

February 3, 2023

Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended December 31, 2022 (Q3 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: February 13, 2023

Scheduled date of commencement of dividend payment: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 – December 31, 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 | % |
| Nine months ended | | | | | | | | |
| December 31, 2022 | 205,819 | 7.2 | 14,324 | (15.2) | 15,542 | (16.1) | 11,606 | (13.1) |
| December 31, 2021 | 191,921 | 0.2 | 16,886 | (9.1) | 18,518 | 4.0 | 13,360 | 97.6 |

(Note) Comprehensive income: 17,366 million yen (15.4%) for the nine months ended December 31, 2022
 15,053 million yen (102.1%) for the nine months ended December 31, 2021

| | Profit per share (basic) | | Profit per share (diluted) | |
|-------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended | | | | |
| December 31, 2022 | 118.39 | | – | |
| December 31, 2021 | 133.65 | | – | |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| Nine months ended | | | | |
| December 31, 2022 | 393,695 | 302,753 | 69.6 | 2,809.87 |
| Year ended | | | | |
| March 31, 2022 | 382,021 | 298,567 | 70.4 | 2,700.99 |

(Reference) Shareholders' equity: As of December 31, 2022: 274,072 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: None

* Notes

- (1) Changes of important subsidiaries during the period
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
New: 3 companies (Company Name) House Foods Group Asia Pacific Co., Ltd.
Keystone Natural Holdings, LLC
Nature Soy, LLC
- (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 (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 9 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 December 31, 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 December 31, 2022: | 3,211,872 shares |
| As of March 31, 2022: | 1,169,959 shares |
| (iii) Average number of shares outstanding during the term | |
| Nine months ended December 31, 2022: | 98,038,460 shares |
| Nine months ended December 31, 2021: | 99,963,494 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 Three Quarters Ended December 31, 2022” on page 4 of the accompanying materials.

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1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2022

(1) Details of Operating Results

During the first nine months ended December 31, 2022, the business environment was quite volatile, with the resumption of economic activity after COVID-19 giving rise to a supply-demand gap and various international factors stoking global inflation and a sharp depreciation of the yen, and the outlook remained clouded with uncertainty.

Net sales for the first nine months ended December 31, 2022 increased 7.2% year on year to 205,819 million yen, reflecting the timely implementation of price revisions for certain products and services in addition to recovery of sales in each business as a result of the recovery of people flows and 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 15.2% year on year to 14,324 million yen. Ordinary profit declined 16.1% year on year to 15,542 million yen, while profit attributable to owners of parent was 11,606 million yen, down 13.1% year on year.

In addition, as announced on September 16, 2022, the Company made US-based Keystone Natural Holdings into a subsidiary on September 30, 2022. In the third quarter of the consolidated fiscal year under review, the Company recorded one-time expenses associated with acquisition of Keystone Natural Holdings in the International Food Business segment.

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

| | 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 | 91,040 | 101.6 | 6,769 | 66.2 |
| Health Food Business | 13,097 | 115.4 | 1,900 | 700.6 |
| International Food Business | 34,967 | 117.8 | 4,467 | 94.4 |
| Restaurant Business | 35,382 | 106.1 | 1,320 | 139.5 |
| Other Food Related Business | 38,370 | 111.7 | 818 | 64.0 |
| Subtotal | 212,855 | 107.3 | 15,274 | 87.5 |
| Adjustment (elimination) | (7,036) | — | (950) | — |
| Total | 205,819 | 107.2 | 14,324 | 84.8 |

(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.

The net sales of House Foods Corporation increased due to strong performances in the food service business, retort pouched products and snacks. Sales of core curry roux products are on a gradual recovery path, despite falling in the first nine months under review, reflecting efforts to instill a sense that the new prices after revision in August 2022 are affordable. However, higher costs, notably rising raw material and energy costs, could not be fully absorbed, leading to lower profits.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 91,040 million yen, up 1.6% year on year, and operating profit was 6,769 million yen, down 33.8% year on year. As a result, the ratio of operating profit to net sales was 7.4%, 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.

The net sales of House Wellness Foods Corporation increased due to strong performances in key jelly products such as *Ichinichibun No Vitamin* and *Marude Smoothie* in addition to recovery of *Ukon No Chikara*. Profits also rose, thanks to the effect of increased sales, in addition to the results of structural reforms in Japan being implemented for some time.

As a result of the above, sales in the Health Food Business rose 15.4% year on year, to 13,097 million yen, and operating profit increased 600.6%, to 1,900 million yen. Consequently, the ratio of operating profit to net sales was 14.5%, rising 12.1 percentage points from a year earlier.

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

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

In the United States, the tofu business, posted increased sales, partly due to price revisions implemented in January 2022, despite concerns over depressed consumer confidence amid raging inflation. On the profit front, profit from the existing business was higher than a year earlier, partly thanks to the effect of increased sales and favorable exchange rates; however, overall, the tofu business in the United States posted profit decline due to the recording of advisory expenses associated with the acquisition of Keystone Natural Holdings.

The results of the curry business in China strongly reflected the effects of the zero COVID policy. Net sales increased overall, with decreased sales in the food service business due to lockdowns in major cities offset by the strong performance of the household use business. The business also achieved higher profit thanks to increased sales in the household use business and favorable exchange rates.

The functional beverage business in Thailand reported increases in both sales and profits, bolstered by modern trade such as increased population inflows to major cities, despite a year-on-year decline in demand and the impact of widespread flood damage on traditional trade channels.

As a result of the above, sales in the International Food Business rose 17.8% year on year, to 34,967 million yen, and operating profit decreased 5.6%, to 4,467 million yen. Consequently, the ratio of operating profit to net sales was 12.8%, declining 3.2 percentage points from a year ago.

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

The Restaurant Business is focusing on further growth both in Japan and overseas, aiming for 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 5.5% year on year, reflecting steady footfall after requests to shorten business hours were fully lifted in late March and the impact of recovery in population inflows driven by the national travel discount program introduced in October, despite the impact of a seventh COVID wave. Net sales at existing overseas stores increased 11.5% overall, as most other countries and regions started to recover, offsetting the impact of ongoing lockdowns in China, which was adhering to a zero COVID strategy.

Operating profit rose year on year, bolstered by higher sales, despite the impact of rising costs including raw material and utility costs, and logistic costs.

As a result of the above, sales in the Restaurant Business increased 6.1% year on year, to 35,382 million yen, and operating profit increased 39.5% year on year, to 1,320 million yen. Consequently, the ratio of operating profit to net

sales was 3.7%, rising 0.9 percentage points from a year earlier.

Other Food Related Business

Although Delica Chef Corporation posted sales mostly unchanged year on year, due to growth in desserts and baked bread, operating profit fell sharply due to rapidly rising raw material prices and increased manufacturing costs.

Vox Trading Co., Ltd. posted increased sales due to recovering food service demand and the strong performance of exported goods; however, profits fell due primarily to higher costs.

As a result of the above, sales in Other Food Related Business increased 11.7% year on year, to 38,370 million yen, and operating profit declined 36.0% year on year, to 818 million yen. Consequently, the ratio of operating profit to net sales was 2.1%, declining 1.6 percentage points from a year ago.

(2) Details of Financial Position

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

Total assets were 393,695 million yen, an increase of 11,674 million yen from the end of the previous consolidated fiscal year.

Current assets fell 4,535 million yen, to 152,588 million yen mainly due to a decrease in cash and deposits largely attributable to the acquisition of Keystone Natural Holdings, which offset increases in notes and accounts receivable-trade and merchandise and finished goods. Non-current assets increased 16,209 million yen, to 241,107 million yen, mainly reflecting a decrease in investment securities offset by an increase in goodwill resulting from the acquisition of Keystone Natural Holdings and increases in construction in progress, retirement benefit assets, and buildings and structures.

Liabilities stood at 90,942 million yen, an increase of 7,488 million yen from the end of the previous consolidated fiscal year.

Current liabilities were up 5,800 million yen, to 57,409 million yen, mainly due to increases in notes and accounts payable - trade, while accounts payable - other decreased. Non-current liabilities increased 1,688 million yen, to 33,533 million yen, chiefly due to an increase in retirement benefit liability.

Net assets stood at 302,753 million yen, an increase of 4,186 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 sales 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 2,809.87 yen (2,700.99 yen at the end of the previous fiscal year) at the end of the third quarter of the fiscal year under review.

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

The consolidated business performance forecast for the fiscal year ending March 31, 2023 remains unchanged from the business performance forecast announced on November 8, 2022.

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 third quarter of the fiscal year under review (As of December 31, 2022) |
|--|---|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 75,004 | 58,758 |
| Notes and accounts receivable - trade | 46,446 | 57,020 |
| Securities | 6,008 | 4,303 |
| Merchandise and finished goods | 14,292 | 16,134 |
| Work in process | 2,520 | 3,338 |
| Raw materials and supplies | 6,080 | 7,704 |
| Other | 6,866 | 5,418 |
| Allowance for doubtful accounts | (92) | (87) |
| Total current assets | 157,123 | 152,588 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 33,717 | 35,144 |
| Machinery, equipment and vehicles, net | 19,740 | 20,629 |
| Land | 31,314 | 31,776 |
| Lease assets, net | 1,479 | 1,320 |
| Construction in progress | 3,538 | 8,369 |
| Other, net | 2,235 | 2,325 |
| Total property, plant and equipment | 92,024 | 99,564 |
| Intangible assets | | |
| Goodwill | 268 | 14,062 |
| Trademark right | 18,850 | 18,559 |
| Software | 4,354 | 3,749 |
| Contract-related intangible assets | 19,002 | 18,402 |
| Software in progress | 124 | 433 |
| Other | 770 | 839 |
| Total intangible assets | 43,368 | 56,044 |
| Investments and other assets | | |
| Investment securities | 66,729 | 59,243 |
| Long-term loans receivable | 2 | 6 |
| Deferred tax assets | 753 | 828 |
| Long-term time deposits | 1,000 | 1,000 |
| Net defined benefit asset | 14,325 | 17,832 |
| Distressed receivables | 622 | 613 |
| Long-term deposits | 1,073 | 1,069 |
| Other | 6,867 | 6,703 |
| Allowance for doubtful accounts | (1,865) | (1,794) |
| Total investments and other assets | 89,506 | 85,499 |
| Total non-current assets | 224,898 | 241,107 |
| Total assets | 382,021 | 393,695 |

(Million yen)

| | End of previous fiscal year (As of March 31, 2022) | End of third quarter of the fiscal year under review (As of December 31, 2022) |
|--|---|--|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 18,264 | 23,464 |
| Electronically recorded obligations - operating | 1,269 | 1,598 |
| Short-term borrowings | 4,149 | 5,487 |
| Lease liabilities | 575 | 668 |
| Accounts payable - other | 9,986 | 8,069 |
| Income taxes payable | 3,452 | 1,742 |
| Provision for bonuses | 472 | 236 |
| Provision for bonuses for directors (and other officers) | 58 | 45 |
| Provision for shareholder benefit program | 96 | 81 |
| Asset retirement obligations | 4 | 37 |
| Other | 13,284 | 15,983 |
| Total current liabilities | 51,609 | 57,409 |
| Non-current liabilities | | |
| Long-term borrowings | 177 | 189 |
| Lease liabilities | 963 | 682 |
| Long-term accounts payable - other | 181 | 183 |
| Deferred tax liabilities | 23,220 | 21,529 |
| Net defined benefit liability | 1,999 | 4,628 |
| Asset retirement obligations | 815 | 1,030 |
| Long-term guarantee deposits | 3,877 | 3,789 |
| Other | 613 | 1,503 |
| Total non-current liabilities | 31,845 | 33,533 |
| Total liabilities | 83,454 | 90,942 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 9,948 | 9,948 |
| Capital surplus | 22,829 | 22,828 |
| Retained earnings | 208,969 | 216,041 |
| Treasury shares | (3,984) | (9,957) |
| Total shareholders' equity | 237,762 | 238,860 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for- sale securities | 21,257 | 18,471 |
| Deferred gains or losses on hedges | 40 | 93 |
| Foreign currency translation adjustment | 2,925 | 10,493 |
| Remeasurements of defined benefit plans | 6,982 | 6,155 |
| Total accumulated other comprehensive income | 31,204 | 35,211 |
| Non-controlling interests | 29,601 | 28,681 |
| Total net assets | 298,567 | 302,753 |
| Total liabilities and net assets | 382,021 | 393,695 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(First nine-month period)

(Million yen)

| | First nine-month period of previous fiscal year (April 1, 2021 - December 31, 2021) | First nine-month period of the fiscal year under review (April 1, 2022 - December 31, 2022) |
|---|--|--|
| Net sales | 191,921 | 205,819 |
| Cost of sales | 118,864 | 132,165 |
| Gross profit | 73,057 | 73,654 |
| Selling, general and administrative expenses | 56,171 | 59,330 |
| Operating profit | 16,886 | 14,324 |
| Non-operating income | | |
| Interest income | 142 | 200 |
| Dividend income | 410 | 448 |
| Share of profit of entities accounted for using equity method | – | 92 |
| Rental income from buildings | 639 | 657 |
| Foreign exchange gains | 242 | 204 |
| Subsidy income | 865 | 243 |
| Other | 350 | 301 |
| Total non-operating income | 2,648 | 2,144 |
| Non-operating expenses | | |
| Interest expenses | 35 | 205 |
| Rental expenses | 519 | 517 |
| Share of loss of entities accounted for using equity method | 21 | – |
| Litigation expenses | 278 | 34 |
| Other | 163 | 169 |
| Total non-operating expenses | 1,016 | 925 |
| Ordinary profit | 18,518 | 15,542 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 62 | 1 |
| Gain on sale of investment securities | 3,099 | 3,344 |
| Gain on sale of restaurants | 65 | 69 |
| Other | 10 | 7 |
| Total extraordinary income | 3,237 | 3,421 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 0 | 50 |
| Loss on retirement of non-current assets | 125 | 94 |
| Loss on sale of investment securities | – | 1 |
| Loss on valuation of investment securities | 14 | 122 |
| Loss on valuation of membership | – | 1 |
| Impairment losses | 151 | 80 |
| Other | 0 | 35 |
| Total extraordinary losses | 291 | 383 |
| Profit before income taxes | 21,464 | 18,580 |
| Income taxes | 6,571 | 5,746 |
| Profit | 14,893 | 12,834 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 13,360 | 11,606 |
| Profit attributable to non-controlling interests | 1,533 | 1,228 |

(Million yen)

| | First nine-month period of previous fiscal year (April 1, 2021 - December 31, 2021) | First nine-month period of the fiscal year under review (April 1, 2022 - December 31, 2022) |
|---|--|--|
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,342) | (2,801) |
| Deferred gains or losses on hedges | 63 | 61 |
| Foreign currency translation adjustment | 2,160 | 7,996 |
| Remeasurements of defined benefit plans, net of tax | (664) | (863) |
| Share of other comprehensive income of associates accounted for using equity method | (58) | 139 |
| Total other comprehensive income | 160 | 4,532 |
| Comprehensive income | 15,053 | 17,366 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 13,704 | 15,614 |
| Comprehensive income attributable to non-controlling interests | 1,350 | 1,753 |

(3) 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 nine months under review, and treasury shares amounted to 9,957 million yen as of December 31, 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 third 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 nine-month period of previous fiscal year (April 1, 2021 - December 31, 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 | 86,063 | 11,123 | 29,575 | 33,258 | 31,826 | 191,844 | – | 191,844 | 77 | 191,921 |
| Sales and transfer – inter-segment | 3,542 | 221 | 106 | 89 | 2,518 | 6,478 | – | 6,478 | (6,478) | – |
| Total | 89,605 | 11,344 | 29,681 | 33,347 | 34,344 | 198,322 | – | 198,322 | (6,400) | 191,921 |
| Segment profit (loss) | 10,218 | 271 | 4,734 | 946 | 1,278 | 17,448 | – | 17,448 | (561) | 16,886 |

(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 561 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 three quarters of the consolidated fiscal year under review, the Company recorded an impairment losses of 151 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

II. First nine-month period of the fiscal year under review (April 1, 2022 - December 31, 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 | 87,215 | 12,741 | 34,836 | 35,305 | 35,643 | 205,740 | – | 205,740 | 79 | 205,819 |
| Sales and transfer – inter-segment | 3,825 | 356 | 131 | 78 | 2,726 | 7,115 | – | 7,115 | (7,115) | – |
| Total | 91,040 | 13,097 | 34,967 | 35,382 | 38,370 | 212,855 | – | 212,855 | (7,036) | 205,819 |
| Segment profit (loss) | 6,769 | 1,900 | 4,467 | 1,320 | 818 | 15,274 | – | 15,274 | (950) | 14,324 |

(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 950 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 assets by reported segment

(Significant increase in assets due to acquisition of subsidiary)

During the third quarter of the consolidated fiscal year under review, the assets of the International Food Business segment increased by 14,932 million yen due to acquisition of the shares of Keystone Natural Holdings and its inclusion in the scope of consolidation.

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

(Important impairment losses on non-current assets)

In the first nine months of the consolidated fiscal year under review, the Company recorded impairment losses of 80 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

(Significant fluctuation in the amount of goodwill)

During the third quarter of the consolidated fiscal year under review, goodwill increased by 13,828 million yen in the International Food Business segment due to acquisition of the shares of Keystone Natural Holdings and its inclusion in the scope of consolidation.

The amount of goodwill has been determined provisionally as allocation of the purchase price was incomplete as of the end of the third quarter of the consolidated fiscal year under review.

Business Combination, etc.

Business combination through acquisition

(1) Outline of the business combination

(i) Name of the acquired company and its business

Name of the acquired company: Keystone Natural Holdings, LLC

Business: Production and distribution of tofu and plant-based food (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 Natural Holdings 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 Natural Holdings’ 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 Natural Holdings. By including Keystone Natural Holdings 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

(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) Period of performance of the acquired company included in the Quarterly Consolidated Statements of Income and Comprehensive Income for the first-nine-month period

Since the difference between the quarterly closing date of the acquired company and the quarterly consolidated closing date of the Company does not exceed three months, for the first nine months of the consolidated fiscal year under review, only the balance sheets are consolidated and the performance of the acquired company is not included in the Quarterly Consolidated Statements of Income and Comprehensive Income.

(3) Acquisition cost for the acquired company, and the breakdown thereof

| | | |
|--------------------------------------|-------------|---------------------------|
| <u>Consideration for acquisition</u> | <u>Cash</u> | <u>13,498 million yen</u> |
| Acquisition cost | | 13,498 million yen |

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

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

(i) Amount of goodwill

13,828 million yen

The amount of goodwill has been determined provisionally as allocation of the purchase price was incomplete as of the end of the third quarter of the consolidated fiscal year under review.

(ii) Reason for goodwill

The goodwill reflects the excess earning power expected as a result of the future business expansion of Keystone Natural Holdings.

(iii) Method and period of amortization

Amortization over a 10 year period on a straight-line basis

3. Supplementary Information

(1) Business Results

Consolidated

(Million yen)

| | First three quarters of FY2021 | | First three quarters 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 | 191,921 | 100.2% | 205,819 | 107.2% | 253,386 | 101.3% | 275,300 | 108.6% |
| Operating profit | 16,886 | 90.9% | 14,324 | 84.8% | 19,227 | 99.0% | 16,000 | 83.2% |
| Ordinary profit | 18,518 | 104.0% | 15,542 | 83.9% | 21,125 | 106.5% | 17,900 | 84.7% |
| Profit attributable to owners of parent | 13,360 | 197.6% | 11,606 | 86.9% | 13,956 | 159.5% | 11,100 | 79.5% |
| Comprehensive income | 15,053 | 202.1% | 17,366 | 115.4% | 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 | Amount | Year-on-year change | Amount | Year-on-year change | Amount | Year-on-year change |
| Spice / Seasoning / Processed Food Business | 89,605 | 96.3% | 91,040 | 101.6% | 117,422 | 97.5% | 122,900 | 104.7% |
| Health Food Business | 11,344 | 92.6% | 13,097 | 115.4% | 14,432 | 94.4% | 16,500 | 114.3% |
| International Food Business | 29,681 | 106.5% | 34,967 | 117.8% | 39,110 | 114.8% | 48,700 | 124.5% |
| Restaurant Business | 33,347 | 100.2% | 35,382 | 106.1% | 45,422 | 101.6% | 47,300 | 104.1% |
| Other Food Related Business | 34,344 | 109.5% | 38,370 | 111.7% | 45,571 | 103.8% | 48,900 | 107.3% |
| Adjustment | (6,400) | – | (7,036) | – | (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 | Amount | Year-on-year change | Amount | Year-on-year change | Amount | Year-on-year change |
| Spice / Seasoning / Processed Food Business | 10,218 | 74.7% | 6,769 | 66.2% | 12,628 | 80.9% | 8,800 | 69.7% |
| Health Food Business | 271 | 80.8% | 1,900 | 700.6% | (138) | – | 1,400 | – |
| International Food Business | 4,734 | 101.8% | 4,467 | 94.4% | 5,250 | 114.5% | 5,400 | 102.9% |
| Restaurant Business | 946 | – | 1,320 | 139.5% | 1,502 | – | 1,700 | 113.2% |
| Other Food Related Business | 1,278 | 88.4% | 818 | 64.0% | 1,480 | 83.6% | 1,200 | 81.1% |
| Adjustment | (561) | – | (950) | – | (1,494) | – | (2,500) | – |

(2) Number of Group Companies

| | First three quarters of FY2021 | | First three quarters of FY2022 | | FY2021 | |
|---------------------------|--------------------------------|---------------------|--------------------------------|---------------------|--------|---------------------|
| | Amount | Year-on-year change | Amount | Year-on-year change | Amount | Year-on-year change |
| Consolidated subsidiaries | 37 | | 42 | | 37 | |
| Japan | 15 | | 16 | | 15 | |
| Overseas | 22 | | 26 | | 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 three quarters of FY2021 | | First three quarters of FY2022 | | Year-on-year change | |
|---|-----------------------------------|---------------|-----------------------------------|---------------|---------------------|-------------------|
| | Amount | Percentage | Amount | Percentage | Amount | Rate of change |
| Net sales | 191,921 | 100.0% | 205,819 | 100.0% | 13,897 | 7.2% |
| <By business segment> | | | | | | |
| Spice / Seasoning / Processed Food Business | 89,605 | 46.7% | 91,040 | 44.2% | 1,435 | 1.6% |
| Health Food Business | 11,344 | 5.9% | 13,097 | 6.4% | 1,752 | 15.4% |
| International Food Business | 29,681 | 15.5% | 34,967 | 17.0% | 5,285 | 17.8% |
| Restaurant Business | 33,347 | 17.4% | 35,382 | 17.2% | 2,035 | 6.1% |
| Other Food Related Business | 34,344 | 17.9% | 38,370 | 18.6% | 4,026 | 11.7% |
| Adjustment | (6,400) | (3.3%) | (7,036) | (3.4%) | (636) | – |
| Cost of sales | 118,864 | 61.9% | 132,165 | 64.2% | 13,301 | 11.2% |
| Selling, general and administrative expenses | 56,171 | 29.3% | 59,330 | 28.8% | 3,160 | 5.6% |
| Operating profit | 16,886 | 8.8% | 14,324 | 7.0% | (2,563) | (15.2%) |
| <By business segment> | | | | | | |
| Spice / Seasoning / Processed Food Business | 10,218 | 5.3% | 6,769 | 3.3% | (3,449) | (33.8%) |
| Health Food Business | 271 | 0.1% | 1,900 | 0.9% | 1,629 | 600.6% |
| International Food Business | 4,734 | 2.5% | 4,467 | 2.2% | (267) | (5.6%) |
| Restaurant Business | 946 | 0.5% | 1,320 | 0.6% | 374 | 39.5% |
| Other Food-related Business | 1,278 | 0.7% | 818 | 0.4% | (460) | (36.0%) |
| Adjustment | (561) | (0.3%) | (950) | (0.5%) | (389) | – |
| Non-operating income | 2,648 | 1.4% | 2,144 | 1.0% | (504) | (19.0%) |
| Non-operating expenses | 1,016 | 0.5% | 925 | 0.4% | (90) | (8.9%) |
| Ordinary profit | 18,518 | 9.6% | 15,542 | 7.6% | (2,976) | (16.1%) |
| Extraordinary income | 3,237 | 1.7% | 3,421 | 1.7% | 184 | 5.7% |
| Extraordinary losses | 291 | 0.2% | 383 | 0.2% | 92 | 31.5% |
| Profit before income taxes | 21,464 | 11.2% | 18,580 | 9.0% | (2,884) | (13.4%) |
| Income taxes | 6,571 | 3.4% | 5,746 | 2.8% | (824) | (12.5%) |
| Profit | 14,893 | 7.8% | 12,834 | 6.2% | (2,060) | (13.8%) |
| Profit attributable to | | | | | | |
| Profit attributable to owners of parent | 13,360 | 7.0% | 11,606 | 5.6% | (1,754) | (13.1%) |
| Profit attributable to non-controlling interests | 1,533 | 0.8% | 1,228 | 0.6% | (306) | (19.9%) |
| Comprehensive income | 15,053 | 7.8% | 17,366 | 8.4% | 2,313 | 15.4% |

2. Major Changes in Selling, General and Administrative Expenses

(Million yen)

| | First three quarters of FY2021 | First three quarters of FY2022 | Year-on-year change |
|--|-----------------------------------|-----------------------------------|---------------------|
| Advertising expenses | 6,117 | 5,835 | (282) |
| Transportation and storage costs | 8,191 | 9,000 | 809 |
| Sales commission | 86 | 90 | 3 |
| Promotion expenses | 2,199 | 2,293 | 95 |
| Personnel expenses | 20,817 | 21,261 | 444 |
| Research and development expenses | 3,226 | 3,273 | 46 |
| Amortization of goodwill | 33 | 33 | – |
| Other | 15,502 | 17,546 | 2,044 |
| Total selling, general and administrative expenses | 56,171 | 59,330 | 3,160 |

3. Non-Operating Income (Expenses)

(Million yen)

| | First three quarters of FY2021 | First three quarters of FY2022 | Year-on-year change |
|---|-----------------------------------|-----------------------------------|---------------------|
| Interest income | 142 | 200 | 58 |
| Dividend income | 410 | 448 | 37 |
| Share of profit of entities accounted for using equity method | – | 92 | 92 |
| Rental income from buildings | 639 | 657 | 17 |
| Foreign exchange gains | 242 | 204 | (38) |
| Subsidy income | 865 | 243 | (622) |
| Other | 350 | 301 | (49) |
| Total non-operating income | 2,648 | 2,144 | (504) |
| Interest expenses | 35 | 205 | 170 |
| Rental expenses | 519 | 517 | (2) |
| Share of loss of entities accounted for using equity method | 21 | – | (21) |
| Litigation expenses | 278 | 34 | (245) |
| Other | 163 | 169 | 7 |
| Total non-operating expenses | 1,016 | 925 | (90) |

4. Extraordinary Income (Losses)

(Million yen)

| | First three quarters of FY2021 | First three quarters of FY2022 | Year-on-year change |
|--|-----------------------------------|-----------------------------------|---------------------|
| Gain on sale of non-current assets | 62 | 1 | (61) |
| Gain on sale of investment securities | 3,099 | 3,344 | 245 |
| Gain on sale of restaurants | 65 | 69 | 3 |
| Other | 10 | 7 | (3) |
| Total extraordinary income | 3,237 | 3,421 | 184 |
| Loss on sale of non-current assets | 0 | 50 | 50 |
| Loss on retirement of non-current assets | 125 | 94 | (32) |
| 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 | 151 | 80 | (71) |
| Other | 0 | 35 | 35 |
| Total extraordinary losses | 291 | 383 | 92 |

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 | 71,988 | | 205,819 |
| Year-on-year change | 1,886 | (1,444) | (150) | 3,028 | 3,320 | 4,688 | 5,016 | 4,194 | | 13,897 |
| Operating profit | 5,690 | 3,341 | 7,855 | 2,341 | 19,227 | 4,970 | 2,662 | 6,692 | | 14,324 |
| Year-on-year change | 1,259 | (2,134) | (820) | 1,508 | (186) | (720) | (680) | (1,163) | | (2,563) |
| Ordinary profit | 6,345 | 3,991 | 8,182 | 2,607 | 21,125 | 5,591 | 3,373 | 6,578 | | 15,542 |
| Year-on-year change | 1,830 | (333) | (780) | 570 | 1,288 | (754) | (618) | (1,604) | | (2,976) |
| Profit attributable to owners of parent | 4,073 | 3,138 | 6,149 | 596 | 13,956 | 3,597 | 1,896 | 6,114 | | 11,606 |
| Year-on-year change | 1,261 | 4,956 | 383 | (1,395) | 5,204 | (476) | (1,241) | (36) | | (1,754) |
| Comprehensive income | 5,032 | 4,734 | 5,288 | 6,528 | 21,581 | 3,999 | 6,218 | 7,149 | | 17,366 |
| Year-on-year change | 2,055 | 7,636 | (2,087) | 1,693 | 9,298 | (1,032) | 1,484 | 1,861 | | 2,313 |

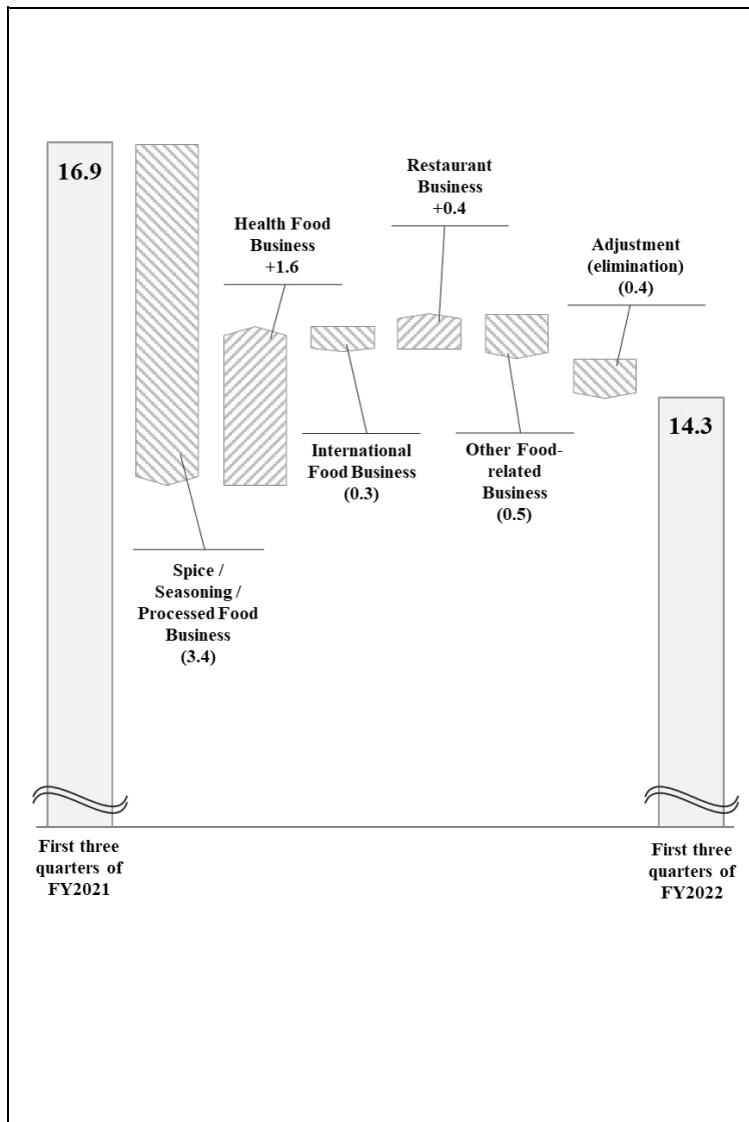
Net sales by business segment

| 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 | 33,027 | | 91,040 |
| Year-on-year change | (1,696) | (538) | (1,231) | 508 | (2,958) | 694 | 354 | 387 | | 1,435 |
| Health Food Business | 3,351 | 3,689 | 4,305 | 3,088 | 14,432 | 4,110 | 4,412 | 4,575 | | 13,097 |
| Year-on-year change | (389) | (666) | 153 | 54 | (848) | 759 | 723 | 270 | | 1,752 |
| International Food Business | 9,813 | 9,627 | 10,241 | 9,429 | 39,110 | 10,796 | 11,824 | 12,346 | | 34,967 |
| Year-on-year change | 1,718 | (543) | 628 | 3,251 | 5,054 | 984 | 2,197 | 2,105 | | 5,285 |
| Restaurant Business | 11,126 | 10,979 | 11,242 | 12,074 | 45,422 | 11,334 | 11,612 | 12,436 | | 35,382 |
| Year-on-year change | 700 | (262) | (359) | 645 | 724 | 208 | 633 | 1,194 | | 2,035 |
| Other Food-related Business | 11,675 | 11,192 | 11,477 | 11,227 | 45,571 | 13,921 | 12,466 | 11,983 | | 38,370 |
| Year-on-year change | 999 | 1,106 | 884 | (1,341) | 1,648 | 2,246 | 1,274 | 506 | | 4,026 |
| Adjustment | (1,960) | (2,330) | (2,111) | (2,171) | (8,571) | (2,163) | (2,495) | (2,379) | | (7,036) |
| Year-on-year change | 554 | (540) | (225) | (88) | (300) | (204) | (165) | (268) | | (636) |

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 | 3,564 | | 6,769 |
| Year-on-year change | (1,199) | (1,356) | (902) | 471 | (2,986) | (824) | (1,372) | (1,253) | | (3,449) |
| ROS | 11.1% | 7.9% | 14.8% | 8.7% | 10.8% | 7.9% | 3.2% | 10.8% | | 7.4% |
| Health Food Business | (163) | (170) | 604 | (410) | (138) | 465 | 611 | 824 | | 1,900 |
| Year-on-year change | 60 | (341) | 216 | 322 | 258 | 627 | 781 | 220 | | 1,629 |
| ROS | (4.9%) | (4.6%) | 14.0% | (13.3%) | (1.0%) | 11.3% | 13.9% | 18.0% | | 14.5% |
| International Food Business | 1,983 | 1,244 | 1,507 | 516 | 5,250 | 1,747 | 1,359 | 1,361 | | 4,467 |
| Year-on-year change | 973 | (718) | (170) | 581 | 665 | (236) | 115 | (146) | | (267) |
| ROS | 20.2% | 12.9% | 14.7% | 5.5% | 13.4% | 16.2% | 11.5% | 11.0% | | 12.8% |
| Restaurant Business | 350 | 176 | 420 | 556 | 1,502 | 193 | 454 | 673 | | 1,320 |
| Year-on-year change | 1,277 | 692 | (133) | 327 | 2,162 | (158) | 278 | 253 | | 374 |
| ROS | 3.1% | 1.6% | 3.7% | 4.6% | 3.3% | 1.7% | 3.9% | 5.4% | | 3.7% |
| Other Food-related Business | 471 | 328 | 479 | 201 | 1,480 | 362 | 158 | 297 | | 818 |
| Year-on-year change | (37) | (85) | (47) | (122) | (290) | (109) | (170) | (182) | | (460) |
| ROS | 4.0% | 2.9% | 4.2% | 1.8% | 3.2% | 2.6% | 1.3% | 2.5% | | 2.1% |
| Adjustment | (27) | (563) | 28 | (933) | (1,494) | (47) | (876) | (27) | | (950) |
| Year-on-year change | 185 | (325) | 215 | (71) | 4 | (21) | (313) | (55) | | (389) |

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



| Billion yen | Year-on-year change |
|--|---------------------|
| Spice / Seasoning / Processed Food Business | (3.4) |
| Change in sales | +1.2 |
| Change in cost of sales ratio | (3.0) |
| Marketing costs | (0.7) |
| Other expenses | (0.5) |
| Gaban and other affiliated companies, adjustment | (0.5) |
| Health Food Business | +1.6 |
| Change in sales | +1.1 |
| Change in cost of sales ratio | +0.1 |
| Marketing costs | +0.3 |
| Other expenses | +0.2 |
| International Food Business | (0.3) |
| Business in the United States | (0.3) |
| Business in China | +0.1 |
| Businesses in Southeast Asia | +0.2 |
| Exports and others | (0.2) |
| Restaurant Business | +0.4 |
| Ichibanya Co., Ltd. (consolidated) | +0.4 |
| Other Food Related Business | (0.5) |
| Delica Chef Corporation | (0.3) |
| Vox Trading Co., Ltd. (consolidated) | (0.2) |
| Adjustment (elimination) | (0.4) |
| Changes in operating profit | (2.6) |

(4) Consolidated Balance Sheets

Consolidated Balance Sheets

(Million yen)

| | FY2021 | | First three quarters of FY2022 | | Increase/decrease from end of FY2021 | Major factors for increase/decrease |
|--|----------------|---------------|--------------------------------|---------------|--------------------------------------|--|
| | Amount | Percentage | Amount | Percentage | Amount | |
| Current assets | 157,123 | 41.1% | 152,588 | 38.8% | (4,535) | Decrease in cash and deposits (16,246) Decrease in securities (1,705) Increase in notes and accounts receivable - trade 10,575 Increase in merchandise and finished goods 1,842 Increase in raw materials and supplies 1,624 |
| Non-current assets | 224,898 | 58.9% | 241,107 | 61.2% | 16,209 | Increase in goodwill 13,794 Increase in construction in progress 4,831 Increase in retirement benefit asset 3,507 Increase in buildings and structures 1,426 Decrease in investment securities (7,486) |
| Total assets | 382,021 | 100.0% | 393,695 | 100.0% | 11,674 | |
| Current liabilities | 51,609 | 13.5% | 57,409 | 14.6% | 5,800 | Increase in notes and accounts payable - trade 5,200 Increase in other current liabilities 2,699 Decrease in accounts payable - other (1,918) |
| Non-current liabilities | 31,845 | 8.3% | 33,533 | 8.5% | 1,688 | Increase in retirement benefit liability 2,630 Increase in other non-current liabilities 890 Decrease in deferred tax liabilities (1,691) |
| Total liabilities | 83,454 | 21.8% | 90,942 | 23.1% | 7,488 | |
| Total shareholders' equity | 237,762 | 62.2% | 238,860 | 60.7% | 1,098 | Increase in retained earnings 7,073 Increase in treasury shares (5,972) |
| Total accumulated other comprehensive income | 31,204 | 8.2% | 35,211 | 8.9% | 4,007 | Increase in foreign currency translation adjustment 7,567 Decrease in valuation difference on available-for-sale securities (2,786) Decrease in remeasurements of defined benefit plans (827) |
| Non-controlling interests | 29,601 | 7.7% | 28,681 | 7.3% | (920) | |
| Total net assets | 298,567 | 78.2% | 302,753 | 76.9% | 4,186 | |
| Total liabilities and net assets | 382,021 | 100.0% | 393,695 | 100.0% | 11,674 | |

(5) Capital Investment

Consolidated

(Million yen)

| | First three quarters of FY2021 | First three quarters of FY2022 | FY2022 Forecast |
|--------------------|-----------------------------------|-----------------------------------|-----------------|
| Capital investment | 7,999 | 9,487 | 17,900 |
| Leases | 496 | 398 | 500 |
| Total | 8,496 | 9,885 | 18,400 |

(6) Depreciation

Consolidated

(Million yen)

| | First three quarters of FY2021 | First three quarters of FY2022 | FY2022 Forecast |
|----------------|-----------------------------------|-----------------------------------|-----------------|
| Depreciation | 8,022 | 8,417 | 11,400 |
| Lease payments | 225 | 221 | 300 |
| Total | 8,246 | 8,639 | 11,700 |

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

(7) Major Management Indicators, etc.

Consolidated

| | FY2021 | First three quarters of FY2022 | FY2022 Full-year revised Forecast |
|---|--------------|-----------------------------------|--------------------------------------|
| Profit per share | 139.75 yen | 118.39 yen | 112.93 yen |
| Net assets per share | 2,700.99 yen | 2,809.87 yen | 2,763.06 yen |
| ATO | 0.67 times | – | 0.72 times |
| Ratio of operating profit to net sales | 7.6% | 7.0% | 5.8% |
| EBITDA margin | 11.9% | 11.0% | 10.1% |
| Ratio of ordinary profit to net sales | 8.3% | 7.6% | 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 | – | 46.00 yen |
| Dividend payout ratio | 32.9% | – | 40.7% |
| Dividend payout ratio according to the basic policy on the return of earnings to shareholders | 31.8% | – | 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 | 6,546 people | – |
|---------------------|--------------|--------------|---|

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

(8) 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 | 211 yen | | 194 yen | | 199 yen |
| | Change from the previous year | -1 yen | +2 yen | +19 yen | | +1 yen | | +6 yen |
| House Foods Corporation | Average selling price | 190 yen | 196 yen | 217 yen | | 193 yen | | 200 yen |
| | Change from the previous year | -2 yen | +4 yen | +26 yen | | +1 yen | | +8 yen |
| | Share of amount | 62.1% | 61.8% | 60.8% | | 62.0% | | 61.6% |

Source: SRI+ monthly data of INTAGE Inc. (April 2022 – December 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% | 89.9% | | 99.9% | | 96.6% |
| Retort pouched curry | *1 | 107.3% | 110.7% | 114.4% | | 109.2% | | 110.8% |
| Stew roux | *1 | 93.3% | 98.6% | 102.5% | | 96.9% | | 100.0% |
| Spice | *1 | 94.6% | 98.4% | 103.4% | | 96.5% | | 98.8% |
| Food service products | *1 | 107.0% | 112.3% | 105.9% | | 109.7% | | 108.3% |
| Health Food Business (House Wellness Foods) | | | | | | | | |
| <i>Ukon No Chikara</i> | *1 | 175.8% | 149.8% | 103.4% | | 162.0% | | 130.2% |
| <i>C1000</i> | *1 | 102.3% | 99.1% | 100.1% | | 100.7% | | 100.5% |
| <i>Ichinichibun No Vitamin</i> | *1 | 110.9% | 121.9% | 118.8% | | 117.1% | | 117.6% |
| International Food Business (Local currency basis) | | | | | | | | |
| Business in the United States | | 104.5% | 106.2% | 108.3% | | 105.3% | | 106.3% |
| Business in China | | 82.6% | 124.2% | 115.5% | | 100.3% | | 105.6% |
| Functional drinks business in Thailand | | 122.3% | 103.1% | 78.4% | | 111.3% | | 100.0% |
| Restaurant Business (Ichibanya) | | | | | | | | |
| Net sales of all domestic restaurants | | 99.6% | 107.3% | 106.8% | | 103.4% | | 104.5% |
| Net sales of existing domestic restaurants | | 100.8% | 108.3% | 107.7% | | 104.5% | | 105.5% |
| Number of customers | | 101.6% | 105.9% | 105.1% | | 103.7% | | 104.2% |
| Average sales per customer | | 99.2% | 102.2% | 102.5% | | 100.7% | | 101.3% |

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