

FY2023 Results Briefing



House Foods Group Inc.

(1) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., effective from beginning of FY2021. Results for FY2020 (the fiscal year ended March 31, 2021) based on both the old and the new standards are provided to increase comparability.

(2) Regarding the business combination with Keystone Natural Holdings, LLC on September 30, 2022, the price purchase allocation (PPA) was completed in the fiscal year ended March 31, 2024. Accordingly, figures for the previous fiscal year reflect the completion of the PPA.

1. Consolidated Results

		(Old accounting standard)		(New accounting standard)				
		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
Net sales	Million yen	293,682	283,754	250,066	253,386	275,060	299,600	320,000
Cost of sales	Million yen	159,910	156,998	154,114	158,383	177,157	190,644	—
Selling, general and administrative expenses	Million yen	114,767	107,359	76,539	75,776	81,218	89,486	—
Operating profit	Million yen	19,005	19,397	19,413	19,227	16,686	19,470	21,000
EBITDA *1	Million yen	32,284	31,059	31,075	30,112	28,493	33,002	35,000
Ordinary profit	Million yen	20,797	19,820	19,837	21,125	18,300	21,085	22,000
Profit attributable to owners of parent	Million yen	11,458	8,733	8,752	13,956	13,672	17,580	13,300
Profit per share	Yen	113.73	86.68	86.87	139.75	139.63	180.53	137.28
ROIC (Return on invested capital)	%	—	—	—	—	—	4.6	4.7
ATO (Total Asset Turnover)	Times	0.80	0.77	0.68	0.67	0.71	0.72	0.73
ROS (Return on sales)	%	6.5	6.8	7.8	7.6	6.1	6.5	6.6
EBITDA margin	%	11.0	10.9	12.4	11.9	10.4	11.0	10.9
ROA (Return on assets)	%	5.1	5.3	5.3	5.1	4.3	4.7	4.8
ROE (Return on equity)	%	4.6	3.4	3.5	5.3	5.1	6.2	4.5
Dividend per share	Yen	46	46	46	46	46	47	48
Payout ratio	%	40.4	53.1	53.0	32.9	32.9	26.0	35.0
Total assets	Million yen	367,194	369,150	369,335	382,021	396,910	431,601	445,850
Net assets	Million yen	280,930	287,291	286,883	298,567	301,335	321,609	330,364
Shareholders' equity	Million yen	248,770	258,145	257,825	268,966	272,285	292,208	300,858
Equity ratio	%	67.7	69.9	69.8	70.4	68.6	67.7	67.5
Net assets per share	Yen	2,469.20	2,562.29	2,559.12	2,700.99	2,791.56	3,016.19	3,105.48
Cash flows from operating activities	Million yen	24,218	23,181	23,181	16,140	19,483	25,571	—
Cash flows from investing activities	Million yen	-6,356	-8,558	-8,558	-10,398	-21,467	-2,299	—
Cash flows from financing activities	Million yen	-7,567	-6,172	-6,172	-10,068	-12,739	-7,382	—

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

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

		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
Profit attributable to owners of parent	Million yen	14,680	15,617	15,637	14,439	13,909	18,484	14,437
ROE (Ratio of profit to equity)	%	5.9	6.2	6.2	5.5	5.1	6.5	4.9

(Reference) Payout ratio based on profit distribution policy

Payout ratio *2	%	31.6	29.7	29.6	31.8	32.4	24.8	—
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*2 Profit distribution policy:

(Until FY2023) 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.

(From FY2024) Total return ratio of 40% or higher

2. Net Sales and Operating Profit by Business Segment

>> Net sales

		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
Spice / Seasoning / Processed Food Business	Million yen	144,996	146,340	120,380	117,422	119,802	126,287	133,000
Health Food Business	Million yen	27,890	20,105	15,281	14,432	16,520	16,865	18,000
International Food Business	Million yen	29,734	35,472	34,056	39,110	48,875	56,375	62,000
Restaurant Business	Million yen	52,498	44,567	44,698	45,422	48,371	55,132	61,000
Other Food Related Business	Million yen	46,296	45,542	43,922	45,571	50,699	55,045	57,000
Adjustment (elimination)	Million yen	-7,733	-8,271	-8,271	-8,571	-9,206	-10,103	-11,000

>> Operating profit

		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
Spice / Seasoning / Processed Food Business	Million yen	14,111	15,614	15,614	12,628	7,915	10,832	12,600
Health Food Business	Million yen	521	-413	-396	-138	1,908	2,464	2,500
International Food Business	Million yen	4,098	4,584	4,584	5,250	5,424	3,067	3,200
Restaurant Business	Million yen	202	-660	-660	1,502	2,268	3,395	3,900
Other Food Related Business	Million yen	1,791	1,770	1,770	1,480	1,234	1,930	2,100
Adjustment (elimination)	Million yen	-1,717	-1,498	-1,498	-1,494	-2,062	-2,218	-3,300

(Reference) Net of amortization of goodwill related to International Food Business and Restaurant Business

		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
International Food Business	Million yen	4,098	4,584	4,584	5,250	5,693	4,201	4,349
Restaurant Business	Million yen	5,220	2,512	2,512	2,872	3,638	4,843	5,567

3. Net Sales by Geographical Area

		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year
Japan	Million yen	252,776	238,817	206,544	202,982	213,373	228,178
East Asia	Million yen	14,921	15,721	15,147	17,802	20,380	22,048
Southeast Asia	Million yen	9,387	13,374	12,538	14,119	15,776	12,489
North America	Million yen	15,246	14,788	14,788	16,911	23,806	35,050
Other	Million yen	1,353	1,054	1,048	1,572	1,725	1,836

4. Content of Business Segments (As of March 31, 2024)

Business segments	Group company name
Spice / Seasoning / Processed Food Business	House Foods Corporation House Gaban Corporation 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 Keystone Natural Holdings, LLC / Nature Soy, LLC / Superior Natural ULC 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 Foods Group Asia Pacific Co.,Ltd. / House Osotspa Foods Co., Ltd. PT House And Vox Indonesia / PT Sasa Housefoods Indonesia House Foods Taiwan Corporation
Restaurant Business	Ichibanya Co., Ltd. Daikoku Shoji Co., Ltd. / Takei Co., Ltd. / LFD JAPAN Co., Ltd. Ichibanya USA, Inc. / Ichibanya International USA, Inc. Ichibanya Restaurant Management (China) Co., Ltd. / Taiwan Ichibanya Inc. Ichibanya International Hong Kong Limited / Ichibanya Hong Kong Limited Ichibanya UK Limited
Other Food Related Business	Vox Trading Co., Ltd. / Tim Food Co., Ltd. / PT. Java Agritech Delica Chef Corporation House Logistics Service Corporation House Food Analytical Laboratory Inc.
Other	House Foods Group Inc. / House Business Partners Corporation / PatchworkQuilt Inc.

5. Trends in Net Sales by Business Segment

		(Old accounting standard)		(New accounting standard)				
		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
Spice / Seasoning / Processed Food Business								
Curry roux	*3 Million yen	37,008	37,768	37,768	36,475	35,810	38,176	—
Stew roux	*3 Million yen	12,209	12,824	12,824	12,321	12,298	12,232	—
Hashed beef sauce roux	*3 Million yen	4,763	5,409	5,409	5,145	5,011	5,427	—
Spice	*3 Million yen	19,894	22,691	22,691	21,412	21,365	22,305	—
Retort pouched curry	*3 Million yen	16,796	16,740	16,740	16,496	17,822	17,836	—
Packaged noodles	*3 Million yen	7,076	7,342	7,342	7,672	7,777	8,623	—
Snack	*3 Million yen	7,267	6,822	6,822	6,539	7,183	8,061	—
Dessert	*3 Million yen	3,506	3,581	3,581	3,558	3,282	3,285	—
Food service products	*3 Million yen	17,490	14,883	14,883	15,630	16,926	—	—
Health Food Business								
Ukon No Chikara	*3 Million yen	8,233	4,240	4,240	4,021	5,464	6,310	—
C1000	*3 Million yen	7,110	5,143	5,143	4,245	4,180	4,267	—
Ichinichibun No Vitamin	*3 Million yen	4,097	3,945	3,945	4,297	4,769	4,641	—
International Food Business								
Business in the United States	Million yen	13,036	13,471	13,471	14,793	21,196	31,612	34,349
Business in China	Million yen	6,060	7,428	6,981	8,545	10,660	11,038	11,694
Business in ASEAN	Million yen	6,617	10,297	9,496	10,847	12,087	8,661	10,559
Other Food Related Business								
Delica Chef Corporation	Million yen	18,690	18,028	18,028	19,393	19,281	19,415	19,981
Vox Trading Co., Ltd. (consolidated)	Million yen	25,904	25,823	24,204	24,514	29,649	33,784	35,155

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

6. Foreign Exchange Rates

		FY2019 Full year	FY2020 Full year
United States	USD	109.24	106.43
China	CNY	15.82	15.42
Taiwan	TWD	3.54	3.62
Thailand	THB	3.53	3.40

	FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
	110.37	132.08	141.20	141.00
	17.12	19.50	19.87	19.80
	3.95	4.41	4.54	4.60
	3.43	3.74	4.06	4.10

7. Number of Group Companies

		FY2019 Full year	FY2020 Full year
Consolidated subsidiaries	Companies	35	37
Japan	Companies	14	15
Overseas	Companies	21	22
Equity-method affiliates	Companies	5	5
Japan	Companies	2	2
Overseas	Companies	3	3

FY2021 Full year	FY2022 Full year	FY2023 Full year
37	42	44
15	16	18
22	26	26
5	5	4
2	2	2
3	3	2

8. Change in Number of Consolidated Subsidiaries (FY2023 vs. FY2022)

Consolidated subsidiaries	Increase (2 companies)	Increase: Takei Co., Ltd., LFD JAPAN Co., Ltd.
	Decrease (0 companies)	Decrease:
Equity-method affiliates	Increase (0 companies)	Increase:
	Decrease (1 company)	Decrease: Flavorful Brands, LLC

9. Number of Employees

		FY2019 Full year	FY2020 Full year
Number of employees * Excluding those on leave of absence and part-time workers	People	6,122	6,153

FY2021 Full year	FY2022 Full year	FY2023 Full year
6,169	6,502	6,543

10. Capital Investment

		FY2019 Full year	FY2020 Full year
Total	Million yen	17,971	11,708
Capital investment	Million yen	16,253	11,324
Spice / Seasoning / Processed Food Business	Million yen	7,419	7,208
Health Food Business	Million yen	2,630	347
International Food Business	Million yen	4,255	1,217
Restaurant Business	Million yen	1,386	1,716
Other Food Related Business	Million yen	279	421
Adjustment	Million yen	284	415
Leases	Million yen	1,719	383

FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
12,976	15,813	15,059	19,600
12,425	15,239	14,735	19,400
5,647	5,539	6,536	—
237	139	675	—
3,895	6,278	3,971	—
1,411	1,355	2,369	—
609	473	436	—
628	1,455	747	—
551	573	324	200

11. Depreciation

		FY2019 Full year	FY2020 Full year
Total	Million yen	10,217	10,373
Depreciation	Million yen	9,862	10,035
Spice / Seasoning / Processed Food Business	Million yen	4,013	3,989
Health Food Business	Million yen	644	686
International Food Business	Million yen	1,114	1,428
Restaurant Business	Million yen	3,016	2,870
Other Food Related Business	Million yen	487	475
Adjustment	Million yen	587	589
Lease payments	Million yen	355	337

FY2021 Full year	FY2022 Full year	FY2023 Full year	FY2024 Forecast
11,239	12,045	13,278	12,700
10,941	11,628	12,719	12,400
4,832	5,135	5,046	—
668	521	404	—
1,476	1,973	3,061	—
2,844	2,916	3,026	—
495	505	511	—
625	579	671	—
298	417	558	300

12. Selling, General and Administrative Expenses

		(Old accounting standard)		(New accounting standard)			
		FY2019 Full year	FY2020 Full year	FY2020 Full year	FY2021 Full year	FY2022 Full year	FY2023 Full year
Selling, general and administrative expenses	Million yen	114,767	107,359	76,539	75,776	81,218	89,486
Advertising expenses	Million yen	9,436	7,837	7,961	8,122	8,042	7,749
Transportation and storage costs	Million yen	11,635	10,983	10,962	10,992	12,093	13,021
Sales commission	Million yen	1,691	1,769	119	122	115	120
Promotion expenses	Million yen	32,589	32,061	2,752	2,968	3,263	3,657
Personnel expenses	Million yen	28,992	28,391	28,397	27,708	28,753	32,204
Research and development expenses	Million yen	4,465	4,279	4,279	4,417	4,434	4,625
Amortization of goodwill	Million yen	3,417	1,708	1,708	45	237	904
Other	Million yen	22,541	20,332	20,362	21,404	24,281	27,205

13. Non-Operating Income (Expenses)

		FY2019		FY2020		FY2021		FY2022		FY2023	
		Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year
Non-operating income	Million yen	2,918	2,549	3,719	2,846	2,781					
Interest income	Million yen	353	253	240	315	364					
Dividend income	Million yen	658	673	693	759	854					
Share of profit of entities accounted for using equity method	Million yen	645	—	—	139	75					
Rental income from buildings	Million yen	806	804	854	878	884					
Foreign exchange gains	Million yen	—	111	353	110	23					
Subsidy income	Million yen	—	120	1,026	247	—					
Other	Million yen	457	588	553	397	581					
Non-operating expenses	Million yen	1,127	2,126	1,821	1,232	1,165					
Interest expenses	Million yen	62	52	61	297	177					
Foreign exchange losses	Million yen	143	—	—	—	—					
Rental expenses	Million yen	671	638	691	690	712					
Share of loss of entities accounted for using equity method	Million yen	—	1,230	322	—	—					
Litigation expenses	Million yen	—	—	281	49	14					
Other	Million yen	251	206	465	197	263					

14. Extraordinary Income (Losses)

		FY2019		FY2020		FY2021		FY2022		FY2023	
		Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year
Extraordinary income	Million yen	2,359	2,590	3,375	4,466	9,437					
Gain on sale of non-current assets	Million yen	198	2	194	971	7					
Gain on sale of investment securities	Million yen	2,100	2,453	3,099	3,345	2,392					
Gain on sale of restaurants	Million yen	61	134	74	143	35					
Gain on revision of retirement benefit plan	Million yen	—	—	—	—	6,988					
Other	Million yen	0	0	7	8	16					
Extraordinary losses	Million yen	2,474	10,361	1,130	1,451	3,247					
Loss on sale of non-current assets	Million yen	9	11	6	57	20					
Loss on retirement of non-current assets	Million yen	552	224	385	248	398					
Loss on sale of investment securities	Million yen	11	15	—	1	—					
Loss on valuation of investment securities	Million yen	145	3	99	321	294					
Loss on valuation of membership	Million yen	—	—	—	1	7					
Impairment losses	Million yen	387	10,075	636	785	2,523					
Loss on change in equity	Million yen	212	—	—	—	—					
Loss on sale of businesses	Million yen	42	—	—	—	—					
Provision of allowance for doubtful accounts	Million yen	1,088	—	—	—	—					
Other	Million yen	28	32	5	39	4					

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

		2019	2020	2021	2022	2023
Curry roux	Billion yen	51.3	50.5	46.9	47.1	50.7
Stew roux	Billion yen	18.9	18.9	18.0	18.5	19.1
Hashed beef sauce roux	Billion yen	7.1	7.3	6.6	6.3	7.1
Retort pouched curry	Billion yen	75.3	78.9	78.7	81.7	86.1
Spice	Billion yen	88.4	100.6	97.0	93.1	97.6

Reference 2: Schedule for amortization of goodwill and intangible assets generated at the time of Ichibanya Co., Ltd. became a subsidiary (December 2015)

	Amortization period	Amortization completed	FY2019		FY2020		FY2021		FY2022		FY2023		FY2024	
			Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Forecast	Forecast		
Total amortization of goodwill, etc.	—	—	5,018	3,172	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	1,326	
Goodwill	5 years	FY2020	3,417	1,708	—	—	—	—	—	—	—	—	—	
Trademark right	42 years	FY2057	635	580	526	526	526	526	526	526	526	526	526	
Contract-related intangible assets	30 years	FY2045	967	883	800	800	800	800	800	800	800	800	800	

* Amortization began in the fourth quarter of FY2015.

Reference 3: Schedule for amortization of goodwill and intangible assets generated at the time of Keystone Natural Holdings became a subsidiary (September 2022)

	Amortization period	Amortization completed	FY2022		FY2023		FY2024	
			(million USD)	(million USD)	(million USD)	(million USD)	(million USD)	(million USD)
Total amortization of goodwill, etc.	—	—	2	8	8	8	8	
Goodwill	10 years	FY2032	1	6	6	6	6	
Customer-related intangible assets	15 years	FY2037	1	2	2	2	2	