The original disclosure in Japanese was released on May 13,2019 at 15:00

May 13, 2019

Consolidated Financial Results (Japanese Accounting Standards) for the FY2018 (Ended March 31, 2019)

Company name: House Foods Group Inc.
Stock exchange listing: Tokyo Stock Exchange
Stock code: 2810
URL: https://housefoods-group.com
Representative: Hiroshi Urakami, President
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Scheduled date of ordinary shareholders' meeting: June 25, 2019
Scheduled date of commencement of dividend payment: June 26, 2019
Scheduled date for filing of annual securities report: June 25, 2019
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated Results of Operations (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	%
Year ended March 31, 2019	296,695	1.6	17,559	7.8	19,100	11.0	13,767	47.2
Year ended March 31, 2018	291,897	2.8	16,288	32.3	17,207	23.3	9,353	7.7

(Note) Comprehensive income: 9,754 million yen (-54.7%) for the fiscal year ended March 31, 2019
21,547 million yen (91.6%) for the fiscal year ended March 31, 2018

	Profit per share (basic)	Profit per share (diluted)	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	134.32	–	5.5	5.1	5.9
Year ended March 31, 2018	91.02	–	3.8	4.7	5.6

(Reference) Share of (profit) loss of entities accounted for using equity method:
51 million yen for the fiscal year ended March 31, 2019
99 million yen for the fiscal year ended March 31, 2018

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	371,025	279,144	66.6	2,454.34
As of March 31, 2018	378,864	283,719	66.5	2,450.71

(Reference) Shareholders' equity: As of March 31, 2019: 247,275 million yen
As of March 31, 2018: 251,814 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2019	20,913	(1,008)	(17,317)	62,495
Year ended March 31, 2018	23,608	(13,739)	(5,317)	60,202

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2018	–	18.00	–	20.00	38.00	3,905	41.7	1.6
Year ended March 31, 2019	–	22.00	–	22.00	44.00	4,477	32.8	1.8
Year ending March 31, 2020 (forecasts)	–	23.00	–	23.00	46.00		42.5	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentage figures for the fiscal year 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, 2020	299,000	0.8	18,500	5.4	19,600	2.6	10,900	(20.8)	108.19

* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates

(i) Changes in accounting policies caused by revision of accounting standards: None
(ii) Changes in accounting policies other than (i): Yes
(iii) Changes in accounting estimates: None
(iv) Restatement: None

Please refer to "4. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)" on page 24 for details.

(3) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)
As of March 31, 2019: 100,750,620 shares
As of March 31, 2018: 102,758,690 shares

(ii) Number of treasury shares at end of period
As of March 31, 2019: 337 shares
As of March 31, 2018: 6,963 shares

(iii) Average number of shares outstanding during the term
Year ended March 31, 2019: 102,491,395 shares
Year ended March 31, 2018: 102,752,594 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Non-Consolidated Financial Results (Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2019	20,493	3.9	9,196	4.9	10,243	9.4	12,569	29.1
Year ended March 31, 2018	19,724	5.9	8,767	11.5	9,361	5.5	9,736	9.2

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Year ended March 31, 2019	122.64	–
Year ended March 31, 2018	94.76	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	213,382	176,504	82.7	1,751.89
As of March 31, 2018	221,412	181,219	81.8	1,763.66

(Reference) Shareholders' equity: As of March 31, 2019: 176,504 million yen
As of March 31, 2018: 181,219 million yen

* These consolidated financial results are not included in the scope of audits by certified public accountants or the audit corporation.

* Explanations and other special notes concerning the appropriate use of business performance 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 relating to the forecasts, please refer to "1. Analysis of Operating Results and Financial Position, (4) Future Outlook" on page 7 of the accompanying materials.

Accompanying Materials – Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

House Foods Group regards the theme of “striving to become a high quality company that provides ‘Healthy Life Through Foods’” as a vision of the Group in the Sixth Medium-Term Business Plan, which commenced in April 2018. The Group is taking steps to become a high quality company in all three of the responsibilities (“For our customers,” “For our employees and their families,” and “For society”) it seeks to fulfill as a corporate citizen.

- Key themes in the “three responsibilities”

For our customers	Creating innovation in the mature market in Japan and accelerating business development in overseas growth markets (value chain innovation, R&D innovation, the expansion of growth in overseas businesses and the strengthening of business base).
For our employees and their families	Achieving diversity and improving productivity (implementing work-style reforms, recruiting diverse human resources and creating a workplace where they can take an active role).
For society	Constructing a recycling-oriented model and achieving a society of healthy longevity through the CSR (Creating Smiles & Relationships) activities the Group conceives.

During the fiscal year under review, net sales of the Group increased 1.6% year on year, to 296,695 million yen, mainly because of the firm performance of the Spice/Seasoning/Processed Food Business, the Restaurant Business and Other Food Related Business, in addition to the expansion of the business scale of the International Food Business in each area into which it made an advancement, although sales in the Health Food Business fell below the level a year earlier.

Operating profit rose 7.8% year on year, to 17,559 million yen, thanks to the thoroughly practiced effective operation of marketing costs in the Spice/Seasoning/Processed Food Business and Health Food Business, in addition to the effect of higher sales in the International Food Business, which offset the impact of the rising price of rice for food services and higher labor costs in the Restaurant Business. Ordinary profit increased 11.0% year on year, to 19,100 million yen, and profit attributable to owners of parent climbed 47.2% year on year, to 13,767 million yen due to an increase in extraordinary profit mainly due to the sale of investment securities.

The Group purchased and cancelled treasury shares during the fourth quarter of the consolidated fiscal year under review to implement capital policy in a flexible manner and to improve capital efficiency and enhance returns to shareholders.

As a result, the management indicators regarded as important by the Company are as follows.

	FY2017	FY2018
ATO (Asset Turnover)	0.80 times	0.79 times
ROS (Ratio of operating profit to net sales)	5.6%	5.9%
ROA (Ratio of ordinary profit to total assets)	4.7%	5.1%
ROE (Ratio of profit to equity)	3.8%	5.5%

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	141,225	100.9	12,669	104.9
Health Food Business	30,899	97.8	1,421	156.6
International Food Business	26,317	115.1	3,584	125.9
Restaurant Business	52,083	100.2	(561)	–
Other Food Related Business	61,882	101.4	2,045	109.6
Subtotal	312,406	101.6	19,159	110.8
Adjustment (elimination)	(15,710)	–	(1,599)	–
Total	296,695	101.6	17,559	107.8

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

Spice / Seasoning / Processed Food Business

Curry products of House Foods Corporation secured results unchanged from a year earlier overall, reflecting growth in sales of ready-made retort pouched products and food service products, which offset year-on-year decline in sales of roux products for cooking. The growth in sales of ready-made retort pouched products and food service products and the decline in sales of roux products for cooking was partly due to the growing tendency for people to eat out or buy food to eat at home. House Foods Corporation decided to establish a new production line at its Kanto Plant to rebuild its supply structure for the growing retort products market and is making preparations aiming to put the new line into operation around the summer of 2019. In other products, sales of dessert products and packaged noodles grew year on year partly due to the effect of new products. However, sales of stew roux products were weak mainly due to the weather during the winter period despite efforts to increase eating opportunities.

In addition, the performance of Gaban Co., Ltd. also remained solid, contributing to higher segment profit.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 141,225 million yen, up 0.9% year on year, and operating profit was 12,669 million yen, up 4.9% year on year. As a result, the ratio of operating profit to net sales was 9.0%, rising 0.3 percentage point from the same period of the previous fiscal year.

Health Food Business

In the functional spice business, the gradual downward trend of the *Ukon No Chikara* series, the main brand, continued due to the diversification of occasions when customer enjoyed a drink. Under these conditions, the business segment worked to enhance the health value provided by launching two foods with function claims towards the end of the fiscal year, with the launch of *Curcumin & Bisacurone* for those starting to worry about their liver function test results in February 2019 and *Nerunoda* for those wanting to improve the quality of their sleep in March 2019.

In the vitamin business, overall sales were unchanged year on year thanks to growth in sales of *Ichinichibun No Vitamin* driven by jelly products, despite sluggish sales of the *C1000* series. The business segment plans to switch to in-house production of pouched jelly products with caps during FY2019.

In addition, the Group worked to promote the function and increase recognition of *lactic acid bacterium L-137,* developed using the Group's own technology by commencing its full-fledged business development in the fiscal year under review.

As a result, the Health Food Business declined 2.2% year on year, to 30,899 million yen. Operating profit rose 56.6% year on year, to 1,421 million yen thanks to the thoroughly practiced effective operation of marketing costs. As a result, the ratio of operating profit to net sales was 4.6%, improving 1.7 percentage point year on year.

International Food Business

In the Tofu business in the United States, sales increased due to growth in sales to American and commercial markets fueled by rising health consciousness, in addition to a firm performance in Asian markets. While the effect of higher labor and logistics costs and tight production capacity squeezed profits, the effect of higher sales and the effect of price revisions introduced in July 2018 helped secure higher profits.

The curry business in China posted higher sales and profits, reflecting efforts to further develop sales in priority cities focusing on products for household use and efforts to expand the scope of business focusing on food service products. With the start of operations at the Zhejiang Plant in September 2018, the Group established a structure with three plants in Shanghai, Dalian and Zhejiang.

In the functional beverage business in Thailand, both sales and profits increased, reflecting increased market deliveries thanks to action taken to meet strong demand, including expansion of *C-vitt* production capacity by joint venture partner Osotspa.

As a result of the above, sales in the International Food Business rose 15.1% year on year, to 26,317 million yen, and operating profit increased 25.9%, to 3,584 million yen. Consequently, the ratio of operating profit to net sales was 13.6%, rising 1.2 percentage point from a year earlier.

Restaurant Business

Ichibanya Co., Ltd. posted solid sales but saw a decline in operating profit because of rising prices for ingredients especially rice for food services and higher manufacturing costs such as repair expenses in addition to rising personnel expenses in a challenging employment environment. At stores of Ichibanya Co., Ltd. in Japan, the combined total sales of directly managed stores and franchised stores rose 2.2% year on year and sales at existing stores increased 2.1%.

At the end of the fiscal year under review, the number of stores of Ichibanya Co., Ltd. in Japan was 1,305 (an increase of 6 stores) while the number of overseas stores was 172 (an increase of 18 stores). In the consolidated fiscal year under review, the Group opened new stores in Vietnam and the UK and made a good start in both countries.

As a result, sales in the Restaurant Business including Ichibanya Co., Ltd. and other restaurant subsidiaries increased 0.2% year on year, to 52,083 million yen. Due to the burden of the amortization of goodwill and intangible assets recognized upon making Ichibanya Co., Ltd. a subsidiary included in the scope of consolidation, the operating loss stood at 561 million yen, a fall in operating profit of 155 million yen from the previous fiscal year. As a consequence, the ratio of operating profit to net sales was -1.1%, falling 0.3 percentage point from a year earlier.

Other Food Related Business

House Logistics Service Corporation, which operates the transportation and warehouse business, worked to optimize its business with a view to the nationwide rollout of F-LINE, a joint initiative by food companies, from April 2019 and consequently secured higher profits despite lower sales. As a result of an absorption-type split in April, F-Line Co., Ltd. succeeded to the transportation and warehouse business of House Logistics Service Corporation, and House Logistics Service Corporation will continue to conduct orders received and yard handling business operations exclusively provided to the Group, which are not subject to the corporate split.

Delica Chef Corporation, a Group company that produces prepared food for convenience stores, focused more on strengthening its development capabilities and improving productivity amid the upward trend in labor costs associated with the labor shortage, and posted gains in sales and profits.

Vox Trading Co., Ltd., which imports, exports and sells agricultural products and food, worked on enhancing solution proposals involving high-quality food ingredients, as well as increasing the earnings strength of the core business, and recorded higher sales and profits.

As a result of the above, sales in Other Food Related Business increased 1.4% year on year, to 61,882 million yen, and operating profit rose 9.6% year on year, to 2,045 million yen. Consequently, the ratio of operating profit to net sales was 3.3%, improving 0.2 percentage point from a year ago.

(2) Analysis of Financial Position

Total assets at the end of the consolidated fiscal year under review fell 7,839 million yen from the end of the previous consolidated fiscal year, to 371,025 million yen.

Current assets stood at 144,755 million yen, an increase of 3,510 million yen compared to the end of the previous consolidated fiscal year. Non-current assets were 226,269 million yen, a year-on-year decrease of 11,349 million yen.

The primary factors for the increase in current assets include a 2,817 million yen increase in merchandise and finished goods and a 1,854 million yen increase in cash and deposits, offsetting a 1,571 million yen decrease in securities.

The main factors for the decrease in non-current assets include a 10,368 million yen decrease in investment securities and a 3,420 million yen decrease in goodwill.

Total liabilities at the end of the consolidated fiscal year under review were 91,881 million yen, a decrease of 3,264 million yen compared to the end of the previous consolidated fiscal year. Current liabilities were down 1,341 million yen from the end of the previous consolidated fiscal year, to 55,308 million yen, and non-current liabilities were 36,573 million yen, a year-on-year decrease of 1,923 million yen.

The primary factors for the decrease in current liabilities include a 2,109 million yen decrease in short-term loans payable and an 828 million yen decrease in income taxes payable.

The primary factors for the decrease in non-current liabilities include a 2,337 million yen decrease in deferred tax liabilities, a 296 million yen decrease in provision for directors' bonuses and a 248 million yen decrease in lease obligations, offsetting a 1,135 million yen increase in long-term guarantee deposits.

Net assets at the end of the consolidated fiscal year under review stood at 279,144 million yen, a decrease of 4,575 million yen from the end of the previous consolidated fiscal year, primarily reflecting a decrease in valuation difference on available-for-sale securities due to the sale of investment securities held and a decrease in foreign

currency translation adjustment, offsetting an increase in retained earnings as a result of profit attributable to owners of parent.
As a result, the equity ratio at the end of the consolidated fiscal year under review stood at 66.6%, compared with 66.5% at the end of the previous consolidated fiscal year, and net assets per share were 2,454.34 yen, compared with 2,450.71 yen at the end of the previous consolidated fiscal year.

(3) Analysis of Cash Flows

With respect to cash flows for the consolidated fiscal year under review, net cash provided by operating activities amounted to 20,913 million yen, net cash used in investing activities, including the purchase of plant, property and equipment and sales of securities, amounted to 1,008 million yen, and net cash used in financing activities, including an increase in short-term loans payable, a decrease in short-term loans payable, and purchase of treasury shares, was 17,317 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 62,495 million yen, an increase of 2,293 million yen compared with the balance at the beginning of the year.
The status and primary contributing factors for each cash flows category were as follows:

(Cash flows from operating activities)
Cash provided by operating activities during the consolidated fiscal year under review was 20,913 million yen, a decrease of 2,695 million yen from the previous consolidated fiscal year. Key factors included 22,297 million yen in profit before income taxes.
The decrease in comparison to the previous consolidated fiscal year is mainly attributable to an increase in loss (gain) on sales of investment securities (a year-on-year decrease of 3,519 million yen), an increase in income taxes paid (a year-on-year decrease of 2,826 million yen), an increase in decrease (increase) of inventories (a year-on-year decrease of 2,265 million yen) and an increase in profit before income taxes (a year-on-year increase of 5,283 million yen).

(Cash flows from investing activities)
Cash used by investing activities during the consolidated fiscal year under review was 1,008 million yen, which was 12,731 million yen less than cash used in the previous consolidated fiscal year. Key factors included the purchase of property, plant and equipment of 9,543 million yen, the purchase of investment securities of 6,095 million yen, the purchase of securities of 1,000 million yen, proceeds from the sale of securities of 8,578 million yen, and proceeds from the sales of investment securities of 7,358 million yen.
The primary factors for the increase compared with the previous consolidated fiscal year were an increase in proceeds from the sale of investment securities (a year-on-year increase of 5,722 million yen), a decrease in the purchase of securities (a year-on-year increase of 4,000 million yen), and a decrease in the purchase of investment securities (a year-on-year increase of 2,390 million yen).

(Cash flows from financing activities)
Cash used by financing activities during the consolidated fiscal year under review was 17,317 million yen, which was 12,000 million yen more than cash used in the previous consolidated fiscal year. Key factors included

purchase of treasury shares of 8,773 million yen, cash dividends paid of 4,316 million yen, and dividends paid to non-controlling interests of 1,245 million yen.

The primary factors for the decrease compared with the previous consolidated fiscal year were an increase in purchase of treasury shares (a year-on-year decrease of 8,767 million yen), a decrease in proceeds from short-term loans payable (a year-on-year decrease of 1,445 million yen), an increase in repayments of short-term loans payable (a year-on-year decrease of 858 million yen) and an increase in dividends paid (a year-on-year decrease of 720 million yen).

(Million yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Year-on-year change
Cash flows from operating activities	23,608	20,913	(2,695)
Cash flows from investing activities	(13,739)	(1,008)	12,731
Cash flows from financing activities	(5,317)	(17,317)	(12,000)
Effect of exchange rate changes on cash and cash equivalents	56	(295)	(351)
Net increase (decrease) in cash and cash equivalents	4,608	2,293	(2,315)
Cash and cash equivalents at beginning of period	55,594	60,202	4,608
Cash and cash equivalents at end of period	60,202	62,495	2,293

Cash flow indicators for the Group are as follows:

	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019
Equity ratio (%)	76.9	65.5	66.5	66.5	66.6
Equity ratio (market value basis) (%)	90.5	61.7	70.5	95.9	120.8
Cash flow/interest bearing liabilities ratio (%)	143.5	117.3	64.9	62.6	63.7
Interest coverage ratio (times)	63.6	122.7	252.8	263.5	256.0

(Notes)
1. Equity ratio: Shareholders' equity / Total assets
   Equity ratio (market value basis): Market capitalization / Total assets
   Cash flow / interest bearing liabilities ratio: Interest-bearing debt / Operating cash flow
   Interest coverage ratio: Operating cash flow / Interest payments
2. Each indicator is calculated based on consolidated financial figures.
3. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares (excluding treasury shares) as of that date.
4. Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements.
5. Interest-bearing debt includes all liabilities requiring the payment of interest under the liabilities section of the consolidated balance sheet. Interest payments equal the amount of interest paid on the consolidated cash flow statements.
6. The Group applied "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28 of February 16, 2018) from the start of the fiscal year and cash flow indicators for the year ended March 31, 2018 are indicators after retrospective application of the such accounting standard, etc.

(4) Future Outlook

The business environment surrounding the House Foods Group is expected to remain uncertain in a rapidly changing market environment, with concerns over the impact that the upcoming consumption tax hike in October 2019 and increasing global uncertainty will have on consumer confidence and upward pressure on raw materials prices from growing demand throughout the world, in addition to changes in the household composition and eating styles in the mature domestic market.

The Sixth Medium-Term Business Plan covering the three-year period starting from April 2018 adopted "Striving to become a high quality company that provides 'Healthy Life Through Foods'" as the Group's goal and the

Group is implementing initiatives to become a high quality company in all the “three responsibilities” (for its customers, for its employees and their families, and for society) the Group is required to fulfil as a corporate citizen.

- Key initiatives in the fiscal year ended March 31, 2019

For our customers	◇ Build-up of the core of the value chain – Implementation of three measures to be conducted beyond the boundaries within the Group under the GOT initiative (reforms of procurement of spices, production optimization, establishment of the B to B system for spices) - Input of resources in growing markets in Japan (decision to expand production capacity for retort pouched products) - Activities to create synergy between House Foods Corporation and Gaban Co., Ltd. through project teams for food service ◇ Build-up of R&D functions/Creation of new business - Development of R&D structure for creation of innovation - Start-up of lactic acid bacteria business ◇ Expansion of growth and strengthening of foundation overseas - Expansion of production capacity in three key areas (United States, China, ASEAN)
For employees and their families	◇ Realization of diversity and improvement of productivity – Implementation of workstyle reforms - 5 reforms of workstyle (expansion of monthly planned work, introduction of teleworking, reduction of the prescribed working hours, introduction of objective management of working hours, abolition of the deemed working hours system for sales activities) - Introduction of New management system (1-on1 meetings between managers and their employees) – Securing of various human resources and establishment of the occasion/location to fulfil active roles
For society	◇ Construction of the recycling-oriented model - Start of switch to FSC-certified paper for product packaging for realization of sustainable procurement ◇ Achievement of a society of healthy longevity - Activities for food education: Fostering of sense of ownership and engagement through participation of Group employees
Capital policy	- Annual dividend per share of 44 yen (plan to increase dividend by 6 yen from the previous year) - Purchase and cancellation of 2 million treasury shares.
Business investment	- Strengthening of business foundation overseas United States: Expansion of capacity of LA plant (scheduled to start operation in January 2020) China: Start of operation at Zhejiang plant (in September 2018) - Promotion of collaboration with CVC

Next fiscal year, which marks the second year of the Medium-Term Business Plan, the Group plans to further increase the cost competitiveness of the five business segments. It will also incorporate measures to deal with issues that have emerged and implement initiatives with greater speed to “become a high quality company that provides ‘Healthy Life Through Foods’”

With these initiatives, for the next fiscal year the Group expects consolidated net sales of 299,000 million yen (a year-on-year increase of 0.8%), consolidated operating profit of 18,500 million yen (a year-on-year increase of 5.4%) and consolidated ordinary profit of 19,600 million yen (a year-on-year increase of 2.6%). The Group also anticipates profit attributable to owners of parent of 10,900 million yen (a year-on-year decrease of 20.8%).

	Year ended March 31, 2019 (Million yen)	Year ending March 31, 2020 (forecasts) (Million yen)	Increase/Decrease (Million yen)	Increase/Decrease (%)	Target for final fiscal year of Medium-term Business Plan (fiscal year ending March 31, 2021) (Million yen)
Net sales	296,695	299,000	2,305	0.8	310,000
Operating profit	17,559	18,500	941	5.4	22,000
Ordinary profit	19,100	19,600	500	2.6	
Profit attributable to owners of parent	13,767	10,900	(2,867)	(20.8)	

- By segment

	Year ended March 31, 2019 (Million yen)	Year ending March 31, 2020 (forecasts) (Million yen)	Increase/Decrease (Million yen)	Increase/Decrease (%)	Target for final fiscal year of Medium-term Business Plan (fiscal year ending March 31, 2021) (Million yen)
Spice / Seasoning / Processed Food Business					
Net sales	141,225	146,200	4,975	3.5	154,000
Operating profit	12,669	13,300	631	5.0	14,000
ROS	9.0%	9.1%	–	–	9.1%
Health Food Business					
Net sales	30,899	31,000	101	0.3	36,000
Operating profit	1,421	1,600	179	12.6	2,000
ROS	4.6%	5.2%	–	–	5.6%
International Food Business					
Net sales	26,317	29,600	3,283	12.5	34,000
Operating profit	3,584	3,600	16	0.4	4,600
ROS	13.6%	12.2%	–	–	13.5%
Restaurant Business					
Net sales	52,083	53,100	1,017	2.0	56,000
Operating profit	(561)	(400)	161	–	1,100
ROS	(1.1%)	(0.8%)	–	–	2.0%
Other Food Related Business					
Net sales	61,882	46,400	(15,482)	(25.0)	43,000
Operating profit	2,045	1,800	(245)	(12.0)	1,800
ROS	3.3%	3.9%	–	–	4.2%
Adjustment					
Net sales	(15,710)	(7,300)	8,410	–	(13,000)
Operating profit	(1,599)	(1,400)	199	–	(1,500)

- Key management indicators

	Year ended March 31, 2019 (Million yen)	Target for final fiscal year of Medium-term Business Plan (fiscal year ending March 31, 2021) (Million yen)
ATO	0.79 times	0.87 times
ROS	5.9%	7.1%
ROA	5.1%	6.2%
ROE	5.5%	5.4%

(Note) 1. The forecasts above have been made based on information available on the date of publication of this document. Actual results may differ from the forecast.

(5) Basic Policy on the Payment of Dividends and Dividends for the Fiscal Year under Review and Next Fiscal Year

Recognizing that one of the key management issues is the return of profits to shareholders, the Group endeavors to increase its earnings power and improve its financial position. In addition, our basic policy on the payment of dividends is 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,” comprehensively considering the consolidated business results and the business plans, among other aspects.

In the fiscal year under review, the Group recorded one-off extraordinary income mainly due to the sale of investment securities. However, out of consideration for maintaining a stable dividend, the Group expects to pay a year-end dividend of 22.000 yen per share, which is an increase of 2.00 yen from the previous fiscal year. Combined with the interim dividend of 22.00 yen, the annual dividend is expected to be 44.00 yen per share, which is an increase of 6.00 yen from the previous fiscal year.

As a result, the consolidated dividend payout ratio will be 32.8%. However, excluding the effects of extraordinary income/losses arising from business combinations and the amortization of goodwill mentioned above, the dividend payout ratio will be 26.2% on a consolidated basis.

For the next fiscal year, the Group expects to pay an annual dividend of 46 yen (an interim dividend of 23 yen).

In terms of internal reserves, the Group seeks to use such reserves to fund investment in manufacturing equipment, research and development, and new businesses development, to prepare for future business.

(6) Business and Other Risks

Risks that could influence the Group’s performance and financial standing include the following. However, the statements below do not cover all the risks, and the Group may be subject to the impact of any risk in the future that cannot be foreseen or is not perceived as a problem at the present time.

Recognizing the possibility of these risks occurring (being actualized), the Group will work to prevent or avoid them. The Group will also focus on minimizing risks to operations and business risks in the event of actualization of risks.

(i) Food Safety Issues

Consumer demand for quality has increased in the food industry. In response, the Company is taking steps to strengthen its quality assurance system, including constructing a traceability mechanism headed by the Quality Assurance Management Division, which is dedicated exclusively to product quality assurance, as well as holding Group quality assurance meetings, with the participation of people from outside the Group who can deliver useful insights. Nevertheless, should an incident that exceeds the scope of the Group’s initiatives as described above take place – for instance, a quality issue that encompasses the entire community – and the image of the products of the Group is harmed, or should other events in which the image of the products of the Group is harmed by rumors take place, even if the Group’s products are not directly related to the relevant incidents, the Group’s performance and financial standing could be affected.

(ii) Climate Change and Natural Disasters and Widespread Outbreak of Serious Infectious Diseases

Weather-related factors, such as relatively cold summers, heat waves and relatively mild winters, the occurrence of a large-scale natural disaster, or the widespread outbreak of serious infectious disease have the potential to become risks for the Group’s businesses and could affect the Group’s performance and financial standing.

The Group creates a task force immediately after a large-scale disaster or widespread outbreak of serious infectious disease and establishes a Group-wide system to respond to the disaster or disease. Considering relief supplies and product supply the primary mission of a food corporation, the Group creates a production and supply system to deal with the disaster or disease. The Group also revises its business continuity plan every year in order to resume business without delay should the Group suffer damage as a result of disaster.

(iii) Procurement of Raw Materials and Price Fluctuations

The main ingredients of the Group’s products are agricultural products such as wheat and spices, as well as petroleum products and paper used in packaging, among others. There is a risk of stable procurement of these ingredients becoming difficult in the event of crop failure associated with extraordinary weather in their places of origin, because of the occurrence of conflicts and incidents, or unexpected changes in laws or regulations. There is also a risk of manufacturing costs rising because of soaring prices associated with supply and demand relationships or price fluctuations in markets. Those risks could influence the Group’s performance and financial standing.

The Group procures part of its ingredients from overseas, and their prices could be affected by exchange rate fluctuations. Medium- to long-term exchange rate fluctuations are at risk of affecting the Group’s performance and financial standing.

(iv) Changes in the Value of Held Assets

The Group holds a range of tangible and intangible fixed assets, including commercial facilities, real estate, and goodwill acquired through corporate acquisitions, etc. Should the market value of these assets fall or should these assets no longer generate the cash flows initially expected and there is no longer any prospect of recovering the amount invested in the assets due to decline in their profitability, impairment accounting could be necessary. Impairment accounting could influence the Group’s performance and financial standing.

(v) Effects of Laws and Regulations

The Group is subject to a number of laws and regulations, including the Food Sanitation Act, the Product Liability Act, the Act against Unjustifiable Premiums and Misleading Representations, and local laws and regulations overseas. Each division in the Group collaborates with the legal division to take all possible measures to comply with relevant laws and regulations. However, our business activities could be restricted should regulations be tightened and new regulations imposed, and this could influence the Group's performance and financial standing.

(vi) Environmental Risks

The Group complies with environmental requirements in Japan and overseas and these include requirements relating to air pollution, CO2 emissions, discharge of wastewater, and handling of industrial waste. The Group's business activities may be restricted by tighter legislation or new regulation in the future and this could influence the Group's performance and financial standing.

(vii) Risks in Leak of Information and System Management

The Group manages data in computerized form about development, production, logistics, sales and other aspects, and the personal information of many customers associated with sales promotion campaigns and mail-order marketing. The Group prepares for unlikely events such as system failures by taking all possible maintenance and security measures, while operating a comprehensive data management system. Nonetheless, systems could become inoperative, or sensitive information could be lost if software or equipment were to be damaged in a disaster. The potential for system failures, unauthorized disclosure, or falsification of data does exist, for instance from unauthorized access involving new technologies and the infection of computers with unknown viruses. In those cases, the Group's performance, financial standing, and social trust could be influenced.

(viii) Risks in Overseas Businesses

The Group is engaged in various food-related businesses overseas, including manufacturing and selling tofu products and curry products, importing and exporting agricultural products, processing, importing and exporting spices, and operating restaurant chains in countries such as the United States, China, Taiwan, South Korea, Thailand, Vietnam, Indonesia, and Malaysia. Economic slowdowns, political issues, terrorism or disputes, and situations jeopardizing food safety in these countries have the potential to become risks that influence the Group's performance and financial standing.

(ix) Risks in the Restaurant Business

In the Restaurant Business, competition among restaurants and competition with players from other industries such as convenience stores and supermarkets is becoming increasingly fierce whilst the market stays the same size. If the Group fails to provide menus that meet the needs of customers or high added value services, its net sales may fall and this could influence the Group's performance and financial standing.

2. Basic Corporate Management Policy and Issues Facing the Group

(1) Basic Corporate Management Policy

The Group positions the following three factors as the Group philosophy. According to the Group philosophy, the Group has been striving to expand its business through consistent business activities by clarifying the targets it aims to achieve.

“Our Founding philosophy”

In every happy home throughout Japan you will find the warm flavor of home cooking, House. The Symbol of a Happy Home

“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)”

Consisting of the Company’s motto (Sincerity, Originality and Enthusiasm) and the 10 House Values.

(2) The Company’s Medium- to Long-term Management Strategy and The Issues that The Company Needs to Address

We are addressing the following specific action items to enhance synergies in the Group and to improve corporate value and profitability:

(Summary of the medium-term business plan)

The Group develops a medium-term business plan every three years that clarifies the direction of each business, and formulates and implements specific action plans in accordance with this plan. The Sixth Medium-term Business plan, which commenced in April 2018, specifies “striving to become a high quality company that provides ‘Healthy Life Through Foods’” as the ideal of the House Foods Group. Not only in terms of business but also in terms of the three responsibilities towards (i) customers, (ii) employees and their families and (iii) society, which form the base of the Group philosophy, the Group is proceeding with the following activities to advance its reform to a high quality company.

(i) Activities for customers

The Group recognizes that its responsibility is to deliver “Healthy Life Through Foods” to customers through its business. Under the two themes of “creation of innovation in the domestic mature market” and “acceleration of business expansion in the overseas growth market,” we will work on value chain and R&D reforms to increase the ability to create new value by itself.

The Sixth Medium-term Business Plan specifies the following themes by business segment and for new business.

Segment	Main themes
Spice/Seasoning/ Processed Food Business	◇ Reform of the model to generate revenues – reducing the weighting of the roux business - - Response to the growing tendency for people to eat out or buy food to eat at home: increase the profitability of retort pouched curry products, increase the capability to propose the temperature range - Increase cost competitiveness, create new value and establish the foundation of the spice B to B business by implementing the three measures beyond the boundaries within the Group under the GOT initiative (reforms of procurement of spices, production optimization, establishment of B to B system for spices)
Health Food Business	◇ Structural reform through the selection and concentration of management resources and the commercialization of strategic healthy ingredients by taking advantage of the Group’s strengths - Increase earnings strength of the existing business: advancement of improvement of profit and loss structure and reconstruction of business strategies - Steady commercialization of the R&D themes handled under the Fifth Medium-Term Business Plan (strategic healthy ingredients)
International Food Business	◇ Promotion of both “acceleration of growth” and “securing of revenues” to lead the Group - The United States: improvement and expansion of the system for the production and supply of tofu and the creation of the new business of soybeans - China: expansion of the curry business by increasing the production capacity and construction of business infrastructure - ASEAN: expansion of functional drink and creation of demand for Japanese-style curry
Restaurant Business	◇ Building up the management foundation toward a growth path - Maintenance of revenues from the domestic business: increase of attractiveness of restaurants and reconstruction of the revenue base - Expansion of International Business: leap as the driver for growth (toward the business with 300 restaurants)
Other Food Related Business	◇ Logistics business: advancement of F-LINE, and establishment of a sustainable logistics system by constructing the infrastructure common to the industry ◇ Prepared food business: increase of earnings strength mainly in the salad and prepared food business ◇ Trading company functions: strengthening of the revenue base by improving its own capabilities
New Business	◇ From the accumulation of tacit knowledge to the acquisition of explicit knowledge - Commercialization of “Smile Ball tear-less onions” and “lactic acid bacteria” - Promotion of collaboration with CVC

(ii) Activities for employees and their families

The Group recognizes that its responsibility is to work on the creation of a stage for each person to play an active role by making the best of their individualities, by accepting, making good use of and developing diversity. We will push forward with the “implementation of work style reforms” and the “securing of various human resources and creation of a place/occasion to do a great job” to achieve diversity.

(iii) Activities for the society

The Group recognizes that its responsibility is to contribute to the good health of people and the planet through the food business and achieve a sustainable society. We see CSR (corporate social responsibility) as an acronym for “Creating Smiles and Relationships” and will aim to achieve the “construction of the recycling-oriented model” and “a society of healthy longevity” through our CSR activities.

(Business investment plan)

During the period of the Sixth Medium-term Business Plan, business investment of 60 billion yen in total is planned: 30 billion yen for investment in the Group’s optimum production system to build up the profit base; 10 billion yen for investment in overseas business growth to stimulate the Group’s growth; and 20 billion yen for investment in other new business.

(Corporate Governance)

The Company considers a system of internal controls to be a mechanism for strengthening its corporate governance system, embodying its corporate philosophy, and achieving its management goals. We plan to step up the construction and operation of governance systems for risk management, compliance, and other areas from the perspective of Group management, to improve our corporate value, and achieve sustainable development. In terms of corporate bodies, the Company has two Outside Directors and is focusing on reinforcing the supervisory function in relation to the management strategy body. Five audit & supervisory board members, including three outside audit & supervisory board members, inspect the directors’ performance of their duties. Two standing audit & supervisory board members strive to ensure the effectiveness of auditors’ auditing in the Group by concurrently becoming non-standing auditors of major Group companies. In addition, the Company establishes the Compensation Advisory Committee chaired by an Independent Director and of which more than half of the members are Independent Directors and ensures the objectivity and transparency of the procedure for determining the remuneration of directors and audit & supervisory board members.

We plan to make ongoing improvements to our system of internal controls so that it functions effectively for the entire Group.

(3) Target Management Indicators

The target management indicators for the fiscal year ending March 31, 2021, which is the final fiscal year of the Sixth Medium-term Business Plan, are as follows.

	Targets for the final fiscal year of the Sixth Medium-term Business Plan (fiscal year ending March 31, 2021)
Net sales	310 billion yen
Operating profit	22 billion yen
ATO	0.87 times
ROS	7.1%
ROA	6.2%
ROE	5.4%

3. Basic Concept concerning the Selection of Accounting Standards

To sustain comparability of consolidated financial statements between periods as well as between companies, the Group prepares consolidated financial statements under Japanese GAAP. With regard to the International Financial Reporting Standards (IFRS), we will appropriately determine the timing for the application while considering various circumstances in Japan and overseas.

4. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Consolidated fiscal year under review (As of March 31, 2019)
Assets		
Current assets		
Cash and deposits	60,630	62,484
Notes and accounts receivable - trade	48,575	48,601
Securities	8,654	7,082
Merchandise and finished goods	10,828	13,645
Work in process	1,963	1,935
Raw materials and supplies	4,740	4,706
Other	6,049	6,315
Allowance for doubtful accounts	(194)	(12)
Total current assets	141,245	144,755
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,211	31,528
Machinery, equipment and vehicles, net	12,794	14,598
Land	32,322	32,212
Lease assets, net	3,554	3,278
Construction in progress	2,428	2,111
Other, net	1,872	2,216
Total property, plant and equipment	83,182	85,943
Intangible assets		
Goodwill	9,400	5,980
Trademark right	25,296	24,660
Software	1,701	1,474
Contract-related intangible assets	26,820	25,854
Software in progress	164	310
Other	1,059	960
Total intangible assets	64,441	59,238
Investments and other assets		
Investment securities	76,841	66,472
Long-term loans receivable	349	329
Deferred tax assets	2,008	1,609
Long-term time deposits	1,000	1,000
Net defined benefit asset	3,981	4,823
Claims provable in bankruptcy, claims provable in rehabilitation and other	712	788
Other	6,009	7,038
Allowance for doubtful accounts	(903)	(971)
Total investments and other assets	89,996	81,088
Total non-current assets	237,619	226,269
Total assets	378,864	371,025

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2018)	Consolidated fiscal year under review (As of March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,877	21,178
Electronically recorded obligations - operating	1,465	1,562
Short-term loans payable	5,858	3,749
Current portion of bonds	26	26
Lease obligations	620	584
Accounts payable - other	16,601	16,657
Income taxes payable	4,331	3,504
Provision for bonuses	409	431
Provision for directors’ bonuses	95	98
Provision for shareholder benefit program	90	90
Other provision	15	–
Asset retirement obligations	4	1
Other	6,256	7,427
Total current liabilities	56,648	55,308
Non-current liabilities		
Bonds payable	52	26
Long-term loans payable	573	392
Lease obligations	3,018	2,770
Long-term accounts payable - other	254	219
Deferred tax liabilities	26,570	24,234
Provision for directors' retirement benefits	296	–
Provision for loss on guarantees	2	2
Net defined benefit liability	1,728	1,814
Asset retirement obligations	843	845
Long-term guarantee deposited	4,643	5,777
Other	517	495
Total non-current liabilities	38,496	36,573
Total liabilities	95,145	91,881
Net assets		
Shareholders’ equity		
Capital stock	9,948	9,948
Capital surplus	23,107	23,107
Retained earnings	188,258	188,920
Treasury shares	(17)	(1)
Total shareholders’ equity	221,296	221,975
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	25,614	21,327
Deferred gains or losses on hedges	(5)	5
Foreign currency translation adjustment	1,763	756
Remeasurements of defined benefit plans	3,147	3,213
Total other accumulated comprehensive income	30,518	25,300
Non-controlling interests	31,905	31,869
Total net assets	283,719	279,144
Total liabilities and net assets	378,864	371,025

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)	Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)
Net sales	291,897	296,695
Cost of sales	162,497	165,068
Gross profit	129,400	131,628
Selling, general and administrative expenses	113,112	114,068
Operating profit	16,288	17,559
Non-operating income		
Interest income	328	329
Dividend income	656	679
Share of profit of entities accounted for using equity method	99	51
House rent income	762	757
Foreign exchange gains	–	154
Other	451	597
Total non-operating income	2,296	2,566
Non-operating expenses		
Interest expenses	90	80
Rent expenses	616	618
Foreign exchange losses	380	–
Other	291	327
Total non-operating expenses	1,376	1,026
Ordinary profit	17,207	19,100
Extraordinary income		
Gain on sales of non-current assets	13	6
Gain on sales of investment securities	765	4,284
Gain on sales of restaurants	144	129
Gain on bargain purchase	57	–
Other	13	52
Total extraordinary income	993	4,470
Extraordinary losses		
Loss on sales of non-current assets	19	23
Loss on retirement of non-current assets	222	630
Loss on sales of investment securities	0	–
Loss on valuation of investment securities	5	2
Loss on valuation of membership	0	7
Impairment loss	774	579
Other	166	32
Total extraordinary losses	1,186	1,273
Profit before income taxes	17,014	22,297
Income taxes - current	7,098	7,384
Income taxes - deferred	(676)	(153)
Total income taxes	6,421	7,231
Profit	10,593	15,067
Profit attributable to		
Profit attributable to owners of parent	9,353	13,767
Profit attributable to non-controlling interests	1,240	1,300

(Million yen)

	Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)	Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)
Other comprehensive income		
Valuation difference on available-for-sale securities	7,383	(4,298)
Deferred gains or losses on hedges	(188)	3
Foreign currency translation adjustment	226	(1,092)
Remeasurements of defined benefit plans, net of tax	3,505	73
Share of other comprehensive income of entities accounted for using equity method	28	(0)
Total other comprehensive income	10,954	(5,313)
Comprehensive income	21,547	9,754
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,169	8,549
Comprehensive income attributable to non-controlling interests	1,377	1,205

(3) Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,948	23,107	182,501	(12)	215,545
Changes of items during the period					
Dividends of surplus			(3,596)		(3,596)
Profit attributable to owners of parent			9,353		9,353
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Purchase of treasury shares				(5)	(5)
Retirement of treasury shares					–
Net changes of items other than shareholders' equity					–
Total changes of items during the period	–	0	5,756	(5)	5,751
Balance at the end of the period	9,948	23,107	188,258	(17)	221,296

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of the period	18,297	188	1,566	(350)	19,702	31,369	266,615
Changes of items during the period							
Dividends of surplus					–		(3,596)
Profit attributable to owners of parent					–		9,353
Change in ownership interest of parent due to transactions with non-controlling interests					–		0
Purchase of treasury shares					–		(5)
Retirement of treasury shares					–		–
Net changes of items other than shareholders' equity	7,317	(193)	197	3,496	10,817	536	11,353
Total changes of items during the period	7,317	(193)	197	3,496	10,817	536	17,104
Balance at the end of the period	25,614	(5)	1,763	3,147	30,518	31,905	283,719

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	9,948	23,107	188,258	(17)	221,296
Changes of items during the period					
Dividends of surplus			(4,316)		(4,316)
Profit attributable to owners of parent			13,767		13,767
Change in ownership interest of parent due to transactions with non-controlling interests					–
Purchase of treasury shares				(8,773)	(8,773)
Retirement of treasury shares			(8,789)	8,789	–
Net changes of items other than shareholders' equity					–
Total changes of items during the period	–	–	663	16	679
Balance at the end of the period	9,948	23,107	188,920	(1)	221,975

	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of the period	25,614	(5)	1,763	3,147	30,518	31,905	283,719
Changes of items during the period							
Dividends of surplus					–		(4,316)
Profit attributable to owners of parent					–		13,767
Change in ownership interest of parent due to transactions with non-controlling interests					–		–
Purchase of treasury shares					–		(8,773)
Retirement of treasury shares					–		–
Net changes of items other than shareholders' equity	(4,287)	10	(1,007)	66	(5,218)	(36)	(5,254)
Total changes of items during the period	(4,287)	10	(1,007)	66	(5,218)	(36)	(4,575)
Balance at the end of the period	21,327	5	756	3,213	25,300	31,869	279,144

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)	Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)
Cash flows from operating activities		
Profit before income taxes	17,014	22,297
Depreciation	9,126	9,262
Amortization of goodwill	3,564	3,420
Impairment loss	774	579
Share of (profit) loss of entities accounted for using equity method	(99)	(51)
Loss (gain) on valuation of investment securities	5	2
Loss on valuation of membership	0	7
Increase (decrease) in allowance for doubtful accounts	(14)	(114)
Gain on bargain purchase	(57)	–
Increase (decrease) in provision for directors' retirement benefits	10	(296)
Increase (decrease) in provision for directors' bonuses	18	3
Increase (decrease) in provision for shareholder benefit program	3	(1)
Increase (decrease) in provision for loss on guarantees	(1)	(0)
Increase (decrease) in other provision	(109)	(15)
Increase (decrease) in net defined benefit liability	355	(596)
Interest and dividend income	(984)	(1,007)
Interest expenses	90	80
Foreign exchange losses (gains)	60	(137)
Loss (gain) on sales of investment securities	(765)	(4,284)
Loss (gain) on sales of non-current assets	6	16
Loss on retirement of non-current assets	222	630
Loss (gain) on sales of restaurants	(144)	(128)
Decrease (increase) in notes and accounts receivable - trade	(2,891)	(137)
Decrease (increase) in inventories	(566)	(2,831)
Increase (decrease) in notes and accounts payable - trade	1,264	277
Increase (decrease) in accounts payable - bonuses	92	22
Decrease (increase) in other assets	(950)	(1,330)
Increase (decrease) in other liabilities	1,945	2,486
Subtotal	27,966	28,156
Interest and dividend income received	1,128	1,060
Interest expenses paid	(90)	(82)
Income taxes paid	(5,395)	(8,221)
Net cash provided by (used in) operating activities	23,608	20,913

(Million yen)

	Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)	Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	3,314	853
Payments into time deposits	(2,208)	(729)
Purchase of securities	(5,000)	(1,000)
Proceeds from sales of securities	8,336	8,578
Purchase of property, plant and equipment	(10,153)	(9,543)
Proceeds from sales of property, plant and equipment	78	42
Gain on sales of restaurants	415	322
Purchase of intangible assets	(408)	(800)
Purchase of investment securities	(8,484)	(6,095)
Proceeds from sales of investment securities	1,636	7,358
Collection of investments in capital	–	6
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,266)	–
Proceeds from sales of membership	0	–
Proceeds from liquidation of subsidiaries	1	–
Net cash provided by (used in) investing activities	(13,739)	(1,008)
Cash flows from financing activities		
Increase in short-term loans payable	60,793	59,348
Decrease in short-term loans payable	(60,717)	(61,574)
Repayments of lease obligations	(735)	(681)
Proceeds from long-term loans payable	170	–
Repayments of long-term loans payable	(340)	(50)
Redemption of bonds	(13)	(26)
Purchase of treasury shares	(5)	(8,773)
Purchase of treasury shares of subsidiaries	(0)	–
Cash dividends paid	(3,596)	(4,316)
Dividends paid to non-controlling interests	(872)	(1,245)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2)	–
Net cash provided by (used in) financing activities	(5,317)	(17,317)
Effect of exchange rate change on cash and cash equivalents	56	(295)
Net increase (decrease) in cash and cash equivalents	4,608	2,293
Cash and cash equivalents at beginning of period	55,594	60,202
Cash and cash equivalents at end of period	60,202	62,495

(5) Notes to Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Changes in Accounting Policies

(Changes in the method of converting revenues and expenses of foreign subsidiaries, etc. to Japanese currency)

Revenues and expenses of foreign subsidiaries, etc. were converted into Japanese yen at the spot exchange rate on the closing date of the foreign subsidiaries, etc., but the Group has changed the method of converting them to yen at the average exchange rate during the period from this fiscal year. This is because the Group has decided that the method of converting revenues and expenses of foreign subsidiaries, etc. to the Japanese yen at the average exchange rate during the period is more reasonable to alleviate the impact of temporary fluctuations in exchange rates on the profit and loss during the period and reflect the business results of foreign subsidiaries, etc. on the Group's consolidated financial statements more appropriately, given that overseas sales at foreign subsidiaries, etc. will grow increasingly important in the future because the Group is focusing on the expansion of overseas sales and global development.

Because the impact of this change is minor, the Group does not apply it retroactively.

Changes in Presentation Methods

(Changes Resulting from Adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Group has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of this fiscal year. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

As a result, on the consolidated balance sheets for the previous consolidated fiscal year, "Deferred tax assets" in "Current assets" decreased by 2,672 million yen, while "Deferred tax assets" in "Investments and other assets" increased by 1,533 million yen. Meanwhile, "Other" in "Current liabilities" decreased by 43 million yen and "Deferred tax liabilities" in "Non-current liabilities" decreased by 1,096 million yen. Compared with before the changes, total assets decreased by 1,139 million yen due to the offset of deferred tax assets and deferred tax liabilities levied on the same taxable entity.

Segment Information

[Segment Information]

1. Overview of Reported Segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Company and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

The Company's business strategy in the domestic Spice / Seasoning / Processed Food Business and the domestic Health Food Business is to strengthen the existing fields and develop new fields. The Company will also work to create new value in the mature market, while promoting partnerships with the Other Food Related Business.

In the International Food Business, the Company is working to increase the speed of business expansion and improve profitability in the United States, China and ASEAN with a view to business expansion.

In the Restaurant Business, the Company will work to make Japanese-style curry more available worldwide through the operation of curry restaurants both in Japan and overseas.

In the Other Food Related Business, which includes the transport business and the business engaged in exports, imports and sales of foodstuffs, the Company is working to increase the comprehensive strength of the Group by optimizing business and pursuing the strengthened capabilities of each company.

On the basis of these strategic business areas, the Company has decided to make the five units—Spice / Seasoning / Processed Food Business, Health Food Business, International Food Business, Restaurant Business, and Other Food Related Business—its reported segments.

2. Basis for Calculating Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

The accounting methods for reportable segments are mostly the same as the methods used in preparing the consolidated financial statements.

The income figures stated in the reportable segments are based on operating profit. The intersegment sales and transfers are based on actual market prices.

3. Information on Amounts of Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reportable Segment

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018) (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	135,766	31,391	22,691	51,965	50,028	291,841	–	291,841	56	291,897
Sales and transfer – inter-segment	4,172	208	164	9	10,996	15,548	–	15,548	(15,548)	–
Total	139,937	31,599	22,855	51,974	61,024	307,389	–	307,389	(15,492)	291,897
Segment profit (loss)	12,081	907	2,847	(406)	1,865	17,296	–	17,296	(1,008)	16,288
Segment assets	73,297	18,976	24,635	100,662	25,977	243,547	–	243,547	135,316	378,864
Other items										
Depreciation	3,330	458	874	2,886	1,119	8,667	–	8,667	459	9,126
Amortization of goodwill	–	–	21	3,418	124	3,564	–	3,564	–	3,564
Increase in property, plant and equipment, and intangible assets	3,462	331	4,482	1,441	461	10,176	–	10,176	339	10,515

(Notes) 1. Details of adjustments are as follows.

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

(2) Segment profit (loss) includes profit of -1,007 million yen of the Company and House Business Partners Corporation which was not allocated to business segments and elimination of inter-segment transactions of -0 million yen.

(3) Segment assets include assets of 137,065 million yen of the Company and House Business Partners Corporation which were not allocated to business segments and elimination of inter-segment transactions of -1,748 million yen.

(4) Depreciation includes depreciation of 459 million yen of the Company and House Business Partners Corporation that was not allocated to business segments.

(5) Increase in property, plant and equipment and intangible assets includes equipment investment of 339 million yen of the Company and House Business Partners Corporation which was not allocated to business segments.

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

3. The Group adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018) from the beginning of the fiscal year ended March 31, 2019, and the segment assets for the fiscal year ended March 31, 2018 reflects the retroactive application of this standard.

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019) (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	137,091	30,610	26,222	52,056	50,668	296,647	–	296,647	49	296,695
Sales and transfer – inter-segment	4,133	289	94	28	11,215	15,759	–	15,759	(15,759)	–
Total	141,225	30,899	26,317	52,083	61,882	312,406	–	312,406	(15,710)	296,695
Segment profit (loss)	12,669	1,421	3,584	(561)	2,045	19,159	–	19,159	(1,599)	17,559
Segment assets	76,241	19,289	27,191	96,304	27,496	246,521	–	246,521	124,504	371,025
Other items										
Depreciation	3,506	471	979	2,798	1,059	8,813	–	8,813	449	9,262
Amortization of goodwill	–	–	4	3,417	–	3,420	–	3,420	–	3,420
Increase in property, plant and equipment, and intangible assets	5,537	583	2,385	2,160	553	11,218	–	11,218	486	11,704

(Notes) 1. Details of adjustments are as follows.
(1) Sales-outside customers are mainly real estate rental revenues recorded by the Company.
(2) Segment profit (loss) includes profit of -1,599 million yen of the Company and House Business Partners Corporation which was not allocated to business segments and elimination of inter-segment transactions of -0 million yen.
(3) Segment assets include assets of 126,240 million yen of the Company and House Business Partners Corporation which were not allocated to business segments and elimination of inter-segment transactions of -1,736 million yen.
(4) Depreciation includes depreciation of 449 million yen of the Company and House Business Partners Corporation that was not allocated to business segments.
(5) Increase in property, plant and equipment and intangible assets includes equipment investment of 486 million yen of the Company and House Business Partners Corporation which was not allocated to business segments.
2. Segment profit was adjusted with operating profit on the consolidated financial statements.

[Related information]

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

1. Information by Product and Service

Since similar information is described in the segment information, this information is omitted.

2. Information by Area

(1) Net sales (Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
257,218	14,202	5,469	13,977	1,031	291,897

(2) Property, plant and equipment (Million yen)

Japan	East Asia	Southeast Asia	United States	Total
70,784	4,761	1,709	5,929	83,182

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	34,072	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	21,389	Spice / Seasoning / Processed Food Business Health Food Business

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)

1. Information by Product and Service

Since similar information is described in the segment information, this information is omitted.

2. Information by Area

(1) Net sales

(Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
258,565	14,841	7,297	14,886	1,106	296,695

(2) Property, plant and equipment

(Million yen)

Japan	East Asia	Southeast Asia	United States	Other	Total
72,462	5,405	1,632	6,355	89	85,943

3. Information by Major Customer

(Million yen)

Customer	Sales	Related segments
KATOSANGYO Co., Ltd.	34,384	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	20,755	Spice / Seasoning / Processed Food Business Health Food Business

[Information on impairment loss in non-current assets by reported segment]

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Impairment loss	–	–	203	571	–	774	–	–	774

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Impairment loss	–	–	–	579	–	579	–	–	579

[Information on amortization of goodwill and amortized balance by reported segment]

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Amortization in fiscal year under review	–	–	21	3,418	124	3,564	–	–	3,564
Balance at end of fiscal year under review	–	–	4	9,396	–	9,400	–	–	9,400

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)

(Million yen)

	Reported segments						Other	Adjustment	Total
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total			
Amortization in fiscal year under review	–	–	4	3,417	–	3,420	–	–	3,420
Balance at end of fiscal year under review	–	–	1	5,979	–	5,980	–	–	5,980

[Information on gain on bargain purchase by reported segment]

Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)

Statements are omitted because of the lack of importance.

Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)

Not applicable.

Per Share Information

(Yen)

	Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)	Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)
Net assets per share	2,450.71	2,454.34
Profit per share	91.02	134.32

(Notes) 1. Since no residual securities exist, per-share profit after residual securities adjustments is omitted.

2. The basis for calculating profit per share is as follows.

	Previous consolidated fiscal year (April 1, 2017 – March 31, 2018)	Consolidated fiscal year under review (April 1, 2018 – March 31, 2019)
	Million yen	Million yen
Profit attributable to owners of parent	9,353	13,767
Amount not allocable to common shareholders	–	–
Profit attributable to owners of parent available for common stock	9,353	13,767
	Thousand shares	Thousand shares
Average number of shares of common stock outstanding during the term	102,753	102,491

3. The basis for calculating net assets per share is as follows.

	Previous consolidated fiscal year (As of March 31, 2018)	Consolidated fiscal year under review (As of March 31, 2019)
	Million yen	Million yen
Total net assets	283,719	279,144
Amount deducted from total net assets	31,905	31,869
(Of which are non-controlling interests)	(31,905)	(31,869)
Net assets at end of year available for common stock	251,814	247,275
	Thousand shares	Thousand shares
Number of shares of common stock at end of year used for calculating net assets per share	102,752	100,750

Important Subsequent Events

(Business divestiture through absorption-type split of consolidated subsidiary)

House Logistics Service Corporation, which is a subsidiary of the Company, resolved at an extraordinary general meeting of shareholders held on October 31, 2018 to conduct a company split in order to transfer its freight forwarding business (excluding certain operations) to Ajinomoto Logistics Corporation.

1. Outline of the business divestiture

(1) Name of successor enterprise

Ajinomoto Logistics Corporation

(2) Details of divested business

Freight forwarding business, etc.

(3) Main reason for conducting business divestiture

The Group decided to spin off the business (excluding certain operations) of House Logistics Service Corporation to a company which was formed on April 1, 2019 by integrating all the businesses of Kagome Distribution Service Co., Ltd.., F-LINE Corporation, and Kyushu F-LINE Corporation into Ajinomoto Logistics Corporation (the company formed through the business integration then changed its name from Ajinomoto Logistics Corporation to F-LINE Corporation) for the purpose of realizing an efficient and stable logistics structure to address various food product distribution issues.

(4) Date of business divestiture

April 1, 2019

(5) Outline of transaction, including its legal form

Absorption-type split in which House Logistics Service Corporation is the splitting company and Ajinomoto Logistics Corporation is the successor company.

2. Details of accounting carried out

The Group plans to account for the transaction in accordance with “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and “Guidance for Accounting Standard for Business Combinations and Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019). Fluctuations in equity-method profit or loss have yet to be determined.

3. Name of the reportable segment in which the divested business is included

Other Food-related Business

4. Outline of income of divested business recorded in the consolidated statements of income for the consolidated fiscal year under review

Net sales 10,347 million yen

Operating profit 465 million yen

5. Supplementary Information

(1) Business Performance

Consolidated (Million yen)

	FY2017		FY2018		FY2019 Target	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	291,897	102.8%	296,695	101.6%	299,000	100.8%
Operating profit	16,288	132.3%	17,559	107.8%	18,500	105.4%
Ordinary profit	17,207	123.3%	19,100	111.0%	19,600	102.6%
Profit attributable to owners of parent	9,353	107.7%	13,767	147.2%	10,900	79.2%
Comprehensive income	21,547	191.6%	9,754	45.3%	–	–

By Business Segment

Net sales	Amount	Percentage	Amount	Percentage	Amount	Percentage
Spice / Seasoning / Processed Food Business	139,937	48.0%	141,225	47.6%	146,200	48.9%
Health Food Business	31,599	10.8%	30,899	10.4%	31,000	10.4%
International Food Business	22,855	7.8%	26,317	8.9%	29,600	9.9%
Restaurant Business	51,974	17.8%	52,083	17.5%	53,100	17.7%
Other Food Related Business	61,024	20.9%	61,882	20.9%	46,400	15.5%
Adjustment	(15,492)	(5.3%)	(15,710)	(5.3%)	(7,300)	(2.4%)

Operating profit	Amount	Percentage	Amount	Percentage	Amount	Percentage
Spice / Seasoning / Processed Food Business	12,081	74.2%	12,669	72.2%	13,300	71.9%
Health Food Business	907	5.6%	1,421	8.1%	1,600	8.7%
International Food Business	2,847	17.5%	3,584	20.4%	3,600	19.5%
Restaurant Business	(406)	(2.5%)	(561)	(3.2%)	(400)	(2.2%)
Other Food Related Business	1,865	11.4%	2,045	11.6%	1,800	9.7%
Adjustment	(1,008)	(6.2%)	(1,599)	(9.1%)	(1,400)	(7.6%)

(2) Number of Group Companies

	FY2017	FY2018
Consolidated subsidiaries	37	36
Japan	14	14
Overseas	23	22
Equity-method affiliate	4	4
Japan	2	2
Overseas	2	2

FY2018 Business Results of Major Subsidiaries (Million yen)

	Net sales		Operating profit		Profit	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
House Foods Corporation	130,222	100.5%	11,500	104.0%	8,004	102.7%
House Wellness Foods Corporation	30,899	97.8%	1,419	156.1%	1,120	207.9%
House Foods America Corporation (Consolidated)	13,606	106.5%	1,449	111.2%	1,079	144.4%
Ichibanya Co., Ltd. (Consolidated)	50,215	101.5%	4,442	94.3%	2,790	87.5%

* Period included in consolidated financial statements: House Foods America Corporation - from January to December 2018; Ichibanya Co., Ltd. - from March 2018 to February 2019

(3) Consolidated Statements of Income

1. Consolidated Statements of Income (Million yen)

	FY2017		FY2018		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Net sales	**291,897**	**100.0%**	**296,695**	**100.0%**	**4,798**	**1.6%**
<By business segment>						
Spice / Seasoning / Processed Food Business	139,937	48.0%	141,225	47.6%	1,287	0.9%
Health Food Business	31,599	10.8%	30,899	10.4%	(700)	(2.2%)
International Food Business	22,855	7.8%	26,317	8.9%	3,461	15.1%
Restaurant Business	51,974	17.8%	52,083	17.5%	109	0.2%
Other Food Related Business	61,024	20.9%	61,882	20.9%	859	1.4%
Adjustment	(15,492)	(5.3%)	(15,710)	(5.3%)	(218)	–
Cost of sales	162,497	55.7%	165,068	55.6%	2,570	1.6%
Selling, general and administrative expenses	113,112	38.8%	114,068	38.4%	956	0.8%
Advertising expenses	9,879	3.4%	9,739	3.3%	(140)	(1.4%)
Transportation and warehousing expenses	9,919	3.4%	10,278	3.5%	360	3.6%
Sales commission	2,480	0.8%	1,669	0.6%	(812)	(32.7%)
Promotion expenses	31,234	10.7%	32,571	11.0%	1,337	4.3%
Personnel expenses	29,694	10.2%	29,614	10.0%	(80)	(0.3%)
Research and development expenses	3,955	1.4%	4,212	1.4%	258	6.5%
Amortization of goodwill	3,564	1.2%	3,420	1.2%	(143)	(4.0%)
Operating profit	**16,288**	**5.6%**	**17,559**	**5.9%**	**1,271**	**7.8%**
Non-operating income	2,296	0.8%	2,566	0.9%	271	11.8%
Non-operating expenses	1,376	0.5%	1,026	0.3%	(351)	(25.5%)
Ordinary profit	**17,207**	**5.9%**	**19,100**	**6.4%**	**1,893**	**11.0%**
Extraordinary income	993	0.3%	4,470	1.5%	3,478	350.3%
Extraordinary losses	1,186	0.4%	1,273	0.4%	88	7.4%
Profit before income taxes	17,014	5.8%	22,297	7.5%	5,283	31.0%
Income taxes	6,421	2.2%	7,231	2.4%	809	12.6%
Profit	10,593	3.6%	15,067	5.1%	4,474	42.2%
Profit attributable to						
Profit attributable to owners of parent	**9,353**	**3.2%**	**13,767**	**4.6%**	**4,414**	**47.2%**
Profit attributable to non-controlling interests	1,240	0.4%	1,300	0.4%	59	4.8%
Comprehensive income	**21,547**	**7.4%**	**9,754**	**3.3%**	**(11,793)**	**(54.7%)**

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

Increase in gross profit	2,228
Increase in marketing costs (sum of advertising expenses, sales commission and promotion expenses)	(385)
Increase in transportation and warehousing expenses	(360)
Increase in research and development expenses	(258)
Increase in other expenses	46

3. Non-Operating Income (Expenses) (Million yen)

	FY2017	FY2018	Year-on-year change
Interest income	328	329	1
Dividend income	656	679	23
Share of profit of entities accounted for using equity method	99	51	(49)
Foreign exchange gains	–	154	154
House rent income	762	757	(5)
Other	451	597	147
Total non-operating income	2,296	2,566	271
Interest expenses	90	80	(9)
Foreign exchange losses	380	–	(380)
Rent expenses	616	618	2
Other	291	327	36
Total non-operating expenses	1,376	1,026	(351)

4. Extraordinary Income (Losses) (Million yen)

	FY2017	FY2018	Year-on-year change
Gain on sales of non-current assets	13	6	(6)
Gain on sales of investment securities	765	4,284	3,519
Gain on bargain purchase	57	–	(57)
Gain on sales of restaurants	144	129	(16)
Other	13	52	39
Total extraordinary income	993	4,470	3,478
Loss on sales of non-current assets	19	23	4
Loss on retirement of non-current assets	222	630	408
Loss on valuation of investment securities	5	2	(3)
Loss on valuation of membership	0	7	7
Impairment loss	774	579	(195)
Other	166	32	(134)
Total extraordinary losses	1,186	1,273	88

(4) Consolidated Balance Sheets

Consolidated Balance Sheets (Million yen)

	FY2017		FY2018		Year-on-year change	Major factors for increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount		
Current assets	141,245	37.3%	144,755	39.0%	3,510	Increase in merchandise and finished goods	2,817
						Increase in cash and deposits	1,854
						Increase in allowance for doubtful accounts	182
						Decrease in securities	(1,571)
Non-current assets	237,619	62.7%	226,269	61.0%	(11,349)	Decrease in investment securities	(10,368)
						Decrease in goodwill	(3,420)
						Decrease in contract-based intangible assets	(967)
						Increase in machinery, equipment and vehicles	1,804
						Increase in buildings and structures	1,317
Total assets	**378,864**	**100.0%**	**371,025**	**100.0%**	**(7,839)**		
Current liabilities	56,648	14.9%	55,308	14.9%	(1,341)	Decrease in short-term loans payable	(2,109)
						Decrease in income taxes payable	(828)
						Increase in notes and accounts payable - trade	302
Non-current liabilities	38,496	10.2%	36,573	9.9%	(1,923)	Decrease in deferred tax liabilities	(2,337)
						Increase in long-term guarantee deposited	1,135
Total liabilities	**95,145**	**25.1%**	**91,881**	**24.8%**	**(3,264)**		
Total shareholders' equity	221,296	58.4%	221,975	59.8%	679	Increase in retained earnings	663
						Decrease in treasury shares	16
Total other accumulated comprehensive income	30,518	8.1%	25,300	6.8%	(5,218)	Decrease in valuation difference on available-for-sale securities	(4,287)
						Decrease in foreign currency translation adjustment	(1,007)
Non-controlling interests	31,905	8.4%	31,869	8.6%	(36)		
Total net assets	**283,719**	**74.9%**	**279,144**	**75.2%**	**(4,575)**		
Total liabilities and net assets	**378,864**	**100.0%**	**371,025**	**100.0%**	**(7,839)**		

(5) Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows (Million yen)

	FY2017	FY2018	Year-on-year change	Major factors for increase/ decrease	
Cash flows from operating activities	23,608	20,913	(2,695)	Increase in loss (gain) on sales of investment securities	(3,519)
				Income taxes paid	(2,826)
				Decrease (increase) in inventories	(2,265)
				Increase in profit before income taxes	5,283
Cash flows from investing activities	(13,739)	(1,008)	12,731	Proceeds from sales of investment securities	5,722
				Purchase of securities	4,000
				Purchase of investment securities	2,390
Cash flows from financing activities	(5,317)	(17,317)	(12,000)	Purchase of treasury shares	(8,767)
				Increase in short-term loans payable	(1,445)
				Decrease in short-term loans payable	(858)
Cash and cash equivalents at end of period	60,202	62,495	2,293		

(6) Capital Investment

Consolidated (Million yen)

	FY2017	FY2018
Capital investment	10,215	11,320
Leases	484	544
Total	10,699	11,864

(7) Depreciation

Consolidated (Million yen)

	FY2017	FY2018
Depreciation	9,126	9,262
Lease payments	330	398
Total	9,456	9,661

* Those that are equivalent to lease payments for the leased properties recorded as assets according to the same method as that applied to sale and purchase transactions are included in “depreciation.”

(8) Major Management Indicators, etc.

Consolidated

	FY2017	FY2018
Profit per share	91.02 yen	134.32 yen
Net assets per share	2,450.71 yen	2,454.34 yen
ATO	0.80 times	0.79 times
Ratio of operating profit to net sales	5.6%	5.9%
Ratio of ordinary profit to net sales	5.9%	6.4%
Ratio of ordinary profit to total assets	4.7%	5.1%
ROE	3.8%	5.5%
Equity ratio	66.5%	66.6%
Current ratio	249.3%	261.7%
Fixed ratio	94.4%	91.5%
Debt to equity ratio	37.8%	37.2%
Dividend per share	38.00 yen	44.00 yen
Dividend payout ratio	41.7%	32.8%
Dividend payout ratio according to the basic policy on the return of earnings to shareholders	30.4%	26.2%

* 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	6,089 people	6,066 people

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

(9) Full-Year Target

Consolidated Results (Million yen)

	FY2018	FY2019 Target	Year-on-year change
<By business segment>			
Spice / Seasoning / Processed Food Business	141,225	146,200	4,975
Health Food Business	30,899	31,000	101
International Food Business	26,317	29,600	3,283
Restaurant Business	52,083	53,100	1,017
Other Food Related Business	61,882	46,400	(15,482)
Adjustment	(15,710)	(7,300)	8,410
Net Sales	**296,695**	**299,000**	**2,305**
<By business segment>			
Spice / Seasoning / Processed Food Business	12,669	13,300	631
Health Food Business	1,421	1,600	179
International Food Business	3,584	3,600	16
Restaurant Business	(561)	(400)	161
Other Food Related Business	2,045	1,800	(245)
Adjustment	(1,599)	(1,400)	199
Operating profit	**17,559**	**18,500**	**941**
Ordinary profit	**19,100**	**19,600**	**500**
Profit attributable to owners of parent	**13,767**	**10,900**	**(2,867)**
Comprehensive income	**9,754**	**–**	**–**

Consolidated Capital Investment (Million yen)

	FY2018	FY2019 Target
Capital investment	**11,320**	**20,200**
Leases	**544**	**800**
Total	**11,864**	**21,000**

Consolidated Depreciation (Million yen)

	FY2018	FY2019 Target
Depreciation	**9,262**	**10,400**
Lease payments	**398**	**400**
Total	**9,661**	**10,800**

(10) Reference Information

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

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Curry roux	49.9	48.5	51.9	50.3	47.4	45.0
Stew roux	18.8	18.1	18.7	18.0	18.1	17.0
Hashed beef sauce roux	6.2	6.1	6.5	6.3	6.1	6.0
Retort pouched curry	51.2	50.8	51.6	53.9	55.9	58.1
Spice in total	66.9	67.4	69.1	70.3	71.5	73.8

2. Curry roux market trends (SRI)

FY2018		1Q	2Q	3Q	4Q	1H	2H	Full year
Overall market	Average selling price	189 yen	190 yen	188 yen	188 yen	189 yen	188 yen	189 yen
	Change from the previous year	-1 yen	-1 yen	-1 yen	+0 yen	-1 yen	-1 yen	-1 yen
House Foods	Average selling price	192 yen	191 yen	190 yen	190 yen	192 yen	190 yen	191 yen
	Change from the previous year	+0 yen	-1 yen	-2 yen	-1 yen	-1 yen	-2 yen	-1 yen
	Share of amount	62.1%	61.9%	63.0%	61.9%	62.0%	62.4%	62.2%

Source: SRI monthly data of INTAGE Inc. (April 2018 – March 2019)

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

FY2018		1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business								
	Curry roux in total	99.0%	99.2%	96.8%	97.6%	99.1%	97.2%	98.1%
	Retort pouched curry in total	98.7%	109.5%	107.0%	100.6%	104.1%	103.9%	104.0%
	Stew roux in total	107.9%	88.8%	96.2%	90.6%	93.6%	94.4%	94.1%
	Hashed beef sauce roux in total	99.4%	104.2%	100.9%	118.1%	101.6%	109.9%	105.7%
	Spice in total	99.3%	101.4%	101.0%	104.2%	100.3%	102.3%	101.3%
Health Food Business								
	Ukon No Chikara	89.1%	85.1%	92.7%	84.9%	87.0%	90.1%	88.6%
	C1000	90.2%	100.3%	87.6%	80.8%	95.3%	84.5%	91.2%
	Ichinichibun No Vitamin	133.1%	135.2%	113.5%	105.6%	134.2%	109.9%	122.5%