



FY2021 Results Briefing for the First Half

House Foods Group Inc.

Stock code 2810

November 9, 2021

<https://housefoods-group.com/>

Part:1

**FY2021
First-Half Results**
pp. 3 – 10

Part:2

**Full-Year Plan
for FY2021**
pp. 11 – 17

Appendix

Supplementary Materials
pp. 18 – 36

*** We applied the Accounting Standard for Revenue Recognition, etc. from FY2021.
Unless otherwise specified, figures for FY2020 are figures after retrospective application of the standard
and figures for FY2021 are figures after application of the standard.**

Part:1

**FY2021
First-Half Results**

Billion yen	FY2020 2Q		FY2021 2Q		Year on year	
	Results	Comparison with net sales	Results	Comparison with net sales	Increase/Decrease	%
Net sales	123.7	—	124.1	—	+0.4	+0.4%
Operating profit	9.9	8.0%	9.0	7.3%	-0.9	-8.8%
Ordinary profit	8.8	7.1%	10.3	8.3%	+1.5	+16.9%
Profit attributable to owners of parent	1.0	0.8%	7.2	5.8%	+6.2	+625.2%
EBITA* ¹	16.6	13.4%	14.3	11.5%	-2.3	-14.0%

- The International Food Business surpassed the high level of growth recorded a year earlier. Each domestic business was affected by the absence of the at-home consumption seen a year earlier and the protraction of the COVID-19 crisis.
- We recorded a decrease in operating income in the first half for the first time since FY2014, largely due to a year-on-year decline in the Spice/Seasoning/Processed Food Business, despite a boost to profit after goodwill was fully amortized in the Restaurant Business.
- Profit attributable to owners of the parent rose sharply, reflecting the sale of investment securities, in addition to decreases in impairment losses and a share of loss of entities accounted for using the equity method recorded the previous year. We used the gain on sale to finance the purchase of treasury shares of 4 billion yen (acquisition period: May 12 - Oct. 15)

*1 EBITDA: Operating profit (before amortization of goodwill) + Depreciation

Results by Segment

FY2021 First-Half Results

Billion yen	Net sales			Operating profit			ROS		EBITDA margin	
	Results	Year on year		Results	Year on year		Results	Year on year	Results	Year on year
Consolidated	124.1	+0.4	+0.4%	9.0	-0.9	-8.8%	7.3%	-0.7pt	11.5%	-1.9pt
Spice / Seasoning / Processed Food Business	57.0	-2.2	-3.8%	5.4	-2.6	-32.1%	9.5%	-4.0pt	13.4%	-3.3pt
Health Food Business	7.0	-1.1	-13.0%	-0.3	-0.3	—	-4.7%	-4.1pt	-0.1%	-3.7pt
International Food Business	19.4	+1.2	+6.4%	3.2	+0.3	+8.6%	16.6%	+0.3pt	20.3%	+0.0pt
Restaurant Business	22.1	+0.4	+2.0%	0.5	+2.0	—	2.4%	+9.0pt	8.6%	+0.7pt
Other Food Related Business	22.9	+2.1	+10.1%	0.8	-0.1	-13.2%	3.5%	-0.9pt	4.5%	-1.0pt
Adjustment (elimination)	-4.3	+0.0	—	-0.6	-0.1	—	—	—	—	—

Spice / Seasoning / Processed Food Business

- Sales were affected by the absence of special demand arising from at-home consumption the previous fiscal year. Sales of curry roux products returned to previous levels.
- Preparations were made for achievement of the medium-term business plan on the assumption of changing needs and the growing tendency for people to eat out or buy food to eat at home.

Health Food Business

- Sales of the *Ukon no Chikara* series continued to struggle due to fewer opportunities to drink out.
- The segment posted a first-half operating loss, largely due to decreased sales, which offset cost improvements resulting from withdrawal from unprofitable business.

International Food Business

- United States: Productivity improved thanks to stable operations at the LA Plant. Raw materials and packaging costs rose from the second quarter.
- China: Sales of products for food service use grew sharply, reflecting the opening up of new markets such as the delivery market. Sales of products for household use reflect the absence of demand seen the previous fiscal.
- Thailand: Deliveries in the traditional market were encouraged partly due to government measures to stimulate consumption. Both sales and profits increased, partly due to a lighter tax burden.

Restaurant Business

- Sales in Japan fell, with restaurants called upon to shorten their operating hours for long periods of time. Overseas, sales recovered from the dramatic slump of the previous year.
- Profit was boosted (approx. 1.8 billion yen) by the fact that, the previous fiscal year, impairment losses were recorded and goodwill was fully amortized.

Other Food Related Business

- Delica Chef Corporation: Sales of prepared food were brisk, and sales of baked bread also recovered.
- Vox Trading Co., Ltd.: Sales fell due to the impact of sluggish food service demand.

Adjustment (elimination)

- Head office costs such as personnel expenses increased.

Trends by Business

FY2021 First-Half Results

Old accounting standard → New accounting standard

Net sales YoY change (%)		FY2020				FY2021		Main factors
		1Q	2Q	3Q	4Q	1Q	2Q	
Spice / Seasoning / Processed Food Business House Foods Corporation	Curry roux *	+8.7	+4.0	+3.7	-7.7	-9.4	-5.0	- Curry roux (i) Affected by absence of special demand arising from at-home consumption the previous fiscal year (ii) Impacted by protraction of COVID-19 crisis Demand for greater convenience and more menu options grew Fewer promotional opportunities - Retort pouched curry Promoted microwaveable versions of main brands Expanded mid-range and high-end brands
	Retort pouched curry *	-0.5	+9.3	-0.5	-9.0	-0.9	-1.2	
	Spice *	+24.6	+15.9	+12.4	+2.7	-8.2	-2.5	
	Food service products *	-24.3	-13.4	-11.0	-11.1	+12.7	-2.0	
Health Food Business	Ukon No Chikara *	-63.4	-43.1	-41.6	-52.1	+7.8	-32.2	- Ukon No Chikara Opportunities to drink out remained limited - C1000 Sales fell due to withdrawal of PET products
	C1000 *	-35.2	-24.4	-30.2	-16.3	-25.8	-26.2	
House Wellness Foods Corporation	Bottled products *	-20.4	-3.6	-11.8	+1.6	+3.9	-3.3	- Integration of sales functions Focused on strengthening ability to make proposals and expanded composition of mass retailer/drug channel
	Ichinichibun No Vitamin *	-5.2	+4.4	-3.4	-11.4	-1.8	+14.8	
International Food Business	Business in the United States *	+7.1	+4.4	+6.0	+6.7	+9.6	+7.5	- Achieved sustainable growth in all three priority areas even during the COVID crisis
	Business in China	+21.3	+49.5	+30.8	+0.0	+46.0	-21.6	
Local currency basis	Functional drinks business in Thailand	+37.1	+271.0	+86.7	-42.7	+14.5	-8.9	
Restaurant Business Ichibanya Co., Ltd.	Net sales of all domestic restaurants	-18.6	-11.4	-8.4	-15.0	+4.8	-7.4	- Declaration of repeated states of emergency Approximately 90% of restaurants shortened their operating hours (as of the end of Aug.)
	Net sales of existing domestic restaurants	-18.5	-11.3	-8.3	-14.5	+5.3	-6.6	
	Number of customers	-19.0	-13.7	-10.7	-16.5	+1.7	-7.5	
	Average sales per customer	+0.7	+2.8	+2.7	+2.4	+3.5	+1.0	

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

Results by Quarter

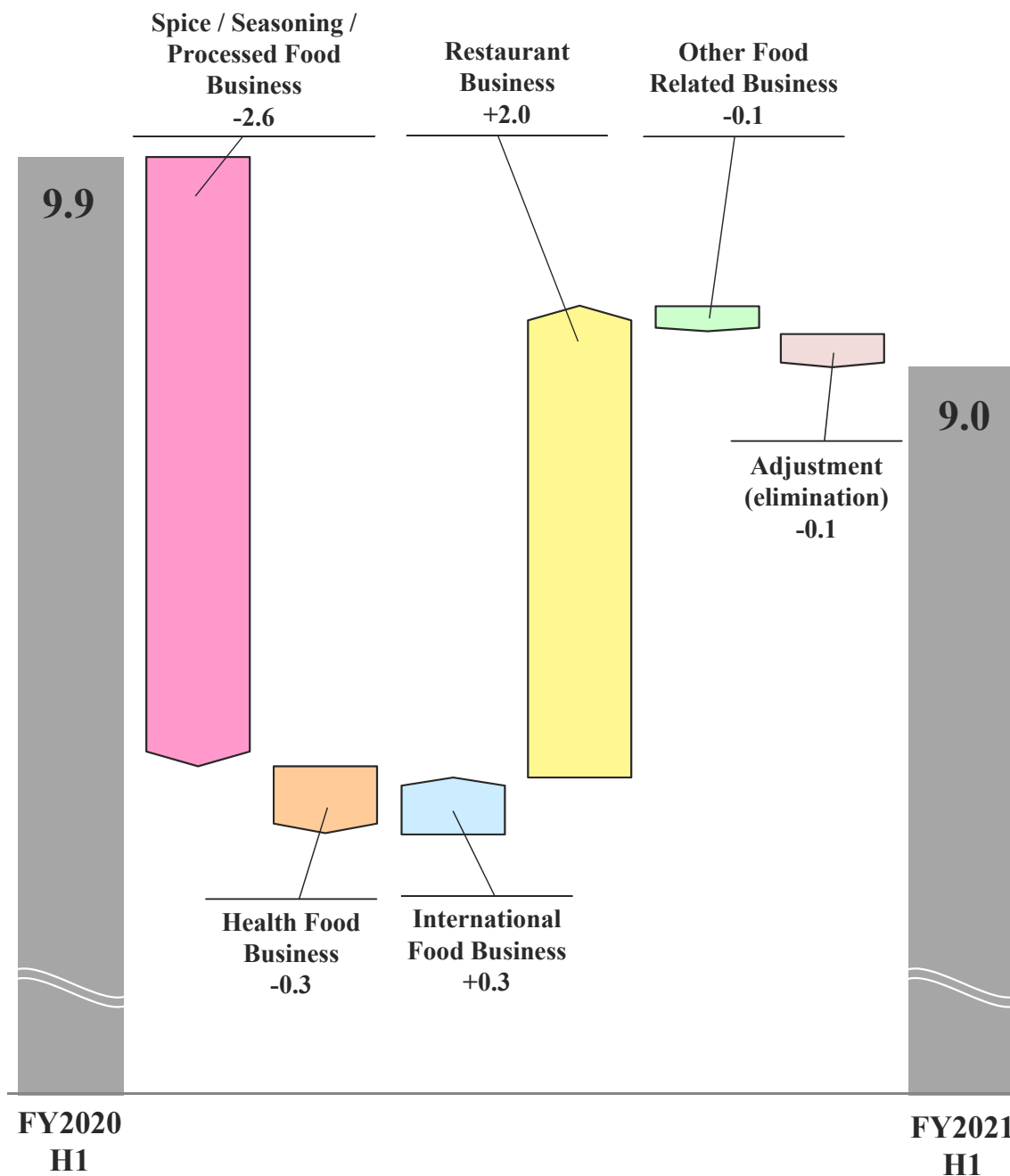
FY2021 First-Half Results

Billion yen		1Q			2Q			H1		
		Results	Year on year		Results	Year on year		Results	Year on year	
Consolidated	Net sales	61.6	+1.9	+3.2%	62.5	-1.4	-2.3%	124.1	+0.4	+0.4%
	Operating profit	5.7	+1.3	+28.4%	3.3	-2.1	-39.0%	9.0	-0.9	-8.8%
Spice / Seasoning / Processed Food Business	Net sales	27.6	-1.7	-5.8%	29.3	-0.5	-1.8%	57.0	-2.2	-3.8%
	Operating profit	3.1	-1.2	-28.1%	2.3	-1.4	-36.8%	5.4	-2.6	-32.1%
Health Food Business	Net sales	3.4	-0.4	-10.4%	3.7	-0.7	-15.3%	7.0	-1.1	-13.0%
	Operating profit	-0.2	+0.1	—	-0.2	-0.3	—	-0.3	-0.3	—
International Food Business	Net sales	9.8	+1.7	+21.2%	9.6	-0.5	-5.3%	19.4	+1.2	+6.4%
	Operating profit	2.0	+1.0	+96.3%	1.2	-0.7	-36.6%	3.2	+0.3	+8.6%
Restaurant Business	Net sales	11.1	+0.7	+6.7%	11.0	-0.3	-2.3%	22.1	+0.4	+2.0%
	Operating profit	0.4	+1.3	—	0.2	+0.7	—	0.5	+2.0	—
Other Food Related Business	Net sales	11.7	+1.0	+9.4%	11.2	+1.1	+11.0%	22.9	+2.1	+10.1%
	Operating profit	0.5	-0.0	-7.2%	0.3	-0.1	-20.6%	0.8	-0.1	-13.2%
Adjustment (elimination)	Net sales	-2.0	+0.6	—	-2.3	-0.5	—	-4.3	+0.0	—
	Operating profit	-0.0	+0.2	—	-0.6	-0.3	—	-0.6	-0.1	—

Operating Profit Change Analysis

FY2021 First-Half Results

◆ Factors of changes by business segment (Billion yen)



Billion yen	Amount of change
Spice / Seasoning / Processed Food Business	-2.6
- Change in sales	-1.1
- Change in cost of sales ratio	-0.2
- Marketing costs	-0.8
- Other expenses	-0.2
- GABAN and other affiliated companies, adjustment	-0.3
Health Food Business	-0.3
- Change in sales	-0.9
- Change in cost of sales ratio	+0.4
- Marketing costs	-0.0
- Other expenses	+0.2
International Food Business	+0.3
- Business in the United States	+0.3
- Business in China	-0.3
- Businesses in ASEAN	+0.3
Restaurant Business	+2.0
- Ichibanya Co., Ltd. (consolidated)	+0.1
- Amortization of goodwill, etc.	+1.8
Other Food Related Business	-0.1
- Delica Chef Corporation	+0.1
- Vox Trading Co., Ltd. (Consolidated)	-0.2
Adjustment (elimination)	-0.1
Changes in operating profit	-0.9

Striving to become a high quality company that provides 'Healthy Life Through Foods' <Chapter 2>

Striving for Four Value Chains

Spice Value Chain

Japan

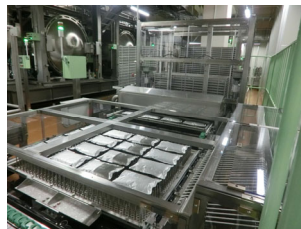
- Expanded large-volume retort pouched product production lines

Strengthened proposal capability in market for food service products which is positioned as a growing domain.

Met growing demand for home meal replacements and needs for more convenient food preparation.

Sunhousefoods Corporation (Aichi)

- Investment amount: 3.2 billion yen
- Start of operation: July 2021
- Production capacity: up to 1.6 times previous level



China

- New production lines at Zhejiang plant

Steadily expanded production capacity since established in 2018. Expanded production lines one year ahead of initial schedule.

- Investment amount: Approx. 1.3 billion yen
- Start of operation: 2023 (plan)
- Production capacity: 35% increase



Soybean Value Chain

United States

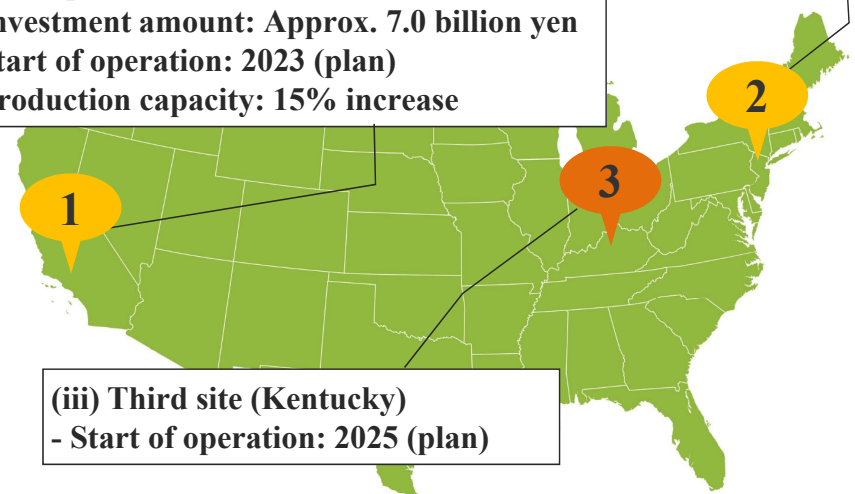
- Constructed additional new production lines at LA Plant
- Acquiring land for third site (planned in Nov. 2021)

Shifted to three site structure in the United States

(i) New production lines at LA Plant

- Investment amount: Approx. 7.0 billion yen
- Start of operation: 2023 (plan)
- Production capacity: 15% increase

(ii) NJ Plant



(iii) Third site (Kentucky)

- Start of operation: 2025 (plan)

Europe

- Opening office in Germany (planned in March 2022)

Verifying business potential in anticipation of expansion in Europe.

Striving to become a high quality company that provides 'Healthy Life Through Foods' <Chapter 2>

Striving for Four Value Chains

Achievement of diversity

Enhanced systems to increase the diversity experienced by individual employees (introduced in October 2021)

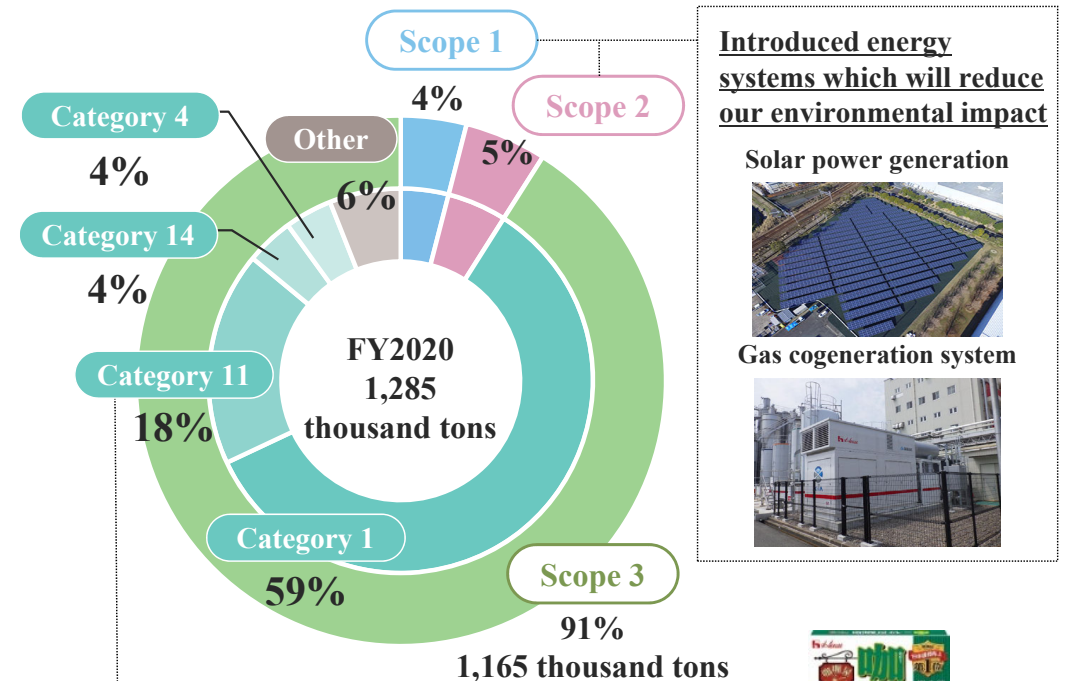
- Introduced a system enabling employees to have side jobs
- Enhanced systems of childcare support for male employees
 - Introduced childcare leave at birth (up to 8 weeks)
 - Introduced support leave at birth (up to 5 days)

Took steps to create an organizational culture in which diversity is accepted and a spirit of challenge is encouraged

- Creation of organizational culture with participation by all
 - Conducted an organizational culture diagnosis (14 Group companies) to implement an organizational culture reform cycle with participation by all workplaces across the Group
 - Held workshops using the diagnosis results and prepared action plans for each workplace

Healthy people and a healthy planet

Considered CO₂ reduction in greater depth
Established Group Environmental Strategy Meeting and began consideration from a long-term perspective



Introduced energy systems which will reduce our environmental impact

Solar power generation



Gas cogeneration system



Shortened preparation time at home and in kitchens
Developed microwaveable retort pouched products



Part:2

**Full-Year Plan
for FY2021**

Revised Forecast for Consolidated Income (Loss)

Full-Year Plan for FY2021

Billion yen	Full year						H2			
	Revised forecast	Comparison with net sales	Year on year		Comparison with initial forecast		Revised forecast	Comparison with net sales	Year on year	
Net sales	256.0	—	+5.9	+2.4%	-3.0	-1.2%	131.9	—	+5.5	+4.3%
Operating profit	20.0	7.8%	+0.6	+3.0%	—	—	11.0	8.3%	+1.5	+15.4%
Ordinary profit	22.2	8.7%	+2.4	+11.9%	+0.7	+3.3%	11.9	9.0%	+0.9	+7.9%
Profit attributable to owners of parent	14.7	5.7%	+5.9	+68.0%	+1.7	+13.1%	7.5	5.7%	-0.3	-3.5%
EBITDA ^{*1}	30.9	12.1%	-0.2	-0.6%	-0.1	-0.3%	16.6	12.6%	+2.1	+14.8%
ROE	5.6%		+2.1pt							

- The cost environment is increasingly challenging but we will continue to focus on structural reform and the creation of value chains aiming for realization of the Seventh Medium-Term Business Plan.
- We are lowering our net sales forecast but leaving our operating profit forecast unchanged despite increases and decreases among segments.

*1 EBITDA: Operating profit (before amortization of goodwill) + Depreciation

Revised Forecast in the Full Year by Segment

Full-Year Plan for FY2021

Billion yen		Year ending March 31, 2022					2H		
		Revised forecast	Year on year		Comparison with initial forecast		Revised forecast	Year on year	
Consolidated	Net sales	256.0	+5.9	+2.4%	-3.0	-1.2%	131.9	+5.5	+4.3%
	Operating profit	20.0	+0.6	+3.0%	—	—	11.0	+1.5	+15.4%
Spice / Seasoning / Processed Food Business	Net sales	119.3	-1.1	-0.9%	-2.4	-2.0%	62.3	+1.2	+1.9%
	Operating profit	13.7	-1.9	-12.3%	-0.3	-2.1%	8.3	+0.6	+8.4%
Health Food Business	Net sales	15.7	+0.4	+2.7%	-1.8	-10.3%	8.7	+1.5	+20.5%
	Operating profit	0.1	+0.5	—	—	—	0.4	+0.8	—
International Food Business	Net sales	39.0	+4.9	+14.5%	+2.9	+8.0%	19.6	+3.8	+23.9%
	Operating profit	5.3	+0.7	+15.6%	+0.6	+12.8%	2.1	+0.5	+28.6%
Restaurant Business	Net sales	45.7	+1.0	+2.2%	-3.6	-7.3%	23.6	+0.6	+2.5%
	Operating profit	1.4	+2.1	—	-1.2	-46.2%	0.9	+0.1	+11.7%
Other Food Related Business	Net sales	44.6	+0.7	+1.5%	+2.2	+5.2%	21.7	-1.4	-6.2%
	Operating profit	1.6	-0.2	-9.6%	+0.1	+6.7%	0.8	-0.0	-5.7%
Adjustment (elimination)	Net sales	-8.3	-0.0	—	-0.3	—	-4.0	-0.0	—
	Operating profit	-2.1	-0.6	—	+0.8	—	-1.5	-0.5	—

Revised Forecast in the Second Half by Segment

Full-Year Plan for FY2021

Billion yen	Net sales			Operating profit			ROS		EBITDA margin	
	Revised forecast	Year on year		Revised forecast	Year on year		Revised forecast	Year on year	Revised forecast	Year on year
Consolidated	131.9	+5.5	+4.3%	11.0	+1.5	+15.4%	8.3%	+0.8pt	12.6%	+1.1pt
Spice / Seasoning / Processed Food Business	62.3	+1.2	+1.9%	8.3	+0.6	+8.4%	13.3%	+0.8pt	17.5%	+1.6pt
Health Food Business	8.7	+1.5	+20.5%	0.4	+0.8	—	5.0%	+9.8pt	9.0%	+9.0pt
International Food Business	19.6	+3.8	+23.9%	2.1	+0.5	+28.6%	10.6%	+0.4pt	14.4%	-0.2pt
Restaurant Business	23.6	+0.6	+2.5%	0.9	+0.1	+11.7%	3.7%	+0.3pt	9.7%	+0.5pt
Other Food Related Business	21.7	-1.4	-6.2%	0.8	-0.0	-5.7%	3.7%	+0.0pt	5.0%	+0.2pt
Adjustment (elimination)	-4.0	-0.0	—	-1.5	-0.5	—	—	—	—	—

Spice / Seasoning / Processed Food Business

- Strengthen ability to make proposals to meet changing needs (implement measures to expand the world of "curry at home" and tap into spice demand).
- Ensure cost management Minimize the impact of rising raw materials prices and increase depreciation.

Health Food Business

- The forecast is based on the assumption that sales of the *Ukon No Chikara* series will return to 70% of the level two fiscal years earlier (pre-Covid) (second-half sales up 28% year on year).
- Use the 30th anniversary of the launch of *C1000* to strongly stress the health value of vitamins.

International Food Business

- United States: Achieve improvement in productivity by narrowing down products (reduction by approx. 20%). Consider gradually revising prices.
 China: Household use: Invest management resources based on assessment of distribution changes (city-specific promotions, increased development of new wholesalers).
 Food service use: Utilize customer big data to conduct more effective sales activities.
 Thailand: Focus on firmly establishing market for new products. Aim to expand vitamin-taking opportunities.

Restaurant Business

- Initial assumptions for second-half sales at existing stores were revised (domestic: 110%→100%; overseas: 117%→108%).
- Introduce mobile order system and pursue convenience to meet takeout demand.

Detailed Revised Forecast in the Full Year by Segment

Full-Year Plan for FY2021

Net sales YoY change (billion yen/%)		H1			2H			Year ending March 31, 2022		
		Results	Year on year		Revised forecast	Year on year		Revised forecast	Year on year	
Spice / Seasoning / Processed Food Business	Curry roux *	18.4	-1.4	-7.3%	17.7	-0.2	-1.0%	36.1	-1.6	-4.3%
	Retort pouched curry *	8.4	-0.1	-1.0%	8.8	+0.5	+6.6%	17.2	+0.5	+2.7%
	House Foods Corporation	11.2	-0.6	-5.4%	11.8	+1.0	+9.0%	23.0	+0.3	+1.5%
	Spice *	7.4	+0.3	+4.7%	8.2	+0.5	+5.8%	15.7	+0.8	+5.3%
Health Food Business	Food service products *	1.5	-0.3	-17.9%	3.0	+0.7	+28.5%	4.6	+0.3	+7.9%
	House Wellness Foods Corporation	2.3	-0.8	-26.0%	2.4	+0.3	+15.6%	4.7	-0.5	-9.5%
	<i>Ukon No Chikara</i> *	2.3	+0.1	+6.9%	2.3	+0.5	+25.7%	4.6	+0.6	+15.6%
International Food Business	<i>C1000</i> *	7.4	+0.6	+8.8% (+8.6%)	7.9	+1.2	+18.5% (+14.4%)	15.3	+1.8	+13.6% (+11.5%)
	Business in the United States	4.3	+0.6	+16.8% (+6.8%)	4.5	+1.2	+37.5% (+27.4%)	8.8	+1.9	+26.6% (+16.5%)
	Year-on-year change Top line: Japanese yen basis	5.3	+0.1	+1.9% (-0.2%)	4.6	+0.5	+12.8% (+9.1%)	9.9	+0.6	+6.7% (+4.0%)
Restaurant Business	Business in Thailand	22.0	+0.4	+2.1%	23.5	+0.6	+2.6%	45.4	+1.0	+2.4%
	Ichibanya Co., Ltd. (consolidated)	19.1	-0.3	-1.7%	20.0	-0.2	-1.1%	39.1	-0.5	-1.4%
Other Food Related Business	Ichibanya Co., Ltd. (non-consolidated)	9.7	+0.6	+6.6%	9.6	+0.6	+6.7%	19.2	+1.2	+6.7%
	Delica Chef Corporation	12.4	+1.5	+14.0%	11.4	-2.0	-14.9%	23.7	-0.5	-1.9%
	Vox Trading Co., Ltd. (Consolidated)									

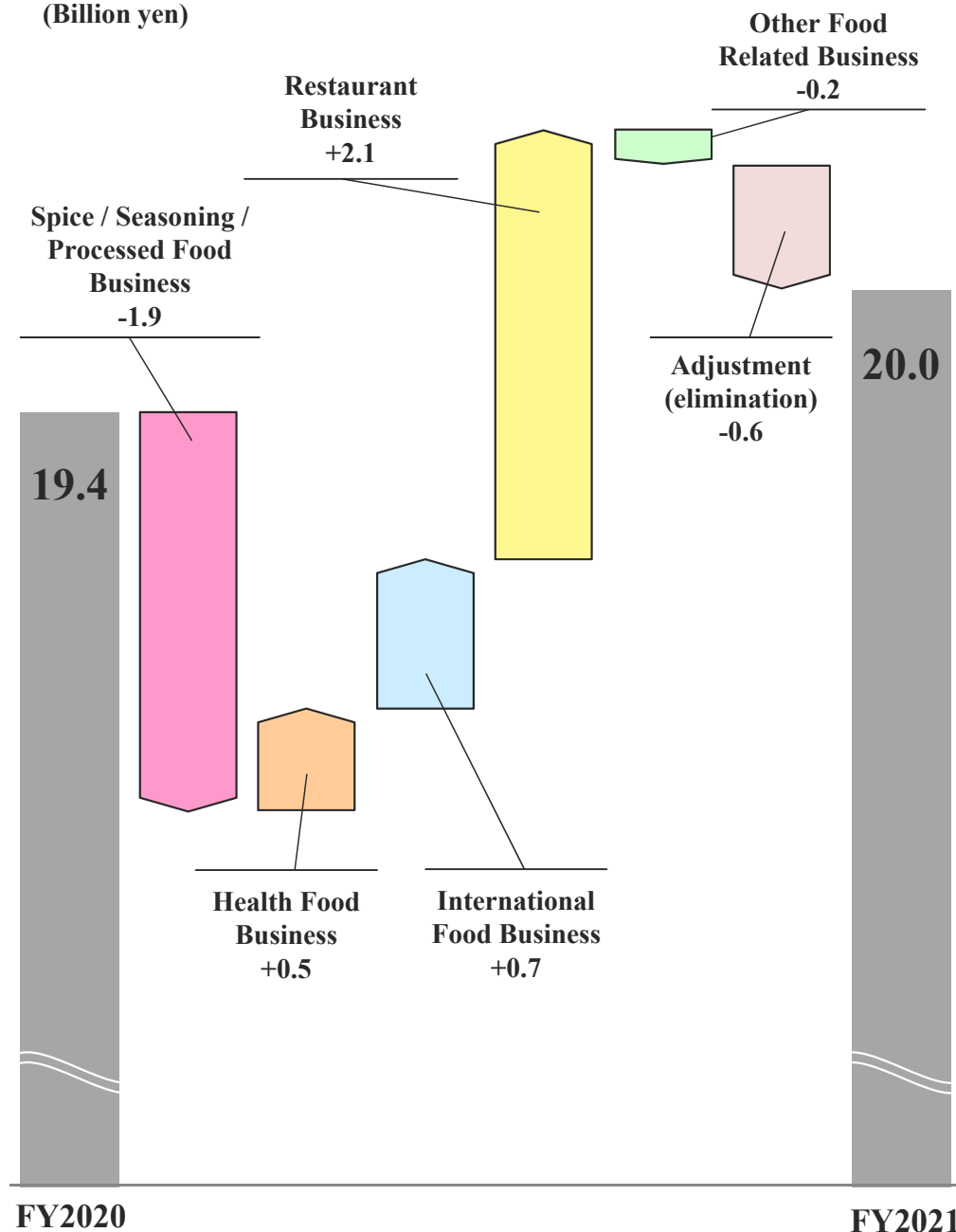
* Results by product are based on shipments and are for reference only.

Copyright (c) House Foods Group Inc. All rights reserved.

Operating Profit Change Analysis

Full-Year Plan for FY2021

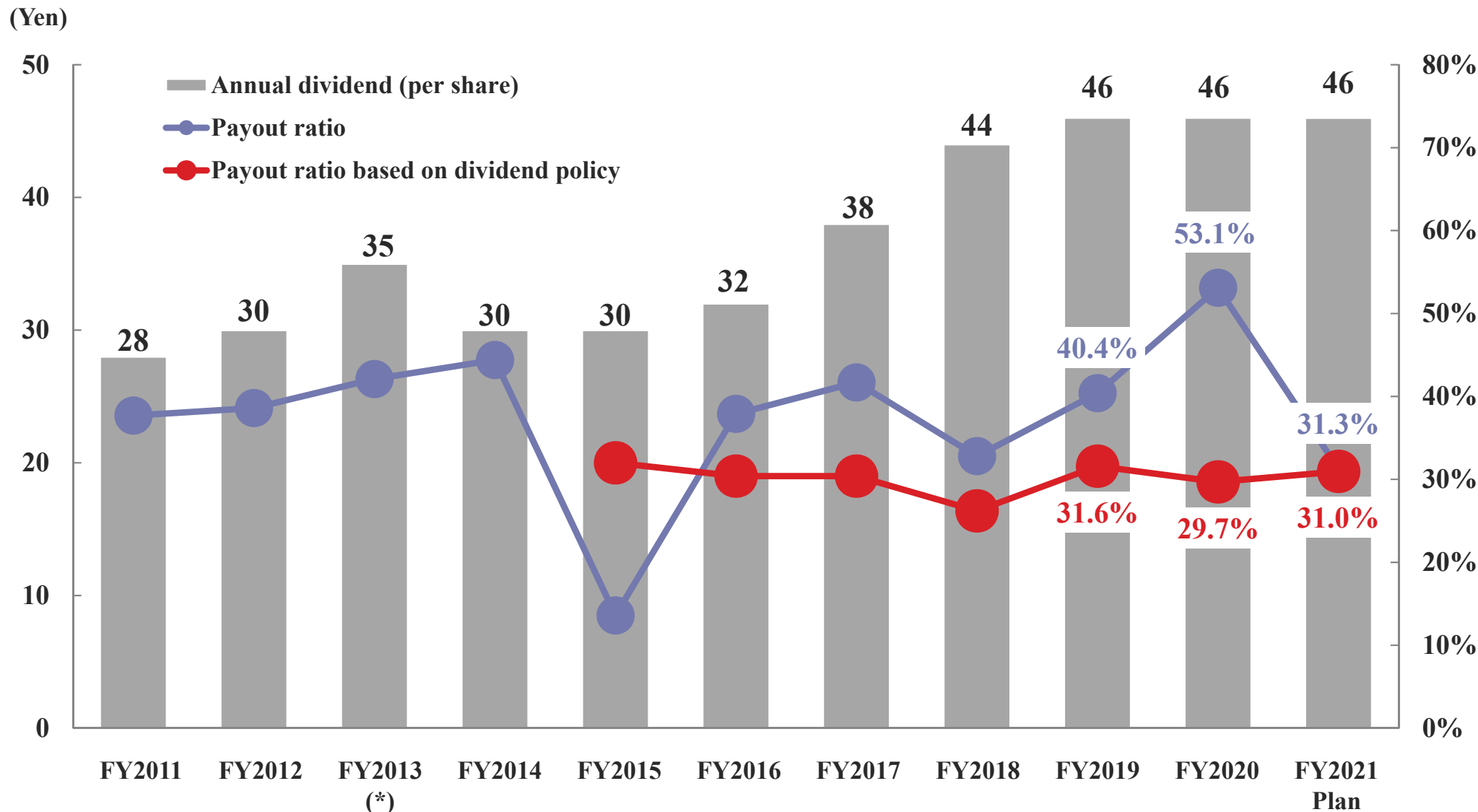
◆ FY2021 Factors of changes by business segment (Billion yen)



Billion yen	FY2021 H1 Results	FY2021 H2 Revised forecast	FY2021 Revised forecast
Spice / Seasoning / Processed Food Business	-2.6	+0.6	-1.9
- Change in sales	-1.1	+0.7	-0.4
- Change in cost of sales ratio	-0.2	-0.6	-0.8
- Marketing costs	-0.8	+0.4	-0.4
- Other expenses	-0.2	+0.3	+0.1
- GABAN and other affiliated companies, adjustment	-0.3	-0.1	-0.4
Health Food Business	-0.3	+0.8	+0.5
- Change in sales	-0.9	+0.6	-0.2
- Change in cost of sales ratio	+0.4	+0.4	+0.8
- Marketing costs	-0.0	-0.2	-0.3
- Other expenses	+0.2	-0.0	+0.2
International Food Business	+0.3	+0.5	+0.7
- Business in the United States	+0.3	+0.1	+0.4
- Business in China	-0.3	+0.2	-0.1
- Businesses in ASEAN	+0.3	+0.1	+0.4
Restaurant Business	+2.0	+0.1	+2.1
- Ichibanya Co., Ltd. (consolidated)	+0.1	+0.1	+0.2
- Amortization of goodwill, etc.	+1.8	+0.0	+1.8
Other Food Related Business	-0.1	-0.0	-0.2
- Delica Chef Corporation	+0.1	+0.1	+0.1
- Vox Trading Co., Ltd. (Consolidated)	-0.2	-0.1	-0.2
Adjustment (elimination)	-0.1	-0.5	-0.6
Changes in operating profit	-0.9	+1.5	+0.6

◆ Dividend Policy

To maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill as a standard.



* FY2013: Includes an additional 5 yen dividend to commemorate the Company's 100th anniversary.

Appendix

Supplementary Materials

FY2021 First Half Spice/Seasoning/Processed Food Business

Billion yen	FY2021 H1		
	Results	Year on year	
Net sales	57.0	-2.2	-3.8%
Operating profit	5.4	-2.6	-32.1%
ROS	9.5%	-4.0Pt	

◆ Breakdown of sales (main factors) * Results by product are based on shipments and are for reference only.

House Foods Corp. (consolidated)*1	52.3	-2.4	-4.4%
Curry roux	18.4	-1.4	-7.3%
Stew roux	4.4	-0.1	-2.9%
Spice	11.2	-0.6	-5.4%
Total of retort pouched products*2	9.4	-0.2	-2.1%
Food service products	7.4	+0.3	+4.7%
GABAN Co., Ltd. (non-consolidated)	3.9	+0.1	+1.6%

*1 Excludes House Wellness Foods products (Health Food Business) and exported products (International Food Business)

*2 Total of retort pouched curry, retort pouched hashed beef sauce and retort pouched stew

- Sales were affected by the absence of special demand arising from at-home consumption the previous fiscal year. Sales of curry roux products returned to previous levels.
- Preparations were made for achievement of the medium-term business plan on the assumption of changing needs and the growing tendency for people to eat out or buy food to eat at home.

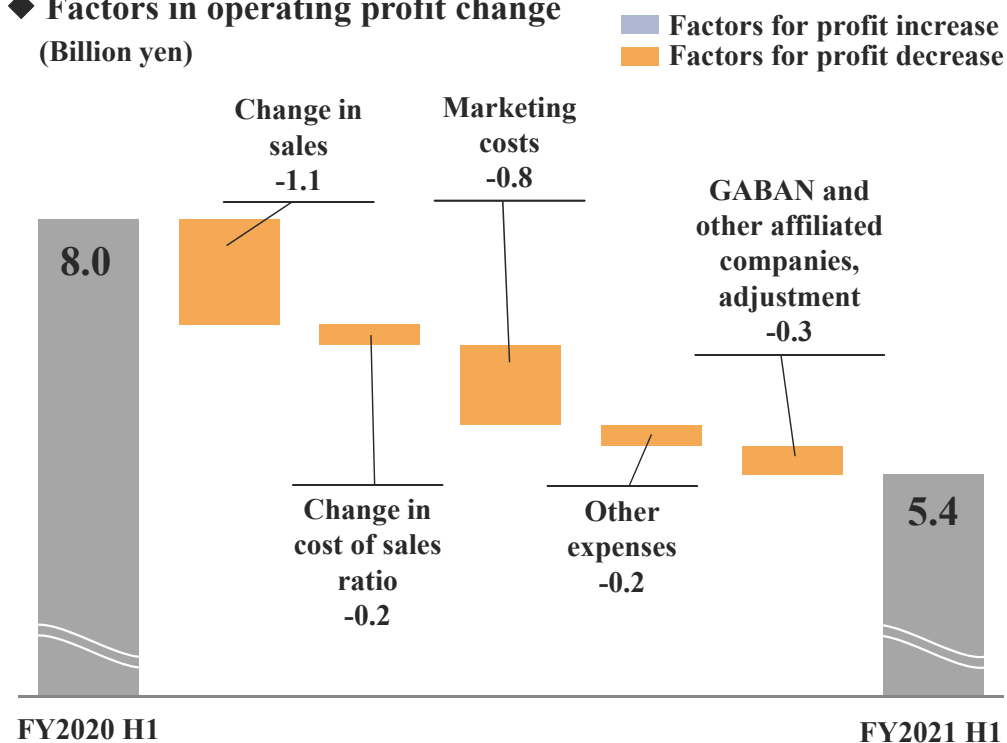
◇ Household-use business

- As COVID-19 became part of everyday life, there was a growing tendency for people to eat out or buy food to eat at home to reduce the burden of cooking. Sales of curry roux products for cooking at home returned to pre-COVID-levels, reflecting the absence of demand seen the previous fiscal year and fewer promotion opportunities. Meanwhile, the spice category grew more wide-ranging, partly due to rising demand for greater simplicity and menu variety.
- Sales of retort pouched products reflected the promotion of microwaveable products. Efforts were made to expand mid-priced and high-end brands with tie-ups with famous restaurants nationwide and to enhance the value provided.

◇ Food service-use business

- Although net sales rose from the same period a year earlier, they fell short of the initial forecast due to the impact of resurgences of COVID-19.
- A production line for retort pouched large volume products went into operation in July this year.

◆ Factors in operating profit change (Billion yen)

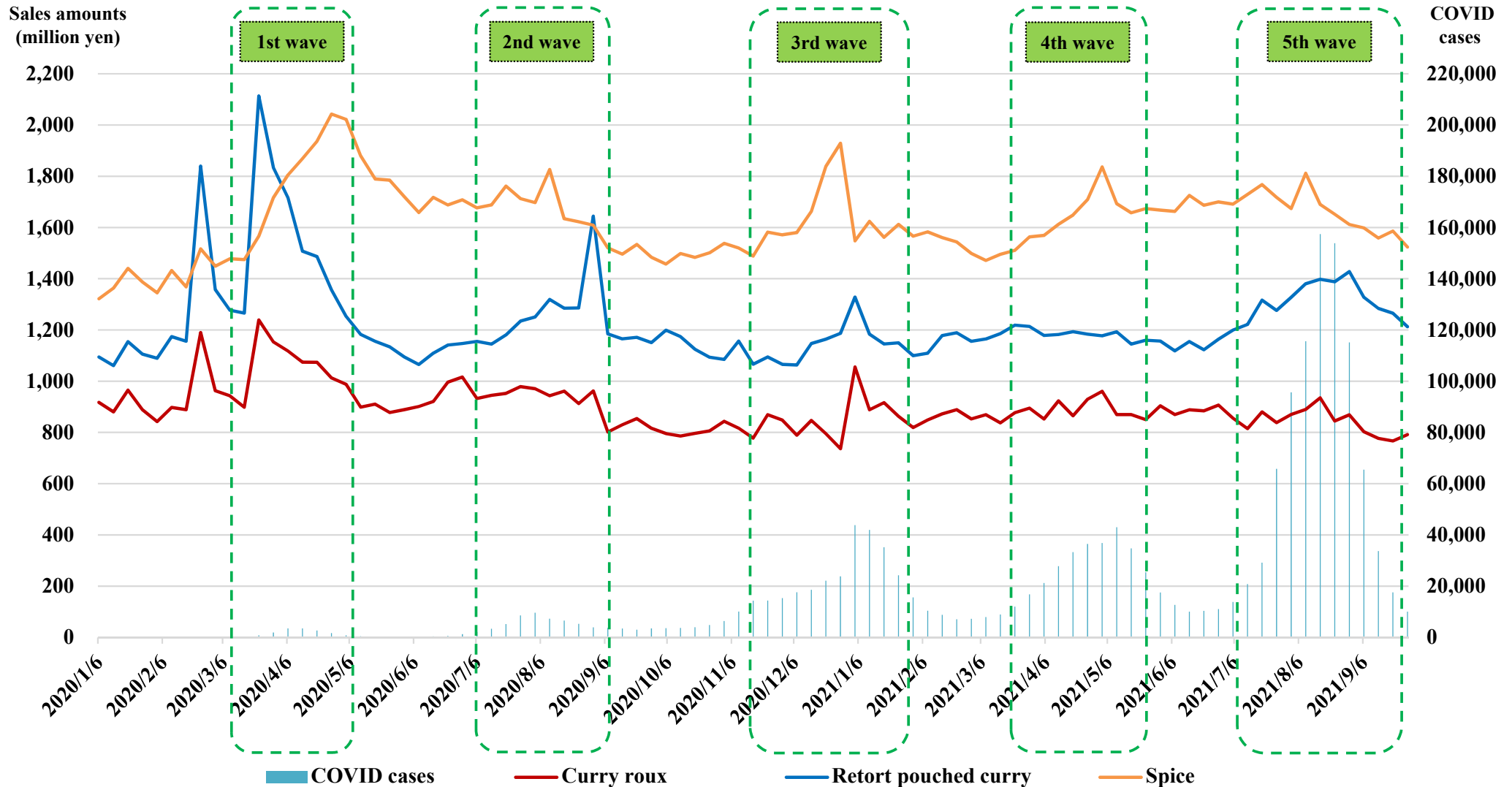


Grated Daikon
Radish Paste



JAPAN MENU
AWARD

- Sales of spice and retort pouched curry products almost doubled in the first wave. Spice sales then continued to trend upward due to a rise in confirmed cases. Sales of retort pouched curry products also show a similar trend.
- Sales of curry roux rose around 1.5 fold in the first wave and then returned to pre-COVID levels.

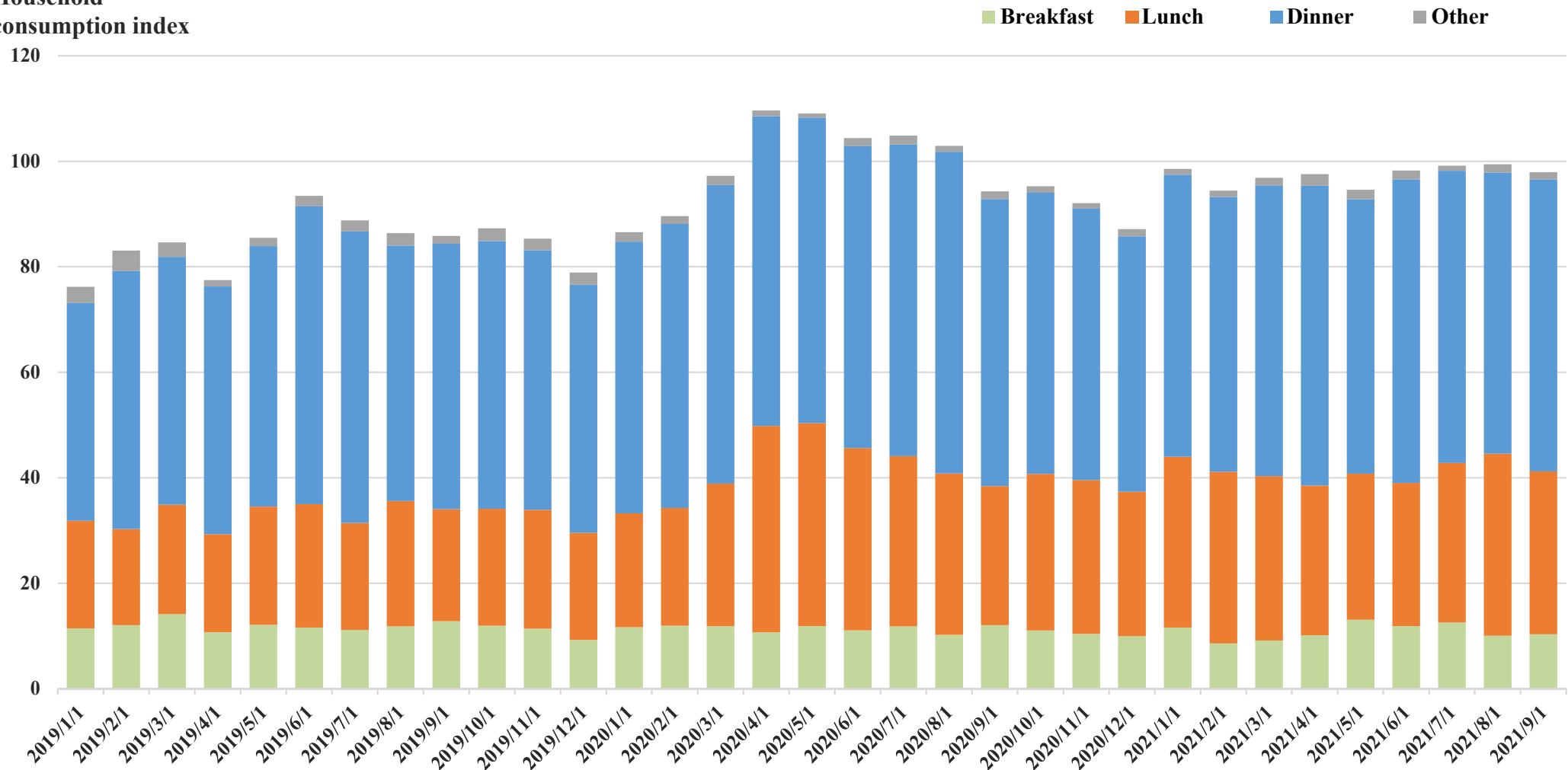


Source: - INTAGE, Inc. SRI I+ Weekly Data / Market for curry roux, retort pouched curry and spice products
 Period: Week commencing January 6, 2020 to week commencing September 27, 2021 Cumulative sales amounts
 - Prepared by House Foods Corporation based on "Open Data- Trend in the number of newly confirmed cases (daily)" (Ministry of Health, Labour and Welfare)

Curry Rice Eating Frequency

- Curry rice is still being eaten at home more frequently than it was before COVID. It is particularly eaten more frequently at lunchtime.
- We will improve convenience by developing microwaveable retort pouched products and meet needs for greater variety by implementing measures to expand the world of “curry at home” focusing on curry roux products.

Household consumption index



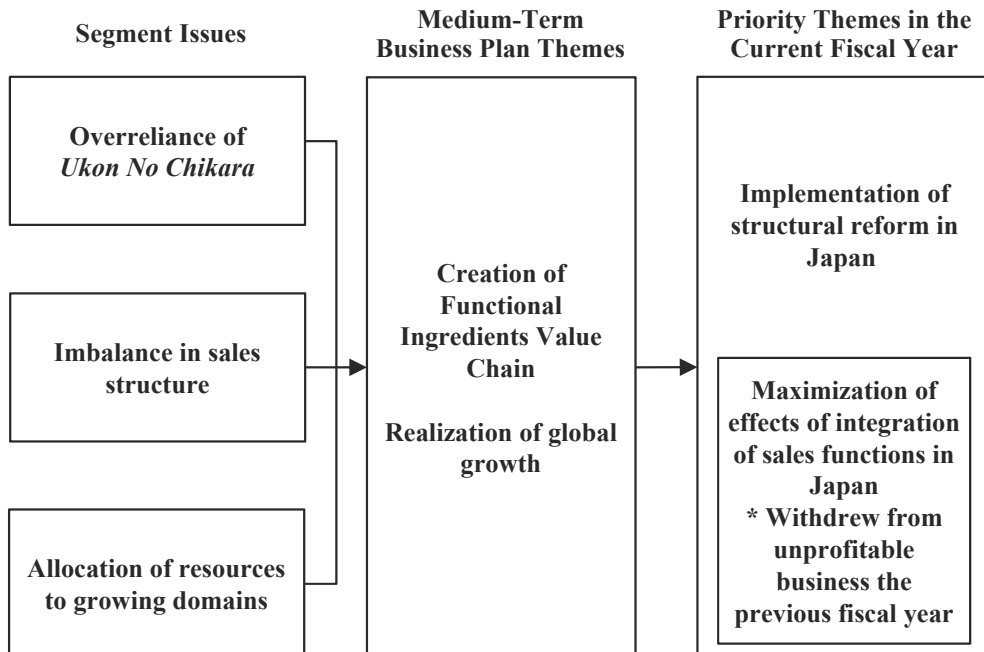
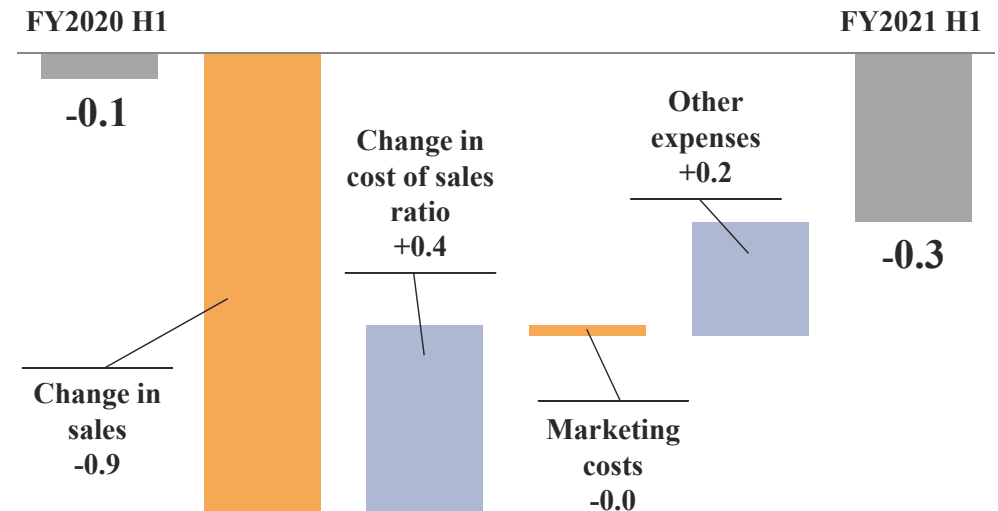
Source: Data output by House Foods Corporation using the ShokuMAP® system
 Period: January 2019 - September 2021
 Daily totals Target menu: Curry rice
 (Household consumption index: Eating frequency per 1000 households per day)

FY2021 First Half Health Food Business

Billion yen	FY2021 H1		
	Results	Year on year	
Net sales	7.0	-1.1	-13.0%
Operating profit	-0.3	-0.3	—
ROS	-4.7%		-4.1Pt
◆ Breakdown of sales (main factors) <small>* Results by product are based on shipments and are for reference only.</small>			
Functional spice	2.7	-0.4	-12.0%
<i>Ukon No Chikara</i>	1.5	-0.3	-17.9%
Vitamin	4.8	-0.7	-12.0%
<i>C1000</i>	2.3	-0.8	-26.0%
<i>Ichinichibun No Vitamin</i>	2.3	+0.1	+6.9%
Lactobacillus business	0.3	-0.1	-19.3%

◆ Factors in operating profit change (Billion yen)

■ Factors for profit increase
■ Factors for profit decrease



Review of the First Half

◆ Impact of withdrawal from unprofitable business

- A decrease in sales of around 1.5 billion on a shipment basis was also a factor contributing to cost improvement.

◆ Response to issues

- *Ukon No Chikara* still faced a challenging business environment.
- Strengthened ability to make proposals through integration of sales functions and corrected channel structure. Focused on *Ichinichibun No Vitamin* (jelly) and achieved some success.



	Year-on-year change	Percentage
All channels	+14.1%	-
Mass retailers/Drugstores	+35.5%	+5.3%

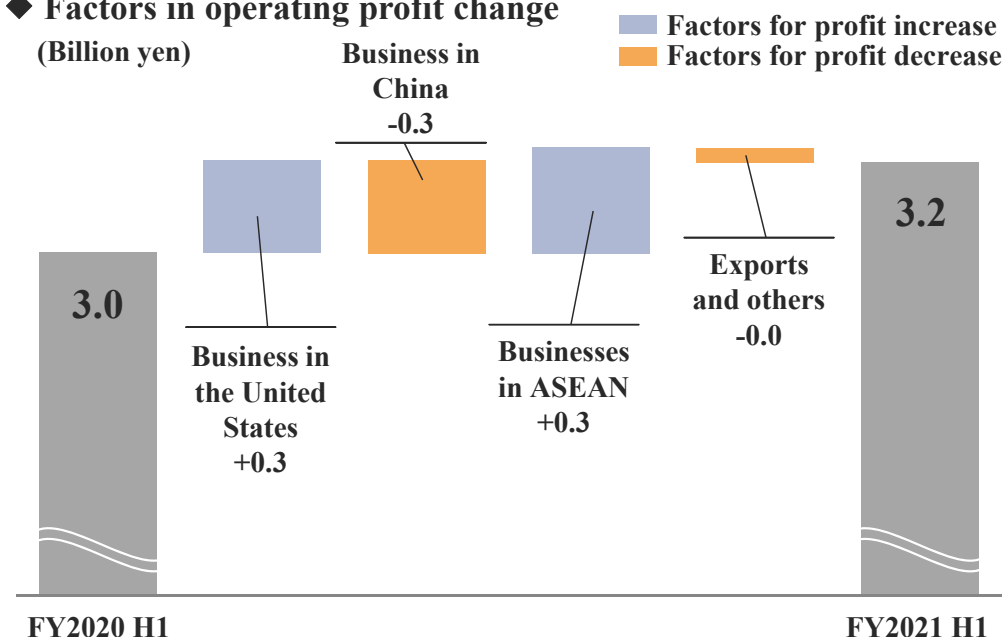
FY2021 First Half International Food Business

Billion yen	FY2021 H1			
	Results	Year on year		Year on year in local currency
Net sales	19.4	+1.2	+6.4%	+3.2%
Operating profit	3.2	+0.3	+8.6%	+4.7%
ROS	16.6%	+0.3Pt		

◆ Breakdown of sales (main factors)

Business in the United States	7.4	+0.6	+8.8%	+8.6%
Tofu business	6.7	+0.5	+7.6%	+7.3%
Business in China	4.3	+0.6	+16.8%	+6.8%
Businesses in ASEAN	5.5	+0.2	+3.6%	+1.5%
Thailand	5.3	+0.1	+1.9%	-0.2%

◆ Factors in operating profit change (Billion yen)



Maintained growth momentum in three priority areas (United States, China and ASEAN)

◇ Tofu business in the United States

- Expansion in capacity at LA Plant the previous fiscal year to meet the needs of the growing PBF market contributed to performance. Production efficiency, which had been a issue, also improved.
- Sharply rising raw materials and packaging costs and production worker shortages posed issues.

◇ Curry business in China

- Household use: Affected by absence of demand seen the previous fiscal year and decreased footfall at physical stores due to sporadic outbreaks of COVID-19.
- Food service use: Flexibly adapted to changes in distribution including the development of ghost kitchens. Achieved growth exceeding pre-COVID levels thanks to the advantages of Japanese curry (in terms of novelty and operations).

◇ Functional drinks business in Thailand

- Deliveries in the traditional market were encouraged partly due to government measures to stimulate consumption.
- The lighter tax burden also contributed to performance (Excise tax rate: 1st half of previous fiscal year 10% → 1st half of current fiscal year 3%).
- Launched new products aiming to develop new vitamin-taking opportunities.

China: Examples of marketing of food service products

Self-heating meal box



Omu Curry



Thailand: New C-vitt products

Big Pack



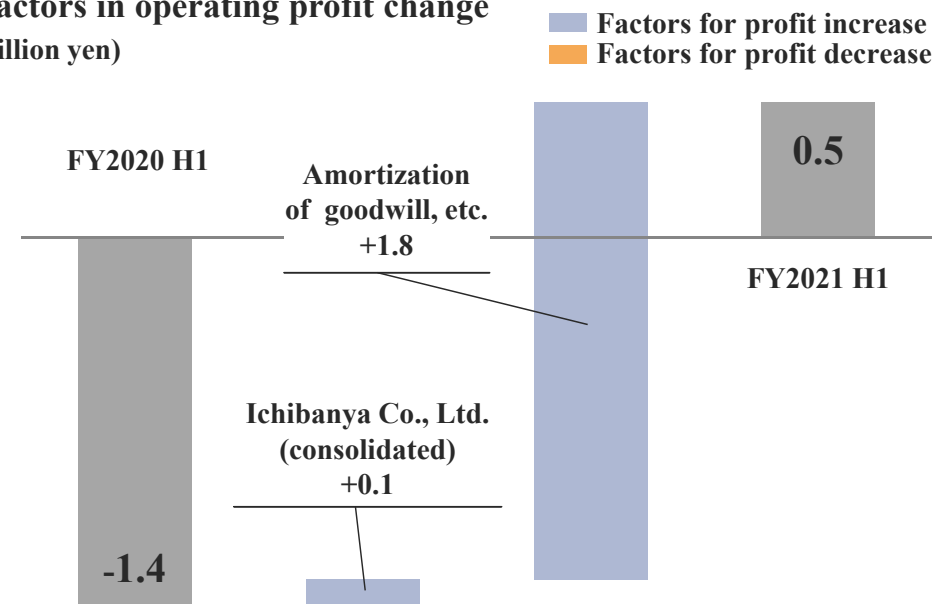
C-vitt Plus Collagen Fiber



FY2021 First Half Restaurant Business

Billion yen	FY2021 H1		
	Results	Year on year	
Net sales	22.1	+0.4	+2.0%
Operating profit	0.5	+2.0	—
ROS	2.4%	+9.0Pt	
◆ Breakdown of sales (main factors)			
Ichibanya Co., Ltd. (consolidated)	22.0	+0.4	+2.1%
Ichibanya Co., Ltd. (non-consolidated)	19.1	-0.3	-1.7%
Overseas and others	2.9	+0.8	+37.1%

◆ Factors in operating profit change (Billion yen)



◆ Changes in net sales and the number of stores of Ichibanya Co., Ltd. (Year on year)

	All restaurants		Existing restaurants		Number of stores	
	Net sales	Net sales	Number of customers	Average sales per customer	(All business categories)	
Japan	-1.6%	-1.0%	-3.1%	+2.2%	1,271	(-14)
Overseas	+18.3%	+11.9%	—	—	189	(+2)

- States of emergency were repeatedly declared. Restaurants shortened their operating hours for prolonged periods of time and recovery was slower than expected.
- Profit was boosted approx. 1.8 billion yen by the fact that, the previous fiscal year, impairment losses were recorded and goodwill was fully amortized.

◆ Japan

- Continued to strengthen ability to meet takeout and delivery demand.
Number of stores handling home delivery: 934 (up 194 YoY), meal box sales: up 11.8% YoY
- Improved QSC at stores
Held National Cooking Contest and Handy Operation Contest online.

◆ Overseas

- Sales recovered from major slump the previous fiscal year, though situation varied from region to region.
Sales in the United States exceeded pre-COVID levels.

National Cooking Contest



Santiago Store in the United States
(opened in March 2021)



FY2021 First Half

Other Food Related Business/Adjustment

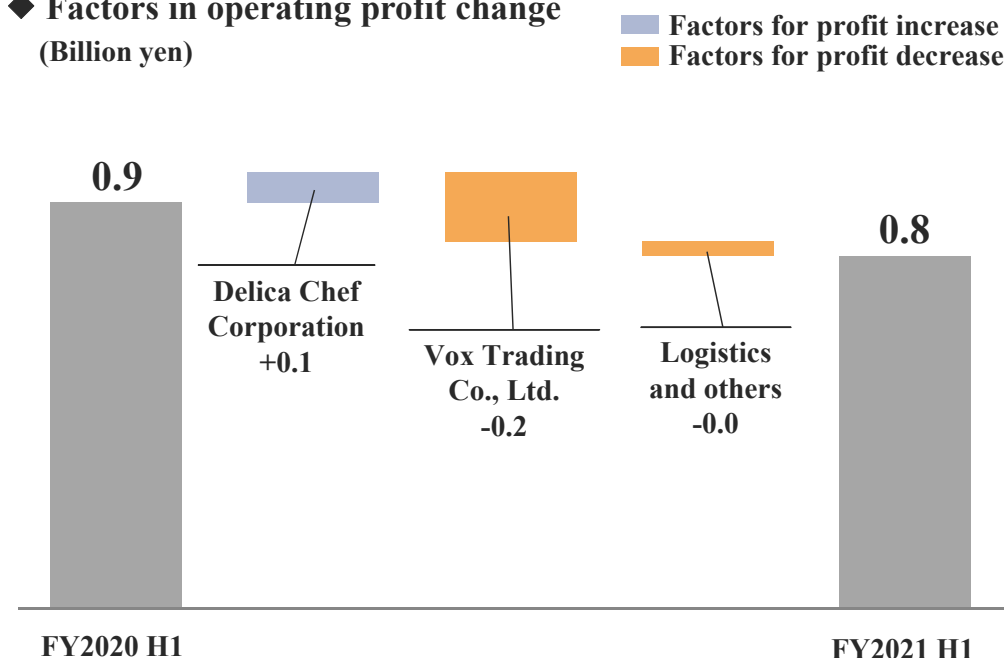
◆ Other Food Related Business

Billion yen	FY2021 H1		
	Results	Year on year	
Net sales	22.9	+2.1	+10.1%
Operating profit	0.8	-0.1	-13.2%
ROS	3.5%		-0.9Pt

◆ Breakdown of sales (main factors)

Delica Chef Corporation	9.7	+0.6	+6.6%
Vox Trading Co., Ltd. (Consolidated)	12.4	+1.5	+14.0%

◆ Factors in operating profit change (Billion yen)



◇ Delica Chef Corporation

- Sales of prepared food were brisk, and sales of baked bread also recovered. Productivity also improved.

◇ Vox Trading Co., Ltd.

- Profits fell due to sluggish food service demand, despite efforts to strengthen proposals for home meal replacements.

◆ Adjustment (elimination)

Billion yen	FY2021 H1		
	Results	Year on year	
Net sales	-4.3	+0.0	—
Operating profit	-0.6	-0.1	—

◇ Head office costs

- Increased personnel in relation to R&D and business creation.

Revised Forecast for Consolidated Income (Loss)

Supplementary Materials

Billion yen	H1			H2			Full year		
	Results	Year on year		Revised forecast	Year on year		Revised forecast	Year on year	
Net sales	124.1	+0.4	+0.4%	131.9	+5.5	+4.3%	256.0	+5.9	+2.4%
Operating profit	9.0	-0.9	-8.8%	11.0	+1.5	+15.4%	20.0	+0.6	+3.0%
Ordinary profit	10.3	+1.5	+16.9%	11.9	+0.9	+7.9%	22.2	+2.4	+11.9%
Profit attributable to owners of parent	7.2	+6.2	+625.2%	7.5	-0.3	-3.5%	14.7	+5.9	+68.0%
EBITDA* ¹	14.3	-2.3	-14.0%	16.6	+2.1	+14.8%	30.9	-0.2	-0.6%

*1 EBITDA: Operating profit (before amortization of goodwill) + Depreciation

Detailed Revised Forecast in the Full Year by Segment

Supplementary Materials

Billion yen		1H			2H			Year ending March 31, 2022		
		Results	Year on year		Revised forecast	Year on year		Revised forecast	Year on year	
Spice / Seasoning / Processed Food Business	Net sales	57.0	-2.2	-3.8%	62.3	+1.2	+1.9%	119.3	-1.1	-0.9%
	Operating profit	5.4	-2.6	-32.1%	8.3	+0.6	+8.4%	13.7	-1.9	-12.3%
	ROS	9.5%	-4.0pt		13.3%	+0.8pt		11.5%	-1.5pt	
	EBITDA margin	13.4%	-3.3pt		17.5%	+1.6pt		15.6%	-0.7pt	
Health Food Business	Net sales	7.0	-1.1	-13.0%	8.7	+1.5	+20.5%	15.7	+0.4	+2.7%
	Operating profit	-0.3	-0.3	—	0.4	+0.8	—	0.1	+0.5	—
	ROS	-4.7%	-4.1pt		5.0%	+9.8pt		0.6%	+3.2pt	
	EBITDA margin	-0.1%	-3.7pt		9.0%	+9.0pt		4.9%	+3.0pt	
International Food Business	Net sales	19.4	+1.2	+6.4%	19.6	+3.8	+23.9%	39.0	+4.9	+14.5%
	Operating profit	3.2	+0.3	+8.6%	2.1	+0.5	+28.6%	5.3	+0.7	+15.6%
	ROS	16.6%	+0.3pt		10.6%	+0.4pt		13.6%	+0.1pt	
	EBITDA margin	20.3%	+0.0pt		14.4%	-0.2pt		17.3%	-0.3pt	
Restaurant Business	Net sales	22.1	+0.4	+2.0%	23.6	+0.6	+2.5%	45.7	+1.0	+2.2%
	Operating profit	0.5	+2.0	—	0.9	+0.1	+11.7%	1.4	+2.1	—
	ROS	2.4%	+9.0pt		3.7%	+0.3pt		3.1%	+4.5pt	
	EBITDA margin	8.6%	+0.7pt		9.7%	+0.5pt		9.2%	+0.6pt	
Other Food Related Business	Net sales	22.9	+2.1	+10.1%	21.7	-1.4	-6.2%	44.6	+0.7	+1.5%
	Operating profit	0.8	-0.1	-13.2%	0.8	-0.0	-5.7%	1.6	-0.2	-9.6%
	ROS	3.5%	-0.9pt		3.7%	+0.0pt		3.6%	-0.4pt	
	EBITDA margin	4.5%	-1.0pt		5.0%	+0.2pt		4.7%	-0.4pt	
Adjustment (elimination)	Net sales	-4.3	+0.0	—	-4.0	-0.0	—	-8.3	-0.0	—
	Operating profit	-0.6	-0.1	—	-1.5	-0.5	—	-2.1	-0.6	—

Changes in Key Financial Data

Supplementary Materials

Based on old accounting standards

Based on new accounting standards

		Based on old accounting standards						Based on new accounting standards				7th medium-term plan Final target
		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020		FY2021		
								1H	Full year	1H	Full-year revised Forecast	
Net sales	Billion yen	241.9	283.8	291.9	296.7	293.7	283.8	123.7	250.1	124.1	256.0	305.0
Operating profit	Billion yen	10.8	12.3	16.3	17.6	19.0	19.4	9.9	19.4	9.0	20.0	26.0
Ordinary profit	Billion yen	12.2	14.0	17.2	19.1	20.8	19.8	8.8	19.8	10.3	22.2	—
Profit attributable to owners of parent	Billion yen	22.6	8.7	9.4	13.8	11.5	8.7	1.0	8.8	7.2	14.7	—
EBITDA	Billion yen	18.7	25.2	29.0	30.2	32.3	31.1	16.6	31.1	14.3	30.9	40.4
Capital investment	Billion yen	6.8	7.7	10.2	11.3	16.3	11.3	3.5	11.3	5.3	15.0	—
Depreciation	Billion yen	6.9	9.3	9.1	9.3	9.9	10.0	5.0	10.0	5.2	10.9	—
Cash flows from operating activities	Billion yen	12.5	21.3	23.6	20.9	24.2	23.2	7.7	23.2	5.5	—	—
Cash flows from investing activities	Billion yen	-8.3	-2.2	-13.7	-1.0	-6.4	-8.6	-5.6	-8.6	-8.1	—	—
Cash flows from financing activities	Billion yen	-3.7	-7.4	-5.3	-17.3	-7.6	-6.2	-2.3	-6.2	-6.8	—	—
Total assets	Billion yen	349.4	353.9	378.9	371.0	367.2	369.2	356.8	396.3	369.7	—	—
Net assets	Billion yen	260.3	266.6	283.7	279.1	280.9	287.3	277.6	286.9	290.1	—	—
Shareholders' equity	Billion yen	228.8	235.2	251.8	247.3	248.8	258.1	248.5	257.8	260.8	—	—
Profit per share	Yen	220.48	84.53	91.02	134.32	113.73	86.68	9.87	86.87	72.00	147.19	—
Dividend per share	Yen	30	32	38	44	46	46	23	46	23	46	—
<Our Five Key Indicators>												
ATO	Times	0.76	0.81	0.80	0.79	0.80	0.77	—	0.68	—	—	0.80
ROS	%	4.5	4.3	5.6	5.9	6.5	6.8	8.0	7.8	7.3	7.8	8.5
EBITDA margin	%	7.7	8.9	9.9	10.2	11.0	10.9	13.4	12.4	11.5	12.1	—
ROA	%	3.4	3.5	4.4	4.7	5.1	5.3	—	5.3	—	—	6.8
Equity ratio	%	65.5	66.5	66.5	66.6	67.7	69.9	69.7	69.8	70.5	—	70.6
ROE	%	10.1	3.7	3.8	5.5	4.6	3.4	—	3.5	—	5.6	6.1

House Foods Group's Philosophies and Medium-Term Business Plans



◇ Founding Philosophy

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

◇ Group Philosophy

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

◇ House Ideals (Spirit)

The Company's motto

Sincerity, Originality and Enthusiasm

The 10 House Values

- Know yourself
- Be humble in your self-confidence and pride
- Creative work brings dignity
- The advancement of House depends on the personal development of each individual
- House's strength is the strength of all of us combined
- A salary is compensation for doing useful things for society
- Being useful to society as employees and as a company
- A useful employee is a strong partner for achieving business goals
- Profits are necessary for a company to be useful to society
- The dedicated passion each one of us feels for the company is the secret to success for House

General Framework

House Foods Group's Goal

Striving to be a high quality company that provides “Healthy Life Through Foods” <Chapter 2>

Striving for Four Value Chains

- Aiming for growth alongside qualitative transformation -

Priority Themes under the Seventh and Eighth Medium-term Business Plans

For customers

Global Provision of “Healthy Life Through Foods”

Achievement of growth driven by four value chains

Realization of three GOT

Creation of new value through collaborative creation

For our employees and their families

Achievement of diversity

Implementation of job satisfaction transformation

Support for demonstrating individuality and achieving a mix of personalities

For society

Healthy people and a healthy planet

Establishment of a recycling-oriented model

Achievement of a society of healthy longevity

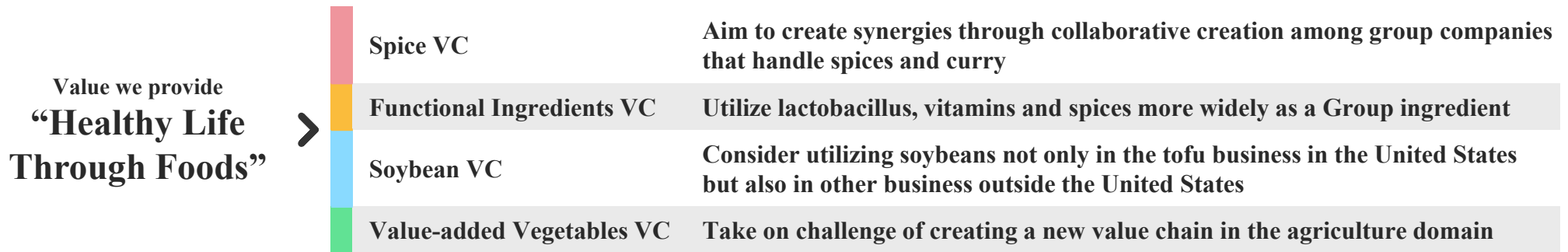
Strengthening of corporate governance



Seventh Medium-term Business Plan

Policy of Four Value Chains

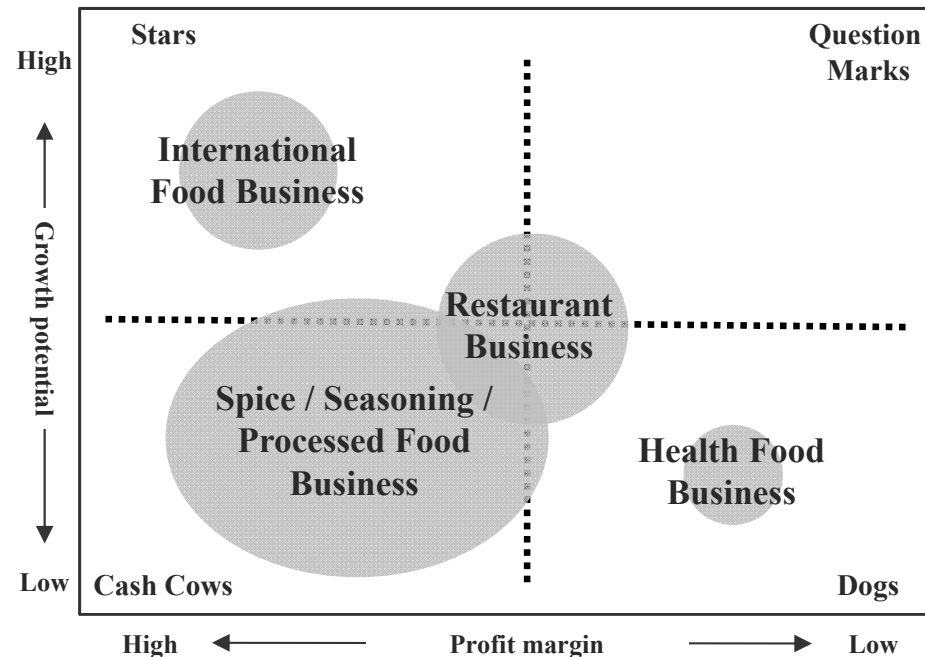
Focus the allocation of resources on the Four Value Chains with the aim of becoming a high quality company
Build on the Group's unique strengths to provide "Healthy Life Through Foods" all around the world



~Previous Medium-term Business Plans

Portfolio is unbalanced

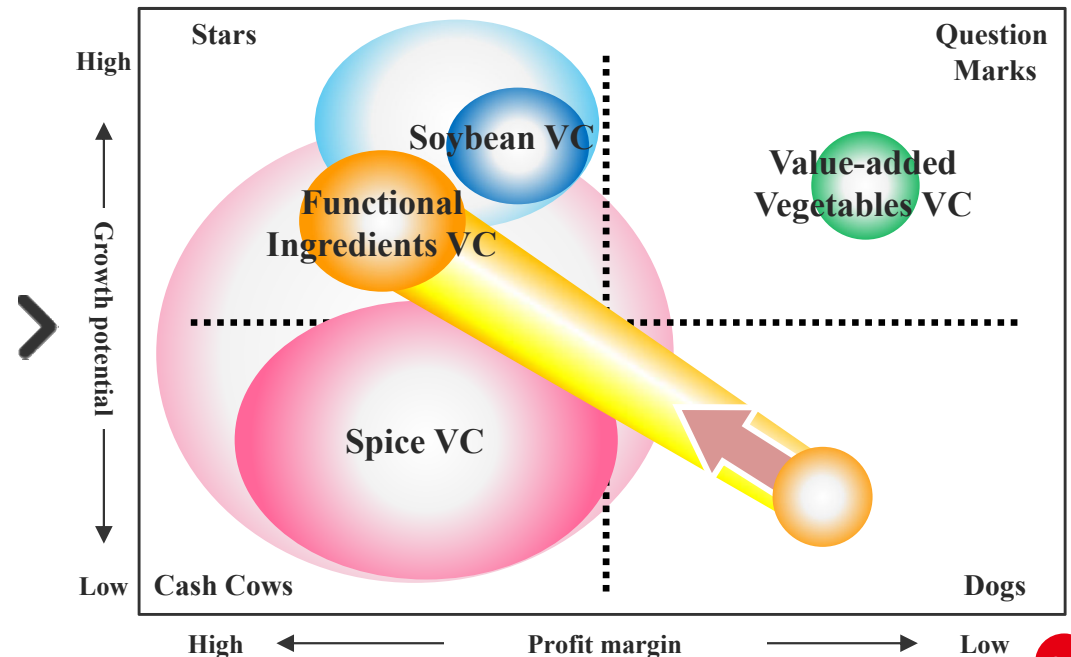
- Spice/Seasoning/Processed Food Business: Cash Cow (growth potential issue)
- International Food Business: Each business in the three priority areas has grown into a star
- Health Food Business: The segment is in the doghouse after the emergence of management issues
- Restaurant Business: Profitability has declined due to the effects of COVID-19



Future

Realization of growth story for each value chain

- Facilitate utilization of resources by reconnecting related businesses from a VC perspective
- Also pursue possibility of creating value through synergy to increase the Group's overall robustness



Seventh Medium-term Business Plan

“Three Responsibilities” KPIs

Three Responsibilities	Themes	KPI	Seventh Medium-term Business Plan	Eighth Medium-term Business Plan
For customers	- Achievement of growth driven by four VCs	Net sales	305.0 billion yen	360.0 billion yen
	- Realization of three GOT	ROS	8.5%	9.4%
	- Creation of new value through collaborative creation	EBITDA margin	13.2%	14.4%
For our employees and their families	- Implementation of job satisfaction transformation (Ease of work)	Creation of time (Management of total actual working hours)	1,850 hours	1,800 hours
	- Support for demonstration of individuality and achieving a mix of personalities	Percentage of female employees in management posts Mid-career recruitment	At least 12% New graduate/Mid-career = 6:4	At least 20% New graduate/Mid-career = 6:4
For society	- Establishment of a recycling-oriented model	Reduction of CO2 emissions Scope 1, 2	-9%	-18% * Intensity compared with FY2013
		Scope 3	-17,000 t	— * Compared with before initiatives
		Reduction of total emissions including waste	-6%	-12% * Domestic production bases Intensity compared with FY2019
			Example targets	
			- Promotion of good physical and mental health through everyday meals	
			Quicker and simpler meal preparation (complete shift toward microwaveable retort pouched products)	
			Launch of products that are low in calories, sugar and salt	
			- Market penetration of tofu as PBF and enhancement of value of tofu products	
			Increase percentage of households that purchase tofu in the United States to 10% (2023)	
	- Achievement of a society of healthy longevity	Setting of targets linked to each value chain		

Seventh Medium-term Business Plan

Consolidated Targets

Consolidated targets

Net sales **305.0** billion yen

Operating profit **26.0** billion yen

Management indicators

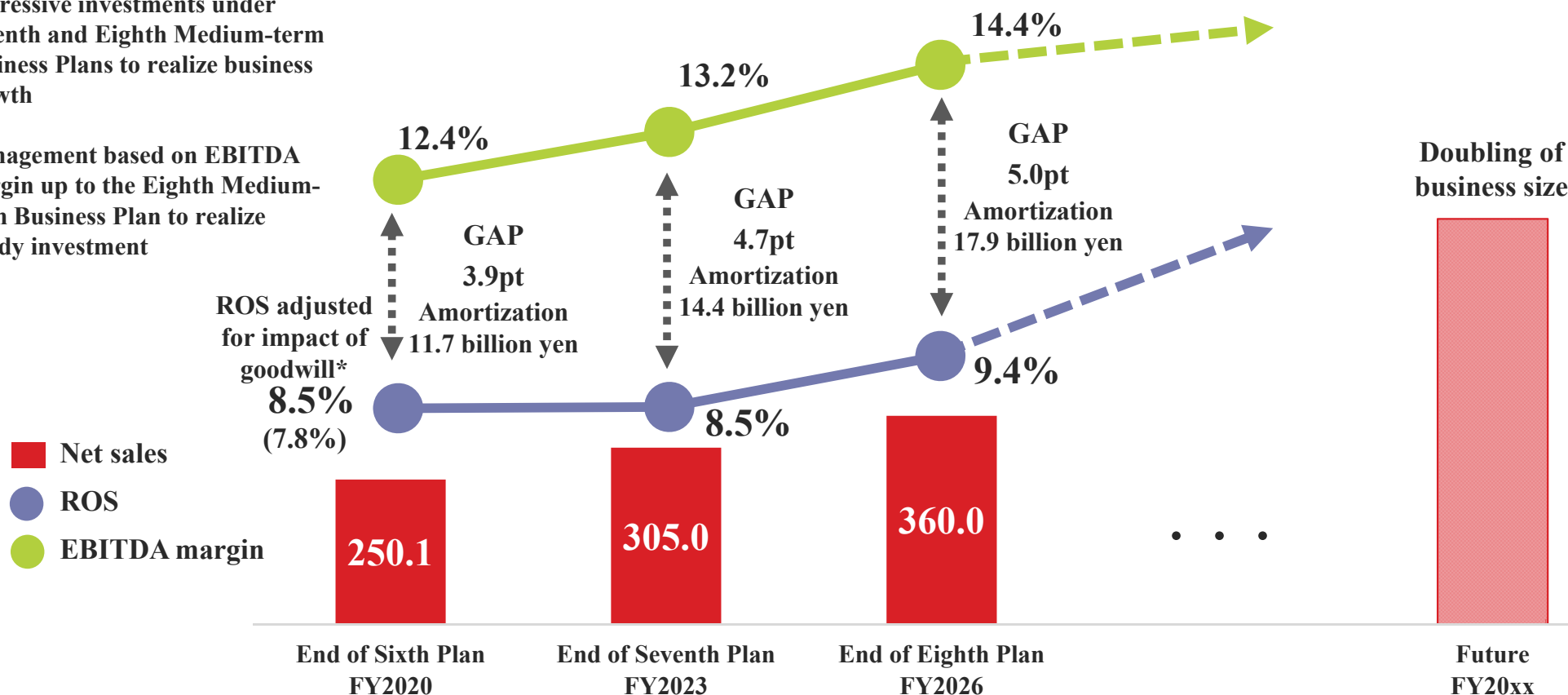
Management indicators	Targets under Seventh Medium-term Business Plan
ATO	0.80 times
ROS	8.5%
(EBITDA margin)	13.2%
ROA	6.8%
E-ratio	70.6%
ROE	6.1%

Ideal proposition

At least 1.0 times
At least 10%
—
At least 10%
—
Securing 10%

- Aggressive investments under Seventh and Eighth Medium-term Business Plans to realize business growth

- Management based on EBITDA margin up to the Eighth Medium-term Business Plan to realize steady investment



* Excludes goodwill amortization of 1.8 billion yen which arose when Ichibanya Co., Ltd. was made into a subsidiary; figure in parentheses is before the exclusion

Seventh Medium-term Business Plan

Financial Strategies

Prioritize investment to realize growth and strengthen earning capacity through the 4 VCs and strengthen shareholder returns by shrinking assets such as cross-shareholdings

Allocation of cash generated from expansion of earning capacity to growth domains as priority
→Generation of new cash flows

Cash flows from operating activities under Seventh Medium-term Business Plan

70.0 billion yen

(excludes Ichibanya)

<Domains for investment>

- Growth domains
 - Production optimization
 - GOT
 - International Food Business
 - M&A · New businesses**40.0** billion yen
(Just over 20.0 billion yen invested under Sixth Plan)
- Existing domains **20.0** billion yen
- DX / Environment **10.0** billion yen

<Shareholder returns>

- Dividends* **15.0** billion yen

Allocation of cash generated from shrinking of B/S to shareholder returns

Asset light B/S

20% reduction in cross-shareholdings

10.0 billion yen

<Shareholder returns>

- Purchase of treasury shares **12.0** billion yen

* Profit distribution policy

Continue to pay stable dividends aiming for a consolidated payout ratio of at least 30%, excluding the impact of extraordinary income (losses) or goodwill amortization arising from business combinations

Business Development Major Products by Segment

Supplementary Materials

Spice / Seasoning / Processed Food Business

House Foods Corp.

Gaban Co., Ltd. Malony Co., Ltd.



Health Food Business

House Wellness Foods Corporation

Functional spice

Vitamin

Lactobacillus



International Food Business

Restaurant Business

United States

China

ASEAN

Ichibanya Co., Ltd.



Major New Products and Varieties for Autumn and Winter 2021

◆ House Foods Corporation, House Wellness Foods Corporation

Category	Product	Suggested retail price (reference price)	On-shelf date
◆ New Products			
Curry roux	Kokumaro Keema Curry Sweet	(¥230)	Aug. 9
Hot Pot Soup	Curry Hot Pot Soup	(¥300)	Aug. 9
Retort pouched curry	JAPAN MENU AWARD	(¥314)	Aug. 9
Spice	Grated Daikon Radish, Chili Oil Paste	(¥125)	Aug. 9
Spice	Rakuchin DELI	(¥110)	Aug. 9
Seasoning Salt	Dashi no Takumi Shio	(¥183)	Aug. 9
Menu seasoning	StewP Bisque-style side dish soup base Samgyetang-style side dish soup base	(¥280)	Aug. 9
Seasoning	Katakuri Umako-san's Annomoto	(¥258)	Aug. 9
Menu seasoning	Zack Zack Fish	(¥160)	Aug. 23
Menu seasoning	Maze Tofu	(¥120)	Aug. 23
Wellness drinks	Tanpaku Days	¥198	Sep. 13
◆ Variety			
Retort pouched curry	Erabareshi Ninkiten Lamb Keema Curry	(¥314)	Aug. 9
Gratin	Hokkaido Gratin 2 servings Hokkaido Gratin Cheese 2 servings	¥170	Aug. 9
Instant Stew	Hokkaido Fondue Stew with Mug Cup	(¥188)	Aug. 9
Wellness food	Mamori-takameru lactic acid bacteria L-137 Powder stick <contains 7 sticks>	¥500	Sep. 13
◆ Renewal			
Retort pouched curry	Curry Ya Curry Assortment	(¥145)	Aug. 9

(New Products)



(Variety / Renewal)



* There are other new, variety and renewed products.



The forward-looking statements such as plans, strategies and result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.

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