of FY2021		First half of FY2022		FY2021		FY2022 Revised Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	56,965	96.2%	58,013	101.8%	117,422	97.5%	122,900	104.7%
Health Food Business	7,039	87.0%	8,521	121.1%	14,432	94.4%	16,500	114.3%
International Food Business	19,440	106.4%	22,620	116.4%	39,110	114.8%	48,700	124.5%
Restaurant Business	22,106	102.0%	22,947	103.8%	45,422	101.6%	47,300	104.1%
Other Food Related Business	22,867	110.1%	26,387	115.4%	45,571	103.8%	48,900	107.3%
Adjustment	(4,290)	–	(4,658)	–	(8,571)	–	(9,000)	–

Operating profit by business segment

Operating profit	First half of FY2021		First half of FY2022		FY2021		FY2022 Revised Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	5,402	67.9%	3,205	59.3%	12,628	80.9%	8,800	69.7%
Health Food Business	(333)	–	1,076	–	(138)	–	1,400	–
International Food Business	3,227	108.6%	3,106	96.2%	5,250	114.5%	5,400	102.9%
Restaurant Business	526	–	647	123.0%	1,502	–	1,700	113.2%
Other Food Related Business	799	86.8%	521	65.1%	1,480	83.6%	1,200	81.1%
Adjustment	(589)	–	(923)	–	(1,494)	–	(2,500)	–

(2) Number of Group Companies

	First half of FY2021		First half of FY2022		FY2021	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Consolidated subsidiaries	37		38		37	
Japan	15		15		15	
Overseas	22		23		22	
Equity-method affiliate	5		5		5	
Japan	2		2		2	
Overseas	3		3		3	

(3) Consolidated Statements of Income

1. Consolidated Statements of Income

(Million yen)

	First half of FY2021		First half of FY2022		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Net sales	124,127	100.0%	133,831	100.0%	9,704	7.8%
<By business segment>						
Spice / Seasoning / Processed Food Business	56,965	45.9%	58,013	43.3%	1,048	1.8%
Health Food Business	7,039	5.7%	8,521	6.4%	1,482	21.1%
International Food Business	19,440	15.7%	22,620	16.9%	3,181	16.4%
Restaurant Business	22,106	17.8%	22,947	17.1%	841	3.8%
Other Food Related Business	22,867	18.4%	26,387	19.7%	3,520	15.4%
Adjustment	(4,290)	(3.5%)	(4,658)	(3.5%)	(368)	–
Cost of sales	77,553	62.5%	87,008	65.0%	9,456	12.2%
Selling, general and administrative expenses	37,543	30.2%	39,191	29.3%	1,648	4.4%
Operating profit	9,032	7.3%	7,632	5.7%	(1,400)	(15.5%)
<By business segment>						
Spice / Seasoning / Processed Food Business	5,402	4.4%	3,205	2.4%	(2,196)	(40.7%)
Health Food Business	(333)	(0.3%)	1,076	0.8%	1,409	–
International Food Business	3,227	2.6%	3,106	2.3%	(121)	(3.8%)
Restaurant Business	526	0.4%	647	0.5%	121	23.0%
Other Food Related Business	799	0.6%	521	0.4%	(279)	(34.9%)
Adjustment	(589)	(0.5%)	(923)	(0.7%)	(333)	–
Non-operating income	1,816	1.5%	1,918	1.4%	102	5.6%
Non-operating expenses	512	0.4%	586	0.4%	74	14.4%
Ordinary profit	10,336	8.3%	8,964	6.7%	(1,372)	(13.3%)
Extraordinary income	2,144	1.7%	788	0.6%	(1,356)	(63.2%)
Extraordinary losses	261	0.2%	311	0.2%	50	19.2%
Profit before income taxes	12,219	9.8%	9,441	7.1%	(2,778)	(22.7%)
Income taxes	3,981	3.2%	3,124	2.3%	(857)	(21.5%)
Profit	8,238	6.6%	6,318	4.7%	(1,920)	(23.3%)
Profit attributable to						
Profit attributable to owners of parent	7,211	5.8%	5,493	4.1%	(1,718)	(23.8%)
Profit attributable to non-controlling interests	1,027	0.8%	825	0.6%	(202)	(19.7%)
Comprehensive income	9,766	7.9%	10,217	7.6%	452	4.6%

2. Major Changes in Selling, General and Administrative Expenses

(Million yen)

	First half of FY2021	First half of FY2022	Year-on-year change
Advertising expenses	4,134	3,971	(163)
Transportation and storage costs	5,302	5,914	613
Sales commission	58	76	18
Promotion expenses	1,474	1,454	(20)
Personnel expenses	13,878	14,091	213
Research and development expenses	2,134	2,153	19
Amortization of goodwill	22	22	–
Other	10,540	11,508	968
Total selling, general and administrative expenses	37,543	39,191	1,648

3. Non-Operating Income (Expenses)

(Million yen)

	First half of FY2021	First half of FY2022	Year-on-year change
Interest income	103	121	18
Dividend income	371	404	33
Share of profit of entities accounted for using equity method	–	15	15
Rental income from buildings	425	435	10
Foreign exchange gains	100	519	419
Subsidy income	525	219	(306)
Other	292	205	(87)
Total non-operating income	1,816	1,918	102
Interest expenses	24	111	88
Rental expenses	348	347	(1)
Share of loss of entities accounted for using equity method	27	–	(27)
Other	114	128	14
Total non-operating expenses	512	586	74

4. Extraordinary Income (Losses)

(Million yen)

	First half of FY2021	First half of FY2022	Year-on-year change
Gain on sale of non-current assets	62	1	(61)
Gain on sale of investment securities	2,031	747	(1,284)
Gain on sale of restaurants	45	37	(8)
Other	6	3	(3)
Total extraordinary income	2,144	788	(1,356)
Loss on sale of non-current assets	0	50	50
Loss on retirement of non-current assets	110	70	(39)
Loss on sale of investment securities	–	1	1
Loss on valuation of investment securities	14	122	108
Loss on valuation of membership	–	1	1
Impairment losses	137	67	(70)
Other	0	0	(0)
Total extraordinary losses	261	311	50

5. Quarterly Statements

Consolidated

(Million yen)

	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Net sales	61,636	62,491	67,794	61,464	253,386	66,324	67,507			133,831
Year-on-year change	1,886	(1,444)	(150)	3,028	3,320	4,688	5,016			9,704
Operating profit	5,690	3,341	7,855	2,341	19,227	4,970	2,662			7,632
Year-on-year change	1,259	(2,134)	(820)	1,508	(186)	(720)	(680)			(1,400)
Ordinary profit	6,345	3,991	8,182	2,607	21,125	5,591	3,373			8,964
Year-on-year change	1,830	(333)	(780)	570	1,288	(754)	(618)			(1,372)
Profit attributable to owners of parent	4,073	3,138	6,149	596	13,956	3,597	1,896			5,493
Year-on-year change	1,261	4,956	383	(1,395)	5,204	(476)	(1,241)			(1,718)
Comprehensive income	5,032	4,734	5,288	6,528	21,581	3,999	6,218			10,217
Year-on-year change	2,055	7,636	(2,087)	1,693	9,298	(1,032)	1,484			452

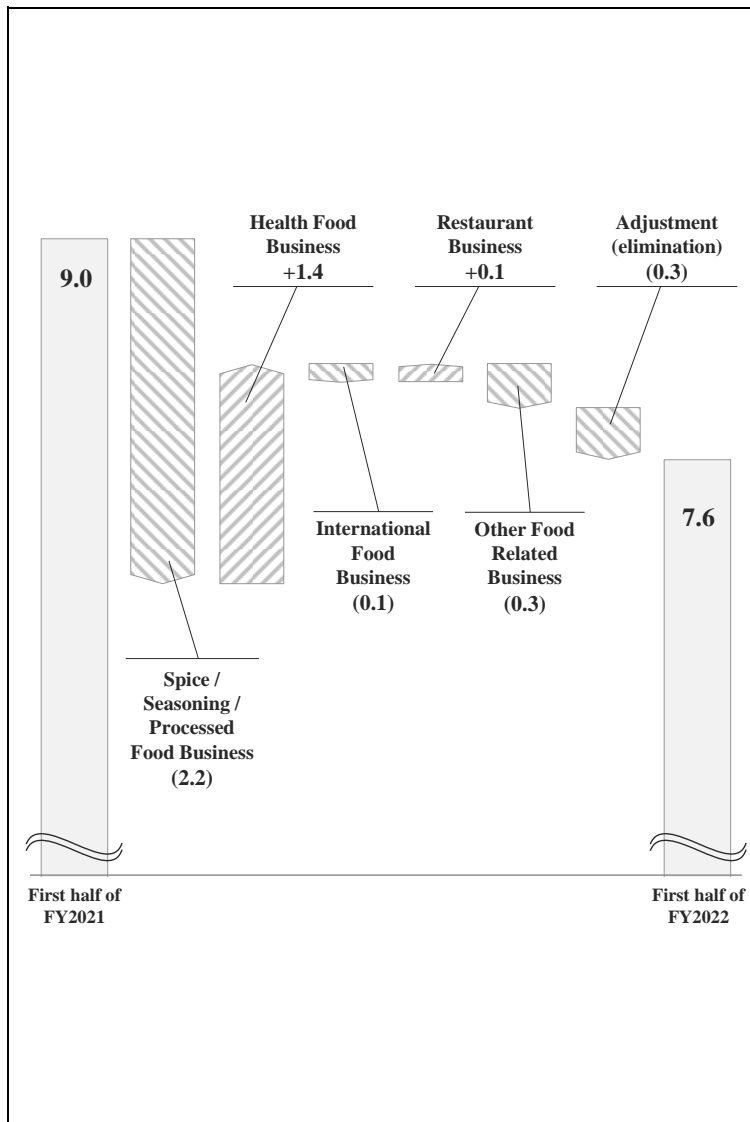
Net sales by business segment

Net sales	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	27,631	29,334	32,640	27,817	117,422	28,326	29,688			58,013
Year-on-year change	(1,696)	(538)	(1,231)	508	(2,958)	694	354			1,048
Health Food Business	3,351	3,689	4,305	3,088	14,432	4,110	4,412			8,521
Year-on-year change	(389)	(666)	153	54	(848)	759	723			1,482
International Food Business	9,813	9,627	10,241	9,429	39,110	10,796	11,824			22,620
Year-on-year change	1,718	(543)	628	3,251	5,054	984	2,197			3,181
Restaurant Business	11,126	10,979	11,242	12,074	45,422	11,334	11,612			22,947
Year-on-year change	700	(262)	(359)	645	724	208	633			841
Other Food Related Business	11,675	11,192	11,477	11,227	45,571	13,921	12,466			26,387
Year-on-year change	999	1,106	884	(1,341)	1,648	2,246	1,274			3,520
Adjustment	(1,960)	(2,330)	(2,111)	(2,171)	(8,571)	(2,163)	(2,495)			(4,658)
Year-on-year change	554	(540)	(225)	(88)	(300)	(204)	(165)			(368)

Operating profit by business segment

Operating profit	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	3,075	2,326	4,816	2,410	12,628	2,251	955			3,205
Year-on-year change	(1,199)	(1,356)	(902)	471	(2,986)	(824)	(1,372)			(2,196)
ROS	11.1%	7.9%	14.8%	8.7%	10.8%	7.9%	3.2%			5.5%
Health Food Business	(163)	(170)	604	(410)	(138)	465	611			1,076
Year-on-year change	60	(341)	216	322	258	627	781			1,409
ROS	(4.9%)	(4.6%)	14.0%	(13.3%)	(1.0%)	11.3%	13.9%			12.6%
International Food Business	1,983	1,244	1,507	516	5,250	1,747	1,359			3,106
Year-on-year change	973	(718)	(170)	581	665	(236)	115			(121)
ROS	20.2%	12.9%	14.7%	5.5%	13.4%	16.2%	11.5%			13.7%
Restaurant Business	350	176	420	556	1,502	193	454			647
Year-on-year change	1,277	692	(133)	327	2,162	(158)	278			121
ROS	3.1%	1.6%	3.7%	4.6%	3.3%	1.7%	3.9%			2.8%
Other Food Related Business	471	328	479	201	1,480	362	158			521
Year-on-year change	(37)	(85)	(47)	(122)	(290)	(109)	(170)			(279)
ROS	4.0%	2.9%	4.2%	1.8%	3.2%	2.6%	1.3%			2.0%
Adjustment	(27)	(563)	28	(933)	(1,494)	(47)	(876)			(923)
Year-on-year change	185	(325)	215	(71)	4	(21)	(313)			(333)

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



Billion yen	Year-on-year change
Spice / Seasoning / Processed Food Business	(2.2)
Change in sales	+0.5
Change in cost of sales ratio	(2.2)
Marketing costs	(0.2)
Other expenses	(0.1)
Gaban and other affiliated companies, adjustment	(0.2)
Health Food Business	+1.4
Change in sales	+0.9
Change in cost of sales ratio	+0.1
Marketing costs	+0.2
Other expenses	+0.3
International Food Business	(0.1)
Business in the United States	(0.2)
Business in China	(0.1)
Businesses in ASEAN	+0.3
Other	(0.1)
Restaurant Business	+0.1
Ichibanya Co., Ltd. (Consolidated)	+0.1
Other Food Related Business	(0.3)
Delica Chef Corporation	(0.3)
Vox Trading Co., Ltd. (Consolidated)	+0.0
Adjustment (elimination)	(0.3)
Changes in operating profit	(1.4)

(4) Consolidated Balance Sheets

Consolidated Balance Sheets

(Million yen)

	FY2021		First half of FY2022		Increase/decrease from end of FY2021	Major factors for increase/decrease
	Amount	Percentage	Amount	Percentage	Amount	
Current assets	157,123	41.1%	160,776	41.5%	3,652	Increase in notes and accounts receivable - trade 2,269 Increase in merchandise and finished goods 1,904 Increase in securities 1,355 Decrease in cash and deposits (1,823)
Non-current assets	224,898	58.9%	226,296	58.5%	1,399	Increase in retirement benefit asset 3,294 Increase in construction in progress 2,592 Increase in buildings and structures 1,395 Decrease in investment securities (5,241) Decrease in contract-related intangible assets (400)
Total assets	382,021	100.0%	387,072	100.0%	5,051	
Current liabilities	51,609	13.5%	52,844	13.7%	1,234	Increase in notes and accounts payable - trade 1,629 Increase in short-term borrowings 819 Increase in other current liabilities 755 Decrease in accounts payable - other (1,769)
Non-current liabilities	31,845	8.3%	34,307	8.9%	2,462	Increase in retirement benefit liability 2,582
Total liabilities	83,454	21.8%	87,150	22.5%	3,696	
Total shareholders' equity	237,762	62.2%	234,991	60.7%	(2,771)	Increase in treasury shares (5,972) Increase in retained earnings 3,202
Total accumulated other comprehensive income	31,204	8.2%	34,531	8.9%	3,327	Increase in foreign currency translation adjustment 5,231 Decrease in valuation difference on available-for-sale securities (1,455)
Non-controlling interests	29,601	7.7%	30,400	7.9%	799	
Total net assets	298,567	78.2%	299,922	77.5%	1,355	
Total liabilities and net assets	382,021	100.0%	387,072	100.0%	5,051	

(5) Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows

(Million yen)

	First half of FY2021	First half of FY2022	Year-on-year change	Major factors for increase/decrease
Cash flows from operating activities	5,514	8,419	2,906	Increase (decrease) in retirement benefit liability 2,435 Increase (decrease) in other liabilities 2,035 Income taxes paid 1,829 Profit before income taxes (2,778) Decrease (increase) in other assets (1,083)
Cash flows from investing activities	(8,080)	(5,816)	2,264	Purchase of investment securities 4,996 Payments into time deposits 1,396 Proceeds from sale of securities (3,235) Purchase of property, plant and equipment (1,064)
Cash flows from financing activities	(6,751)	(8,533)	(1,783)	Repayments of short-term borrowings (14,533) Purchase of treasury shares (2,419) Proceeds from short-term borrowings 15,163
Cash and cash equivalents at end of period	69,862	72,854	2,992	

(6) Capital Investment

Consolidated

(Million yen)

	First half of FY2021	First half of FY2022	FY2022 Forecast
Capital investment	5,257	5,858	17,900
Leases	444	304	500
Total	5,701	6,162	18,400

(7) Depreciation

Consolidated

(Million yen)

	First half of FY2021	First half of FY2022	FY2022 Forecast
Depreciation	5,234	5,533	11,400
Lease payments	150	150	300
Total	5,384	5,683	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

	FY2021	First half of FY2022	FY2022 Revised Forecast
Profit per share	139.75 yen	55.88 yen	112.93 yen
Net assets per share	2,700.99 yen	2,763.23 yen	2,763.06 yen
ATO	0.67 times	–	0.72 times
Ratio of operating profit to net sales	7.6%	5.7%	5.8%
EBITDA margin	11.9%	9.8%	10.1%
Ratio of ordinary profit to net sales	8.3%	6.7%	6.5%
Ratio of operating profit to total assets	5.1%	–	4.2%
ROE (Return on equity)	5.3%	–	4.1%
Equity ratio	70.4%	69.6%	69.6%
Dividend per share	46.00 yen	23.00 yen	46.00 yen
Dividend payout ratio	32.9%	41.2%	40.7%
Dividend payout ratio according to the basic policy on the return of earnings to shareholders	31.8%	41.0%	39.6%

* 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	6,169 people	6,251 people	–
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* 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+)

FY2022		1Q	2Q	3Q	4Q	1H	2H	Full year
Overall market	Average selling price	192 yen	196 yen			194 yen		
	Change from the previous year	-1 yen	+2 yen			+1 yen		
House Foods	Average selling price	190 yen	196 yen			193 yen		
	Change from the previous year	-2 yen	+4 yen			+1 yen		
	Share of amount	62.1%	61.8%			62.0%		

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

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

FY2022		1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business (House Foods)								
Curry roux	*1	103.3%	96.5%			99.9%		
Retort pouched curry	*1	107.3%	110.7%			109.2%		
Stew roux	*1	93.3%	98.6%			96.9%		
Spice	*1	94.6%	98.4%			96.5%		
Food service products	*1	107.0%	112.3%			109.7%		
Health Food Business (House Wellness Foods)								
<i>Ukon No Chikara</i>	*1	175.8%	149.8%			162.0%		
<i>C1000</i>	*1	102.3%	99.6%			100.9%		
<i>Ichinichibun No Vitamin</i>	*1	110.9%	121.9%			117.1%		
International Food Business (Local currency basis)								
Business in the United States		104.5%	106.2%			105.3%		
Business in China		82.6%	124.2%			100.3%		
Functional drinks business in Thailand		122.3%	103.1%			111.3%		
Restaurant Business (Ichibanya)								
Net sales of all domestic restaurants		99.6%	107.3%			103.4%		
Net sales of existing domestic restaurants		100.8%	108.3%			104.5%		
Number of customers		101.6%	105.9%			103.7%		
Average sales per customer		99.2%	102.2%			100.7%		

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