

FY2018
Results Briefing
for the First Half
House Foods Group Inc.



November 6, 2018
<https://housefoods-group.com/>

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Supplementary materials

◇ Supplementary Description	pp. 20 - 26
Corporate philosophy of House Foods Group and Medium-Term Business Plan / Sixth Medium-Term Business Plan / History of businesses / Major new products and varieties for the autumn and winter 2018	

FY2018

First-Half Results

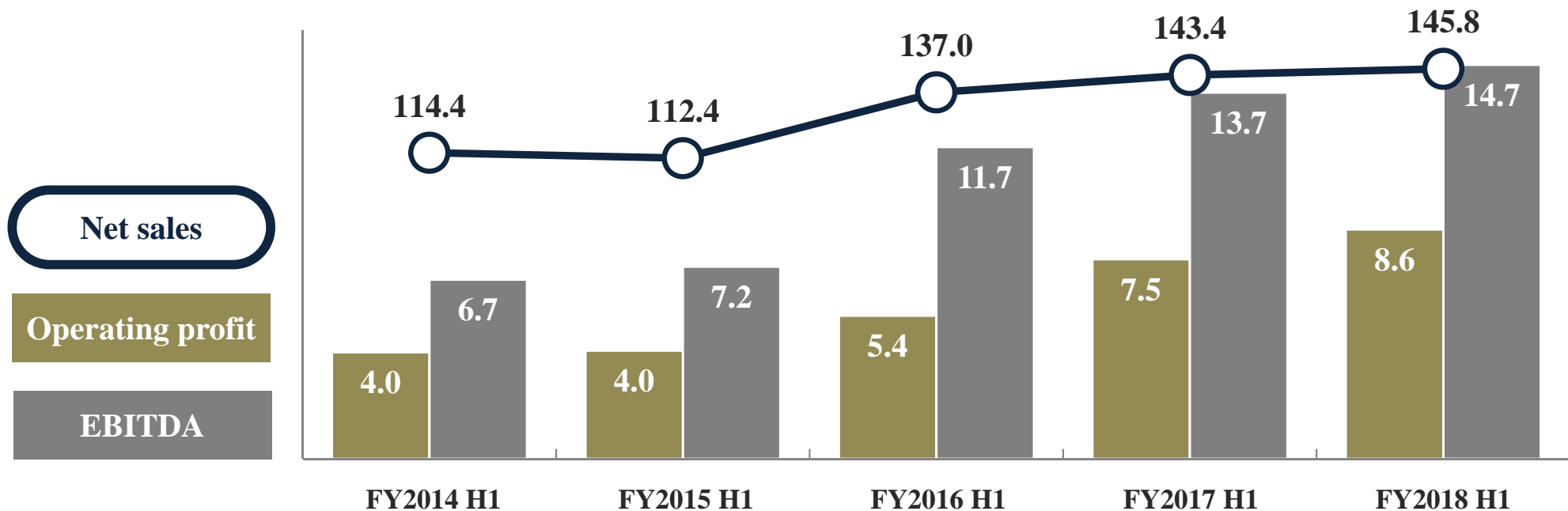
- **The earnings strength of the domestic business continued to increase from the previous fiscal year. The three important overseas areas also showed strong performance. The operating profit for the first half hit a record high.**
- **The commercialization of House's unique lactic acid bacterium L-137 commenced on a full-scale basis.**
- **Interim dividends were increased by ¥4 from the previous first half (¥22 per share).**

Consolidated Results



Billion yen	FY2018 H1 results			
	Results	Comparison with net sales	Year on year (%)	
Net sales	145.8	—	+2.3	+1.6%
Operating profit	8.6	5.9%	+1.1	+15.0%
Ordinary profit	9.4	6.5%	+1.4	+17.6%
Profit attributable to owners of parent	5.6	3.8%	+1.2	+28.6%
EBITDA	*1 14.7	10.1%	+1.0	+7.6%

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





Results by Segment

Billion yen	Net Sales			Operating Profit			
	FY2018 H1			FY2018 H1			
	Results	Year on year (%)		Results	ROS	Year on year (%)	
Total	145.8	+2.3	+1.6%	8.6	5.9%	+1.1	+15.0%
Spice / Seasoning / Processed Food Business	67.9	+1.0	+1.5%	5.5	8.2%	+0.8	+16.1%
Health Food Business	17.0	-0.2	-0.9%	1.1	6.5%	+0.3	+31.4%
International Food Business	12.2	+1.5	+14.0%	1.7	13.6%	+0.3	+17.8%
Restaurant Business	25.7	-0.1	-0.3%	-0.1	-0.6%	-0.1	-
<small>(Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.)</small>				2.4	9.2%	-0.1	-4.2%
Other Food Related Business	30.8	+0.2	+0.6%	1.2	3.9%	+0.2	+23.2%
Adjustment (elimination)	-7.8	-0.1	-	-0.8	-	-0.3	-

Reference: Net sales by area

Japan	127.6	+0.4	+0.4%
United States	7.3	+0.6	+8.6%
East Asia	7.2	+0.6	+9.2%
Southeast Asia	3.1	+0.7	+26.6%
Other	0.5	+0.0	+9.6%

Ratio of overseas sales: 12.4% (up 1.1 percentage point year on year)

Spice / Seasoning / Processed Food Business



Billion yen	FY2018 H1		
	Results	Year on year (%)	
Net sales	67.9	+1.0	+1.5%
Operating profit	5.5	+0.8	+16.1%
ROS	8.2%		+1.0Pt

◆ Breakdown of sales (main factors)

House Foods Corporation	63.1	+0.4	+0.6%
Curry roux	18.3	-0.2	-0.9%
Stew roux	4.4	-0.3	-6.4%
Spice	9.6	+0.0	+0.3%
Retort pouched curry	8.1	+0.3	+4.1%
Packaged noodles	3.0	+0.2	+5.6%
Food service products	8.7	+0.0	+0.4%
Gaban Co., Ltd.	5.0	-0.1	-2.4%
Malony Co., Ltd.	0.8	+0.8	-

Major details of net sales are also stated in “5. Trends in Net Sales by Business Segment” in Fact Data.

◇ House Foods Corporation

- Strategies for changes in eating at home worked well.

Curry roux: Focus was placed on core products, especially *Java Curry*, which commemorated the 50th anniversary of its release. The degree of decrease was reduced.

Retort pouched curry: A contribution was made by the multiple package *Pro Quality* and the *Erabareshi Ninkiten* series.

- The market penetration of new packaged noodles and dessert products advanced.

- In addition to the effective use of advertising expenses, the effects of increased sales and stable raw materials prices made a contribution.

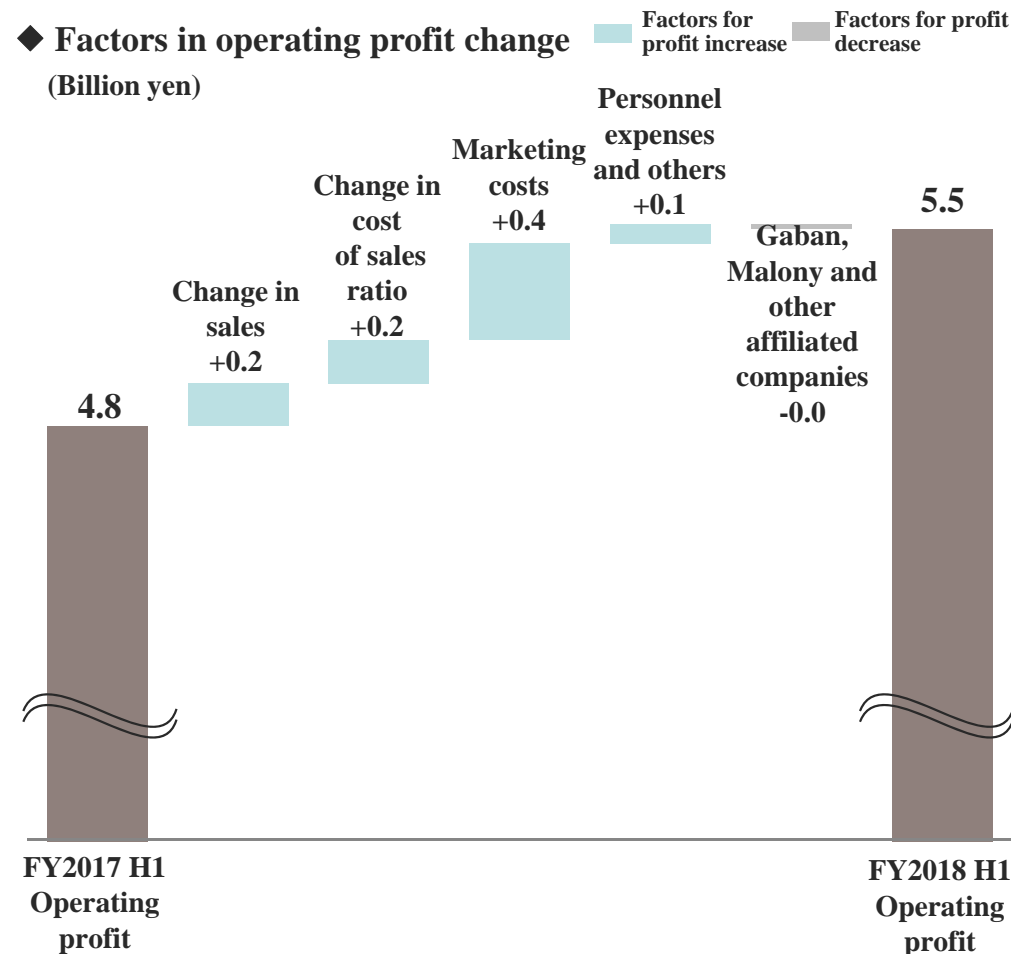
◇ Gaban Co., Ltd.

- The sales base was opened in Bangkok, Thailand. Activities in the ASEAN area were strengthened.

◇ The effects of the new consolidation of Malony Co., Ltd. contributed to increased sales (included in the scope of consolidation from the third quarter of the previous fiscal year).

◆ Factors in operating profit change

(Billion yen)



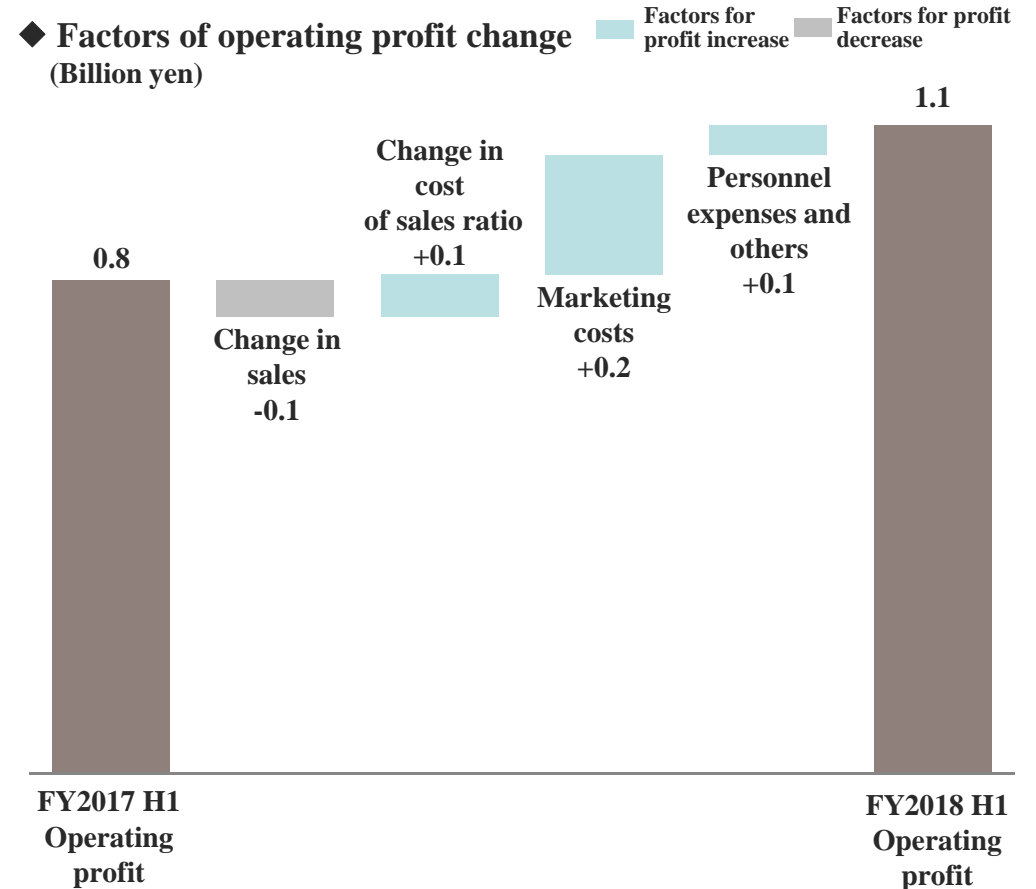


Health Food Business

Billion yen	FY2018 H1		
	Results	Year on year (%)	
Net sales	17.0	-0.2	-0.9%
Operating profit	1.1	+0.3	+31.4%
ROS	6.5%	+1.6Pt	

◆ Breakdown of sales (main factors)

<i>Ukon No Chikara</i>	4.3	-0.6	-13.0%
<i>C1000</i>	6.0	-0.3	-4.7%
<i>Ichinichibun No Vitamin</i>	2.6	+0.7	+34.2%



◇ Functional spice business

- In *Ukon No Chikara*, the harsh sales environment continued (severity of the market environment, impact of competitors in the drinking measures market).

◇ Vitamin business

- *C1000* PET products and *Ichinichibun No Vitamin* jelly products grew.
 - Comprehensive cost control was conducted throughout the entire vitamin business.

◇ Lactobacillus business

- Commercialization of House's unique lactic acid bacterium L-137 commenced on a full-scale basis.

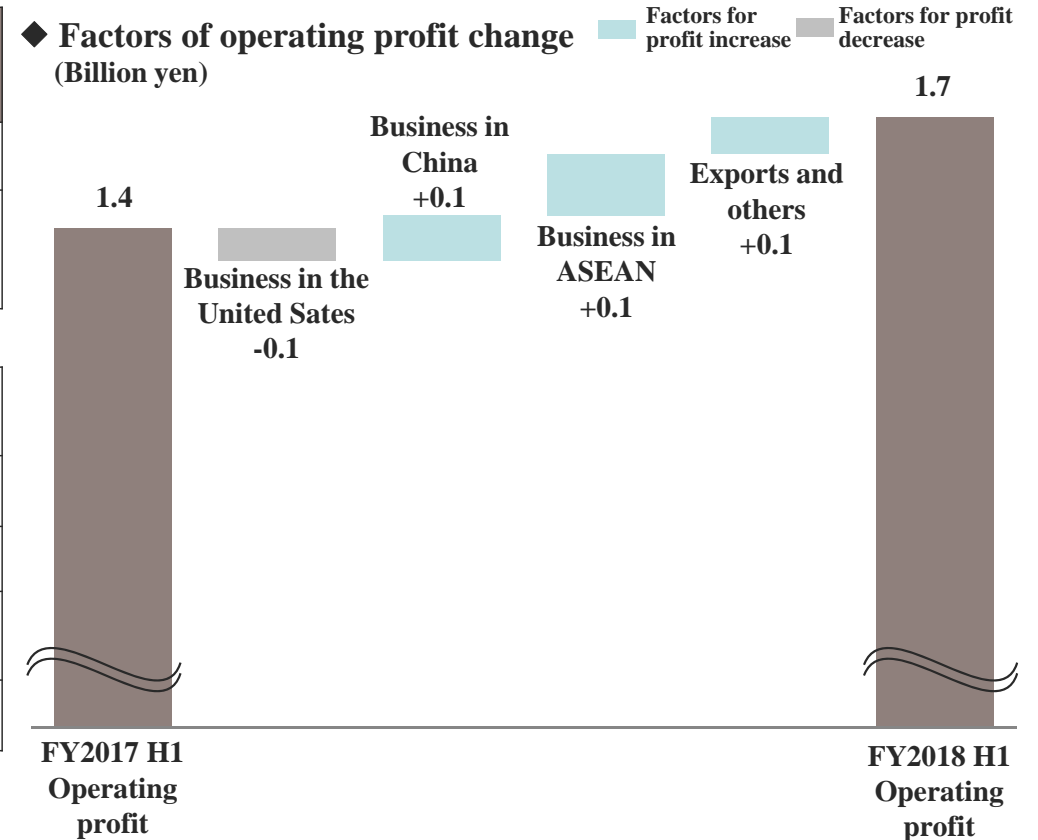


International Food Business

Billion yen	Results	FY2018 H1		Year on year in local currency
		Year on year (%)		
Net sales	12.2	+1.5	+14.0%	+14.6%
Operating profit	1.7	+0.3	+17.8%	+17.0%
ROS	13.6%		+0.4Pt	

◆ Breakdown of sales (main factors)

Business in the United Sates	5.9	+0.4	+7.6%	+11.0%
Tofu business	5.4	+0.3	+6.7%	+10.2%
Business in China	2.9	+0.5	+20.6%	+16.9%
Businesses in ASEAN	1.5	+0.4	+30.9%	+26.8%
Thailand	1.4	+0.4	+32.1%	+27.4%



◇ Tofu business in the United Sates

- Sales in American markets and sales of food service products were strong. The trend of expansion continued.
- Despite the effects of increased sales, profit decreased due to the increased labor costs and logistics expenses.

◇ Curry business in China

- Sales remained firm while the consumption environment changed significantly.
- Products for home cooking: The effects of an increase in the unit sales price upon price revision made a contribution.
- Food service products: The cultivation of new customers progressed steadily.

◇ Functional drinks business in Thailand

- Sales were strong, mainly in modern trade.
- Production systems were increased. In terms of quantity, 50 million bottles were achieved in the first half.

<Impact of exchange rates>

Net sales: -¥0.1 billion (-¥0.2 billion in the U.S., ¥0.1 billion in China, ¥0.1 billion in Thailand)

Operating profit: ¥0.0 billion





Restaurant Business

Billion yen	Results	FY2018 H1	
		Year on year (%)	
Net sales	25.7	-0.1	-0.3%
Operating profit	-0.1	-0.1	—
ROS	-0.6%		-0.4Pt
(Excluding amortization of goodwill, etc.)	2.4	-0.1	-4.2%
ROS	9.2%		-0.4Pt

◆ Breakdown of sales (main factors)

Ichibanya Co., Ltd. (consolidated)	24.8	+0.1	+0.4%
Ichibanya Co., Ltd. (non-consolidated)	22.2	+0.1	+0.3%
Overseas	2.6	+0.0	+0.8%

◇ Japan

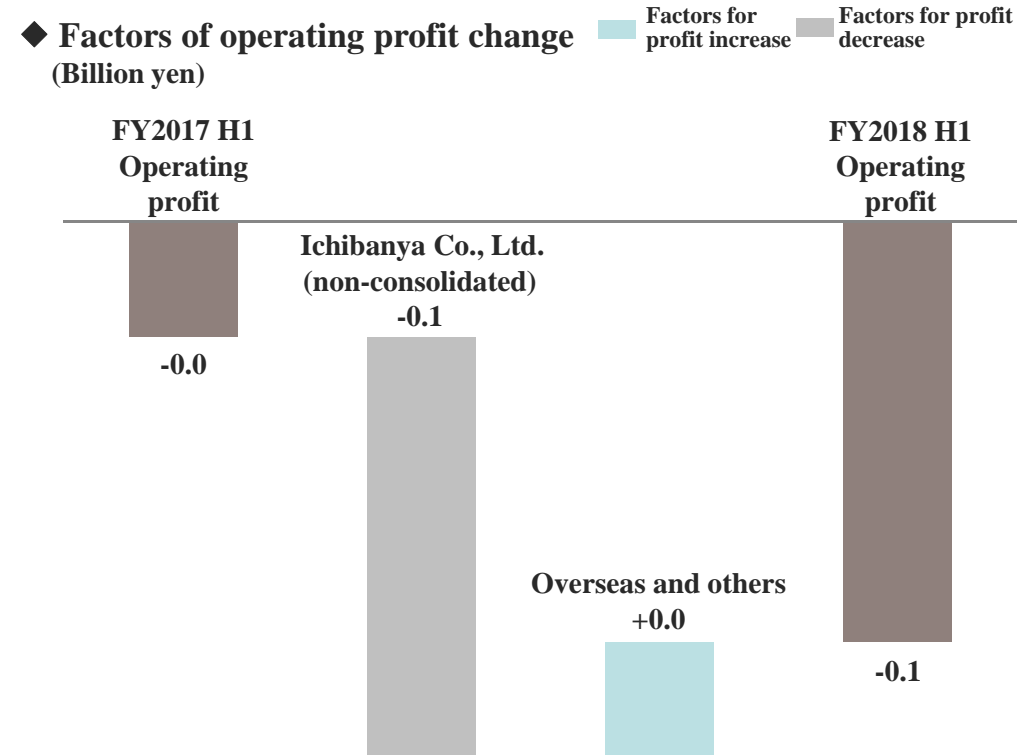
Changes in net sales (year on year)

All restaurants	Existing restaurants		
	Net sales	Number of customers	Average sales per customer
+1.3%	+1.1%	-0.4%	+1.6%

- Despite a slight decline in the number of customers, average sales increased due to the increased number of toppings and price revisions by area.
- Personnel expenses increased due to the workstyle reforms and an increase in the hourly rate for part-time workers in restaurants.

◇ Overseas

- The consolidation of unprofitable restaurants in China and Taiwan was generally completed. In South Korea, the opening of new franchise restaurants progressed.
 - The first restaurant in Vietnam was opened in Ho Chi Minh City.
- <Impact of exchange rates> Net sales: -¥0.0 billion



Ceremony for the opening of the first restaurant in Vietnam

Other Food Related Business



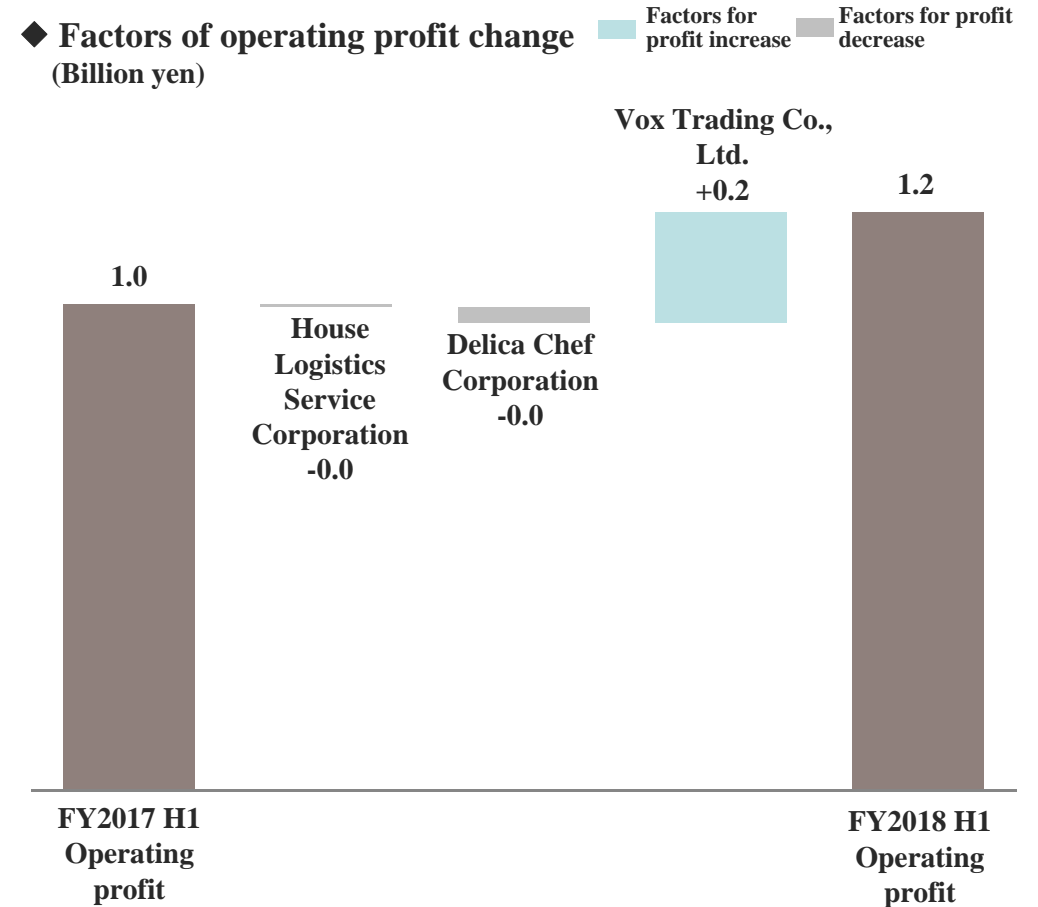
Billion yen	Results	FY2018 H1	
		Year on year (%)	
Net sales	30.8	+0.2	+0.6%
Operating profit	1.2	+0.2	+23.2%
ROS	3.9%		+0.7Pt

◆ Breakdown of sales (main factors)

House Logistics Service Corporation	10.3	-1.0	-9.1%
Delica Chef Corporation	8.9	+0.6	+6.8%
Vox Trading Co., Ltd.	11.2	+0.7	+6.2%



Frozen fruit



◇ House Logistics Service Corporation

- Focus was placed on the optimization of the business toward the business transfer to F-LINE scheduled for next spring.

◇ Delica Chef Corporation

- The abilities to make proposals increased and sales grew, which was offset by the increased personnel expenses.

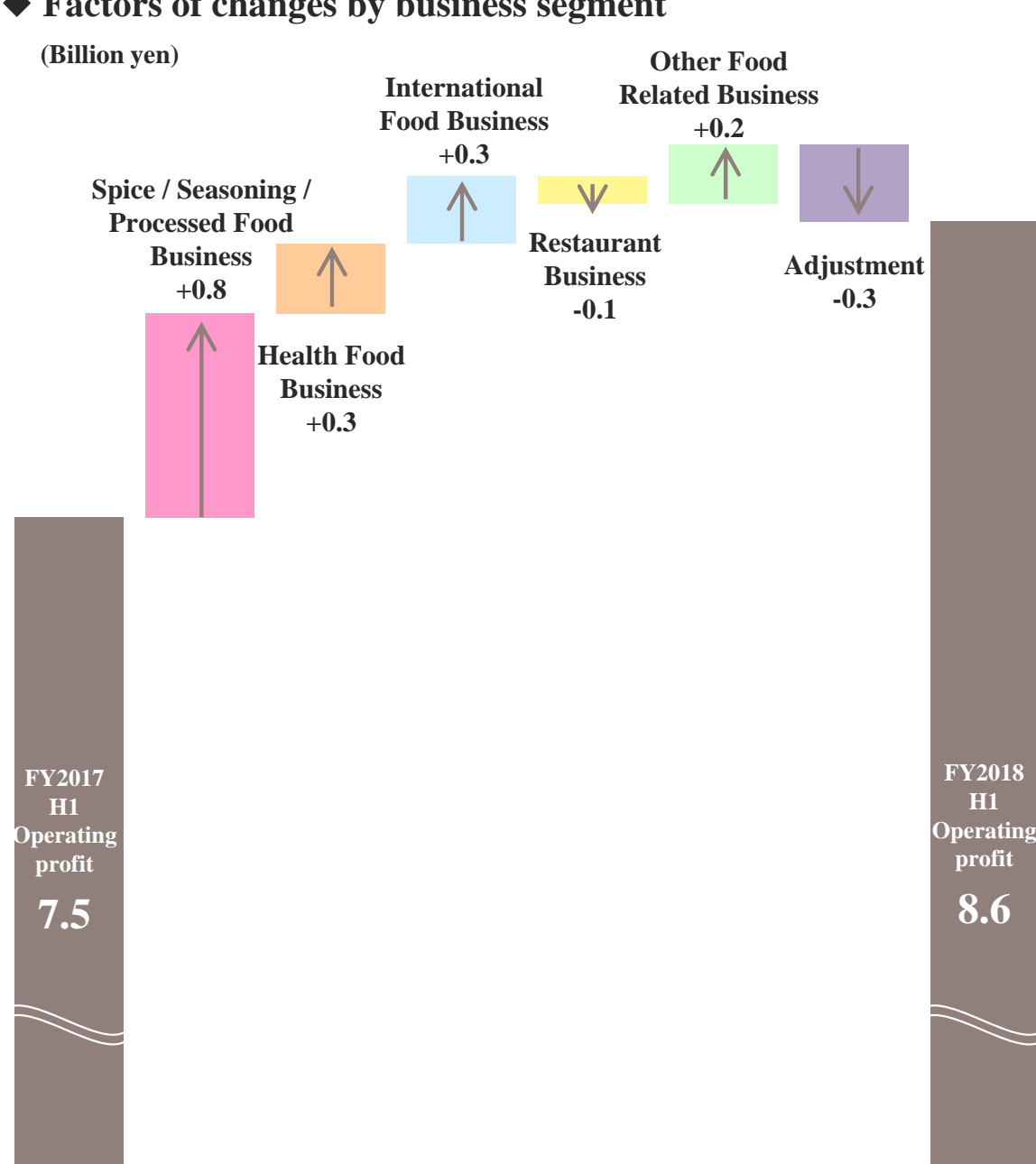
◇ Vox Trading Co., Ltd.

- Proposals for solutions were strengthened, and sales of frozen fruit and spice products were strong.
 - The profit level was raised upon the completion of the amortization of goodwill.



Operating Profit Change Analysis

◆ Factors of changes by business segment



(Billion yen)

	Amount of change
Spice / Seasoning / Processed Food Business	+0.77
- Change in sales	+0.2
- Change in cost of sales ratio	+0.2
- Marketing costs	+0.4
- Personnel expenses and other expenses	+0.1
- Gaban, Malony and other affiliated companies	-0.0
Health Food Business	+0.26
- Change in sales	-0.1
- Change in cost of sales ratio	+0.1
- Marketing costs	+0.2
- Personnel expenses and other expenses	+0.1
International Food Business	+0.25
- Business in the United States	-0.1
- Business in China	+0.1
- Businesses in ASEAN	+0.1
- Exports and others	+0.1
Restaurant Business	-0.10
- Ichibanya Co., Ltd. (non-consolidated)	-0.1
- Ichibanya Co., Ltd. (overseas) and others	+0.0
Other Food Related Business	+0.22
- House Logistics Service Corporation	-0.0
- Delica Chef Corporation	-0.0
- Vox Trading Co., Ltd.	+0.2
Adjustment	-0.29
Changes in operating profit	+1.12

Lactobacillus Business: Full-scale Commercialization



まもり高める乳酸菌

L-137

- In 1994, research into Lactic acid bacterium commenced.
- Strain discovered from a traditional fermented and preserved food of Southeast Asia:
Lactobacillus plantarum L-137
- The beneficial product characteristics are retained after heat treatment.



Domestic: Investment for Production Facilities



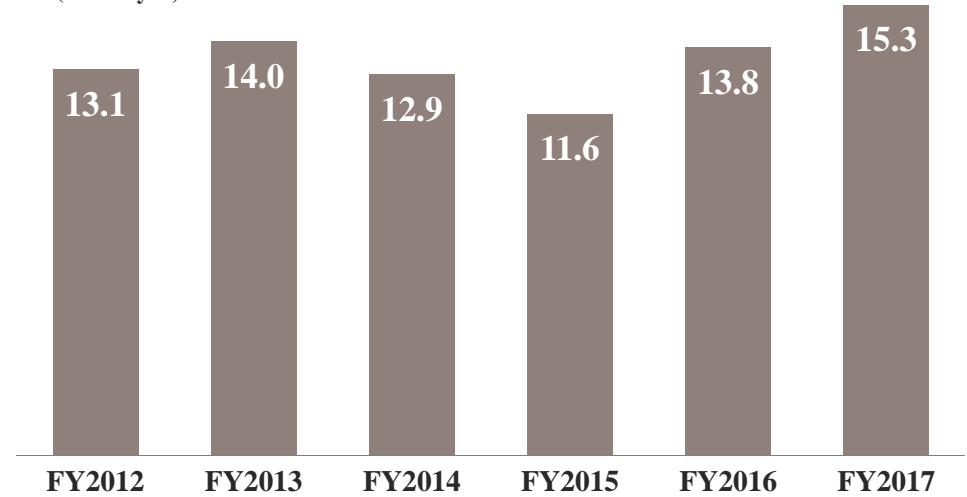
Spice / Seasoning / Processed Food Business

◆ New establishment of the line for retort pouched products in the Kanto Plant of House Foods (Production optimization GOT)

- Increase in production capacity and production optimization for retort pouched products
- Investment amount: ¥3.8 billion
- Time for operation: Around summer 2019



■ Changes in net sales of retort pouched curry (House Foods)
(Billion yen)



■ Changes in the retort pouched curry market
(According to the survey carried out by the Company)
(Billion yen)

Fiscal Year	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Market Size (Billion yen)	45.8	51.2	50.8	51.6	53.9	55.9

Health Food Business

◆ Establishment of the new line for manufacturing pouched jelly products with a mouth spout (Increase in production capacity)

- Realization of cost reduction exceeding the burden of depreciation due to in-house production
- Investment amount: ¥1.3 billion
- Time for operation: Around autumn 2019



Overseas: Expansion of Growth and Strengthening of Foundation



- ◆ Overseas: Strengthening of the food service business (growth both with products for home cooking and with food service products)

<Business in the United States>

<Business in China>

BtoC

Investment for new establishment due to the expanded market of products for home cooking

Investment for expansion of the LA Plant

- Acquisition of the land adjacent to the current LA Plant (in FY2017)
- Expansion of production capacity from 90 million pieces to 120 million pieces
- Aim to establish a system for the production and supply of tofu and the creation of a new business of soybeans
- Time for operation: Scheduled for 2020
- Investment amount: ¥6.0 billion (including land)

Zhejiang Plant: Start of operation (September)

- Introduction of state-of-the-art facilities (labor-saving/increase in speed)
- Construction of the business infrastructure as the supply base in East China (Shanghai), South China and West China (System for curry roux products of ¥13 billion)
- Investment amount: ¥4.2 billion (Depreciation incurred from the second half)



BtoB

Increase of production capacity due to the growing demand for restaurant/take out business products

Investment for capacity increase for food service products

- Expansion of demand for tofu in the restaurant/take out business market (Consumption of vegetable protein)
- Realization of capacity increase before investment for expansion
- Time for operation: Around summer 2019
- Investment amount: ¥0.2 billion



Investment for increase of lines at the Dalian Plant

- Expansion of the market for food service products due to an increase in the consumption experience of curry products and changes in the consumption environment
- Increase in the lines for food service products
- Time for operation: Around summer 2019
- Investment amount: ¥0.4 billion



Full-Year Plan for FY2018

- **Revise the full-year targets upward based on the results for the first half. Aim for a record high operating profit for the second consecutive fiscal year.**
- **Review and increase the year-end dividend by ¥2 from the previous fiscal year, given our results forecast, and estimate a year-on-year increase in the annual dividend of ¥6, to ¥44.**

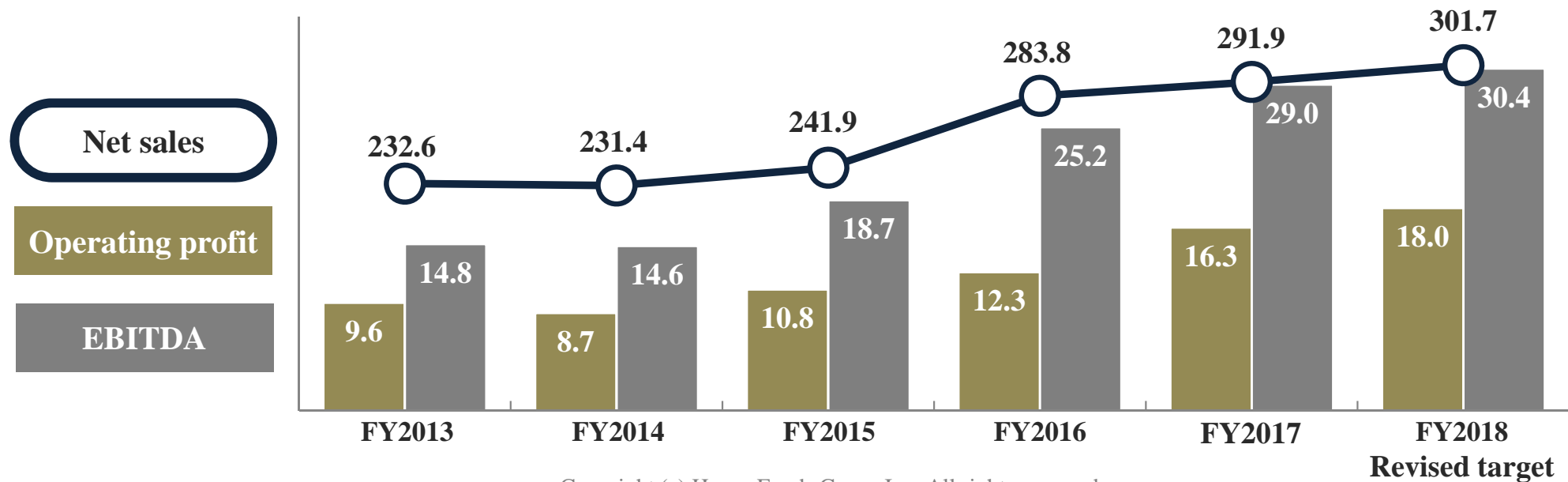
Revised Targets for Consolidated Income (Loss)



Billion yen	FY2018						FY2018 H2			
	Revised target	Comparison with net sales	Year on year (%)		Comparison with initial target (%)		Revised target	Comparison with net sales	Year on year (%)	
Net sales	301.7	—	+9.8	+3.4%	+0.4	+0.1%	155.9	—	+7.5	+5.0%
Operating profit	18.0	6.0%	+1.7	+10.5%	+1.0	+5.9%	9.4	6.0%	+0.6	+6.8%
Ordinary profit	19.6	6.5%	+2.4	+13.9%	+1.6	+8.9%	10.2	6.5%	+1.0	+10.7%
Profit attributable to owners of parent	11.6	3.8%	+2.2	+24.0%	+1.6	+16.0%	6.0	3.9%	+1.0	+20.1%

ROE	4.5%	—	+0.7Pt		+0.6Pt		—	—	—	—	
EBITDA	*1	30.4	10.1%	+1.4	+4.9%	+1.0	+3.4%	15.7	10.1%	+0.4	+2.6%

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



Revised Targets in the Full Year by Segment



Billion yen	Net Sales					Operating Profit					
	Revised target	FY2018			Comparison with initial target (%)	Revised target	FY2018			Comparison with initial target (%)	
		Year on year (%)					ROS	Year on year (%)			
Total	301.7	+9.8	+3.4%	+0.4	+0.1%	18.0	6.0%	+1.7	+10.5%	+1.0	+5.9%
Spice / Seasoning / Processed Food Business	143.2	+3.3	+2.3%	-0.8	-0.6%	13.0	9.1%	+0.9	+7.6%	+0.8	+6.6%
Health Food Business	32.0	+0.4	+1.3%	+0.5	+1.6%	1.5	4.7%	+0.6	+65.3%	+0.5	+50.0%
International Food Business	26.3	+3.4	+15.1%	-0.5	-1.9%	3.4	12.9%	+0.6	+19.4%	+0.0	+0.0%
Restaurant Business <small>(Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.)</small>	53.1	+1.1	+2.2%	+0.0	+0.0%	-0.3	-0.6%	+0.1	-	+0.0	-
Other Food Related Business	62.9	+1.9	+3.1%	+1.2	+1.9%	2.0	3.2%	+0.1	+7.2%	+0.0	+0.0%
Adjustment (elimination)	-15.8	-0.3	-	+0.0	-	-1.6	-	-0.6	-	-0.3	-

Spice / Seasoning / Processed Food Business

- Improve the market position and increase earnings strength by bolstering the products and brands that respond to the growing tendency for people to eat out or buy food to eat at home, as well as single-serving food including retort pouched products.
- Expansion of customer contact points: Launch of the curry bread specialty store Curry Pan No Hi (November 14: Hankyu Umeda Main Store)

Health Food Business

- Lactobacillus business: In BtoB (feed), strengthen the approach both in Japan and abroad; in BtoC, focus resources on market penetration
- Turmeric business: End the focus on the prevention of hangovers and strive to expand the area for offering the health benefits of turmeric

International Food Business

- United States: Absorb cost increases by price revisions to tofu/tofu-related products
- China: Focus on the smooth operation of the Zhejiang Plant. In addition to the existing channels, strengthen the approach for new business models/e-commerce
- In September, revise the prices for food service roux products.
- Thailand: Accelerate the sales growth by increasing and strengthening production systems

Restaurant Business

- Domestic: Increase factors encouraging restaurant visits, such as strengthening tie-up projects and running television commercials
- Overseas: Plan to open a restaurant in London following that in Vietnam. Work on area expansion.

Other Food Related Business

- Each company is to proceed steadily with initiatives for profit improvement.

Detailed Revised Targets in the Full Year by Segment



Billion yen			FY2018				
			Revised target	Year on year (%)		Comparison with initial target (%)	
Spice / Seasoning / Processed Food Business	Net sales	143.2	+3.3	+2.3%	-0.8	-0.6%	
	Operating profit	13.0	+0.9	+7.6%	+0.8	+6.6%	
Health Food Business	Net sales	32.0	+0.4	+1.3%	+0.5	+1.6%	
	Operating profit	1.5	+0.6	+65.3%	+0.5	+50.0%	
International Food Business	Net sales	26.3	+3.4	+15.1%	-0.5	-1.9%	
	Operating profit	3.4	+0.6	+19.4%	+0.0	+0.0%	
Restaurant Business	Net sales	53.1	+1.1	+2.2%	+0.0	+0.0%	
	Operating profit	-0.3	+0.1	-	+0.0	-	
Other Food Related Business	Net sales	62.9	+1.9	+3.1%	+1.2	+1.9%	
	Operating profit	2.0	+0.1	+7.2%	+0.0	+0.0%	
Breakdown of sales (main factors)			FY2018				
		Revised target	Year on year (%)		Comparison with initial target (%)		
House Foods Corp.		132.0	+2.4	+1.8%	-0.5	-0.4%	
Curry roux		36.5	-0.5	-1.4%	-0.1	-0.1%	
Stew roux		12.9	-0.2	-1.2%	-0.4	-2.7%	
Spice		19.4	+0.7	+4.0%	-0.4	-2.0%	
Retort pouched curry		16.1	+0.9	+5.8%	-0.7	-3.9%	
Food service products		17.7	+0.3	+1.9%	-0.2	-1.0%	
Gaban Co., Ltd.		9.8	-0.2	-2.4%	-0.3	-2.8%	
Malony Co., Ltd.		3.2	+1.2	+58.6%	-0.0	-0.9%	
Ukon No Chikara		9.7	-0.7	-6.8%	-0.0	-0.3%	
C1000		9.4	-0.8	-7.9%	+0.1	+0.9%	
Ichinichibun No Vitamin		4.7	+1.0	+26.0%	+0.5	+11.8%	
Lactobacillus business		2.4	+2.1	+616.1%	-0.3	-10.7%	
Business in the United States		12.0	+0.7	+5.8%	-0.1	-0.5%	
Business in China		6.2	+1.2	+23.2%	-0.3	-4.1%	
Business in ASEAN		4.0	+1.4	+52.9%	-0.1	-2.7%	
Ichibanya Co., Ltd. (consolidated)		51.3	+1.8	+3.6%	+0.0	+0.0%	
Ichibanya Co., Ltd. (non-consolidated)		45.4	+1.1	+2.5%	+0.0	+0.0%	
Overseas		5.9	+0.7	+13.0%	+0.0	+0.0%	
House Logistics Service Corporation		20.0	-1.7	-8.0%	-0.9	-4.4%	
Delica Chef Corporation		17.5	+0.4	+2.5%	+0.3	+2.0%	
Vox Trading Co., Ltd.		24.7	+3.2	+15.0%	+1.8	+7.8%	

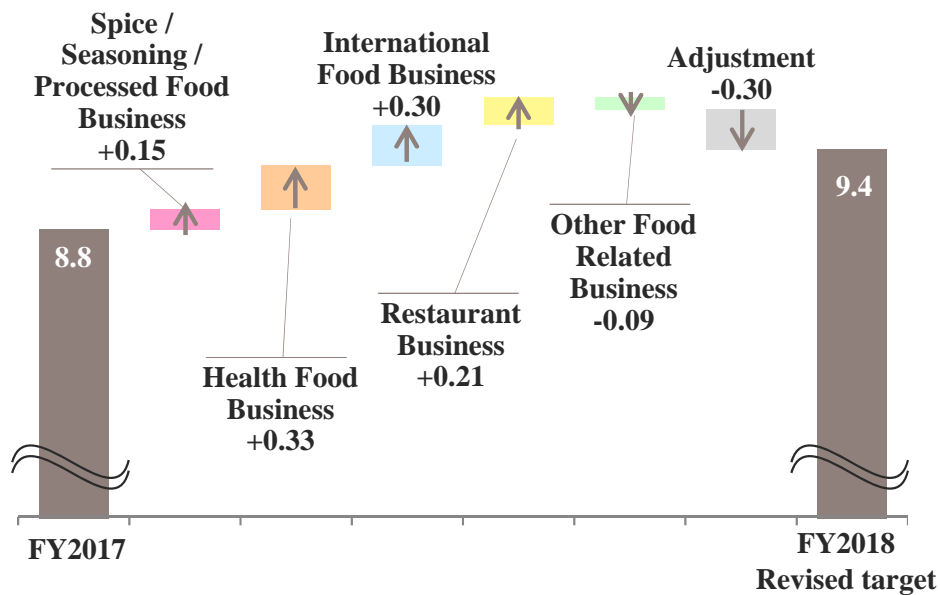
<International Food Business: Full-year impact of exchange rates (year on year)>
 Net sales: -¥0.7 billion (-¥0.5 billion in the U.S., -¥0.1 billion in China, -¥0.0 billion in Thailand)
 Operating profit: -¥0.1 billion

* Major details of net sales by segment are also stated in "5. Trends in Net Sales by Business Segment" in Fact Data.

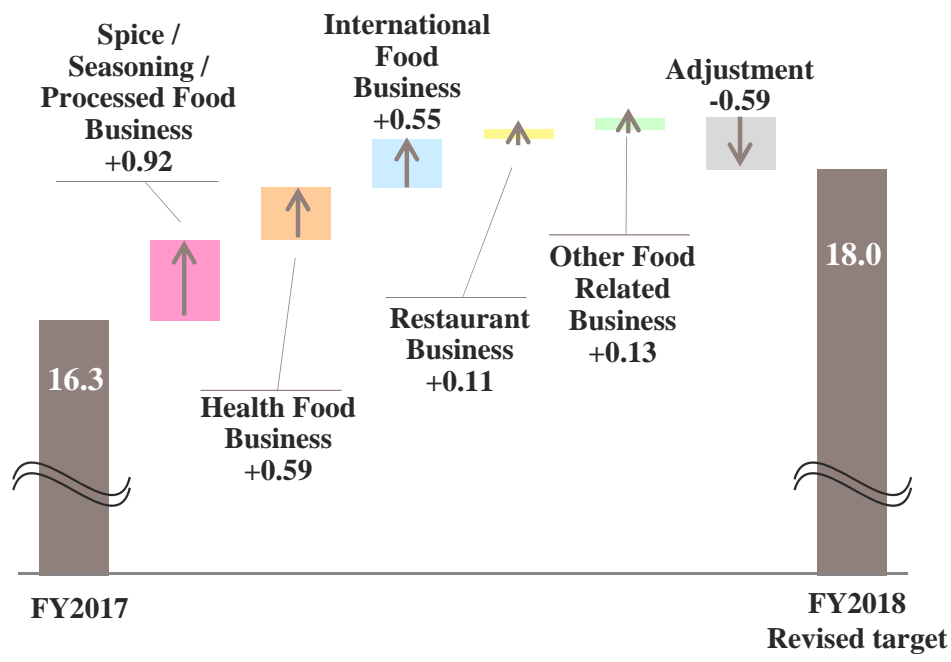
Operating Profit Change Analysis



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

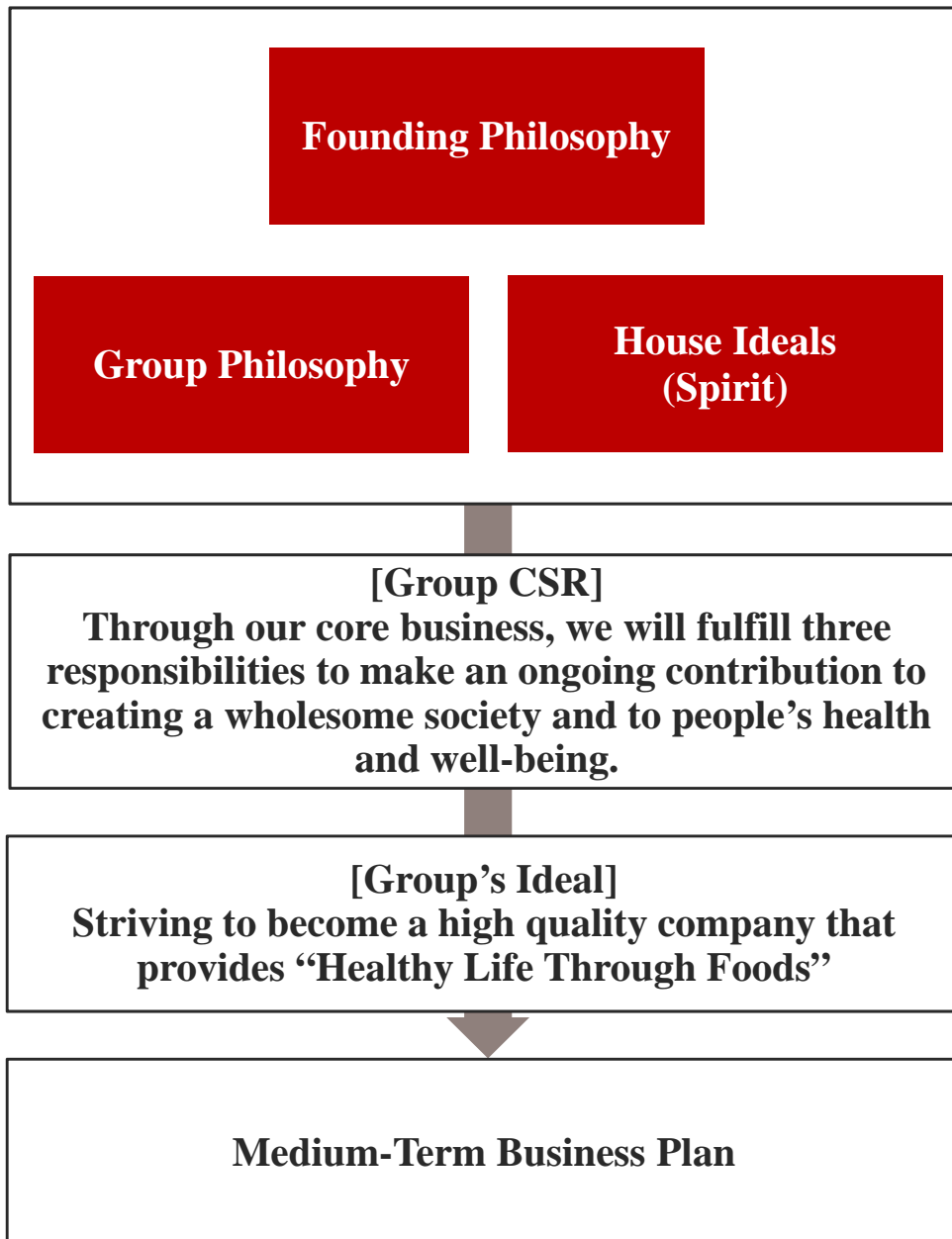


◆ Factors of changes by business segment in the full year (YoY)



(Billion yen)	FY2018 H1 Results	FY2018 H2 Revised target	FY2018 Revised target
Spice / Seasoning / Processed Food Business	+0.77	+0.15	+0.92
- Change in sales	+0.2	+0.8	+1.0
- Change in cost of sales ratio	+0.2	-0.4	-0.3
- Marketing costs	+0.4	-0.1	+0.3
- Personnel expenses and other expenses	+0.1	-0.2	-0.2
- Gaban, Malony and other affiliated companies	-0.0	+0.0	+0.0
Health Food Business	+0.26	+0.33	+0.59
- Change in sales	-0.1	+0.3	+0.2
- Change in cost of sales ratio	+0.1	+0.1	+0.2
- Marketing costs	+0.2	-0.0	+0.2
- Personnel expenses and other expenses	+0.1	-0.0	+0.0
International Food Business	+0.25	+0.30	+0.55
- Business in the United States	-0.1	+0.1	+0.0
- Business in China	+0.1	+0.1	+0.2
- Business in ASEAN	+0.1	+0.1	+0.2
- Exports and others	+0.1	-0.0	+0.1
Restaurant Business	-0.10	+0.21	+0.11
- Ichibanya Co., Ltd. (consolidated)	-0.1	+0.1	-0.0
- Ichibanya Co., Ltd. (overseas) and others	+0.0	+0.1	+0.1
Other Food Related Business	+0.22	-0.09	+0.13
- House Logistics Service Corporation	-0.0	-0.0	-0.1
- Delica Chef Corporation	-0.0	+0.1	+0.0
- Vox Trading Co., Ltd.	+0.2	-0.1	+0.2
Adjustment	-0.29	-0.30	-0.59
Changes in operating profit	+1.12	+0.60	+1.71

Supplementary Description



◇ Founding Philosophy

In every happy home throughout Japan you will find the warm flavor of home cooking, House.

◇ Group Philosophy

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

◇ House Ideals (Spirit)

The Company's motto

Sincerity, Originality and Enthusiasm

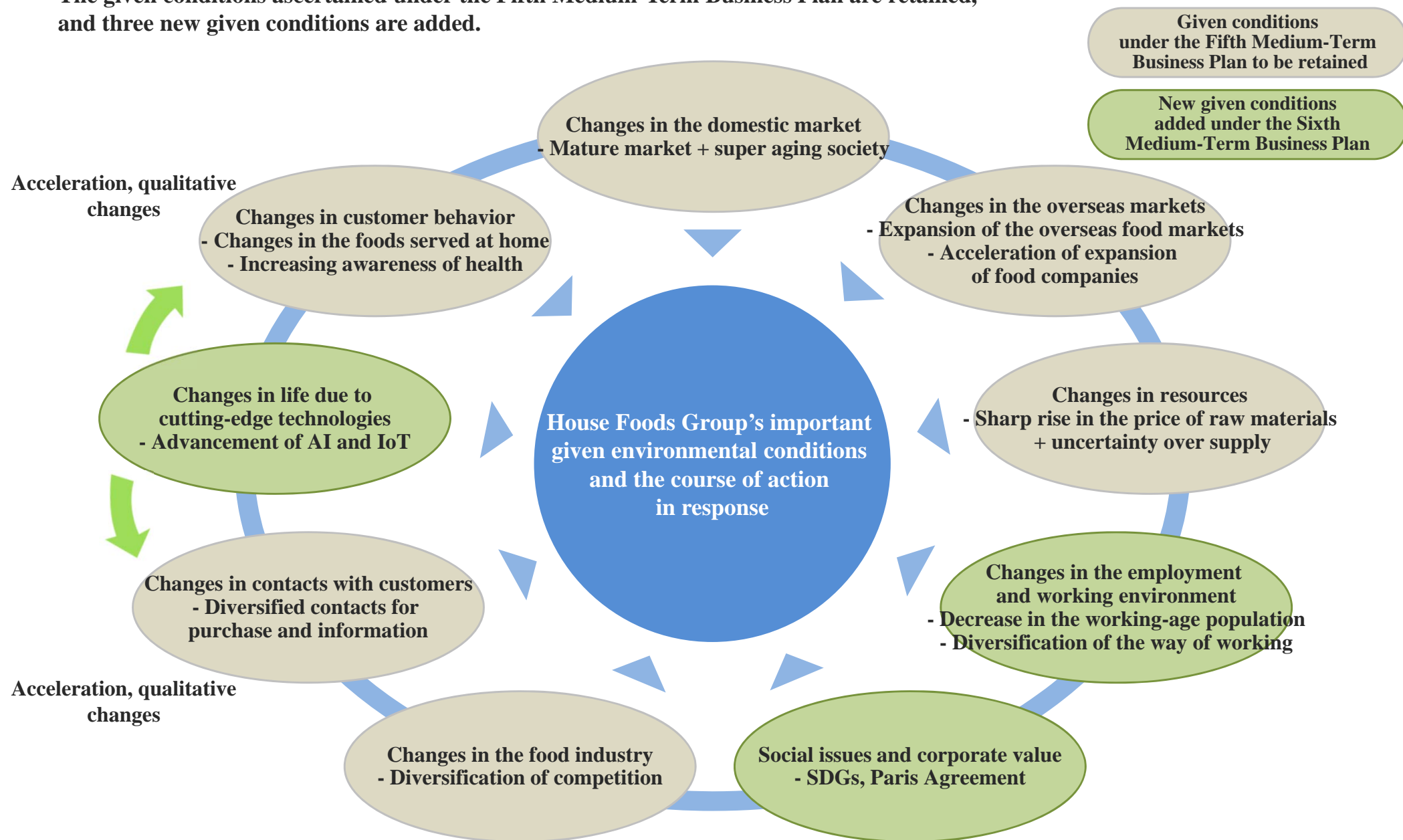
The 10 House Values

- Know yourself
- Be humble in your self-confidence and pride
- Creative work brings dignity
- The advancement of House depends on the personal development of each individual
- House's strength is the strength of all of us combined
- A salary is compensation for doing useful things for society
- Being useful to society as employees and as a company
- A useful employee is a strong partner for achieving business goals
- Profits are necessary for a company to be useful to society
- The dedicated passion each one of us feels for the company is the secret to success for House

Sixth Medium-Term Business Plan, given environmental conditions



The given conditions ascertained under the Fifth Medium-Term Business Plan are retained, and three new given conditions are added.



Meaning of existence in society

Review of the past business

Given environmental conditions

Ideal of the House Foods Group
**Striving to become a high quality company that provides
“Healthy Life Through Foods”**

Establishment not only from a business perspective but also from a wider perspective

For
**Employees and Their
Families**

Achievement of diversity

For
Customers

Domestic mature market and
overseas growth market

Build-up of the core of
the value chain

Build-up of R&D functions
Creation of new business

Expansion of growth and
strengthening of foundation overseas

For
Society

Establishment of
the recycling-oriented model

Contribution to a society of
healthy longevity

Through the fulfilment of the three responsibilities described above,
the Group will strive to become a “high quality company.”

Sixth Medium-Term Business Plan (~ Seventh Medium-Term Business Plan)

◆ Targets on a consolidated basis

	(Targets under the Sixth Medium-Term Business Plan)	(Change from the Fifth Medium-Term Business Plan)
Net sales	310.0 billion yen	+18.1 billion yen (106.2%)
Operating profit	22.0 billion yen	+5.7 billion yen (135.1%)

	ATO	ROS	ROA	ROE
(Targets under the Sixth Medium-Term Business Plan)	0.87 times	7.1%	6.2%	5.4%
(Change from the Fifth Medium-Term Business Plan)	+0.07Pt	+1.5Pt	+1.5Pt	+1.6Pt

Policy for business investment

◆ From “addition” to “multiplication”

Focus on investment for the optimization of the systems within the Group to strengthen the revenue base and investment in new/overseas growing business

◆ Focus areas

Production optimization (GOT-related investment)	30.0 billion yen
Business investment (including CVC)	20.0 billion yen
Overseas growth investment	10.0 billion yen

Policy for return to shareholders

◆ Policy for distribution of profits

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 combinations and the amortization of goodwill as standard.

◆ Acquisition of treasury shares

To conduct the acquisition of treasury shares flexibly in light of the qualitative improvement of the balance sheet and demand for funds.

Major business developments (in Japan)

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

Major events overseas

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

Years when major products were launched

Vermont Curry



Launched in 1963

Stew Mix



Launched in 1966

Kukure Curry



Launched in 1971

C1000



Launched in 1990

Ukon No Chikara



Launched in 2004

tofu (USA)



Launched in 1983

Vermont Curry (China)



Launched in 2005

Major new products and varieties for the autumn and winter 2018



◆ Lactic acid bacterium: New products/varieties

Category	Product	Suggested retail price (reference price)	On-shelf date
Wellness drinks	Mamori Takameru Nyusankin L-137 drink	¥190	Aug. 13
Wellness food	Mamori Takameru Nyusankin L-137 powder stick	10 pieces ¥700 30 pieces ¥2,000	Aug. 13
Wellness drinks	Mamori Takameru Nyusankin L-137 jelly	¥190	Sep. 10
Curry roux	Mamori Takameru Nyusankin L-137 Vermont Curry, <i>Chu-kara</i>	(¥230)	Aug. 13
Desserts	Nyusankin Fruiche strawberry	(¥194)	Aug. 13
Packaged noodles	Umakacchan Toridashi Tonkotsu (containing lactic acid bacterium)	1 piece ¥105 5 pieces ¥525	Aug. 13
Snacks	70g Tongari Corn salted caramel flavor	(¥180)	Aug. 13



◆ New products

Curry roux	Low sodium (25% less) (Vermont Curry <i>Chu-kara</i> , Java Curry <i>Chu-kara</i>)	(¥230)	Aug. 13
Retort pouched curry	Erabareshi Ninkiten (rich butter chicken curry, beef and pork keema curry, special beef curry)	(¥314)	Aug. 13
Retort pouched curry	CoCo Ichibanya's supervision Motteko Curry <i>Chu-kara</i>	(¥200)	Aug. 13
Desserts	Wafuche (brown sugar syrup and soybean flour, powdered green tea, adzuki beans)	(¥194)	Aug. 13
Instant stew	Mug Stew (cream, corn cream, brown)	(¥188)	Aug. 13
Stew roux	Grande Maison Stew (cream, beef)	(¥250)	Aug. 13
Wellness food	Ukon No Chikara Chewing Tablet	1 piece (¥139) 6 pieces (¥796)	Sep. 3



◆ Varieties

Packaged noodles	Umakacchan Noko Shinaji	1 piece ¥105 5 pieces ¥525	Aug. 6
Stew roux	Stew On Rice curry cream sauce	(¥248)	Aug. 13
Retort pouched Hashed beef sauce	Pro Quality hashed beef sauce pack of 4	(¥478)	Aug. 13



* There are other new, variety and fresh-up products.