

August 1, 2022

Consolidated Financial Results (Japanese Accounting Standards) for the Three Months Ended June 30, 2022 (Q1 FY2022)

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 2810
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Scheduled date for filing of securities report: August 10, 2022

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 Three Months Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(1) Consolidated Results of Operations (Accumulated Total) (Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
June 30, 2022	66,324	7.6	4,970	(12.7)	5,591	(11.9)	3,597	(11.7)
June 30, 2021	61,636	3.2	5,690	28.4	6,345	40.5	4,073	44.8

(Note) Comprehensive income: 3,999 million yen (-20.5%) for the three months ended June 30, 2022
 5,032 million yen (69.1%) for the three months ended June 30, 2021

	Profit per share (basic)		Profit per share (diluted)	
	Yen	Yen	Yen	Yen
Three months ended				
June 30, 2022	36.43	–	–	–
June 30, 2021	40.57	–	–	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
June 30, 2022	380,653	295,629	69.9	2,708.75
March 31, 2022	382,021	298,567	70.4	2,700.99

(Reference) Shareholders' equity: As of June 30, 2022: 266,004 million yen

As of March 31, 2022: 268,966 million yen

2. Dividends

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

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

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

(Percentage figures represent the changes from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2023	270,600	6.8	18,400	(4.3)	19,500	(7.7)	11,200	(19.8)	113.60

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

* Notes

- (1) Changes of important subsidiaries during the period
(changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes
New: 1 company (Company Name) House Foods Group Asia Pacific Co., Ltd.
- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- | | |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | Yes |
| (ii) Changes in accounting policies other than (i): | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Restatement: | None |
- (Note) Please refer to “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 9 of the Accompanying Materials for details.
- (4) Number of shares outstanding (common shares):
- | | |
|---|--------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) | |
| As of June 30, 2022: | 100,750,620 shares |
| As of March 31, 2022: | 100,750,620 shares |
| (ii) Number of treasury shares at end of period | |
| As of June 30, 2022: | 2,548,779 shares |
| As of March 31, 2022: | 1,169,959 shares |
| (iii) Average number of shares outstanding during the term | |
| Three months ended June 30, 2022: | 98,730,410 shares |
| Three months ended June 30, 2021: | 100,401,313 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 Quarter Ended June 30, 2022” on page 4 of the accompanying materials.

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1. Qualitative Information on Results for the First Quarter Ended June 30, 2022

(1) Details of Operating Results

The House Foods Group has been tackling its Seventh Medium-term Business Plan based on the theme of striving to become a high quality company that provides “Healthy Life Through Foods” <Chapter 2> Striving for Four Value Chains. In the period under review, which is the second year of the plan, the Group will continue to 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.

In the first quarter of the fiscal year under review, there was progress in the resumption of economic activity that had stalled due to the COVID-19 pandemic, but the business environment faces concerns about an economic downturn due to global inflation, geopolitical risks such as the situation in Ukraine, fluctuations in the exchange rate market, and other developments.

Net sales in the first quarter of the fiscal year under review generally performed well in each business amid the resumption of economic activity, increasing 7.6% year on year to 66,324 million yen. Operating profit was significantly affected by the sharp rise in raw material prices, particularly in the Spice/Seasoning/Processed Food Business, and declined 12.7% year on year to 4,970 million yen. Ordinary profit declined 11.9% year on year to 5,591 million yen, while profit attributable to owners of parent was 3,597 million yen, down 11.7% year on year.

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

Segment	Consolidated net sales		Consolidated operating profit (Segment profit (loss))	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	28,326	102.5	2,251	73.2
Health Food Business	4,110	122.7	465	–
International Food Business	10,796	110.0	1,747	88.1
Restaurant Business	11,334	101.9	193	55.0
Other Food Related Business	13,921	119.2	362	76.9
Subtotal	68,487	107.7	5,017	87.8
Adjustment (elimination)	(2,163)	–	(47)	–
Total	66,324	107.6	4,970	87.3

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

Spice / Seasoning / Processed Food Business

The Spice/Seasoning/Processed Food Business is focusing on achieving growth based on the creation of new value alongside the strengthening of profitability in existing business.

In the products for household use business, we saw signs of recovery in the curry product line which had struggled as a reactionary decline to extraordinary stay-at-home demand in the previous fiscal year, and demand for the curry menu was firm. The food service business performed strongly on the back of recovery in demand due to the resumption of economic activity. However on the profit front, while the effects of increased sales contributed to some degree, the significant impact of sharply rising raw material prices resulted in a decline in profit.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 28,326 million yen, up 2.5% year on year, and operating profit was 2,251 million yen, down 26.8% year on year. Consequently, the ratio of operating profit

to net sales was 7.9%, declining 3.2 percentage point from a year ago.

Health Food Business

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

In the first quarter of the fiscal year under review, *Ukon No Chikara* performed strongly in part due to recovered demand for going out to drink, and key jelly products such as *Ichinichi-bun No Vitamin Jelly* and the new *Marude Smoothie* product experienced growth. In terms of profit, the structural reforms we have been working on for some time yielded results, and we returned to operating profitability.

As a result of the above, net sales in the Health Food Business rose 22.7% year on year to 4,110 million yen with operating profit of 465 million yen, an improvement of 627 million yen year on year. Consequently, the ratio of operating profit to net sales was 11.3%, improving 16.2 percentage point from a year ago.

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

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

In the business in the United States we capitalized on demand for plant based foods which are on a continued expansionary trend, and also generated increased sales and profit in the tofu business, in part from the effects of price revisions implemented from January 2022. However, in the import business from Japan, both sales and profit declined due to container shipping delays associated with supply chain disruptions and the impact of increased transportation expenses. Overall, the business in the United States recorded increased sales and a decline in profit.

The curry business in China was impacted by Chinese authorities' "zero COVID policy" in addition to a reactionary decline from strong performance a year earlier, with sales declining among products for both household and food service use. On the profit front, profit declined in part due to sharply rising prices of raw materials and a temporary increase in promotion expenses associated with product refreshes.

In the functional drink business in Thailand, with people flowing back into the metropolitan area due to the resumption of economic activity, bottled products performed strongly particularly in the modern trade sector, with both sales and profit increasing.

As a result of the above, sales in the International Food Business rose 10.0% year on year, to 10,796 million yen, and operating profit decreased 11.9%, to 1,747 million yen. As a result, the ratio of operating profit to net sales was 16.2%, declining 4.0 percentage point from the same period of the previous fiscal year.

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

Even during the COVID-19 pandemic we have actively worked to generate demand in this business segment.

Despite a gradual increase in the number of customers in part due to Ichibanya Co., Ltd. fully lifting requests such as shortened business hours in late March, net sales at existing domestic stores only rose 0.7% year on year. At overseas stores, conditions varied greatly by area, but net sales at existing stores rose 7.4%, exceeding the year-ago performance overall. Operating profit fell below the year-ago level, in part due to sharply rising purchase prices for goods such as frying oil and bento containers, as well as declining sales from overseas subsidiaries due to lockdowns in China.

As a result of the above, sales in the Restaurant Business increased 1.9% year on year, to 11,334 million yen, and operating profit declined 45.0% year on year, to 193 million yen. Consequently, the ratio of operating profit to net sales was 1.7%, declining 1.4 percentage points from a year ago.

Other Food Related Business

Although Delica Chef Corporation achieved growth in baked bread and prepared foods, profit declined on higher sales due to sharply rising raw material prices and increased manufacturing costs.

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

As a result of the above, sales in Other Food Related Business increased 19.2% year on year, to 13,921 million yen, and operating profit declined 23.1% year on year, to 362 million yen. Consequently, the ratio of operating profit to net sales was 2.6%, declining 1.4 percentage points from a year ago.

(2) Details of Financial Position

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

Total assets were 380,653 million yen, a decrease of 1,368 million yen from the end of the previous consolidated fiscal year.

Current assets stood at 158,645 million yen, an increase of 1,522 million yen mainly due to increases in merchandise and finished goods and securities, despite a decrease in cash and deposits. Non-current assets declined 2,890 million yen, to 222,008 million yen, mainly due to an increase in retirement benefit asset offset by a decrease in investment securities.

Liabilities stood at 85,023 million yen, an increase of 1,569 million yen from the end of the previous consolidated fiscal year.

Current liabilities were down 180 million yen, to 51,430 million yen mainly due to decreases in accounts payable - other and income taxes payable, despite an increase in notes and accounts payable - trade. Non-current liabilities increased 1,749 million yen, to 33,594 million yen, chiefly due to an increase in retirement benefit liability, offsetting a decrease in deferred tax liabilities.

Net assets amounted to 295,629 million yen, dropping 2,938 million yen from the end of the previous fiscal year, largely due to an increase in foreign currency translation adjustment, a decrease in valuation difference on available-for-sale securities due to a fall in the market value of securities owned and an increase in treasury shares due to the purchase of treasury shares, offsetting an increase in retained earnings due to profit attributable to owners of parent.

As a result, the equity ratio stood at 69.9% (compared with 70.4% at the end of the previous fiscal year), and net assets per share amounted to 2,708.75 yen (2,700.99 yen at the end of the previous fiscal year) at the end of the first quarter of the fiscal year under review.

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

There has been no change to the consolidated results forecasts announced on May 11, 2022, for the period ending March 31, 2023.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2022)	End of first quarter of the fiscal year under review (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	75,004	72,227
Notes and accounts receivable - trade	46,446	45,668
Securities	6,008	7,254
Merchandise and finished goods	14,292	16,314
Work in process	2,520	2,839
Raw materials and supplies	6,080	6,811
Other	6,866	7,621
Allowance for doubtful accounts	(92)	(89)
Total current assets	157,123	158,645
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,717	34,470
Machinery, equipment and vehicles, net	19,740	19,946
Land	31,314	31,463
Lease assets, net	1,479	1,396
Construction in progress	3,538	4,206
Other, net	2,235	2,405
Total property, plant and equipment	92,024	93,886
Intangible assets		
Goodwill	268	257
Trademark right	18,850	18,722
Software	4,354	4,150
Contract-related intangible assets	19,002	18,802
Software in progress	124	210
Other	770	808
Total intangible assets	43,368	42,949
Investments and other assets		
Investment securities	66,729	59,545
Long-term loans receivable	2	7
Deferred tax assets	753	771
Long-term time deposits	1,000	1,000
Retirement benefit asset	14,325	17,279
Distressed receivables	622	622
Long-term deposits	1,073	1,070
Other	6,867	6,727
Allowance for doubtful accounts	(1,865)	(1,848)
Total investments and other assets	89,506	85,173
Total non-current assets	224,898	222,008
Total assets	382,021	380,653

(Million yen)

	End of previous fiscal year (As of March 31, 2022)	End of first quarter of the fiscal year under review (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,264	21,257
Electronically recorded obligations - operating	1,269	1,443
Short-term borrowings	4,149	4,638
Lease liabilities	575	573
Accounts payable - other	9,986	7,499
Income taxes payable	3,452	2,067
Provision for bonuses	472	253
Provision for bonuses for directors (and other officers)	58	16
Provision for shareholder benefit program	96	78
Asset retirement obligations	4	5
Other	13,284	13,602
Total current liabilities	51,609	51,430
Non-current liabilities		
Long-term borrowings	177	184
Lease liabilities	963	874
Long-term accounts payable - other	181	181
Deferred tax liabilities	23,220	22,176
Retirement benefit liability	1,999	4,406
Asset retirement obligations	815	822
Long-term guarantee deposits	3,877	3,831
Other	613	1,119
Total non-current liabilities	31,845	33,594
Total liabilities	83,454	85,023
Net assets		
Shareholders' equity		
Share capital	9,948	9,948
Capital surplus	22,829	22,829
Retained earnings	208,969	210,275
Treasury shares	(3,984)	(8,002)
Total shareholders' equity	237,762	235,051
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	21,257	19,060
Deferred gains or losses on hedges	40	95
Foreign currency translation adjustment	2,925	5,062
Remeasurements of defined benefit plans	6,982	6,737
Total accumulated other comprehensive income	31,204	30,954
Non-controlling interests	29,601	29,625
Total net assets	298,567	295,629
Total liabilities and net assets	382,021	380,653

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(First three-month period)

(Million yen)

	First three-month period of previous fiscal year (April 1, 2021 - June 30, 2021)	First three-month period of the fiscal year under review (April 1, 2022 - June 30, 2022)
Net sales	61,636	66,324
Cost of sales	37,926	42,529
Gross profit	23,710	23,794
Selling, general and administrative expenses	18,020	18,824
Operating profit	5,690	4,970
Non-operating income		
Interest income	45	51
Dividend income	110	99
Rental income from buildings	212	216
Foreign exchange gains	36	316
Subsidy income	345	121
Other	170	117
Total non-operating income	918	919
Non-operating expenses		
Interest expenses	12	46
Rental expenses	172	169
Share of loss of entities accounted for using equity method	44	50
Other	35	34
Total non-operating expenses	263	298
Ordinary profit	6,345	5,591
Extraordinary income		
Gain on sale of non-current assets	4	0
Gain on sale of investment securities	783	726
Gain on sale of restaurants	42	-
Other	3	3
Total extraordinary income	832	730
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	13	45
Loss on sale of investment securities	-	1
Loss on valuation of investment securities	1	-
Impairment losses	3	10
Other	0	-
Total extraordinary losses	17	55
Profit before income taxes	7,160	6,265
Income taxes	2,356	2,308
Profit	4,804	3,957
Profit attributable to		
Profit attributable to owners of parent	4,073	3,597
Profit attributable to non-controlling interests	731	361

(Million yen)

	First three-month period of previous fiscal year (April 1, 2021 - June 30, 2021)	First three-month period of the fiscal year under review (April 1, 2022 - June 30, 2022)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,625)	(2,199)
Deferred gains or losses on hedges	131	63
Foreign currency translation adjustment	1,979	2,388
Remeasurements of defined benefit plans, net of tax	(221)	(288)
Share of other comprehensive income of associates accounted for using equity method	(36)	78
Total other comprehensive income	228	42
Comprehensive income	5,032	3,999
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,356	3,346
Comprehensive income attributable to non-controlling interests	676	654

(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 1,378,700 treasury shares based on a resolution at the meeting of the Board of Directors held on May 11, 2022. Consequently, during the first three months of the fiscal year under review, treasury shares increased 4,018 million yen, standing at 8,002 million yen at the end of the first three 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 first quarter under review by the estimated effective tax rate.

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

Changes in Accounting Policies

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

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

Additional Information

(Impacts of COVID-19 on accounting estimates)

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

Segment Information

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

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

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	26,646	3,267	9,779	11,093	10,833	61,618	–	61,618	18	61,636
Sales and transfer – inter-segment	985	83	34	33	842	1,977	–	1,977	(1,977)	–
Total	27,631	3,351	9,813	11,126	11,675	63,596	–	63,596	(1,960)	61,636
Segment profit (loss)	3,075	(163)	1,983	350	471	5,717	–	5,717	(27)	5,690

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

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

(2) Segment profit (loss) includes a loss of 27 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

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

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

(Important impairment losses on non-current assets)

In the first quarter of the consolidated fiscal year under review, the Company recorded an impairment losses of 3 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

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

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

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	27,195	4,016	10,750	11,315	13,024	66,300	–	66,300	24	66,324
Sales and transfer – inter-segment	1,131	94	47	19	896	2,187	–	2,187	(2,187)	–
Total	28,326	4,110	10,796	11,334	13,921	68,487	–	68,487	(2,163)	66,324
Segment profit (loss)	2,251	465	1,747	193	362	5,017	–	5,017	(47)	4,970

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

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

(2) Segment profit (loss) includes a loss of 47 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

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

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

(Important impairment losses on non-current assets)

In the first quarter of the consolidated fiscal year under review, the Company recorded an impairment losses of 10 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

3. Supplementary Information

(1) Business Results

Consolidated

(Million yen)

	First quarter of FY2021		First quarter of FY2022		FY2021		FY2022 Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	61,636	103.2%	66,324	107.6%	253,386	101.3%	270,600	106.8%
Operating profit	5,690	128.4%	4,970	87.3%	19,227	99.0%	18,400	95.7%
Ordinary profit	6,345	140.5%	5,591	88.1%	21,125	106.5%	19,500	92.3%
Profit attributable to owners of parent	4,073	144.8%	3,597	88.3%	13,956	159.5%	11,200	80.3%
Comprehensive income	5,032	169.1%	3,999	79.5%	21,581	175.7%	-	-

Net sales by business segment

Net sales	Amount		Year-on-year change		Amount		Year-on-year change	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	27,631	94.2%	28,326	102.5%	117,422	97.5%	122,500	104.3%
Health Food Business	3,351	89.6%	4,110	122.7%	14,432	94.4%	15,800	109.5%
International Food Business	9,813	121.2%	10,796	110.0%	39,110	114.8%	45,100	115.3%
Restaurant Business	11,126	106.7%	11,334	101.9%	45,422	101.6%	52,000	114.5%
Other Food Related Business	11,675	109.4%	13,921	119.2%	45,571	103.8%	44,200	97.0%
Adjustment	(1,960)	-	(2,163)	-	(8,571)	-	(9,000)	-

Operating profit by business segment

Operating profit	Amount		Year-on-year change		Amount		Year-on-year change	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	3,075	71.9%	2,251	73.2%	12,628	80.9%	9,700	76.8%
Health Food Business	(163)	-	465	-	(138)	-	300	-
International Food Business	1,983	196.3%	1,747	88.1%	5,250	114.5%	5,500	104.8%
Restaurant Business	350	-	193	55.0%	1,502	-	3,400	226.4%
Other Food Related Business	471	92.8%	362	76.9%	1,480	83.6%	1,600	108.1%
Adjustment	(27)	-	(47)	-	(1,494)	-	(2,100)	-

(2) Number of Group Companies

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

(3) Consolidated Statements of Income

1. Consolidated Statements of Income

(Million yen)

	First quarter of FY2021		First quarter of FY2022		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Net sales	61,636	100.0%	66,324	100.0%	4,688	7.6%
<By business segment>						
Spice / Seasoning / Processed Food Business	27,631	44.8%	28,326	42.7%	694	2.5%
Health Food Business	3,351	5.4%	4,110	6.2%	759	22.7%
International Food Business	9,813	15.9%	10,796	16.3%	984	10.0%
Restaurant Business	11,126	18.1%	11,334	17.1%	208	1.9%
Other Food Related Business	11,675	18.9%	13,921	21.0%	2,246	19.2%
Adjustment	(1,960)	(3.2%)	(2,163)	(3.3%)	(204)	–
Cost of sales	37,926	61.5%	42,529	64.1%	4,604	12.1%
Selling, general and administrative expenses	18,020	29.2%	18,824	28.4%	804	4.5%
Operating profit	5,690	9.2%	4,970	7.5%	(720)	(12.7%)
<By business segment>						
Spice / Seasoning / Processed Food Business	3,075	5.0%	2,251	3.4%	(824)	(26.8%)
Health Food Business	(163)	(0.3%)	465	0.7%	627	–
International Food Business	1,983	3.2%	1,747	2.6%	(236)	(11.9%)
Restaurant Business	350	0.6%	193	0.3%	(158)	(45.0%)
Other Food Related Business	471	0.8%	362	0.5%	(109)	(23.1%)
Adjustment	(27)	(0.0%)	(47)	(0.1%)	(21)	–
Non-operating income	918	1.5%	919	1.4%	2	0.2%
Non-operating expenses	263	0.4%	298	0.4%	35	13.4%
Ordinary profit	6,345	10.3%	5,591	8.4%	(754)	(11.9%)
Extraordinary income	832	1.4%	730	1.1%	(102)	(12.3%)
Extraordinary losses	17	0.0%	55	0.1%	38	217.9%
Profit before income taxes	7,160	11.6%	6,265	9.4%	(894)	(12.5%)
Income taxes	2,356	3.8%	2,308	3.5%	(47)	(2.0%)
Profit	4,804	7.8%	3,957	6.0%	(847)	(17.6%)
Profit attributable to						
Profit attributable to owners of parent	4,073	6.6%	3,597	5.4%	(476)	(11.7%)
Profit attributable to non-controlling interests	731	1.2%	361	0.5%	(370)	(50.7%)
Comprehensive income	5,032	8.2%	3,999	6.0%	(1,032)	(20.5%)

2. Major Changes in Selling, General and Administrative Expenses

(Million yen)

	First quarter of FY2021	First quarter of FY2022	Year-on-year change
Advertising expenses	1,788	1,693	(95)
Transportation and storage costs	2,606	2,884	278
Sales commission	22	33	11
Promotion expenses	685	640	(46)
Personnel expenses	6,878	6,987	110
Research and development expenses	1,042	1,043	1
Amortization of goodwill	11	11	–
Other	4,988	5,533	545
Total selling, general and administrative expenses	18,020	18,824	804

3. Non-Operating Income (Expenses)

(Million yen)

	First quarter of FY2021	First quarter of FY2022	Year-on-year change
Interest income	45	51	7
Dividend income	110	99	(11)
Rental income from buildings	212	216	3
Foreign exchange gains	36	316	280
Subsidy income	345	121	(225)
Other	170	117	(53)
Total non-operating income	918	919	2
Interest expenses	12	46	33
Rental expenses	172	169	(3)
Share of loss of entities accounted for using equity method	44	50	6
Other	35	34	(1)
Total non-operating expenses	263	298	35

4. Extraordinary Income (Losses)

(Million yen)

	First quarter of FY2021	First quarter of FY2022	Year-on-year change
Gain on sale of non-current assets	4	0	(4)
Gain on sale of investment securities	783	726	(57)
Gain on sale of restaurants	42	–	(42)
Other	3	3	–
Total extraordinary income	832	730	(102)
Loss on sale of non-current assets	0	0	0
Loss on retirement of non-current assets	13	45	32
Loss on sale of investment securities	–	1	1
Loss on valuation of investment securities	1	–	(1)
Impairment losses	3	10	7
Other	0	–	(0)
Total extraordinary losses	17	55	38

5. Quarterly Statements

Consolidated

(Million yen)

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

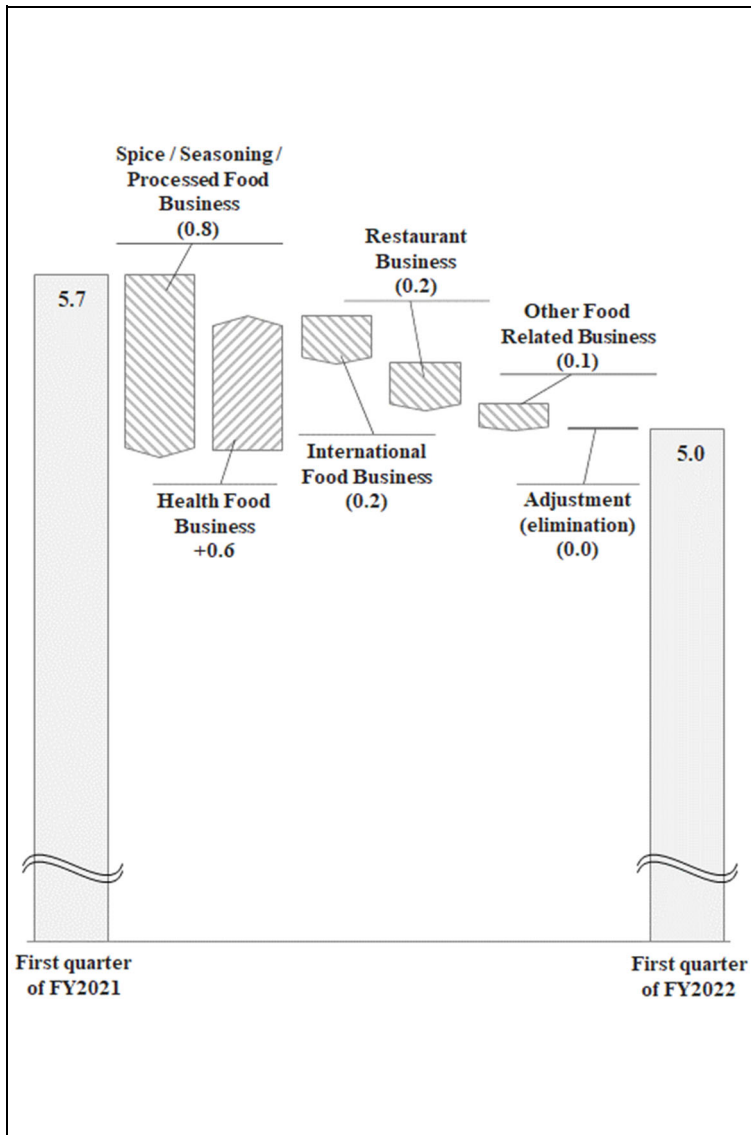
Net sales by business segment

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

Operating profit by business segment

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

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



Billion yen	Year-on-year change
Spice / Seasoning / Processed Food Business	(0.8)
Change in sales	+0.3
Change in cost of sales ratio	(1.1)
Marketing costs	+0.0
Other expenses	+0.1
Gaban and other affiliated companies, adjustment	(0.1)
Health Food Business	+0.6
Change in sales	+0.4
Change in cost of sales ratio	+0.1
Marketing costs	+0.0
Other expenses	+0.1
International Food Business	(0.2)
Business in the United States	(0.0)
Business in China	(0.3)
Businesses in ASEAN	+0.2
Restaurant Business	(0.2)
Ichibanya Co., Ltd. (non-consolidated)	(0.1)
Ichibanya Co., Ltd. (overseas, other)	(0.1)
Other Food Related Business	(0.1)
Delica Chef Corporation	(0.2)
Vox Trading Co., Ltd. (Consolidated)	+0.1
Adjustment (elimination)	(0.0)
Changes in operating profit	(0.7)

(4) Consolidated Balance Sheets

Consolidated Balance Sheets

(Million yen)

	FY2021		First quarter of FY2022		Increase/decrease from end of FY2021	Major factors for increase/decrease
	Amount	Percentage	Amount	Percentage	Amount	
Current assets	157,123	41.1%	158,645	41.7%	1,522	Increase in merchandise and finished goods 2,022 Increase in securities 1,246 Increase in raw materials and supplies 732 Decrease in cash and deposits (2,777)
Non-current assets	224,898	58.9%	222,008	58.3%	(2,890)	Decrease in investment securities (7,184) Increase in retirement benefit asset 2,954 Increase in buildings and structures 753 Increase in construction in progress 667
Total assets	382,021	100.0%	380,653	100.0%	(1,368)	
Current liabilities	51,609	13.5%	51,430	13.5%	(180)	Decrease in accounts payable - other (2,487) Decrease in income taxes payable (1,385) Increase in notes and accounts payable - trade 2,993
Non-current liabilities	31,845	8.3%	33,594	8.8%	1,749	Increase in retirement benefit liability 2,408 Decrease in deferred tax liabilities (1,044)
Total liabilities	83,454	21.8%	85,023	22.3%	1,569	
Total shareholders' equity	237,762	62.2%	235,051	61.7%	(2,711)	Increase in treasury shares (4,018) Increase in retained earnings 1,306
Total accumulated other comprehensive income	31,204	8.2%	30,954	8.1%	(251)	Decrease in valuation difference on available-for-sale securities (2,197) Increase in foreign currency translation adjustment 2,137
Non-controlling interests	29,601	7.7%	29,625	7.8%	24	
Total net assets	298,567	78.2%	295,629	77.7%	(2,938)	
Total liabilities and net assets	382,021	100.0%	380,653	100.0%	(1,368)	

(5) Capital Investment

Consolidated

(Million yen)

	First quarter of FY2021	First quarter of FY2022	FY2022 Forecast
Capital investment	2,117	2,978	17,000
Leases	211	89	200
Total	2,328	3,067	17,200

(6) Depreciation

Consolidated

(Million yen)

	First quarter of FY2021	First quarter of FY2022	FY2022 Forecast
Depreciation	2,510	2,713	11,400
Lease payments	77	76	300
Total	2,587	2,789	11,700

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

(7) Major Management Indicators, etc.

Consolidated

	FY2021	First quarter of FY2022	FY2022 Forecast
Profit per share	139.75 yen	36.43 yen	113.60 yen
Net assets per share	2,700.99 yen	2,708.75 yen	2,764.40 yen
ATO	0.67 times	–	0.71 times
Ratio of operating profit to net sales	7.6%	7.5%	6.8%
EBITDA margin	11.9%	11.4%	11.0%
Ratio of ordinary profit to net sales	8.3%	8.4%	7.2%
Ratio of operating profit to total assets	5.1%	–	4.8%
ROE (Return on equity)	5.3%	–	4.2%
Equity ratio	70.4%	69.9%	70.2%
Dividend per share	46.00 yen	–	46.00 yen
Dividend payout ratio	32.9%	–	40.5%
Dividend payout ratio according to the basic policy on the return of earnings to shareholders	31.8%	–	40.3%

* Basic policy on the payment of dividends:

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

Number of employees	6,169 people	6,296 people	–

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

(8) Reference Information

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

(Billion yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Curry roux	55.3	52.9	51.3	50.5	46.9
Stew roux	21.0	19.6	18.9	18.9	18.1
Hashed beef sauce roux	7.1	7.1	7.1	7.3	6.6
Retort pouched curry	67.1	70.7	75.3	78.9	78.7
Spice in total	82.3	85.9	88.4	100.6	97.0

2. Curry roux market trends (SRI+)

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

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

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

FY2022		1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business (House Foods)								
Curry roux	*1	103.3%						
Retort pouched curry	*1	107.3%						
Stew roux	*1	93.3%						
Spice	*1	94.6%						
Food service products	*1	107.0%						
Health Food Business (House Wellness Foods)								
<i>Ukon No Chikara</i>	*1	175.8%						
<i>C1000</i>	*1	102.3%						
<i>Ichinichibun No Vitamin</i>	*1	110.9%						
International Food Business (Local currency basis)								
Business in the United States		104.5%						
Business in China		82.6%						
Functional drinks business in Thailand		122.3%						
Restaurant Business (Ichibanya)								
Net sales of all domestic restaurants		99.6%						
Net sales of existing domestic restaurants		100.7%						
Number of customers		101.6%						
Average sales per customer		99.1%						

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