

May 10, 2023

## Consolidated Financial Results (Japanese Accounting Standards) for the FY2022 (Ended March 31, 2023)

Company name: House Foods Group Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 2810  
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Scheduled date of ordinary shareholders' meeting: June 27, 2023  
 Scheduled date of commencement of dividend payment: June 28, 2023  
 Scheduled date for filing of annual securities report: June 27, 2023  
 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, 2023 (April 1, 2022 – March 31, 2023)

## (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, 2023 | 275,060     | 8.6 | 16,631           | (13.5) | 18,253          | (13.6) | 13,703                                  | (1.8) |
| Year ended March 31, 2022 | 253,386     | 1.3 | 19,227           | (1.0)  | 21,125          | 6.5    | 13,956                                  | 59.5  |

(Note) Comprehensive income: 15,973 million yen (-26.0%) for the fiscal year ended March 31, 2023  
 21,581 million yen (75.7%) for the fiscal year ended March 31, 2022

|                           | 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, 2023 | 139.95                   | –                          | 5.1              | 4.7                                      | 6.0                                    |
| Year ended March 31, 2022 | 139.75                   | –                          | 5.3              | 5.6                                      | 7.6                                    |

(Reference) Share of profit (loss) of entities accounted for using equity method:

139 million yen for the fiscal year ended March 31, 2023  
 (322) million yen for the fiscal year ended March 31, 2022

## (2) Consolidated Financial Position

|                      | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
|                      | Million yen  | Million yen | %            | Yen                  |
| As of March 31, 2023 | 396,732      | 301,343     | 68.6         | 2,791.64             |
| As of March 31, 2022 | 382,021      | 298,567     | 70.4         | 2,700.99             |

(Reference) Shareholders' equity: As of March 31, 2023: 272,293 million yen  
 As of March 31, 2022: 268,966 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, 2023 | 19,483                               | (21,467)                             | (12,739)                             | 62,682  |
| Year ended March 31, 2022 | 16,140                               | (10,398)                             | (10,068)                             | 75,705  |

## 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, 2022              | –                    | 23.00                 | –                    | 23.00    | 46.00  | 4,581                    | 32.9                        | 1.7   |
| Year ended March 31, 2023              | –                    | 23.00                 | –                    | 23.00    | 46.00  | 4,487                    | 32.9                        | 1.6   |
| Year ending March 31, 2024 (forecasts) | –                    | 23.00                 | –                    | 23.00    | 46.00  |                          | 25.5                        |   |

## 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages show year-on-year changes.)

|                            | 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, 2024 | 304,800     | 10.8 | 20,000           | 20.3 | 20,900          | 14.5 | 17,500                                  | 27.7 | 180.07           |

### \* Notes

- (1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes

New: 3 companies (Company Name) House Foods Group Asia Pacific Co., Ltd.  
Keystone Natural Holdings, LLC  
Nature Soy, LLC

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

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

(Note) Please refer to “4. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 24 of the Accompanying Materials 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, 2023: 100,750,620 shares  
As of March 31, 2022: 100,750,620 shares

- (ii) Number of treasury shares at end of period

As of March 31, 2023: 3,212,078 shares  
As of March 31, 2022: 1,169,959 shares

- (iii) Average number of shares outstanding during the term

Year ended March 31, 2023 97,913,505 shares  
Year ended March 31, 2022: 99,867,791 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(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<br>March 31, 2023 | 16,271      | (27.6) | 3,909            | (64.7) | 4,588           | (62.0) | 6,787       | (48.2) |
| Year ended<br>March 31, 2022 | 22,464      | 6.7    | 11,066           | 9.8    | 12,079          | 10.2   | 13,096      | 23.0   |

|                              | Profit per share (basic) | Profit per share (diluted) |
|------------------------------|--------------------------|----------------------------|
|                              | Yen                      | Yen                        |
| Year ended<br>March 31, 2023 | 69.31                    | –                          |
| Year ended<br>March 31, 2022 | 131.13                   | –                          |

(2) Non-Consolidated Financial Position

|                         | Total assets | Net assets  | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
|                         | Million yen  | Million yen | %            | Yen                  |
| As of<br>March 31, 2023 | 225,485      | 189,581     | 84.1         | 1,943.65             |
| As of<br>March 31, 2022 | 222,917      | 193,625     | 86.9         | 1,944.40             |

(Reference) Shareholders' equity: As of March 31, 2023: 189,581 million yen  
As of March 31, 2022: 193,625 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 results 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 5 of the accompanying materials.

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# 1. Analysis of Operating Results and Financial Position

## (1) Analysis of Operating Results

House Foods Group currently conducts business management based on five business segments; however, in terms of strategies for realizing its aspirations, the Group formulates and implements strategies for each of its four value chains (hereinafter referred to as “VC”): Spice VC, Functional Ingredients VC, Soybean VC and Value Added Vegetable VC, based on the theme of striving to become a high quality company that provides “Healthy Life Through Foods” <Chapter 2> Striving for Four Value Chains set out in the Seventh Medium-term Business Plan.

During the fiscal year under review, the business environment was quite volatile, with the resumption of economic activity after COVID-19 giving rise to a supply-demand gap and various international factors stoking global inflation, divergence in monetary policies, and the depreciation of the yen, and the outlook remained clouded with uncertainty.

To summarize the Group’s performance based on its five business segments under such conditions, the Health Food Business, International Food Business and Restaurant Business posted gains in sales and profits as a result of price revisions and improvement of efficiency by Group companies in Japan and overseas to respond to cost increases in raw materials, energy, and personal expenses; however the Spice/Seasoning/Processed Food Business could not fully absorb higher costs through price revisions and reported lower profit. This heavily impacted the overall performance and, totally, sales were up but profits were down.

In addition, the Company made US-based Keystone Natural Holdings into a subsidiary on September 30, 2022, and the consolidated business results of Keystone Natural Holdings are included in the International Food Business from the fourth quarter of the fiscal year under review.

As a result, the Group’s operating results were as shown below.

|   | FY2022               |                         |
|---|----------------------|-------------------------|
|   | Amount (million yen) | Year-on-year change (%) |
| Net sales                               | 275,060              | 108.6                   |
| Operating profit                        | 16,631               | 86.5                    |
| Ordinary profit                         | 18,253               | 86.4                    |
| Profit attributable to owners of parent | 13,703               | 98.2                    |

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

|   | FY2021     | FY2022     |
|---|------------|------------|
| ATO (Asset Turnover)                            | 0.67 times | 0.71 times |
| ROS (Ratio of operating profit to net sales)    | 7.6%       | 6.0%       |
| ROA (Ratio of operating profit to total assets) | 5.1%       | 4.3%       |
| ROE (Ratio of profit to equity)                 | 5.3%       | 5.1%       |

The following is an overview of results by segment (before the elimination of inter-segment transactions).

| Segment                                     | Consolidated net sales  |                            | Consolidated operating profit<br>(Segment profit (loss)) |                            |
|---|-------------------------|----------------------------|--|----------------------------|
|   | Amount<br>(million yen) | Year-on-year<br>change (%) | Amount<br>(million yen)                                  | Year-on-year<br>change (%) |
| Spice / Seasoning / Processed Food Business | 119,802                 | 102.0                      | 7,915  | 62.7                       |
| Health Food Business                        | 16,520                  | 114.5                      | 1,908  | –                          |
| International Food Business                 | 48,875                  | 125.0                      | 5,368  | 102.3                      |
| Restaurant Business                         | 48,371                  | 106.5                      | 2,268  | 151.0                      |
| Other Food Related Business                 | 50,699                  | 111.3                      | 1,234  | 83.4                       |
| Subtotal                                    | 284,266                 | 108.5                      | 18,693   | 90.2                       |
| Adjustment (elimination)                    | (9,206)                 | –                          | (2,062)  | –                          |
| Total                                       | 275,060                 | 108.6                      | 16,631   | 86.5                       |

(Note) 1. Adjustment (elimination) comprises profit or loss not distributed to segments and the elimination of inter-segment transactions.

### Spice / Seasoning / Processed Food Business

This business segment has always functioned as a core business, underpinning the Group’s earnings; however, in the fiscal year under review, the segment was severely impacted by rising prices for raw materials and rising energy costs. Despite revisions to the prices of some products, including core curry roux products, in August 2022, surging costs could not be fully absorbed, leading to lower profits.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 119,802 million yen, up 2.0% year on year, and operating profit was 7,915 million yen, down 37.3% year on year. As a consequence, the ratio of operating profit to net sales was 6.6%, falling 4.1 percentage point from a year earlier.

## Health Food Business

In this business segment, we are promoting structural reforms domestically and working to quickly build the Functional Ingredients Value Chain globally. For the fiscal year under review, the segment reported operating profit for the first time in three years, partly thanks to structural reform efforts including fixed cost reductions, in addition to a focus on jelly products such as *Ichinichibun No Vitamin* and the recovery of *Ukon No Chikara*, which had been struggling due to the effects of the COVID-19 pandemic.

As a result of the above, sales in the Health Food Business increased 14.5% year on year, to 16,520 million yen, and the segment reported an operating profit of 1,908 million yen, representing improvement of 2,046 million yen year on year. Consequently, the ratio of operating profit to net sales was 11.5%, improving 12.5 percentage point from a year ago.

**International Food Business** Period covered by the consolidated financial statements: Mainly from January to December 2022

In the tofu business in the United States, prices were revised twice, first in January and again in November 2022 in an effort to absorb higher costs amid sharp rises in raw material prices and personnel expenses. Furthermore, the Company made US-based Keystone Natural Holdings into a subsidiary in September 2022, and M&A-related advisory expenses and goodwill amortization meant that the segment as whole reported higher sales but lower profit.

The curry business in China posted gains in sales and profit, reflecting brisk sales of products for household use thanks to an increase in home cooking and price revisions, despite an uphill struggle in products for food service use due to the effects of the zero COVID policy.

The functional beverage business in Thailand reported increases in both sales and profits, bolstered by currency effects, despite an uphill struggle especially in traditional trade channels, amid an influx of people to urban areas with the resumption of economic activity after COVID-19.

As a result of the above, sales in the International Food Business rose 25.0% year on year, to 48,875 million yen, and operating profit increased 2.3%, to 5,368 million yen. As a consequence, the ratio of operating profit to net sales was 11.0%, falling 2.4 percentage point from a year earlier.

**Restaurant Business** Periods covered by the consolidated financial statements: From March 2022 to February 2023 for Ichibanya Co., Ltd. and from January to December 2022 for overseas subsidiaries

The Restaurant Business is focusing on business expansion both in Japan and overseas, aiming for chains of restaurants which constantly exceed customer expectations, whilst at the same time adapting to changes in the environment in the COVID era and meeting needs for greater convenience.

Net sales at existing domestic stores of Ichibanya Co., Ltd. were still below pre-pandemic levels; however, both sales and profits increased in domestic business, reflecting recovery of demand in the food service industry amid the easing of COVID restrictions and the absorption of surging prices for raw materials and energy costs through two rounds of price revisions in 2022, once in June and again December. Net sales at existing overseas stores on the other hand were significantly impacted by lockdowns in China, and the restaurant business overseas reported lower profit.

As a result of the above, sales in the Restaurant Business rose 6.5% year on year, to 48,371 million yen, and operating profit increased 51.0%, to 2,268 million yen. Consequently, the ratio of operating profit to net sales was 4.7%, improving 1.4 percentage point from a year ago.

## Other Food Related Business

Although Delica Chef Corporation posted sales mostly unchanged year on year, due to a solid performance in desserts and baked bread, operating profit fell sharply due to rapidly rising raw material prices and increased manufacturing costs.

Vox Trading Co., Ltd. posted increased sales and profit due to recovering food service demand and a strong performance for exported goods in addition to progress with cost passthrough to prices.

As a result of the above, sales in Other Food Related Business increased 11.3% year on year, to 50,699 million yen, and operating profit fell 16.6% year on year, to 1,234 million yen. As a consequence, the ratio of operating profit to net sales was 2.4%, falling 0.8 percentage point from a year earlier.

## (2) Analysis of Financial Position

Total assets at the end of the consolidated fiscal year under review rose 14,711 million yen from the end of the previous consolidated fiscal year, to 396,732 million yen.

Current assets stood at 154,940 million yen, a decrease of 2,183 million yen compared to the end of the previous consolidated fiscal year. Non-current assets were 241,791 million yen, a year-on-year increase of 16,894 million yen.

The primary factors for the decrease in current assets include a 10,252 million yen decrease in cash and deposits mainly as a result of making Keystone Natural Holdings into a subsidiary, offsetting a 3,918 million yen increase in notes and accounts receivable-trade, a 2,714 million yen increase in merchandise and finished goods, and a 1,578 million yen increase in raw materials and supplies.

The main factors for the increase in non-current assets include a 12,219 million yen increase in goodwill as a result of making Keystone Natural Holdings into a subsidiary, a 6,671 million yen increase in construction in progress, and a 3,876 million yen increase in retirement benefit asset, offsetting a 7,621 million yen decrease in investment securities.

Total liabilities at the end of the consolidated fiscal year under review were 95,389 million yen, an increase of 11,935 million yen compared to the end of the previous consolidated fiscal year.

Current liabilities increased 5,045 million yen from the end of the previous consolidated fiscal year, to 56,654 million yen, and non-current liabilities were 38,735 million yen, a year-on-year increase of 6,890 million yen.

The primary factors for the increase in current liabilities include a 2,242 million yen increase in notes and accounts payable-trade and a 1,303 million yen increase in short-term borrowings, offsetting a 1,131 million yen decrease in income taxes payable.

The main factor for the increase in non-current liabilities included a 4,076 million yen increase in retirement benefit liability and a 3,117 million yen increase in lease liabilities, offsetting a 1,368 million yen decrease in deferred tax liabilities.

Net assets at the end of the consolidated fiscal year under review stood at 301,343 million yen, an increase of 2,776 million yen from the end of the previous consolidated fiscal year, mainly because of an increase in retained earnings thanks to profit attributable to owners of parent and an increase in foreign currency translation adjustment, offsetting an increase in treasury shares due to the purchase of treasury shares.

As a result, the equity ratio at the end of the consolidated fiscal year under review stood at 68.6%, compared with 70.4% at the end of the previous consolidated fiscal year, and net assets per share were 2,791.64 yen, compared with 2,700.99 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 19,483 million yen, net cash used in investing activities, including the purchase of shares of subsidiaries resulting in change in scope of consolidation and the purchase of plant, property and equipment, amounted to 21,467 million yen, and net cash used in financing activities, including repayments of short-term borrowings and purchase of treasury shares, was 12,739 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 62,682 million yen, a decrease of 13,023 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 19,483 million yen, an increase of 3,343 million yen from the previous consolidated fiscal year. Key factors included 21,273 million yen in profit before income taxes.

The increase in comparison to the previous consolidated fiscal year is mainly attributable to an increase in retirement benefit liability (a year-on-year increase of 2,489 million yen), a decrease in income taxes paid (a year-on-year increase of 1,537 million yen), and a decrease in profit before income taxes (a year-on-year decrease of 2,096 million yen).

#### (Cash flows from investing activities)

Cash used in investing activities during the consolidated fiscal year under review was 21,467 million yen, which was 11,068 million yen less than cash used in the previous consolidated fiscal year. Key factors included the purchase of shares of subsidiaries resulting in change in scope of consolidation of 16,056 million yen, the purchase of property, plant and equipment of 14,084 million yen, and proceeds from sale of investment securities of 7,880 million yen.

The primary factors for the decrease compared with the previous consolidated fiscal year were an increase in purchase of shares of subsidiaries resulting in change in scope of consolidation (a year-on-year decrease of 16,056 million yen), an increase in purchase of plant, property and equipment (a year-on-year decrease of 2,221 million yen), and a decrease in purchase of investment securities (year-on-year increase of 8,354 million yen).

#### (Cash flows from financing activities)

Cash used in financing activities during the consolidated fiscal year under review was 12,739 million yen, which was 2,672 million yen less than cash used in the previous consolidated fiscal year. Key factors included repayments of short-term borrowings of 72,178 million yen, purchase of treasury shares of 6,003 million yen, dividends paid of 4,533 million yen, and proceeds from short-term borrowings of 73,381 million yen.

The primary factors for a decrease compared with the previous consolidated fiscal year were an increase in repayments of short-term borrowings (a year-on-year decrease of 29,655 million yen), an increase in purchase of treasury shares (a year-on-year decrease of 2,002 million yen) and an increase in proceeds from short-term borrowings (a year-on-year increase of 30,416 million yen).

(Million yen)

|   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2023 | Year-on-year change |
|---|------------------------------|------------------------------|---------------------|
| Cash flows from operating activities                        | 16,140                       | 19,483                       | 3,343               |
| Cash flows from investing activities                        | (10,398)                     | (21,467)                     | (11,068)            |
| Cash flows from financing activities                        | (10,068)                     | (12,739)                     | (2,672)             |
| Effect of exchange rate change on cash and cash equivalents | 1,688                        | 1,700                        | 12                  |
| Net increase (decrease) in cash and cash equivalents        | (2,638)                      | (13,023)                     | (10,384)            |
| Cash and cash equivalents at beginning of period            | 78,343                       | 75,705                       | (2,638)             |
| Cash and cash equivalents at end of period                  | 75,705                       | 62,682                       | (13,023)            |

Cash flow indicators for the Group are as follows:

|  | Year ended<br>March 31,<br>2019 | Year ended<br>March 31,<br>2020 | Year ended<br>March 31,<br>2021 | Year ended<br>March 31,<br>2022 | Year ended<br>March 31,<br>2023 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Equity ratio (%)                                 | 66.6                            | 67.7                            | 69.8                            | 70.4                            | 68.6                            |
| Equity ratio (market value basis) (%)            | 120.8                           | 96.7                            | 99.3                            | 75.4                            | 69.1                            |
| Cash flow/interest bearing liabilities ratio (%) | 63.7                            | 45.9                            | 40.5                            | 60.4                            | 74.0                            |
| Interest coverage ratio (times)                  | 256.0                           | 383.1                           | 444.8                           | 537.6                           | 172.4                           |

(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.

#### (4) Future Outlook

|  | Result for year<br>ended March<br>31, 2023<br>(Million yen) | Year ending<br>March 31,<br>2024<br>(forecasts)<br>(Million yen) | Increase/<br>Decrease<br>(Million yen) | Increase/<br>Decrease<br>(%) | Seventh<br>Medium-term<br>Business Plan<br>Final Year<br>Target<br>(Million yen) | Increase/<br>Decrease<br>(Million yen) |
|--|---|--|--|------------------------------|--|--|
| Net sales                                  | 275,060   | 304,800  | 29,740                                 | 10.8                         | 305,000  | (200)                                  |
| Operating profit                           | 16,631  | 20,000   | 3,369                                  | 20.3                         | 26,000   | (6,000)                                |
| Ordinary profit                            | 18,253  | 20,900   | 2,647                                  | 14.5                         |  |  |
| Profit attributable to owners<br>of parent | 13,703  | 17,500   | 3,797                                  | 27.7                         |  |  |

#### By segment

|  | Result for year<br>ended March<br>31, 2023<br>(Million yen) | Year ending<br>March 31,<br>2024<br>(forecasts)<br>(Million yen) | Increase/<br>Decrease<br>(Million yen) | Increase/<br>Decrease<br>(%) | Seventh<br>Medium-term<br>Business Plan<br>Final Year<br>Target<br>(Million yen) | Increase/<br>Decrease<br>(Million yen) |
|--|---|--|--|------------------------------|--|--|
| Spice / Seasoning /<br>Processed Food Business |   |  |  |                              |  |  |
| Net sales                                      | 119,802   | 130,700  | 10,898                                 | 9.1                          | 133,000  | (2,300)                                |
| Operating profit                               | 7,915   | 10,700   | 2,785                                  | 35.2                         | 15,100   | (4,400)                                |
| Health Food Business                           |   |  |  |                              |  |  |
| Net sales                                      | 16,520  | 17,700   | 1,180                                  | 7.1                          | 22,800   | (5,100)                                |
| Operating profit                               | 1,908   | 2,000  | 92                                     | 4.8                          | 1,500  | 500                                    |
| International Food Business                    |   |  |  |                              |  |  |
| Net sales                                      | 48,875  | 61,400   | 12,525                                 | 25.6                         | 57,500   | 3,900                                  |
| Operating profit                               | 5,368   | 5,400  | 32                                     | 0.6                          | 6,600  | (1,200)                                |
| Restaurant Business                            |   |  |  |                              |  |  |
| Net sales                                      | 48,371  | 53,000   | 4,629                                  | 9.6                          | 57,000   | (4,000)                                |
| Operating profit                               | 2,268   | 3,000  | 732                                    | 32.3                         | 4,700  | (1,700)                                |
| Other Food Related<br>Business                 |   |  |  |                              |  |  |
| Net sales                                      | 50,699  | 52,200   | 1,501                                  | 3.0                          | 44,400   | 7,800                                  |
| Operating profit                               | 1,234   | 1,500  | 266                                    | 21.5                         | 1,600  | (100)                                  |
| Adjustment (elimination)                       |   |  |  |                              |  |  |
| Net sales                                      | (9,206)   | (10,200)   | (994)                                  | —                            | (9,700)  | (500)                                  |
| Operating profit                               | (2,062)   | (2,600)  | (538)                                  | —                            | (3,500)  | 900                                    |



The operating environment in FY2023 remains uncertain given further increases in raw material prices and energy costs and weak consumer confidence amid high inflation, despite a recovery in economic activity from the COVID-19 pandemic restrictions. House Foods Group will continue striving for rationalization and improvement in efficiency alongside the implementation of price revisions for certain products and services, and will also seek to enhance added value, including meeting changing customer needs.

The next fiscal year is the final fiscal year under the Seventh Medium-term Business Plan, which covers the three-year period starting from April 2021. The unprecedented global raw material and energy price inflation seen throughout the three-year period has taken a huge toll on profitability, and the Group does not expect to achieve its final fiscal year profit targets under the Medium-term Business Plan. Despite such conditions, House Foods Group still aims to realize its aspiration under the Seventh Medium-term Business Plan of becoming a high quality company that provides “Healthy Life Through Foods” <Chapter 2> Striving for Four Value Chains. To this end, the Group will accelerate its transformation into a high quality company in terms of all “three responsibilities” (“For our customers,” “For our employees and their families,” and “For society”). It has also defined four value chains or VCs (the Spice VC, the Functional Ingredients VC, the Soybean VC and the Value Added Vegetable VC) as domains in which it will create the value of “Healthy Life Through Foods” and will work to achieve sustainable growth through the priority allocation of management resources to growing domains.

In the next fiscal year, the Group will launch House Gaban Corporation, a newly merged company in the Food Service Business within the Spice VC and will also continue to focus on structural reform such as business investment in the Soybean VC. As stated in the Notice Concerning the Recording of Extraordinary Income Accompanied by the Revision of Retirement Benefit Plan disclosed on April 21, 2023, the Group expects to record a gain on revision of retirement benefit plan associated with the revision of the retirement benefit plan at House Foods Corporation, which is a consolidated subsidiary of the Company, under extraordinary income.

With these initiatives, for the next fiscal year the Group expects consolidated net sales of 304,800 million yen (a year-on-year increase of 10.8%), consolidated operating profit of 20,000 million yen (a year-on-year increase of 20.3%) and consolidated ordinary profit of 20,900 million yen (a year-on-year increase of 14.5%). The Group also anticipates profit attributable to owners of parent of 17,500 million yen (a year-on-year increase of 27.7%).

The forecasts above have been made based on information available on the date of publication of this document. Actual results may differ materially from the forecast depending on future conditions, etc. The Company shall make prompt disclosure if the need to revise the business results forecasts arises.

## **(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.

The Group expects to pay a year-end dividend for the fiscal year under review of 23.00 yen per share. This combined with the interim dividend of 23.00 yen, will bring the annual dividend to 46.00 yen per share, which is unchanged from the previous fiscal year.

As a result, the consolidated dividend payout ratio will be 32.9%. 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 31.9% on a consolidated basis.

For the next fiscal year, although the Group expects to record extraordinary income as a result of retirement benefit plan revision, it still plans to pay an annual dividend of 46 yen (an interim dividend of 23 yen) out of consideration for maintaining stable dividends.

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

To achieve the Group philosophy, “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives,” the Group is “striving to become a high quality company that provides ‘Healthy Life Through Foods,’” while fulfilling its responsibility as a corporate citizen in all “three responsibilities” (“For our customers,” “For our employees and their families,” and “For society”).

Risks that could influence the Group’s situation including its financial position, operating results and cash flow (hereinafter referred to as “financial position, etc.”) 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. 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.

The forward-looking statements included in this document are judgments made by the Group as of the end of the fiscal year under review.

### (i) Risks related to responsibility for our customers

Key risks related to the activities for sustainable business growth and the continued provision of unique value to society are as follows.

#### 1) Risks related to domestic market trends

| Background  | Overview and impact of risks   | Main countermeasures   |
|---|--|--|
| <p>In the medium and long term, external factors such as economic slowdown and population decline will bring about decline in overall domestic demand.</p> <p>Customer lifestyles have changed significantly through the COVID-19 pandemic, including changes in working styles and eating habits. In addition, changes in consumption patterns are also emerging as a result of price escalation caused by rising raw material prices and other costs.</p> | <p>Domestic sales account for about 80% of the Group’s total sales, and there is a risk that contraction of the domestic market will impact the Company’s financial position.</p> <p>Further, while a swift response to customer changes and higher prices will result in new growth opportunities, a delayed response could be detrimental to the value (products and services) the Group provides.</p> | <p>The Group will pursue new value creation and improvement of productivity, and focus on strengthening ability to address risks and seizing opportunities.</p> <ul style="list-style-type: none"> <li>- Pursuit of value creation in Japan and overseas through identification of the domains in which the Group provides value as four value chains (hereinafter referred to as “VC”): Spice VC, Functional Ingredients VC, Soybean VC and Value-Added Vegetable VC.</li> <li>- Reinforcement of earnings strength through improved productivity in existing mature business areas and the focused allocation of management resources to growth business areas in Japan and overseas</li> <li>- Sharing of Group management resources, improvement of efficiency and improvement of ability to provide value through the implementation of initiatives to be conducted beyond the boundaries within the Group (hereinafter referred to as “GOT”)</li> <li>- Pursuit of the creation of new value through integration of the three dimensions: business development, R&amp;D, and development of human resources</li> </ul> |

## 2) Risks related to business expansion

| Background   | Overview and impact of risks  | Main countermeasures   |
|--|---|--|
| <p>Since shifting to a holding company system in 2013, the Group has promoted the expansion of value chains by including Ichibanya Co., Ltd., Gaban Co., Ltd. and U.S.-based Keystone Natural Holdings in the Group in 2015, 2016 and 2022, respectively, among other measures. The Group also established a venture capital fund in 2017 and worked to lay the foundations for new value through investment in enterprises expected to generate business synergy with the Group. As a result, the Group may record goodwill and intangible assets associated with acquisitions.</p> | <p>While the Group is seeking to make its value chain more resilient by acquiring operating companies that possess a high affinity with its growth strategies and unique strengths, there is a risk that the Group will incur impairment losses in relation to goodwill and intangible assets associated with acquisitions if these assets are unable to generate the expected cash flows or create the initially assumed synergies due to nonattainment of the business plan or changes in the market environment.</p> | <ul style="list-style-type: none"> <li>- Examination of investment plans at the Management committee (including reasonability from a financial perspective as well as profitability and growth potential risk from a business strategy perspective)</li> <li>- Ensuring the appropriateness and efficiency of business investments such as M&amp;A and the enhancement of the system of checks in each phase before and after investment through the operation of the Investment Committee (advisory committee to the House Foods Group Management Committee)</li> </ul> |

## 3) Risks related to technological innovation

| Background  | Overview and impact of risks  | Main countermeasures   |
|---|---|--|
| <p>In the mature food industry, the Competitive environment is diversified due to entries from other industries and the rise of new technologies, in addition to existing business competition.</p> | <p>While the Group is working to strengthen its R&amp;D functions to help resolve the issues facing customers and society and working to seize growth opportunities by strengthening response to digitalization and globalization, there is a risk that value provided will become obsolete as a result of the declining competitive advantage of the Group if its response to these developments is delayed.</p> | <ul style="list-style-type: none"> <li>- Setting of key R&amp;D areas and themes as well as the concentrated investment of management resources</li> <li>- Awareness-raising and creation of a climate to improve the ability to create and achieve new innovations</li> <li>- Enhancement of collaboration among value chains with the aim of creating businesses, in addition to solving technological issues among the Group companies</li> <li>- Promotion of co-creation strategies through open innovation</li> <li>- Laying of foundations and the creation of new value through more proactive investment in digital technology</li> </ul> |

## 4) Risks related to overseas business development

| Background  | Overview and impact of risks   | Main countermeasures   |
|---|--|--|
| <p>The Group is expanding businesses such as curry products, TOFU products and functional drinks in the countries and regions it operates. Food cultures are conservative by nature and detailed prior research and continuous strengthening of the business base are required for these products to penetrate and become firmly established in the food cultures of the countries in which the Group operates. Moreover, in an everchanging world, emergency preparedness is required.</p> | <p>The Group is working to accelerate business expansion by actively allocating its knowledge and expertise to growth domains. However, business plans may be delayed or impairment losses may be incurred if products and services are less successful than expected in penetrating and becoming firmly established in the food cultures of each market.</p> <p>There is also a risk of a decline in ability to generate profit or incompetent governance if the Group is too slow in establishing or developing a management base commensurate with business size, if it is too slow to comply with the promulgation or amendment of national laws or if a country risk emerges.</p> | <ul style="list-style-type: none"> <li>- Forecasting of market potential based on detailed market research into receptivity of food culture and brand recognition</li> <li>- Strengthening of the business base by continually developing and securing human resources for managerial posts and gathering information about national laws in collaboration with outside agencies</li> <li>- Construction and development of a risk management system according to business size based on cooperation between House Foods Group and its overseas business companies</li> <li>- Mitigation of country risk through decentralization of business infrastructure by expanding business into multiple geographical areas</li> </ul> |

5) Risks related to safety and security of food

| Overview and impact of risks  | Main countermeasures   |
|---|--|
| <p>The entire Group is focused on maintaining and improving quality to continue supplying customers with worthwhile products and services in a safe and secure manner. However, there is a risk that the occurrence of quality issues in its products and services will harm the health of consumers or give rise to concerns, resulting in damage to the Group's corporate brand or a loss of its social credibility, and that costs to address such issues will increase.</p> | <ul style="list-style-type: none"> <li>- Discussion of important quality assurance-related issues and the promotion of continuous groupwide quality assurance activities through the Group Quality Assurance committee and the Group Quality Assurance Executives committee</li> <li>- Acquisition of international certifications for quality and food safety management systems, such as ISO 9001 and FSSC 22000, according to the characteristics of each operating companies, and operation in accordance with such standards, with the aim of improving the reliability of product quality and safety</li> <li>- Promotion of food safety activities by considering and addressing compliance and customer safety concerns across the Group through quality information risk management activities</li> <li>- Promotion of the development of human resources through HACCP study meetings on the subject of safety and security of food and various internal and external activities that are fundamental to quality</li> <li>- Fostering of an organizational climate which attaches importance to quality through measures such as a professional award scheme which commends creativity and innovation for safety and security in manufacturing environments</li> <li>- Efforts to improve product quality through activities that reflect customer feedback in every process from product design to sales, and ensuring of clear communication of information to customers through product packaging, website and other means</li> </ul> |

(ii) Risks related to responsibility for our employees and their families

Diversity in terms of gender, nationality and other characteristics and utilization of the diverse experiences and aptitudes of individuals are essential for the medium- to long-term growth of the Group. Key risks in terms of activities for supporting the growth and active participation of employees, to ensure every employee is respected and help employees lead enriched lives through work, are as follows.

1) Risks related to the securing, cultivation and active participation of diverse human resources

| Overview and impact of risks   | Main countermeasures  |
|--|---|
| <p>There is a risk that the ability to innovate will be damaged, business opportunities will be lost, and excellent human resources will leave the Group if human resources cannot be appropriately secured, trained and supplied according to the characteristics and growth stage of each Group company or the realization of GOT and global expansion of business domains and if an organizational climate that respects diversity and a challenging spirit cannot be fostered.</p> | <ul style="list-style-type: none"> <li>- Deployment of human resources to growing business domains and development of human resources for these domains</li> <li>- Acquisition of outside human resources with high levels of expertise and new knowledge</li> <li>- Support for employees to gain diverse growth experiences through in-house recruitment system and side business system and personnel exchanges inside and outside the Group</li> <li>- Understanding of aptitudes through assessment and increased provision of internal and external learning opportunities to increase aptitude and broaden competence</li> <li>- Creation of an organizational climate in which diverse human resources can take on challenges for growth, regardless of gender, nationality, career or disability, through measures such as the implementation of a diagnosis of the organizational climate and discussion of the results</li> <li>- Development of a safe and secure workplace environment that observes compliance without discrimination and harassment through the understanding and sharing of the Group Philosophy, House Ideals (Spirit), House Foods Group Action Guidelines and other standards</li> </ul> |

(iii) Risks related to responsibility for society

Key risks related to activities for helping solve various issues facing society through business activities as a corporate member of society are as follows.

1) Risks related to sustainable procurement of raw materials

| Overview and impact of risks  | Main countermeasures   |
|---|--|
| <p>The Group procures a variety of raw materials including spices from countries around the world, and the sustainable procurement of raw materials is essential for the continuation of business activities.</p> <p>In the procurement of these raw materials, there is a risk that intensified competition in the procurement of food resources and changes in supply and demand associated with growing international demand, climate change, biodiversity, geopolitical risk, suspended or delayed supply of raw materials due to outbreaks of infection at materials suppliers, and a delay in response to social and environmental issues in each stage of the VC will lead to inadequate procurement, higher costs and loss of social credibility.</p> | <ul style="list-style-type: none"> <li>- Execution of a variety of measures to strengthen efforts in upstream areas (such as stable procurement through the diversification of production regions, the promotion of efforts to collaborate with procurement places in areas such as technological development and quality improvement, and the strengthened monitoring of suppliers)</li> <li>- Development of mechanisms for sustainable procurement (procurement of raw materials that takes social and environmental performance of production areas into consideration (RSPO certification palm oil, FSC certified paper), strengthening of human rights due diligence through the use of a third-party agency (Sedex), switch to procurement methods with less environmental impact)</li> <li>- Review of safety stock levels for important raw materials and operation within safety stock levels for other raw materials</li> <li>- Reduction of the impact of higher costs by revising the prices of products and services in an appropriate manner</li> </ul> |

2) Risks related to climate change

| Overview and impact of risks   | Main countermeasures  |
|--|---|
| <p>Recognizing that climate change is an issue that could have an impact on a global scale and is important for the Group, which has created value chains in Japan and overseas, the Group takes measures against it. There is a risk that incomplete procurement of raw materials, rising costs and the division of business activities, such as a halt in production, will occur due to a rise in temperature, abnormal weather and natural disasters. There is also a risk that higher decarbonization costs, restrictions on business activities and damage to corporate value will occur due to deficiency or delay in response to decarbonization.</p> | <ul style="list-style-type: none"> <li>- Promotion of climate change initiatives on a global scale and across all value chains, aiming for carbon neutrality by 2050</li> <li>- Promotion of investments to reduce environmental burdens by formulating judgment criteria for environmental investments</li> <li>- Acceleration of initiatives to reduce Scope 1 and Scope 2 emissions (shift to renewable energy) and action to address Scope 3 emissions</li> <li>- Promotion of resource circulation and recycling through initiatives such as the reduction of food waste and process loss (conversion to feedstuff and fertilizer, food banks and disposal control) and development of eco-friendly containers and packages</li> <li>- Strengthening of partnerships through the active disclosure of information, including information disclosure in line with TCFD recommendations</li> </ul> |

3) Risks related to large-scale natural disasters and widespread outbreak of serious diseases

| Overview and impact of risks   | Main countermeasures  |
|--|---|
| <p>Weather-related factors, such as the occurrence of a large-scale natural disaster, or the widespread outbreak of serious infectious disease could affect the Group's financial position, etc.</p> | <ul style="list-style-type: none"> <li>- Construction of a crisis management system including the development of production and supply systems to fulfill our responsibility for supplying products while securing the safety of human lives as the mission of a food company when a large-scale disaster or the widespread outbreak of a serious infectious disease has occurred</li> <li>- Formulation of a business continuity plan (BCP) according to the characteristics and size of business and implementation of business continuity management (BCM) through regular trainings and other means at the Group companies in Japan and overseas</li> </ul> |

(iv) Other common risks

1) Risk related to laws and regulations and soft law

| Overview and impact of risks  | Main countermeasures   |
|---|--|
| <p>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.</p> <p>The Group conducts business activities in Japan and overseas in compliance with the laws and regulations of each country but new laws and regulations are being enacted in line with changes in society and the environment and increasingly diverse values.</p> <p>If the Group fails to obtain information about existing laws and regulations or the enactment or amendment of new laws and regulations in a timely manner, if it fails to properly adapt its businesses practices to the content of such laws and regulations, or if it fails to conduct business activities in line with moral values and ethical values that show respect for diverse values, the Group's business activities may be restricted and there is a risk of other consequences such as a loss of favor among customers, increased costs if it is sanctioned or subject to restrictions on its business activities for violation of the law or anti-social behavior, and damage to its corporate value due to a loss of social credibility.</p> | <ul style="list-style-type: none"> <li>- Compliance with laws, regulations and international rules in the countries of each officer and employee and the maintenance and promotion of friendly relationships by respecting human rights and local cultures, traditions and customs based on the House Way, which contains values common to the Group, as well as the House Foods Group CSR Policy and the House Foods Group Action Guidelines, which outline the code of conduct for the Group.</li> <li>- Implementation of monitoring and review of the status of efforts for important CSR-related subjects for the entire Group through the Group CSR Committee, which consists of directors, etc. in House Foods Group</li> <li>- With respect to compliance, which is regarded as an important CSR issue, progress on the resolution of issues at each company through establishment of the Compliance Promotion Committee</li> <li>- Development and publication of the House Foods Group General Compliance Helpline to discover and solve compliance issues at an early stage</li> <li>- Gathering of information about new laws and amendments through the division responsible for each type of law or the Legal Division and adaptation of business practices accordingly</li> </ul> |

2) Risk related to exchange fluctuations

| Overview and impact of risks  | Main countermeasures   |
|---|--|
| <p>In the case of raw materials that the Group procures from overseas, there is the possibility that procurement costs will rise due to the impact of exchange rate fluctuations.</p> <p>With respect to the Group's foreign- currency-denominated receivables and payables, a foreign exchange gain or loss may occur due to the impact of exchange rate fluctuations.</p> <p>The Group's overseas sales account for around 20% of its total sales, but the Group is working to accelerate the expansion of the International Food Business and its materiality is expected to increase in the future. The Group converts financial statements prepared in the local currency of each area of operations into yen to prepare its consolidated financial statements and is affected by currency fluctuations.</p> | <p>(Raw materials procured from overseas)</p> <ul style="list-style-type: none"> <li>- Mitigation of exchange rate risk through the build-up of inventories of imported raw materials in Japan, within reason</li> </ul> <p>(Foreign-currency-denominated receivables and payables)</p> <ul style="list-style-type: none"> <li>- Use of hedging instruments such as forward exchange contracts and cross currency swaps to hedge against exchange rate risk</li> </ul> |

3) Risks related to information security

| Overview and impact of risks  | Main countermeasures  |
|---|---|
| <p>The Group (including overseas bases) uses mainly IT systems to manage data about development, production, logistics, sales, labor and other aspects, and the personal information of many customers obtained mainly through mail-order marketing. There is also the potential for system failures, unauthorized disclosure, or falsification of data as a result of unexpected cyber attacks. Meanwhile, the diversification of workstyles might result in employees taking information outside the Group or handling it inappropriately, leading to information leaks. Such events could affect the Group's financial position, etc. and public trust in the Group.</p> | <ul style="list-style-type: none"> <li>- Strengthening of organizational structures including overseas bases for comprehensively managing information security, and enforcement of applicable rules, including the laws and regulations unique to each country</li> <li>- Implementation of system security measures using software and equipment as well as employee trainings and exercises</li> <li>- Verification of the current status of diversification in work styles, including working at home and on-line meetings, through periodical internal surveys</li> <li>- Identification of information held which needs protecting, and establishment and thoroughgoing implementation of appropriate measures to prevent information leaks</li> </ul> |

## **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) Business Environment**

The outlook for the Group's business environment remains uncertain, given surging raw material and energy costs, rising global inflation, and interest rate hikes around the world, against a backdrop of the imbalance between supply and demand resulting from the resumption of economic activity as the COVID-19 pandemic draws to an end and Russia's invasion of Ukraine. Meanwhile, social problems are becoming more and more serious, with Japan facing population decline and a super-aged society and labor shortages associated with this, while other countries are grappling with population growth, and shortages of natural resources, food and water due to climate change.

Under these conditions, the Group is making price revisions for certain products and services to adapt to the recent dramatic changes in the environment. At the same time, it has its sight set on the type of group it aspires to be in the future and is adopting a backcasting approach to transform itself into a high quality company.

### **(3) The Company's Medium- to Long-term Management Strategy and the Issues that the Company Needs to Address**

House Foods Group positions the Three Responsibilities (for customers, for employees and their families, and for society) it must fulfil as a corporate citizen as the pillars of its business activities. These responsibilities form the basis of the Group philosophy "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives." Under the Seventh Medium-term Business Plan launched in April 2021, the Group established clear actions plans for all the Three Responsibilities and is accelerating initiatives for transformation into a high quality company.

In terms of responsibilities for our customers, House Foods Group aims to become a high quality company with a global presence and imagines doubling the size of its business and using backcasting to formulate strategies for achieving topline growth driven by value chain management. The Group has defined four value chains or VCs (the Spice VC, the Functional Ingredients VC, the Soybean VC and the Value Added Vegetable VC) as domains in which it will maximize Group strengths and is working to strengthen each of these value chains. In its existing business domains, the Group will focus on strengthening the earnings base and improving productivity, whilst in growing domains and new domains it will work to provide greater value to customers through the allocation of management resources to these domains as a priority.

In terms of responsibilities for our employees and their families, the Group's basic policy is to harness individuality and it is focusing on realizing diversity, with implementation of job satisfaction transformation and support for demonstrating individuality and achieving integration as key themes.

In terms of responsibilities for society, the Group is implementing initiatives to solve social issues across all value chains aiming for healthy people and a healthy planet, with establishment of a recycling-oriented model and achievement of a society of healthy longevity as key themes.

#### **1) Responsibilities for our customers**

In upstream operations of the Spice Value Chain, the Group is consolidating its primary processing capabilities, while in downstream operations, it is pursuing expansion of customer contact points in response to the diversification of customers. To utilize the capabilities of Gaban Spice Manufacturing (M) SDN. BHD. as a primary processing base and turn it into a base supporting the global expansion of the Spice Value Chain, the Group concluded an agreement to acquire land for the construction of a plant. In China, where the curry business is growing, the Group expanded the production line of Zhejiang House Foods Co., Ltd., which serves as a third manufacturing plant. In addition, to create a new curry business pillar in ASEAN after those in Japan and China, the Group established PT Sasa Housefoods Indonesia, in a joint venture with Indonesian conglomerate company PT Rodamas Group.

In the Functional Ingredients Value Chain, the Group is simultaneously strengthening the business base in Japan and expanding the functional ingredients business globally. During the fiscal year under review, the Group focused on expanding the jelly products business alongside efforts to cut fixed costs in its domestic operations. Meanwhile, it established House Foods Group Asia Pacific Co., Ltd. in Thailand, to promote and expand business and oversee management in ASEAN. The Group is also prioritizing overseas solution-type BtoB (feedstuff and materials), focusing on Europe and the United States where the strength of lactobacillus L-137 can be demonstrated, and accelerating the global shift of the sales personnel/structure.

In the Soybean Value Chain, the plant-based food market is expanding due to heightened health consciousness and environmental awareness globally. The Group's tofu products marketed in the United States are drawing attention as a high

quality plant protein food/meat alternative and sales are expanding. House Foods America Corporation put a new line into operation at its Los Angeles Plant in June 2023 and also plans to put a third plant capable of mass/labor saving production into operation in Kentucky in 2025, in order to meet strong demand. Additionally, in September 2022, the Group acquired Keystone Natural Holdings, LLC, which manufactures and sells plant-based food, including tofu, in the United States and Canada, with a view to accelerating expansion into the mainstream market. Having established a vision to provide a healthy diet to a broad customer base, Keystone has achieved steady growth in recent years as it persists in using clean ingredients and pushes the boundaries of deliciousness. Going forward, the Group will focus on global plant-based food market expansion through the integration of Keystone Natural Holdings' product development capabilities with the technologies of House Foods America Corporation and the Group.

In this way, during FY2022, which was the second year of the Seventh Medium-term Business Plan, the Group made steady progress towards transformation into a high quality company with a global presence, in areas such as the investment of management resources and the development of organizational structures.

| Four Value Chains                  | Domains and Themes of Initiatives  | Key Initiatives in FY2022   |  |
|------------------------------------|--|---|--|
|                                    |  | Topics  | Purpose  |
| Spice Value Chain                  | Aim to create synergies through collaborative creation among group companies that handle spices and curry                              | Conclusion of agreement to acquire land for the construction of a plant for Gaban Spice Manufacturing (M)SDN.BHD. | To make Gaban Spice Manufacturing (M) SDN. BHD. into a base with primary processing capabilities that will support the Group's global expansion  |
|                                    |  | Reorganization of domestic group production bases (FY2022 ~ FY2026)   | To tackle the issue of overlapping roles and capabilities at domestic spice manufacturing bases, in order to achieve both growth and improved profitability in the spice business, which is continuing to grow in the maturing domestic market |
|                                    |  | Expansion of production line at Zhe Jiang House Foods Co., Ltd.   | To meet demand in the growing Chinese curry market   |
|                                    |  | Establishment of PT Sasa Housefoods Indonesia   | To develop a pillar of the curry business in ASEAN after Japan and China   |
| Functional Ingredients Value Chain | Expand Functional Ingredients Value Chain in Japan and overseas  | Establishment of House Foods Group Asia Pacific Co., Ltd.   | To promote and expand business and oversee management in ASEAN   |
|                                    |  | Enhancement of sales functions of lactobacillus business in the United States                                     | To shift to structure prioritizing operations overseas, where evidence of lactobacillus is highly supported  |
| Soybean Value Chain                | Meet growing demand for tofu, take on challenge of plant-based food market, and utilize soybeans in business outside the United States | Start of operation at Los Angeles Plant Building B (June 2023)  | To expand production capacity in response to growing demand for tofu   |
|                                    |  | Acquisition of Keystone Natural Holdings, LLC   | To accelerate expansion into the mainstream market   |
|                                    |  | Opening of new office in Germany  | To expand soybean business in Europe   |
| Value Added Vegetables Value Chain | Take on challenge of creating a new value chain in the agriculture domain  | Formation of capital and business alliance with Nousouken Corporation (conclusion of agreement in April 2023)     | To consider the collaborative creation of highly value-added agricultural products and new businesses, including Smile Balls, by utilizing both companies' resources   |

## 2) Responsibility for our employees and their families

Aiming for transformation into a high-quality company, the Group has adopted "achievement of diversity" as a theme under the Seventh Medium-term Business Plan and is implementing initiatives from the point of view of "diversity in terms of personal characteristics, experience and aptitudes". In terms of personal characteristics, the Group has increased the ratio of women in managerial positions through support for the career advancement of women and its employment of persons with disabilities is also above the statutory employment rate. As for experience, the Group is implementing many measures to increase diversity, including developing global human resources, increasing mid-career recruitment, and also allowing employees to have second jobs in the belief that experience working outside the company is also an opportunity for growth. On the aptitudes front, the Group is building a new human resources development framework for visualizing the aptitudes of individual employees and combining different aptitudes with different experience. In addition to such initiatives, the Group responds to the changes in the lives of its employees such as nursing care and child care by providing nursing care support, encouraging male employees to take childcare leave and providing support for diverse employees facing life events and other circumstances.

As part of efforts to develop an organizational climate for harnessing such diversity, House Foods Corporation revised its personnel system in April 2023. By shifting from a framework based on qualification grades and skills-based pay to a framework based on role grades and role-based pay, the Group aims to become a company which attracts diverse human resources and offers better job satisfaction by properly rewarding individuals according to their roles and performance regardless of age or career in the company.



### 3) Responsibility for society

Aiming for the establishment of a recycling oriented model, House Foods Group declared its commitment to move toward carbon neutrality by 2050 for scope 1 and scope 2 emissions in May 2022 and is reducing its CO2 emissions, including its supply chain emissions. In September 2022, the Group concluded a basic agreement on Total Energy Services for Multiple Sites with JFE Engineering Corporation. These services are scheduled to start in April 2024 and power generated by facilities installed by JFE Engineering Corporation on the site of House Foods Corporation's Shizuoka Plant will be shared with Group companies and business sites in Japan. The sharing of power with 17 sites at 8 companies all belonging to the same corporate group will be the largest power sharing initiative in Japan in terms of number of sites. House Foods Group is also implementing initiatives to reduce waste which, given its role as a food manufacturer, are focused on reducing the generation of food waste. PT. Java Agritech in Indonesia uses compost made from food waste at its own farms.

#### ● Financial strategies

Over the period of the Seventh Medium-term Management Plan, we plan to make business investments totaling 70 billion yen, comprising investments of 40 billion yen in growth domains of the four VCs, 20 billion yen in existing domains, and 10 billion yen in digital transformation and the environment. We also plan to purchase treasury shares worth 12 billion yen funded by the partial sale of the Group's cross-shareholdings.

| Domains for Investment      | Seventh Medium-term Business Plan Target | FY2021 Result   | FY2022 Result    |
|-----------------------------|--|-----------------|------------------|
| Growth domains              | 40.0 billion yen                         | 3.5 billion yen | 24.0 billion yen |
| Existing domains            | 20.0 billion yen                         | 5.6 billion yen | 5.2 billion yen  |
| DX / Environment            | 10.0 billion yen                         | 2.3 billion yen | 1.4 billion yen  |
| Purchase of treasury shares | 12.0 billion yen                         | 4.0 billion yen | 6.0 billion yen  |

#### ● Strengthening of corporate governance

The Group 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.

The Company is a company with an Audit & Supervisory Committee and Directors who are Audit & Supervisory Committee members have voting rights at meetings of the Board of Directors. The aim of this is to strengthen audit and supervisory functions and further enhance the corporate governance system. The Audit & Supervisory Committee is composed of five Directors who are Audit & Supervisory Committee members (including four Outside Directors) and it audits and supervises the execution of duties by Directors and the legality and validity of resolutions by the Board of Directors.

The Board of Directors consists of twelve Directors (of whom four are Outside Directors), makes decisions on the execution of important operations of the Group, and monitors and supervises the execution of operations by other Directors and Group companies. In addition, starting from the fiscal year under review, the Company has begun evaluating the effectiveness of the Board of Directors by conducting a questionnaire survey of all Directors.

As voluntary advisory bodies to the Board of Directors, the Company has also established the Nomination Advisory Committee and the Compensation Advisory Committee, to ensure objectivity and transparency in the election and dismissal of Directors and in the decision process for compensation. Independent Outside Directors account for a majority of the members of each of these committees, which are chaired by an Independent Outside Director. Furthermore, as part of efforts to strengthen corporate governance, the Company established the Investment Committee, which is an advisory body to the House Foods Group Management Committee, in January 2022. The committee was established to effectively using growth investment resources for mergers, acquisitions and other investments for the purpose of capital alliance which are essential for development of the four value chains, and it will help enhance corporate value by strengthening checking capabilities in both the deliberation phase when projects are first proposed and the monitoring phase after investments are made.

#### ● Key Initiatives in FY2023

Under the Seventh Medium-Term Business Plan, the Group will focus on strengthening the earnings base and improving productivity in existing business and prioritizing growth domains and new domains when allocating management resources in an optimal manner from a group perspective. In this way, the Group will make its value chains more robust and aims to realize sustainable growth.

In the Spice Value Chain, House Gaban Corporation was established in April 2023 through the spin-off of House Foods Corporation's Food Service Business and its integration with Gaban Co., Ltd., for the purpose of increasing the Group's presence in the food service business. As a solutions company with a wide range of products and proposal capabilities spanning ingredients and menu proposals, House Gaban Corporation aims to achieve net sales of 50 billion and a ROS of 10%. The Group will also take on the challenge of developing the market for products for household use in Indonesia with a view to creating a third Japanese style curry market after Japan and China.

In the Functional Ingredients Value Chain, the Group will continue to strengthen its business base in Japan. Overseas, it will strive for further development and geographical expansion of the vitamin beverage market in ASEAN and will also

focus on launching the lactobacillus business on the back of reliable evidence and positive evaluations of processing properties.

In the Soybean Value Chain, the Group will seek to strengthen House Foods America Corporation's production system to meet strong demand. It will also implement initiatives for the generation of synergy with Keystone Natural Holdings, LLC, aiming to establish a unique position in the plant-based food domain.

### **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<br>fiscal year<br>(As of March 31, 2022) | Consolidated fiscal year<br>under review<br>(As of March 31, 2023) |
|--|--|--|
| <b>Assets</b>                              |  |  |
| <b>Current assets</b>                      |  |  |
| Cash and deposits                          | 75,004   | 64,752   |
| Notes and accounts receivable - trade      | 46,446   | 50,364   |
| Securities                                 | 6,008  | 6,000  |
| Merchandise and finished goods             | 14,292   | 17,006   |
| Work in process                            | 2,520  | 3,320  |
| Raw materials and supplies                 | 6,080  | 7,658  |
| Other                                      | 6,866  | 5,924  |
| Allowance for doubtful accounts            | (92)   | (83)   |
| <b>Total current assets</b>                | <b>157,123</b>   | <b>154,940</b>   |
| <b>Non-current assets</b>                  |  |  |
| <b>Property, plant and equipment</b>       |  |  |
| Buildings and structures, net              | 33,717   | 34,336   |
| Machinery, equipment and vehicles, net     | 19,740   | 20,032   |
| Land                                       | 31,314   | 30,334   |
| Lease assets, net                          | 1,479  | 1,187  |
| Construction in progress                   | 3,538  | 10,210   |
| Other, net                                 | 2,235  | 5,942  |
| <b>Total property, plant and equipment</b> | <b>92,024</b>  | <b>102,040</b>   |
| <b>Intangible assets</b>                   |  |  |
| Goodwill                                   | 268  | 12,487   |
| Trademark right                            | 18,850   | 18,410   |
| Software                                   | 4,354  | 3,935  |
| Contract-related intangible assets         | 19,002   | 18,202   |
| Software in progress                       | 124  | 502  |
| Other                                      | 770  | 785  |
| <b>Total intangible assets</b>             | <b>43,368</b>  | <b>54,321</b>  |
| <b>Investments and other assets</b>        |  |  |
| Investment securities                      | 66,729   | 59,108   |
| Long-term loans receivable                 | 2  | 8  |
| Deferred tax assets                        | 753  | 799  |
| Long-term time deposits                    | 1,000  | 1,000  |
| Retirement benefit asset                   | 14,325   | 18,200   |
| Distressed receivables                     | 622  | 214  |
| Long-term deposits                         | 1,073  | 1,065  |
| Other                                      | 6,867  | 6,422  |
| Allowance for doubtful accounts            | (1,865)  | (1,385)  |
| <b>Total investments and other assets</b>  | <b>89,506</b>  | <b>85,431</b>  |
| <b>Total non-current assets</b>            | <b>224,898</b>   | <b>241,791</b>   |
| <b>Total assets</b>                        | <b>382,021</b>   | <b>396,732</b>   |

(Million yen)

|  | Previous consolidated<br>fiscal year<br>(As of March 31, 2022) | Consolidated fiscal year<br>under review<br>(As of March 31, 2023) |
|--|--|--|
| <b>Liabilities</b>                                       |  |  |
| <b>Current liabilities</b>                               |  |  |
| Notes and accounts payable - trade                       | 18,264   | 20,506   |
| Electronically recorded obligations - operating          | 1,269  | 1,563  |
| Short-term borrowings                                    | 4,149  | 5,452  |
| Lease liabilities  | 575  | 959  |
| Accounts payable - other                                 | 9,986  | 10,327   |
| Income taxes payable                                     | 3,452  | 2,320  |
| Provision for bonuses                                    | 472  | 490  |
| Provision for bonuses for directors (and other officers) | 58   | 61   |
| Provision for shareholder benefit program                | 96   | 99   |
| Asset retirement obligations                             | 4  | 10   |
| Other  | 13,284   | 14,867   |
| <b>Total current liabilities</b>                         | <b>51,609</b>  | <b>56,654</b>  |
| <b>Non-current liabilities</b>                           |  |  |
| Long-term borrowings                                     | 177  | 161  |
| Lease liabilities  | 963  | 4,080  |
| Long-term accounts payable - other                       | 181  | 181  |
| Deferred tax liabilities                                 | 23,220   | 21,852   |
| Retirement benefit liability                             | 1,999  | 6,074  |
| Asset retirement obligations                             | 815  | 1,128  |
| Long-term guarantee deposits                             | 3,877  | 3,771  |
| Other  | 613  | 1,488  |
| <b>Total non-current liabilities</b>                     | <b>31,845</b>  | <b>38,735</b>  |
| <b>Total liabilities</b>                                 | <b>83,454</b>  | <b>95,389</b>  |
| <b>Net assets</b>  |  |  |
| <b>Shareholders' equity</b>                              |  |  |
| Share capital  | 9,948  | 9,948  |
| Capital surplus  | 22,829   | 22,829   |
| Retained earnings  | 208,969  | 218,137  |
| Treasury shares  | (3,984)  | (9,957)  |
| <b>Total shareholders' equity</b>                        | <b>237,762</b>   | <b>240,957</b>   |
| <b>Accumulated other comprehensive income</b>            |  |  |
| Valuation difference on available-for-sale securities    | 21,257   | 20,907   |
| Deferred gains or losses on hedges                       | 40   | (184)  |
| Foreign currency translation adjustment                  | 2,925  | 5,592  |
| Remeasurements of defined benefit plans                  | 6,982  | 5,021  |
| <b>Total accumulated other comprehensive income</b>      | <b>31,204</b>  | <b>31,336</b>  |
| <b>Non-controlling interests</b>                         | <b>29,601</b>  | <b>29,050</b>  |
| <b>Total net assets</b>                                  | <b>298,567</b>   | <b>301,343</b>   |
| <b>Total liabilities and net assets</b>                  | <b>382,021</b>   | <b>396,732</b>   |

**(2) Consolidated Statements of Income and Comprehensive Income**

(Million yen)

|   | Previous consolidated<br>fiscal year<br>(April 1, 2021 – March 31, 2022) | Consolidated fiscal year<br>under review<br>(April 1, 2022 – March 31, 2023) |
|---|--|--|
| <b>Net sales</b>  | 253,386  | 275,060  |
| <b>Cost of sales</b>  | 158,383  | 177,130  |
| <b>Gross profit</b>   | 95,003   | 97,931   |
| <b>Selling, general and administrative expenses</b>           | 75,776   | 81,300   |
| <b>Operating profit</b>                                       | 19,227   | 16,631   |
| <b>Non-operating income</b>                                   |  |  |
| Interest income   | 240  | 315  |
| Dividend income   | 693  | 759  |
| Share of profit of entities accounted for using equity method | –  | 139  |
| Rental income from buildings                                  | 854  | 878  |
| Foreign exchange gains  | 353  | 110  |
| Subsidy income  | 1,026  | 247  |
| Other   | 553  | 399  |
| <b>Total non-operating income</b>                             | 3,719  | 2,848  |
| <b>Non-operating expenses</b>                                 |  |  |
| Interest expenses   | 61   | 297  |
| Rental expenses   | 691  | 690  |
| Share of loss of entities accounted for using equity method   | 322  | –  |
| Litigation expenses   | 281  | 49   |
| Other   | 465  | 191  |
| <b>Total non-operating expenses</b>                           | 1,821  | 1,226  |
| <b>Ordinary profit</b>  | 21,125   | 18,253   |
| <b>Extraordinary income</b>                                   |  |  |
| Gain on sale of non-current assets                            | 194  | 976  |
| Gain on sale of investment securities                         | 3,099  | 3,345  |
| Gain on sale of restaurants                                   | 74   | 143  |
| Other   | 7  | 8  |
| <b>Total extraordinary income</b>                             | 3,375  | 4,472  |
| <b>Extraordinary losses</b>                                   |  |  |
| Loss on sale of non-current assets                            | 6  | 57   |
| Loss on retirement of non-current assets                      | 385  | 248  |
| Loss on sale of investment securities                         | –  | 1  |
| Loss on valuation of investment securities                    | 99   | 321  |
| Loss on valuation of membership                               | –  | 1  |
| Impairment losses   | 636  | 785  |
| Other   | 5  | 39   |
| <b>Total extraordinary losses</b>                             | 1,130  | 1,451  |
| <b>Profit before income taxes</b>                             | 23,369   | 21,273   |
| Income taxes - current  | 7,308  | 6,138  |
| Income taxes - deferred                                       | 219  | (342)  |
| <b>Total income taxes</b>                                     | 7,528  | 5,796  |
| <b>Profit</b>   | 15,842   | 15,478   |
| Profit attributable to  |  |  |
| <b>Profit attributable to owners of parent</b>                | 13,956   | 13,703   |
| <b>Profit attributable to non-controlling interests</b>       | 1,886  | 1,774  |

(Million yen)

|  | Previous consolidated<br>fiscal year<br>(April 1, 2021 – March 31, 2022) | Consolidated fiscal year<br>under review<br>(April 1, 2022 – March 31, 2023) |
|--|--|--|
| <b>Other comprehensive income</b>  |  |  |
| Valuation difference on available-for- sale securities                               | 663  | (370)  |
| Deferred gains or losses on hedges   | 85   | (264)  |
| Foreign currency translation adjustment  | 3,431  | 2,975  |
| Remeasurements of defined benefit plans, net of tax                                  | 1,582  | (1,997)  |
| Share of other comprehensive income of entities<br>accounted for using equity method | (22)   | 151  |
| <b>Total other comprehensive income</b>  | 5,740  | 496  |
| <b>Comprehensive income</b>  | 21,581   | 15,973   |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of parent                                | 19,724   | 13,835   |
| Comprehensive income attributable to non-controlling<br>interests                    | 1,858  | 2,138  |

### (3) Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (April 1, 2021 – March 31, 2022)

(Million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 9,948                | 22,829          | 199,623           | (11)            | 232,389                    |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (4,610)           |                 | (4,610)                    |
| Profit attributable to owners of parent              |                      |                 | 13,956            |                 | 13,956                     |
| Purchase of treasury shares                          |                      |                 |                   | (4,001)         | (4,001)                    |
| Disposal of treasury shares                          |                      | 1               |                   | 27              | 28                         |
| Transfer of loss on disposal of treasury shares      |                      |                 |                   |                 | –                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | –                          |
| Total changes during period                          | –                    | 1               | 9,346             | (3,973)         | 5,373                      |
| Balance at end of period                             | 9,948                | 22,829          | 208,969           | (3,984)         | 237,762                    |

|  | Accumulated other 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 | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                       | 20,364  | (34)                               | (356)                                   | 5,462                                   | 25,437                                       | 29,058                    | 286,883          |
| Changes during period                                |   |                                    |   |   |  |                           |                  |
| Dividends of surplus                                 |   |                                    |   |   | –  |                           | (4,610)          |
| Profit attributable to owners of parent              |   |                                    |   |   | –  |                           | 13,956           |
| Purchase of treasury shares                          |   |                                    |   |   | –  |                           | (4,001)          |
| Disposal of treasury shares                          |   |                                    |   |   | –  |                           | 28               |
| Transfer of loss on disposal of treasury shares      |   |                                    |   |   | –  |                           | –                |
| Net changes in items other than shareholders' equity | 893   | 74                                 | 3,281                                   | 1,520                                   | 5,767  | 543                       | 6,311            |
| Total changes during period                          | 893   | 74                                 | 3,281                                   | 1,520                                   | 5,767  | 543                       | 11,684           |
| Balance at end of period                             | 21,257  | 40                                 | 2,925                                   | 6,982                                   | 31,204                                       | 29,601                    | 298,567          |

Consolidated fiscal year under review (April 1, 2022 – March 31, 2023)

(Million yen)

|  | Shareholders' equity |                 |                   |                 |                            |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
|  | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                       | 9,948                | 22,829          | 208,969           | (3,984)         | 237,762                    |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (4,534)           |                 | (4,534)                    |
| Profit attributable to owners of parent              |                      |                 | 13,703            |                 | 13,703                     |
| Purchase of treasury shares                          |                      |                 |                   | (6,003)         | (6,003)                    |
| Disposal of treasury shares                          |                      | (2)             |                   | 30              | 28                         |
| Transfer of loss on disposal of treasury shares      |                      | 1               | (1)               |                 | –                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 | –                          |
| Total changes during period                          | –                    | (1)             | 9,169             | (5,973)         | 3,195                      |
| Balance at end of period                             | 9,948                | 22,829          | 218,137           | (9,957)         | 240,957                    |

|  | Accumulated other 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 | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                       | 21,257  | 40                                 | 2,925                                   | 6,982                                   | 31,204                                       | 29,601                    | 298,567          |
| Changes during period                                |   |                                    |   |   |  |                           |                  |
| Dividends of surplus                                 |   |                                    |   |   | –  |                           | (4,534)          |
| Profit attributable to owners of parent              |   |                                    |   |   | –  |                           | 13,703           |
| Purchase of treasury shares                          |   |                                    |   |   | –  |                           | (6,003)          |
| Disposal of treasury shares                          |   |                                    |   |   | –  |                           | 28               |
| Transfer of loss on disposal of treasury shares      |   |                                    |   |   | –  |                           | –                |
| Net changes in items other than shareholders' equity | (350)   | (224)                              | 2,667                                   | (1,961)                                 | 132  | (550)                     | (418)            |
| Total changes during period                          | (350)   | (224)                              | 2,667                                   | (1,961)                                 | 132  | (550)                     | 2,776            |
| Balance at end of period                             | 20,907  | (184)                              | 5,592                                   | 5,021                                   | 31,336                                       | 29,050                    | 301,343          |



#### (4) Consolidated Statements of Cash Flows

(Million yen)

|  | Previous consolidated<br>fiscal year<br>(April 1, 2021 – March 31, 2022) | Consolidated fiscal year<br>under review<br>(April 1, 2022 – March 31, 2023) |
|--|--|--|
| <b>Cash flows from operating activities</b>                          |  |  |
| Profit before income taxes   | 23,369   | 21,273   |
| Depreciation   | 10,941   | 11,534   |
| Amortization of goodwill   | 45   | 398  |
| Impairment losses  | 636  | 785  |
| Share of (profit) loss of entities accounted for using equity method | 322  | (139)  |
| Loss (gain) on valuation of investment securities                    | 99   | 321  |
| Loss on valuation of membership                                      | –  | 1  |
| Increase (decrease) in allowance for doubtful accounts               | (111)  | (489)  |
| Increase (decrease) in provision for bonuses for directors           | (22)   | 3  |
| Increase (decrease) in provision for shareholder benefit program     | 4  | 3  |
| Increase (decrease) in retirement benefit liability                  | 64   | 2,553  |
| Interest and dividend income   | (934)  | (1,074)  |
| Interest expenses  | 61   | 297  |
| Foreign exchange losses (gains)                                      | (553)  | 21   |
| Loss (gain) on sale of investment securities                         | (3,099)  | (3,344)  |
| Loss (gain) on sale of non-current assets                            | (188)  | (919)  |
| Loss on retirement of non-current assets                             | 385  | 248  |
| Loss (gain) on sale of restaurants                                   | (71)   | (143)  |
| Decrease (increase) in trade receivables                             | (2,957)  | (2,381)  |
| Decrease (increase) in inventories                                   | (2,512)  | (4,003)  |
| Increase (decrease) in trade payables                                | 1,357  | 1,885  |
| Increase (decrease) in accounts payable - bonuses                    | (4)  | 19   |
| Increase (decrease) in long-term guarantee deposits                  | (107)  | (107)  |
| Decrease (increase) in other assets                                  | (3,522)  | (4,356)  |
| Increase (decrease) in other liabilities                             | (306)  | 2,300  |
| <b>Subtotal</b>  | <b>22,896</b>  | <b>24,685</b>  |
| Interest and dividend income received                                | 949  | 1,050  |
| Interest paid  | (30)   | (113)  |
| Income taxes paid  | (7,676)  | (6,139)  |
| <b>Net cash provided by (used in) operating activities</b>           | <b>16,140</b>  | <b>19,483</b>  |

(Million yen)

|  | Previous consolidated<br>fiscal year<br>(April 1, 2021 – March 31, 2022) | Consolidated fiscal year<br>under review<br>(April 1, 2022 – March 31, 2023) |
|--|--|--|
| <b>Cash flows from investing activities</b>                                      |  |  |
| Payments into time deposits  | (1,730)  | (2,065)  |
| Proceeds from withdrawal of time deposits  | 2,026  | 327  |
| Purchase of securities   | (2,000)  | (2,880)  |
| Proceeds from sale of securities   | 9,500  | 7,880  |
| Purchase of property, plant and equipment  | (11,863)   | (14,084)   |
| Proceeds from sale of property, plant and equipment                              | 1,408  | 2,825  |
| Gain on sale of restaurants  | 116  | 231  |
| Purchase of intangible assets  | (1,912)  | (1,079)  |
| Purchase of investment securities  | (10,637)   | (2,282)  |
| Proceeds from sale of investment securities                                      | 4,689  | 5,730  |
| Loss on liquidation of subsidiaries  | –  | (18)   |
| Proceeds from divestments  | 4  | 3  |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | –  | (16,056)   |
| <b>Net cash provided by (used in) investing activities</b>                       | <b>(10,398)</b>  | <b>(21,467)</b>  |
| <b>Cash flows from financing activities</b>                                      |  |  |
| Repayments of short-term borrowings  | (42,524)   | (72,178)   |
| Proceeds from short-term borrowings  | 42,965   | 73,381   |
| Proceeds from share issuance to non-controlling shareholders                     | –  | 47   |
| Repayments of lease obligations  | (662)  | (707)  |
| Repayments of long-term borrowings   | (42)   | –  |
| Proceeds from long-term borrowings   | 169  | –  |
| Purchase of treasury shares  | (4,001)  | (6,003)  |
| Purchase of treasury shares of subsidiaries                                      | (97)   | (0)  |
| Dividends paid   | (4,611)  | (4,533)  |
| Dividends paid to non-controlling interests                                      | (1,266)  | (2,745)  |
| <b>Net cash provided by (used in) financing activities</b>                       | <b>(10,068)</b>  | <b>(12,739)</b>  |
| <b>Effect of exchange rate change on cash and cash equivalents</b>               | <b>1,688</b>   | <b>1,700</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                      | <b>(2,638)</b>   | <b>(13,023)</b>  |
| <b>Cash and cash equivalents at beginning of period</b>                          | <b>78,343</b>  | <b>75,705</b>  |
| <b>Cash and cash equivalents at end of period</b>                                | <b>75,705</b>  | <b>62,682</b>  |

## **(5) Notes to Consolidated Financial Statements**

### **Notes Relating to Assumptions for the Going Concern**

Not applicable.

### **Changes in Accounting Policies**

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has decided to adopt the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Implementation Guidance”) from the beginning of the fiscal year under review and apply the new accounting policy stipulated in the Fair Value Measurement Implementation Guidance according to the provisional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance. The adoption of the implementation guidance has no impact on the consolidated financial statements.

(Application of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 842, Leases)  
Some foreign consolidated subsidiaries which apply US GAAP began applying ASC 842, Leases from the fiscal year under review. Accordingly, such foreign consolidated subsidiaries are required as lessees to record all leases as assets and liabilities on their balance sheets, in principle. As a result of application of this accounting standard, at the end of the fiscal year under review, “Others” under “Property, plant and equipment” increased by 3,628 million yen, “Lease obligations” under “Current liabilities” increased by 271 million yen, and “Lease obligations” under “Non-current liabilities” increased by 3,406 million yen. The impact on the consolidated statement of income for the fiscal year under review is insignificant.

### **Business Combination, etc.**

Business combination through acquisition

The Company acquired a 100% equity interest in Keystone Natural Holdings, LLC, through House Foods Holding USA, Inc., which is a consolidated subsidiary.

#### **(1) Outline of the business combination**

##### **(i) Name of the acquired company and its business**

Name of the acquired company: Keystone Natural Holdings LLC

Business: Production and distribution of plant-based food (PBF) including tofu

##### **(ii) Main reason for the business combination**

Under the Seventh Medium-term Business Plan of the House Foods Group, which started in April 2021, the Group has defined Striving for Four Value Chains which comprise spices, functional ingredients, soybean and value-added vegetables, as areas of the Group’s value proposition, “Healthy Life Through Foods,” with the aim of achieving sustained growth by concentrating management resources on growth areas.

In the Soybean VC, the Group has been developing the tofu business in the United States since 1983. This VC has continued to show steady growth mainly in the market for Asian Americans and sales are expanding in recent years across the US market, mainly attributable to rising health awareness and the PBF trend from the perspective of protecting the environment.

As the United States is a very large market with a population of 330 million, the Group regards the country as a promising market with a continuous population growth in the future. The market for PBF, including tofu, is expected to show sustained growth in the future, given that the generations of Americans known as Millennials and Generation Z, who will be a main driving force for consumption in the future, have a keen interest in climate change and tend to choose food with a low environmental impact.

House Foods America Corporation, a company handling the tofu business, has made capital investments with an eye on further growth of the tofu business, while it has been seeking opportunities to expand its business fields in the US market.

Keystone Natural Holdings produces and sells tofu, meat alternatives and other PBF products in the United States and Canada. Having established a vision to provide a healthy diet to a broad customer base, Keystone has achieved steady growth in recent years as it persists in using clean ingredients and pushes the boundaries of deliciousness. This vision accords with the direction House Foods America Corporation aims, and the Company believes that there is a great possibility of mutual adaptation of the two parties as strategic partners for future growth because of considerable complementarities in terms of focus areas for products, marketing areas, and customer base in the United States.

Through the collaboration of Keystone Natural Holdings’ product development capabilities with the technologies of House Foods America Corporation and the Group, we will achieve portfolio improvement, including value added tofu and PBF, and accelerate the expansion of our business in the US market. With the Acquisition, the Group will have a total of eight production bases in the soybean VC, including the one scheduled to be constructed in Kentucky, and we will aim at building optimal production, distribution and marketing systems and providing services to as many customers as possible. Moreover, we will pursue to develop business in Europe and other regions in addition to the United States, utilizing resources held by Keystone Natural Holdings. By including Keystone Natural

Holdings in the Group, we will strive to achieve the medium- to long-term growth of the tofu and PBF business in the United States and further globalization of our business, aiming to be a good partner able to contribute to human health and the environment and to building a sustainable society.

(iii) Date of the business combination

September 30, 2022

(iv) Legal form of the business combination

Acquisition of shares in exchange for cash

(v) Name of company after the business combination

No change

(vi) Percentage share of voting rights acquired

100%

(vii) Main reason for the decision to acquire the company

Because the Company's subsidiary acquired the shares in exchange for cash.

(2) Period of performance of the acquired company included in the consolidated financial statements

Since the difference between the closing date of the acquired company and the consolidated closing date of the Company does not exceed three months, the Company prepared the consolidated financial statements based on the consolidated financial statements of the acquired company. The date of the business combination involving the acquired company is September 30, 2022 and the acquired company's performance during the period from October 1, 2022 to December 31, 2022 is included in the consolidated financial statements for the consolidated fiscal year under review.

(3) Acquisition cost for the acquired company, and the breakdown thereof

|                               |      |                           |
|-------------------------------|------|---------------------------|
| Consideration for acquisition | Cash | <u>13,437 million yen</u> |
| Acquisition cost              |      | 13,437 million yen        |

(4) Major acquisition-related costs and amounts of costs

Advisory fees, etc. 324 million yen

(5) Amount of goodwill, reason for goodwill, and method and period of amortization

(i) Amount of goodwill

13,766 million yen

The amount of goodwill has been determined provisionally as allocation of the purchase price was incomplete as of the end of the consolidated fiscal year under review.

(ii) Reason for goodwill

The goodwill reflects the excess earning power expected as a result of the future business expansion of Keystone Natural Holdings.

(iii) Method and period of amortization

Amortization over a 10 year period on a straight-line basis

(6) Assets accepted and liabilities assumed on the date of business combination and a breakdown of them

|                           |                          |
|---------------------------|--------------------------|
| Current assets            | 2,373 million yen        |
| <u>Non-current assets</u> | <u>1,596 million yen</u> |
| Total assets              | 3,969 million yen        |

|                                |                          |
|--------------------------------|--------------------------|
| Current liabilities            | 812 million yen          |
| <u>Non-current liabilities</u> | <u>3,486 million yen</u> |
| Total liabilities              | 4,298 million yen        |

(7) Allocation of acquisition cost

At the end of the consolidated fiscal year under review, the identification of identifiable assets and liabilities and the determination of their fair value as of the business combination date was still pending and allocation of the acquisition cost was not complete. The Company has, therefore, applied provisional accounting treatment based on reasonable information available at the time.

- (8) Approximate amount of impact on the Consolidated Statement of Income for the consolidated fiscal year under review calculated as if the business combination was completed at the start of the consolidated fiscal year and its calculation method

The approximate amount of impact on the Consolidated Statement of Income for the consolidated fiscal year under review is omitted as it is difficult to calculate.

## **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 each reported segment including 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 business engaged in exports, imports and sales of foodstuffs and the transport business, 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, 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.

Reported segments' profit is based on operating profit. Intersegment sales and transfers are based on actual market prices.

3. Information on Amounts of Sales, Profit or Loss, Assets, and Other Items by Reportable Segment  
Previous consolidated fiscal year (April 1, 2021 – March 31, 2022)

(Million yen)

|  | Reported segments                                       |                         |                                   |                        |                                   |         | Other | Total   | Adjustment<br>(Note 1) | Amount on<br>consolidated<br>financial<br>statements<br>(Note 2) |
|--|---|-------------------------|-----------------------------------|------------------------|-----------------------------------|---------|-------|---------|------------------------|--|
|  | Spice /<br>Seasoning /<br>Processed<br>Food<br>Business | Health Food<br>Business | International<br>Food<br>Business | Restaurant<br>Business | Other Food<br>Related<br>Business | Total   |       |         |                        |  |
| Net sales  |   |                         |                                   |                        |                                   |         |       |         |                        |  |
| Sales – outside<br>customers   | 112,714   | 14,131                  | 38,976                            | 45,310                 | 42,156                            | 253,287 | –     | 253,287 | 99                     | 253,386  |
| Sales and transfer –<br>inter-segment                                  | 4,708   | 302                     | 134                               | 112                    | 3,415                             | 8,671   | –     | 8,671   | (8,671)                | –  |
| Total  | 117,422   | 14,432                  | 39,110                            | 45,422                 | 45,571                            | 261,957 | –     | 261,957 | (8,571)                | 253,386  |
| Segment profit (loss)  | 12,628  | (138)                   | 5,250                             | 1,502                  | 1,480                             | 20,721  | –     | 20,721  | (1,494)                | 19,227   |
| Segment assets   | 83,358  | 17,696                  | 46,727                            | 76,930                 | 21,580                            | 246,290 | –     | 246,290 | 135,731                | 382,021  |
| Other items  |   |                         |                                   |                        |                                   |         |       |         |                        |  |
| Depreciation   | 4,756   | 668                     | 1,552                             | 2,844                  | 616                               | 10,436  | –     | 10,436  | 505                    | 10,941   |
| Amortization of<br>goodwill  | –   | –                       | –                                 | 45                     | –                                 | 45      | –     | 45      | –                      | 45   |
| Increase in property,<br>plant and equipment,<br>and intangible assets | 5,727   | 245                     | 4,016                             | 1,550                  | 698                               | 12,236  | –     | 12,236  | 653                    | 12,888   |

(Notes) 1. The details of the adjustments listed are as follows:

- (1) Sales-outside customers are mainly real estate rental revenues recorded by the Company.
  - (2) Segment profit (loss) includes a loss of 1,494 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.
  - (3) Segment assets include assets of 137,213 million yen of the Company and House Business Partners Corporation which were not allocated to business segments and elimination of inter-segment transactions of -1,482 million yen.
  - (4) Depreciation includes depreciation of 505 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 653 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.

Consolidated fiscal year under review (April 1, 2022 – March 31, 2023)

(Million yen)

|  | Reported segments                                       |                         |                                   |                        |                                   |         | Other | Total   | Adjustment<br>(Note 1) | Amount on<br>consolidated<br>financial<br>statements<br>(Note 2) |
|--|---|-------------------------|-----------------------------------|------------------------|-----------------------------------|---------|-------|---------|------------------------|--|
|  | Spice /<br>Seasoning /<br>Processed<br>Food<br>Business | Health Food<br>Business | International<br>Food<br>Business | Restaurant<br>Business | Other Food<br>Related<br>Business | Total   |       |         |                        |  |
| Net sales  |   |                         |                                   |                        |                                   |         |       |         |                        |  |
| Sales – outside<br>customers   | 114,978   | 16,072                  | 48,678                            | 48,265                 | 46,965                            | 274,957 | –     | 274,957 | 104                    | 275,060  |
| Sales and transfer –<br>inter-segment                                  | 4,824   | 448                     | 197                               | 106                    | 3,734                             | 9,310   | –     | 9,310   | (9,310)                | –  |
| Total  | 119,802   | 16,520                  | 48,875                            | 48,371                 | 50,699                            | 284,266 | –     | 284,266 | (9,206)                | 275,060  |
| Segment profit (loss)  | 7,915   | 1,908                   | 5,368                             | 2,268                  | 1,234                             | 18,693  | –     | 18,693  | (2,062)                | 16,631   |
| Segment assets   | 89,050  | 16,371                  | 79,397                            | 75,484                 | 23,493                            | 283,795 | –     | 283,795 | 112,937                | 396,732  |
| Other items  |   |                         |                                   |                        |                                   |         |       |         |                        |  |
| Depreciation   | 5,069   | 521                     | 1,945                             | 2,916                  | 615                               | 11,065  | –     | 11,065  | 469                    | 11,534   |
| Amortization of<br>goodwill  | –   | –                       | 353                               | 45                     | –                                 | 398     | –     | 398     | –                      | 398  |
| Increase in property,<br>plant and equipment,<br>and intangible assets | 6,131   | 139                     | 6,400                             | 1,541                  | 541                               | 14,753  | –     | 14,753  | 833                    | 15,586   |

(Notes) 1. The details of the adjustments listed are as follows:

- (1) Sales-outside customers are mainly real estate rental revenues recorded by the Company.
  - (2) Segment profit (loss) includes a loss of 2,062 million yen of the Company and House Business Partners Corporation, etc., which is not distributed to business segments.
  - (3) Segment assets include assets of 114,383 million yen of the Company and House Business Partners Corporation, etc. which were not allocated to business segments and elimination of inter-segment transactions of -1,446 million yen.
  - (4) Depreciation includes depreciation of 469 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 833 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, 2021 – March 31, 2022)

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   |
|---------|-----------|----------------|---------------|-------|---------|
| 202,982 | 17,802    | 14,119         | 16,911        | 1,572 | 253,386 |

(2) Property, plant and equipment

(Million yen)

| Japan  | East Asia | Southeast Asia | United States | Other | Total  |
|--------|-----------|----------------|---------------|-------|--------|
| 72,374 | 5,869     | 1,622          | 11,972        | 187   | 92,024 |

3. Information by Major Customer

(Million yen)

| Customer                      | Net sales | Related segments  |
|-------------------------------|-----------|---|
| KATOSANGYO Co., Ltd.          | 31,467    | Spice / Seasoning / Processed Food Business<br>Health Food Business |
| Mitsubishi Shokuhin Co., Ltd. | 17,192    | Spice / Seasoning / Processed Food Business<br>Health Food Business |

Consolidated fiscal year under review (April 1, 2022 – March 31, 2023)

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   |
|---------|-----------|----------------|---------------|-------|---------|
| 213,373 | 20,380    | 15,776         | 23,806        | 1,725 | 275,060 |

(2) Property, plant and equipment

(Million yen)

| Japan  | East Asia | Southeast Asia | United States | Other | Total   |
|--------|-----------|----------------|---------------|-------|---------|
| 70,132 | 6,510     | 1,873          | 23,346        | 179   | 102,040 |

3. Information by Major Customer

(Million yen)

| Customer                      | Net sales | Related segments  |
|-------------------------------|-----------|---|
| KATOSANGYO Co., Ltd.          | 32,639    | Spice / Seasoning / Processed Food Business<br>Health Food Business |
| Mitsubishi Shokuhin Co., Ltd. | 17,345    | Spice / Seasoning / Processed Food Business<br>Health Food Business |



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

Previous consolidated fiscal year (April 1, 2021 – March 31, 2022)

(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 | –   | 349                  | –                           | 287                 | –                           | 636   | –     | –          | 636   |

Consolidated fiscal year under review (April 1, 2022 – March 31, 2023)

(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 | 6   | 573                  | 8                           | 198                 | –                           | 785   | –     | –          | 785   |

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

Previous consolidated fiscal year (April 1, 2021 – March 31, 2022)

(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   | –   | –                    | –                           | 45                  | –                           | 45    | –     | –          | 45    |
| Balance at end of fiscal year under review | –   | –                    | –                           | 268                 | –                           | 268   | –     | –          | 268   |

Consolidated fiscal year under review (April 1, 2022 – March 31, 2023)

(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   | –   | –                    | 353                         | 45                  | –                           | 398    | –     | –          | 398    |
| Balance at end of fiscal year under review | –   | –                    | 12,264                      | 223                 | –                           | 12,487 | –     | –          | 12,487 |

[Information on gain on bargain purchase by reported segment]

Previous consolidated fiscal year (April 1, 2021 – March 31, 2022)

Not applicable.

Consolidated fiscal year under review (April 1, 2022 – March 31, 2023)

Not applicable.

## Per Share Information

(Yen)

|                      | Previous consolidated fiscal year<br>(April 1, 2021 – March 31, 2022) | Consolidated fiscal year under review<br>(April 1, 2022 – March 31, 2023) |
|----------------------|---|---|
| Net assets per share | 2,700.99  | 2,791.64  |
| Profit per share     | 139.75  | 139.95  |

(Notes) 1. Diluted profit per share is omitted because there are no potential shares with a dilutive effect.

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

|  | Previous consolidated fiscal year<br>(April 1, 2021 – March 31, 2022) | Consolidated fiscal year under review<br>(April 1, 2022 – March 31, 2023) |
|--|---|---|
|  | Million yen   | Million yen   |
| Profit attributable to owners of parent                              | 13,956  | 13,703  |
| Amount not allocable to common shareholders                          | –   | –   |
| Profit attributable to owners of parent available for common stock   | 13,956  | 13,703  |
|  | Thousand shares   | Thousand shares   |
| Average number of shares of common stock outstanding during the term | 99,868  | 97,914  |

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

|   | Previous consolidated fiscal year<br>(As of March 31, 2022) | Consolidated fiscal year under review<br>(As of March 31, 2023) |
|---|---|---|
|   | Million yen   | Million yen   |
| Total net assets  | 298,567   | 301,343   |
| Amount deducted from total net assets<br>(Of which are non-controlling interests)                           | 29,601<br>(29,601)  | 29,050<br>(29,050)  |
| Net assets at end of year available for common stock  | 268,966   | 272,293   |
|   | Thousand shares   | Thousand shares   |
| Number of shares of common stock at end of year used for calculating net assets per share (thousand shares) | 99,581  | 97,539  |

## Important Subsequent Events

On April 1, 2023, House Foods Corporation, a consolidated subsidiary of the Company, revised its retirement benefit plan and transferred a portion of its defined benefit corporate pension plan to its defined contribution pension plan. The Company plans to apply the “Guidance on Accounting for Transfer between Retirement Benefit Plans” (ASBJ Guidance No. 1) and the “Practical Solution on Accounting for Transfer between Retirement Benefit Plans” (ASBJ PITF No. 2) for the accounting treatment associated with this revision, and will record a gain on revision of retirement benefit plan of approximately 7.0 billion yen resulting from the transfer as an extraordinary income in the consolidated financial statements for the fiscal year ending March 31, 2024.

## **5. Other Information**

### **(1) Senior Management Changes**

#### **1. Candidates for new Directors (excluding Directors who are Audit & Supervisory Committee Members (effective June 27, 2023))**

Atsushi Sakuma (currently Executive Officer, General Manager, Corporate Communication Headquarters Responsible for New Business Planning & Development Division, Value-added Vegetables Business Development Division)

#### **2. Candidates for new Directors who are Audit & Supervisory Committee Members (effective June 27, 2023)**

Tsuneo Kubota (currently Executive Officer)

Fukuichi Sekine (currently Director and Chairman, Sumitomo Osaka Cement Co., Ltd.)

\* Mr. Fukuichi Sekine is a candidate for Outside Director.

#### **3. Retiring Directors (excludes Directors who are Audit & Supervisory Committee Members) (effective June 27, 2023)**

Masahiko Kudo (currently Senior Managing Director)

#### **4. Retiring Directors who are Audit & Supervisory Committee Members (effective June 27, 2023)**

Masao Taguchi (currently Director who is an Audit & Supervisory Committee Member)

Kyuzo Saito (currently Director who is an Audit & Supervisory Committee Member)

\* Mr. Kyuzo Saito is an Outside Director.

## 6. Supplementary Information

### (1) Business Results

Consolidated

(Million yen)

|   | FY2021  |                     | FY2022  |                     | FY2023 Forecast |                     |
|---|---------|---------------------|---------|---------------------|-----------------|---------------------|
|   | Amount  | Year-on-year change | Amount  | Year-on-year change | Amount          | Year-on-year change |
| Net sales                               | 253,386 | 101.3%              | 275,060 | 108.6%              | 304,800         | 110.8%              |
| Operating profit                        | 19,227  | 99.0%               | 16,631  | 86.5%               | 20,000          | 120.3%              |
| Ordinary profit                         | 21,125  | 106.5%              | 18,253  | 86.4%               | 20,900          | 114.5%              |
| Profit attributable to owners of parent | 13,956  | 159.5%              | 13,703  | 98.2%               | 17,500          | 127.7%              |
| Comprehensive income                    | 21,581  | 175.7%              | 15,973  | 74.0%               | –               | –                   |

#### Net sales by business segment

| Net sales                                   | Amount  | Year-on-year change | Amount  | Year-on-year change | Amount   | Year-on-year change |
|---|---------|---------------------|---------|---------------------|----------|---------------------|
| Spice / Seasoning / Processed Food Business | 117,422 | 97.5%               | 119,802 | 102.0%              | 130,700  | 109.1%              |
| Health Food Business                        | 14,432  | 94.4%               | 16,520  | 114.5%              | 17,700   | 107.1%              |
| International Food Business                 | 39,110  | 114.8%              | 48,875  | 125.0%              | 61,400   | 125.6%              |
| Restaurant Business                         | 45,422  | 101.6%              | 48,371  | 106.5%              | 53,000   | 109.6%              |
| Other Food Related Business                 | 45,571  | 103.8%              | 50,699  | 111.3%              | 52,200   | 103.0%              |
| Adjustment                                  | (8,571) | –                   | (9,206) | –                   | (10,200) | –                   |

#### Operating profit by business segment

| Operating profit                            | Amount  | Year-on-year change | Amount  | Year-on-year change | Amount  | Year-on-year change |
|---|---------|---------------------|---------|---------------------|---------|---------------------|
| Spice / Seasoning / Processed Food Business | 12,628  | 80.9%               | 7,915   | 62.7%               | 10,700  | 135.2%              |
| Health Food Business                        | (138)   | –                   | 1,908   | –                   | 2,000   | 104.8%              |
| International Food Business                 | 5,250   | 114.5%              | 5,368   | 102.3%              | 5,400   | 100.6%              |
| Restaurant Business                         | 1,502   | –                   | 2,268   | 151.0%              | 3,000   | 132.3%              |
| Other Food Related Business                 | 1,480   | 83.6%               | 1,234   | 83.4%               | 1,500   | 121.5%              |
| Adjustment                                  | (1,494) | –                   | (2,062) | –                   | (2,600) | –                   |

### (2) Number of Group Companies

|                           | FY2021 | FY2022 |
|---------------------------|--------|--------|
| Consolidated subsidiaries | 37     | 42     |
| Japan                     | 15     | 16     |
| Overseas                  | 22     | 26     |
| Equity-method affiliate   | 5      | 5      |
| Japan                     | 2      | 2      |
| Overseas                  | 3      | 3      |

**(3) Consolidated Statements of Income****1. Consolidated Statements of Income**

(Million yen)

|  | FY2021         |               | FY2022         |               | Year-on-year change |                |
|--|----------------|---------------|----------------|---------------|---------------------|----------------|
|  | Amount         | Percentage    | Amount         | Percentage    | Amount              | Rate of change |
| <b>Net sales</b>                                 | <b>253,386</b> | <b>100.0%</b> | <b>275,060</b> | <b>100.0%</b> | <b>21,675</b>       | <b>8.6%</b>    |
| <By business segment>                            |                |               |                |               |                     |                |
| Spice / Seasoning / Processed Food Business      | 117,422        | 46.3%         | 119,802        | 43.6%         | 2,380               | 2.0%           |
| Health Food Business                             | 14,432         | 5.7%          | 16,520         | 6.0%          | 2,087               | 14.5%          |
| International Food Business                      | 39,110         | 15.4%         | 48,875         | 17.8%         | 9,764               | 25.0%          |
| Restaurant Business                              | 45,422         | 17.9%         | 48,371         | 17.6%         | 2,950               | 6.5%           |
| Other Food Related Business                      | 45,571         | 18.0%         | 50,699         | 18.4%         | 5,128               | 11.3%          |
| Adjustment                                       | (8,571)        | (3.4%)        | (9,206)        | (3.3%)        | (635)               | –              |
| Cost of sales                                    | 158,383        | 62.5%         | 177,130        | 64.4%         | 18,747              | 11.8%          |
| Selling, general and administrative expenses     | 75,776         | 29.9%         | 81,300         | 29.6%         | 5,523               | 7.3%           |
| <b>Operating profit</b>                          | <b>19,227</b>  | <b>7.6%</b>   | <b>16,631</b>  | <b>6.0%</b>   | <b>(2,596)</b>      | <b>(13.5%)</b> |
| <By business segment>                            |                |               |                |               |                     |                |
| Spice / Seasoning / Processed Food Business      | 12,628         | 5.0%          | 7,915          | 2.9%          | (4,713)             | (37.3%)        |
| Health Food Business                             | (138)          | (0.1%)        | 1,908          | 0.7%          | 2,046               | –              |
| International Food Business                      | 5,250          | 2.1%          | 5,368          | 2.0%          | 119                 | 2.3%           |
| Restaurant Business                              | 1,502          | 0.6%          | 2,268          | 0.8%          | 766                 | 51.0%          |
| Other Food Related Business                      | 1,480          | 0.6%          | 1,234          | 0.4%          | (245)               | (16.6%)        |
| Adjustment                                       | (1,494)        | (0.6%)        | (2,062)        | (0.7%)        | (568)               | –              |
| Non-operating income                             | 3,719          | 1.5%          | 2,848          | 1.0%          | (871)               | (23.4%)        |
| Non-operating expenses                           | 1,821          | 0.7%          | 1,226          | 0.4%          | (595)               | (32.7%)        |
| <b>Ordinary profit</b>                           | <b>21,125</b>  | <b>8.3%</b>   | <b>18,253</b>  | <b>6.6%</b>   | <b>(2,872)</b>      | <b>(13.6%)</b> |
| Extraordinary income                             | 3,375          | 1.3%          | 4,472          | 1.6%          | 1,097               | 32.5%          |
| Extraordinary losses                             | 1,130          | 0.4%          | 1,451          | 0.5%          | 321                 | 28.4%          |
| Profit before income taxes                       | 23,369         | 9.2%          | 21,273         | 7.7%          | (2,096)             | (9.0%)         |
| Income taxes                                     | 7,528          | 3.0%          | 5,796          | 2.1%          | (1,732)             | (23.0%)        |
| Profit   | 15,842         | 6.3%          | 15,478         | 5.6%          | (364)               | (2.3%)         |
| Profit attributable to                           |                |               |                |               |                     |                |
| <b>Profit attributable to owners of parent</b>   | <b>13,956</b>  | <b>5.5%</b>   | <b>13,703</b>  | <b>5.0%</b>   | <b>(253)</b>        | <b>(1.8%)</b>  |
| Profit attributable to non-controlling interests | 1,886          | 0.7%          | 1,774          | 0.6%          | (111)               | (5.9%)         |
| <b>Comprehensive income</b>                      | <b>21,581</b>  | <b>8.5%</b>   | <b>15,973</b>  | <b>5.8%</b>   | <b>(5,608)</b>      | <b>(26.0%)</b> |

**2. Major Changes in Selling, General and Administrative Expenses**

(Million yen)

|  | FY2021 | FY2022 | Year-on-year change |
|--|--------|--------|---------------------|
| Advertising expenses                               | 8,122  | 8,042  | (79)                |
| Transportation and storage costs                   | 10,992 | 12,093 | 1,102               |
| Sales commission                                   | 122    | 115    | (6)                 |
| Promotion expenses                                 | 2,968  | 3,263  | 295                 |
| Personnel expenses                                 | 27,708 | 28,753 | 1,045               |
| Research and development expenses                  | 4,417  | 4,434  | 17                  |
| Amortization of goodwill                           | 45     | 398    | 353                 |
| Other  | 21,402 | 24,202 | 2,798               |
| Total selling, general and administrative expenses | 75,776 | 81,300 | 5,523               |

**3. Non-Operating Income (Expenses)**

(Million yen)

|   | FY2021 | FY2022 | Year-on-year change |
|---|--------|--------|---------------------|
| Interest income   | 240    | 315    | 75                  |
| Dividend income   | 693    | 759    | 66                  |
| Share of profit of entities accounted for using equity method | –      | 139    | 139                 |
| Rental income from buildings                                  | 854    | 878    | 25                  |
| Foreign exchange gains  | 353    | 110    | (243)               |
| Subsidy income  | 1,026  | 247    | (779)               |
| Other   | 553    | 399    | (154)               |
| Total non-operating income                                    | 3,719  | 2,848  | (871)               |
| Interest expenses   | 61     | 297    | 236                 |
| Rental expenses   | 691    | 690    | (1)                 |
| Share of loss of entities accounted for using equity method   | 322    | –      | (322)               |
| Litigation expenses   | 281    | 49     | (233)               |
| Other   | 465    | 191    | (274)               |
| Total non-operating expenses                                  | 1,821  | 1,226  | (595)               |

**4. Extraordinary Income (Losses)**

(Million yen)

|  | FY2021 | FY2022 | Year-on-year change |
|--|--------|--------|---------------------|
| Gain on sale of non-current assets         | 194    | 976    | 782                 |
| Gain on sale of investment securities      | 3,099  | 3,345  | 245                 |
| Gain on sale of restaurants                | 74     | 143    | 69                  |
| Other                                      | 7      | 8      | 1                   |
| Total extraordinary income                 | 3,375  | 4,472  | 1,097               |
| Loss on sale of non-current assets         | 6      | 57     | 52                  |
| Loss on retirement of non-current assets   | 385    | 248    | (136)               |
| Loss on sale of investment securities      | –      | 1      | 1                   |
| Loss on valuation of investment securities | 99     | 321    | 223                 |
| Loss on valuation of membership            | –      | 1      | 1                   |
| Impairment losses                          | 636    | 785    | 148                 |
| Other                                      | 5      | 39     | 34                  |
| Total extraordinary losses                 | 1,130  | 1,451  | 321                 |

## 5. Quarterly Statements

### Consolidated

(Million yen)

|   | FY2021 |         |         |         |                  | FY2022  |         |         |         |                  |
|---|--------|---------|---------|---------|------------------|---------|---------|---------|---------|------------------|
|   | 1Q     | 2Q      | 3Q      | 4Q      | Cumulative total | 1Q      | 2Q      | 3Q      | 4Q      | Cumulative total |
| Net sales                               | 61,636 | 62,491  | 67,794  | 61,464  | 253,386          | 66,324  | 67,507  | 71,988  | 69,242  | 275,060          |
| Year-on-year change                     | 1,886  | (1,444) | (150)   | 3,028   | 3,320            | 4,688   | 5,016   | 4,194   | 7,777   | 21,675           |
| Operating profit                        | 5,690  | 3,341   | 7,855   | 2,341   | 19,227           | 4,970   | 2,662   | 6,692   | 2,308   | 16,631           |
| Year-on-year change                     | 1,259  | (2,134) | (820)   | 1,508   | (186)            | (720)   | (680)   | (1,163) | (33)    | (2,596)          |
| Ordinary profit                         | 6,345  | 3,991   | 8,182   | 2,607   | 21,125           | 5,591   | 3,373   | 6,578   | 2,711   | 18,253           |
| Year-on-year change                     | 1,830  | (333)   | (780)   | 570     | 1,288            | (754)   | (618)   | (1,604) | 104     | (2,872)          |
| Profit attributable to owners of parent | 4,073  | 3,138   | 6,149   | 596     | 13,956           | 3,597   | 1,896   | 6,114   | 2,097   | 13,703           |
| Year-on-year change                     | 1,261  | 4,956   | 383     | (1,395) | 5,204            | (476)   | (1,241) | (36)    | 1,501   | (253)            |
| Comprehensive income                    | 5,032  | 4,734   | 5,288   | 6,528   | 21,581           | 3,999   | 6,218   | 7,149   | (1,393) | 15,973           |
| Year-on-year change                     | 2,055  | 7,636   | (2,087) | 1,693   | 9,298            | (1,032) | 1,484   | 1,861   | (7,921) | (5,608)          |

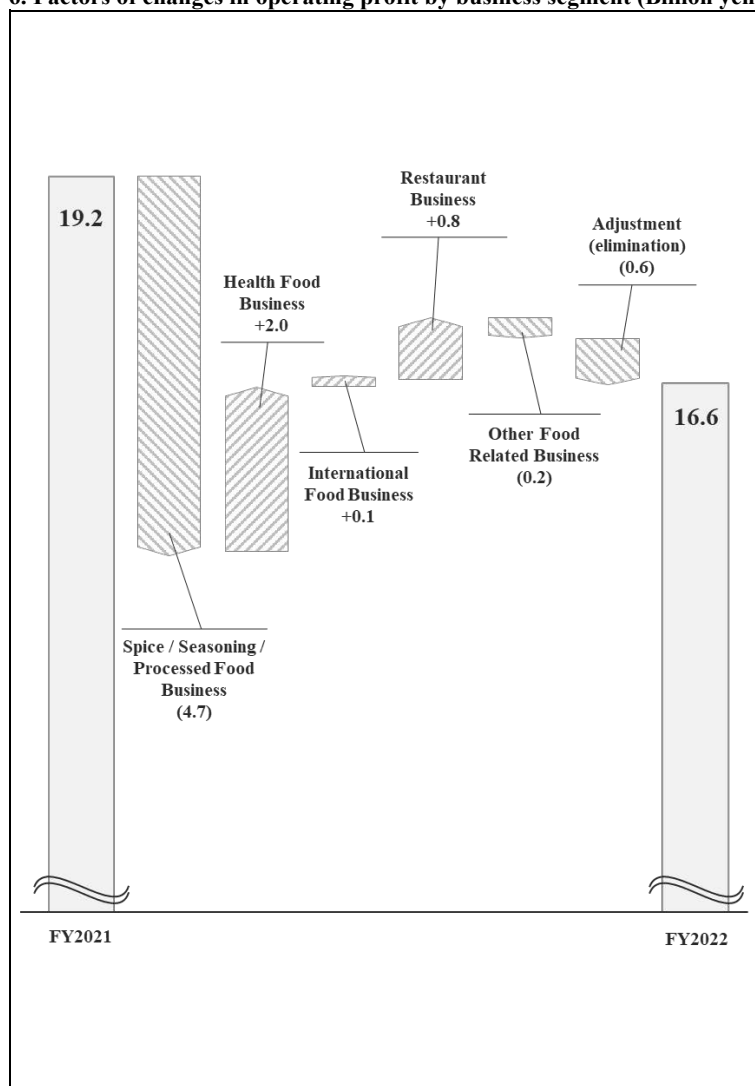
### Net sales by business segment

| Net sales                                   | FY2021  |         |         |         |                  | FY2022  |         |         |         |                  |
|---|---------|---------|---------|---------|------------------|---------|---------|---------|---------|------------------|
|   | 1Q      | 2Q      | 3Q      | 4Q      | Cumulative total | 1Q      | 2Q      | 3Q      | 4Q      | Cumulative total |
| Spice / Seasoning / Processed Food Business | 27,631  | 29,334  | 32,640  | 27,817  | 117,422          | 28,326  | 29,688  | 33,027  | 28,762  | 119,802          |
| Year-on-year change                         | (1,696) | (538)   | (1,231) | 508     | (2,958)          | 694     | 354     | 387     | 945     | 2,380            |
| Health Food Business                        | 3,351   | 3,689   | 4,305   | 3,088   | 14,432           | 4,110   | 4,412   | 4,575   | 3,423   | 16,520           |
| Year-on-year change                         | (389)   | (666)   | 153     | 54      | (848)            | 759     | 723     | 270     | 335     | 2,087            |
| International Food Business                 | 9,813   | 9,627   | 10,241  | 9,429   | 39,110           | 10,796  | 11,824  | 12,346  | 13,908  | 48,875           |
| Year-on-year change                         | 1,718   | (543)   | 628     | 3,251   | 5,054            | 984     | 2,197   | 2,105   | 4,479   | 9,764            |
| Restaurant Business                         | 11,126  | 10,979  | 11,242  | 12,074  | 45,422           | 11,334  | 11,612  | 12,436  | 12,989  | 48,371           |
| Year-on-year change                         | 700     | (262)   | (359)   | 645     | 724              | 208     | 633     | 1,194   | 915     | 2,950            |
| Other Food Related Business                 | 11,675  | 11,192  | 11,477  | 11,227  | 45,571           | 13,921  | 12,466  | 11,983  | 12,329  | 50,699           |
| Year-on-year change                         | 999     | 1,106   | 884     | (1,341) | 1,648            | 2,246   | 1,274   | 506     | 1,102   | 5,128            |
| Adjustment                                  | (1,960) | (2,330) | (2,111) | (2,171) | (8,571)          | (2,163) | (2,495) | (2,379) | (2,170) | (9,206)          |
| Year-on-year change                         | 554     | (540)   | (225)   | (88)    | (300)            | (204)   | (165)   | (268)   | 1       | (635)            |

### Operating profit by business segment

| Operating profit                            | FY2021  |         |       |         |                  | FY2022 |         |         |         |                  |
|---|---------|---------|-------|---------|------------------|--------|---------|---------|---------|------------------|
|   | 1Q      | 2Q      | 3Q    | 4Q      | Cumulative total | 1Q     | 2Q      | 3Q      | 4Q      | Cumulative total |
| Spice / Seasoning / Processed Food Business | 3,075   | 2,326   | 4,816 | 2,410   | 12,628           | 2,251  | 955     | 3,564   | 1,145   | 7,915            |
| Year-on-year change                         | (1,199) | (1,356) | (902) | 471     | (2,986)          | (824)  | (1,372) | (1,253) | (1,264) | (4,713)          |
| ROS   | 11.1%   | 7.9%    | 14.8% | 8.7%    | 10.8%            | 7.9%   | 3.2%    | 10.8%   | 4.0%    | 6.6%             |
| Health Food Business                        | (163)   | (170)   | 604   | (410)   | (138)            | 465    | 611     | 824     | 8       | 1,908            |
| Year-on-year change                         | 60      | (341)   | 216   | 322     | 258              | 627    | 781     | 220     | 417     | 2,046            |
| ROS   | (4.9%)  | (4.6%)  | 14.0% | (13.3%) | (1.0%)           | 11.3%  | 13.9%   | 18.0%   | 0.2%    | 11.5%            |
| International Food Business                 | 1,983   | 1,244   | 1,507 | 516     | 5,250            | 1,747  | 1,359   | 1,361   | 902     | 5,368            |
| Year-on-year change                         | 973     | (718)   | (170) | 581     | 665              | (236)  | 115     | (146)   | 386     | 119              |
| ROS   | 20.2%   | 12.9%   | 14.7% | 5.5%    | 13.4%            | 16.2%  | 11.5%   | 11.0%   | 6.5%    | 11.0%            |
| Restaurant Business                         | 350     | 176     | 420   | 556     | 1,502            | 193    | 454     | 673     | 948     | 2,268            |
| Year-on-year change                         | 1,277   | 692     | (133) | 327     | 2,162            | (158)  | 278     | 253     | 392     | 766              |
| ROS   | 3.1%    | 1.6%    | 3.7%  | 4.6%    | 3.3%             | 1.7%   | 3.9%    | 5.4%    | 7.3%    | 4.7%             |
| Other Food Related Business                 | 471     | 328     | 479   | 201     | 1,480            | 362    | 158     | 297     | 416     | 1,234            |
| Year-on-year change                         | (37)    | (85)    | (47)  | (122)   | (290)            | (109)  | (170)   | (182)   | 215     | (245)            |
| ROS   | 4.0%    | 2.9%    | 4.2%  | 1.8%    | 3.2%             | 2.6%   | 1.3%    | 2.5%    | 3.4%    | 2.4%             |
| Adjustment                                  | (27)    | (563)   | 28    | (933)   | (1,494)          | (47)   | (876)   | (27)    | (1,112) | (2,062)          |
| Year-on-year change                         | 185     | (325)   | 215   | (71)    | 4                | (21)   | (313)   | (55)    | (179)   | (568)            |

6. Factors of changes in operating profit by business segment (Billion yen)



| Billion yen                                      | Year-on-year change |
|--|---------------------|
| Spice/Seasoning/Processed Food Business          | (4.7)               |
| Change in sales                                  | +1.7                |
| Change in cost of sales ratio                    | (4.0)               |
| Marketing costs                                  | (1.0)               |
| Other expenses                                   | (0.8)               |
| Gaban and other affiliated companies, adjustment | (0.7)               |
| Health Food Business                             | +2.0                |
| Change in sales                                  | +1.2                |
| Change in cost of sales ratio                    | +0.1                |
| Marketing costs                                  | +0.5                |
| Other expenses                                   | +0.2                |
| International Food Business                      | +0.1                |
| Business in the United States                    | (0.2)               |
| Business in China                                | +0.3                |
| Businesses in Southeast Asia                     | +0.3                |
| Exports and others                               | (0.3)               |
| Restaurant Business                              | +0.8                |
| Ichibanya Co., Ltd. (Consolidated)               | +0.8                |
| Other Food Related Business                      | (0.2)               |
| Delica Chef Corporation                          | (0.3)               |
| Vox Trading Co., Ltd. (Consolidated)             | +0.0                |
| Adjustment (elimination)                         | (0.6)               |
| Changes in operating profit                      | (2.6)               |



**(4) Consolidated Balance Sheets****Consolidated Balance Sheets**

(Million yen)

|  | FY2021         |               | FY2022         |               | Increase/<br>decrease from<br>end of<br>FY2021 | Major factors for increase/decrease  |
|--|----------------|---------------|----------------|---------------|--|--|
|  | Amount         | Percentage    | Amount         | Percentage    |  |  |
| Current assets                               | 157,123        | 41.1%         | 154,940        | 39.1%         | (2,183)  | Decrease in cash and deposits (10,252)<br>Decrease in other non-current assets (942)<br>Increase in inventories 5,091<br>Increase in notes and accounts receivable - trade 3,918               |
| Non-current assets                           | 224,898        | 58.9%         | 241,791        | 60.9%         | 16,894   | Increase in goodwill 12,219<br>Increase in construction in progress 6,671<br>Increase in retirement benefit asset 3,876<br>Decrease in investment securities (7,621)<br>Decrease in land (980) |
| <b>Total assets</b>                          | <b>382,021</b> | <b>100.0%</b> | <b>396,732</b> | <b>100.0%</b> | <b>14,711</b>                                  |  |
| Current liabilities                          | 51,609         | 13.5%         | 56,654         | 14.3%         | 5,045  | Increase in notes and accounts payable - trade 2,242<br>Increase in short-term borrowings 1,303  |
| Non-current liabilities                      | 31,845         | 8.3%          | 38,735         | 9.8%          | 6,890  | Increase in retirement benefit liability 4,076<br>Increase in lease liabilities 3,117  |
| <b>Total liabilities</b>                     | <b>83,454</b>  | <b>21.8%</b>  | <b>95,389</b>  | <b>24.0%</b>  | <b>11,935</b>                                  |  |
| Total shareholders' equity                   | 237,762        | 62.2%         | 240,957        | 60.7%         | 3,195  | Increase in retained earnings 9,169<br>Increase in treasury shares (5,973)   |
| Total accumulated other comprehensive income | 31,204         | 8.2%          | 31,336         | 7.9%          | 132  | Increase in foreign currency translation adjustment 2,667<br>Decrease in remeasurements of defined benefit plans (1,961)   |
| Non-controlling interests                    | 29,601         | 7.7%          | 29,050         | 7.3%          | (550)  |  |
| <b>Total net assets</b>                      | <b>298,567</b> | <b>78.2%</b>  | <b>301,343</b> | <b>76.0%</b>  | <b>2,776</b>                                   |  |
| <b>Total liabilities and net assets</b>      | <b>382,021</b> | <b>100.0%</b> | <b>396,732</b> | <b>100.0%</b> | <b>14,711</b>                                  |  |

**(5) Consolidated Statements of Cash Flows****Consolidated Statements of Cash Flows**

(Million yen)

|  | FY2021   | FY2022   | Year-on-year<br>change | Major factors for increase/decrease  |
|--|----------|----------|------------------------|--|
| Cash flows from operating activities       | 16,140   | 19,483   | 3,343                  | Increase (decrease) in other liabilities 2,606<br>Increase (decrease) in retirement benefit liability 2,489<br>Income taxes paid 1,537<br>Profit before income taxes (2,096)<br>Decrease (increase) in inventories (1,491)                     |
| Cash flows from investing activities       | (10,398) | (21,467) | (11,068)               | Purchase of shares of subsidiaries resulting in change in scope of consolidation (16,056)<br>Purchase of property, plant and equipment (2,221)<br>Proceeds from withdrawal of time deposits (1,699)<br>Purchase of investment securities 8,354 |
| Cash flows from financing activities       | (10,068) | (12,739) | (2,672)                | Repayments of short-term borrowings (29,655)<br>Purchase of treasury shares (2,002)<br>Proceeds from short-term borrowings 30,416  |
| Cash and cash equivalents at end of period | 75,705   | 62,682   | (13,023)               |  |

## (6) Capital Investment

### Consolidated

(Million yen)

|                    | FY2021 | FY2022 | FY2023 Forecast |
|--------------------|--------|--------|-----------------|
| Capital investment | 12,425 | 15,239 | 29,400          |
| Leases             | 551    | 573    | 200             |
| Total              | 12,976 | 15,813 | 29,600          |

## (7) Depreciation

### Consolidated

(Million yen)

|                | FY2021 | FY2022 | FY2023 Forecast |
|----------------|--------|--------|-----------------|
| Depreciation   | 10,941 | 11,534 | 12,200          |
| Lease payments | 298    | 417    | 400             |
| Total          | 11,239 | 11,950 | 12,600          |

\* Lease payments for leased property which is recorded as an asset according to the method for sales transactions are included in "depreciation."

## (8) Major Management Indicators, etc.

### Consolidated

|   | FY2021       | FY2022       | FY2023 Forecast |
|---|--------------|--------------|-----------------|
| Profit per share  | 139.75 yen   | 139.95 yen   | 180.07 yen      |
| Net assets per share  | 2,700.99 yen | 2,791.64 yen | 2,896.40 yen    |
| ATO   | 0.67 times   | 0.71 times   | 0.76 times      |
| Ratio of operating profit to net sales  | 7.6%         | 6.0%         | 6.6%            |
| EBITDA margin   | 11.9%        | 10.4%        | 11.0%           |
| Ratio of ordinary profit to net sales   | 8.3%         | 6.6%         | 6.9%            |
| Ratio of operating profit to total assets   | 5.1%         | 4.3%         | 5.0%            |
| ROE (Return on equity)  | 5.3%         | 5.1%         | 6.3%            |
| Equity ratio  | 70.4%        | 68.6%        | 69.2%           |
| Dividend per share  | 46.00 yen    | 46.00 yen    | 46.00 yen       |
| Dividend payout ratio   | 32.9%        | 32.9%        | 25.5%           |
| Dividend payout ratio according to the basic policy on the return of earnings to shareholders | 31.8%        | 31.9%        | 23.6%           |

\* 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 | 6,169 people | 6,502 people | — |
|---------------------|--------------|--------------|---|

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

## (9) Reference Information

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

(Billion yen)

|                        | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|------------------------|--------|--------|--------|--------|--------|--------|
| Curry roux             | 55.3   | 52.9   | 51.3   | 50.5   | 46.9   | 47.2   |
| Stew roux              | 21.0   | 19.6   | 18.9   | 18.9   | 18.0   | 18.5   |
| Hashed beef sauce roux | 7.1    | 7.1    | 7.1    | 7.3    | 6.6    | 6.4    |
| Retort pouched curry   | 67.1   | 70.7   | 75.3   | 78.9   | 78.7   | 81.9   |
| Spice in total         | 82.3   | 85.9   | 88.4   | 100.6  | 97.0   | 93.4   |

### 2. Curry roux market trends (SRI+)

| FY2022                  |                               | 1Q      | 2Q      | 3Q      | 4Q      | 1H      | 2H      | Full year |
|-------------------------|-------------------------------|---------|---------|---------|---------|---------|---------|-----------|
| Overall market          | Average selling price         | 192 yen | 196 yen | 211 yen | 211 yen | 194 yen | 211 yen | 202 yen   |
|                         | Change from the previous year | -1 yen  | +2 yen  | +19 yen | +18 yen | +1 yen  | +19 yen | +9 yen    |
| House Foods Corporation | Average selling price         | 190 yen | 196 yen | 217 yen | 216 yen | 193 yen | 216 yen | 204 yen   |
|                         | Change from the previous year | -2 yen  | +4 yen  | +26 yen | +25 yen | +1 yen  | +25 yen | +12 yen   |
|                         | Share of amount               | 62.1%   | 61.8%   | 60.8%   | 61.5%   | 62.0%   | 61.2%   | 61.6%     |

Source: SRI monthly data of INTAGE Inc. (April 2022 – March 2023)

### 3. Trends by Business (Net Sales – Year on Year)

| FY2022  |  | 1Q     | 2Q     | 3Q     | 4Q     | 1H     | 2H     | Full year |
|---|--|--------|--------|--------|--------|--------|--------|-----------|
| Spice / Seasoning / Processed Food Business (House Foods) |  |        |        |        |        |        |        |           |
|   | Curry roux *1                              | 103.3% | 96.5%  | 89.9%  | 102.9% | 99.9%  | 96.4%  | 98.2%     |
|   | Retort pouched curry *1                    | 107.3% | 110.7% | 114.4% | 100.1% | 109.2% | 106.9% | 108.0%    |
|   | Stew roux *1                               | 93.3%  | 98.6%  | 102.5% | 99.0%  | 96.9%  | 101.5% | 99.8%     |
|   | Spice *1                                   | 94.6%  | 98.4%  | 103.4% | 103.4% | 96.5%  | 103.4% | 99.8%     |
|   | Food service products *1                   | 107.0% | 112.3% | 105.9% | 108.3% | 109.7% | 107.0% | 108.3%    |
| Health Food Business (House Wellness Foods)               |  |        |        |        |        |        |        |           |
|   | <i>Ukon No Chikara</i> *1                  | 175.8% | 149.8% | 103.4% | 165.5% | 162.0% | 119.7% | 135.9%    |
|   | <i>C1000</i> *1                            | 102.3% | 99.1%  | 100.1% | 91.1%  | 100.7% | 95.9%  | 98.5%     |
|   | <i>Ichinichibun No Vitamin</i> *1          | 110.9% | 121.9% | 118.8% | 89.5%  | 117.1% | 104.2% | 111.0%    |
| International Food Business (Local currency basis)        |  |        |        |        |        |        |        |           |
|   | Business in the United States              | 104.5% | 106.2% | 108.3% | 164.6% | 105.3% | 134.7% | 119.7%    |
|   | Business in China                          | 82.6%  | 124.2% | 115.5% | 124.0% | 100.3% | 119.3% | 109.5%    |
|   | Functional drinks business in Thailand     | 122.3% | 103.1% | 78.4%  | 100.0% | 111.3% | 89.0%  | 100.0%    |
| Restaurant Business (Ichibanya)                           |  |        |        |        |        |        |        |           |
|   | Net sales of all domestic restaurants      | 99.6%  | 107.3% | 106.8% | 108.7% | 103.4% | 107.8% | 105.6%    |
|   | Net sales of existing domestic restaurants | 100.8% | 108.3% | 107.7% | 109.7% | 104.5% | 108.7% | 106.6%    |
|   | Number of customers                        | 101.6% | 105.9% | 105.1% | 99.1%  | 103.7% | 102.0% | 102.8%    |
|   | Average sales per customer                 | 99.2%  | 102.2% | 102.5% | 110.6% | 100.7% | 106.6% | 103.7%    |

\*1 Results by product are based on shipments and are for reference only.