



FY2022 Results Briefing for the First Half

House Foods Group Inc.

Stock code 2810

November 10, 2022

<https://housefoods-group.com/>

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Part: 1

FY2022
First-Half Results

- The Group's results were also significantly impacted by global inflation and the depreciation of the yen.

Billion yen

Increase in costs on a consolidated basis
(impact of exchange rates)

* Total increase in raw material and energy costs and logistics expenses

Initial forecast

Results

-3.7 (0.4) → **-3.8** (0.4)

Spice / Seasoning / Processed Food Business

-2.5 (0.4)

-2.7 (0.4)

Health Food Business

-0.1

-0.1

International Food Business

-0.8

-0.7

Restaurant Business

-0.3

-0.2

Other Food Related Business

-0.0

-0.1

- Net sales: Increased, partly due to the growth of the International Food Business, sales recovery associated with the resumption of economic activity, and price revisions
- Operating profit: Decreased due to inability to absorb rising costs in the Spice/Seasoning/Processed Food Business
- Profit: Continued to reduce cross-shareholdings and used gain on sale to fund acquisition of treasury shares of 6 billion yen

Billion yen	FY2021 2Q		FY2022 2Q		Year on year	
	Results	Comparison with net sales	Results	Comparison with net sales	Increase/Decrease	%
Net sales	124.1	-	133.8	-	+9.7	+7.8%
Operating profit	9.0	7.3%	7.6	5.7%	-1.4	-15.5%
EBITDA*1	14.3	11.5%	13.1	9.8%	-1.1	-7.8%
Ordinary profit	10.3	8.3%	9.0	6.7%	-1.4	-13.3%
Profit attributable to owners of parent	7.2	5.8%	5.5	4.1%	-1.7	-23.8%

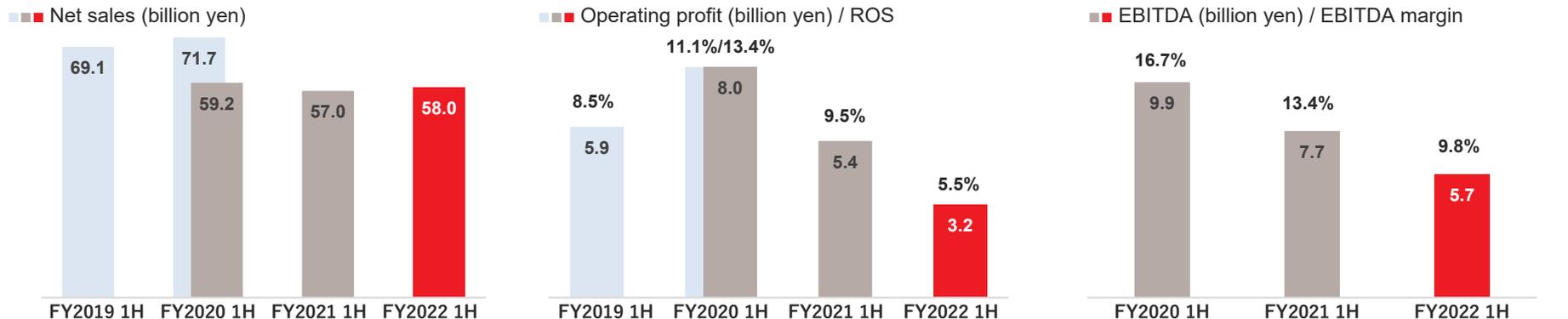
*1 EBITDA: Operating profit (before amortization of goodwill) + Depreciation

Results by Segment

FY2022 First-Half Results

Billion yen	Net sales			Operating profit			ROS		EBITDA margin	
	Results for the previous fiscal year	Results	Year on year	Results for the previous fiscal year	Results	Year on year	Results	Year on year	Results	Year on year
Consolidated	124.1	133.8	+7.8%	9.0	7.6	-15.5%	5.7%	-1.6pt	9.8%	-1.7pt
Spice / Seasoning / Processed Food Business	57.0	58.0	+1.8%	5.4	3.2	-40.7%	5.5%	-4.0pt	9.8%	-3.7pt
Health Food Business	7.0	8.5	+21.1%	-0.3	1.1	-	12.6%	+17.4pt	15.6%	+15.7pt
International Food Business	19.4	22.6	+16.4%	3.2	3.1	-3.8%	13.7%	-2.9pt	17.5%	-2.9pt
Restaurant Business	22.1	22.9	+3.8%	0.5	0.6	+23.0%	2.8%	+0.4pt	9.0%	+0.3pt
Other Food Related Business	22.9	26.4	+15.4%	0.8	0.5	-34.9%	2.0%	-1.5pt	2.9%	-1.6pt
Adjustment (elimination)	-4.3	-4.7	-	-0.6	-0.9	-	-	-	-	-

Spice / Seasoning / Processed Food Business



- Profit fell sharply, reflecting high upfront costs, notably raw material and energy costs. Results were also below pre-pandemic-levels.
- Price revisions were timely implemented from June. Efforts were mainly focused on creating demand and instilling a sense that the new selling prices are reasonable.

House Foods Corporation:

- Sought to create demand in the summer mainly for curry products, with an advertising campaign tied to the ONE PIECE FILM RED movie and continued strengthening of time-saving recipes for making curry in a frying pan.
- Core products performed solidly, despite weaker than anticipated speculative demand ahead of price revisions. The switchover to the new selling prices went ahead in most cases by September.

Gaban Co., Ltd.:

- Sales increased with the resumption of economic activity.
- Profit fell due to initial investment associated with the startup of House Gaban next spring and higher procurement costs due to a weaker yen.

<Net sales by operating company>



GABAN®

House Foods Corp.
(consolidated)*1

Gaban Co., Ltd.
(non-consolidated)

<House Foods Corp. Net sales by major product category>*2



Curry roux

Stew roux

Spice

Total of retort
pouched
products*3

Food service
products

Net sales (billion yen)	53.5	4.3	18.4	4.3	10.8	10.3	8.2
Year-on-year change	+0.7%	+11.2%	-0.1%	-3.1%	-3.5%	+9.7%	+9.7%

*1 Excludes House Wellness Foods products (Health Food Business) and exported products (International Food Business)

*2 Reference value based on shipments

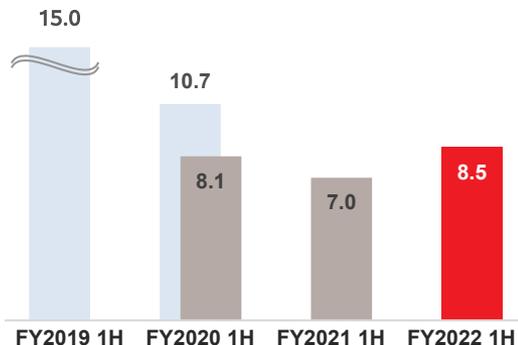
*3 Total of retort pouched curry, retort pouched hashed beef sauce and retort pouched stew

Results by Segment

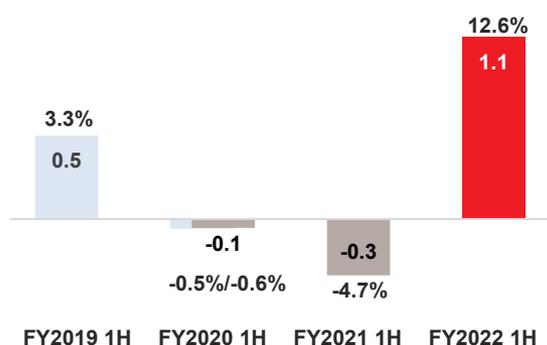
FY2022 First-Half Results

Health Food Business

■ Net sales (billion yen)

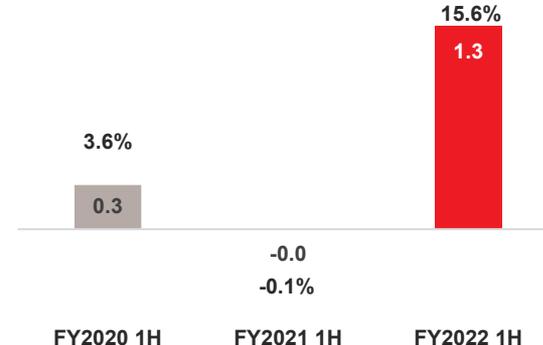


■ Operating profit (billion yen) / ROS



■ Old accounting standard ■ New accounting standard

■ EBITDA (billion yen) / EBITDA margin



- One year on from the integration of sales functions with House Foods Corp., the Health Food Business reaped the rewards of integration, such as the diversification of sales channels.
- Progress was made on shifting to a leaner structure through profit structure reform. Benefiting also from increased sales, the Health Food Business returned to operating profitability.

Functional spice business:

- In the absence of strict COVID restrictions, results for *Ukon No Chikara* improved year on year (reaching around 60% of pre-pandemic levels).

Vitamin products business:

- With functionality and palatability as strengths, *Ichinichibun No Vitamin* jelly products grew. In addition to meeting needs for breakfast alternatives and hunger satisfying snacks, jelly products were also adopted by local governments as food products for people recovering from COVID-19.

<Net sales by business>*

Functional spice business	Vitamin products business	Lactobacillus business
---------------------------	---------------------------	------------------------

Net sales (billion yen)	3.9	5.2	0.2
Year-on-year change	+44.0%	+8.4%	-34.5%

<Net sales by major product category>*



Ukon No Chikara

2.5
+62.0%



C1000

2.3
+0.9%



Ichinichibun No Vitamin

2.6
+17.1%

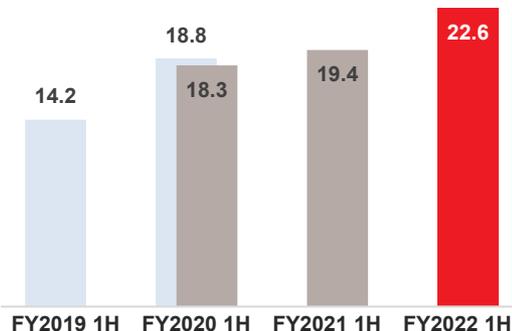
* Reference value based on shipments

Results by Segment

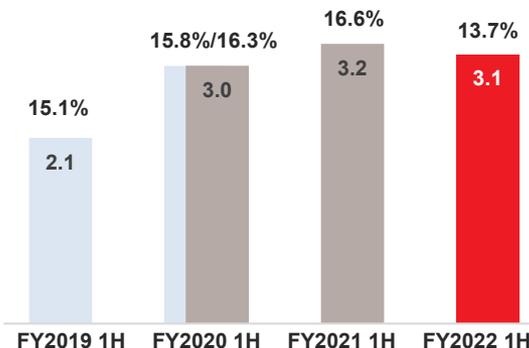
FY2022 First-Half Results

International Food Business

■ Net sales (billion yen)

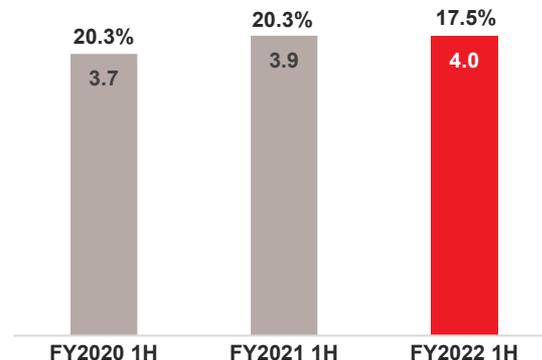


■ Operating profit (billion yen) / ROS



■ Old accounting standard ■ New accounting standard

■ EBITDA (billion yen) / EBITDA margin



- Growth momentum was maintained in all three priority areas (United States, China and Southeast Asia) despite increased uncertainty.
- Price revisions and other measures were implemented to offset decline in profits caused by dramatic inflation and the policies adopted by governments around the world.

United States:

- Tofu business: The volume of shipments was kept in line with the level a year earlier. Staffing problems gradually started to be resolved. The price revisions implemented in January became more firmly established but were not enough to absorb higher costs as a result of dramatic inflation.

*The business of importing food products from Japan reported large declines in sales and profit due to container shipping delays and higher logistics costs.

China:

- Household use: The April price revisions were completed during the Shanghai lockdown. Adopted as government food rations, curry products became more popular.
- Food service use: Profit declined, with the zero COVID policy inevitably leading to decreased orders. Efforts were focused on expanding sales channels including the sale of raw materials.

Thailand:

- Promotion celebrating the 10th anniversary of C-vitt proved a success.
- C-vitt 0% Sugar was launched. Progress was made expanding vitamin-taking opportunities and the customer base.

Net sales by business

Business in the United States

Business in China

Businesses in Southeast Asia

Overall

Tofu business

Overall

Functional drinks business
in Thailand

Net sales (billion yen)

9.0

8.4



4.9



6.5

6.2

Year-on-year change

+20.9%

+25.4%

+14.5%

+18.5%

+17.0%

Local currency basis

+5.3%

+9.2%

+0.3%

+12.2%

+11.3%

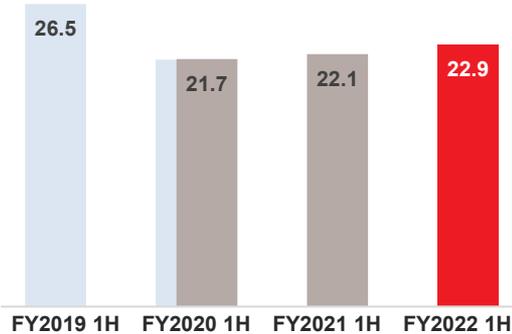


Results by Segment

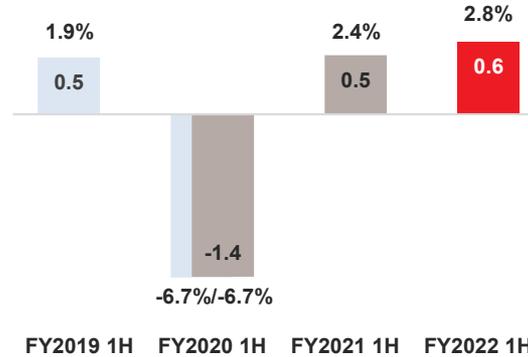
FY2022 First-Half Results

Restaurant Business

■ Net sales (billion yen)

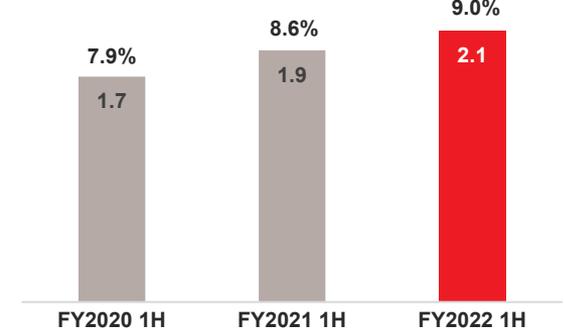


■ Operating profit (billion yen) / ROS



■ Old accounting standard ■ New accounting standard

■ EBITDA (billion yen) / EBITDA margin



- Enhanced initiatives to meet need for greater convenience including increasing menu variations and introducing mobile ordering.
- Net sales and operating profit both exceeded levels a year earlier but still fell short of expectations due to the protracted effects of the COVID-19 pandemic in Japan and overseas.

- Japan:
- Requests to shorten business hours were lifted in late March. The number of customers gradually recovered despite the negative impact of a seventh COVID wave.
 - Menu variations were strengthened to coincide with the June price revisions. Without any drop in the number of customers, net sales at existing stores rose year on year.
- Overseas:
- The number of stores increased overall, although business conditions varied greatly in each area.
 - Profit fell, severely impacted by the suspension of store operations in China due to the zero COVID strategy.

<Changes in net sales and number of stores of Ichibanya Co., Ltd.>

Year-on-year change	All restaurants	Existing restaurants			Number of stores	
	Net sales	Net sales	Number of customers	Average sales per customer	All business categories	Increase/decrease from end of FY2021
Japan	+3.4%	+4.5%	+3.7%	+0.7%	1,257	-2
Overseas	+15.5%	+11.8%	-	-	207	+5

<Enhancement of menu variations>

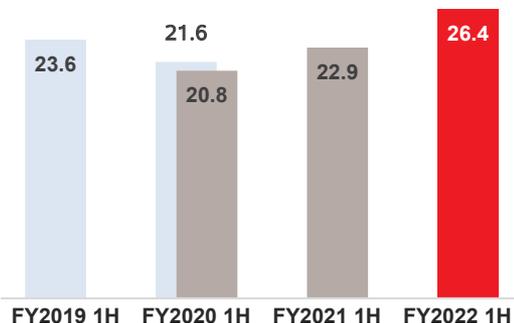


Results by Segment

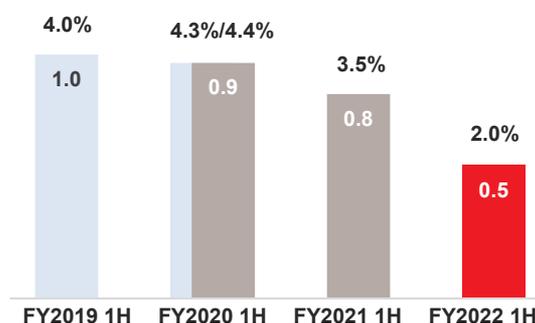
FY2022 First-Half Results

Other Food Related Business

■ Net sales (billion yen)

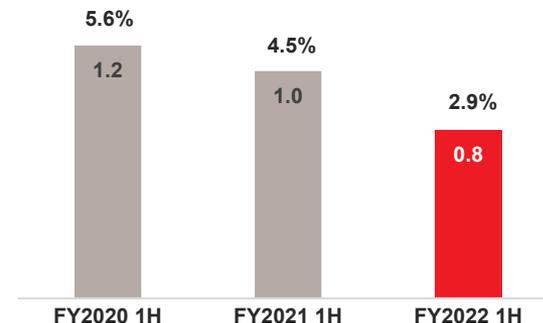


■ Operating profit (billion yen) / ROS



■ Old accounting standard ■ New accounting standard

■ EBITDA (billion yen) / EBITDA margin



Delica Chef Corporation:

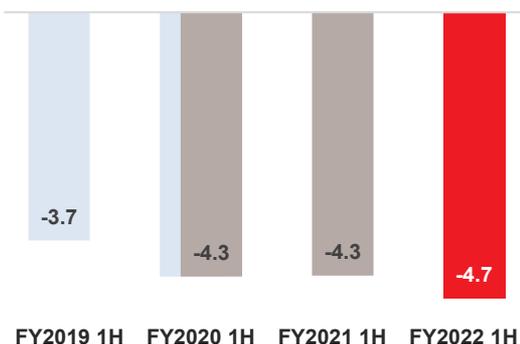
Profit declined due to rising raw material prices and increased manufacturing costs, despite growth in baked bread.

Vox Trading Co., Ltd.:

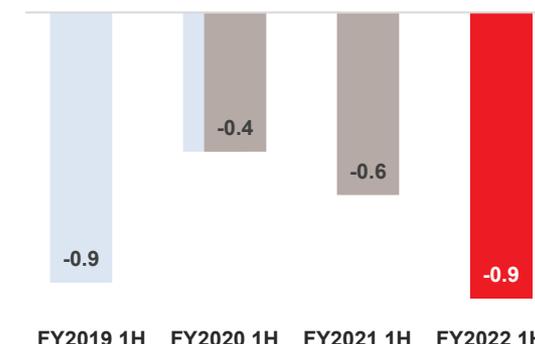
In Japan, food service demand recovered and exported goods performed strongly due to a weaker yen. Profit growth was achieved despite uphill battle at overseas subsidiaries.

Adjustment (elimination)

■ Net sales (billion yen)



■ Operating profit (billion yen) / ROS



<Net sales by operating company>



Delica Chef Corporation



Vox Trading Co., Ltd. (consolidated)

Net sales (billion yen)

9.7

15.8

Year-on-year change

+0.9%

+27.3%

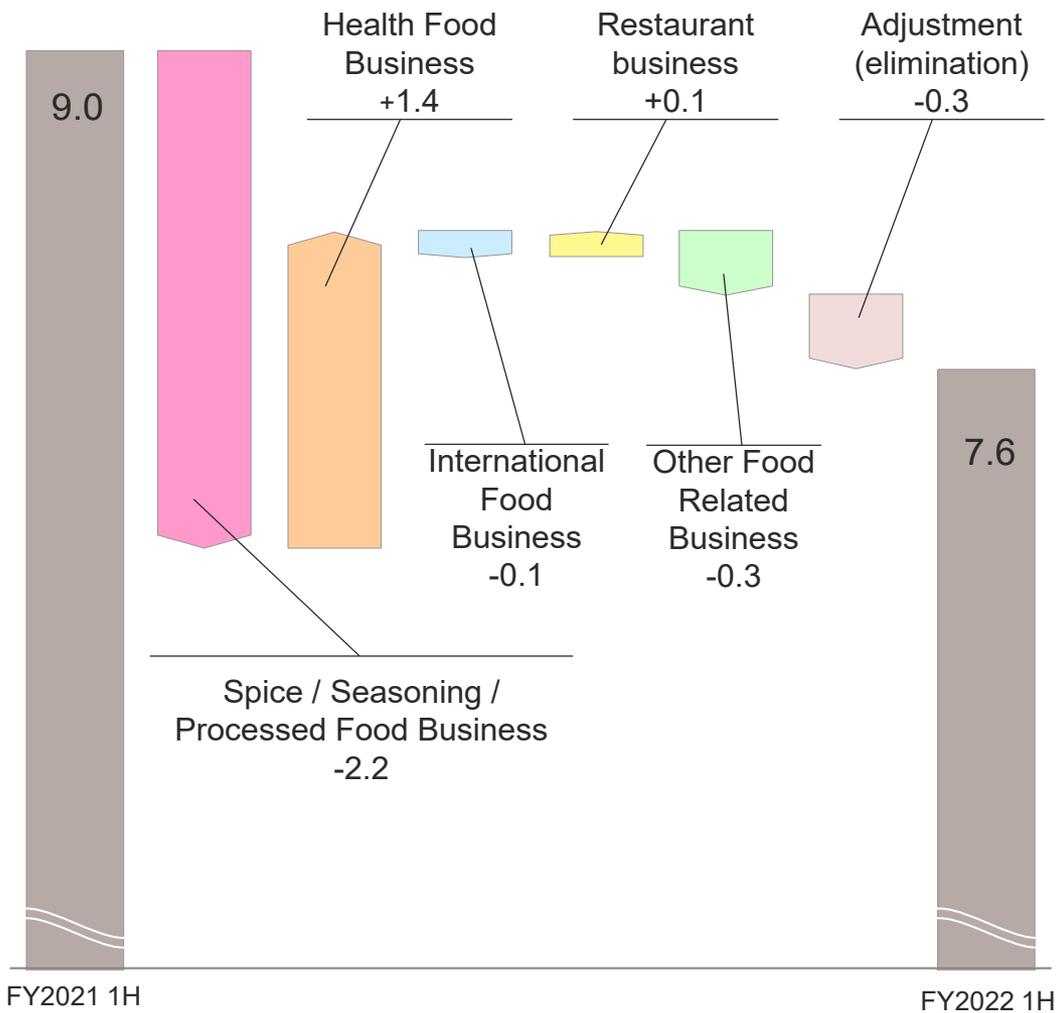
Head office costs:

Strategic investments were made to develop the four value chains

Operating Profit Change Analysis

FY2022 First-Half Results

◆ Factors of changes by business segment (billion yen)



	Billion yen	Increase/Decrease
Spice / Seasoning / Processed Food Business		-2.2
• Change in sales		+0.5
• Change in cost of sales ratio		-2.2
• Marketing costs		-0.2
• Other expenses		-0.1
• Gaban and other affiliated companies, adjustment		-0.2
Health Food Business		+1.4
• Change in sales		+0.9
• Change in cost of sales ratio		+0.1
• Marketing costs		+0.2
• Other expenses		+0.3
International Food Business		-0.1
• Business in the United States		-0.2
• Business in China		-0.1
• Businesses in ASEAN		+0.3
• Exports and others		-0.1
Restaurant Business		+0.1
• Ichibanya Co., Ltd. (consolidated)		+0.1
Other Food Related Business		-0.3
• Delica Chef Corporation		-0.3
• Vox Trading Co., Ltd. (consolidated)		+0.0
Adjustment (elimination)		-0.3
Changes in operating profit		-1.4

Overview of Non-operating Income and Expenses and Extraordinary Income and Losses

FY2022 First-Half Results

Billion yen	FY2021 1H	FY2022 1H	YoY change	Main factors
Operating profit	9.0	7.6	-1.4	
Non-operating income and expenses	1.3	1.3	+0.0	<ul style="list-style-type: none"> · Foreign exchange gains +0.4 · Subsidy income -0.3
Ordinary profit	10.3	9.0	-1.4	
Extraordinary income and losses	1.9	0.5	-1.4	<ul style="list-style-type: none"> · Gain on sale of investment securities -1.3
Profit before income taxes	12.2	9.4	-2.8	
Income taxes	4.0	3.1	-0.9	
Profit attributable to non-controlling interests	1.0	0.8	-0.2	
Profit attributable to owners of parent	7.2	5.5	-1.7	

Part: 2

Full-Year Plan for
FY2023

Factors for Cost Increases

Full-Year Plan for FY2022

- With the Ukraine crisis dragging on and the pace of yen depreciation also increasing, the impact of costs will be greater in the second half than the first.
- On a full-year basis, an unprecedented year-on-year cost increase of 10.5 billion yen is forecast.

Billion yen

Increase in costs on a consolidated basis (impact of exchange rates)

* Total increase in raw material and energy costs and logistics expenses

	Initial forecast		Forecast
	-8.1	→	-10.5
	(0.8)		(1.2)

Spice / Seasoning / Processed Food Business

-5.8(0.8)

-7.3(1.2)

Health Food Business

-0.3

-0.3

International Food Business

-1.3

-1.4

Restaurant Business

-0.7

-1.3

Other Food Related Business

-0.0

-0.3

- Net sales: Forecast has been raised to reflect price revisions and the capturing of demand on the resumption of economic activity.
- Operating profit: Forecast has been lowered to reflect deterioration in cost conditions and the delayed recovery of the Restaurant Business.

Billion yen	Year ending March 31, 2023						2H			
	Results for the previous fiscal year	Initial plan	Revised plan	Comparison with net sales	Year on year	Vs. initial plan	Results for the previous fiscal year	Revised plan	Comparison with net sales	Year on year
Net sales	253.4	270.6	275.3	-	+8.6%	+1.7%	129.3	141.5	-	+9.4%
Operating profit	19.2	18.4	16.0	5.8%	-16.8%	-13.0%	10.2	8.4	5.9%	-17.9%
EBITDA*1	30.1	29.8	27.7	10.1%	-8.0%	-7.0%	15.9	14.6	10.3%	-8.2%
Ordinary profit	21.1	19.5	17.9	6.5%	-15.3%	-8.2%	10.8	8.9	6.3%	-17.2%
Profit attributable to owners of parent	14.0	11.2	11.1	4.0%	-20.5%	-0.9%	6.7	5.6	4.0%	-16.9%

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

Revised Plan by Segment

Full-Year Plan for FY2022

Billion yen		Year ending March 31, 2023					2H		
		Results for the previous fiscal year	Initial plan	Revised plan	Year on year	Vs. initial plan	Results for the previous fiscal year	Revised plan	Year on year
Consolidated	Net sales	253.4	270.6	275.3	+8.6%	+1.7%	129.3	141.5	+9.4%
	Operating profit	19.2	18.4	16.0	-16.8%	-13.0%	10.2	8.4	-17.9%
	EBITDA	30.1	29.8	27.7	-8.0%	-7.0%	15.9	14.6	-8.2%
Spice / Seasoning / Processed Food Business	Net sales	117.4	122.5	122.9	+4.7%	+0.3%	60.5	64.9	+7.3%
	Operating profit	12.6	9.7	8.8	-30.3%	-9.3%	7.2	5.6	-22.6%
	EBITDA	17.4	14.8	13.9	-20.1%	-6.1%	9.8	8.3	-15.6%
Health Food Business	Net sales	14.4	15.8	16.5	+14.3%	+4.4%	7.4	8.0	+7.9%
	Operating profit	-0.1	0.3	1.4	-	+366.7%	0.2	0.3	+66.6%
	EBITDA	0.5	0.9	1.9	+263.2%	+124.8%	0.5	0.6	+10.5%
International Food Business	Net sales	39.1	45.1	48.7	+24.5%	+8.0%	19.7	26.1	+32.6%
	Operating profit	5.2	5.5	5.4	+2.9%	-1.8%	2.0	2.3	+13.4%
	EBITDA	6.7	7.1	7.5	+11.2%	+5.3%	2.8	3.5	+27.1%
Restaurant Business	Net sales	45.4	52.0	47.3	+4.1%	-9.0%	23.3	24.4	+4.4%
	Operating profit	1.5	3.4	1.7	+13.2%	-50.0%	1.0	1.1	+7.9%
	EBITDA	4.3	6.3	4.6	+5.6%	-27.2%	2.4	2.5	+3.9%
Other Food Related Business	Net sales	45.6	44.2	48.9	+7.3%	+10.6%	22.7	22.5	-0.8%
	Operating profit	1.5	1.6	1.2	-18.9%	-25.0%	0.7	0.7	-0.2%
	EBITDA	2.0	2.1	1.7	-12.8%	-19.3%	0.9	1.0	+1.7%
Adjustment (elimination)	Net sales	-8.6	-9.0	-9.0	-	-	-4.3	-4.3	-
	Operating profit	-1.5	-2.1	-2.5	-	-	-0.9	-1.6	-

Revised Plan by Segment

Full-Year Plan for FY2022

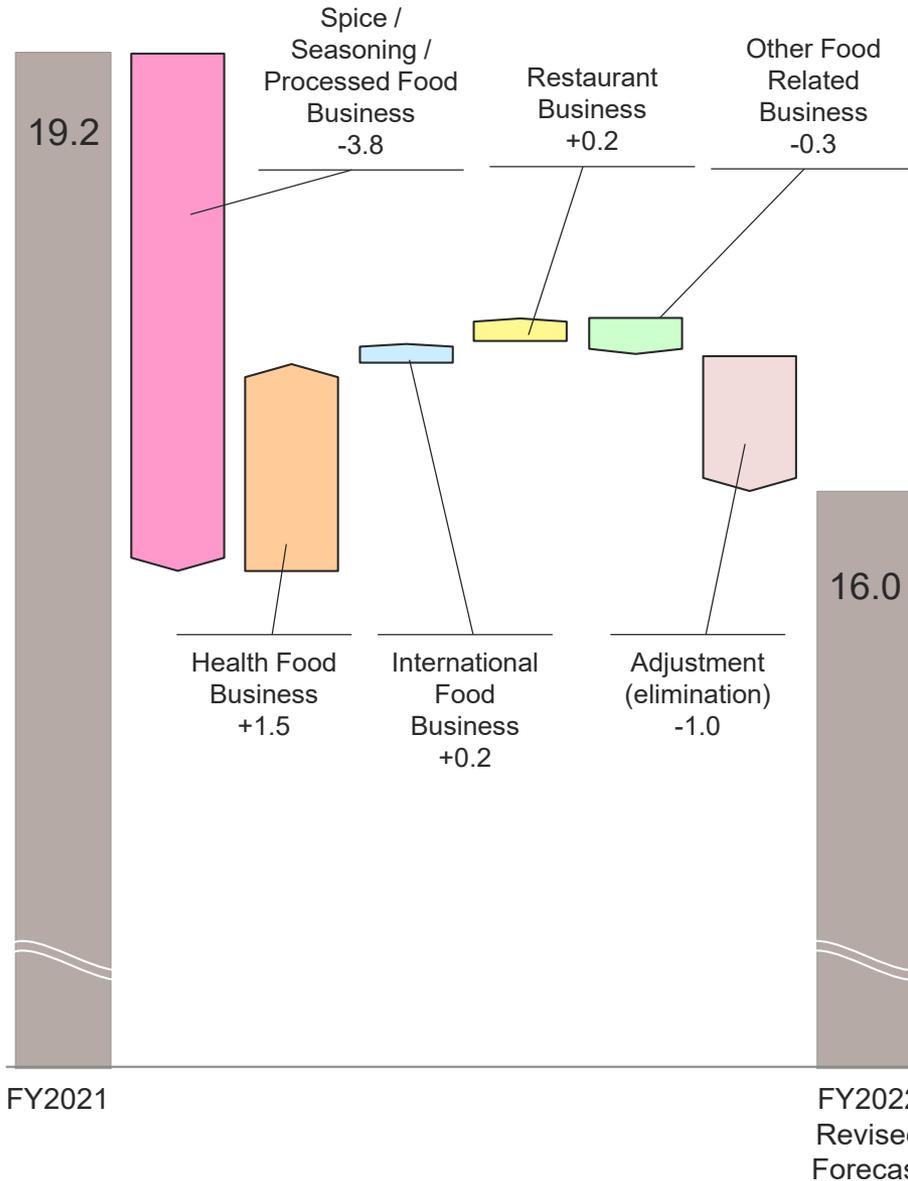
Billion yen	Net sales			Results for the previous fiscal year	Operating profit			ROS		EBITDA margin	
	Previous fiscal year	Revised plan	Year on year		Revised plan	Year on year	Revised plan	Year on year	Revised plan	Year on year	
Consolidated	253.4	275.3	+8.6%	19.2	16.0	-16.8%	5.8%	-1.8pt	10.1%	-1.8pt	
Spice / Seasoning / Processed Food Business	117.4	122.9	+4.7%	12.6	8.8	-30.3%	7.2%	-3.6pt	11.3%	-3.5pt	
Health Food Business	14.4	16.5	+14.3%	-0.1	1.4	-	8.5%	+9.4pt	11.7%	+8.0pt	
International Food Business	39.1	48.7	+24.5%	5.2	5.4	+2.9%	11.1%	-2.3pt	15.3%	-1.8pt	
Restaurant Business	45.4	47.3	+4.1%	1.5	1.7	+13.2%	3.6%	+0.3pt	9.6%	+0.1pt	
Other Food Related Business	45.6	48.9	+7.3%	1.5	1.2	-18.9%	2.5%	-0.8pt	3.5%	-0.8pt	
Adjustment (elimination)	-8.6	-9.0	-	-1.5	-2.5	-	-	-	-	-	

- Spice / Seasoning / Processed Food Business
 - Create demand and firmly establish new prices
 - Curry roux products: More strongly propose the appeal of cooking-type curry products (improve positioning among winter menu options and continue to push convenient variety products).
 - Retort pouched products: Step up approaches for different price brackets (expand share of multi-pack products and continue to strengthen brands in mid- and high-price brackets).
- Health Food Business
 - Focus on developing the vitamins and lactobacillus business and also continue to implement profit structure reforms.
 - Full-year results for *Ukon No Chikara* are expected to be similar to the first-half results when compared with pre-pandemic levels. Continue to respond to changes in behaviors.
- International Food Business
 - United States: Resolve the management issues that have been exposed (staff shortages and need to strengthen business base) and start taking on new challenges, for the development of the Soybean VC.
 - Existing: Implement personnel strategies to attract and retain human resources. Implement the second price revisions for the current fiscal year from November.
 - New: Integrate Keystone into the Group (amortization of goodwill and advisory fees, etc. of around 600 million yen will be incurred in 4Q).
 - China: Create real demand based on new selling prices and step up measures to make inroads into regional cities and increase ability to withstand emergencies. (Household use: Develop second brand and e-commerce site. Food service use: Develop BtoBtoC through supply of raw materials)
 - Thailand: Existing bottled products are moving into a stable phase. Acquire new customers through the rollout of the C-vitt brand.
- Restaurant Business
 - Assumptions for second-half sales at existing stores were revised (domestic: +2.0%; overseas: +5.0%).
 - Plan to implement second price revision for this year from December. Seek to absorb greater than anticipated increase in the cost of raw materials, etc.

Operating Profit Change Analysis

Full-Year Plan for FY2022

◆FY2022 Factors of changes by business segment
(Billion yen)



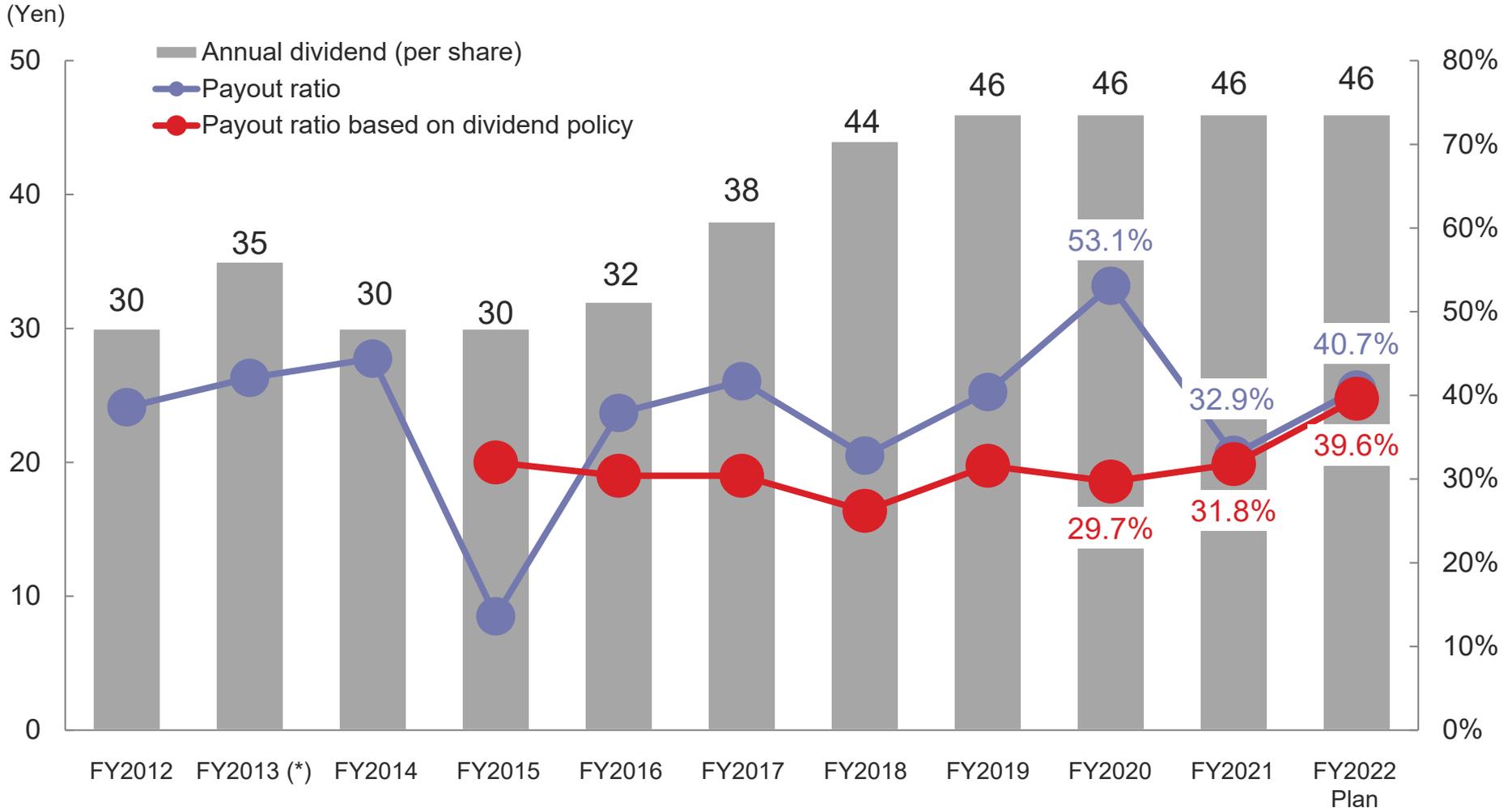
Billion yen	FY2022 1H Results	FY2022 2H Revised forecast	FY2022 Revised forecast
Spice / Seasoning / Processed Food Business	-2.2	-1.6	-3.8
• Change in sales	+0.5	+1.8	+2.4
• Change in cost of sales ratio	-2.2	-2.8	-5.0
• Marketing costs	-0.2	+0.3	+0.1
• Other expenses	-0.1	-0.8	-0.9
• Gaban and other affiliated companies, adjustment	-0.2	-0.2	-0.4
Health Food Business	+1.4	+0.1	+1.5
• Change in sales	+0.9	+0.3	+1.2
• Change in cost of sales ratio	+0.1	-0.2	-0.1
• Marketing costs	+0.2	+0.1	+0.3
• Other expenses	+0.3	-0.1	+0.2
International Food Business	-0.1	+0.3	+0.2
• Business in the United States	-0.2	-0.2	-0.4
(Goodwill and advisory fees, etc. associated with Keystone)	-	-0.6	-0.6
• Business in China	-0.1	+0.4	+0.3
• Businesses in ASEAN	+0.3	+0.2	+0.5
• Exports and others	-0.1	-0.1	-0.2
Restaurant Business	+0.1	+0.1	+0.2
• Ichibanya Co., Ltd. (consolidated)	+0.1	+0.1	+0.2
Other Food Related Business	-0.3	-0.0	-0.3
• Delica Chef Corporation	-0.3	+0.1	-0.2
• Vox Trading Co., Ltd. (consolidated)	+0.0	-0.1	-0.1
Adjustment (elimination)	-0.3	-0.7	-1.0
Changes in operating profit	-1.4	-1.8	-3.2

Dividends

Full-Year Plan for FY2022

◆ Dividend Policy

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.



* FY2013: Includes an additional 5 yen dividend to commemorate the Company's 100th anniversary.

Part: 3

Seventh Medium-term
Business Plan Progress

Implementing initiatives for the development of four
value chains based on backcasting

Progress on Investment for Development of Four Value Chains

Seventh Medium-term Business Plan Progress

Seventh Medium-term Business Plan

FY2021

FY2022

From FY2023

Theme: Aim to create synergies through collaborative creation among group companies that handle spices and curry

- Expansion of large-volume retort pouched product production lines (July 2021, House Foods)
- **GSM capital transfer*** (August 2021)
- Partial business transfer of Malony business (April 2022, Malony → House Foods)
- Reorganization of spice production bases (FY2021-FY2026) (House Foods, Gaban, House Ai-Factory)
- **Establishment of a joint venture company in Indonesia** (November 2022, plan to start business next fiscal year)
- Restructuring of BtoB business (April 2023, House Foods, Gaban)
- **Establishment of new productions lines in China** (Scheduled to enter service in 2023)

* Gaban Spice Manufacturing (M) SDN. BHD.(capital transfer from Gaban to House Foods Group)

Theme: Utilize lactobacillus, vitamins and spices more widely as a Group ingredient

- Integration of sales functions (April 2022) (House Foods, House Wellness Foods)
- Establishment of company to oversee Southeast Asia business (April 2022)
- **Lactobacillus business: Enhancement of sales functions in the United States**

Theme: Consider utilizing soybeans not only in the tofu business in the United States but also in other business outside the United States

- Acquisition of land for a third site in the United States (aiming to start operation in 2025)
- Opening office in Germany (April 2022)
- **Integration of Keystone into the Group** (September 2022)
- Expansion of LA plant (scheduled to start operation in June 2023)

Theme: Create new business model in agriculture business area through collaborative creation both inside and outside the group

- CVC: Additional equity contribution to Farmship, Inc.

<Reinforcement of foundations for the realization of four value chains>

- Realization of diversity (increase diversity in terms of attributes, experience and aptitude and create an organization which leverages this diversity)
- Commitment to achieve carbon neutrality by 2050 (Scope1 and Scope 2)
- **Revision of personnel systems** (April 2023, House Foods)
- **Adoption of Total Energy Services for Multiple Sites** (Starting from 2024, 8 Group companies)

Aiming to be a high-quality company with a global presence

Development of four value chains

Reconstruction of portfolio based on what is best for the group rather than what is best for each individual company

- Spice VC
- Functional Ingredients VC
- Soybean VC
- Value-added Vegetables VC

Spice VC Curry business in ASEAN region

<Curry business in ASEAN region>

- Aim to build the next pillar of the curry business after Japan and China in Southeast Asia
 - Focus on Indonesia and Vietnam as countries in which to build bases from the viewpoint of market potential and growth potential
- Classify into two trading areas from religious and geographical viewpoints (Indonesia: Halal/Vietnam: Non-Halal)

1st Step 5th-6th medium-term plan

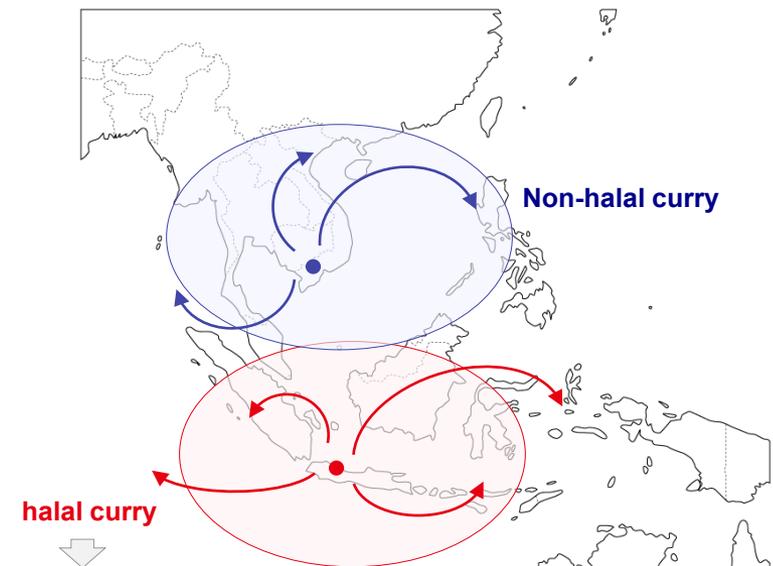
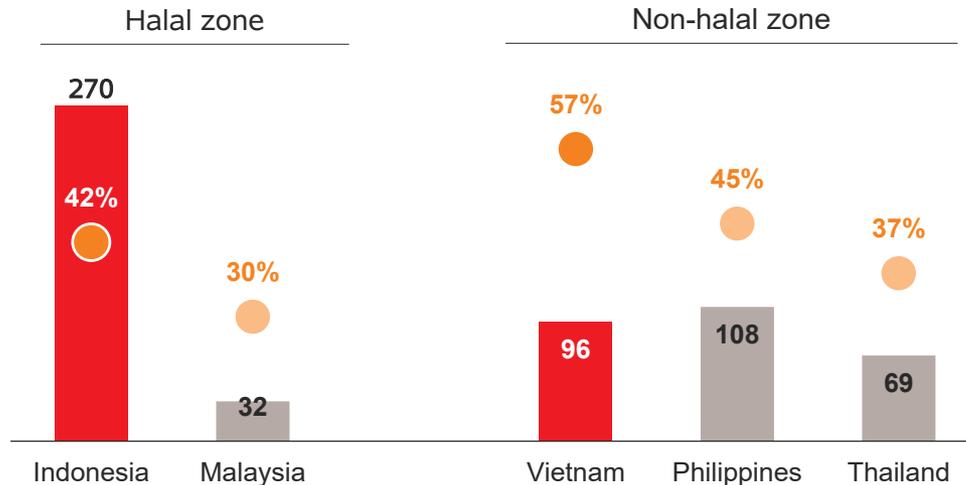
2nd Step 7th-8th medium-term plan

- Link with expansion of Ichibanya franchise
- Verify market potential through BtoB

- Use increased awareness of menu items and food experience to start introducing BtoC products to market
- Develop business structure for delivering speed & scale (alliances)

<Populations and percentages of people cooking for themselves in ASEAN countries*>

■ Population (2020/Million people) ● Percentage of people cooking for themselves



Plan to start marketing curry roux products for household use from next fiscal year

Sources:
Population: Euromonitor International
Percentage of people cooking for themselves: Based on the Company's own data

Establish sales company in Indonesia in joint venture with PT Sasa Inti
Plan to start selling curry roux products for household use from next fiscal year

<Business expansion>

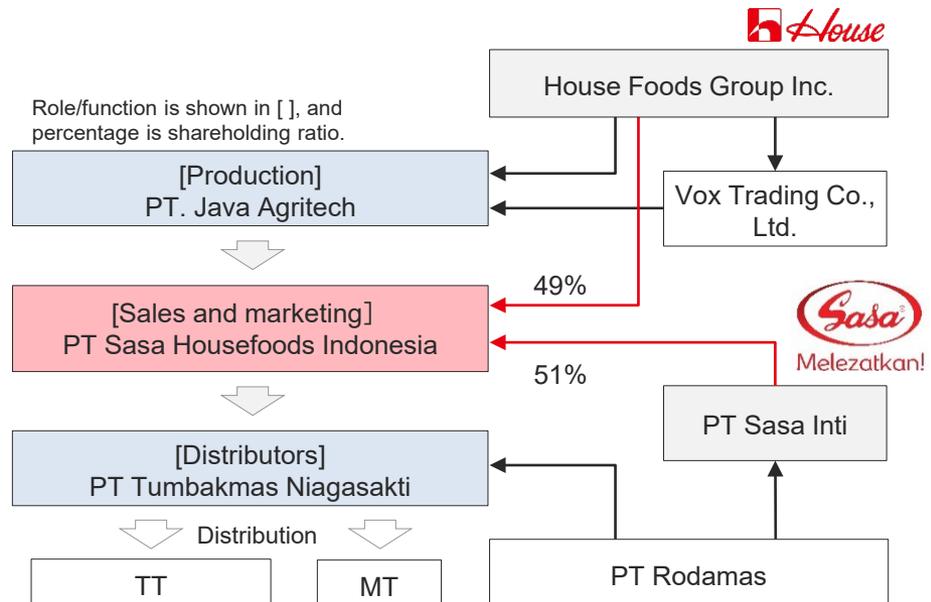
- Form joint venture with Sasa Inti, an affiliate of Rodamas, which has a strong track record of partnerships with Japanese companies
- Seek to promote distribution via traditional trade (TT), which is the main sales channel in Indonesia, by utilizing a distributor affiliated with Rodamas, which has strong TT sales channels, and work to develop the market for products for household use
- Launch small volume, affordable halal certified curry roux products to target the growing middle class

⇒ Aim for a business scale of 7 billion yen in 10 years

<Overview of the new company>

Name	PT Sasa Housefoods Indonesia
Address	Jakarta, Indonesia
Representative Director	Budie Siswantono
Date of establishment	November 2022 (planned)
Share capital	10 Billion IDR
Shareholding ratio	House Foods Group Inc. 49% (consolidated subsidiary) PT Sasa Inti 51%
Business description	Sales and marketing of Sasa House brand halal curry products

<Business scheme>



Functional Ingredients VC Progress of Lactobacillus Business

Seventh Medium-term
Business Plan Progress

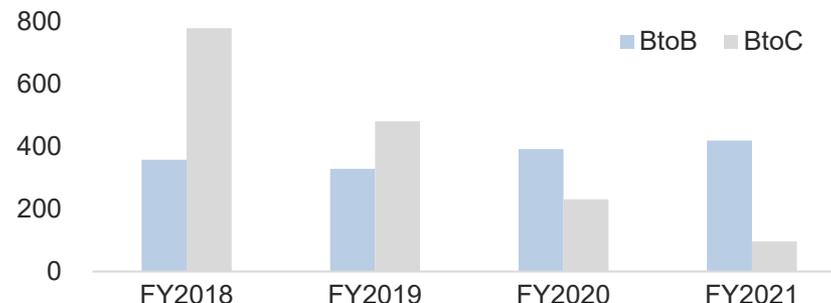
Shift to structure prioritizing operations overseas,
where evidence of lactobacillus is highly supported

L-137

<Progress of lactobacillus business>

1989	Immunological research begins (former Takeda Food Products Ltd.)
1994	Research into lactobacillus L-137 begins
2013	Overseas sale of raw materials begins
2017	Certification as food for specified health uses in relation to immune response obtained in Taiwan
2018	BtoC products launched in Japan
2019	Investment made for the in-house production of lactobacillus
2021	Included in the list of non-novel foods of Food Standards Australia New Zealand (FSANZ) for the first time under postbiotics
2022	Registration of four health claims relating to immune response is completed in Australia and New Zealand.

Net sales on a shipment basis (million yen)



- Struggling to establish market in own BtoC business in Japan
- Meanwhile, BtoB business has been slow to expand but inquiries are increasing, supported by evidence, especially overseas.

<Changes in environment surrounding BtoB business>

	Japan		Overseas
Feedstuff	Rising feedstuff prices	Impact on business operations ↓	Rising feedstuff prices But there are opportunities with increased breeding rates and strong demand for alternatives to antibiotics
Materials	Reluctance to use new raw materials due to rising raw material prices	Impact on business operations ↓	Market is on recovery path despite differences among regions. Market for immunobiotics* is growing.

Prioritize 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 accelerate the global shift of sales personnel/structure from the current fiscal year.

*Immunobiotics: Microbes which boost gut immunity and beneficially regulate the immune system (2003, FEMS Immunol Med Microbiol.)

Keystone Natural Holdings, which has a product portfolio and development capabilities in the value added tofu and PBF domain, joined the House Foods Group.

<Overview of acquisition>

Acquisition price (Corporate value)	110 million US dollars (approx. 15.9 billion yen) *1, 2 Advisory costs of approx. 0.3 billion yen
Funding for acquisition	Cash on hand
Schedule	Transfer of equity interest was completed on September 30 (in the United States) Timing of inclusion in consolidated financial statements B/S: End of 3Q, PL: From 4Q
Goodwill	Approx. 80 million U.S. dollars*3 (Amortized over 10 years)

- *1 Acquisition price will be adjusted at the time of implementing equity interest acquisition, as prescribed in the equity interest transfer agreement.
- *2 Calculation is made using an exchange rate of 144.81 yen to US\$1.00 (TTM rate on September 30, 2022).
- *3 Amount may change based on the results of the market valuation of the assets of the acquired company and the examination of PPA that are currently underway.

<Overview of Keystone>



Name	Keystone Natural Holdings, LLC
Business description	Production and distribution of Tofu and PBF
Head office	Pennsylvania, the United States
Number of employees	381 people
Production site	U.S.(4), Canada (1)

Brand	<PBF>	<Tofu and value added tofu>
		
Business size (Thousand USD)	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	44,882	55,374
Operating profit	-2,019	-1,716
EBITDA	1,938	2,780

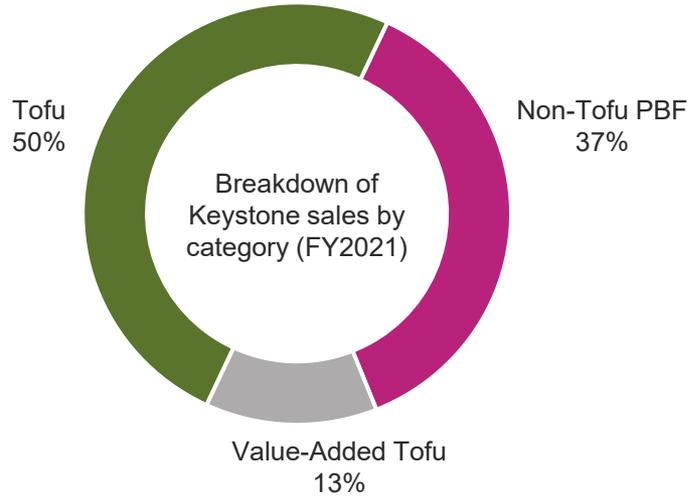
Soybean VC Acquisition of Keystone

Seventh Medium-term Business Plan Progress

<About Keystone>

Diverse product portfolio to meet consumer needs

Achieves growth through consistent innovation



New structure of Soybean Value Chain



<Significance of acquisition>

The acquisition will accelerate expansion into the mainstream market by combining the Group's high volume, high efficiency tofu production model with Keystone's agile knowledge and resources as a specialist in PBF products. The Soybean Value Chain will be enhanced and strengthened.

<Soybean VC> SWOT analysis

S	<ul style="list-style-type: none"> High efficiency, high volume tofu production technologies Access to Asian and American markets Ability to address customer needs for a broader food culture including providing six types of tofu in terms of its firmness
W	<ul style="list-style-type: none"> Production system and supply chain shortcomings Slow development of value added products
O	<ul style="list-style-type: none"> Sustainable growth of PBF market Growth in popularity of tofu as a healthy, natural, high quality plant-based protein
T	<ul style="list-style-type: none"> Rising soybean prices and sustainable procurement of soybeans Intensification of competition on the PBF market

<Basic strategy under Seventh Medium-term Business Plan> Strengthen foundations for next growth stage

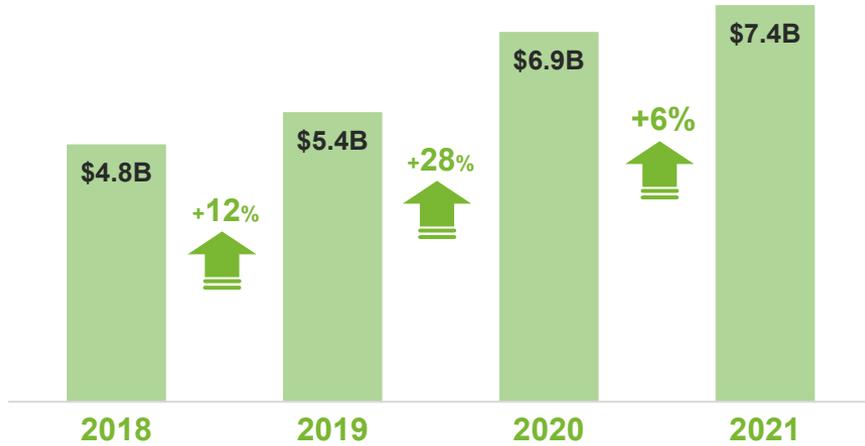
<ul style="list-style-type: none"> Maintain and improve competitiveness through the development of basic technologies and production technologies Accelerate development of products that fit the American market and expansion into the mainstream market
<ul style="list-style-type: none"> Continuously strengthen production system and supply chain Expand LA Plant (scheduled to start operation in June 2023) Build new KY Plant (scheduled to start operation in 2025) Renew backbone systems Develop management human resources locally
<ul style="list-style-type: none"> Strengthen the R&D function Strengthen soybean and tofu technology development capacity Upcycle soybean pulp (okara) Expand business outside the United States Consider potential of EU markets
<ul style="list-style-type: none"> Diversify suppliers and strengthen relationships with suppliers Differentiate products from rival products by building the brand

<Features of Keystone>

<ul style="list-style-type: none"> Agile management structure which is good at adapting to change Product development schemes and business processes High mix, low volume production bases Quickly verifiable lean supply chain
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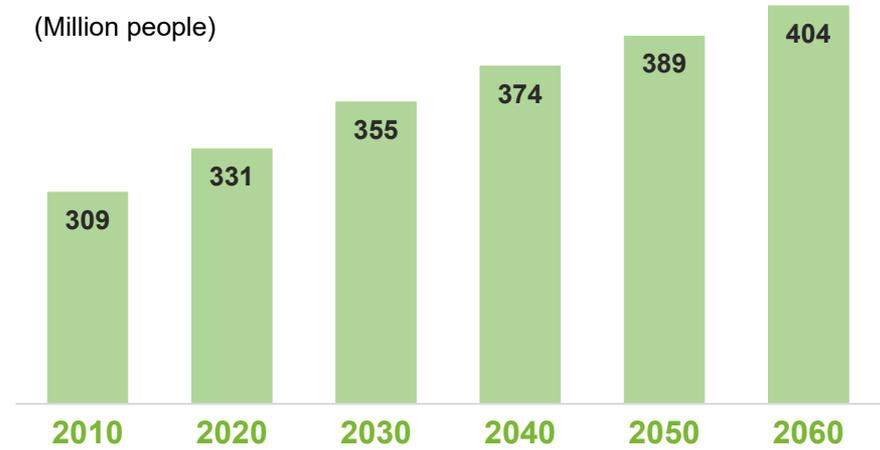
Soybean VC Acquisition of Keystone

<Growth potential of market for PBF products in the United States>



Source: Plant Based Foods Association

<United States population projections>



Source: U.S. Census bureau

<Specific themes considered for the creation of synergies>

Consider blueprint for the kind of integration that will harness the strengths of both companies

Acquisition of market share	<ul style="list-style-type: none"> Acceleration of expansion into the mainstream market in the United States: Expansion from tofu to tofu plus PBF Acquisition of new customers: Expansion to EU markets, reconfiguration of sales and brand strategy
Rationalization of cost	<ul style="list-style-type: none"> Development of optimal production system encompassing all 8 bases across the United States* Sharing in the procurement and distribution domains and consideration of system integration
Increased investment efficiency	<ul style="list-style-type: none"> Sharing of production and technological knowhow through technological exchange Consideration of sharing of new product development and R&D functions

* Including Kentucky Plant scheduled to start operation in 2025 at House Foods America Corporation

Striving to become a high quality company, in the human resources domain, we will increase diversity in terms of attributes, experience and aptitudes and develop a corporate culture which leverages diversity

<Overall framework for human resources strategy>

Striving to become a high quality company

Achievement of diversity

Diversity of attributes

Support for active participation and career advancement of female employees

Global recruitment

Employment of persons with disabilities

Diversity of experience

Expansion of mid-career recruitment

Enhancement of in-house recruitment system (Overseas and New Business)

Introduction of a system enabling employees to have side jobs

Support for male employees to take childcare leave

Diversity of aptitudes

Assessment of aptitudes (For middle-ranked employees and manager candidates)

Cross-border learning (Enhancing ability to create challenges)

Aptitudes (four phenomenon)

Problem solving	Creation of challenges
Organization management	Organizational reforms

Development of a corporate culture that accepts diversity and encourages challenge

Challenge awards

PDCA cycle for organizational climate reform

Revision of personnel systems

1on1 meeting

Change qualification-based grading/skill-based pay framework to a framework centered on role-based grading/role-based pay through revision of personnel systems

Use new framework as basis for enabling the active engagement of diverse human resources and implement work style and job satisfaction reforms

<Approach to revision of personnel systems>

Develop systems that support individuals in tackling roles (expectations) and in growing and actively engaging beyond their roles

Framework based on accumulated experience and skills

Personnel systems centered on qualification-based grading and skill-based pay

Systems which, in an era of "rules of thumb" management, support individuals in gaining experience and skills under the guidance of the company



Framework based on roles, performance and skills demonstrated

Personnel systems centered on role-based grading and role-based pay

Systems which, in an era of change and diversity, support individuals to think independently and strive to grow and actively engage beyond their roles

Aiming to become a company which attracts diverse human resources globally and offers better job satisfaction by properly rewarding individuals according to their roles and performance regardless of age or career in the company



Adoption of Total Energy Services for Multiple Sites

Accelerating reduction of CO₂ emissions across the Group aiming for carbon neutrality (Scope 1 and Scope 2) by 2050

- Signed basic agreement on the implementation of Total Energy Services for Multiple Sites provided by JFE Engineering Corporation (service name: "JFE-METS")
- Power generated at plants of the House Foods Group will be shared with affiliated companies and business sites in Japan.
- Start of service: April 2024

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.

* This service is expected to meet all the energy needs of the sites covered by the service
Contributing to the long-term stable procurement of energy



Realizing both reduction of CO₂ emissions and improvement in energy efficiency

At sites covered by the service (power generating sites + 17 sites of 8 Group companies with which they share power)

- **CO₂ emissions** Approx. 12% reduction
CO₂ reduction (after adjustment) Approx. 4,200 tCO₂/year
- **Energy consumption** Approx. 17% reduction
Energy consumption reduction (crude oil equivalent) Approx. 1,000 kl/year

(Compared to FY2020)

Effectively utilizing byproducts at power-generating sites

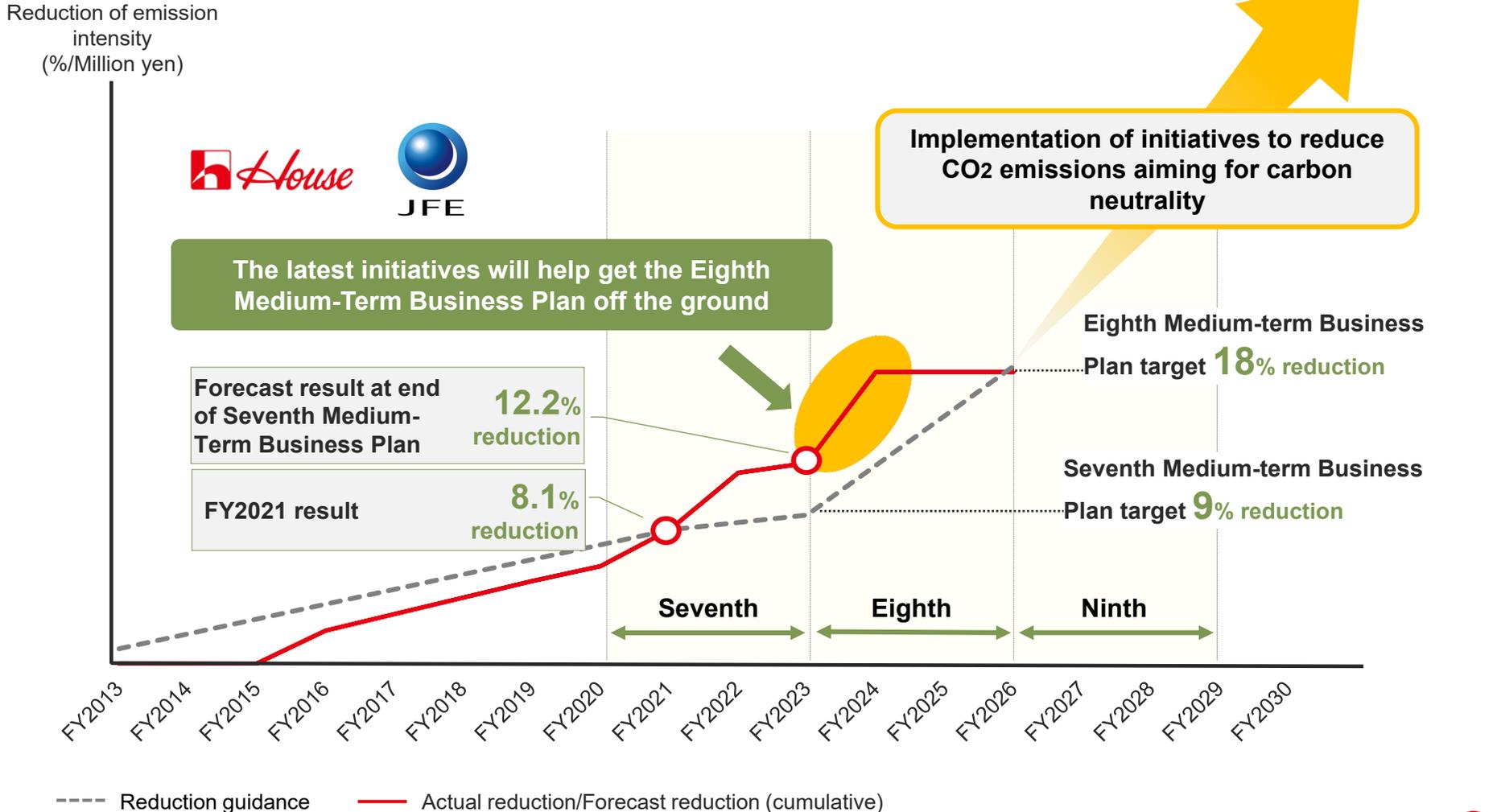
A large gas cogeneration system has been built at the House Foods Shizuoka Plant.

The system achieves even greater energy efficiency by turning the heat generated during power generation into steam and hot water to be used inside the plant.



Byproducts used to power cooker (large steam oven) when making curry sauce

<Simulation of Effects of Initiatives in Reducing Scope 1 and Scope 2 CO₂ Emissions>
 Reduction (%) of emission intensity per unit of net sales (from FY2013 level)

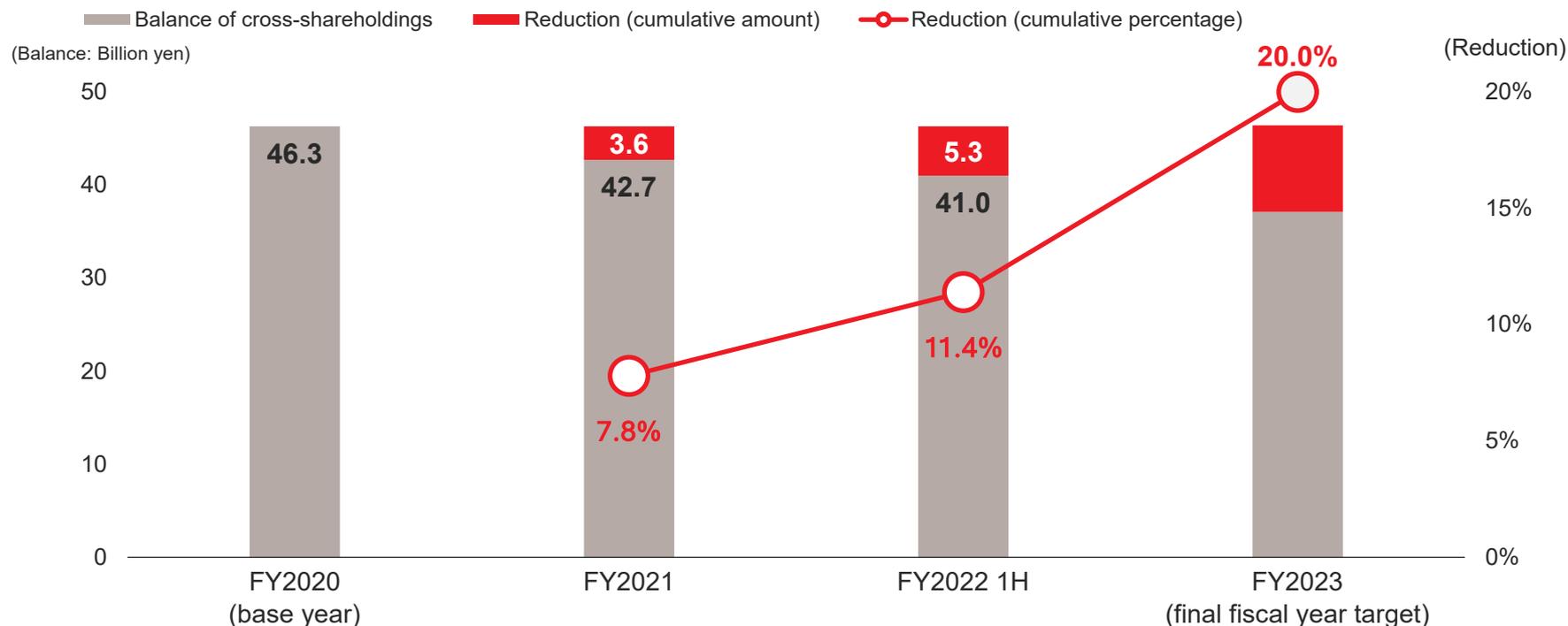


Financial Strategy (Reduction of Cross-Shareholdings)

Seventh Medium-term
Business Plan Progress

Make reductions continuously based on an assessment of the purpose of cross-shareholdings
 Reduced cross-shareholding by 7.8% in FY2021 (first year of plan) and by 3.6%
 in the first half of current fiscal (cumulative reduction of 11.4%)
 Expect to achieve Seventh Medium-term Business Plan target reduction of 20%

<Status of reduction of cross-shareholdings>



Amount is calculated based on market value as of end of FY2020.

Funds obtained through the reduction of cross-shareholdings are used to fund the acquisition of treasury shares and treasury shares of 10 billion yen have already been acquired in the course of 2 years

* FY2021: 4 billion yen, FY2022: 6 billion yen

Appendix

Supplementary Materials

Segment Results (Quarterly)

Supplementary Materials

Billion yen		1Q		2Q		1H	
		Results	Year on year	Results	Year on year	Results	Year on year
Consolidated	Net sales	66.3	+4.7	67.5	+5.0	133.8	+9.7
	Operating profit	5.0	-0.7	2.7	-0.7	7.6	-1.4
	EBITDA	7.6	-0.6	5.6	-0.5	13.1	-1.1
Spice / Seasoning / Processed Food Business	Net sales	28.3	+0.7	29.7	+0.4	58.0	+1.0
	Operating profit	2.3	-0.8	1.0	-1.4	3.2	-2.2
	EBITDA	3.5	-0.7	2.2	-1.3	5.7	-2.0
Health Food Business	Net sales	4.1	+0.8	4.4	+0.7	8.5	+1.5
	Operating profit	0.5	+0.6	0.6	+0.8	1.1	+1.4
	EBITDA	0.6	+0.6	0.7	+0.7	1.3	+1.3
International Food Business	Net sales	10.8	+1.0	11.8	+2.2	22.6	+3.2
	Operating profit	1.7	-0.2	1.4	+0.1	3.1	-0.1
	EBITDA	2.2	-0.2	1.8	+0.2	4.0	+0.0
Restaurant Business	Net sales	11.3	+0.2	11.6	+0.6	22.9	+0.8
	Operating profit	0.2	-0.2	0.5	+0.3	0.6	+0.1
	EBITDA	0.8	-0.2	1.2	+0.4	2.1	+0.1
Other Food Related Business	Net sales	13.9	+2.2	12.5	+1.3	26.4	+3.5
	Operating profit	0.4	-0.1	0.2	-0.2	0.5	-0.3
	EBITDA	0.5	-0.1	0.3	-0.2	0.8	-0.3
Adjustment (elimination)	Net sales	-2.2	-0.2	-2.5	-0.2	-4.7	-0.4
	Operating profit	-0.0	-0.0	-0.9	-0.3	-0.9	-0.3

Trends by Business

Supplementary Materials

Net sales YoY change (billion yen/%)			1H			2H			Year ending March 31, 2023		
			Results	Year on year		Revised plan	Year on year		Revised plan	Year on year	
Spice / Seasoning / Processed Food Business	Curry roux	*	18.4	-0.0	-0.1%	17.6	-0.4	-2.3%	36.0	-0.4	-1.2%
	Retort pouched curry	*	9.2	+0.8	+9.2%	9.2	+1.1	+14.1%	18.4	+1.9	+11.6%
	Spice	*	10.8	-0.4	-3.5%	10.8	+0.6	+5.4%	21.6	+0.2	+0.8%
	House Foods										
	Food service products	*	8.1	+0.7	+9.7%	8.4	+0.2	+2.9%	16.6	+1.0	+6.1%
Health Food Business	Ukon No Chikara	*	2.5	+1.0	+62.0%	2.6	+0.1	+4.0%	5.1	+1.1	+26.2%
	C1000	*	2.3	+0.0	+0.9%	2.0	+0.1	+3.1%	4.3	+0.1	+1.9%
	House Wellness Foods New Products										
	Ichinichibun No Vitamin	*	2.6	+0.4	+17.1%	2.2	+0.1	+7.0%	4.8	+0.5	+12.3%
International Food Business	Business in the United States		8.9	+1.5	+20.9% (+5.3%)	10.6	+3.2	+43.8% (+17.5%)	19.6	+4.8	+32.4% (+11.3%)
	Year-on-year change Top line: Japanese yen basis										
	Business in China		4.9	+0.6	+14.5% (+0.3%)	6.3	+2.1	+48.4% (+30.2%)	11.2	+2.7	+31.4% (+14.9%)
	Bottom line: Local currency basis										
	Business in Thailand		6.2	+0.9	+17.0% (+11.3%)	6.3	+1.1	+20.3% (+7.0%)	12.5	+2.0	+18.7% (+9.1%)
Restaurant Business	Ichibanya Co., Ltd. (Consolidated)		22.9	+0.9	+4.2%	24.4	+1.3	+5.7%	47.3	+2.2	+5.0%
	Ichibanya Co., Ltd. (non-consolidated)		19.8	+0.7	+3.5%	20.2	+0.5	+2.3%	39.9	+1.1	+2.9%
Other Food Related Business	Delica Chef Corporation		9.7	+0.1	+0.9%	9.8	+0.1	+0.8%	19.6	+0.2	+0.9%
	Vox Trading Co., Ltd. (Consolidated)		15.8	+3.4	+27.3%	12.2	+0.0	+0.2%	27.9	+3.4	+13.9%

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

Net Sales by Region

Supplementary Materials

		Based on current accounting standards →						Based on new accounting standards →			
		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020	FY2021		FY2022
									1H	Full year	1H
Consolidated	Billion yen	241.9	283.8	291.9	296.7	293.7	283.8	250.1	124.1	253.4	133.8
Japan	Billion yen	215.7	254.2	257.2	258.6	252.8	238.8	206.5	99.6	203.0	105.1
Overseas	United States	Billion yen	12.6	13.2	14.0	14.9	15.2	14.8	8.3	16.9	10.2
	East Asia	Billion yen	11.3	12.1	14.2	14.8	14.9	15.1	8.6	17.8	9.3
	Southeast Asia	Billion yen	1.9	3.8	5.5	7.3	9.4	12.5	7.0	14.1	8.4
	Other	Billion yen	0.5	0.5	1.0	1.1	1.4	1.0	0.6	1.6	0.8
Composition ratio of overseas sales	%	10.8	10.4	11.9	12.9	13.9	15.8	17.4	19.8	19.9	21.5

Key Financial Data

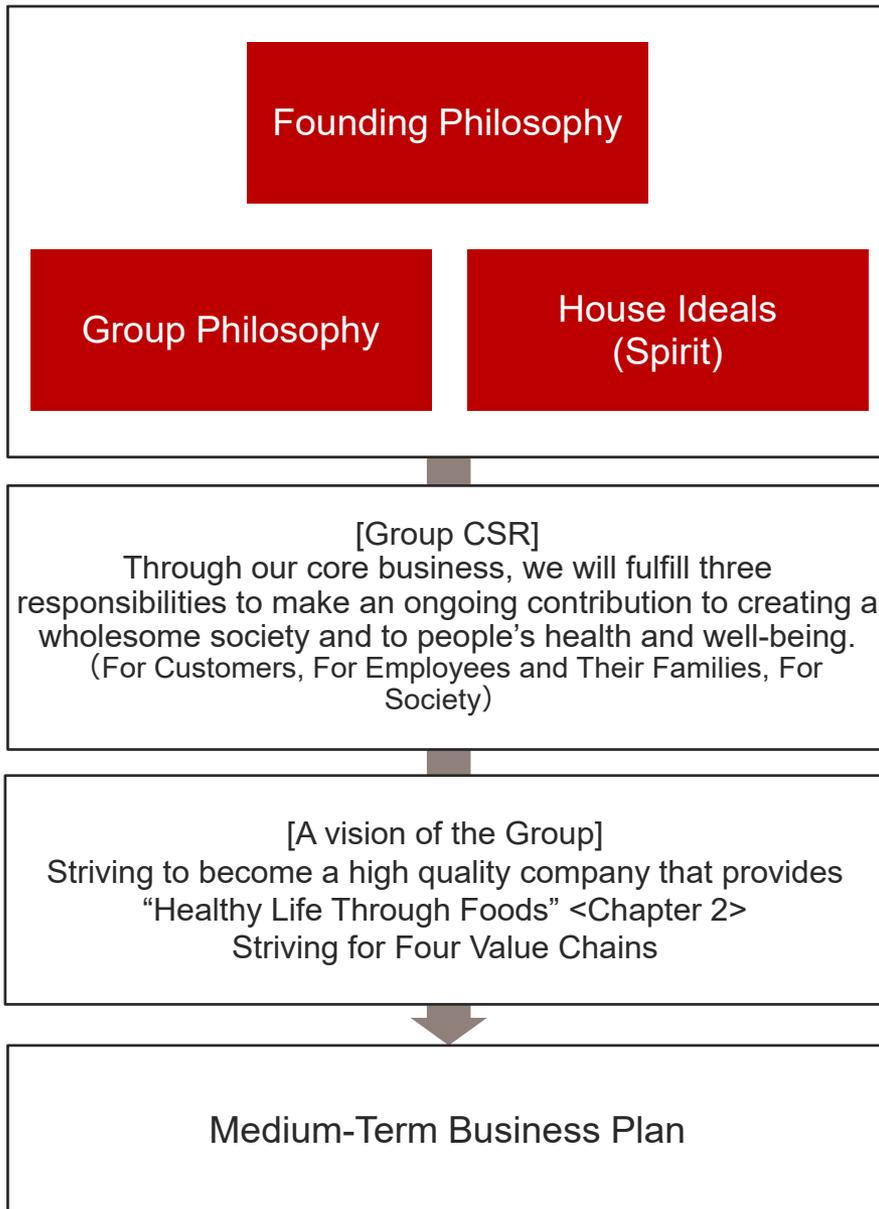
Supplementary Materials

Based on current accounting standards

Based on new accounting standards

		Based on current accounting standards						Based on new accounting standards				
		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020	FY2021		FY2022	
								1H	Full year	1H	Full-year revised Forecast	
Net sales	Billion yen	241.9	283.8	291.9	296.7	293.7	283.8	250.1	124.1	253.4	133.8	275.3
Operating profit	Billion yen	10.8	12.3	16.3	17.6	19.0	19.4	19.4	9.0	19.2	7.6	16.0
Ordinary profit	Billion yen	12.2	14.0	17.2	19.1	20.8	19.8	19.8	10.3	21.1	9.0	17.9
Profit attributable to owners of parent	Billion yen	22.6	8.7	9.4	13.8	11.5	8.7	8.8	7.2	14.0	5.5	11.1
EBITDA	Billion yen	18.7	25.2	29.0	30.2	32.3	31.1	31.1	14.3	30.1	13.1	27.7
Capital investment	Billion yen	6.8	7.7	10.2	11.3	16.3	11.3	11.3	5.3	12.4	5.9	17.9
Depreciation	Billion yen	6.9	9.3	9.1	9.3	9.9	10.0	10.0	5.2	10.9	5.5	11.4
Cash flows from operating activities	Billion yen	12.5	21.3	23.6	20.9	24.2	23.2	23.2	5.5	16.1	8.4	-
Cash flows from investing activities	Billion yen	-8.3	-2.2	-13.7	-1.0	-6.4	-8.6	-8.6	-8.1	-10.4	-5.8	-
Cash flows from financing activities	Billion yen	-3.7	-7.4	-5.3	-17.3	-7.6	-6.2	-6.2	-6.8	-10.1	-8.5	-
Total assets	Billion yen	349.4	353.9	378.9	371.0	367.2	369.2	396.3	369.7	382.0	387.1	387.0
Net assets	Billion yen	260.3	266.6	283.7	279.1	280.9	287.3	286.9	290.1	298.6	299.9	299.6
Shareholders' equity	Billion yen	228.8	235.2	251.8	247.3	248.8	258.1	257.8	260.8	269.0	269.5	269.5
Profit per share	Yen	220.48	84.53	91.02	134.32	113.73	86.68	86.87	72.00	139.75	55.88	112.93
Dividend per share	Yen	30	32	38	44	46	46	46	23	46	23	46
<Managed Indicators regarded as important by the Company>												
ATO	Times	0.76	0.81	0.80	0.79	0.80	0.77	0.68	-	0.67	-	0.72
ROS	%	4.5	4.3	5.6	5.9	6.5	6.8	7.8	7.3	7.6	5.7	5.8
EBITDA margin	%	7.7	8.9	9.9	10.2	11.0	10.9	12.4	11.5	11.9	9.8	10.1
ROA	%	3.4	3.5	4.4	4.7	5.1	5.3	5.3	-	5.1	-	4.2
Equity ratio	%	65.5	66.5	66.5	66.6	67.7	69.9	69.8	70.5	70.4	69.6	69.6
ROE	%	10.1	3.7	3.8	5.5	4.6	3.4	3.5	-	5.3	-	4.1

House Foods Group's Philosophies and Medium-Term Business Plans



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

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

◇ House Ideals (Spirit)
The Company's motto
Sincerity, Originality and Enthusiasm

The 10 House Values

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

House Foods Group's Goal
Striving to be a high quality company that provides "Healthy Life Through Foods" <Chapter 2>
Striving for Four Value Chains
- Aiming for growth alongside qualitative transformation -

Priority Themes under the Seventh and Eighth Medium-term Business Plans

For customers

Global Provision of "Healthy Life Through Foods"

Achievement of growth driven by four value chains

Realization of three GOT

Creation of new value through collaborative creation

For our employees and their families

Achievement of diversity

Implementation of job satisfaction transformation

Support for demonstrating individuality and achieving integration

For society

Healthy people and a healthy planet

Establishment of a recycling-oriented model

Achievement of a society of healthy longevity

Strengthening of corporate governance



Seventh Medium-term Business Plan

Seventh Medium-term Business Plan

Policy of Four Value Chains

Focus the allocation of resources on the Four Value Chains with the aim of becoming a high quality company
 Build on the Group's unique strengths to provide "Healthy Life Through Foods" all around the world

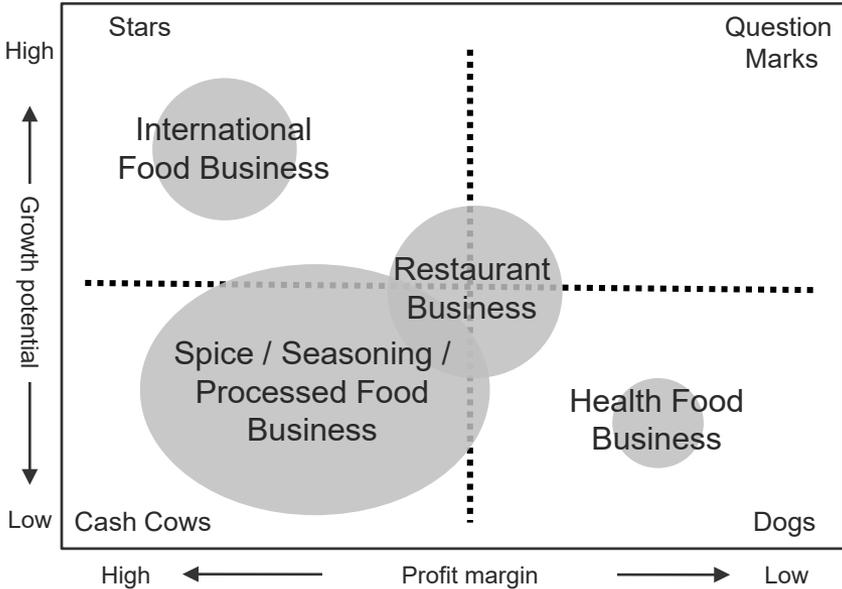
Value we provide
"Healthy Life Through Foods"

Spice VC	Aim to create synergies through collaborative creation among group companies that handle spices and curry
Functional Ingredients VC	Utilize lactobacillus, vitamins and spices more widely as a Group ingredient
Soybean VC	Consider utilizing soybeans not only in the tofu business in the United States but also in other business outside the United States
Value-added Vegetables VC	Take on challenge of creating a new value chain in the agriculture domain

~Previous Medium-term Business Plans

Portfolio is unbalanced

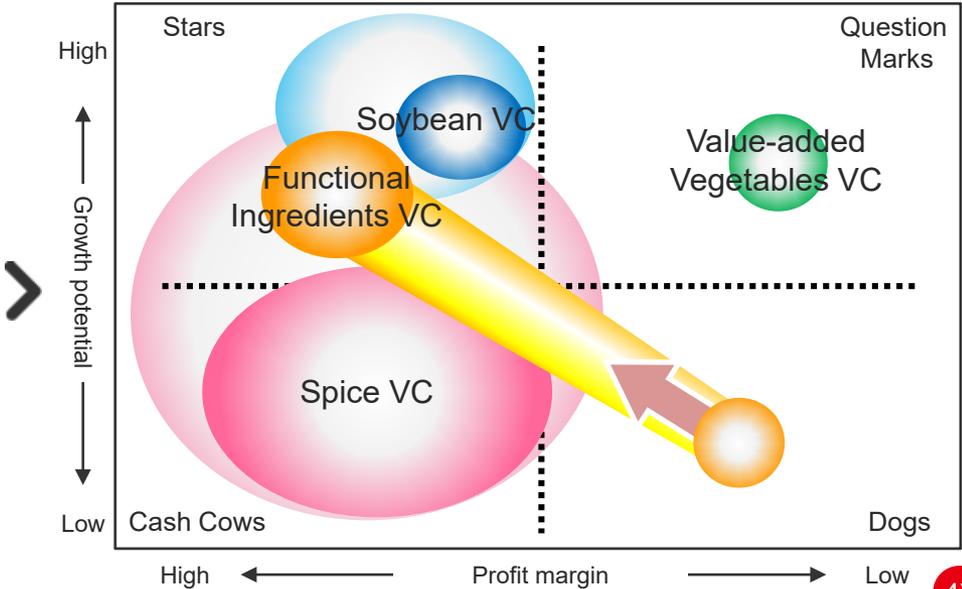
- Spice/Seasoning/Processed Food Business: Cash Cow (growth potential issue)
- International Food Business: Each business in the three priority areas has grown into a star
- Health Food Business: The segment is in the doghouse after the emergence of management issues
- Restaurant Business: Profitability has declined due to the effects of COVID-19



Future

Realization of growth story for each value chain

- Facilitate utilization of resources by reconnecting related businesses from a VC perspective
- Also pursue possibility of creating value through synergy to increase the Group's overall robustness



Major Products and Services by Segment

Supplementary Materials

Spice / Seasoning / Processed Food Business

House Foods Corp.

Gaban Co., Ltd. Malony Co., Ltd.

Curry roux

Stew roux

Retort pouched curry

Spice

Other products



Health Food Business

House Wellness Foods Corporation

Functional spice

Vitamin

Lactobacillus



International Food Business

United Sates

China

ASEAN

Restaurant Business

Ichibanya Co., Ltd.





The forward-looking statements such as plans, strategies and 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.

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