



CORPORATE GUIDE
2017 HOUSE FOODS
GROUP INC.



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

Status of inclusion on SRI indices

(as of July 31, 2017)



FTSE4Good

The FTSE4Good Index is a series of stock indices to promote investment in companies that have met global standards for environment, society and governance.

House Foods Group Inc. has been continuously selected as a constituent of the FTSE4Good Index, one of the leading indices of socially responsible investment (SRI), since 2006.



FTSE Blossom Japan

FTSE Blossom Japan Index is established by a global index provider, FTSE Russell. This index is designed to measure the performance of Japanese Companies which are favorably handling the issues regarding environment, society, and governance (ESG).

FTSE Blossom Japan Index is used for the creation and evaluation of sustainable investment funds and other financial instruments.



The MSCI Japan ESG Select Leaders Index is designed to represent the performance of companies that have high ESG (Environmental, Social and Governance) performance which are selected from the constituent stocks of the MSCI Japan IMI Top 500 Index. The Company has been granted an "A" ESG rating by MSCI INC.

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Morningstar Socially Responsible Investment Index is the first domestic index based on social responsible investment. This index is calculated through the indexation of the share prices of 150 companies selected from among nearly 4,000 listed companies in Japan by Morningstar Japan K.K. because of their higher level of sociability.



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CORPORATE GUIDE 2017



Aiming to be a Good Corporate Citizen to Create Smiles in People's Lives

“In every happy home throughout Japan you will find the warm flavor of home cooking, House”

To realize this wish, we have always worked to address the issues in each era.

Let us present the history of House Foods Group along with our efforts to create smiles in people's lives.



1913~

From herbal medicine business to the development of curry powder, leading to the launch of “House Curry”

The predecessor of House Foods Group Inc. was Urakami Shoten, an enterprise dealing in herbal medicines, which was founded in 1913 in Kawaraya-machi, Minami-ku, Osaka-city by Seisuke Urakami at the age of 21. It was in 1921 that Seisuke, who had mainly dealt in various medical ingredients, undertook the bottling and sales of curry powder from his customer. Although it was a time when “rice curry” just began to spread among restaurants in urban areas, Seisuke started to research curry powder in earnest because he found that most of the spices included in curry powder were common to the Chinese herbal medicines that he handled. He continued his research and eventually succeeded in creating his original curry powder in 1926. In 1928, the trade mark was changed to “House Curry,” and House Curry started its business operation as a household food manufacturer.



1960~

Development of solid roux and the launch of Vermont Curry, a long-selling hit product

Amid the spread of instant foods owing to economic growth, we launched a solid curry roux product in 1960. Additionally, by leveraging our technologies, we developed a mild tasting solid roux curry using apples and honey as ingredients with the concept of “curry that can be enjoyed together with children.” In 1963, we created “Vermont Curry,” which is our mainstay product and loved by people even today. Curry, which was previously considered a “spicy food for adults,” was dramatically transformed with the creation of “Vermont Curry” into a nutritionally balanced dish for home cooking. Its TV commercial also caught much attention, making it a massive hit product.



1970~

Expanded product lineup with the launch of retort pouched foods, etc. in response to diversified customer needs

In order to satisfy our customer needs which had diversified along with the improvement of their quality of life, we proactively embarked on new businesses. These challenges consequently facilitated our business expansion, leading to a great leap as a company.

We launched “Kukure Stew” in 1970 and “Kukure Curry” in 1971 and entered the retort pouched foods market to develop products which are long lasting and save the trouble of cooking. We also launched “Shanmen soy sauce flavor” in 1973, entering the packaged noodles market. Furthermore, we entered the snack foods market in 1977 and the beverage market in 1983 with the respective launches of “Potato Chips” and “Rokko no Oishii Mizu.”



1981~

Started overseas development to offer the delicious flavors cultivated in Japan to the world

We started our overseas expansion with the establishment of a representative's office in Los Angeles in the United States in 1981. In 1983, we established House Foods & Yamauchi, Inc. (currently House Foods America Corporation) to enter the tofu business in the United States. Tofu has received much attention as a healthy food and tofu products have achieved significant growth to date. After 2000, we started new overseas operations such as the launch of curry roux in China as well as the launch of home desserts and functional beverages in Southeast Asia. We also expanded our curry restaurant business to the United States, China, Taiwan, South Korea, etc., focusing on the spread of Japanese-style curry.



2004~

Launched "Ukon No Chikara" with a good balance between taste and health to expand the Health Food Business

Since around 2000, when people had become more conscious about their own health, progress has been made in research into the functional properties of spices. "Ukon No Chikara" was developed and launched in 2004, based on the idea of making a functional health drink by using turmeric, which is essential for making curry. Despite containing 30mg of curcumin, an active ingredient of turmeric, the distinctive bitterness was moderated and a refreshing taste was achieved. The name "Ukon No Chikara" reflects our wish to provide our customers with the inherent benefit of turmeric to the maximum extent. Because of the convenient and easy way to take in active ingredients with an enjoyable taste, it became a huge hit, leading to the further acceleration of efforts for the Health Food Business.



2013~

Transferred to a holding company structure to strengthen management systems and enhance the Group's capabilities as a whole

Entering into an era with increasing concern over significance and diversity of food, we are striving to strengthen our management systems in order to achieve further growth. In 2013, with the aim of enhancing the competitiveness of each division and creating corporate value for the Group as a whole, we transferred to a holding company structure, with a new corporate name of "House Foods Group Inc."

In 2015, we consolidated Ichibanya Co., Ltd., which operated curry restaurants, to strengthen the Restaurant Business domestically and internationally. In 2016, we also consolidated Gaban Co., Ltd., which we previously had an alliance with, to improve our ability to respond to customer needs in spices for commercial use.

Data to understand House Foods Group

Spice / Seasoning / Processed Food Business

44.2%

The Group is engaged in the business of manufacturing and selling spices, seasonings, processed foods and food-service products in the domestic market.

Through offering a wide range of products represented by curry roux products, stew roux products, retort pouched curry products and spice products, we contribute to enhancing the experience of family meals.



Other Food Related Business

20.8%

The Group is engaged in businesses such as transportation and warehousing, manufacturing and selling of prepared foods, analysis of foods, and imports and sales of foodstuffs. By enhancing each function and pursuing inter-Group synergies, we are making efforts to reinforce the overall capability of the Group.

Fiscal year ended
March 2017
Proportion of Consolidated
Net Sales*

¥283,812 million

Restaurant Business

17.2%

The Group is engaged in the business of operating restaurants in the domestic market and the overseas market. The Group provides Japanese-style curry to customers in countries throughout the world through "CURRY HOUSE Coco ICHIBANYA," a restaurant specializing in curry operated by Ichibanya Co., Ltd.



Health Food Business

11.1%



The Group is engaged in the business of manufacturing, selling and direct marketing of health foods and functional beverages in the domestic market. With a vast product lineup possessing both functionality and tastiness, we support a healthy lifestyle through providing everyday diet.

International Food Business

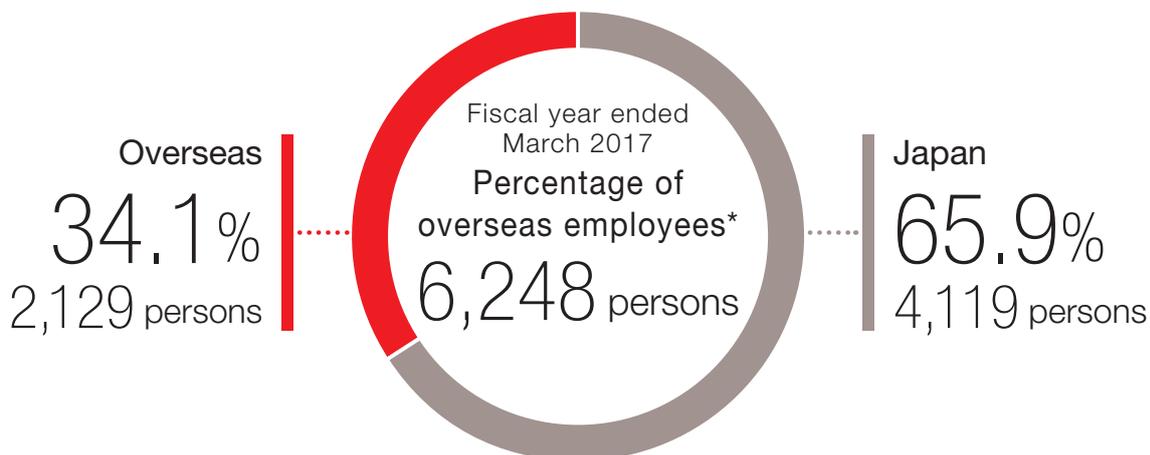
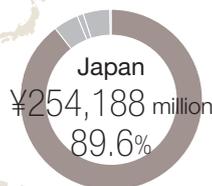
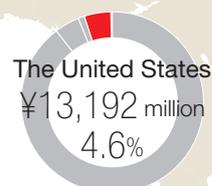
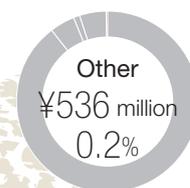
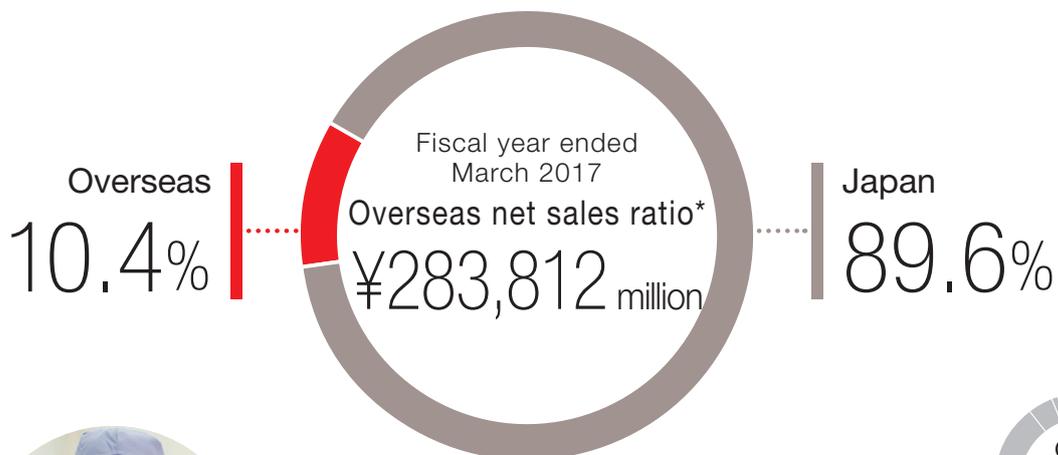
6.7%

The Group is engaged in the business of manufacturing and selling foods overseas. We believe that we should capitalize on the technology developed in Japan to provide new value in foodstuffs, and offer the world of food that the Group has developed.



	Net sales (Millions of yen)	Operating profit (Millions of yen)	Ratio of operating profit
Spice / Seasoning / Processed Food Business	132,059	9,885	7.5%
Health Food Business	33,281	1,334	4.0%
International Food Business	20,111	1,681	8.4%
Restaurant Business	51,375	-424	-0.8%
Other Food Related Business	62,123	719	1.2%
Adjustment	-15,138	-883	—
Total	283,812	12,312	4.3%

(Note) Proportion before the elimination of inter-segment transactions

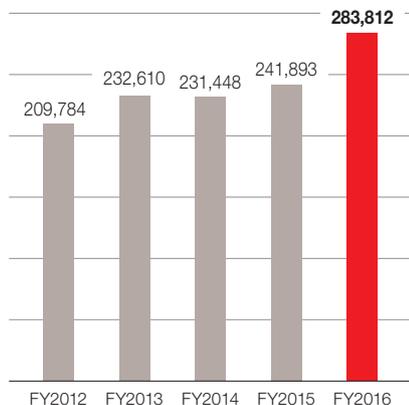


* As of March 31, 2017

Financial highlights

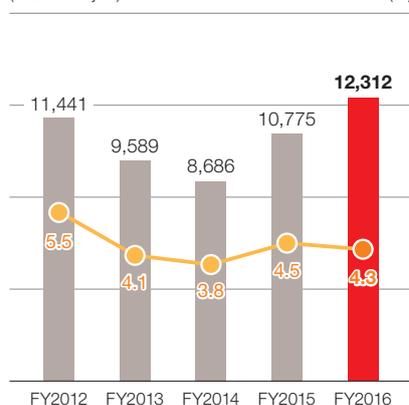
Net sales

(Millions of yen)



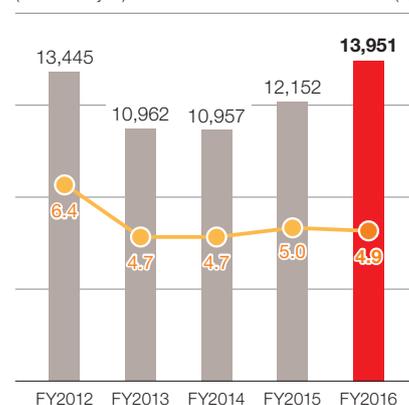
Operating profit / Ratio of operating profit to net sales

Operating profit (Millions of yen) Ratio of operating profit to net sales (%)



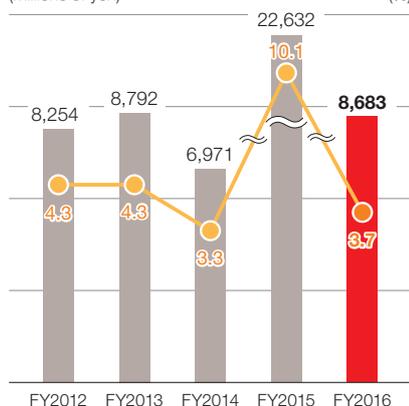
Ordinary profit / Ratio of ordinary profit to net sales

Ordinary profit (Millions of yen) Ratio of ordinary profit to net sales (%)



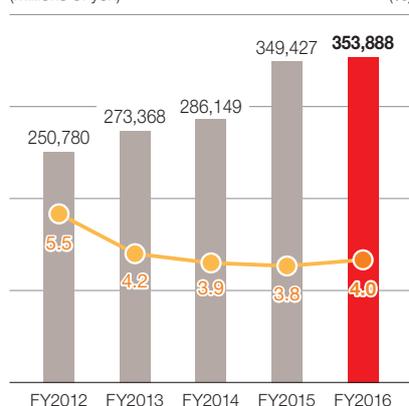
Profit attributable to owners of parent / ROE

Profit attributable to owners of parent (Millions of yen) ROE (%)



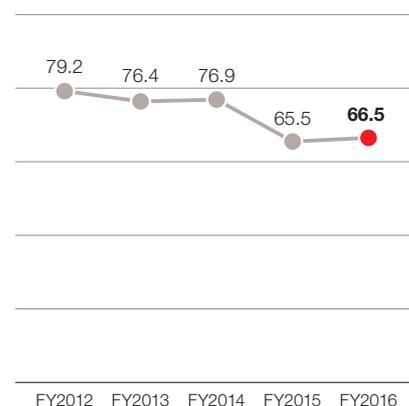
Total assets / ROA

Total assets (Millions of yen) ROA (%)



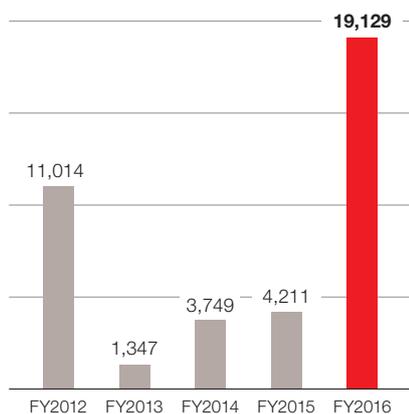
Equity ratio

(%)



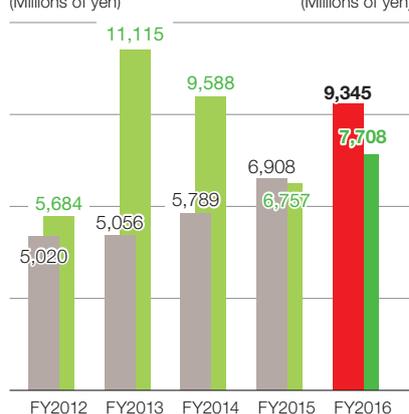
Free cash flow*

(Millions of yen)



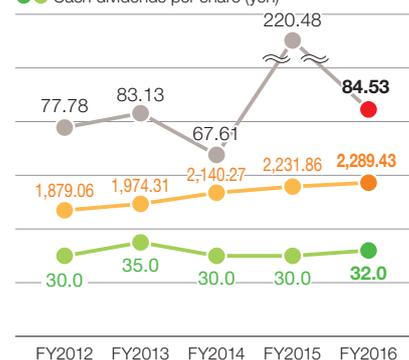
Depreciation / Capital investment

Depreciation (Millions of yen) Capital investment (Millions of yen)



Profit per share / Net assets per share / Cash dividends per share

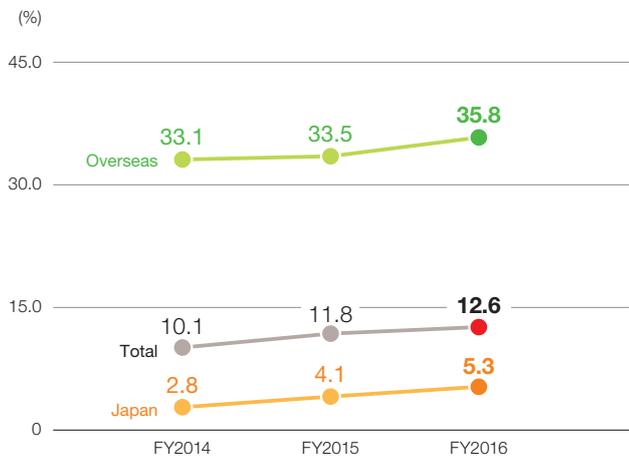
Profit per share (yen) Net assets per share (yen) Cash dividends per share (yen)



* Operating cash flow + Investing cash flow

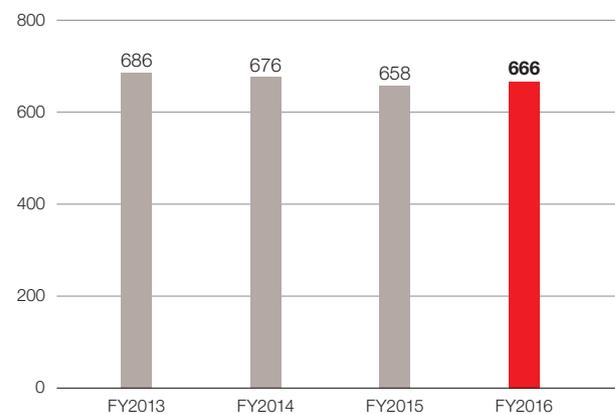
Non-financial highlights

Percentage of female managers (consolidated) 12.6%

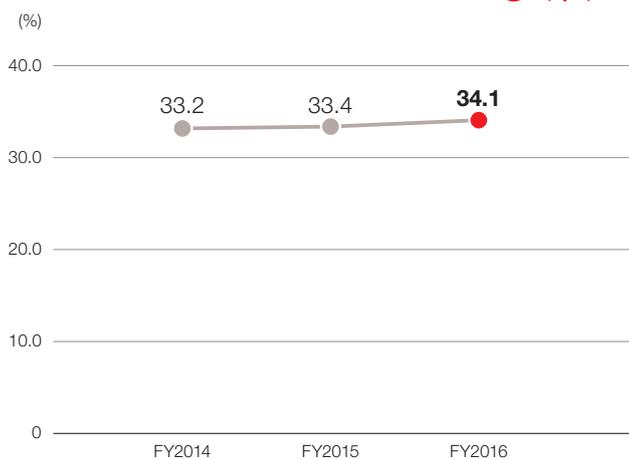


CO₂ emissions

(Hundred tons)

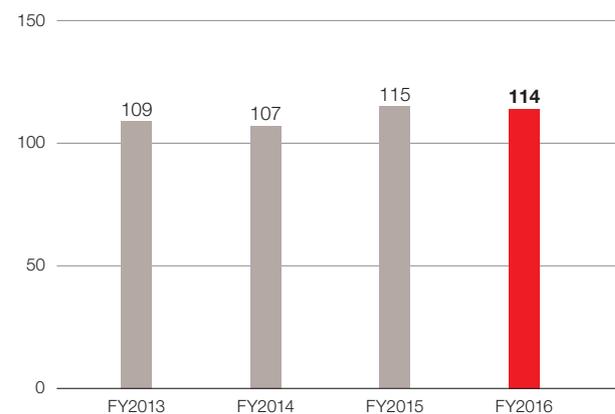


Percentage of foreign employees (consolidated) 34.1%



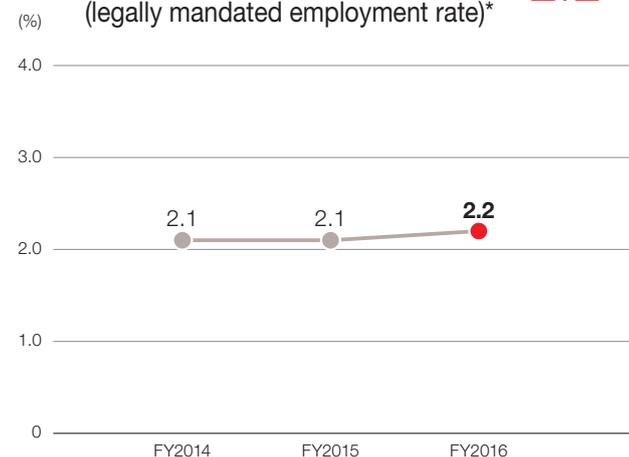
Amount of waste

(Hundred tons)



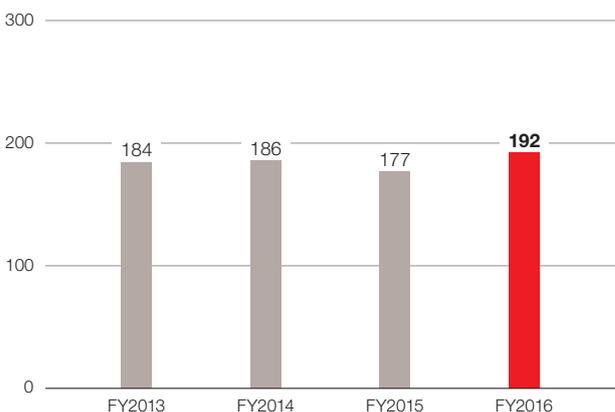
[Scope of data] CO₂ emissions and amount of waste
 House Foods Group Inc. (Japan), House Foods Corporation, House Wellness Foods Corporation, Sun House Foods Corporation, Sun Supply Corporation, House Logistics Service Corporation, High Net Corporation, Delica Chef Corporation, House Ai-Facility Corporation, House Food Analytical Laboratory Inc., House Business Partners Corporation

Employment rate of handicapped personnel (legally mandated employment rate)* 2.2%



Water usage

(Ten thousand tons)



[Scope of data]
 Plants of House Foods Corporation and House Wellness Foods Corporation, Sun House Foods Corporation, Sun Supply Corporation, Delica Chef Corporation

* Calculated by summing the figures at eight Group companies (House Foods Group Inc., House Foods Corporation, Sun House Foods Corporation, House Logistics Service Corporation, Delica Chef Corporation, House Wellness Foods Corporation, Vox Trading Co., Ltd. and House Ai-Facility Corporation)

Our Aim is “Striving to Become a High Quality Company that Provides ‘Healthy Life through Foods’”



President

Hiroshi Urakami

“In every happy home throughout Japan you will find the warm flavor of home cooking, House.” These are the words that our founder and his wife dedicated themselves to when they delivered “House Curry” to the market, and has been our founding philosophy since then. We are a food company that continually strives to bring a smile of happiness for our customers.

Upon the Group’s 100th anniversary of its founding in 2013, we adopted a holding company structure and established the Group philosophy, “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.”

Currently, we have been engaged in the Fifth Medium-Term Three-Year Business Plan since April 2015 in order to realize the Group philosophy.

Concept and Progress of the Fifth Medium-Term Business Plan

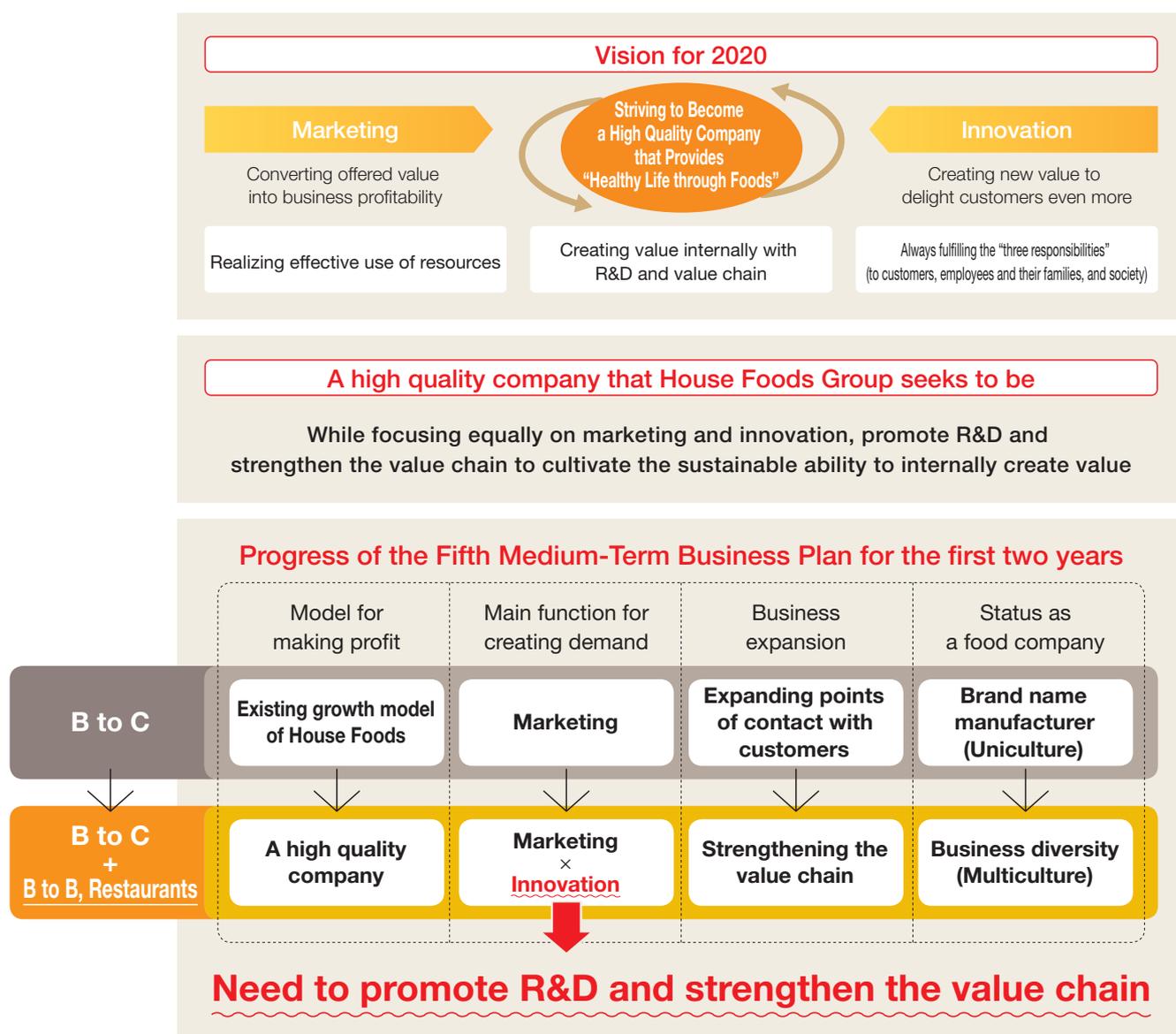
The business environment in Japan has seen significant changes in its given conditions including a declining birthrate and aging population, changes in household composition and population decline. The consumption environment, on the other hand, has become increasingly diverse with the changes in consumers’ dietary patterns such as the “trend toward eating out or buying food to eat at home.”

In light of these uneven conditions, we have set the theme for the Fifth Medium-Term Business Plan as Striving to Become a High Quality Company that Provides “Healthy Life through Foods.” Assuming there is no guarantee that our current core businesses will remain as our core businesses in the future, we aim to transform ourselves into a corporate group which is capable of creating value internally and sustainably by implementing this medium-term business plan.

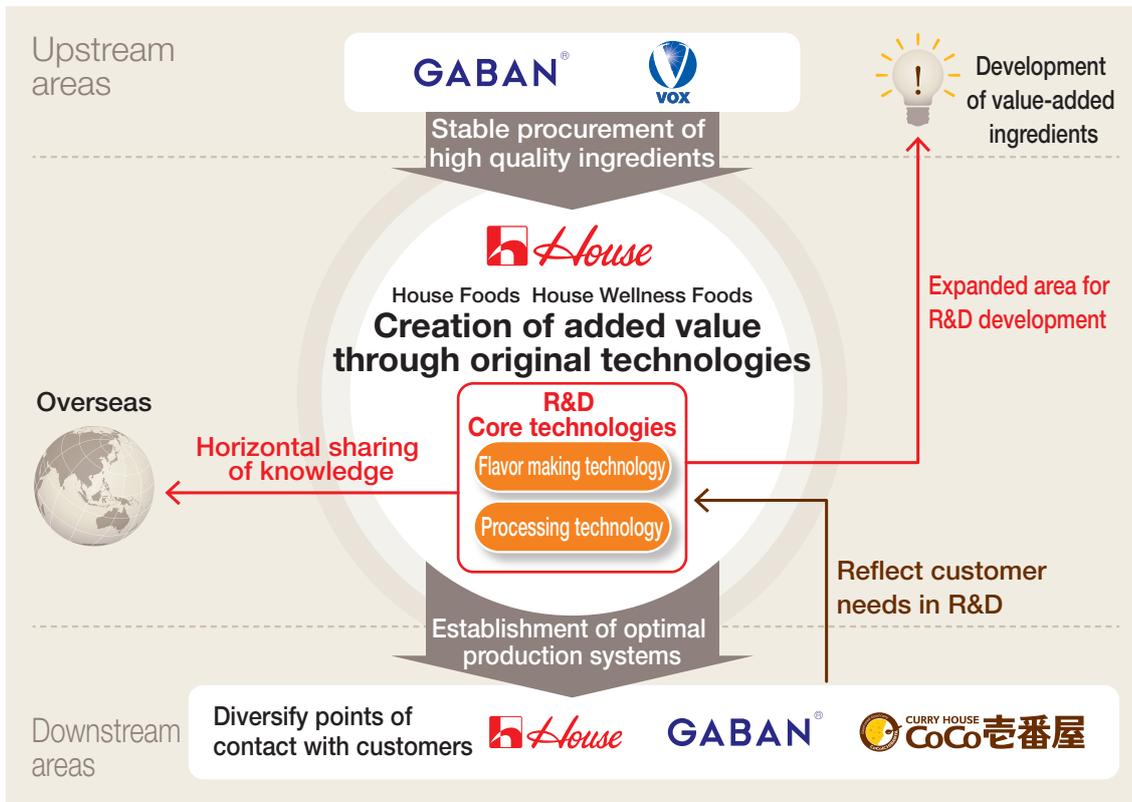
We had been making all possible efforts to become a marketing company prior to the commencement of this Fifth Medium-Term Business Plan. However, in order to become a “high quality company” in today’s Japanese market that continues to mature, we concluded that it was essential to drive and boost two business functions simultaneously, not only focusing on “Marketing,” but also reinforcing “Innovation.”

Thus, placing “R&D” and “Value Chain” as the key elements to strengthen the function of “Innovation,” we internally grappled with “R&D” through a great deal of trial and error while externally seeking out possibilities for “Value Chain.” Through such external efforts, we have successfully welcomed Ichibanya Co., Ltd. and Gaban Co., Ltd. to House Foods Group during these two years of the medium-term business plan. Nevertheless, we are still in the stage of doing “addition.” We will need to make greater efforts to reach the stage of doing “multiplication” in the future.

Additionally, although House Foods Group was previously a homogenous “Brand Name Manufacturer,” it has evolved into a multicultural business group with a diverse corporate culture thanks to the consolidation of those two companies, and our new challenge will be how to best manage this.



Reform of value chain: Establishment of value chain centering on R&D



Management Policy for the Final Year (FY2017) of the Fifth Medium-Term Business Plan

FY2017 is the final year of the Fifth Medium-Term Business Plan, and the theme for this medium-term business plan is “striving to become a high quality company that provides ‘Healthy Life through Foods.’” As we initially assumed that it would not be easy to realize the theme in three years for a single medium-term business plan, we positioned it as our “Vision” to be realized by 2020, which we consider to be the final year of the combined six-year term of two medium-term business plans. Accordingly, FY2017 is a highly important year for us to bring the Fifth Medium-Term Business Plan to completion as well as to formulate a new three-year plan to “become a high quality company” while reviewing the current medium-term business plan.

For FY2017, we aim to achieve consolidated net sales of 292,800 million yen (a year-on-year increase of 3.2%), consolidated operating profit of 13,500 million yen (a year-on-year increase of 9.6%) and consolidated ordinary profit of 14,500 million yen (a year-on-year increase of 3.9%). We also anticipate profit attributable to owners of parent of 7,700 million yen (a year-on-year decrease of 11.3%), reflecting the absence of extraordinary income associated with the conversion of Gaban Co., Ltd. to a consolidated subsidiary which was recorded in FY2016.

In domestic business, we will increase the scope of the value chain from upstream procurement to downstream restaurant operations and promote collaboration between the Group companies to enhance the earning capabilities of existing businesses. We will also focus on creating synergy for the provision of new value.

In international business, we will steadily expand the scale of business by surely tapping into the growth of markets we have entered, transcending the boundaries of food culture, and firmly establishing new value in these markets.

Meanwhile, in comparison with the final year target initially set, although net sales are expected to exceed the target, operating profit is expected to fall short of the target by 1,500 million yen. While the business scale has expanded owing to M&A, we consequently recognized amortization of goodwill, and as a result, we still have issues to deal with for the improvement of profitability in existing businesses. We will take initiatives to strengthen our revenue base for the next medium-term business plan by investigating the factors by segment that contributed to the failure to reach the target.

Progress of the Fifth Medium-Term Business Plan

(Billions of yen)	Fourth Medium-Term Plan	Fifth Medium-Term Plan	Fifth Medium-Term Plan				
	FY2014 final year performance	FY2017 final year target	FY2015 performance	FY2016 performance	FY2017 target	Comparison with final year target	
						Difference	Ratio to final year target
Net sales	231.4	274.0	241.9	283.8	292.8	+18.8	106.9%
Operating profit	8.7	15.0	10.8	12.3	13.5	-1.5	90.0%
ROS	3.8%	5.5%	4.5%	4.3%	4.6%		-0.9Pt
EBITDA	14.6	—	18.7	25.2	26.2	—	—
EBITDA margin	6.3%	—	7.7%	8.9%	8.9%	—	—

Policy on Shareholder Returns

We previously considered the payment of stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis as a standard, as the basic policy on the return of earnings to shareholders.

However, with the conversion of Ichibanya Co., Ltd. and Gaban Co., Ltd. to consolidated subsidiaries, the changes in profits and losses that will not entail cash movements are expected to become greater in the near future. For this reason, believing that stable dividends will more likely materialize if we exclude these fluctuating factors from the source for dividend payments, we revised our basic policy on the payment of dividends to “maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/loss arising from business combination and the amortization of goodwill as a standard,” from FY2015.

Based on this policy, annual dividend for FY2016 was 32 yen per share, an increase of 2 yen per share year on year, and annual dividend for FY2017 will be 34 yen per share, an increase of 2 yen per share year on year.

Trends in Dividends

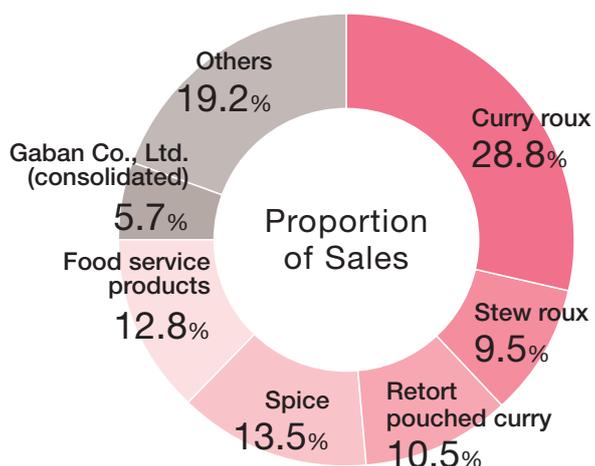
	FY2015 performance	FY2016 performance	FY2017 target
Annual dividend per share	30 yen	32 yen	34 yen
Payout ratio	13.6%	37.9%	45.4%
Payout ratio based on dividend policy	32.0%	30.4%	31.0%

In the future, at House Foods Group we will continually strive to provide a smile of happiness for our customers, our employees and their families, and society, through food products and services.

We look forward to your continued support.

Spice / Seasoning / Processed Food Business

Proportion of Sales for FY2016



Status for FY2016

Net Sales

¥132,059 million

(Year-on-year change: 110.0%)

- Curry roux sales were firm. Sales of retort pouched products were strong due to the contribution of sales of new products.
- Gaban became a new Group company (consolidated from Q2 FY2016)

Operating Profit

¥9,885 million

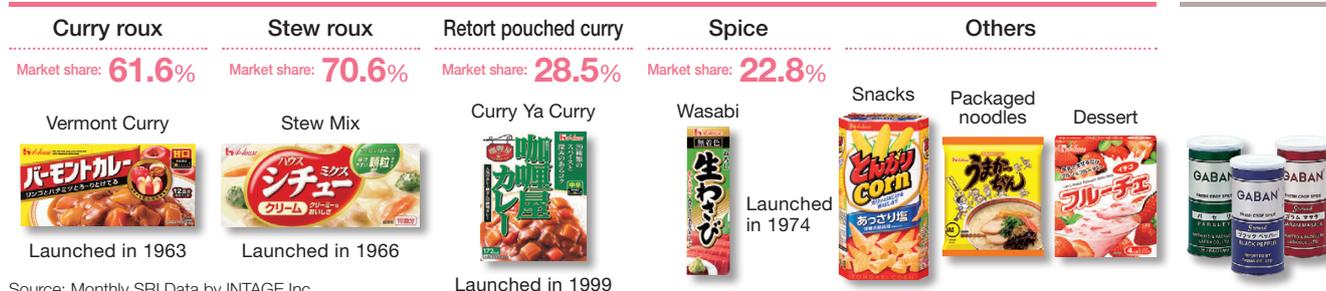
(Year-on-year change: 124.7%)

- An increase in sales and cost improvements at House Foods Corporation and the consolidation of Gaban made contributions.

Main Products

House Foods Corporation

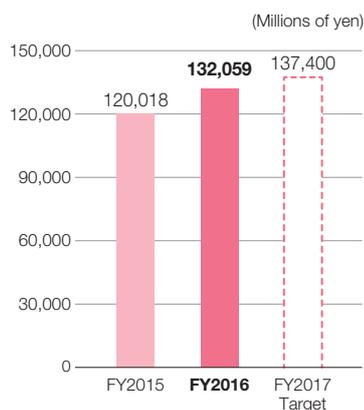
Gaban



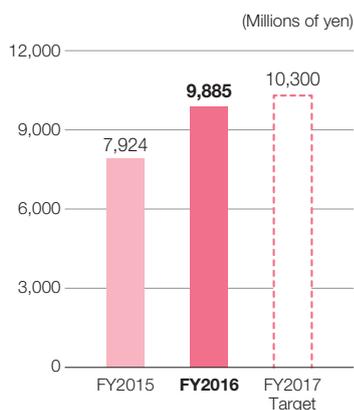
Source: Monthly SRI Data by INTAGE Inc. (April 2016 – March 2017)

Results by Segment

Net Sales



Segment profit



Results

	FY2013	FY2014	FY2015	FY2016	FY2017 Target
Net Sales					
Former standards	125,518	122,121	—	—	—
New standards	—	122,680	120,018	132,059	137,400
Operating Profit					
Former standards	6,936	6,618	—	—	—
New standards	—	6,660	7,924	9,885	10,300

* From the fiscal year ended March 2015, we adopted the method whereby figures before the elimination of inter-segment transactions are reported.

Strengthening our position in the BtoB market through the consolidation of Gaban

House Foods Group welcomed Gaban Co., Ltd. to the Group in June 2016.

Gaban's main business areas are procurement and sales of spices for commercial use, while the Company's business areas include development and sales of curry and stew, etc., by processing spices. Through consolidating the companies into a single group, we will seek to further strengthen our capability to create new values as a Group.

GABAN®



- 1 Strengthening “BtoB” business
—Establishing new sales channel—
- 2 Expanding and strengthening
the upstream areas in the value chain
- 3 Strengthening spice business

Overview of Gaban Co., Ltd.

[Corporate Philosophy]

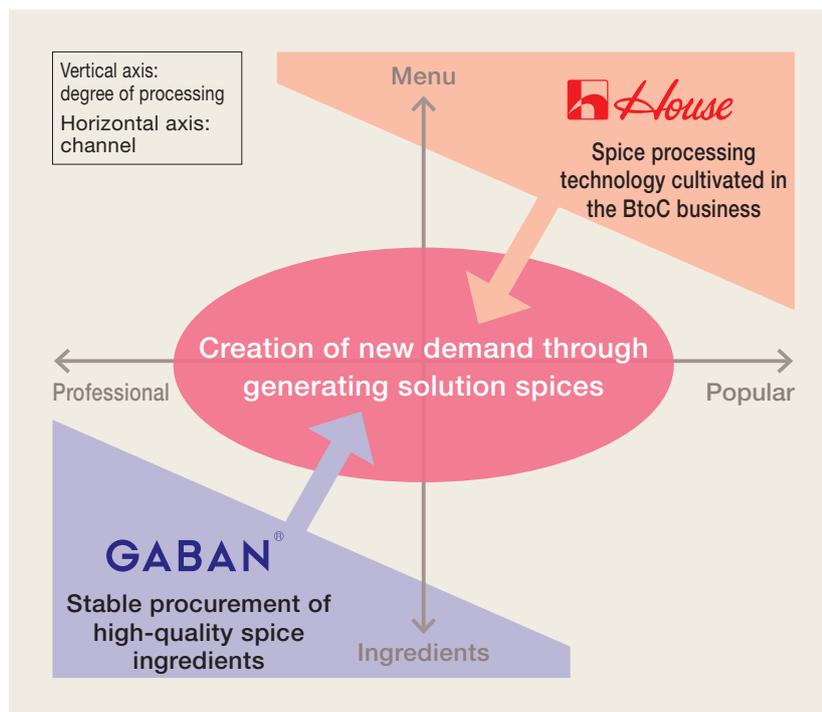
GABAN contributes to the professional creation of deliciousness and diner excitement through the supply of spices and unique foodstuffs

[Aspiration of GABAN®]

— Genuine spices for the chefs in Japan —

Gaban Co., Ltd., founded in 1954 by the passion of its founders, inherits this spirit and constantly pursues product quality from a professional perspective.

Establish a BtoB business model centered on R&D

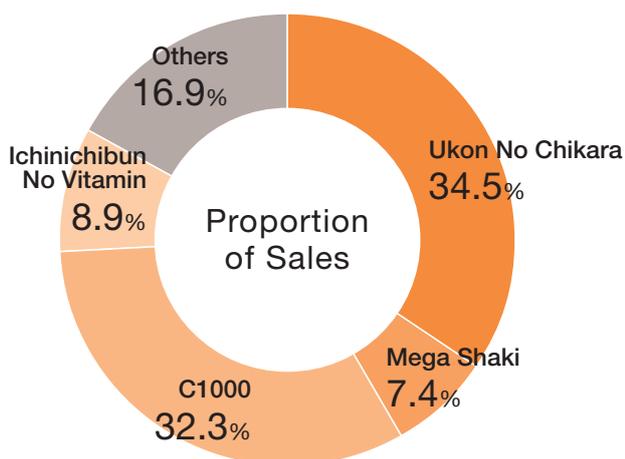


» Concentrate procurement centered on spices

» Pursue optimal production system

Health Food Business

Proportion of Sales for FY2016



Status for the FY2016

Net Sales

¥33,281 million
(Year-on-year change: 96.4%)

- Ukon No Chikara continued to face tough conditions as occasions when customers enjoyed a drink diversified.
- Ichinichibun No Vitamine, comprising 13 kinds of vitamins needed daily, sold well.

Operating Profit

¥1,334 million
(Year-on-year change: 95.5%)

- Profit fell, reflecting the decline in sales.
- The Group controlled costs thoroughly and took steps to cultivate new brands.

Main Products

Ukon No Chikara



Launched in 2004

Mega Shaki



Launched in 2009

C1000



Launched in 1990

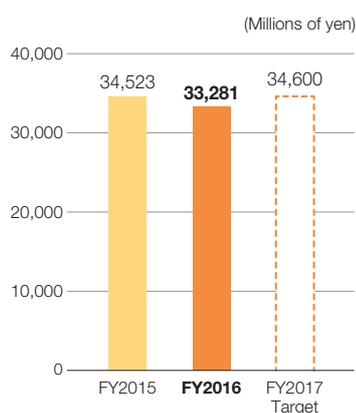
Ichinichibun No Vitamine



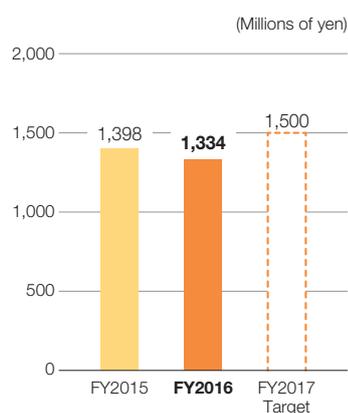
Launched in 2008

Results by Segment

Net Sales



Segment profit



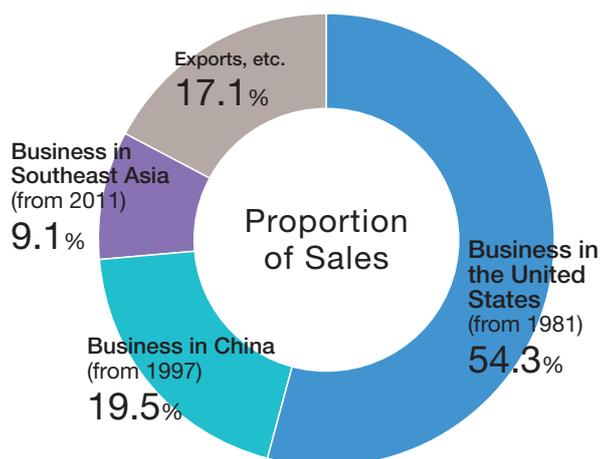
Results

	FY2013	FY2014	FY2015	FY2016	FY2017 Target
Net Sales					
Former standards	39,532	36,641	—	—	—
New standards	—	37,212	34,523	33,281	34,600
Operating Profit					
Former standards	1,585	600	—	—	—
New standards	—	717	1,398	1,334	1,500

* From the fiscal year ended March 2015, we adopted the method whereby figures before the elimination of inter-segment transactions are reported.

International Food Business

■ Proportion of Sales for FY2016



■ Status for FY2016

Net Sales

¥20,111 million

(Year-on-year change: 108.3%)

- The U.S. tofu business was firm. The functional drink business volume continued to expand in Thailand.
- In China, twelve years have passed since curry roux began to be sold in China, and the Group worked to rebuild the system for growth.
- The Group started Halal curry business in Indonesia
- Annual impact of exchange rates: -¥0.8 billion

Operating Profit

¥1,681 million

(Year-on-year change: 121.7%)

- Profit rose, reflecting an increase in sales in the United States and Thailand.

Business in the United States

Provide people throughout the United States with "Tofu."



Business in China

Make curry and rice a more popular dish in China.



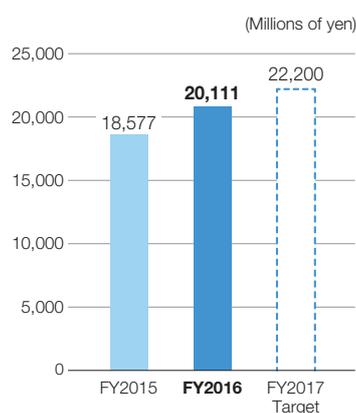
Business in Southeast Asia

Offer the riches and pleasure of food in emerging markets.

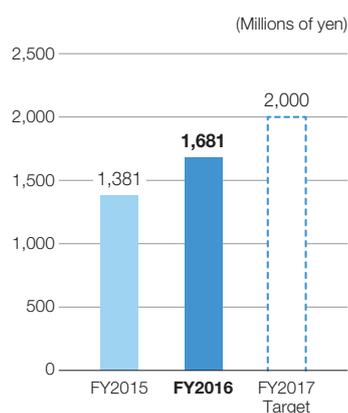


■ Results by Segment

■ Net Sales



■ Segment profit



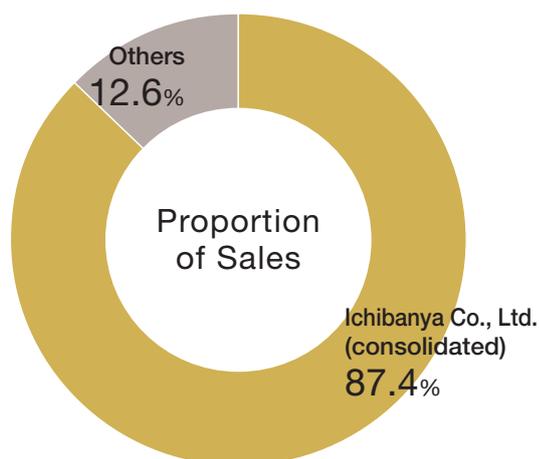
■ Results

	FY2013	FY2014	FY2015	FY2016	FY2017 Target
Net Sales					
Former standards	19,733	24,689	—	—	—
New standards	—	17,797	18,577	20,111	22,200
Operating Profit					
Former standards	617	1,088	—	—	—
New standards	—	1,000	1,381	1,681	2,000

* From the fiscal year ended March 2015, we adopted the method whereby figures before the elimination of inter-segment transactions are reported.

Restaurant Business

Proportion of Sales for FY2016



Status for FY2016

Net Sales

¥51,375 million

(Year-on-year change: 280.5%)

- The consolidation of Ichibanya made a contribution (consolidated from Q4 FY2015)
- The business in China and Taiwan was transferred from House Foods Group Inc. to Ichibanya, and the disposal of underperforming restaurants made progress.

Operating Profit

-¥424 million

(Year-on-year change: down ¥468 million)

- Income at Ichibanya was firm.
- Profit declined, reflecting a decrease in profitability in China due to intensifying competition in the restaurant market there.

Development of restaurants under new concepts



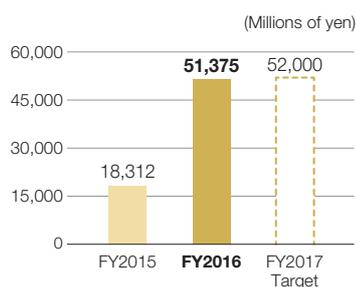
Restaurant at Centrair
Offering a vegetarian menu



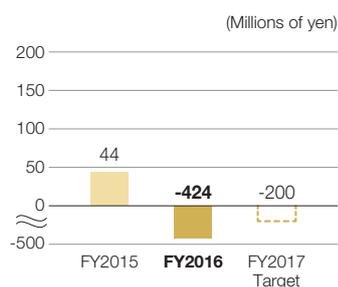
Restaurant at Tanimachi 7-chome, Chuo-ku, Osaka-city
The restaurant has a layout like that of a café

Results by Segment

Net Sales



Segment profit



Results

	FY2013	FY2014	FY2015	FY2016	FY2017 Target
Net Sales					
Former standards	—	—	—	—	—
New standards	—	6,711	18,312	51,375	52,000
Operating Profit					
Former standards	—	—	—	—	—
New standards	—	-72	44	-424	-200

* From the fiscal year ended March 2015, we adopted the method whereby figures before the elimination of inter-segment transactions are reported.

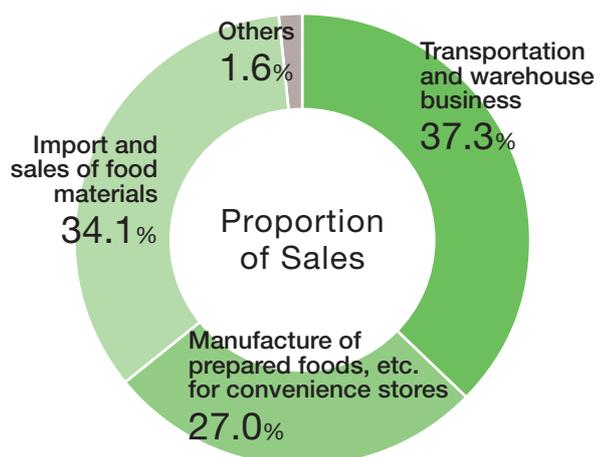
Amount of Amortization of Goodwill, etc. for Ichibanya Co., Ltd. and Amortization Schedule

Amortization of goodwill, etc. of Ichibanya Co., Ltd. was commenced in the fourth quarter of the fiscal year ended March 2016. The burden of amortization of goodwill, etc. will continue for some time; however, we aim to improve profitability by demonstrating group synergy from an early stage.

	Amortization period	Amount of amortization	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Goodwill	5 years	17,083	854	3,417	3,417	3,417	3,417	2,562
Trademark right	42 years	26,666	159	635	635	635	635	635
Contract-related intangible assets (franchise agreements)	30 years	28,995	242	967	967	967	967	967
Total		72,744	1,254	5,018	5,018	5,018	5,018	4,164

Other Food Related Business

■ Proportion of Sales for FY2016



■ Status for FY2016

Net Sales

¥62,123 million
(Year-on-year change: 99.1%)

Operating Profit

¥719 million
(Year-on-year change: 711.3%)

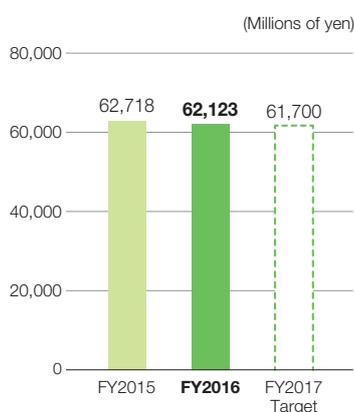
- In the convenience store vendor business, initial costs for the operation of a new plant in the previous fiscal year were eliminated.



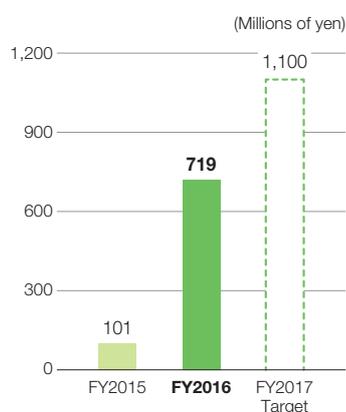
A wasabi field operated by the Group (Dieng Plateau in Indonesia)

■ Results by Segment

■ Net Sales



■ Segment profit



■ Results

	FY2013	FY2014	FY2015	FY2016	FY2017 Target
Net Sales					
Former standards	47,827	47,954	—	—	—
New standards	—	58,613	62,718	62,123	61,700
Operating Profit					
Former standards	451	-780	—	—	—
New standards	—	-780	101	719	1,100

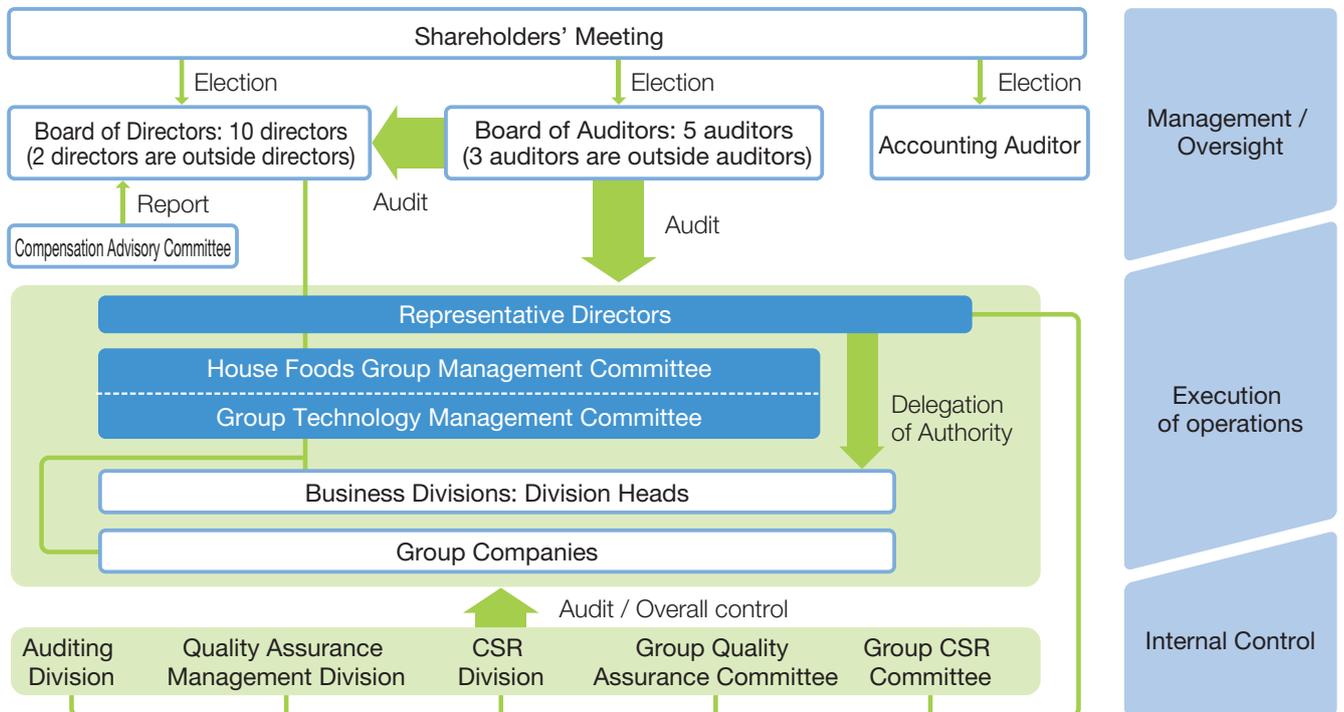
* From the fiscal year ended March 2015, we adopted the method whereby figures before the elimination of inter-segment transactions are reported.

Basic Policy on Corporate Governance

The Group aims to enhance the adequacy and effectiveness of management and optimize its corporate value by engaging in “speedy management,” which purports to revitalize the management of organization and enable prompt decision-making. Moreover, in order to properly respond to the dramatic changes taking place in the management environment, House Foods has been striving to improve its transparency and its role in society, as well as achieving accountability, while developing a corporate governance system as follows to ensure thorough compliance.

The Company made Ichibanya Co., Ltd. a consolidated subsidiary in December 2015. Ichibanya Co., Ltd. is a listed company, and House Foods undertakes the operation of that company’s internal control system with due respect.

House Foods Group Corporate Governance System



Initiatives to strengthen corporate governance

- 2004 Introduced the Corporate Officer System
- 2008 Elected an Outside Director (1 out of 9 Directors)
- 2013 Adopted a holding company structure
Abolished the Corporate Officer System
- 2016 Increased the number of Outside Directors (2 out of 10 Directors)
- 2017 Established the Compensation Advisory Committee

Overview of the Compensation Advisory Committee

Purpose	Ensure objectivity and transparency in decisions concerning compensation for Directors and reinforce accountability.
Composition	Consists of five members elected by the resolution of the Board of Directors. Chaired by an independent Outside Director and more than half of the members of the committee are Outside Directors or Outside Auditors.
Frequency of meeting	Three times a year
Roles	Deliberate on matters such as basic policy and procedures concerning compensation, etc. for Directors and compensation system for Directors, and report the results thereof to the Board of Directors.

Status of Executive Management Organizations Relating to Decision-Making, Execution and Supervision in Management

Organizational structure

Directors	
Chair of the Board of Directors	President
Number of Directors stipulated in the Articles of Incorporation	10
Number of Directors	10
Number of Outside Directors (Number of Independent Director)	2 (2)
Term of Office of Director	1 year

Auditors	
Establishment of Board of Auditors	Yes
Number of Auditors stipulated in the Articles of Incorporation	5
Number of Auditors	5
Number of Outside Auditors (Number of Independent Auditors)	3 (3)
Term of Office of Auditor	4 years

System for Execution of Operations

As a company with a Board of Auditors, the Company monitors, supervises, and audits the execution of duties by the Directors via the Board of Directors, Auditors, and Board of Auditors.

The Board of Directors, consisting of ten Directors (of whom two are Outside Directors) makes decisions on the execution of important operations of the Group, and monitors and supervises the execution of operations by other Directors and Group companies.

The Board of Directors meets in principle once a month, and meetings of the Management Committee are held in principle twice a month to undertake the prompt and effective execution of operations. Under the holding company structure, the Company strives to speed up decision-making at Group companies through delegation of authority and to invigorate the organization's operations. The Company's Directors serve concurrently as President of major Group companies. Furthermore, a Director's term of office is set at one year in order to clarify authority and responsibility as well as to enable the Company to respond swiftly to changes in the management environment.

Audit System

The Board of Auditors consists of five Auditors (of whom three are Outside Auditors). Auditors attend the Board of Directors meetings and offer opinions. They also audit the execution of operations by the Directors, collaborating with the Accounting Auditor and corporate attorneys as necessary.

As for internal audit system, Auditing Division reporting directly to the President conduct audits of operations, including those of Group companies, according to the audit plan.

As for internal control system, Auditing Division evaluates the status of development of internal controls and operation of internal control systems, including those of Group companies.

External audits are performed by Deloitte Touche Tohmatsu LLC. We have an audit agreement with this firm to perform audits under the Companies Act, and those under the Financial Instruments and Exchange Act, and to audit our internal controls.

Nomination Policy Decision Process

With regard to the policy and procedures for the election of management executives and the nomination of Directors and Auditors, the President shall make proposals to the Board of Directors upon consultation among the relevant persons, consisting mainly of the President and directors in charge of Personnel Development Division, with regard to suitable personnel as noted below, and reach a resolution as to the candidates.

Directors

- Persons who have courage to stay committed to the Group's philosophy and mission statement
- Persons who have the knowledge, experience and ability to engage in management
- Persons who aim to enhance the corporate value, and who have the driving force to achieve performance targets
- Persons with an excellent human nature appropriate for a Director of the Company

Auditors

- Persons who possess the ability to carry out an audit based on extensive experience and insight
- Persons with an excellent human nature appropriate for an Auditor of the Company

Decision Process for Executives' Compensation

As our basic policy, the amount of compensation, etc. for Directors is determined based on the following points: "it gives motivation for the enhancement of corporate value and sustainable growth," "it is commensurate with the role and responsibilities of the position held," and "objectivity and transparency are ensured in the decision process of compensation." The compensation consists of monthly compensation as fixed compensation, bonuses linked to the performance of the Company and each individual, and stock compensation, and their levels are set according to each position. Consolidated operating profit is used as an indicator for the Company's performance.

With regard to stock compensation, a system is in place whereby a certain amount of funds for purchase are granted by position to purchase treasury shares monthly via the officers' shareholding association, so that the amount of compensation is linked to medium- to long-term stock price fluctuations.

The amount of compensation, etc. for Directors described above is determined at the Board of Directors upon deliberation at the Compensation Advisory Committee chaired by an Outside Director with more than half of the members of the committee being Outside Directors.

Reasons for Election as Outside Executive

Reasons for Election as Outside Director

Name	Reasons for Election
Kunikatsu Yamamoto (term of office: 9 years)	Mr. Yamamoto has extensive knowledge in finance and a deep understanding of corporate management gained during his long involvement in financial services as a corporate manager, and as an Outside Director, he is regarded essential to the enhancement of the Company's corporate value in the future. Independent Director. Past experience, positions and responsibilities: June 2005: Special Advisor, GINSEN CO., LTD. (current position) / Significant concurrent positions: Director (Outside), BML, INC. / Activities during FY2016: attended all 14 Board of Directors meetings
Kyuzo Saito (term of office: 1 year)	Mr. Saito has a deep understanding of the food business and the food industry gained through his many years of engagement in the food administration, and as an Outside Director, he is regarded essential to the enhancement of the Company's corporate value in the future. Independent Director. Past experience, positions and responsibilities: June 2015: Advisor, Japan Food Industry Association (current position) / Activities during FY2016: attended all 10 Board of Directors meetings held after his appointment on June 28, 2016

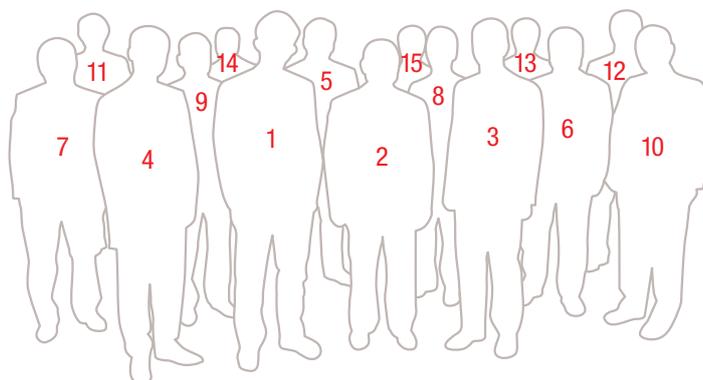
Reasons for Election as Outside Auditor

Name	Reasons for Election
Hiroyuki Kamano (term of office: 2 years)	Mr. Kamano has extensive experience and a broad understanding of corporate legal affairs as a lawyer, and is regarded to be able to carry out his duties as an Outside Auditor in an appropriate manner. Independent Auditor. Past experience, positions and responsibilities: October 1988: Managing Partner, Kamano Sogo Law Offices (current position) / Significant concurrent positions: Director (outside), NGK INSULATORS, LTD. / Activities during FY2016: attended all 14 Board of Directors meetings and all 12 Board of Auditors meetings
Junsuke Fujii (term of office: 1 year)	Mr. Fujii has a deep understanding of management and extensive experience as a corporate manager gained during his many years in the financial business and in corporate management, and is regarded to be able to carry out his duties as an Outside Auditor in an appropriate manner. Independent Auditor. Past experience, positions and responsibilities: June 2017: Special Advisor, The Japan Research Institute, Limited (current position) / Significant concurrent positions: Audit & Supervisory Board Member (outside), The Royal Hotel, Limited; Audit & Supervisory Board Member (outside), Sumitomo Dainippon Pharma Co., Ltd. / Activities during FY2016: attended 9 out of 10 Board of Directors meetings and 8 out of 9 Board of Auditors meetings held after his appointment on June 28, 2016
Tamotsu Iwamoto (assumed office on June 28, 2017)	Mr. Iwamoto has deep understanding and knowledge of the food industry and international food business gained during his many years of engagement in corporate management, and is regarded to be able to carry out his duties as an Outside Auditor in an appropriate manner. Independent Auditor.

Independence Criteria for Outside Executives

The Company has not established its own independence criteria but applies the independence criteria stipulated by the Tokyo Stock Exchange and appoints persons who have no possible conflict of interest with general shareholders as independent executives.

Executives (As of June 28, 2017)



1

Director, President
Hiroshi Urakami

2

Senior Managing Director
Keiji Matsumoto

3

Senior Managing Director
Yasukatsu Hiroura

4

Senior Managing Director
Masahiko Kudo

5

Director
Toyoaki Fujii

6

Director
Masao Taguchi

7

Director
Akira Koike

8

Director
Kazuo Shirai

9

Director (Outside)
Kunikatsu Yamamoto

10

Director (Outside)
Kyuzo Saito

11

Standing Auditor
Shoji Shiota

12

Standing Auditor
Hiroshi Kato

13

Auditor (Outside)
Hiroyuki Kamano

14

Auditor (Outside)
Junsuke Fujii

15

Auditor (Outside)
Tamotsu Iwamoto

Message from Outside Director



Operating Status of the Board of Directors

While the Japanese economy is still on its way to escaping deflation, there is advancement in the declining birthrate and aging population, the market has further matured in the food industry, and there have been remarkable changes in the eating behavior of consumers. From a global perspective, there is growing uncertainty in overseas economies, and uncertainty is also rising in Asia, especially China which was expected to achieve considerable growth. Under these circumstances, we are required to accurately capture the changes of the times to solidify the business foundation rapidly while formulating and implementing growth strategy in the medium- to long-term.

Amid such circumstances, House Foods Group carried out thorough cost controls in domestic core businesses to steadily improve its earnings structure, and House Foods Group is progressively establishing a lean business structure.

On the other hand, in terms of growth strategy, while overseas business bases are steadily being established mainly in the United States and China, the value chain has also been reinforced by the conversion of Ichibanya Co., Ltd. and Gaban Co., Ltd. to consolidated subsidiaries to achieve sustainable growth.

Having accurately captured the change of the times even in the medium- to long-term both domestically and internationally, the improvement of results and the enhancement of corporate value was achieved thanks to the thorough deliberation of management issues from the dual perspectives of offense and defense, centering on the board members. Considering these facts, I believe that the operating status of the Board of Directors should be given a passing mark.

The Group's Strengths and Challenges

The strengths of House Foods Group are its balance between offense and defense, stable growth, and fundamental corporate culture where it takes great care of stakeholders.

On offense, in light of the diversification of consumers' diet and tendency to choose home meal replacements and restaurants, House Foods Group consolidated Ichibanya Co., Ltd., which operates a restaurant chain, and Gaban Co., Ltd., which is competitive in products for commercial use. In addition, the Group is steadily establishing business bases in China with the slogan of "Make curry and rice a more popular dish in China," while tofu business in the United States is growing solidly as well.

On defense, the Group implemented thorough cost controls, and as a result, there is progress in improvement toward a leaner earnings structure.

I believe that the transition to a holding company structure with a view to future growth laid the groundwork for the consolidation of Ichibanya and Gaban while the credibility of the Group's corporate culture and corporate governance also helped facilitate such consolidation.

While a certain level of improvement in earning capability has been achieved due to these initiatives, further efforts are still required in terms of capital efficiency, and we are committed to their swift execution.

What is Needed for the Further Enhancement of Corporate Value

In order for House Foods Group to achieve further growth, it's essential to respond accurately and rapidly to hectic changes in the business environment on a global basis.

Therefore, I think it is necessary for the Group to further strengthen R&D as well as to create new value by leveraging synergy generated as a result of the expanded value chain. Additionally, the acceleration of our current efforts in new business creation and the further enhancement of growth in overseas business are issues to be addressed.

At the same time, in an attempt to reinforce innovation capabilities or create new businesses, there may be some cases where collaboration with or investments in external parties are required. Especially for investments, it is necessary to precisely determine the corporate value and business value.



Future Aspirations as Outside Director

While uncertainty in the global economy is rising, the domestic market is expected to mature further because of the advancement in declining birthrate and aging population. Under such circumstances, we need to anticipate risks on a number of fronts.

With my experience cultivated through corporate management as well as financial and economic activities, I aspire to contribute to the further acceleration of enhancement in corporate value while executing thorough risk management.

I hope that the results of such efforts will in turn benefit all our shareholders and investors.

Basic Policy on Internal Control System

House Foods Group believes that an internal control system over the execution of operations is a mechanism for strengthening its corporate governance system, embodying its corporate philosophy and achieving its management goals. We are committed to improving our corporate value and achieving sustainable development through the building of the internal control system and its accurate and effective operation.

I Internal Audit System

The Auditing Division (9 members) reporting directly to the President conducts audits of operations, including those of the Group companies, in accordance with the audit plan.

The Auditing Division systematically conducts internal audits at approximately 20 branches, divisions and the Group companies annually. Results of audits are reported to the President and concerned Directors, and audited divisions, if found to have room for improvement, shall be requested to come up with remedial action plans whose progress shall be checked against their stipulated timeline for implementation, as part of the Group's effort to enhance its internal control.

Development of the internal control system in respect of financial reporting is the responsibility of the Auditing Division which develops a framework for internal control of branches as well as divisions and evaluates the operation of the internal control system, ensuring a framework capable of providing financial reports with superior credibility.

<Group CSR Committee>

The Group CSR Committee chaired by the President of House Foods Group has been set up in order to stipulate necessary policies and regulations with regard to CSR, and establish, familiarize and firm up the compliance system under the House Foods Group CSR Policy in view of the era when corporate ethics are strongly required.

The Group CSR Committee is within the responsibility of the CSR Division, and meets four times a year. The Committee regularly analyzes and evaluates potential risks in a cross-sectoral manner while developing countermeasures against such risks. The Committee also operates a risk management system that monitors and reviews the effectiveness of such countermeasures to pursue continuous improvement.

<Group Quality Assurance Committee>

To constantly provide secure and safe products as a food manufacturer, we review our standards and policies on quality as needed and hold Group quality assurance meetings twice a year, with the participation of people from outside the Group who can deliver useful insights, to share information about food quality and discuss related issues.

To continue providing customers with products they know they can use safely, we will also engage in quality improvement activities based on customer feedback to further strengthen our manufacturing capabilities.

Risk Management

Risks that could influence the Group's operating results and financial standing include the following. Considering the possibility of these risks occurring (emerging), we will seek to minimize or prevent them and to deal with them when they do occur.

Food Safety Issues	Consumer demand for quality has increased in the food industry. In response, we are taking steps to strengthen our quality assurance system, including constructing a traceability mechanism headed by the Quality Assurance Management Division, which is dedicated exclusively to product quality assurance, as well as holding the Group quality assurance meetings, with the participation of people from outside the Group who can deliver useful insights. Nevertheless, should an incident that exceeds the scope of the Group's initiatives as described above take place – for instance, a quality issue that encompasses the entire community –, or should other events in which the image of the products of the Group is harmed by rumors, etc. take place (including the cases where the Group's products are not directly related to the relevant events), the Group's performance and financial standing could be affected.
Weather and Natural Disasters and Widespread Outbreak of Serious Infectious Diseases	Weather-related factors, such as relatively cold summers, heat waves and relatively mild winters, the occurrence of a large-scale natural disaster, or the widespread outbreak of serious infectious disease have the potential to become risks for the Group's businesses and could affect the Group's performance and financial standing. The Group creates a task force immediately after a large-scale disaster or widespread outbreak of serious infectious disease and establishes a Group-wide system to respond to the disaster or disease. Considering relief supplies and product supply as the first priority, the Group creates a production and supply system to deal with the disaster or disease. The Group also reviews its business continuity plan every year in order to resume business without delay should damage occur as a result of a disaster.
Procurement of Raw Materials and Price Fluctuations	The main ingredients of the Group's products are agricultural products such as wheat and spices, as well as petrochemical products used in packaging, among others. There is a risk of stable procurement of these ingredients becoming difficult due to extraordinary weather in their places of origin, the occurrence of conflicts and incidents, or unexpected changes in laws or regulations. There is also a risk of manufacturing costs rising due to soaring prices of ingredients because of supply and demand relationships or price fluctuations in markets. Those risks could influence the Group's performance and financial standing. The Group procures part of its ingredients from overseas, and their prices could be affected by exchange rate fluctuations. Medium- to long-term exchange rate fluctuations are at risk of affecting the Group's performance and financial standing.
Risks in Overseas Business	The Group is engaged in various food-related businesses overseas, including the manufacture and sales of tofu products and curry products as well as the operation of restaurant chains in countries such as the United States, China and those in Southeast Asia. Economic slowdowns, political issues, and situations jeopardizing food safety in these countries have the potential to become risks that influence the Group's performance and financial standing.
Risks in the Restaurant Business	In the Restaurant Business, competition among restaurants and competition with players from other industries such as convenience stores and supermarkets is becoming increasingly fierce while the market stays in the same size. If the Group fails to provide menus that meet customer needs or services with high added value, its net sales may fall and this may influence the Group's performance and financial standing.
Changes in the Value of Held Assets	The Group holds a range of tangible and intangible fixed assets, including commercial facilities, real estate, and goodwill acquired through corporate acquisitions, etc. Should the market value of these assets fall or should these assets no longer generate the cash flows initially expected and there is no longer any prospect of recovering the amount invested in the assets due to decline in their profitability, impairment accounting could be necessary. Impairment accounting could influence the Group's performance and financial standing.
Effects of Laws and Regulations	The Group is subject to a number of laws and regulations, including the Food Sanitation Act, the Product Liability Act, the Act against Unjustifiable Premiums and Misleading Representations, and laws and regulations concerning the environment and recycling, and local laws and regulations overseas. Each responsible division in the Group collaborates with the legal division to take all possible measures to comply with relevant laws and regulations. However, our business activities could be restricted should regulations be tightened or new regulations be imposed, which in turn could influence the Group's performance and financial standing.
Risks in Data and System Management	The Group manages data in computerized form about development, production, logistics, sales and other aspects, and the personal information of many customers associated with sales promotion campaigns and mail-order marketing. The Group prepares for unlikely events such as system failures by taking all possible maintenance and security measures, while operating a comprehensive data management system. Nonetheless, systems could become inoperative, or sensitive information could be lost if software or equipment were to be damaged in a disaster. Moreover, the potential for system failures, unauthorized disclosure, or falsification of data does exist, for instance from unauthorized access involving new technologies or the infection of computers with unknown viruses. In those cases, the Group's performance, financial standing, and social trust could be influenced.

Risk Management System

Risks of various nature have been identified and communicated across the Group for effective countermeasures under the system for managing risks as developed based on the Group Risk Management Regulations. If any risk should materialize, it is addressed promptly and adequately by the close coordination among concerned divisions within the Group.

Basic Approach toward Compliance

Recognizing that the practice of compliance is one of the most important issues for the realization of CSR management, House Foods Group responds to the expectations and demands of society by acting in accordance with compliance policies in every aspect of our business activities.

Enhancement of compliance system based on group management

House Food Group addresses and implements compliance not merely in a narrow sense of adherence to laws and regulations but in a wider sense of comprehensive response to social demands including the compliance with internal rules, social ethics, and social morals. In order to be trusted by the society and ensure future development, we have established the House Foods Group CSR Basic Policy, which outlines the code of conduct for the Group. In addition, we have established a compliance system that ensures the appropriateness of operations at each Group company and have been engaged in specific initiatives accordingly.

Consulting and Reporting System (Helpline System)

In order to detect risks and issues regarding compliance and deal with them at an earlier stage, we established “The House Foods Group General Compliance Helpline” inside the Group and outside at a lawyer’s office, both of which accept anonymous reports.

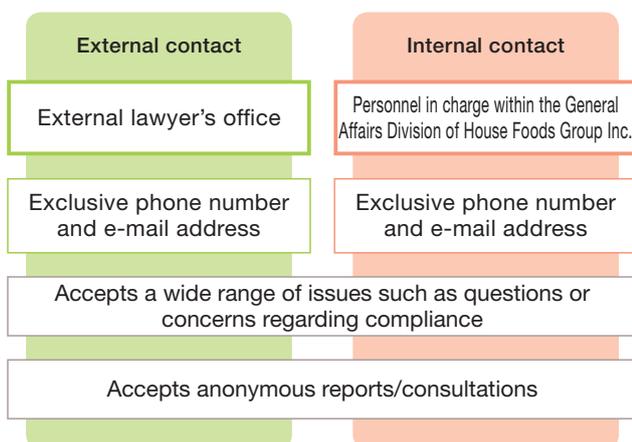
To the extent that reporters or consulters cannot be identified, the details of issues reported and consultations as well as the results of the Group’s responsive actions are disclosed on the Group’s intranet in order to enhance the reliance and credibility of the system as well as prevent the recurrence of the same problems.

(the number of reports/consultations by fiscal year)

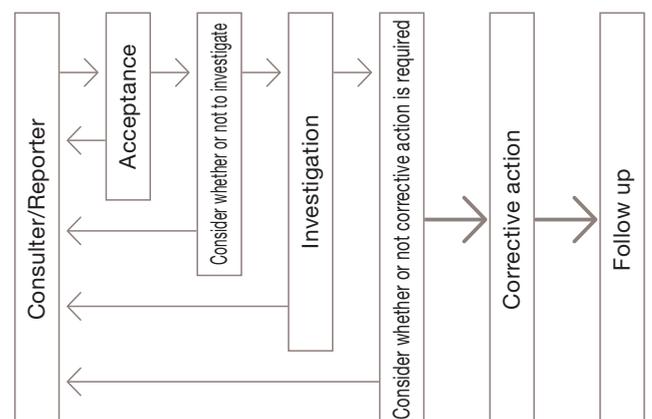
Category	2012	2013	2014	2015	2016
(1) Issues related to human relationships (sexual harassment, power harassment, bullying, etc.)	5	8	4	8	8
(2) Personnel and labor issues (overtime work, working on holidays, personal evaluation, office procedures, etc.)	2	1	4	9	4
(3) Issues related to working environment (working environment, safety management, hazardous areas, etc.)	1	0	1	3	0
(4) Issues related to business transactions (unfair trading, subcontractor bullying, bribery, etc.)	0	0	0	0	0
(5) Fraud/violation (violation of laws and regulations, employment regulations, or operation manual, fraudulent expenditures, concealment, leakage, falsification, etc.)	2	1	2	1	2
(6) Other issues reported/consulted	2	2	1	0	0
Total	12	12	12	21	14

* Excluding the figures of Ichibanya Co., Ltd. and overseas Group companies.

The House Foods Group General Compliance Helpline



Responsive action flow by Compliance Helpline



House-style CSR Policy

CSR in our core business

House Foods Group will fulfill the “three responsibilities” through the “House-style” CSR Policy, which is consistent with the Group philosophy.

House Foods Group CSR Policy

Through our core business, we will fulfill three responsibilities to make an ongoing contribution to creating a wholesome society and to people’s health and well-being.

With Our Customers → P30



- We will continue to provide safe, secure and high-value products and services to contribute to making people’s lives healthy and rich both mentally and physically.

With Employees and their Families → P31



- We will create jobs and respect the fundamental human rights and diversity of our employees. We will help our employees to grow as a person and enrich the daily lives of our employees and their families.

With Our Society → P32



- We will enhance our own corporate value, engaging in sound management and business activities, to contribute to development of society.
- As a responsible company, we go above and beyond the requirements of compliance, and act morally and ethically.
- We will contribute to the conservation of a resource-rich earth through environmentally friendly corporate activities.

To Fulfill Three Responsibilities: House-style CSR

We are committed to fulfilling responsibilities as a corporate citizen, striving to become a high quality company in each of the “three responsibilities” based on the Group philosophy.

CSR generally stands for Corporate Social Responsibility. However, we don’t merely interpret CSR as “activities just to fulfill our ‘responsibility’” but as “activities to create ‘smiles’ and ‘relationships’ for the future.” In order to materialize the Group philosophy, we are proactively engaged in such activities.

House-style CSR

Creating Smiles & Relationships

Our CSR embodies the pursuit of the Group Philosophy to create “smiles” and “relationships” for the future.

CSR as our core business

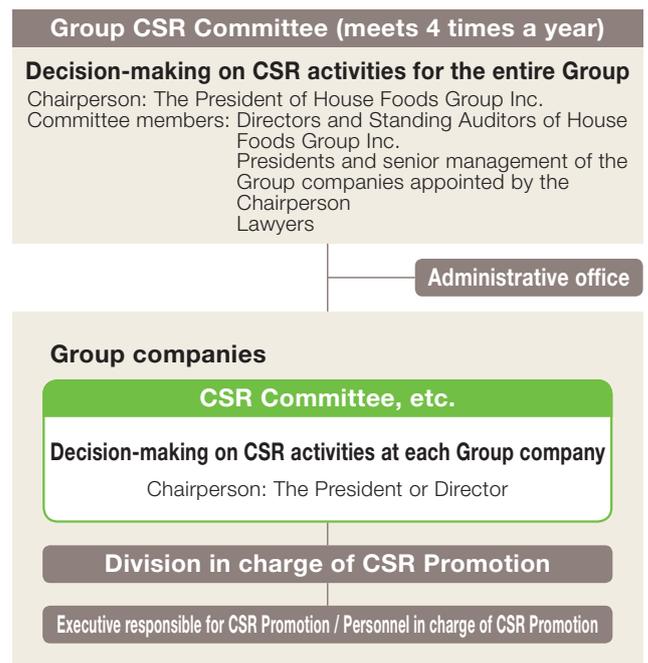


CSR Promotion Structure

We promote our CSR activities based on two main pillars; decision-making by the Group CSR Committee on CSR activities for the entire Group, and the independent promotion of CSR activities by each Group company.

Each Group company has appointed personnel in charge of CSR and established a Division in charge of CSR in addition to setting up a CSR Committee as a decision-making body on CSR activities. The Group companies are promoting CSR activities at their respective workplaces in accordance with the policies provided by the CSR Committee.

On the other hand, the Group CSR Committee conducts deliberations and decision-making on CSR related issues for the entire Group while monitoring and reviewing the status of CSR activities at each Group company, through which the Group CSR Committee verifies that CSR activities of the entire Group are being implemented properly.



With Our Customers



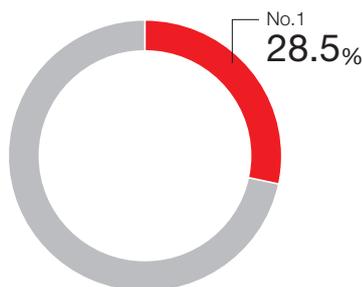
Enhancement of microwavable retort pouched products

We have been enhancing the lineup of retort pouched products which can be cooked in a microwave.

The retort pouched foods market is on an expanding trend against a backdrop that includes changes in customers' eating behavior associated with changes in household composition due to the advancement in declining birthrate and aging population, as well as the promotion of women in society. As a leading company of retort pouched curry products, we will contribute to the realization of a sustainable society.



Market share of retort pouched curry



Source: Monthly SRI data by INTAGE Inc. (Apr. 2016 – Mar. 2017)

Market scale of retort pouched curry According to internal research (Billions of yen)

	FY2012	FY2013	FY2014	FY2015	FY2016
Retort pouched curry	45.8	51.2	50.8	51.6	53.9

Ratio of microwavable products to total sales

(Millions of yen)

	FY2012	FY2013	FY2014	FY2015	FY2016
Retort pouched curry in total	13,074	14,016	12,903	11,561	13,823
Microwavable products	0	28	23	852	2,823
Composition ratio	0.0%	0.2%	0.2%	7.4%	20.4%

History of product launches



Enhancing the lineup of eco-friendly products using less packaging material in main categories

<Roux products>



<Retort pouched products>



<Ukon No Chikara>



With Employees and their Families



The House Way

Based on our founding philosophy of “In every happy home throughout Japan you will find the warm flavor of home cooking, House,” we have operated food related business since our founding in 1913, aiming to be a good corporate citizen to our stakeholders in every era.

Accompanying various environmental changes such as our global business development, an increase in subsidiaries and associates, and diversification in employment, we compiled “The HOUSE WAY BOOK.” The aim of this book is to help us clearly recognize the difference between “what must be changed” and “what must not be changed” so that the House Foods Group will continue to be what it is for the next 100, or even 200 years. We are aiming to make “How we should act as a group” a common value for each and every employee working for House Foods Group domestically and internationally.

What is The House Way?

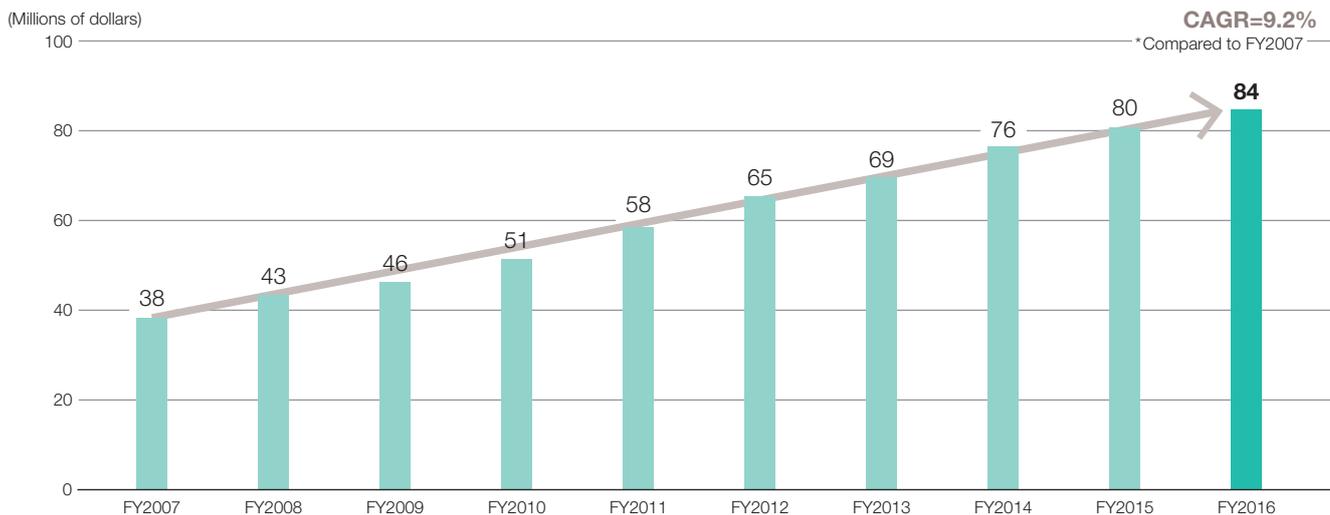
For the realization of the Group philosophy, and for the achievement of individual growth, The House Way serves as a guide to how we should make decisions and act as a “House Person.”



With Our Society



Growth rate of tofu business in the United States



Group CSR

Offering delicious tofu throughout the United States Taking up the tofu business in the United States

Tofu is an essential ingredient for the Japanese diet. House Foods Group has long been aware of the health benefits of tofu, and in 1983 we started our tofu business in the United States. When we first commenced the business, soybeans, a primary ingredient of tofu, were mainly used for inedible purposes and not very popular among Americans. However, we were persistent in the promotion of the delicious taste of tofu.

Owing to the spread of Japanese food and the growing awareness of health in recent years, the tofu business has grown steadily and has become a main pillar of our overseas business.

Pursuing the potential of soybeans

Aiming to contribute to health promotion with products not bound by conventional concepts

As soybeans, an ingredient of tofu, are highly nutritious and energy-efficient, they have received attention as an important food source to overcome food crises around the world. Through the distribution of tofu and soybean-related products, House Foods Group will contribute to the realization of a sustainable society and health promotion for customers in the United States.



Go Umami
Bar-shaped tofu, flavored to suit local tastes and ready-to-eat as is. Aiming to be the first try for customers who have never eaten tofu before



Tofu Shirataki Ramen (Tofu Shirataki Ramen)
An alternative product to ramen noodles using shirataki (white stringy noodle-like food made from konjac starch) which tofu is kneaded into. (Gluten free)
Provides both taste and health benefits

11 Years' Selected Financial Data

Years Ended March 31		2007	2008	2009	2010
Net sales	(Millions of yen)	232,478	233,826	222,549	220,622
Operating profit	(Millions of yen)	8,260	8,844	10,201	10,964
Ordinary profit	(Millions of yen)	8,872	8,969	10,993	12,187
Profit attributable to owners of parent	(Millions of yen)	4,834	3,575	4,726	4,820
Depreciation	(Millions of yen)	5,370	5,822	6,118	6,102
Capital investment	(Millions of yen)	5,378	6,599	5,329	4,734
EBITDA (Operating profit (before amortization of goodwill) + Depreciation)	(Millions of yen)	16,394	18,102	20,432	21,187
Cash flows from operating activities	(Millions of yen)	13,701	10,963	16,525	15,813
Cash flows from investing activities	(Millions of yen)	(22,262)	(11,504)	(3,343)	(10,129)
Cash flows from financing activities	(Millions of yen)	(2,157)	(4,032)	(2,432)	(2,771)
Cash and cash equivalents at end of period	(Millions of yen)	36,057	31,389	41,680	44,570
Total assets	(Millions of yen)	245,136	228,261	228,226	231,927
Net assets	(Millions of yen)	191,730	180,940	178,522	182,628
Shareholders' equity	(Millions of yen)	186,376	179,949	178,195	182,275
Profit per share	(yen)	44.04	32.57	43.05	43.91
Net assets per share	(yen)	1,697.70	1,639.23	1,623.36	1,660.57
Dividend per share	(yen)	22.0	22.0	22.0	22.0
Return on equity	(%)	2.6	2.0	2.6	2.7
Return on assets	(%)	3.8	3.8	4.8	5.3
Return on sales (Ratio of operating profit to net sales)	(%)	3.6	3.8	4.6	5.0
Total asset turnover	(Times)	0.99	0.99	0.98	0.96
Equity ratio	(%)	76.03	78.83	78.08	78.59
Price-earning ratio	(Times)	45.64	45.54	31.78	30.95

* Includes commemorative dividend of 5 yen per share for its centenary

	2011	2012	2013	2014	2015	2016	2017
	216,713	214,317	209,784	232,610	231,448	241,893	283,812
	12,069	14,053	11,441	9,589	8,686	10,775	12,312
	13,031	15,502	13,445	10,962	10,957	12,152	13,951
	5,252	7,928	8,254	8,792	6,971	22,632	8,683
	5,704	5,356	5,020	5,056	5,789	6,908	9,345
	2,825	4,889	5,684	11,115	9,588	6,757	7,708
	21,894	20,770	17,167	14,815	14,642	18,699	25,235
	18,568	17,098	12,884	8,818	8,428	12,518	21,298
	(10,228)	(19,069)	(1,841)	(7,471)	(4,679)	(8,308)	(2,169)
	(6,466)	(2,836)	(4,943)	(68)	(10,588)	(3,743)	(7,388)
	46,091	41,190	47,715	49,586	43,832	44,156	55,594
	228,810	240,092	250,780	273,368	286,149	349,427	353,888
	181,298	189,242	199,328	210,097	221,456	260,329	266,615
	180,922	188,785	198,731	208,801	219,927	228,812	235,246
	48.40	74.26	77.78	83.13	67.61	220.48	84.53
	1,694.59	1,768.27	1,879.06	1,974.31	2,140.27	2,231.86	2,289.43
	22.0	28.0	30.0	35.0*	30.0	30.0	32.0
	2.9	4.3	4.3	4.3	3.3	10.1	3.7
	5.7	6.6	5.5	4.2	3.9	3.8	4.0
	5.6	6.6	5.5	4.1	3.8	4.5	4.3
	0.94	0.91	0.85	0.89	0.83	0.76	0.81
	79.10	78.60	79.20	76.40	76.90	65.50	66.47
	28.10	19.05	21.06	20.62	37.27	9.54	28.72

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

As of March 31	2013	2014	2015	2016	2017
ASSETS					
Current assets	107,135	117,551	123,134	118,947	135,612
Cash and deposits	19,371	26,649	26,906	44,128	57,583
Notes and accounts receivable - trade	37,866	40,846	40,695	43,140	45,370
Securities	35,445	29,631	34,577	10,009	7,436
Merchandise and finished goods	6,223	9,382	9,708	9,628	10,020
Work in process	1,012	1,200	1,535	1,563	2,008
Raw materials and supplies	2,817	3,162	3,590	3,723	4,563
Deferred tax assets	2,277	2,757	2,070	2,397	2,682
Other	2,130	3,929	4,132	4,499	6,185
Allowance for doubtful accounts	(7)	(4)	(79)	(141)	(234)
Non-current assets	143,645	155,817	163,016	230,480	218,275
Property, plant and equipment	56,112	62,534	66,616	77,223	79,162
Buildings and structures, net	18,038	19,571	24,176	28,848	29,491
Machinery, equipment and vehicles, net	7,769	9,195	10,801	11,722	12,723
Land	24,152	26,001	25,842	28,851	30,394
Lease assets, net	4,338	4,128	3,775	4,400	3,942
Construction in progress	883	2,449	556	1,140	585
Other, net	932	1,190	1,465	2,261	2,028
Intangible assets	1,787	3,482	3,478	74,799	69,949
Goodwill	268	619	476	16,542	12,964
Trademark right	—	—	220	26,570	25,933
Software	889	971	1,960	2,109	2,142
Contract-related intangible assets	—	—	—	28,753	27,787
Software in progress	161	1,044	75	89	29
Other	467	848	747	736	1,094
Investments and other assets	85,746	89,802	92,922	78,458	69,164
Investment securities	75,689	81,451	80,240	68,800	61,870
Long-term loans receivable	239	334	369	360	356
Deferred tax assets	213	428	636	2,247	1,223
Long-term time deposits	6,000	2,500	2,000	2,500	500
Prepaid pension cost	1,193	—	—	—	—
Net defined benefit asset	—	2,657	7,103	285	358
Claims provable in bankruptcy, claims provable in rehabilitation and other	—	448	512	719	683
Other	2,682	2,670	2,764	4,441	5,049
Allowance for doubtful accounts	(270)	(687)	(702)	(893)	(874)
Total assets	250,780	273,368	286,149	349,427	353,888

(Millions of yen)

As of March 31	2013	2014	2015	2016	2017
LIABILITIES					
Current liabilities	39,515	49,230	46,303	50,814	51,492
Notes and accounts payable - trade	18,613	18,005	17,592	18,749	19,584
Electronically recorded obligations - operating	1,162	1,258	1,447	1,540	1,294
Short-term loans payable	570	7,284	6,770	6,849	5,711
Lease obligations	400	545	483	733	655
Accounts payable - other	12,453	12,878	12,432	13,887	14,872
Income taxes payable	1,872	2,640	1,557	2,810	2,680
Provision for bonuses	—	—	—	129	317
Provision for directors' bonuses	67	93	65	68	75
Provision for shareholder benefit program	—	—	—	75	87
Other provision	—	—	—	—	124
Asset retirement obligations	—	—	—	3	3
Other	4,378	6,528	5,957	5,971	6,090
Non-current liabilities	11,938	14,041	18,390	38,284	35,781
Long-term loans payable	—	978	810	824	550
Lease obligations	3,938	3,795	3,393	3,745	3,390
Long-term accounts payable - other	834	682	661	319	298
Deferred tax liabilities	5,194	6,680	11,383	25,330	24,296
Provision for loss on guarantees	—	—	—	6	3
Provision for retirement benefits	1,203	—	—	—	—
Net defined benefit liability	—	871	960	4,668	2,720
Asset retirement obligations	278	282	285	711	719
Other	490	753	898	2,681	3,803
Total liabilities	51,452	63,272	64,693	89,098	87,273
NET ASSETS					
Shareholders' equity	188,963	194,579	191,150	210,257	215,545
Capital stock	9,948	9,948	9,948	9,948	9,948
Capital surplus	23,868	23,868	23,868	23,927	23,107
Retained earnings	155,148	160,767	157,338	176,898	182,501
Treasury shares	(1)	(4)	(5)	(516)	(12)
Other accumulated comprehensive income	9,768	14,222	28,777	18,555	19,702
Valuation difference on available-for-sale securities	10,840	11,665	20,402	18,294	18,297
Deferred gains or losses on hedges	—	(5)	47	(19)	188
Foreign currency translation adjustment	(1,072)	1,053	2,878	2,410	1,566
Remeasurements of defined benefit plans	—	1,509	5,450	(2,128)	(350)
Non-controlling interests	596	1,296	1,530	31,517	31,369
Total net assets	199,328	210,097	221,456	260,329	266,615
Total liabilities and net assets	250,780	273,368	286,149	349,427	353,888

Consolidated Financial Statements

Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

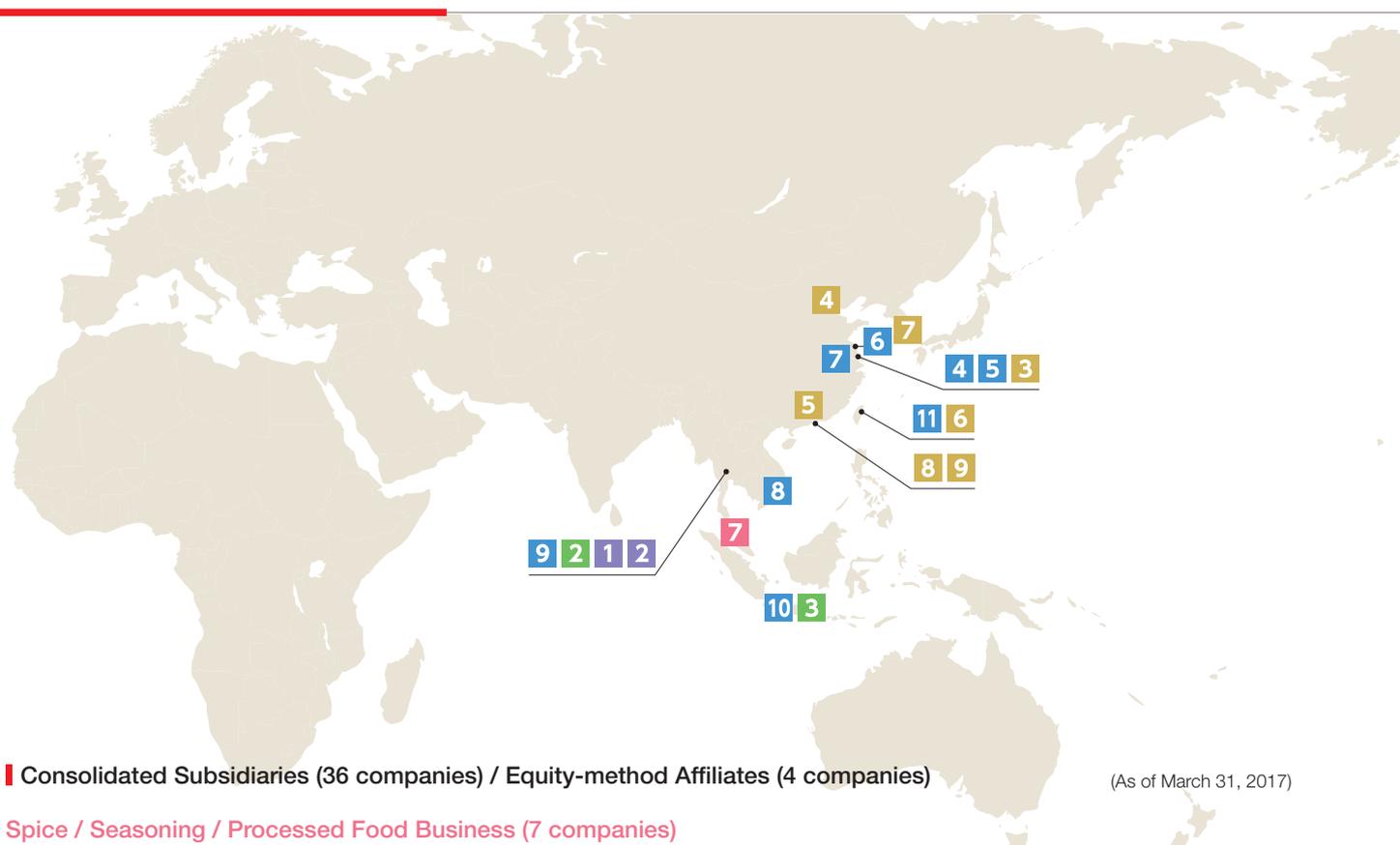
Years Ended March 31	2013	2014	2015	2016	2017
Net sales	209,784	232,610	231,448	241,893	283,812
Cost of sales	114,468	135,080	133,293	138,371	159,624
Gross profit	95,315	97,530	98,155	103,522	124,187
Selling, general and administrative expenses	83,874	87,942	89,468	92,746	111,875
Advertising expenses	11,242	11,411	10,326	9,822	9,869
Transportation and warehousing expenses	5,975	6,744	6,836	7,248	9,519
Sales commission	4,064	3,314	2,441	2,342	2,455
Promotion expenses	29,838	31,868	30,871	29,741	30,607
Salaries, allowances and bonuses	12,703	13,424	15,203	16,961	22,359
Provision for directors' bonuses	72	128	72	78	84
Depreciation	1,024	846	1,458	1,996	3,838
Amortization of goodwill	706	170	167	1,016	3,578
Rent expenses	1,483	1,611	2,605	3,006	4,231
Research and development expenses	3,810	3,482	3,582	3,510	3,787
Other	12,957	14,945	15,907	17,027	21,550
Operating profit	11,441	9,589	8,686	10,775	12,312
Non-operating income	2,096	2,287	2,937	2,177	2,607
Interest income	486	549	530	478	395
Dividend income	559	599	603	609	762
Share of profit of entities accounted for using equity method	415	458	628	584	70
House rent income	—	—	0	176	758
Foreign exchange gains	360	305	820	—	238
Other	277	376	356	330	384
Non-operating expenses	92	913	667	801	969
Interest expenses	44	221	129	93	87
Commission fee	—	141	—	—	—
Compensation expenses	—	287	—	—	—
Rent expenses	—	—	—	148	631
Foreign exchange losses	—	—	—	174	—
Other	48	265	538	385	251
Ordinary profit	13,445	10,962	10,957	12,152	13,951
Extraordinary income	49	3,240	1,543	17,013	2,008
Gain on sales of non-current assets	25	3,110	195	7	178
Gain on sales of investment securities	10	108	1,311	3,135	147
Gain on sales of invested money	—	—	18	—	—
Gain on sales of restaurants	—	—	—	19	147
Gain on change in equity	—	—	3	—	—
Gain on bargain purchase	—	—	—	—	1,018
Gain on step acquisitions	—	—	—	13,851	448
Compensation income	—	—	13	—	—
Other	13	22	2	1	70
Extraordinary losses	256	778	607	1,062	1,488
Loss on sales of non-current assets	11	124	121	0	10
Loss on retirement of non-current assets	189	240	141	273	279
Loss on valuation of investment securities	—	1	4	16	0
Loss on sales of membership	—	—	—	2	—
Loss on valuation of membership	29	24	1	3	11
Impairment loss	—	129	323	718	1,138
Provision for loss on guarantees	—	152	—	—	—
Loss on step acquisitions	—	69	—	—	—
Loss on disaster	—	33	—	—	—
Other	27	7	18	51	50
Profit before income taxes	13,238	13,424	11,893	28,102	14,470
Income taxes – current	4,741	4,705	3,999	4,875	5,531
Income taxes – deferred	258	(147)	876	36	(1,237)
Total income taxes	4,999	4,559	4,875	4,911	4,294
Profit	8,238	8,866	7,018	23,191	10,176
Profit attributable to					
Profit attributable to owners of parent	8,254	8,792	6,971	22,632	8,683
Profit (loss) attributable to non-controlling interests	(16)	74	47	559	1,493
Other comprehensive income	6,276	3,095	14,771	(10,404)	1,069
Valuation difference on available-for-sale securities	5,310	844	8,725	(2,071)	115
Deferred gains or losses on hedges	—	(13)	132	(157)	139
Foreign currency translation adjustment	951	2,180	1,898	(493)	(920)
Remeasurements of defined benefit plans, net of tax	—	—	3,947	(7,584)	1,747
Share of other comprehensive income of entities accounted for using equity method	15	84	69	(98)	(11)
Comprehensive income	14,515	11,961	21,789	12,787	11,245
Comprehensive income attributable to					
Comprehensive income attributable to owners of parent	14,442	11,736	21,526	12,411	9,829
Comprehensive income attributable to non-controlling interests	72	224	263	376	1,416

Consolidated Statements of Cash Flows

(Millions of yen)

Years Ended March 31	2013	2014	2015	2016	2017
Cash flows from operating activities					
Profit before income taxes	13,238	13,424	11,893	28,102	14,470
Depreciation	5,020	5,056	5,789	6,908	9,345
Amortization of goodwill	706	170	167	1,016	3,578
Impairment loss	—	129	323	718	1,138
Share of (profit) loss of entities accounted for using equity method	(415)	(458)	(628)	(584)	(70)
Loss (gain) on step acquisitions	—	69	—	(13,851)	(448)
Loss (gain) on valuation of investment securities	—	1	4	16	0
Loss on valuation of membership	29	24	1	3	11
Increase (decrease) in allowance for doubtful accounts	23	(1,206)	91	211	64
Gain on bargain purchase	—	—	—	—	(1,018)
Increase (decrease) in provision for directors' bonuses	(6)	25	(28)	3	7
Increase (decrease) in provision for shareholder benefit program	—	—	—	(21)	12
Increase (decrease) in provision for loss on guarantees	—	—	—	(1)	(2)
Increase (decrease) in other provision	—	—	—	—	124
Increase (decrease) in provision for retirement benefits	(355)	(1,468)	—	—	—
Increase (decrease) in net defined benefit liability	—	871	86	(1,072)	347
Interest and dividend income	(1,045)	(1,147)	(1,133)	(1,088)	(1,157)
Interest expenses	44	221	129	93	87
Foreign exchange losses (gains)	(250)	(231)	(408)	296	10
Loss (gain) on sales of investment securities	(10)	(108)	(1,311)	(3,133)	(147)
Loss (gain) on sales of investments in capital	—	—	(18)	—	—
Loss (gain) on sales of non-current assets	(15)	(2,986)	(75)	(6)	(168)
Loss on retirement of non-current assets	189	240	141	273	279
Loss (gain) on sales of restaurants	—	—	—	(19)	(147)
Decrease (increase) in notes and accounts receivable - trade	1,218	1,374	405	76	(439)
Decrease (increase) in inventories	(67)	(384)	(920)	758	587
Increase (decrease) in notes and accounts payable - trade	(125)	(4,607)	76	(1,409)	576
Increase (decrease) in accounts payable - bonuses	3	27	9	(120)	143
Decrease (increase) in other assets	966	871	(939)	(1,838)	(1,504)
Increase (decrease) in other liabilities	(1,479)	1,749	(1,464)	573	464
Subtotal	17,669	11,655	12,187	15,903	26,143
Interest and dividend income received	1,293	1,438	1,398	1,365	1,062
Interest expenses paid	(45)	(219)	(133)	(102)	(84)
Income taxes paid	(6,033)	(4,057)	(5,025)	(4,648)	(5,822)
Net cash provided by (used in) operating activities	12,884	8,818	8,428	12,518	21,298
Cash flows from investing activities					
Proceeds from withdrawal of time deposits	12,352	15,141	6,523	803	5,639
Payments into time deposits	(7,004)	(12,040)	(4,030)	(929)	(5,280)
Purchase of securities	(2,000)	(2,500)	(4,577)	(3,424)	(1,000)
Proceeds from sales of securities	6,700	6,500	7,630	18,498	10,500
Purchase of property, plant and equipment	(4,871)	(9,620)	(8,710)	(5,501)	(6,972)
Proceeds from sales of property, plant and equipment	392	3,417	357	7	310
Gain on sales of restaurants	—	—	—	29	444
Purchase of intangible assets	(273)	(1,434)	(807)	(522)	(735)
Purchase of investment securities	(9,328)	(7,533)	(4,920)	(6,501)	(2,114)
Proceeds from sales of investment securities	3,525	319	3,883	5,788	1,469
Payments for investments in capital	—	(0)	(5)	(30)	(3)
Collection of investments in capital	—	8	36	11	—
Purchase of memberships	(3)	—	—	—	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,331)	—	—	(16,556)	(4,458)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	380	—	21	—
Payments of loans receivable	—	(109)	(58)	(1)	—
Proceeds from liquidation of subsidiaries	—	—	—	—	30
Net cash provided by (used in) investing activities	(1,841)	(7,471)	(4,679)	(8,308)	(2,169)
Cash flows from financing activities					
Increase in short-term loans payable	2,420	42,532	58,890	75,360	65,877
Decrease in short-term loans payable	(2,520)	(38,744)	(59,555)	(75,269)	(67,258)
Repayments of lease obligations	(416)	(540)	(550)	(592)	(836)
Proceeds from long-term loans payable	—	1,026	—	284	300
Repayments of long-term loans payable	—	(1,125)	(188)	(235)	(298)
Purchase of treasury shares	(1,308)	(3)	(5,494)	(4)	(3)
Purchase of treasury shares of subsidiaries	—	—	—	—	(902)
Proceeds from sales of shares of parent held by subsidiaries	—	—	—	471	1,009
Cash dividends paid	(3,186)	(3,171)	(3,658)	(3,076)	(3,076)
Proceeds from share issuance to non-controlling shareholders	69	—	—	—	—
Dividends paid to non-controlling interests	(0)	(45)	(33)	(682)	(1,175)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	—	—	(20)	(114)
Purchase of investments in capital of subsidiaries that do not result in change in scope of consolidation	—	—	—	—	(941)
Proceeds from capital increase through third-party allocation by consolidated subsidiaries	—	—	—	—	29
Net cash provided by (used in) financing activities	(4,943)	(68)	(10,588)	(3,743)	(7,388)
Effect of exchange rate change on cash and cash equivalents	424	593	1,085	(144)	(302)
Net increase (decrease) in cash and cash equivalents	6,525	1,871	(5,754)	323	11,438
Cash and cash equivalents at beginning of period	41,190	47,715	49,586	43,832	44,156
Cash and cash equivalents at end of period	47,715	49,586	43,832	44,156	55,594

House Foods Group Companies



Consolidated Subsidiaries (36 companies) / Equity-method Affiliates (4 companies)

(As of March 31, 2017)

Spice / Seasoning / Processed Food Business (7 companies)

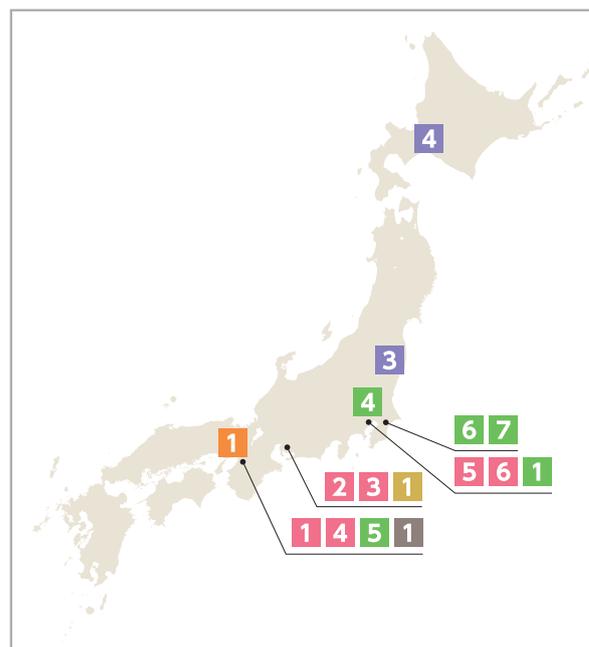
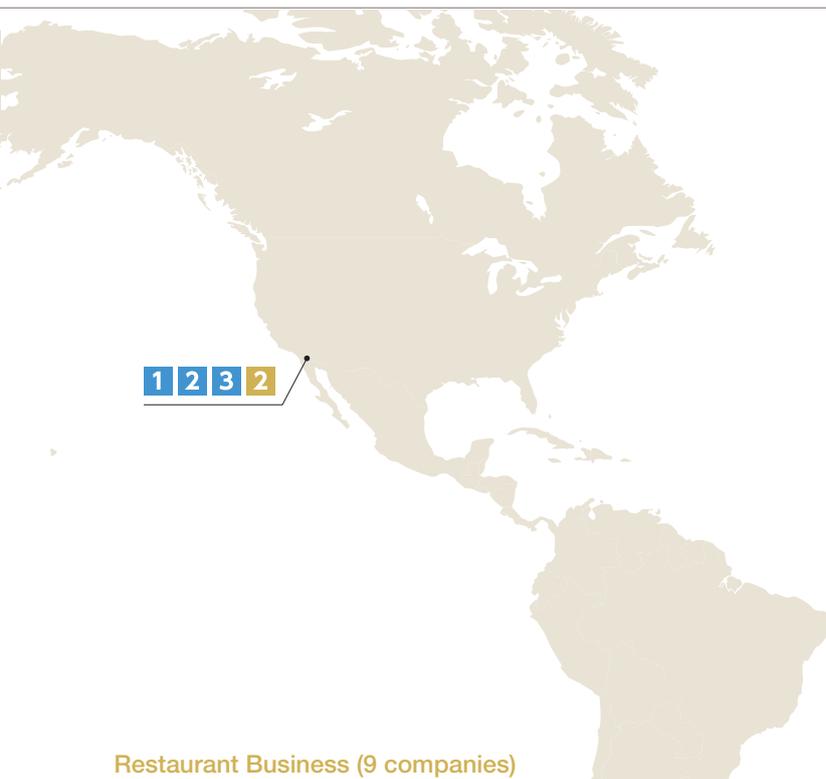
Company name	Business lines	Location	Capital	Percentage of Shareholding (%)
1 House Foods Corporation	Production and sales of curry, stew, spice and commercial use products	Higashi-osaka-city, Osaka	JP¥2,000 million	100.00
2 Sun House Foods Corporation	Production of retort pouched foods, etc.	Konan-city, Aichi	JP¥100 million	99.95
3 Sun Supply Corporation	Production of processed meat products	Konan-city, Aichi	JP¥50 million	99.97
4 House Ai-Factory Corporation	Production of spice products	Higashi-osaka-city, Osaka	JP¥60 million	99.81
5 Asaoka Spice K.K.	Sales of spices	Chiyoda-ward, Tokyo	JP¥16 million	100.00
6 Gaban Co., Ltd.	Import, production and sales of spices and sales of imported foods	Chuo-ward, Tokyo	JP¥100 million	100.00
7 Gaban Spice Manufacturing (M)SDN.BHD.	Production of spices	Penang, Malaysia	MYR 38.1 million	100.00

Health Food Business (1 company)

Company name	Business lines	Location	Capital	Percentage of Shareholding (%)
1 House Wellness Foods Corporation	Production and sales of health foods and beverages	Itami-city, Hyogo	JP¥100 million	100.00

International Food Business (11 companies)

Company name	Business lines	Location	Capital	Percentage of Shareholding (%)
1 House Foods Holding USA Inc.	Holding company for U.S. subsidiaries	Garden Grove, California, U.S.A.	US\$52 million	100.00
2 House Foods America Corporation	Production and sales of soy-bean related products, operation of restaurants and import sales of Group products	Garden Grove, California, U.S.A.	US\$2.35 million	100.00
3 El Burrito Mexican Food Products Corporation	Production and sales of soy-bean related products	Industry, California, U.S.A.	US\$4.20 million	100.00
4 House Foods China Inc.	Sales of spices and condiments such as curry roux products and import sales of Group products; supervision of China business	Shanghai-city, China	RMB 610.943 million	100.00
5 Shanghai House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Shanghai-city, China	RMB 131.566 million	100.00
6 Dalian House Food Co., Ltd.	Production and sales of foods	Dalian-city, Liaoning Province, China	RMB 194.88 million	100.00
7 Zhejiang House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Pinghu-city, Zhejiang Province, China	RMB 139.796 million	100.00
8 House Foods Vietnam Co., Ltd.	Production and sales of processed foods	Dong Nai, Vietnam	VND 426.1 billion	100.00
9 House Osotspa Foods Co., Ltd.	Production and sales of processed foods and beverages	Bangkok, Thailand	Baht 167 million	60.00
10 PT House and Vox Indonesia	Export sales of spices	Special Capital Region of Jakarta, Indonesia	Rp.22.5 billion	99.03
11 House Foods Taiwan Corporation	Import sales of Group products	Taipei-city, Taiwan	NT\$29 million	100.00



Restaurant Business (9 companies)

Company name	Business lines	Location	Capital	Percentage of Shareholding (%)
1 Ichibanya Co., Ltd.	Planning and operation of restaurants	Ichinomiya-city, Aichi	JP¥1,503 million	51.00
2 Ichibanya USA, Inc.	Operation of restaurants	Torrance, California, U.S.A.	US\$7 million	60.80
3 House Restaurant Management (Shanghai) Co., Ltd.*	Operation of restaurants	Shanghai-city, China	RMB 58.963 million	51.00
4 House Restaurant Management (Beijing) Co., Ltd.	Operation of restaurants	Beijing-city, China	RMB 33.367 million	100.00
5 House Restaurant Management (Guangzhou) Co., Ltd.	Operation of restaurants	Guangzhou-city, Guangdong Province, China	RMB 20.679 million	100.00
6 Taiwan Curry House Restaurant, Inc.	Operation of restaurants	New Taipei City, Taiwan	NT\$107 million	40.80
7 Curry House Korea Corporation	Operation of restaurants	Anyang-city, Korea	₩2,500 million	70.20
8 Ichibanya International Hong Kong Limited	Operation of restaurants	Kowloon, Hong Kong, China	HK\$7.5 million	51.00
9 Ichibanya Hong Kong Ltd.	Operation of restaurants	Kowloon, Hong Kong, China	HK\$26.375 million	58.37

* House Restaurant Management (Shanghai) Co., Ltd. has changed its trade name to Ichibanya Restaurant Management (China) Co., Ltd. in June 2017.

Other Food Related Business (7 companies)

Company name	Business lines	Location	Capital	Percentage of Shareholding (%)
1 Vox Trading Co., Ltd.	Import, export and sales of agricultural products and foods	Chuo-ward, Tokyo	JP¥500 million	77.13
2 Tim Food Co., Ltd.	Production and sales of frozen vegetables, mustard essential oil and processed foods, etc.	Bangkok, Thailand	Baht 185 million	72.70
3 PT. Java Agritech	Agricultural management and processing and sales of agricultural products, etc.	Semarang, Middle Java, Indonesia	Rp.21.2 billion	76.98
4 Delica Chef Corporation	Production and sales of prepared dishes, baked bread and dessert products	Kuki-city, Saitama	JP¥60 million	100.00
5 House Logistics Service Corporation	Transport and warehouse operations	Higashi-osaka-city, Osaka	JP¥80 million	100.00
6 High Net Corporation	Transport and warehouse operations	Narashino-city, Chiba	JP¥20 million	100.00
7 House Food Analytical Laboratory Inc.	Analysis service concerning safety and sanitation of foods	Yotsukaido-city, Chiba	JP¥60 million	100.00

Common (1 company)

Company name	Business lines	Location	Capital	Percentage of Shareholding (%)
1 House Business Partners Corporation	Undertaking of outsourced operations of the Group	Higashi-osaka-city, Osaka	JP¥10 million	100.00

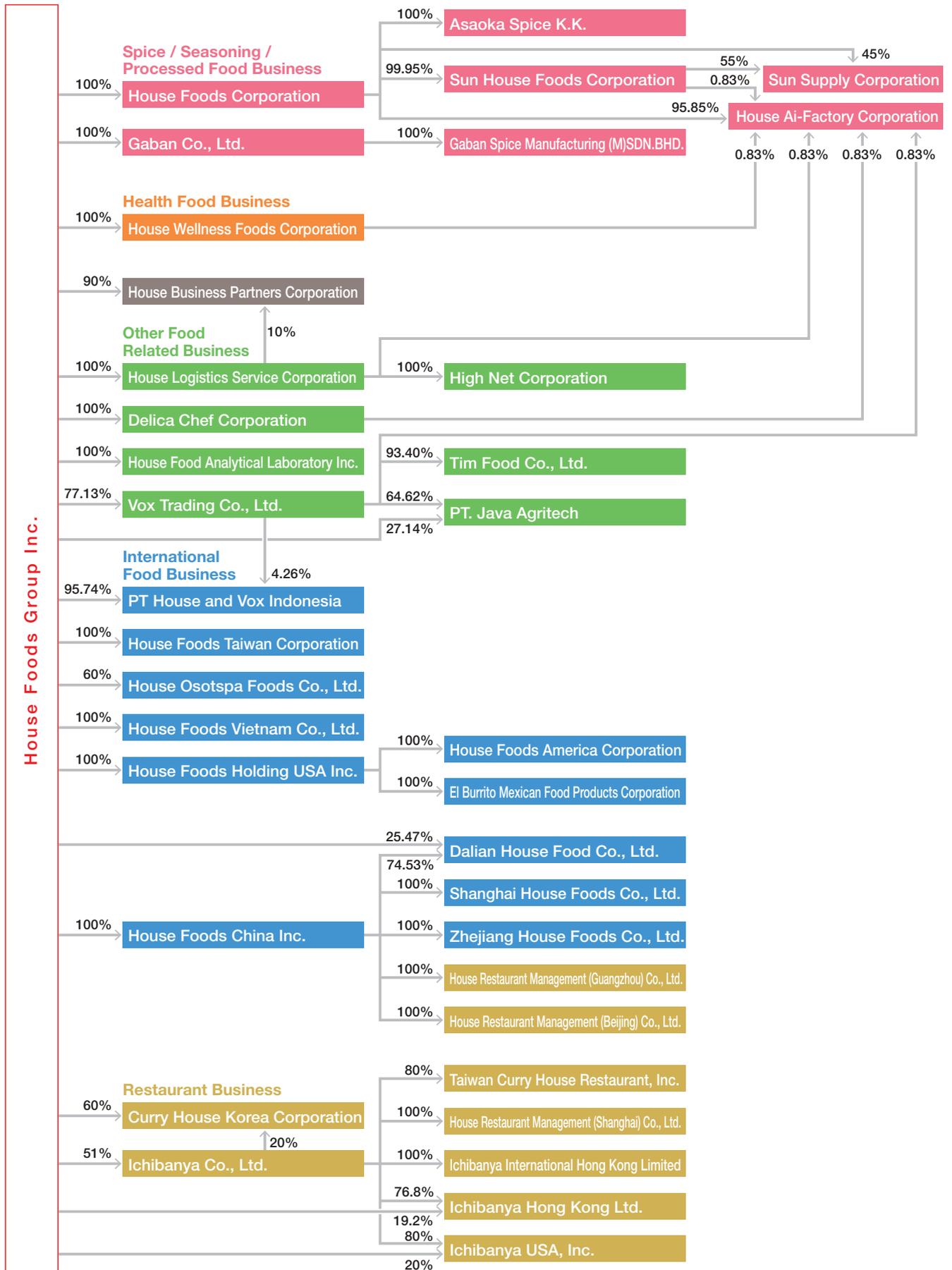
Equity-method Affiliate (4 companies)

Company name	Business lines	Location	Capital	Percentage of Shareholding (%)
1 Ichibanya Midwest Asia Co., Ltd	Operation of restaurants in Thailand	Bangkok, Thailand	Baht 50 million	23.87
2 Vox Trading (Thailand) CO., Ltd.	Export sales of vegetables in Thailand	Bangkok, Thailand	Baht 23 million	37.80
3 Sanyo Can Corporation	Production and sales of retort pouched products and canned products, etc.	Fukushima-city, Fukushima	JP¥155 million	30.97
4 F-LINE Corporation	Transport and warehouse operations	Kita-hiroshima-city, Hokkaido	JP¥18 million	25.00

House Foods Group Companies

Capital Relationship Diagram (ownership ratio of voting rights)

(As of March 31, 2017)



Company Overview (As of March 31, 2017)

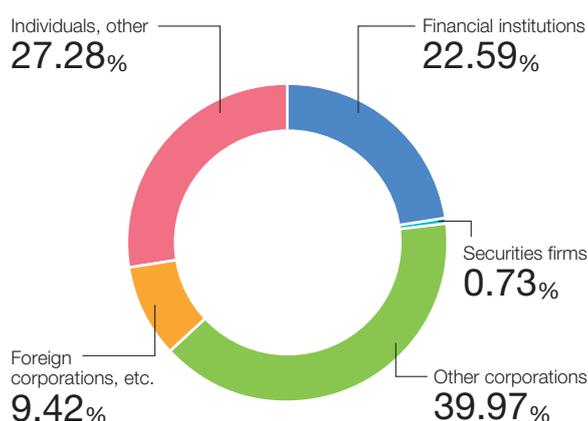
Name	House Foods Group Inc.
Founded	November 11, 1913
Established	June 7, 1947
Capital	¥9,948,323,523
Business lines	To propose Group strategies, provide management support for business companies (domestic and overseas), and to supervise the International Business
Number of employees	260 (6,248 on a consolidated basis)

Stock Information (As of March 31, 2017)

Stock Summary

Number of Shares Issued	102,758,690 shares
Number of Shares Authorized	391,500,000 shares
Number of Shareholders	70,326
Number of Shares per Trading Unit	100 shares

Breakdown of Shares by Type of Shareholder



* Treasury shares are included in "Individuals, other."

Principal Shareholders

	Number of Shares Held (shares)	Percentage of Total Shares Outstanding (%)
House Kosan Co., Ltd.	12,585,616	12.25
HKL Co., Ltd.	6,700,000	6.52
Sumitomo Mitsui Banking Corporation	3,668,027	3.57
Urakami Foundation for Food and Food Culture Promotion	2,872,200	2.80
Japan Trustee Services Bank, Ltd.	2,763,700	2.69
Ajinomoto Co., Inc.	2,693,543	2.62
House Koushinkai	2,172,501	2.11
The Master Trust Bank of Japan, Ltd.	2,163,700	2.11
Setsuko Urakami	2,013,569	1.96
Nippon Life Insurance Company	1,844,810	1.80

Note: Percentage of total shares outstanding is calculated by excluding the number of treasury shares (5,423 shares).

Information for Investors

Fiscal Year	From April 1 to March 31
Interim Dividend System	Yes
Ordinary Shareholders' Meeting	Held annually in June
Stock Transfer Agent and Account Management Institution for Special Accounts	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Stock Transfer Agency Handling Office	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 4-5-33 Kitahama, Chuo-ku, Osaka
Mailing Address and Contact	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 0120-782-031
Method of Public Notice	By electronic public notice, published on the Company's website: http://housefoods-group.com However, should circumstances prevent electronic public notice, the notice shall be published on the Nihon Keizai Shimbun.
Stock Exchange Listing	Tokyo Stock Exchange
Stock Code	2810

Notes to Forecasts

The consolidated and non-consolidated business performance forecasts given in this document are based on assumptions, prospects, and future business plans, currently available on the date this document was published. Actual results may differ from these forecasts for a variety of reasons.

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