

FY2020 Results Briefing for the First Half House Foods Group Inc.



◇ FY2020 First-Half Results	pp. 3 - 14
◇ Full-Year Plan for FY2020	pp. 15 - 21

Supplementary materials

◇ Supplementary Description	pp. 22 - 28
Trend by Business / Changes in Key Financial Data / Corporate Philosophy of House Foods Group / History of Businesses / Business Development / Major New Products and Varieties for the Autumn and Winter 2020	

FY2020

First-Half Results

- **We gave top priority to ensuring the safety of our employees and their families and fulfilling responsibilities as a company that plays a part in supplying essential “food” to customers.
Consistent steps based on the “three responsibilities” in a highly uncertain environment paid off.**
- **Transformation of business portfolio to become a high-quality company worked effectively. Overall, first-half operating profit reached a record high (for a third consecutive fiscal year), though results varied from segment to segment.**
- **We recorded a loss in the second quarter due to changes in the business environment caused by COVID-19.**

Constant Steps



House Foods Group Philosophy

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



However our environment changes, we will keep taking steps in the “three responsibilities” to provide “Healthy Life Through Food” and be a good partner for our stakeholders

With our **employees and their families**

With our **customers**

With **society**

Acceleration of changes due to COVID-19

Changes in work styles

Changes in consumer behavior

Growing interest in social issues

Our continued transformation into a high-quality company based on the “three responsibilities” paid off despite the COVID-19 crisis.

- Implemented “work style reform” enabling employees to work with peace of mind and flourish (telework, one-on-one meetings, business improvement through digital transformation including RPA).
- Strengthened supply framework in anticipation of changes in demand and developed BCP to fulfil responsibility of supply.
- Contributed to the establishment of a recycling-oriented society (implemented environmental investments based on environmental investment standards, formulated CSR procurement guidelines) and to local communities (foodbanks, support for Kodomo Shokudo project, reduction of food loss through curry).



Gap Between Results and Initial Forecasts

	Initially Anticipated COVID-19 Impact		First-half Trend (Causes of Gap between Results and Initial Forecasts)	
Spice / Seasoning / Processed Food Business	Household use products			<ul style="list-style-type: none"> - Urgent demand for products for household use came to an end earlier than expected. - Sales grew across a wide range of product categories due to prolonged stay-at-home consumption.
	Food service products			<ul style="list-style-type: none"> - Decline was no more than initially anticipated.
Health Food Business	Ukon			<ul style="list-style-type: none"> - Decline linked to opportunities to drink out was in line with expectations but recovery was slow due to fears of a resurgence of infections .
	Vitamin			<ul style="list-style-type: none"> - There were fewer selling opportunities, especially in urban areas, reflecting sales structure with limited channels.
International Food Business	United States			<ul style="list-style-type: none"> - TOFU demand held firm. - Start of operation of new lines at the Los Angeles Plant took longer than expected.
	China			<ul style="list-style-type: none"> - Growth in products for home use driven by “stay-at-home economy” significantly outweighed slump in food service products.
	Thailand			<ul style="list-style-type: none"> - Travel restrictions were expected to impact on business but demand for vitamins was strong and shipments increased more than anticipated.
Restaurant Business	Japan			<ul style="list-style-type: none"> - Restaurants in urban areas struggled due to changes in consumer behavior and reduction of inbound demand.
	Overseas			<ul style="list-style-type: none"> - Lockdowns were expected to drag on but recovery was quicker than expected (China, Taiwan).
Other Food Related Business	Trading company functions			<ul style="list-style-type: none"> - Impact on food service market was no more than anticipated.

Recording of Loss due to Effects of COVID-19



We recorded losses for the effects of COVID-19 in the second quarter.

Million yen		FY2020 2Q	
Non-operating expenses	Share of loss of entities accounted for using equity method	1,365	Entity accounted for using equity method: Himadri Foods Ltd. (stake acquired in Jan. 2020) Purpose: To strengthen spice value chain Reflects worsening business environment of Himadri Foods Ltd., given that there is no prospect for an end to the COVID-19 outbreak in India
Extraordinary losses	Impairment loss	9,128	Reflects the fact that, upon revaluation in light of changes in the business environment, the future cash flows expected to be derived from the goodwill and other intangible assets which arose when we made Ichibanya Co., Ltd. into a consolidated subsidiary were lower than initially anticipated. *Process of amortization of goodwill completed in 2Q (initially scheduled for completion in 3Q)
	Goodwill	854	
	Trademark right	4,072	
	Contract-related intangible assets	4,202	

◆ Impact of impairment loss on consolidated business results

Million yen	FY2020
Impairment loss	9,128
Income taxes – deferred*1	2,521
Profit attributable to non-controlling interests*2	-2,819
Profit attributable to owners of parent	-3,788

*1 Deductions for the effect of income taxes in relation to impairment loss

*2 49% of impairment loss after deductions for the effect of income taxes (51% owned by the Company)

◆ Impact on amounts to be amortized

Million yen	<Initially>		<After recognition of impairment loss>	
	FY2020	FY2021–	FY2020	FY2021–
Amortization of intangible assets	4,164	1,601	3,172	1,326
Goodwill*1	2,562	–	1,708	–
Trademark right*2	635	635	580	526
Contract-related intangible assets*2	967	967	883	800

*1 Process of amortization completed in 2Q (initially scheduled for completion in 3Q of FY2020)

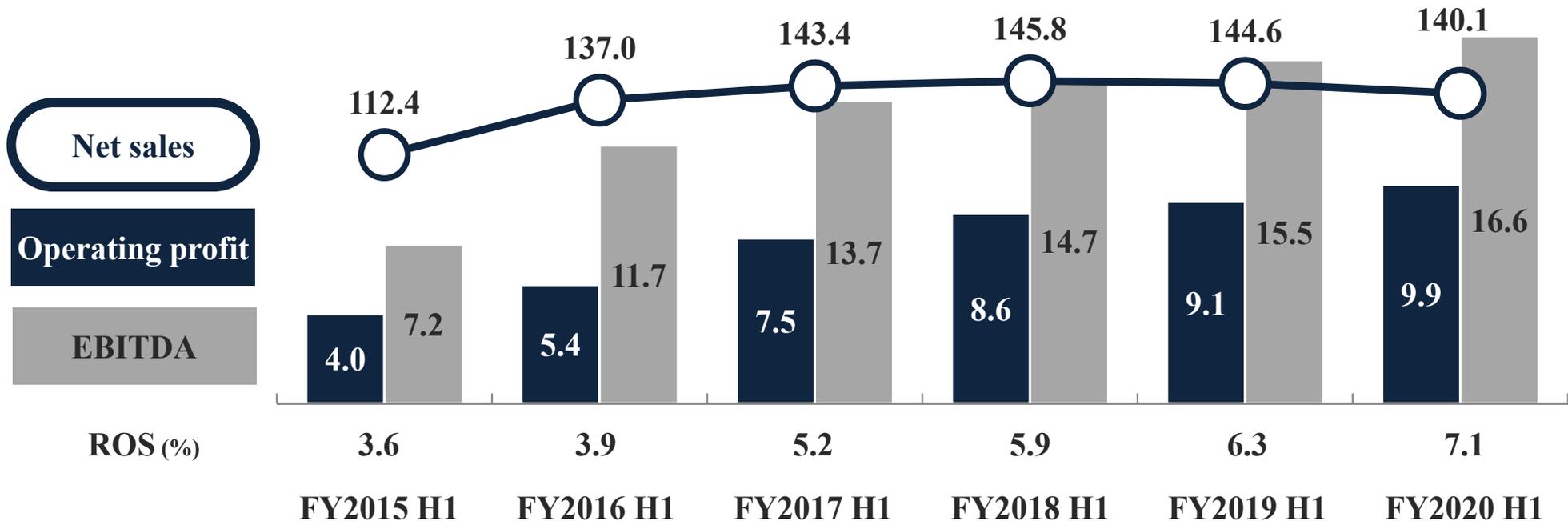
*2 Amortization schedule is unchanged

Consolidated Results



Billion yen	FY2020 H1			
	Results	Comparison with net sales	Year on year	
Net sales	140.1	-	-4.5	-3.1%
Operating profit	9.9	7.1%	+0.8	+8.4%
Ordinary profit	8.8	6.3%	-1.2	-11.9%
Profit attributable to owners of parent	1.0	0.7%	-4.2	-81.4%
EBITDA	*1 16.6	11.9%	+1.1	+7.0%

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





Results by Segment

Billion yen	Net Sales		
	FY2020 H1		
	Results	Year on year	
Total	140.1	-4.5	-3.1%
Spice / Seasoning / Processed Food Business	71.7	+2.6	+3.8%
Health Food Business	10.7	-4.3	-28.8%
International Food Business	18.8	+4.6	+32.7%
Restaurant Business (Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.)	21.6	-4.9	-18.4%
Other Food Related Business	21.6	-2.0	-8.6%
Adjustment (elimination)	-4.3	-0.6	-

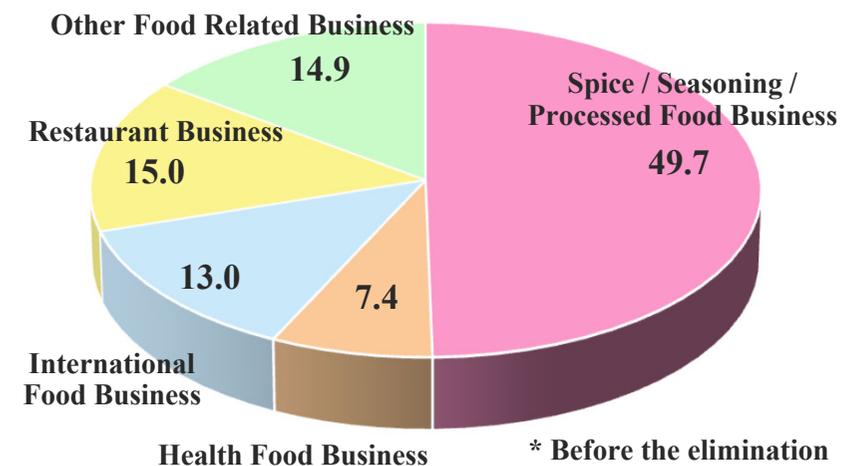
Operating Profit			
FY2020 H1			
Results	ROS	Year on year	
9.9	7.1%	+0.8	+8.4%
7.9	11.1%	+2.1	+34.8%
-0.1	-0.5%	-0.6	-
3.0	15.8%	+0.8	+38.9%
-1.5	-6.7%	-2.0	-
1.1	4.9%	-2.0	-64.9%
0.9	4.3%	-0.0	-3.4%
-0.4	-	+0.4	-

Reference: Net sales by area

Japan	116.8	-7.8	-6.2%
United States	7.5	-0.4	-5.5%
East Asia	8.3	+0.8	+10.0%
Southeast Asia	7.1	+3.2	+82.7%
Other	0.4	-0.3	-42.4%

Ratio of overseas sales: 16.6% (up 2.7 percentage point year on year)

Sales breakdown by business segment (%)



* Before the elimination of intersegment sales

Spice / Seasoning / Processed Food Business



Billion yen	FY2020 H1		
	Results	Year on year	
Net sales	71.7	+2.6	+3.8%
Operating profit	7.9	+2.1	+34.8%
ROS	11.1%	+2.5Pt	

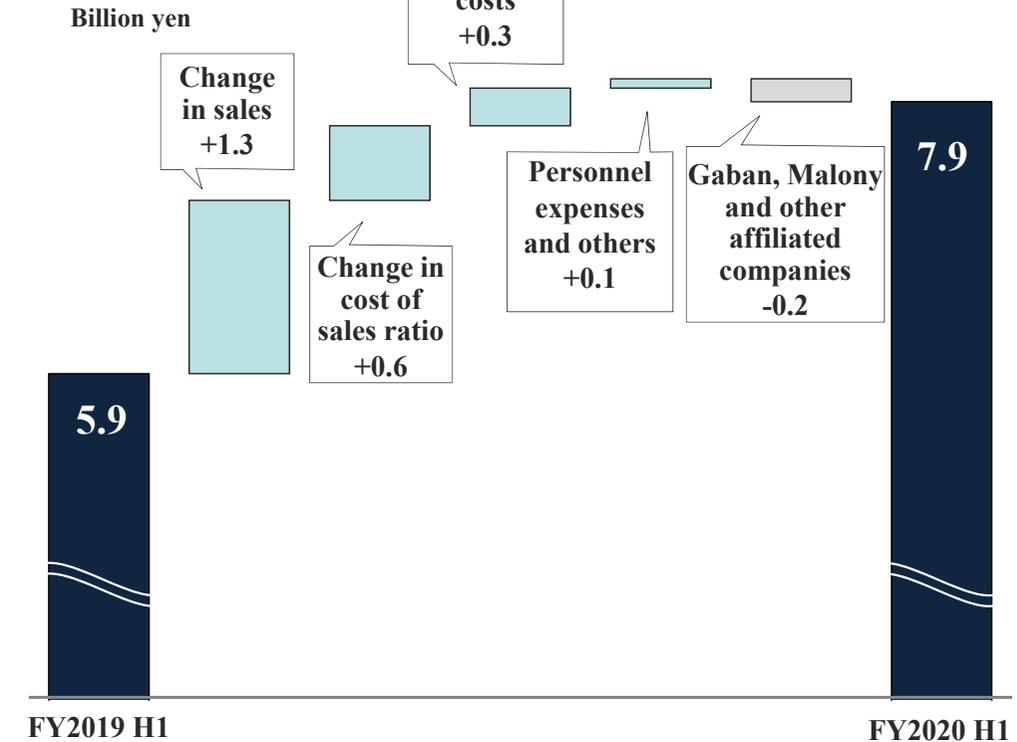
◆ Breakdown of sales (main factors)

Details are also stated in “5. Trends in Net Sales by Business Segment” in Fact Data.

House Foods Corp.	67.4	+3.2	+4.9%
Curry roux	19.9	+1.2	+6.3%
Stew roux	4.6	+0.2	+3.8%
Spice	11.8	+2.0	+20.2%
Total of retort pouched products*	9.6	+0.4	+4.2%
Food service products	7.1	-1.6	-18.8%
Gaban Co., Ltd.	4.4	-0.6	-11.2%
Malony Co., Ltd.	1.0	+0.1	+10.0%

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

◆ Factors in operating profit change



Sales of products for home use grew across a wide range of product categories due to growing demand for home-cooked meals, offsetting struggling sales of food service products

◆ House Foods Corporation

- Thoroughly implemented measures to prevent transmission. Fulfilled responsibility of supply in response to changes in demand in each phase of the outbreak. Expansion of production capacity for retort pouched products and spices as a result of past efforts was helpful for capturing demand.
- In addition to the effect of increased sales of products for household use, costs were reduced more than expected especially in 1Q, resulting in higher profit.

◆ Gaban Co., Ltd.

- Sales started to recover gradually after state of emergency was lifted but were heavily impacted as people refrained from going out.

Issues: Short-term: Tap into demand by carefully responding to changes in consumer awareness.

Medium-to-long term: Strengthen proposals for “the growing tendency for people to eat out or buy food to eat at home,” which will remain an underlying theme, and implement profit improvement measures.



Hayashi rice
New promotions



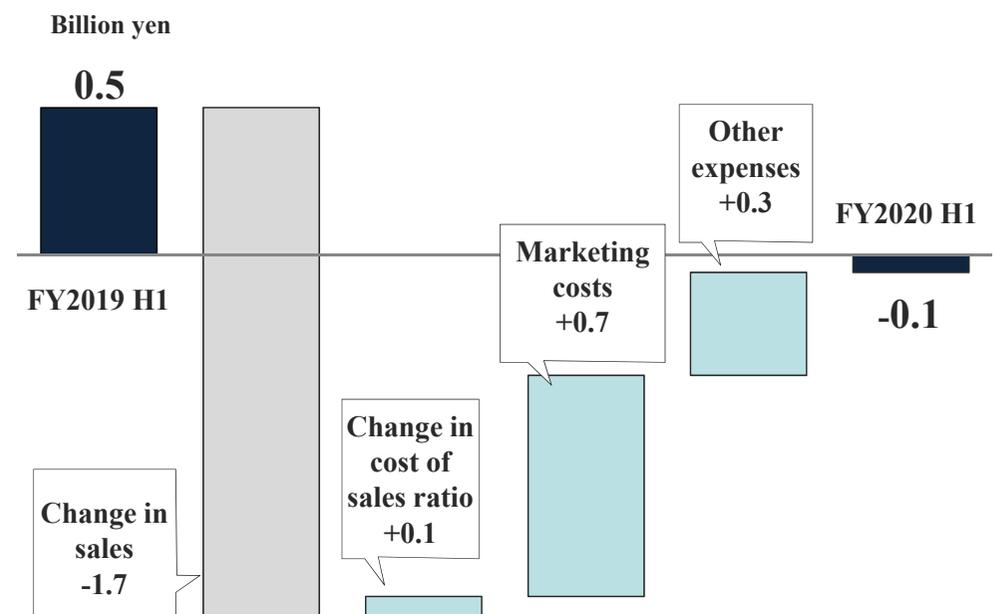
Health Food Business

Billion yen	FY2020 H1		
	Results	Year on year	
Net sales	10.7	-4.3	-28.8%
Operating profit	-0.1	-0.6	-
ROS	-0.5%		-3.8Pt

◆ Breakdown of sales (main factors)

Functional spice	3.0	-2.6	-46.2%
<i>Ukon No Chikara</i>	1.9	-2.1	-52.5%
Vitamin	5.5	-1.5	-21.5%
<i>C1000</i>	3.1	-1.3	-30.0%
<i>Ichinichibun No Vitamin</i>	2.1	-0.0	-0.4%
Lactobacillus business	0.4	+0.1	+16.7%

◆ Factors in operating profit change



Gave priority to stopping the bleeding through drastic cost reductions in H1.

COVID-19 brought into relief overreliance on *Ukon No Chikara* series and risks associated with sales channel structure.

◇ Functional spice business

- *Ukon No Chikara*: Sales fell sharply due to plunging demand for drinking out, and weak trend continued amid concern over a resurgence of infections.
- *Nerunoda*: Sales of grain type grew on the back of firm demand but there were fewer selling opportunities for *Nerunoda* drink.

◇ Vitamin business

- Continued to rebuild the business base (downscaling of unprofitable PET products) (factor that caused sales to fall by around 1.0 billion yen).
- Although there were fewer selling opportunities especially in urban areas, sales of jelly products and *Ichinichibun No Vitamin* performed strongly following shift to in-house production the previous fiscal year.

◇ Lactobacillus business

- Overseas demand for evidence-based selling of raw materials grew.

Issue: Redefine business domains which demonstrate management resources and R&D strengths in order to turn growing global health awareness into a turning point.

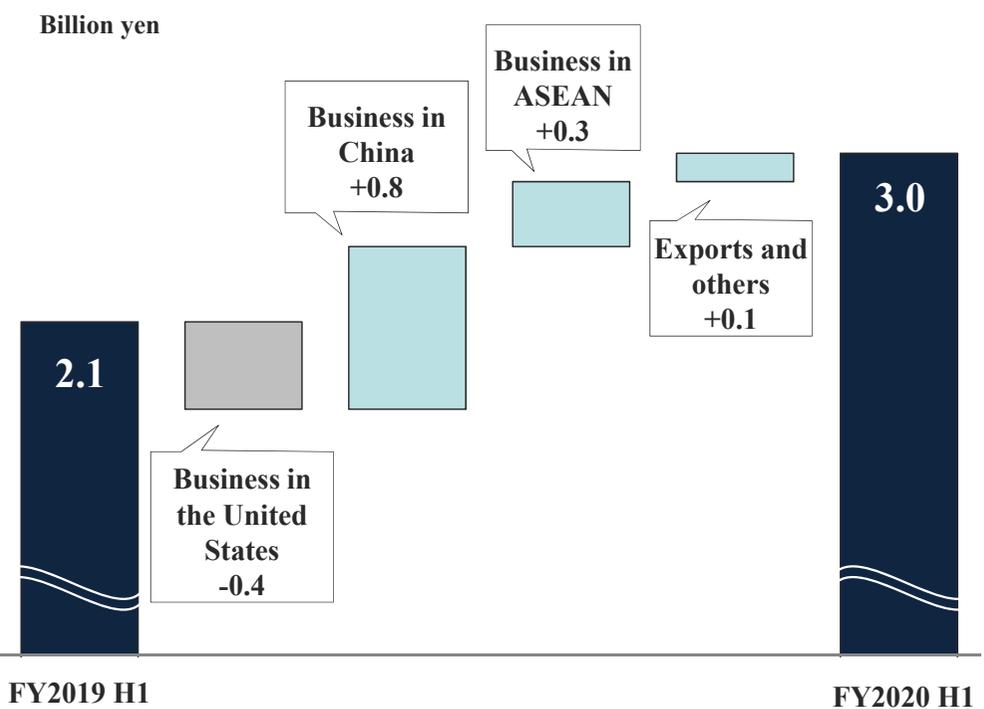




International Food Business

Billion yen	FY2020 H1		Year on year in local currency
	Results	Year on year	
Net sales	18.8	+4.6	+32.7%
Operating profit	3.0	+0.8	+38.9%
ROS	15.8%		+0.7pt

◆ Factors in operating profit change



◆ Breakdown of sales by main area

Business in the United States	6.8	+0.3	+4.1%	+5.8%
Tofu business	6.2	+0.3	+4.4%	+6.1%
Business in China	3.9	+0.9	+28.5%	+36.1%
Businesses in ASEAN	5.6	+3.0	+114.8%	+118.6%
Thailand	5.5	+3.0	+122.1%	+126.0%

Top line growth in three priority areas was maintained despite COVID-19.

◇ Tofu business in the United States

- Sales of food service products declined but sales in the American market remained brisk.
- It took time to achieve stable operation of new lines at Los Angeles Plant due to travel restrictions and initial costs mounted up.

Issue: Expand tofu production capacity to achieve sustainable growth.

◇ Curry business in China

- Household use: Value provided by Japanese-style curry (convenience, one-dish meal) was appreciated and scope of business expanded.
- Food service use: The market environment remained challenging due to restrictions on economic activity but there are signs of recovery recently.

Issue: Implement initiatives which will translate urgently implemented trials into sustainable growth.

◇ Functional drinks business in Thailand

- Sales increased sharply, temporarily boosted by the effects of COVID-19, offsetting the burden of higher costs associated with increased VAT.
- JV partner Osotspa went ahead with expansion of production capacity ahead of schedule.

Issue: Establish dominant brands through aggressive marketing activities (to compete against competitors in growing market).

Impact of exchange rates: Net sales: -0.4 (U.S.: -0.1, China: -0.2, Thailand: -0.1); Operating profit: -0.1



C-vitt was a winner in “Most Rising Brands” category of KANTAR’s Brand Footprint Award 2019



Restaurant Business

Billion yen	FY2020 H1		
	Results	Year on year	
Net sales	21.6	-4.9	-18.4%
Operating profit	-1.5	-2.0	-
ROS	-6.7%		-8.6pt
(Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.)	1.1	-2.0	-64.9%
ROS	4.9%		-6.5pt

◆ Breakdown of sales (main factors)

Ichibanya Co., Ltd. (consolidated)	21.5	-4.2	-16.4%
Ichibanya Co., Ltd. (non-consolidated)	19.4	-3.4	-14.7%
Ichibanya Co., Ltd. (overseas and others)	2.1	-0.9	-29.4%

◆ Changes in net sales of Ichibanya Co., Ltd. at domestic stores (year on year)

All restaurants	Existing restaurants		
Net sales	Net sales	Number of customers	Average sales per customer
-15.0%	-14.9%	-16.3%	+1.8%

◆ Number of stores of Ichibanya Co., Ltd. in Japan and overseas (as of the end of September 2020) (compared with the end of the previous fiscal year)

Japan (all business categories)	Overseas
1,297 (-4)	186 (+1)

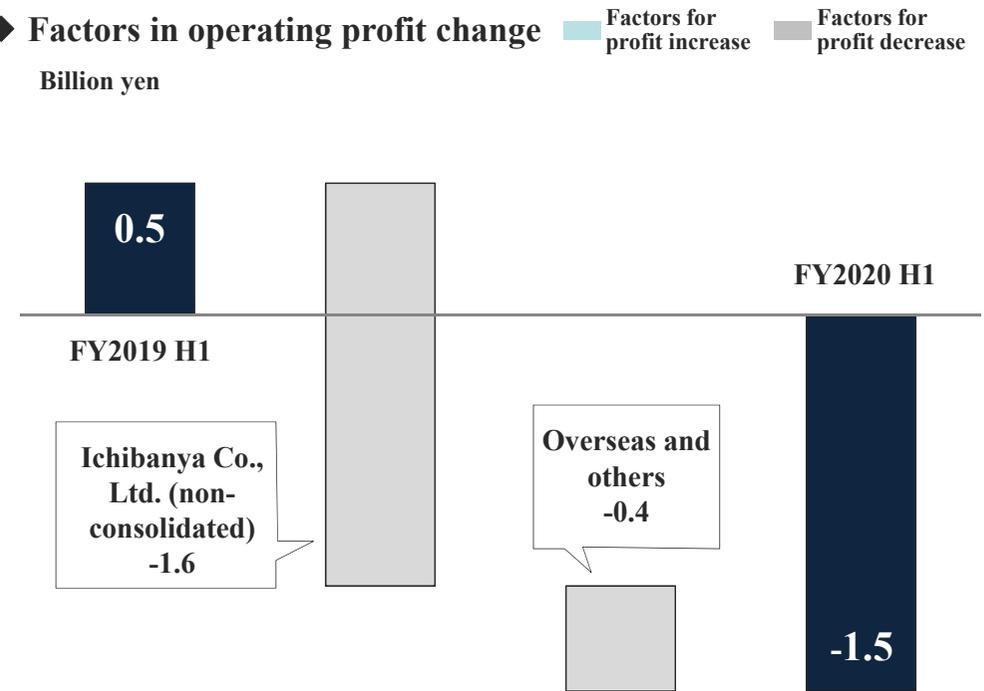
- ◇ Japan - Implemented measures to prevent transmission to reassure customers and encourage them to eat out, and also sought to actively tap into takeout demand.
- Took steps to support franchisees, including scrapping the franchise security deposit system and refunding security deposits in full.

- ◇ Overseas - Continued initiatives to pursue growth despite challenging environment. Opened first restaurant in India in August 2020. Established a new company in the United States in anticipation of expansion of franchisees in North America.

- Issues:
- Create Group synergies by joining value chains.
 - Meet customer needs in the “new normal.”

◆ Factors in operating profit change

Billion yen



Ichibanya takeout sales +36.8% YoY



Cyber Hub Restaurant First restaurant in India

Other Food Related Business / Adjustment (Elimination)



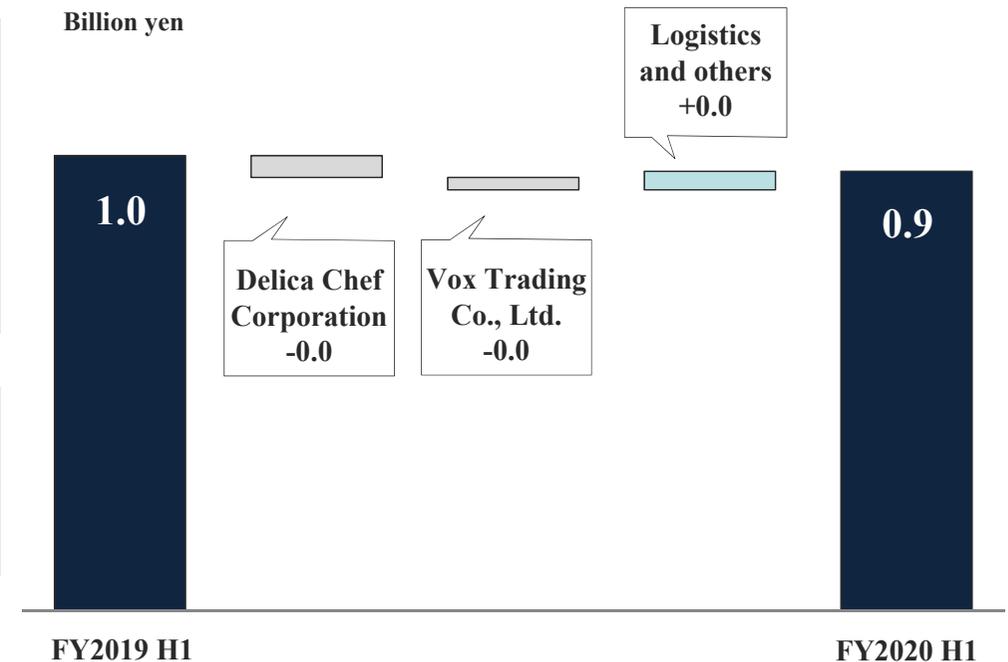
◆ Other Food Related Business

Billion yen	FY2020 H1		
	Results	Year on year	
Net sales	21.6	-2.0	-8.6%
Operating profit	0.9	-0.0	-3.4%
ROS	4.3%		+0.2pt

◆ Breakdown of sales (main factors)

Delica Chef Corporation	9.1	+0.0	+0.2%
Vox Trading Co., Ltd. (Consolidated)	11.7	-2.0	-14.7%

◆ Factors in operating profit change



◇ Delica Chef Corporation

- Net sales were unchanged year on year mainly due to growth in sales of desserts but profit fell primarily because of higher personnel expenses.

◇ Vox Trading Co., Ltd.

- Sales fell sharply, reflecting fewer successful MA rice (minimum access rice) tender bids than a year earlier (impact on profit was insignificant). Profit fell as sales of food service products slowed due to COVID-19.

◆ Adjustment (Elimination)

Billion yen	FY2020 H1		
	Results	Year on year	
Net sales	-4.3	-0.6	-
Operating profit	-0.4	+0.4	-

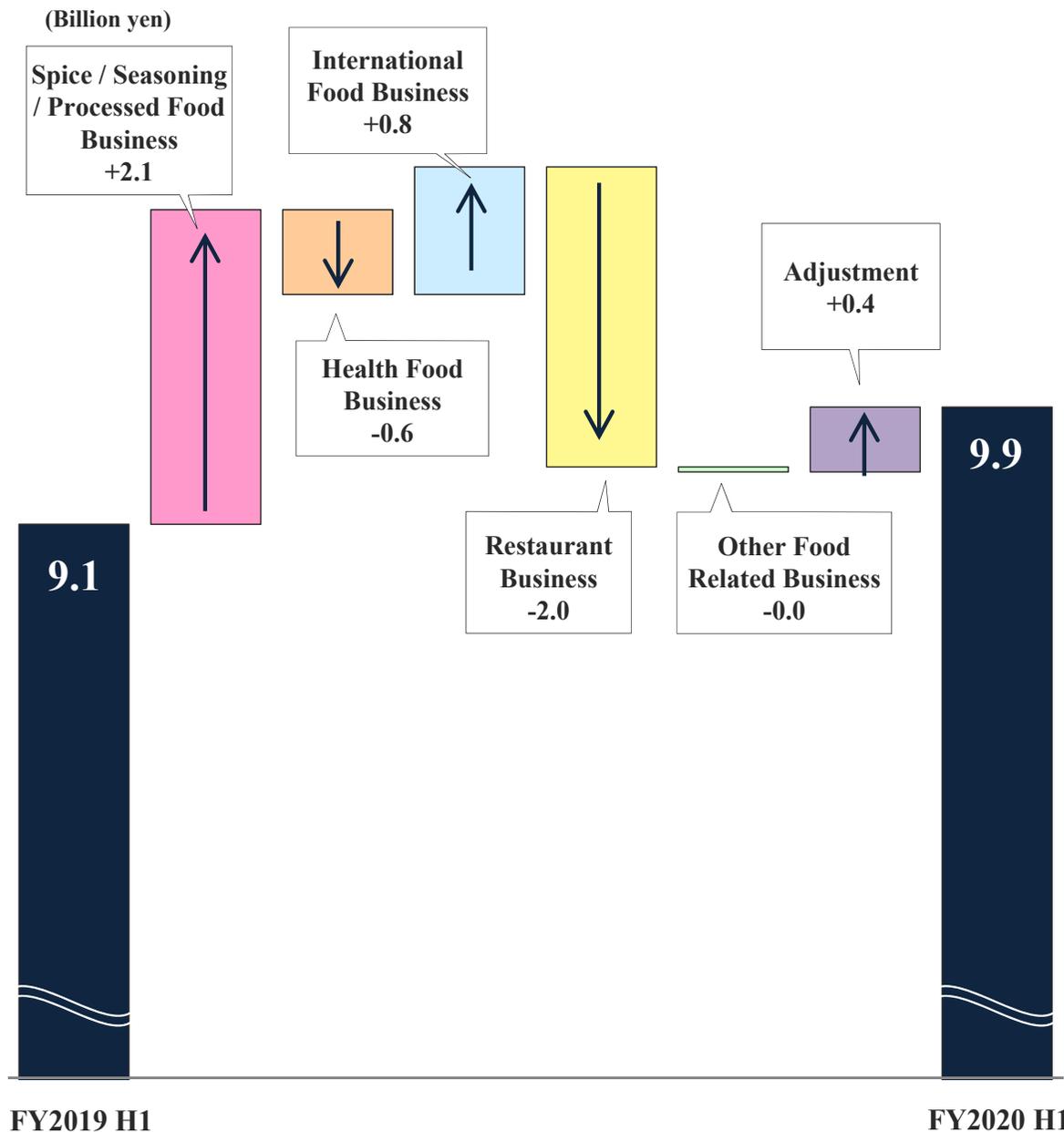
◇ Head office costs

- Money was spent on promoting and facilitating new working styles.
- Costs such as travel and transportation expenses and advertising expenses were reduced due to COVID-19. Expensing of certain costs is expected to be postponed to H2.



Operating Profit Change Analysis

◆ Factors of changes by business segment



	Billion yen	Amount of change
Spice / Seasoning / Processed Food Business		+2.05
- Change in sales		+1.3
- Change in cost of sales ratio		+0.6
- Marketing costs		+0.3
- Personnel and other expenses		+0.1
- Gaban, Malony and other affiliated companies		-0.2
Health Food Business		-0.55
- Change in sales		-1.7
- Change in cost of sales ratio		+0.1
- Marketing costs		+0.7
- Other expenses		+0.3
International Food Business		+0.83
- Business in the United States		-0.4
- Business in China		+0.8
- Businesses in ASEAN		+0.3
- Exports and others		+0.1
Restaurant Business		-1.96
- Ichibanya Co., Ltd. (non-consolidated)		-1.6
- Overseas and others		-0.4
Other Food Related Business		-0.03
- Delica Chef Corporation		-0.0
- Vox Trading Co., Ltd. (consolidated)		-0.0
- Logistics business and others		+0.0
Adjustment		+0.42
Changes in operating profit		+0.76

Full-Year Plan for FY2020

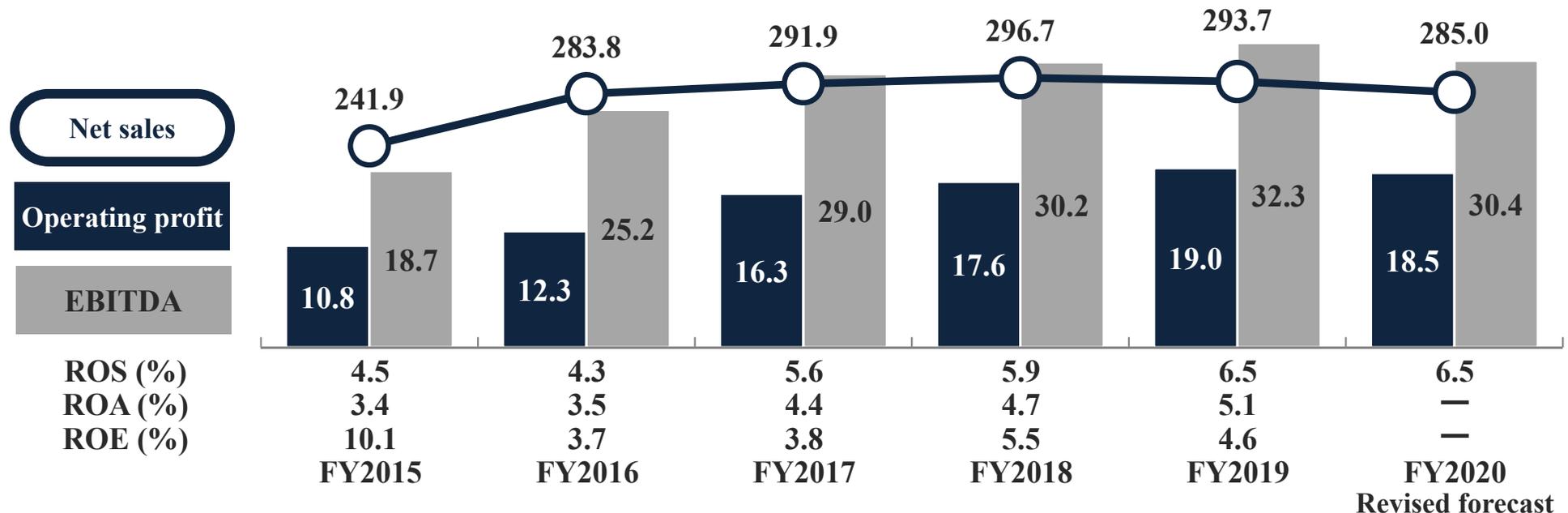
- **We will assess ever-changing consumer behaviors and continue carefully responding to changes and we will also make preparations for the next Medium-Term Business Plan.**
- **We revised our full-year forecasts in light of first-half results and the recording of losses.**
- **We will leave our initial forecasts for both interim and year-end dividends unchanged (interim dividend of 23 yen and year-end dividend of 23 yen).**

Revised Forecast for Consolidated Income (Loss)



Billion yen	FY2020						FY2020 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	285.0	—	-8.7	-3.0%	-5.0	-1.7%	144.9	—	-4.1	-2.8%
Operating profit	18.5	6.5%	-0.5	-2.7%	+3.0	+19.4%	8.6	6.0%	-1.3	-12.8%
Ordinary profit	18.3	6.4%	-2.5	-12.0%	+1.4	+8.3%	9.5	6.5%	-1.3	-12.1%
Profit attributable to owners of parent	6.3	2.2%	-5.2	-45.0%	-3.3	-34.4%	5.3	3.7%	-0.9	-14.7%
EBITDA ^{*1}	30.4	10.7%	-1.9	-5.8%	+1.7	+5.9%	13.8	9.5%	-3.0	-17.7%

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



*1 EBITDA = Operating profit (before amortization of goodwill) + Depreciation *2 ROA = Return on assets = Operating profit ÷ Total assets

Revised Forecast in the Full Year by Segment



Billion yen		FY2020					FY2020 H2		
		Revised forecast	Year on year		Comparison with initial forecast (%)		Revised forecast	Year on year	
Consolidated	Net sales	285.0	-8.7	-3.0%	-5.0	-1.7%	144.9	-4.1	-2.8%
	Operating profit	18.5	-0.5	-2.7%	+3.0	+19.4%	8.6	-1.3	-12.8%
Spice / Seasoning / Processed Food Business	Net sales	145.4	+0.4	+0.3%	-3.6	-2.4%	73.7	-2.2	-2.9%
	Operating profit	14.6	+0.5	+3.5%	+0.9	+6.6%	6.7	-1.6	-19.0%
Health Food Business	Net sales	21.9	-6.0	-21.5%	-3.1	-12.4%	11.2	-1.7	-13.0%
	Operating profit	-0.1	-0.6	—	-0.1	—	-0.0	-0.1	—
International Food Business	Net sales	36.7	+7.0	+23.4%	+1.7	+4.9%	17.9	+2.3	+15.0%
	Operating profit	5.0	+0.9	+22.0%	+1.0	+25.0%	2.0	+0.1	+3.6%
Restaurant Business	Net sales	45.0	-7.5	-14.3%	-0.4	-0.9%	23.4	-2.6	-10.1%
	Operating profit	-0.6	-0.8	—	+1.3	—	0.9	+1.2	—
Other Food Related Business	Net sales	44.2	-2.1	-4.5%	+0.4	+0.9%	22.6	-0.1	-0.3%
	Operating profit	1.7	-0.1	-5.1%	+0.1	+6.3%	0.8	-0.1	-7.0%
Adjustment (elimination)	Net sales	-8.2	-0.5	—	—	—	-3.9	+0.1	—
	Operating profit	-2.1	-0.4	—	-0.2	—	-1.7	-0.8	—

Spice / Seasoning / Processed Food Business

- Grasp changes in consumer awareness and behaviors caused by COVID-19 and seek to improve performance through carefully tailored proposals (increase types of food products, review selling space and exposure, propose enjoyment and added value of cooking, etc.).
- 4Q sales are expected to be affected by absence of special demand which arose previous fiscal year.

Health Food Business

- Business environment will remain challenging. We will maintain comprehensive cost controls and continue implementing structural reforms in 2H.
- We will launch new proposals (vitamins, lactobacillus) for healthy lifestyles to keep pace with growing health awareness.

International Food Business

United States: We will prioritize early achievement of stable operation of new lines at Los Angeles Plant.

China: We will resume expansion of the personnel structure. Through campaigns such as the Vermont Curry's 15th anniversary campaign, we will turn changing eating styles into a growth opportunity.

Thailand: We expect demand to weaken to some extent in H2 after the demand surge in H1 but will conduct aggressive marketing activities in anticipation of market entry by competitors.

Restaurant Business

- We revised our assumption for net sales at existing restaurants in H2 from 92.5% to 90.0% to reflect delayed recovery in urban areas.
- We will assess changes in consumer behavior, review the restaurant opening strategy and implement measures to strengthen takeout.

Domestic BtoC Business: Integration of Sales Functions



Details

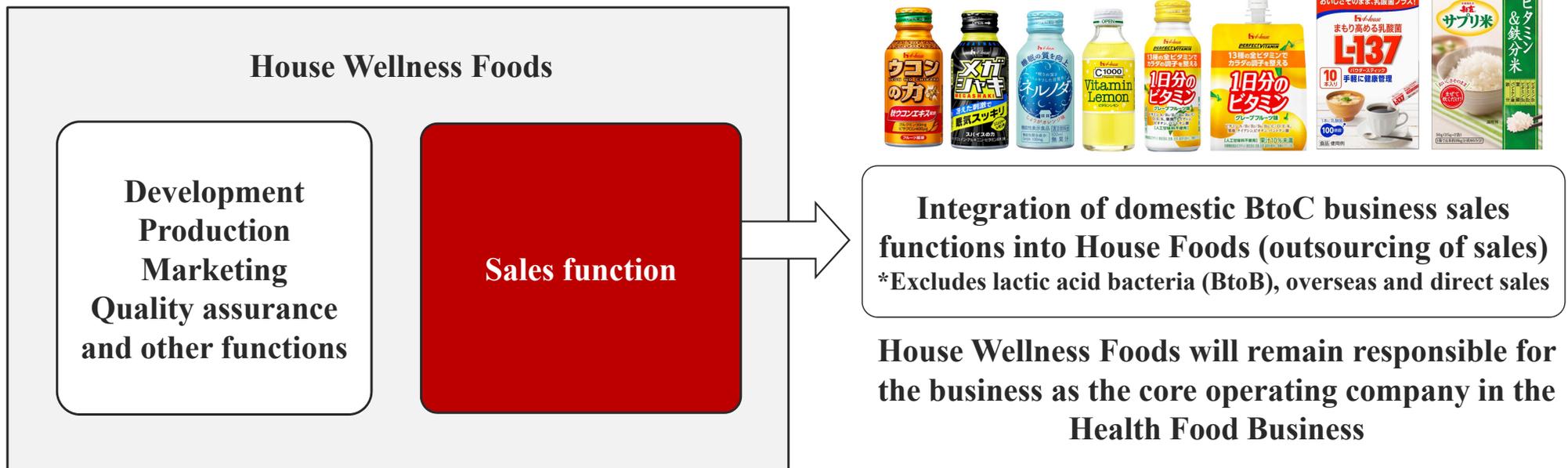
Integration of domestic BtoC product sales functions of House Wellness Foods into House Foods
(Outsourcing of sales to House Foods)

Purpose

- (1) To strengthen domestic BtoC business and make it more efficient in order to create human resources and assign them to the Group's growing business domains
- (2) To improve productivity and strengthen cost competitiveness across the Group
- (3) To propose total "Healthy Life Through Food" solutions in mature domestic market

Timing

April 2021



Detailed Revised Forecast in the Full Year by Segment



Billion yen		FY2020			Breakdown of sales (main factors)	FY2020		
		Revised forecast	Year on year			Revised forecast	Year on year	
Spice / Seasoning / Processed Food Business	Net sales	145.4	+0.4	+0.3%	House Foods Corp.	135.8	+1.4	+1.1%
	Operating profit	14.6	+0.5	+3.5%	Curry roux	39.1	+2.1	+5.7%
					Stew roux	12.1	-0.1	-0.7%
					Spice	22.8	+2.9	+14.7%
					Total of retort pouched products*1	19.1	-0.1	-0.4%
					Food service products	14.6	-2.9	-16.5%
					Gaban Co., Ltd.	8.9	-0.9	-9.0%
					Malony Co., Ltd.	2.8	+0.1	+2.5%
Health Food Business	Net sales	21.9	-6.0	-21.5%	Functional spice business	7.5	-3.8	-33.2%
	Operating profit	-0.1	-0.6	—	Vitamin business	10.3	-1.6	-13.4%
					Lactobacillus business	0.8	+0.0	+2.9%
International Food Business	Net sales	36.7	+7.0	+23.4%	Business in the United States	13.7	+0.7	+5.1%
	Operating profit	5.0	+0.9	+22.0%	Business in China	7.3	+1.3	+21.1%
					Business in ASEAN	11.6	+5.0	+74.8%
Restaurant Business	Net sales	45.0	-7.5	-14.3%	Ichibanya Co., Ltd. (consolidated)	44.7	-6.8	-13.2%
	Operating profit	-0.6	-0.8	—	Ichibanya Co., Ltd. (non-consolidated)	40.0	-5.6	-12.3%
					Overseas and others	4.7	-1.2	-20.1%
Other Food Related Business	Net sales	44.2	-2.1	-4.5%	Delica Chef Corporation	18.2	-0.5	-2.4%
	Operating profit	1.7	-0.1	-5.1%	Vox Trading Co., Ltd. (consolidated)	24.3	-1.6	-6.1%

<Impact of exchange rate fluctuations in International Food Business (YoY)>

Net sales: -0.69 (U.S.: -0.13, China: -0.24, Thailand: -0.37, Taiwan: +0.05)

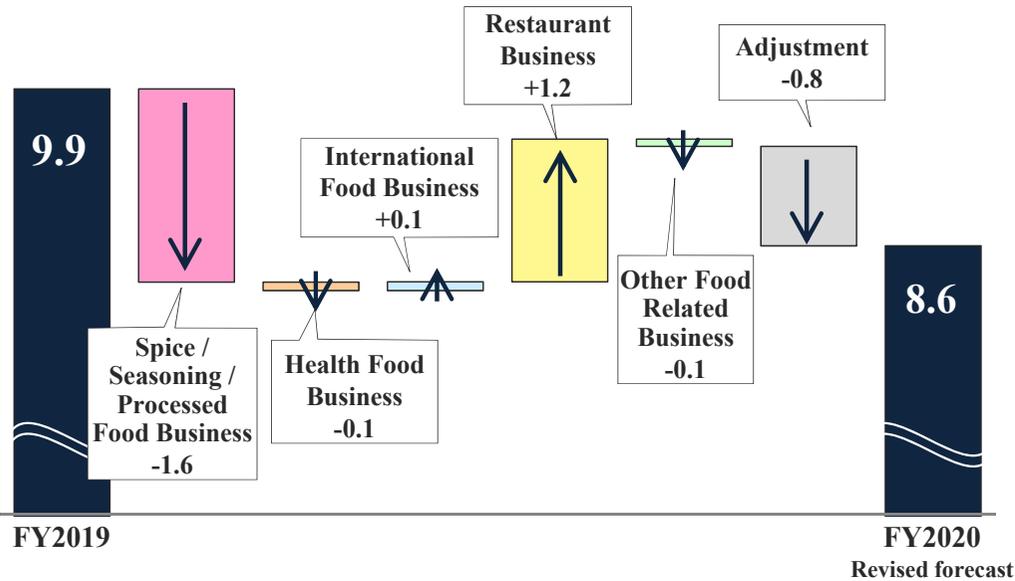
Operating profit: -0.11

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

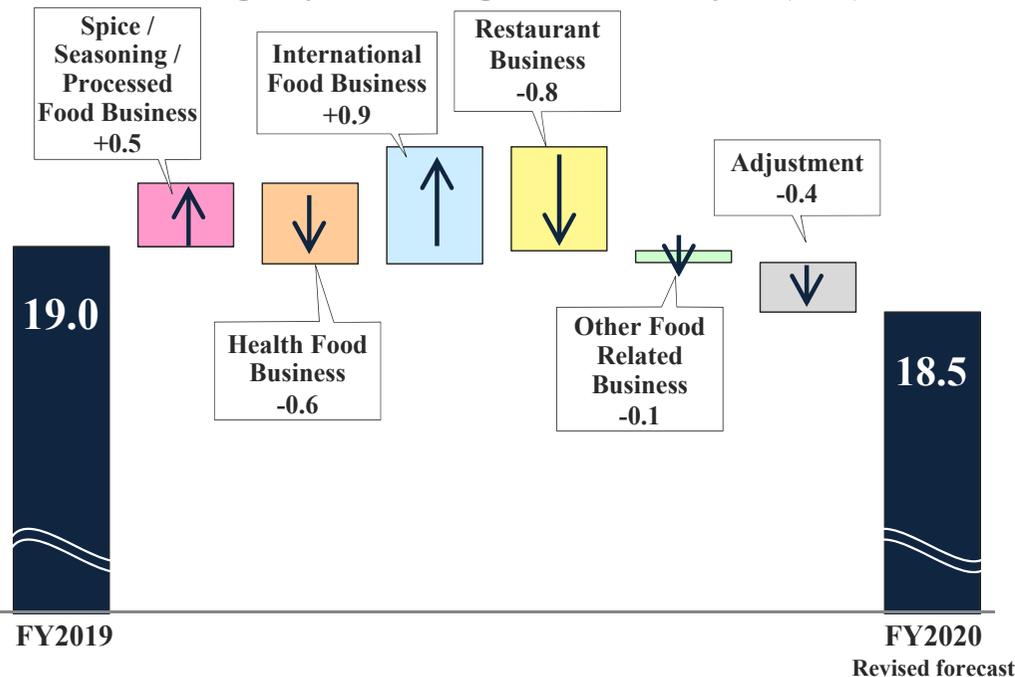


Operating Profit Change Analysis

◆ Factors of changes by business segment in H2 (YoY)



◆ Factors of changes by business segment in the full year (YoY)



Billion yen	FY2020 H1 Results	FY2020 H2 Revised forecast	FY2020 Revised forecast
Spice / Seasoning / Processed Food Business	+2.05	-1.56	+0.49
- Change in sales	+1.3	-0.7	+0.6
- Change in cost of sales ratio	+0.6	+0.1	+0.7
- Marketing costs	+0.3	-0.2	+0.1
- Personnel and other expenses	+0.1	-0.3	-0.3
- Gaban, Malony and other affiliated companies	-0.2	-0.4	-0.6
Health Food Business	-0.55	-0.07	-0.62
- Change in sales	-1.7	-0.8	-2.5
- Change in cost of sales ratio	+0.1	-0.1	-0.1
- Marketing costs	+0.7	+0.5	+1.3
- Other expenses	+0.3	+0.3	+0.7
International Food Business	+0.83	+0.07	+0.90
- Business in the United States	-0.4	-0.0	-0.5
- Business in China	+0.8	-0.1	+0.7
- Businesses in ASEAN	+0.3	+0.2	+0.6
- Exports and others	+0.1	-0.1	+0.0
Restaurant Business	-1.96	+1.16	-0.80
- Ichibanya Co., Ltd. (non-consolidated)	-1.6	-0.5	-2.1
- Overseas and others	-0.4	-0.2	-0.6
- Amortization of goodwill, etc.	-	+1.8	+1.8
Other Food Related Business	-0.03	-0.06	-0.09
- Delica Chef Corporation	-0.0	-0.1	-0.2
- Vox Trading Co., Ltd. (consolidated)	-0.0	+0.1	+0.1
Adjustment	+0.42	-0.81	-0.38
Changes in operating profit	+0.76	-1.27	-0.51

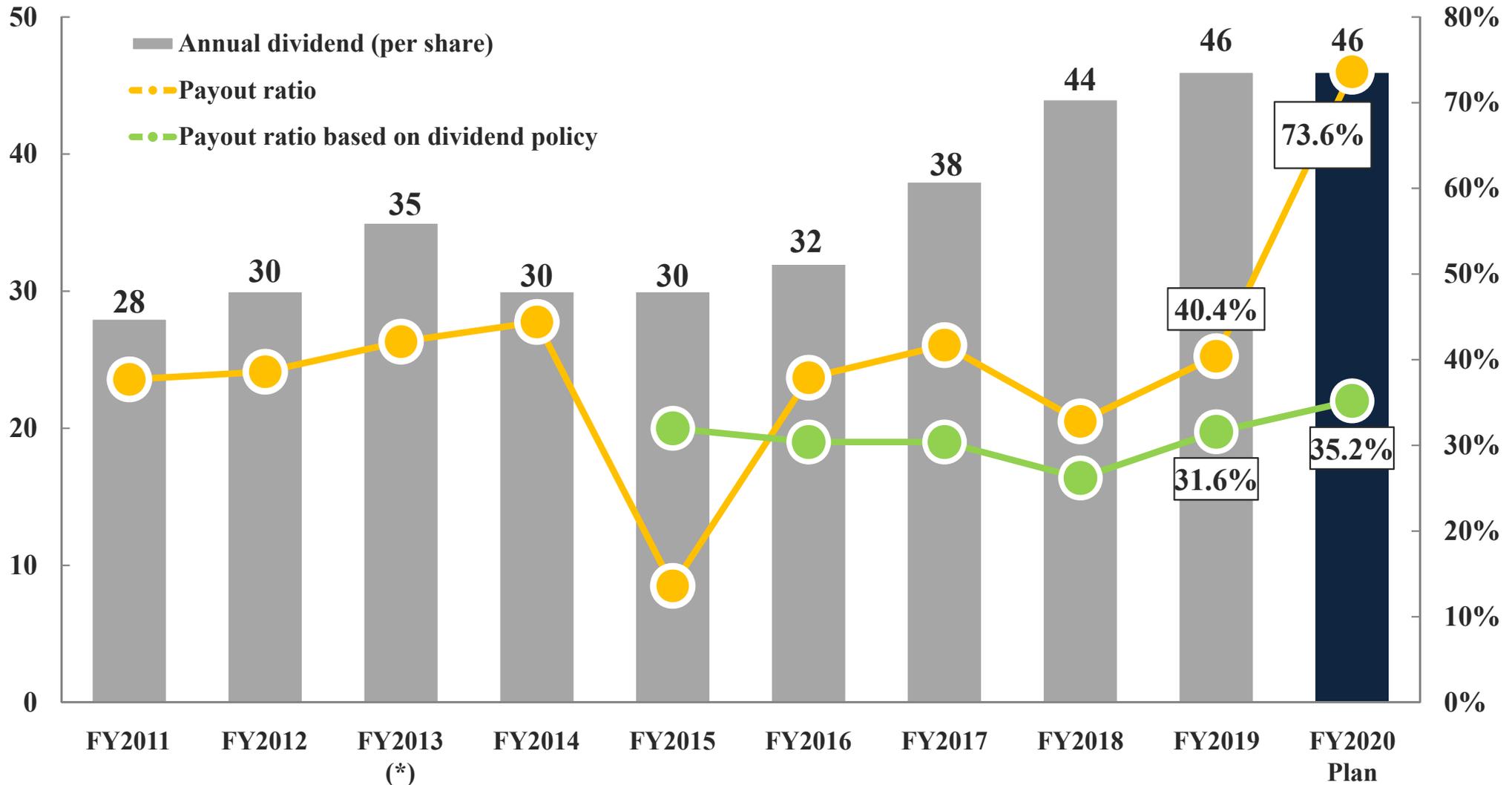


Dividends

◆ 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.

Annual dividend forecast is unchanged



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

Supplementary Description

Trend by Business



◆ YoY Changes in Net Sales	FY2019					FY2020		
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	
Spice / Seasoning / Processed Food Business								
House Foods Corp.								
Curry roux	%	-0.2	+5.0	-5.1	+7.7	+1.8	+8.7	+4.0
Retort pouched curry	%	+3.2	-2.1	+2.2	+21.8	+5.8	-0.5	+9.3
Spice	%	+2.2	+2.3	+2.8	+16.1	+5.3	+24.6	+15.9
Food service products	%	-0.9	+1.0	+2.0	-1.4	+0.3	-24.3	-13.4
Health Food Business								
House Wellness Foods Corporation								
<i>Ukon No Chikara</i>	%	-14.0	-3.0	-12.5	-10.8	-10.3	-63.4	-43.1
<i>C1000</i>	%	-18.6	-32.9	-22.9	-13.7	-23.6	-35.2	-24.4
<i>Ichinichibun No Vitamin</i>	%	-17.7	-19.5	-5.7	+9.2	-10.2	-5.2	+4.4
International Food Business								
Local currency basis								
Business in the United States	%	+5.8	+11.9	+10.4	+3.4	+7.7	+7.1	+4.4
Business in China	%	+8.7	+10.8	+1.2	+21.4	+9.9	+21.3	+49.5
Functional drinks business in Thailand	%	+162.4	+3.8	+52.3	+31.7	+50.4	+37.1	+271.0
Restaurant Business								
Ichibanya Co., Ltd.								
Net sales of all domestic restaurants	%	+1.9	+1.4	-0.9	+0.5	+0.7	-18.6	-11.4
Net sales of existing domestic restaurants	%	+1.5	+1.2	-1.1	+0.5	+0.5	-18.5	-11.3
Number of customers	%	+0.0	-1.0	-3.4	-1.5	-1.5	-19.0	-13.7
Average sales per customer	%	+1.6	+2.2	+2.4	+2.1	+2.1	+0.7	+2.8

Changes in Key Financial Data

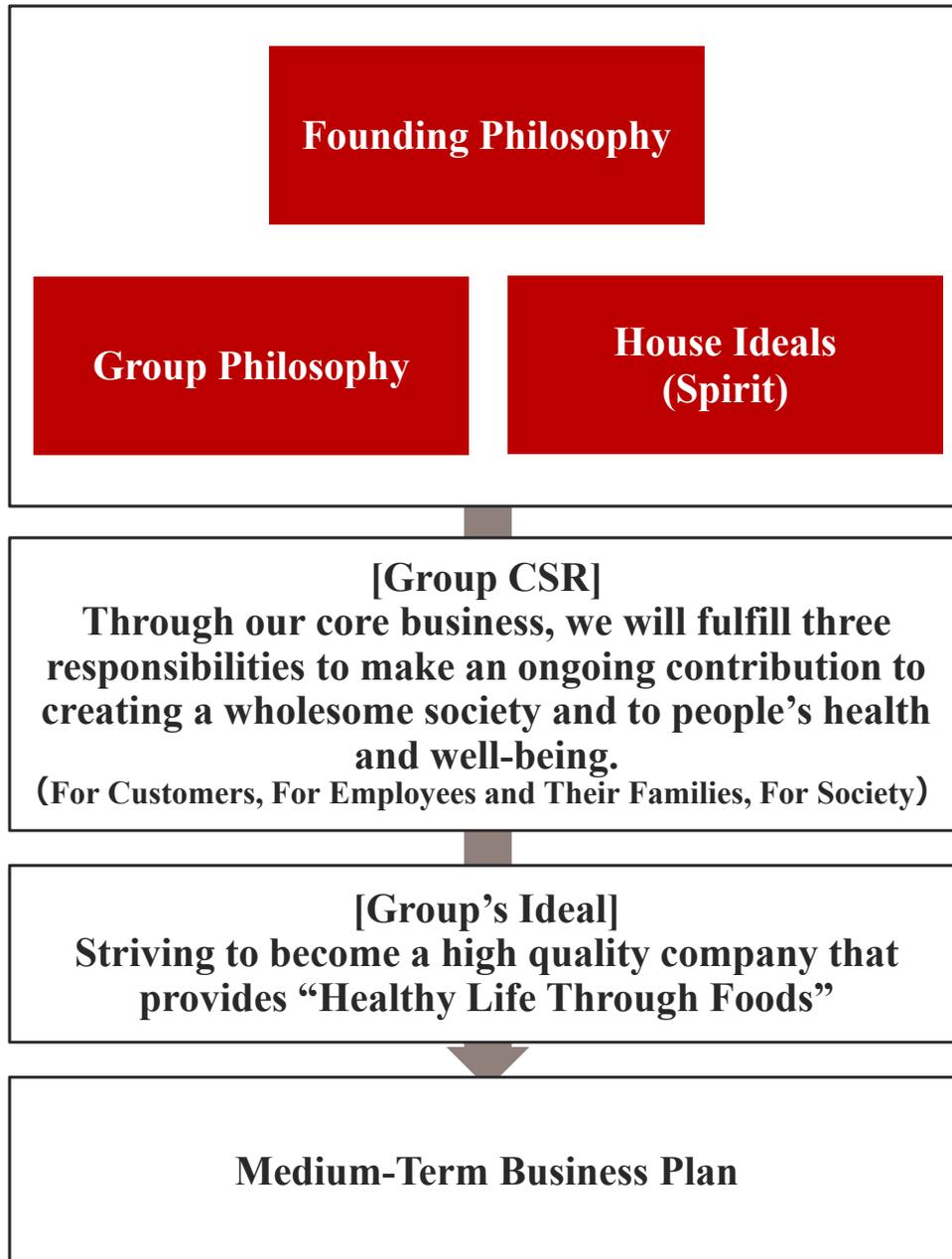


		FY2015	FY2016	FY2017	FY2018		FY2019		FY2020		Sixth medium-term business plan Final fiscal year target
					H1	Full year	H1	Full year	H1	Full-year revised forecast	
Net sales	Billion yen	241.9	283.8	291.9	145.8	296.7	144.6	293.7	140.1	285.0	310.0
Operating profit	Billion yen	10.8	12.3	16.3	8.6	17.6	9.1	19.0	9.9	18.5	22.0
Ordinary profit	Billion yen	12.2	14.0	17.2	9.4	19.1	10.0	20.8	8.8	18.3	—
Profit attributable to owners of parent	Billion yen	22.6	8.7	9.4	5.6	13.8	5.2	11.5	1.0	6.3	—
EBITDA	Billion yen	18.7	25.2	29.0	14.7	30.2	15.5	32.3	16.6	30.4	—
Capital investment	Billion yen	6.8	7.7	10.2	4.6	11.3	8.1	16.3	3.5	11.8	—
Depreciation	Billion yen	6.9	9.3	9.1	4.4	9.3	4.7	9.9	5.0	10.2	—
Cash flows from operating activities	Billion yen	12.5	21.3	23.6	6.8	20.9	9.1	24.2	7.7	—	—
Cash flows from investing activities	Billion yen	- 8.3	- 2.2	- 13.7	- 5.7	- 1.0	- 7.1	- 6.4	- 5.6	—	—
Cash flows from financing activities	Billion yen	- 3.7	- 7.4	- 5.3	- 2.6	- 17.3	- 3.8	- 7.6	- 2.3	—	—
Total assets	Billion yen	349.4	353.9	378.9	383.2	371.0	367.2	367.2	356.6	—	—
Net assets	Billion yen	260.3	266.6	283.7	288.6	279.1	281.8	280.9	278.0	—	—
Shareholders' equity	Billion yen	228.8	235.2	251.8	256.5	247.3	249.6	248.8	248.9	—	—
Dividend per share	Yen	30	32	38	22	44	23	46	23	46	—

Dividend per share: H1 figure is interim dividend and full-year figure is annual dividend

<Our Five Key Indicators>

ATO	Times	0.76	0.81	0.80	—	0.79	—	0.80	—	—	0.87
ROS	%	4.5	4.3	5.6	5.9	5.9	6.3	6.5	7.1	6.5	7.1
ROA	%	3.4	3.5	4.4	—	4.7	—	5.1	—	—	6.2
Equity ratio	%	65.5	66.5	66.5	67.0	66.6	68.0	67.7	69.8	—	—
ROE	%	10.1	3.7	3.8	—	5.5	—	4.6	—	—	5.4



◇ **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

Major business developments (in Japan)

1913	Urakami Shoten, an enterprise dealing in herbal medicines, founded
1926	Launch of powder curry start
1964	Launch of home dessert
1966	Launch of instant stew
1970	Launch of retort pouched products
1973	Launch of packaged noodles
1971	Listed on the Tokyo Stock Exchange and Osaka Securities Exchange
1977	Launch of snacks
1983	Launch of mineral water
1997	Entry into the health foods market
2006	House Wellness Foods Corporation established
2013	Vox Trading Co., Ltd. made into a consolidated subsidiary
	100th anniversary; switch to a holding company system
2015	Ichibanya Co., Ltd. made into a consolidated subsidiary
2016	Gaban Co., Ltd. made into a consolidated subsidiary
2017	Malony Co., Ltd. made into a consolidated subsidiary
2017	Establishment of Corporate Venture Capital business
2018	Complete launch of the Lactobacillus business
2019	Capital and business alliance with Yamami Company

Major events overseas

1981	Entry into USA
1983	Start of tofu business and restaurant business in the United States
1997	Entry into China (Restaurants)
2000	Entry into Taiwan (Restaurants)
2005	Start of curry roux sales in China
2007	Entry into South Korea (Restaurants)
2011	Entry into Thailand (functional drinks)
2012	Entry into Vietnam (home dessert)
2016	Entry into Indonesia (Halal curry for commercial use)
2017	Restructuring of restaurant business in Asia (Ichibanya taking the lead)
2018	Entry into the U.K. (restaurant: Ichibanya)
2020	Entry into India (Restaurants: Ichibanya)

Years when major products were launched

Vermont Curry	Ukon No Chikara	Tofu (USA)	Vermont Curry (China)
			
Launched in 1963	Launched in 2004	Launched in 1983	Launched in 2005

Business Development: Major Products by Segment



Spice / Seasoning / Processed Food Business

House Foods Corp.

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

Curry roux

Stew roux

Retort pouched curry

Spice

Other products



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 2020



◆ House Foods New Products

Category	Product	Suggested retail price (reference price)	On-shelf date
Curry roux	148g Kokumaro Butter Chicken Curry	(¥230)	September 7
Roux products	70g Gohan Ga Umai Hakusai Itame, Cabbage Itame, Daikon Itame	(¥150)	October 19

◆ Variety

Care food	Yasashiku Raku Care Torotoro Nikomi Oyako-ni flavor, Katsu-ni flavor, Chuka-umani flavor	(¥140)	October 1
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◆ Renewal

Stew roux	162g Hokkaido Fondue Stew	(¥260)	September 7
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◆ House Wellness Foods New Products

Category	Product	Suggested retail price (reference price)	On-shelf date
Wellness drinks	C1000 Vitamin Lemon Lactic Acid Bacteria	¥148	September 14

◆ Renewal

Wellness drinks	PERFECT VITAMIN Ichinichibun No Vitamin Food Fiber Fruit Mix Flavor	¥189	September 21
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