

**FY2018 H1 Results Briefing
Fact Data**

After making Ichibanya Co., Ltd. a consolidated subsidiary through the additional acquisition of shares in December 2015, the Company reviewed its segment categories and newly added the Restaurant Business segment.

With this change, the Company also changed the name of the International Business to the International Food Business, and transferred control of the restaurant business which was previously in this business segment to the Restaurant Business.

The Company also changed to the method of showing segment results before the elimination of inter-segment transactions.

1. Consolidated Results

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Revised target
Net sales	Million yen	231,448	241,893	283,812	291,897	145,766	301,700
Cost of sales	Million yen	133,293	138,371	159,624	162,497	81,217	—
Selling, general and administrative expenses	Million yen	89,468	92,746	111,875	113,112	55,978	—
Operating profit	Million yen	8,686	10,775	12,312	16,288	8,572	18,000
EBITDA *1	Million yen	14,642	18,699	25,235	28,978	14,725	30,400
Ordinary profit	Million yen	10,957	12,152	13,951	17,207	9,423	19,600
Profit attributable to owners of parent	Million yen	6,971	22,632	8,683	9,353	5,565	11,600
Profit per share	Yen	67.61	220.48	84.53	91.02	54.16	112.89
ATO	Times	0.83	0.76	0.81	0.80	—	—
ROS	%	3.8	4.5	4.3	5.6	5.9	6.0
ROA	%	3.9	3.8	4.0	4.7	—	—
ROE	%	3.3	10.1	3.7	3.8	—	—
Annual dividends per share	Yen	30	30	32	38	22	44
Payout ratio	%	44.4	13.6	37.9	41.7	40.6	39.0
Total assets	Million yen	286,149	349,427	353,888	378,864	383,158	—
Net assets	Million yen	221,456	260,329	266,615	283,719	288,593	—
Shareholders' equity	Million yen	219,927	228,812	235,246	251,814	256,524	—
Equity ratio	%	76.9	65.5	66.5	66.5	67.0	—
Net assets per share	Yen	2,140.27	2,231.86	2,289.43	2,450.71	2,496.56	—
Cash flows from operating activities	Million yen	8,428	12,518	21,298	23,608	6,784	—
Cash flows from investing activities	Million yen	-4,679	-8,308	-2,169	-13,739	-5,693	—
Cash flows from financing activities	Million yen	-10,588	-3,743	-7,388	-5,317	-2,631	—

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

(Reference) Operating profit before amortization of goodwill, etc. for Ichibanya Co., Ltd.

		FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Revised target
Operating profit	Million yen	12,030	17,330	21,306	11,081	23,018
ROS	%	5.0	6.1	7.3	7.6	7.6

(Reference) After deduction of the effects of extraordinary income (loss) arising from business combination and the amortization of goodwill

		FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Revised target
Profit attributable to owners of parent	Million yen	9,635	10,795	12,859	7,275	15,020
ROE	%	4.3	4.7	5.3	—	—

(Reference) Payout ratio based on profit distribution policy

Payout ratio *2	%	32.0	30.4	30.4	31.1	30.1
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*2 Profit distribution policy: 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.

2. Net Sales and Operating Profit by Business Segment

>> Net sales

		FY2014 Full year
Spice / Seasoning / Processed Food Business	Million yen	122,121
Health Food Business	Million yen	36,641
International Business	Million yen	24,689
Other Food Related Business	Million yen	47,954
Adjustment	Million yen	42

(Based on segments applied from FY2015)

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Revised target
Spice / Seasoning / Processed Food Business	Million yen	122,680	120,018	132,059	139,937	67,909	143,200
Health Food Business	Million yen	37,212	34,523	33,281	31,599	16,966	32,000
International Food Business	Million yen	17,797	18,577	20,111	22,855	12,233	26,300
Restaurant Business	Million yen	6,711	18,312	51,375	51,974	25,739	53,100
Other Food Related Business	Million yen	58,613	62,718	62,123	61,024	30,757	62,900
Adjustment	Million yen	-11,565	-12,256	-15,138	-15,492	-7,837	-15,800

>> Operating profit

		FY2014 Full year
Spice / Seasoning / Processed Food Business	Million yen	6,618
Health Food Business	Million yen	600
International Business	Million yen	1,088
Other Food Related Business	Million yen	-780
Adjustment	Million yen	1,160

(Based on segments applied from FY2015)

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Revised target
Spice / Seasoning / Processed Food Business	Million yen	6,660	7,924	9,885	12,081	5,539	13,000
Health Food Business	Million yen	717	1,398	1,334	907	1,104	1,500
International Food Business	Million yen	1,000	1,381	1,681	2,847	1,668	3,400
Restaurant Business	Million yen	-72	44	-424	-406	-142	-300
Other Food Related Business	Million yen	-780	101	719	1,865	1,190	2,000
Adjustment	Million yen	1,160	-73	-883	-1,008	-788	-1,600

(Reference) Operating profit before amortization of goodwill, etc. for Ichibanya Co., Ltd.

Restaurant Business	Million yen	1,299	4,594	4,612	2,367	4,718
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3. Net Sales by Geographical Area

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1
Japan	Million yen	206,759	215,688	254,188	257,218	127,635
East Asia	Million yen	10,046	11,253	12,114	14,202	7,193
Southeast Asia	Million yen	2,177	1,896	3,782	5,469	3,123
United States	Million yen	12,061	12,599	13,192	13,977	7,277
Other	Million yen	405	457	536	1,031	538

4. Content of Business Segments (As of September 30, 2018)

Business segments	Group company name
Spice / Seasoning / Processed Food Business	House Foods Corporation Gaban Co., Ltd. / Gaban Spice Manufacturing (M) SDN. BHD. Malony Co., Ltd. Sun House Foods Corporation / Sun Supply Corporation House Ai-Factory Corporation Asaoka Spice K.K.
Health Food Business	House Wellness Foods Corporation
International Food Business	House Foods Holding USA, Inc. / House Foods America Corporation / El Burrito Mexican Food Products Corporation House Foods China Inc. / Shanghai House Foods Co., Ltd. / Dalian House Foods Co., Ltd. / Zhejiang House Foods Co., Ltd. House Foods Vietnam Co., Ltd. House Osotspa Foods Co., Ltd. PT House And Vox Indonesia House Foodes Taiwan Corporation
Restaurant Business	Ichibanya Co., Ltd. Ichibanya USA, Inc. Ichibanya Restaurant Management (China) Co., Ltd. / House Restaurant Management (Beijing) Co., Ltd. / House Restaurant Management (Guangzhou) Co., Ltd. Taiwan Ichibanya Inc. / Curry House Korea Corporation Ichibanya International Hong Kong Limited / Ichibanya Hong Kong Limited Ichibanya UK Limited
Other Food Related Business	Vox Trading Co., Ltd. Delica Chef Corporation House Logistics Service Corporation House Food Analytical Laboratory Inc. Tim Food Co., Ltd. / PT. Java Agritech
Other	House Foods Group Inc. / House Business Partners Corporation

5. Trends in Net Sales by Business Segment

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2018
		Full year	Full year	Full year	Full year	H1	Revised target
Spice / Seasoning / Processed Food Business							
House Foods Corporation	Million yen	124,630	122,172	125,902	129,615		
Curry roux	Million yen	37,275	37,271	38,008	37,051	18,261	36,500
Stew roux	Million yen	12,755	13,001	12,583	13,105	4,389	12,900
Hashed beef sauce roux	Million yen	4,196	4,220	4,425	4,307	2,217	4,200
Spice	Million yen	16,467	16,876	17,827	18,656	9,616	19,400
Retort pouched curry	Million yen	12,903	11,561	13,823	15,259	8,078	16,100
Packaged noodles	Million yen	6,320	6,411	6,318	6,430	3,021	6,600
Snack	Million yen	6,659	5,363	5,523	6,782	3,321	6,600
Dessert	Million yen	3,375	3,210	3,138	3,265	1,857	3,500
Food service products	Million yen	16,312	16,397	16,838	17,373	8,728	17,700
Health Food Business							
<i>Ukon No Chikara</i>	Million yen	12,775	12,141	11,482	10,355	4,312	9,700
<i>Mega Shaki</i>	Million yen	2,302	2,259	2,465	2,230	1,111	2,000
<i>C1000</i>	*1 Million yen	13,546	11,845	10,762	10,209	6,008	9,400
<i>Ichinichibun No Vitamin</i>	*1 Million yen	—	1,981	2,952	3,725	2,607	4,700
International Food Business							
Business in the United States	Million yen	10,354	10,705	10,926	11,315	5,929	12,000
Business in China	Million yen	3,444	4,049	3,918	5,035	2,860	6,200
Business in ASEAN	Million yen	1,442	1,081	1,838	2,640	1,513	4,000
Restaurant Business							
Ichibanya Co., Ltd. (consolidated)	Million yen	—	11,411	44,893	49,472	24,801	51,300
Other Food Related Business							
House Logistics Service Corporation	Million yen	23,272	23,000	23,193	21,687	10,254	20,000
Delica Chef Corporation	Million yen	14,782	16,921	16,755	17,035	8,925	17,500
Vox Trading Co., Ltd.	*2 Million yen	17,978	21,830	21,195	21,473	11,195	24,700

*1 *Ichinichibun No Vitamin*, which was included in the *C1000* brand, is a separate item, from FY2016. The figures for FY2015 have been replaced in accordance with the new segments from FY2016.

*2 Vox Trading Co., Ltd. merged with Horie Yamatoya Co., Ltd. on April 1, 2016. The results in FY2015 include the results of Horie Yamatoya Co., Ltd.

6. Number of Group Companies

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1
Consolidated subsidiaries	Companies	28	34	36	37	37
	Japan	13	14	14	14	14
	Overseas	15	20	22	23	23
Equity-method affiliate	Companies	5	3	4	4	4
	Japan	2	1	2	2	2
	Overseas	3	2	2	2	2

7. Change in Number of Consolidated Subsidiaries (FY2017 -> FY2018 H1)

Consolidated subsidiaries	Increase (0 companies)	Increase:
	Decrease (0 companies)	Decrease:
Equity-method affiliate	Increase (0 companies)	Increase:
	Decrease (0 companies)	Decrease:

8. Business Results of Major Subsidiaries

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1
House Foods Corporation						
	Net sales	Million yen	124,630	122,172	125,902	129,615
	Operating profit	Million yen	6,774	8,398	9,399	11,059
House Wellness Foods Corporation						
	Net sales	Million yen	37,238	34,558	33,281	31,599
	Operating profit	Million yen	736	1,403	1,329	909
House Foods America Corporation (Consolidated)						
	Net sales	Million yen	12,038	12,437	12,572	12,776
	Operating profit	Million yen	805	875	1,153	1,303
Ichibanya Co., Ltd. (Consolidated) * Full-year results for FY2015 are results for 3 months from December 2015 to February 2016.						
	Net sales	Million yen	—	11,411	44,893	49,472
	Operating profit	Million yen	—	1,300	4,806	4,713

9. Number of Employees

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1
Number of employees * Excluding those on leave of absence and part-time workers	People	5,416	6,376	6,248	6,273	6,275

10. Capital Investment

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Plan
Total	Million yen	9,874	7,260	8,178	10,699	4,922	13,000
	Capital investment	Million yen	9,588	6,757	7,708	10,215	4,634
	Leases	Million yen	286	503	470	484	1,000

11. Depreciation

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Plan
Total	Million yen	6,083	7,277	9,691	9,456	4,627	9,300
	Depreciation	Million yen	5,789	6,908	9,345	9,126	9,000
	Lease payments	Million yen	294	369	346	330	300

12. Selling, General and Administrative Expenses

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1
Selling, general and administrative expenses	Million yen	89,468	92,746	111,875	113,112	55,978
	Advertising expenses	Million yen	10,326	9,822	9,869	9,879
	Transportation and warehousing expenses	Million yen	6,836	7,248	9,519	9,919
	Sales commission	Million yen	2,441	2,342	2,455	2,480
	Promotion expenses	Million yen	30,871	29,741	30,607	31,234
	Personnel expenses	Million yen	20,301	21,987	29,278	29,694
	Research and development expenses	Million yen	3,582	3,510	3,787	3,955
	Amortization of goodwill	Million yen	167	1,016	3,578	3,564

13. Non-Operating Income (Expenses)

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1
Non-operating income	Million yen	2,937	2,177	2,607	2,296	1,325
Interest income	Million yen	530	478	395	328	152
Dividend income	Million yen	603	609	762	656	360
Share of profit of entities accounted for using equity method	Million yen	628	584	70	99	24
Foreign exchange gains	Million yen	820	—	238	—	235
House rent income	Million yen	0	176	758	762	382
Other	Million yen	356	330	384	451	173
Non-operating expenses	Million yen	667	801	969	1,376	474
Interest expenses	Million yen	129	93	87	90	40
Foreign exchange losses	Million yen	—	174	—	380	—
Rent expenses	Million yen	—	148	631	616	307
Other	Million yen	538	385	251	291	127

14. Extraordinary Income (Losses)

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1
Extraordinary income	Million yen	1,543	17,013	2,008	993	504
Gain on sales of non-current assets	Million yen	195	7	178	13	3
Reversal of allowance for doubtful accounts	Million yen	1	0	—	0	0
Gain on sales of investment securities	Million yen	1,311	3,135	147	765	376
Gain on sales of investments in capital	Million yen	18	—	—	—	—
Gain on bargain purchase	Million yen	—	—	1,018	57	—
Gain on change in equity	Million yen	3	—	—	—	—
Compensation income	Million yen	13	—	—	—	37
Gain on sales of restaurants	Million yen	—	19	147	144	84
Gain on step acquisitions	Million yen	—	13,851	448	—	—
Other	Million yen	2	1	70	13	4
Extraordinary losses	Million yen	607	1,062	1,488	1,186	331
Loss on sales of non-current assets	Million yen	121	0	10	222	5
Loss on retirement of non-current assets	Million yen	141	273	279	19	75
Loss on sales of membership	Million yen	—	2	—	—	—
Loss on sales of investment securities	Million yen	—	—	—	0	—
Loss on valuation of investment securities	Million yen	4	16	0	5	2
Loss on valuation of membership	Million yen	1	3	11	0	—
Impairment loss	Million yen	323	718	1,138	774	241
Loss on disaster	Million yen	—	—	—	—	—
Other	Million yen	18	51	50	166	9

15. Foreign Exchange Rates

		FY2014 Full year	FY2015 Full year	FY2016 Full year	FY2017 Full year	FY2018 H1	FY2018 Plan
United States	USD	120.55	120.61	116.49	113.00	108.50	108.50
China	CNY	19.35	18.36	16.76	17.29	17.01	17.01
Taiwan	TWD	3.80	3.66	3.61	3.79	3.66	3.66
South Korea	KRW	0.1098	0.1033	0.0968	0.1062	0.1005	0.1005
Thailand	THB	3.70	3.34	3.24	3.45	3.41	3.41
Vietnam	VND	0.00559	0.00545	0.00512	0.00498	0.00476	0.00476

Reference 1: Domestic Market Size (survey by House Foods Corporation)

		2014	2015	2016	2017
Curry roux	Billion yen	48.5	51.9	50.3	47.4
Stew roux	Billion yen	18.1	18.7	18.0	18.1
Hashed beef sauce roux	Billion yen	6.1	6.5	6.3	6.1
Retort pouched curry	Billion yen	50.8	51.6	53.9	55.9
Spice	Billion yen	67.4	69.1	70.3	71.5

Reference 2: Schedule of Amortization of Goodwill, etc. for Ichibanya Co., Ltd.

	Amortization period	Amount (million yen)	FY2016 (million yen)	FY2017 (million yen)	FY2018 (million yen)	FY2019 (million yen)	FY2020 (million yen)	FY2021 (million yen)
Total amortization of goodwill, etc.	—	72,744	5,018	5,018	5,018	5,018	4,164	1,601
Goodwill	5 years	17,083	3,417	3,417	3,417	3,417	2,562	—
Trademark right	42 years	26,666	635	635	635	635	635	635
Contract-related intangible assets	30 years	28,995	967	967	967	967	967	967

* Amortization began in the fourth quarter of FY2015.