

February 3, 2022

## Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended December 31, 2021 (Q3 FY2021)

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Scheduled date of commencement of dividend payment: –

Supplementary documents for quarterly results: Yes

Quarterly results briefing: None

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

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021 – December 31, 2021)

#### (1) Consolidated Results of Operations (Accumulated Total)

(Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2021	191,921	0.2	16,886	(9.1)	18,518	4.0	13,360	97.6
December 31, 2020	191,630	–	18,581	–	17,800	–	6,761	–

(Note) Comprehensive income: 15,053 million yen (102.1%) for the nine months ended December 31, 2021  
 7,448 million yen (–%) for the nine months ended December 31, 2020

	Profit per share (basic)		Profit per share (diluted)	
	Yen		Yen	
Nine months ended				
December 31, 2021	133.65		–	
December 31, 2020	67.11		–	

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

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine months ended				
December 31, 2021	374,161	292,037	70.3	2,640.53
Year ended				
March 31, 2021	369,335	286,883	69.8	2,559.12

(Reference) Shareholders' equity: As of December 31, 2021: 262,946 million yen  
 As of March 31, 2021: 257,825 million yen

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

### 2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	23.00	–	23.00	46.00
Year ending March 31, 2022	–	23.00	–		
Year ending March 31, 2022 (forecasts)				23.00	46.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentage figures represent the changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2022	256,000	2.4	20,000	3.0	22,200	11.9	14,700	68.0	147.19

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

\* Notes

- (1) Changes of important subsidiaries during the period  
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): None
- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and changes or restatement of accounting estimates
  - (i) Changes in accounting policies caused by revision of accounting standards: Yes
  - (ii) Changes in accounting policies other than (i): None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(Note) Please refer to “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 10 of the Accompanying Materials for details.
- (4) Number of shares outstanding (common shares):
  - (i) Number of shares outstanding at end of period (including treasury shares)
 

As of December 31, 2021:	100,750,620 shares
As of March 31, 2021:	100,750,620 shares
  - (ii) Number of treasury shares at end of period
 

As of December 31, 2021:	1,169,925 shares
As of March 31, 2021:	2,816 shares
  - (iii) Average number of shares outstanding during the term
 

Nine months ended December 31, 2021:	99,963,494 shares
Nine months ended December 31, 2020:	100,748,765 shares

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

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

- The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.
- For other matters related to the forecasts, please refer to “(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts” under “1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2021” on page 5 of the accompanying materials.

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## 1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2021

### (1) Details of Operating Results

The COVID-19 pandemic continued to create uncertainty about the outlook amid concern over resurgences triggered by new variants, despite a tendency for gradual recovery alongside the rollout of vaccines.

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

Net sales for the first nine months ended December 31, 2021 increased due to growth in the International Food Business and Other Food Related Business, which offset lackluster performances in the Spice/Seasoning/Processed Food Business and the Health Food Business, reflecting the absence of special demand created by at-home consumption the previous fiscal year and the dragging impact of the COVID-19 pandemic. Operating profit decreased mainly due to higher marketing expenses compared to the low levels a year earlier and rising raw materials costs, in addition to the impact of decreased sales in the Spice/Seasoning/Processed Food Business and Health Food Business, all of which offset a boost to profit from a decrease in goodwill amortization in the Restaurant Business. Ordinary profit and profit attributable to owners of parent both increased, due primarily to the recording of a gain on sale of investment securities in addition to decreases in the share of loss of entities accounted for using equity method and impairment losses which were recorded a year earlier.

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

	Nine months ended December 31, 2021	
	Amount (million yen)	Year-on-year change (%)
Net sales	191,921	100.2
Operating profit	16,886	90.9
Ordinary profit	18,518	104.0
Profit attributable to owners of parent	13,360	197.6

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021), effective from beginning of the first quarter of the fiscal year. Regarding application of said accounting standard and implementation guidance, the Company applied the new policy retrospectively to all prior periods in accordance with the principle treatment set forth in Paragraph 84 of the Accounting Standard for Revenue Recognition. Comparative analysis with the first nine months ended December 31, 2020 and the fiscal year ended March 31, 2021 are therefore based on figures after retrospective application of said standard and implementation guidance. Please refer to “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” for details.

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

Segment	Consolidated net sales		Consolidated operating profit Segment profit (loss)	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	89,605	96.3	10,218	74.7
Health Food Business	11,344	92.6	271	80.8
International Food Business	29,681	106.5	4,734	101.8
Restaurant Business	33,347	100.2	946	–
Other Food Related Business	34,344	109.5	1,278	88.4
Subtotal	198,322	100.3	17,448	90.8
Adjustment (elimination)	(6,400)	–	(561)	–
Total	191,921	100.2	16,886	90.9

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

### Spice / Seasoning / Processed Food Business

The Spice/Seasoning/Processed Food Business segment posted declines in sales and profit in the absence of special demand arising from at-home consumption a year earlier and also due to other factors such as rising raw material costs and increased depreciation and amortization.

In the products for household use business, efforts were made to improve value provided in response to changing customer needs, such as enhancing menu varieties mainly in curry and spice products, in addition to promoting a shift towards microwaveable retort pouched products. Meanwhile, in the business of products for food service use, a production line for retort pouched large volume products went into operation in July 2021, and new initiatives in growing business domains were launched.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 89,605 million yen, down 3.7% year on year, and operating profit was 10,218 million yen, down 25.3% year on year. As a result, the ratio of operating profit to net sales was 11.4%, declining 3.3 percentage points from the same period of the previous fiscal year.

### Health Food Business

The Health Food Business posted declines in sales and profit in a persistently challenging business environment, despite efforts to overhaul the profit structure through structural reforms, including withdrawal from unprofitable business and integration of the sales capabilities for products for household use in Japan.

Sales of the *Ukon No Chikara* series were down year on year, reflecting a persistent lack of opportunity to drink out, though signs of a modest recovery were seen after the lifting of the state of emergency. Sales of vitamin products such as *C1000* and *Ichinichi-bun No Vitamin* decreased as a result of withdrawal from unprofitable business. However, the effects of restructuring efforts, such as improvement in the cost ratio and the diversification of sales channels, were apparent in some areas.

As a result of the above, sales in the Health Food Business declined 7.4% year on year, to 11,344 million yen. Operating profit decreased 19.2% year on year, to 271 million yen. Consequently, the ratio of operating profit to net sales was 2.4%, declining 0.4 percentage points from a year ago.

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

The tofu business in the United States achieved higher sales, bolstered by expansion in supply capacity at the Los Angeles Plant the previous fiscal year to meet growing demand. Operating profit also increased, with higher sales offsetting rising logistics expenses and other costs.

The curry business in China reported increased sales on the back of continued growth in sales of products for household use thanks to stronger marketing measures and growth in sales of products for food service, which recovered from the previous year's slump to exceed pre-pandemic levels. Operating profit fell compared to the same period a year earlier, when the business benefited from lower costs due to restrictions on business activities.

The functional beverage business in Thailand reported lower sales in the absence of the greater-than-anticipated growth in shipments seen in the third quarter of the previous year, even though demand for vitamins remains firm. Operating profit increased mainly due to a lighter tax burden.

As a result of the above, sales in the International Food Business rose 6.5% year on year, to 29,681 million yen, and operating profit increased 1.8%, to 4,734 million yen. Consequently, the ratio of operating profit to net sales was 15.9%, declining 0.7 percentage points from a year ago.

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

The Restaurant Business segment continued to face challenging conditions, with still restaurants having no choice but to shorten their operating hours as the impact of COVID-19 dragged on.

Ichibanya Co., Ltd. endeavored to tap into demand for delivery and takeout services, including efforts to increase restaurants offering delivery services and to strongly promote takeout services through online advertising. At restaurants overseas, business improved from the dramatic slump seen the same period a year earlier, although conditions varied from region to region.

As a result of the above, sales in the Restaurant Business amounted to 33,347 million yen, rising 0.2% year on year. Operating profit was 946 million yen, growing 1,836 million yen year on year, partly because the goodwill which arose when Ichibanya Co., Ltd. was made into a consolidated subsidiary was fully amortized the previous fiscal year. Consequently, the ratio of operating profit to net sales was 2.8%, rising 5.5 percentage points from a year earlier.

### **Other Food Related Business**

Delica Chef Corporation posted gains in sales and profit as productivity improved on the back of growth of prepared food and baked bread.

Vox Trading Co., Ltd. posted higher sales due to an increase in successful tenders for MA rice (minimum access rice). However, profit was lower, reflecting sluggish food service demand due to the COVID-19 pandemic.

As a result of the above, sales in Other Food Related Business increased 9.5% year on year, to 34,344 million yen, and operating profit declined 11.6% year on year, to 1,278 million yen. Consequently, the ratio of operating profit to net sales was 3.7%, declining 0.9 percentage points from a year ago.

## **(2) Details of Financial Position**

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

Total assets were 374,161 million yen, an increase of 4,826 million yen from the end of the previous consolidated fiscal year.

Current assets stood at 157,843 million yen, an increase of 904 million yen mainly due to increases in notes and accounts receivable - trade and merchandise and finished goods, despite decreases in cash and deposits and securities.

Non-current assets rose 3,921 million yen, to 216,317 million yen, with increases in software and investment securities offsetting decreases in software in progress and construction in progress.

Liabilities stood at 82,123 million yen, a decrease of 329 million yen from the end of the previous consolidated fiscal year.

Current liabilities were up 797 million yen, to 52,707 million yen, mainly due to an increase in notes and accounts payable-trade, while accounts payable – other and income taxes payable decreased. Non-current liabilities declined 1,126 million yen, to 29,417 million yen, chiefly due to a decrease in deferred tax liabilities.

Net assets stood at 292,037 million yen, an increase of 5,154 million yen from the end of the previous consolidated fiscal year, mainly because of an increase in retained earnings thanks to profit attributable to owners of parent and an increase in foreign currency translation adjustment, offsetting an increase in treasury shares due to the purchase of treasury shares and a decrease in valuation difference on available-for-sale securities.

As a result, the equity ratio stood at 70.3% (compared with 69.8% at the end of the previous fiscal year), and net assets per share amounted to 2,640.53 yen (2,559.12 yen at the end of the previous fiscal year) at the end of the first nine months of the fiscal year under review.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the first quarter and applied this accounting policy to all prior periods.

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

The consolidated business performance forecast for the fiscal year ending March 31, 2022 remains unchanged from the business performance forecast announced on November 5, 2021.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2021)	End of third quarter of the fiscal year under review (As of December 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	78,905	70,960
Notes and accounts receivable - trade	43,104	53,453
Securities	9,515	6,012
Merchandise and finished goods	12,634	13,816
Work in process	2,301	2,614
Raw materials and supplies	5,185	5,719
Other	5,472	5,362
Allowance for doubtful accounts	(177)	(93)
<b>Total current assets</b>	<b>156,939</b>	<b>157,843</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	33,504	33,749
Machinery, equipment and vehicles, net	17,639	19,452
Land	31,940	31,804
Lease assets, net	1,586	1,592
Construction in progress	3,138	2,505
Other, net	2,134	2,014
<b>Total property, plant and equipment</b>	<b>89,942</b>	<b>91,116</b>
<b>Intangible assets</b>		
Goodwill	312	279
Trademark right	19,370	18,980
Software	1,554	4,212
Contract-related intangible assets	19,802	19,202
Software in progress	2,268	379
Other	714	749
<b>Total intangible assets</b>	<b>44,021</b>	<b>43,800</b>
<b>Investments and other assets</b>		
Investment securities	60,268	62,374
Long-term loans receivable	1	1
Deferred tax assets	782	628
Long-term time deposits	1,000	1,000
Retirement benefit asset	9,947	10,661
Distressed receivables	638	626
Long-term deposits	1,080	1,074
Other	6,609	6,907
Allowance for doubtful accounts	(1,892)	(1,870)
<b>Total investments and other assets</b>	<b>78,433</b>	<b>81,400</b>
<b>Total non-current assets</b>	<b>212,396</b>	<b>216,317</b>
<b>Total assets</b>	<b>369,335</b>	<b>374,161</b>



(Million yen)

	End of previous fiscal year (As of March 31, 2021)	End of third quarter of the fiscal year under review (As of December 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	16,781	21,765
Electronically recorded obligations - operating	1,847	2,171
Short-term borrowings	3,650	3,830
Lease liabilities	519	598
Accounts payable - other	11,403	8,558
Income taxes payable	3,814	2,211
Provision for bonuses	476	227
Provision for bonuses for directors (and other officers)	80	45
Provision for shareholder benefit program	92	78
Asset retirement obligations	12	7
Other	13,238	13,216
<b>Total current liabilities</b>	<b>51,910</b>	<b>52,707</b>
<b>Non-current liabilities</b>		
Long-term borrowings	96	196
Lease liabilities	1,142	1,055
Long-term accounts payable - other	215	173
Deferred tax liabilities	21,976	20,775
Retirement benefit liability	1,948	2,041
Asset retirement obligations	738	812
Long-term guarantee deposits	3,984	3,888
Other	442	478
<b>Total non-current liabilities</b>	<b>30,542</b>	<b>29,417</b>
<b>Total liabilities</b>	<b>82,452</b>	<b>82,123</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	9,948	9,948
Capital surplus	22,829	22,829
Retained earnings	199,623	208,373
Treasury shares	(11)	(3,984)
<b>Total shareholders' equity</b>	<b>232,389</b>	<b>237,166</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	20,364	19,254
Deferred gains or losses on hedges	(34)	21
Foreign currency translation adjustment	(356)	1,768
Remeasurements of defined benefit plans	5,462	4,737
<b>Total accumulated other comprehensive income</b>	<b>25,437</b>	<b>25,780</b>
<b>Non-controlling interests</b>	<b>29,058</b>	<b>29,091</b>
<b>Total net assets</b>	<b>286,883</b>	<b>292,037</b>
<b>Total liabilities and net assets</b>	<b>369,335</b>	<b>374,161</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

(First six-month period)

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2020 - December 31, 2020)	First nine-month period of the fiscal year under review (April 1, 2021 - December 31, 2021)
<b>Net sales</b>	191,630	191,921
<b>Cost of sales</b>	116,416	118,864
<b>Gross profit</b>	75,213	73,057
<b>Selling, general and administrative expenses</b>	56,632	56,171
<b>Operating profit</b>	18,581	16,886
<b>Non-operating income</b>		
Interest income	161	142
Dividend income	402	410
Rental income from buildings	596	639
Foreign exchange gains	–	242
Subsidy income	69	865
Other	447	350
<b>Total non-operating income</b>	1,675	2,648
<b>Non-operating expenses</b>		
Interest expenses	39	35
Rental expenses	474	519
Foreign exchange losses	450	–
Share of loss of entities accounted for using equity method	1,323	21
Litigation expenses	–	278
Other	169	163
<b>Total non-operating expenses</b>	2,455	1,016
<b>Ordinary profit</b>	17,800	18,518
<b>Extraordinary income</b>		
Gain on sale of non-current assets	2	62
Gain on sale of investment securities	33	3,099
Gain on sale of restaurants	84	65
Other	–	10
<b>Total extraordinary income</b>	118	3,237
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	11	0
Loss on retirement of non-current assets	78	125
Loss on sale of investment securities	13	–
Loss on valuation of investment securities	3	14
Impairment loss	9,275	151
Other	13	0
<b>Total extraordinary losses</b>	9,394	291
<b>Profit before income taxes</b>	8,525	21,464
<b>Income taxes</b>	3,555	6,571
<b>Profit</b>	4,970	14,893
Profit attributable to		
Profit attributable to owners of parent	6,761	13,360
Profit (loss) attributable to non-controlling interests	(1,791)	1,533

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2020 - December 31, 2020)	First nine-month period of the fiscal year under review (April 1, 2021 - December 31, 2021)
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,440	(1,342)
Deferred gains or losses on hedges	(29)	63
Foreign currency translation adjustment	(829)	2,160
Remeasurements of defined benefit plans, net of tax	(59)	(664)
Share of other comprehensive income of entities accounted for using equity method	(43)	(58)
<b>Total other comprehensive income</b>	<b>2,479</b>	<b>160</b>
<b>Comprehensive Income</b>	<b>7,448</b>	<b>15,053</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,169	13,704
Comprehensive income attributable to non-controlling interests	(1,721)	1,350

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### Notes Relating to Assumptions for the Going Concern

Not applicable.

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

The Company completed the purchase of 1,175,000 treasury shares based on a resolution at the meeting of the Board of Directors held on May 11, 2021. Consequently, during the first nine months of the fiscal year under review, treasury shares increased 3,973 million yen, standing at 3,984 million yen at the end of the first nine months of the fiscal year under review.

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

##### (Calculation of tax expenses)

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

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

#### Changes in Accounting Policies

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

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

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

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

A comparison of financial statements for the first nine-month period of the previous fiscal year after retrospective application compared with before shows that net sales decreased by 25,516 million yen, costs of sales decreased by 2,295 million yen, selling, general administrative expenses decreased by 23,266 million yen, and non-operating income decreased by 38 million yen, whilst operating profit increased by 44 million yen and ordinary profit and profit before income taxes each increased by 6 million yen.

## Additional Information

(Impacts of COVID-19 on accounting estimates)

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

## Segment Information

I. First nine-month period of previous fiscal year (April 1, 2020 - December 31, 2020)

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

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	89,791	11,999	27,796	33,232	28,768	191,586	–	191,586	44	191,630
Sales and transfer – inter-segment	3,280	246	83	36	2,587	6,232	–	6,232	(6,232)	–
Total	93,071	12,246	27,878	33,269	31,354	197,819	–	197,819	(6,189)	191,630
Segment profit (loss)	13,675	336	4,649	(889)	1,447	19,217	–	19,217	(636)	18,581

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

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

(2) "Segment profit (loss)" includes a profit of -636 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

(Note) 2. "Segment profit" has been adjusted, with operating profit recorded in the consolidated financial statements.

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

(Important impairment losses on non-current assets)

During the first nine months under review, the Company recognized an impairment loss of 9,128 million yen relating to the goodwill and other intangible assets which arose when the Company made Ichibanya Co., Ltd. into a consolidated subsidiary, and an impairment loss of 147 million yen associated with decline in the profitability of restaurant assets, etc. in the Restaurant Business segment.

(Significant fluctuation in the amount of goodwill)

There was significant fluctuation in the amount of goodwill in the Restaurant Business segment due to the recognition of an impairment loss relating to goodwill. The decrease in goodwill as a result is 854 million yen. The amount stated in (Important impairment loss on non-current assets) above includes impairment loss relating to goodwill.

II. First nine-month period of the fiscal year under review (April 1, 2021 - December 31, 2021)

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

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	86,063	11,123	29,575	33,258	31,826	191,844	–	191,844	77	191,921
Sales and transfer – inter-segment	3,542	221	106	89	2,518	6,478	–	6,478	(6,478)	–
Total	89,605	11,344	29,681	33,347	34,344	198,322	–	198,322	(6,400)	191,921
Segment profit (loss)	10,218	271	4,734	946	1,278	17,448	–	17,448	(561)	16,886

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

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

(2) “Segment profit (loss)” includes a profit of -561 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

(Note) 2. “Segment profit” has been adjusted, with operating profit recorded in the consolidated financial statements.

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

(Important impairment losses on non-current assets)

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

3. Matters related to change in reporting segments

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

Segment information for the first nine-month period of the previous fiscal year has been restated to reflect the change in methods for measuring segment profit or loss.

### 3. Supplementary Information

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

#### (1) Business Results

##### Consolidated

(Million yen)

	First three quarters of FY2020		First three quarters of FY2021		FY2020		FY2021 Revised Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	191,630	–	191,921	100.2%	250,066	–	256,000	102.4%
Operating profit	18,581	–	16,886	90.9%	19,413	–	20,000	103.0%
Ordinary profit	17,800	–	18,518	104.0%	19,837	–	22,200	111.9%
Profit attributable to owners of parent	6,761	–	13,360	197.6%	8,752	–	14,700	168.0%
Comprehensive income	7,448	–	15,053	202.1%	–	–	–	–

##### Net sales by business segment

Net sales	FY2020		FY2021		FY2020		FY2021 Revised Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	93,071	–	89,605	96.3%	120,380	–	119,300	99.1%
Health Food Business	12,246	–	11,344	92.6%	15,281	–	15,700	102.7%
International Food Business	27,878	–	29,681	106.5%	34,056	–	39,000	114.5%
Restaurant Business	33,269	–	33,347	100.2%	44,698	–	45,700	102.2%
Other Food Related Business	31,354	–	34,344	109.5%	43,922	–	44,600	101.5%
Adjustment	(6,189)	–	(6,400)	–	(8,271)	–	(8,300)	–

##### Operating profit by business segment

Operating profit	FY2020		FY2021		FY2020		FY2021 Revised Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	13,675	–	10,218	74.7%	15,614	–	13,700	87.7%
Health Food Business	336	–	271	80.8%	(396)	–	100	–
International Food Business	4,649	–	4,734	101.8%	4,584	–	5,300	115.6%
Restaurant Business	(889)	–	946	–	(660)	–	1,400	–
Other Food Related Business	1,447	–	1,278	88.4%	1,770	–	1,600	90.4%
Adjustment	(636)	–	(561)	–	(1,498)	–	(2,100)	–

#### (2) Number of Group Companies

	First three quarters of FY2020		First three quarters of FY2021		FY2020	
	Number	Number	Number	Number	Number	Number
Consolidated subsidiaries		36		37		37
Japan		14		15		15
Overseas		22		22		22
Equity-method affiliate		5		5		5
Japan		2		2		2
Overseas		3		3		3

### (3) Consolidated Statements of Income

#### 1. Consolidated Statements of Income

(Million yen)

	First three quarters of FY2020		First three quarters of FY2021		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
<b>Net sales</b>	<b>191,630</b>	<b>100.0%</b>	<b>191,921</b>	<b>100.0%</b>	<b>292</b>	<b>0.2%</b>
<By business segment>						
Spice / Seasoning / Processed Food Business	93,071	48.6%	89,605	46.7%	(3,466)	(3.7%)
Health Food Business	12,246	6.4%	11,344	5.9%	(902)	(7.4%)
International Food Business	27,878	14.5%	29,681	15.5%	1,803	6.5%
Restaurant Business	33,269	17.4%	33,347	17.4%	79	0.2%
Other Food Related Business	31,354	16.4%	34,344	17.9%	2,989	9.5%
Adjustment	(6,189)	(3.2%)	(6,400)	(3.3%)	(211)	—
Cost of sales	116,416	60.8%	118,864	61.9%	2,448	2.1%
Selling, general and administrative expenses	56,632	29.6%	56,171	29.3%	(462)	(0.8%)
Advertising expenses	5,520	2.9%	6,117	3.2%	597	10.8%
Transportation and storage costs	8,312	4.3%	8,191	4.3%	(122)	(1.5%)
Sales commission	87	0.0%	86	0.0%	(1)	(1.4%)
Promotion expenses	1,843	1.0%	2,199	1.1%	355	19.3%
Personnel expenses	21,206	11.1%	20,817	10.8%	(389)	(1.8%)
Research and development expenses	3,124	1.6%	3,226	1.7%	102	3.3%
Amortization of goodwill	1,708	0.9%	33	0.0%	(1,675)	(98.0%)
Other	14,831	7.7%	15,502	8.1%	671	4.5%
<b>Operating profit</b>	<b>18,581</b>	<b>9.7%</b>	<b>16,886</b>	<b>8.8%</b>	<b>(1,695)</b>	<b>(9.1%)</b>
Non-operating income	1,675	0.9%	2,648	1.4%	973	58.1%
Non-operating expenses	2,455	1.3%	1,016	0.5%	(1,440)	(58.6%)
<b>Ordinary profit</b>	<b>17,800</b>	<b>9.3%</b>	<b>18,518</b>	<b>9.6%</b>	<b>718</b>	<b>4.0%</b>
Extraordinary income	118	0.1%	3,237	1.7%	3,119	2,636.2%
Extraordinary losses	9,394	4.9%	291	0.2%	(9,102)	(96.9%)
Profit before income taxes	8,525	4.4%	21,464	11.2%	12,939	151.8%
Income taxes	3,555	1.9%	6,571	3.4%	3,015	84.8%
Profit	4,970	2.6%	14,893	7.8%	9,924	199.7%
Profit attributable to						
<b>Profit attributable to owners of parent</b>	<b>6,761</b>	<b>3.5%</b>	<b>13,360</b>	<b>7.0%</b>	<b>6,599</b>	<b>97.6%</b>
Profit (loss) attributable to non-controlling interests	(1,791)	(0.9%)	1,533	0.8%	3,325	—
<b>Comprehensive income</b>	<b>7,448</b>	<b>3.9%</b>	<b>15,053</b>	<b>7.8%</b>	<b>7,605</b>	<b>102.1%</b>



**2. Major Factors for Changes in Operating Profit (Year on Year)**

(Million yen)

Decrease in gross profit	(2,156)
Increase in marketing costs (sum of advertising expenses, sales commission and promotion expenses)	(951)
Decrease in amortization of goodwill	1,675
Decrease in personnel expenses	389
Decrease in transportation and storage costs	122
Increase in other expenses	(774)

**3. Non-Operating Income (Expenses)**

(Million yen)

	First three quarters of FY2020	First three quarters of FY2021	Year-on-year change
Interest income	161	142	(19)
Dividend income	402	410	9
Rental income from buildings	596	639	44
Foreign exchange gains	–	242	242
Subsidy income	69	865	796
Other	447	350	(98)
<b>Total non-operating income</b>	<b>1,675</b>	<b>2,648</b>	<b>973</b>
Interest expenses	39	35	(5)
Rental expenses	474	519	45
Foreign exchange losses	450	–	(450)
Share of loss of entities accounted for using equity method	1,323	21	(1,301)
Litigation expenses	–	278	278
Other	169	163	(6)
<b>Total non-operating expenses</b>	<b>2,455</b>	<b>1,016</b>	<b>(1,440)</b>

**4. Extraordinary Income (Losses)**

(Million yen)

	First three quarters of FY2020	First three quarters of FY2021	Year-on-year change
Gain on sale of non-current assets	2	62	60
Gain on sale of investment securities	33	3,099	3,067
Gain on sale of restaurants	84	65	(18)
Other	–	10	10
<b>Total extraordinary income</b>	<b>118</b>	<b>3,237</b>	<b>3,119</b>
Loss on sale of non-current assets	11	0	(11)
Loss on retirement of non-current assets	78	125	47
Loss on sale of investment securities	13	–	(13)
Loss on valuation of investment securities	3	14	11
Impairment losses	9,275	151	(9,123)
Other	13	0	(13)
<b>Total extraordinary losses</b>	<b>9,394</b>	<b>291</b>	<b>(9,102)</b>

## 5. Quarterly Statements

### Consolidated

(Million yen)

	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Net sales	59,750	63,935	67,945		191,630	61,636	62,491	67,794		191,921
Year-on-year change	-	-	-		-	1,886	(1,444)	(150)		292
Operating profit	4,431	5,475	8,675		18,581	5,690	3,341	7,855		16,886
Year-on-year change	-	-	-		-	1,259	(2,134)	(820)		(1,695)
Ordinary profit	4,515	4,324	8,962		17,800	6,345	3,991	8,182		18,518
Year-on-year change	-	-	-		-	1,830	(333)	(780)		718
Profit (loss) attributable to owners of parent	2,812	(1,818)	5,767		6,761	4,073	3,138	6,149		13,360
Year-on-year change	-	-	-		-	1,261	4,956	383		6,599
Comprehensive income	2,976	(2,902)	7,375		7,448	5,032	4,734	5,288		15,053
Year-on-year change	-	-	-		-	2,055	7,636	(2,087)		7,605

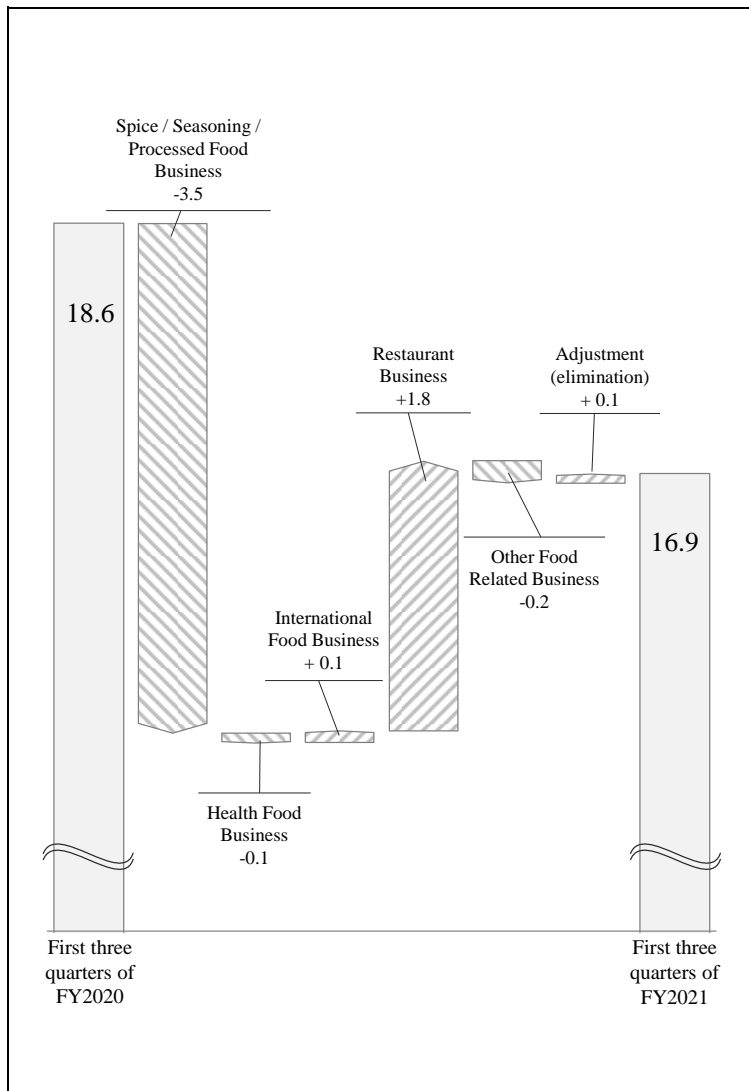
### Net sales by business segment

Net sales	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	29,328	29,872	33,871		93,071	27,631	29,334	32,640		89,605
Year-on-year change	-	-	-		-	(1,696)	(538)	(1,231)		(3,466)
Health Food Business	3,739	4,355	4,152		12,246	3,351	3,689	4,305		11,344
Year-on-year change	-	-	-		-	(389)	(666)	153		(902)
International Food Business	8,095	10,170	9,614		27,878	9,813	9,627	10,241		29,681
Year-on-year change	-	-	-		-	1,718	(543)	628		1,803
Restaurant Business	10,426	11,242	11,600		33,269	11,126	10,979	11,242		33,347
Year-on-year change	-	-	-		-	700	(262)	(359)		79
Other Food Related Business	10,676	10,086	10,593		31,354	11,675	11,192	11,477		34,344
Year-on-year change	-	-	-		-	999	1,106	884		2,989
Adjustment	(2,514)	(1,790)	(1,885)		(6,189)	(1,960)	(2,330)	(2,111)		(6,400)
Year-on-year change	-	-	-		-	554	(540)	(225)		(211)

### Operating profit by business segment

Operating profit	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	4,275	3,682	5,718		13,675	3,075	2,326	4,816		10,218
Year-on-year change	-	-	-		-	(1,199)	(1,356)	(902)		(3,457)
ROS	14.6%	12.3%	16.9%		14.7%	11.1%	7.9%	14.8%		11.4%
Health Food Business	(223)	171	388		336	(163)	(170)	604		271
Year-on-year change	-	-	-		-	60	(341)	216		(65)
ROS	(6.0%)	3.9%	9.3%		2.7%	(4.9%)	(4.6%)	14.0%		2.4%
International Food Business	1,010	1,963	1,676		4,649	1,983	1,244	1,507		4,734
Year-on-year change	-	-	-		-	973	(718)	(170)		85
ROS	12.5%	19.3%	17.4%		16.7%	20.2%	12.9%	14.7%		15.9%
Restaurant Business	(927)	(516)	554		(889)	350	176	420		946
Year-on-year change	-	-	-		-	1,277	692	(133)		1,836
ROS	(8.9%)	(4.6%)	4.8%		(2.7%)	3.1%	1.6%	3.7%		2.8%
Other Food Related Business	508	413	526		1,447	471	328	479		1,278
Year-on-year change	-	-	-		-	(37)	(85)	(47)		(168)
ROS	4.8%	4.1%	5.0%		4.6%	4.0%	2.9%	4.2%		3.7%
Adjustment	(212)	(238)	(187)		(636)	(27)	(563)	28		(561)
Year-on-year change	-	-	-		-	185	(325)	215		75

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



Billion yen	Year-on-year change
Spice / Seasoning / Processed Food Business	(3.5)
Change in sales	(1.5)
Change in cost of sales ratio	(0.6)
Marketing costs	(1.2)
Other expenses	+0.3
GABAN and other affiliated companies, adjustment	(0.4)
Health Food Business	(0.1)
Change in sales	(1.0)
Change in cost of sales ratio	+0.6
Marketing costs	(0.0)
Other expenses	+0.3
International Food Business	+0.1
Business in the United States	+0.4
Business in China	(0.3)
Functional drinks business in Thailand	+0.0
Restaurant Business	+1.8
Ichibanya Co., Ltd. (Consolidated)	(0.0)
Amortization of goodwill, etc.	+1.8
Other Food Related Business	(0.2)
Delica Chef Corporation	+0.1
Vox Trading Co., Ltd. (Consolidated)	(0.2)
Adjustment (elimination)	+0.1
Changes in operating profit	(1.7)

#### (4) Consolidated Balance Sheets

##### Consolidated Balance Sheets

(Million yen)

	FY2020		First three quarters of FY2021		Increase/decrease from end of FY2020	Major factors for increase/ decrease
	Amount	Percentage	Amount	Percentage	Amount	
Current assets	156,939	42.5%	157,843	42.2%	904	Increase in notes and accounts receivable - trade 10,349 Increase in Inventories 2,029 Decrease in cash and deposits (7,945) Decrease in securities (3,503)
Non-current assets	212,396	57.5%	216,317	57.8%	3,921	Increase in software 2,658 Increase in investment securities 2,106 Increase in machinery, equipment and vehicles 1,813 Decrease in software in progress (1,889) Decrease in construction in progress (633)
<b>Total assets</b>	<b>369,335</b>	<b>100.0%</b>	<b>374,161</b>	<b>100.0%</b>	<b>4,826</b>	
Current liabilities	51,910	14.1%	52,707	14.1%	797	Increase in notes and accounts payable - trade 4,984 Decrease in accounts payable - other (2,845) Decrease in income taxes payable (1,603)
Non-current liabilities	30,542	8.3%	29,417	7.9%	(1,126)	Decrease in deferred tax liabilities (1,202) Increase in long-term borrowings 100
<b>Total liabilities</b>	<b>82,452</b>	<b>22.3%</b>	<b>82,123</b>	<b>21.9%</b>	<b>(329)</b>	
Total shareholders' equity	232,389	62.9%	237,166	63.4%	4,777	Increase in retained earnings 8,750 Increase in treasury shares (3,973)
Total accumulated other comprehensive income	25,437	6.9%	25,780	6.9%	344	Increase in foreign currency translation adjustment 2,124 Decrease in valuation difference on available-for-sale securities (1,110)
Non-controlling interests	29,058	7.9%	29,091	7.8%	34	
<b>Total net assets</b>	<b>286,883</b>	<b>77.7%</b>	<b>292,037</b>	<b>78.1%</b>	<b>5,154</b>	
<b>Total liabilities and net assets</b>	<b>369,335</b>	<b>100.0%</b>	<b>374,161</b>	<b>100.0%</b>	<b>4,826</b>	

## (5) Capital Investment

### Consolidated

(Million yen)

	First three quarters of FY2020	First three quarters of FY2021	FY2021 Forecast
Capital investment	6,476	7,999	15,000
Leases	344	496	500
Total	6,820	8,496	15,500

## (6) Depreciation

### Consolidated

(Million yen)

	First three quarters of FY2020	First three quarters of FY2021	FY2021 Forecast
Depreciation	7,500	8,022	10,900
Lease payments	257	225	300
Total	7,757	8,246	11,200

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

## (7) Major Management Indicators, etc.

### Consolidated

	FY2020	First three quarters of FY2021	FY2021 Revised Forecast
Profit per share	86.87 yen	133.65 yen	147.19 yen
Net assets per share	2,559.12 yen	2,640.53 yen	—
ATO (Asset turnover)	0.68 times	—	—
Ratio of operating profit to net sales	7.8%	8.8%	7.8%
EBITDA margin	12.4%	13.0%	12.1%
Ratio of ordinary profit to net sales	7.9%	9.6%	8.7%
Ratio of operating profit to total assets	5.3%	—	—
ROE (Return on equity)	3.5%	—	5.6%
Equity ratio	69.8%	70.3%	—
Dividend per share	46.00 yen	—	46.00 yen
Dividend payout ratio	53.0%	—	31.3%
Dividend payout ratio according to the basic policy on the return of earnings to shareholders	29.6%	—	31.0%

\* Basic policy on the payment of dividends:

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

Number of employees	6,153 people	6,283 people	—
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\* Excluding those on leave of absence and part-time workers

## (8) Reference Information

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

(Billion yen)

	FY2017	FY2018	FY2019	FY2020
Curry roux	56.3	53.9	52.2	51.3
Stew roux	21.5	20.1	19.3	19.4
Hashed beef sauce roux	7.2	7.2	7.2	7.4
Retort pouched curry	69.2	72.9	77.4	81.0
Spice in total	84.2	87.7	90.3	102.6

### 2. Curry roux market trends (SRI+)

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

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

### 3. Year-on-year sales by major category (based on shipment amount)

FY2021	1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business (House Foods)							
Curry roux <sup>*1</sup>	90.6%	95.0%	100.2%		92.7%		95.1%
Retort pouched curry <sup>*1</sup>	99.1%	98.8%	92.3%		99.0%		96.8%
Stew roux <sup>*1</sup>	86.0%	103.3%	95.2%		97.1%		96.0%
Spice <sup>*1</sup>	91.8%	97.5%	92.5%		94.6%		93.9%
Food service products <sup>*1</sup>	112.7%	98.0%	103.9%		104.7%		104.4%
Health Food Business (House Wellness Foods)							
Ukon No Chikara <sup>*1</sup>	107.8%	67.8%	106.1%		82.1%		93.6%
C1000 <sup>*1</sup>	74.2%	73.8%	103.0%		74.0%		81.1%
Ichinichibun No Vitamin <sup>*1</sup>	98.2%	114.8%	102.4%		106.9%		105.5%
International Food Business (local currency basis)							
Business in the United States	109.6%	107.5%	108.3%		108.6%		108.5%
Business in China	146.0%	78.4%	109.2%		106.8%		107.6%
Functional drinks business in Thailand	114.5%	91.1%	77.0%		99.8%		90.6%
Restaurant Business (Ichibanya)							
Net sales of all domestic restaurants	104.8%	92.6%	92.8%		98.4%		96.4%
Net sales of existing domestic restaurants	105.3%	93.4%	93.9%		99.0%		97.3%
Number of customers	101.7%	92.5%	92.4%		96.9%		95.4%
Average sales per customer	103.5%	101.0%	101.6%		102.2%		102.0%

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