The original disclosure in Japanese was released on May 9, 2024 at 15:00

May 9, 2024

Consolidated Financial Results (Japanese Accounting Standards) for the FY2023 (Ended March 31, 2024)

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 25, 2024
Scheduled date of commencement of dividend payment: June 26, 2024
Scheduled date for filing of annual securities report: June 25, 2024
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, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024	299,600	8.9	19,470	16.7	21,085	15.2	17,580	28.6
Year ended March 31, 2023	275,060	8.6	16,686	(13.2)	18,300	(13.4)	13,672	(2.0)

(Note) Comprehensive income: 28,323 million yen (77.4%) for the fiscal year ended March 31, 2024
15,965 million yen (-26.0%) for the fiscal year ended March 31, 2023

	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, 2024	180.53	–	6.2	5.1	6.5
Year ended March 31, 2023	139.63	–	5.1	4.7	6.1

(Reference) Share of profit (loss) of entities accounted for using equity method:
75 million yen for the fiscal year ended March 31, 2024
139 million yen for the fiscal year ended March 31, 2023

(Note) In the fiscal year under review, provisional accounting treatment related to business combinations was finalized. Accordingly, the figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	431,601	321,609	67.7	3,016.19
As of March 31, 2023	396,910	301,335	68.6	2,791.56

(Reference) Shareholders' equity: As of March 31, 2024: 292,208 million yen
As of March 31, 2023: 272,285 million yen

(Note) In the fiscal year under review, provisional accounting treatment related to business combinations was finalized. Accordingly, the figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

(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 period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2024	25,571	(2,299)	(7,382)	80,165
Year ended March 31, 2023	19,483	(21,467)	(12,739)	62,682

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, 2023	–	23.00	–	23.00	46.00	4,487	32.9	1.6
Year ended March 31, 2024	–	23.00	–	24.00	47.00	4,569	26.0	1.6
Year ending March 31, 2025 (forecasts)	–	24.00	–	24.00	48.00		35.0	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	320,000	6.8	21,000	7.9	22,000	4.3	13,300	(24.3)	137.28

* Notes

(1) Changes of important subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates
- (i) Changes in accounting policies caused by revision of accounting standards: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of shares outstanding (common shares):
- (i) Number of shares outstanding at end of period (including treasury shares)
  - As of March 31, 2024: 100,750,620 shares
  - As of March 31, 2023: 100,750,620 shares
- (ii) Number of treasury shares at end of period
  - As of March 31, 2024: 3,870,800 shares
  - As of March 31, 2023: 3,212,078 shares
- (iii) Average number of shares outstanding during the term
  - Year ended March 31, 2024: 97,377,871 shares
  - Year ended March 31, 2023: 97,913,505 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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 March 31, 2024	16,506	1.4	3,135	(19.8)	3,845	(16.2)	5,533	(18.5)
Year ended March 31, 2023	16,271	(27.6)	3,909	(64.7)	4,588	(62.0)	6,787	(48.2)

	Profit per share (basic)	Profit per share (diluted)
	Yen	Yen
Year ended March 31, 2024	56.82	–
Year ended March 31, 2023	69.31	–

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	245,205	195,327	79.7	2,016.18
As of March 31, 2023	225,485	189,581	84.1	1,943.65

(Reference) Shareholders' equity: As of March 31, 2024: 195,327 million yen
As of March 31, 2023: 189,581 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 6 of the accompanying materials.

Accompanying Materials – Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

The fiscal year under review is the final year of the Group's Seventh Medium-term Business Plan. Under the Seventh Medium-term Business Plan, the Group has worked to realize its aspiration on the theme of becoming a high quality company that provides "Healthy Life Through Foods" <Chapter 2> Striving for Four Value Chains, by accelerating 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") and also by formulating and implementing strategies for the four value chains or VCs (the Spice VC, the Functional Ingredients VC, the Soybean VC and the Value Added Vegetable VC).

Meanwhile, the business environment during the fiscal year under review was volatile, with increases in raw material prices, changes in the market environment associated with the resumption of economic activity, and changes in consumer behavior associated with rising inflation, and the outlook remained uncertain.

To summarize the Group's performance based on its five business segments, the International Food Business reported a significant drop in profit due to changes in the market environment in each area of operation; however, the other four business segments posted higher profits and the Group as whole achieved gains in sales and profits, as Group companies in Japan and overseas revised prices and pursued cost efficiency in response to pressure from the rising cost of raw materials and other commodities.

In addition, the Group acquired Keystone Natural Holdings, LLC on September 30, 2022, and allocation of the purchase price paid in the business combination was completed during the fiscal year under review. Year-on-year comparison/analysis is based on amounts after allocation of the purchase price. Please refer to "4. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Business Combination, etc.)" for details.

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

	FY2023	
	Amount (million yen)	Year-on-year change (%)
Net sales	299,600	108.9
Operating profit	19,470	116.7
Ordinary profit	21,085	115.2
Profit attributable to owners of parent	17,580	128.6

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

	FY2022	FY2023
ATO (Asset Turnover)	0.71 times	0.72 times
ROS (Return on sales)	6.1%	6.5%
ROA (Return on assets)	4.3%	4.7%
ROE (Return on equity)	5.1%	6.2%

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

Segment	Net sales		Operating profit (Segment profit (loss))	
	Amount (Million yen)	Year-on-year change (%)	Amount (Million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	126,287	105.4	10,832	136.9
Health Food Business	16,865	102.1	2,464	129.2
International Food Business	56,375	115.3	3,067	56.5
Restaurant Business	55,132	114.0	3,395	149.7
Other Food Related Business	55,045	108.6	1,930	156.4
Subtotal	309,703	108.9	21,688	115.7
Adjustment (elimination)	(10,103)	–	(2,218)	–
Total	299,600	108.9	19,470	116.7

(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 returned to profitability through the implementation of price revisions and the roll-out of measures to stimulate demand for the early recovery of sales volume.

In the household use business, sales of curry roux and other products recovered mostly in line with expectations thanks to enhancement of sales backup measures before and after revisions and introduction of new products balancing added value and affordability. In the food service business, we have been operating as House Gaban Corporation, a new company formed through the integration of the food service business of House Foods Corporation and Gaban Co., Ltd., since April 2023. This business performed mostly in line with expectations, partly due to price revisions implemented in September

in addition to a rebound in demand associated with the resumption of economic activity.
As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 126,287 million yen, up 5.4% year on year, and operating profit was 10,832 million yen, up 36.9% year on year. Consequently, the ratio of operating profit to net sales was 8.6%, improving 2.0 percentage point from a year ago.

Health Food Business
In this business segment, we focused on transforming the profit structure of the domestic business and building the Functional Ingredients VC globally.
Sales in the fiscal year under review increased, reflecting concentration on sales of *C1000* bottled products and *Ichinichi-bun No Vitamin Jelly* products, in addition to growing demand for *Ukon No Chikara*. Operating profit rose, partly due to cost effectiveness in addition to the effect of increased sales.
As a result of the above, sales in the Health Food Business rose 2.1% year on year, to 16,865 million yen, and operating profit increased 29.2%, to 2,464 million yen. Consequently, the ratio of operating profit to net sales was 14.6%, improving 3.1 percentage point from a year ago.

International Food Business Period covered by the consolidated financial statements: Mainly from January to December 2023
The tofu business in the United States posted a gain in sales due to factors such as inclusion of Keystone Natural Holdings, LLC in the scope of consolidation for the first time; however, the business reported lower operating profit, reflecting a failure to absorb costs such as amortization of goodwill and intangible assets associated with the acquisition of Keystone Natural Holdings, and depreciation of new production facilities at House Foods America Corporation, which commenced operation in June 2023.
The curry business in China generated higher sales but posted lower profit. The household use business posted declines in sales and profit, reflecting worsening business confidence from the start of the fiscal year under review in the absence of the previous fiscal year’s special COVID-related demand and dramatic changes in the consumption environment. The food service business posted increased sales and decreased profit, reflecting higher costs resulting from the resumption of business activities which had been put on hold under the zero-COVID policy last fiscal year, despite progress in terms of the development of new customers.
The functional drink business in Thailand registered sharp drops in sales and profit, largely attributable to a weak performance in the first six months when the market shrank significantly due to decreased demand for vitamins associated with immunity needs in the post COVID era. Sales did hit bottom during the second half of the year, however.
As a result of the above, sales in the International Food Business rose 15.3% year on year, to 56,375 million yen, and operating profit decreased 43.5%, to 3,067 million yen. As a consequence, the ratio of operating profit to net sales was 5.4%, falling 5.7 percentage point from a year earlier.

Restaurant Business Periods covered by the consolidated financial statements: From March 2023 to February 2024 for Ichibanya Co., Ltd. and from January to December 2023 for overseas subsidiaries
This business segment is strengthening the earning capacity of existing business and developing new business formats.
Ichibanya Co., Ltd., which is responsible for the domestic business, saw year-on-year increases in net sales at existing stores, the number of customers and average customer spend, partly due to the effects of menu measures and new promotional activities, in addition to more movement of people with the resumption of economic activity. The overseas business saw a strong performance in many areas, mainly due to the lifting of COVID restrictions and economic recovery.
As a result of the above, sales in the Restaurant Business rose 14.0% year on year, to 55,132 million yen, and operating profit increased 49.7%, to 3,395 million yen. Consequently, the ratio of operating profit to net sales was 6.2%, improving 1.5 percentage point from a year ago.

Other Food Related Business
Delica Chef Corporation generated sales on a par with a year earlier but posted increased profit thanks to initiatives to improve productivity.
Vox Trading Co., Ltd. posted gains in both sales and profit due to successful cost passthrough and a focus on the sale of highly profitable goods.
As a result of the above, sales in Other Food Related Business increased 8.6% year on year, to 55,045 million yen, and operating profit rose 56.4% year on year, to 1,930 million yen. Consequently, the ratio of operating profit to net sales was 3.5%, improving 1.1 percentage point from a year ago.

(2) Analysis of Financial Position

Total assets at the end of the consolidated fiscal year under review rose 34,691 million yen from the end of the previous consolidated fiscal year, to 431,601 million yen.
Current assets stood at 171,208 million yen, an increase of 16,284 million yen compared to the end of the previous consolidated fiscal year. Non-current assets were 260,393 million yen, a year-on-year increase of 18,407 million yen.
The primary factors for the increase in current assets include a 16,011 million yen increase in cash and deposits.
The main factors for the increase in non-current assets include a 7,868 million yen increase in retirement benefit asset, a 6,583 million yen increase in investment securities, and a 4,402 million yen increase on buildings and structures.
Total liabilities at the end of the consolidated fiscal year under review were 109,992 million yen, an increase of 14,417 million yen compared to the end of the previous consolidated fiscal year.
Current liabilities increased 9,123 million yen from the end of the previous consolidated fiscal year, to 65,777 million yen, and non-current liabilities were 44,214 million yen, a year-on-year increase of 5,294 million yen.
The primary factors for the increase in current liabilities include a 2,220 million yen increase in accounts payable-other, a 2,071 million yen increase in short-term borrowings, a 1,863 million yen increase in income taxes payable, and a 1,526 million yen increase in notes and accounts payable-trade.
The main factor for the increase in non-current liabilities included a 3,481 million yen increase in deferred tax liabilities and a 1,546 million yen increase in retirement benefit liability.
Net assets at the end of the consolidated fiscal year under review stood at 321,609 million yen, an increase of 20,274 million yen from the end of the previous consolidated fiscal year, primarily reflecting an increase in retained earnings as a result of profit attributable to owners of parent, an increase in valuation difference on available-for-sale securities and an increase in foreign currency translation adjustment.
As a result, the equity ratio at the end of the consolidated fiscal year under review stood at 67.7%, compared with 68.6% at the end of the previous consolidated fiscal year, and net assets per share were 3,016.19 yen, compared with 2,791.56 yen at the end of the previous consolidated fiscal year.
Figures for the previous fiscal year reflect a review of the initially allocated amounts of the purchase price as a result of finalization of provisional accounting treatment related to business combinations. Please refer to “4. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Business Combination, etc.)” for details.

(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 25,571 million yen, net cash used in investing activities, including the purchase of plant, property and equipment and purchase of securities, amounted to 2,299 million yen, and net cash used in financing activities, including dividends paid and purchase of treasury shares, was 7,382 million yen. As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 80,165 million yen, an increase of 17,483 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 25,571 million yen, an increase of 6,088 million yen from the previous consolidated fiscal year. Key factors included 27,276 million yen in profit before income taxes.
The increase in comparison to the previous consolidated fiscal year is mainly attributable to an increase in profit before income taxes (a year-on-year increase of 5,961 million yen), a decrease in decrease (increase) of inventories (a year-on-year increase of 1,533 million yen).

(Cash flows from investing activities)
Cash used in investing activities during the consolidated fiscal year under review was 2,299 million yen, which was 19,168 million yen more than cash used in the previous consolidated fiscal year. Key factors included the purchase of property, plant and equipment of 10,417 million yen, and proceeds from sale of securities of 8,798 million yen.
The primary factors for the increase compared with the previous consolidated fiscal year were a decrease in purchase of shares of subsidiaries resulting in change in scope of consolidation (a year-on-year increase of 13,395 million yen), an increase in proceeds from withdrawal of time deposits (a year-on-year increase of 4,046 million yen), a decrease in purchase of plant, property and equipment (a year-on-year increase of 3,668 million yen), and a decrease in proceeds from sale of property, plant and equipment (year-on-year decrease of 2,765 million yen).

(Cash flows from financing activities)
Cash used in financing activities during the consolidated fiscal year under review was 7,382 million yen, which was 5,357 million yen more than cash used in the previous consolidated fiscal year. Key factors included dividends paid of 4,488 million yen, purchase of treasury shares of 2,003 million yen, and dividends paid to non-controlling interests of 1,740 million yen.
The primary factors for the increase compared with the previous consolidated fiscal year were a decrease in purchase of treasury shares (a year-on-year increase of 4,000 million yen), and a decrease in dividends paid to non-controlling interests (a year-on-year increase of 1,005 million yen).

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024	Year-on-year change
Cash flows from operating activities	19,483	25,571	6,088
Cash flows from investing activities	(21,467)	(2,299)	19,168
Cash flows from financing activities	(12,739)	(7,382)	5,357
Effect of exchange rate change on cash and cash equivalents	1,700	1,592	(107)
Net increase (decrease) in cash and cash equivalents	(13,023)	17,483	30,506
Cash and cash equivalents at beginning of period	75,705	62,682	(13,023)
Cash and cash equivalents at end of period	62,682	80,165	17,483

Cash flow indicators for the Group are as follows:

	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
Equity ratio (%)	67.7	69.8	70.4	68.6	67.7
Equity ratio (market value basis) (%)	96.7	99.3	75.4	69.1	69.5
Cash flow/interest bearing liabilities ratio (%)	45.9	40.5	60.4	74.0	62.5
Interest coverage ratio (times)	383.1	444.8	537.6	172.4	65.5

(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 ended March 31, 2024 (Million yen)	Year ending March 31, 2025 (forecasts) (Million yen)	Increase/ Decrease (Million yen)	Increase/ Decrease (%)
Net sales	299,600	320,000	20,400	6.8
Operating profit	19,470	21,000	1,530	7.9
Ordinary profit	21,085	22,000	915	4.3
Profit attributable to owners of parent	17,580	13,300	(4,280)	(24.3)

By segment

	Result for year ended March 31, 2024 (Million yen)	Year ending March 31, 2025 (forecasts) (Million yen)	Increase/ Decrease (Million yen)	Increase/ Decrease (%)
Spice / Seasoning / Processed Food Business				
Net sales	126,287	133,000	6,713	5.3
Operating profit	10,832	12,600	1,768	16.3
Health Food Business				
Net sales	16,865	18,000	1,135	6.7
Operating profit	2,464	2,500	36	1.5
International Food Business				
Net sales	56,375	62,000	5,625	10.0
Operating profit	3,067	3,200	133	4.3
Restaurant Business				
Net sales	55,132	61,000	5,868	10.6
Operating profit	3,395	3,900	505	14.9
Other Food Related Business				
Net sales	55,045	57,000	1,955	3.6
Operating profit	1,930	2,100	170	8.8
Adjustment (elimination)				
Net sales	(10,103)	(11,000)	(897)	–
Operating profit	(2,218)	(3,300)	(1,082)	–

Under the Group’s Eighth Medium-Term Business Plan, launched in April this year, in line with the theme “Striving to become a high quality company that provides “Healthy Life Through Foods” <Chapter 2> Striving for growth by building a global value chain”, the Group will build a value chain structure globally and lay foundations that will enable further growth in the future. At the same time, the Group will focus on developing a balance sheet mindset and improving management indicators, including introducing ROIC (Return on invested capital) for management that is conscious of the cost of capital.
The operating environment next fiscal year, which is the first fiscal year of the plan, is expected to remain uncertain, amid increases in raw material costs, logistics costs and labor costs, changes in consumer behavior in response to inflation, and the risk of exchange rate volatility, among other factors.
In view of such conditions, the Group will seek to create demand by strengthening its ability to meet increasingly diverse customer needs and will also focus on improving profitability through cost effectiveness and streamlining efforts.
With these initiatives, for the next fiscal year the Group expects consolidated net sales of 320,000 million yen (a year-on-year increase of 6.8%), consolidated operating profit of 21,000 million yen (a year-on-year increase of 7.9%) and consolidated ordinary profit of 22,000 million yen (a year-on-year increase of 4.3%). The Group also anticipates profit attributable to owners of parent of 13,300 million yen (a year-on-year decrease of 24.3%).
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.

To increase the return of profit to shareholders, we plan to pay a year-end dividend of 24 yen, which is an increase of 1 yen from our initial forecast. Together with the interim dividend of 23 yen, this will bring the annual dividend to 47 yen per share. This matter will be officially decided at the annual general meeting of shareholders to be held in June 2024.

As a result, the consolidated dividend payout ratio will be 26.0%. 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 24.8% on a consolidated basis. During the fiscal year under review, extraordinary income arose as a result of revision of the retirement benefit plan. Excluding the effect of this and the effects of extraordinary income/losses arising from business combinations and the amortization of goodwill, the dividend payout ratio will be 33.6%.

From April 2024, the Company has changed its policy on the distribution of profit to a total return ratio of 40% or higher and ongoing payment of annual dividends of at least 46 yen as stable dividends. Based on this policy, for the next fiscal year, the Group expects to pay an annual dividend of 48 yen (an interim dividend of 24 yen and a year-end dividend of 24 yen), representing an increase of 1 yen.

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
In the medium and long term, external factors such as economic slowdown and population decline will bring about decline in overall domestic demand. 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 high raw material prices in response to geopolitical risks, and inflation.	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. 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.	The Group will pursue new value creation and improvement of productivity, and focus on strengthening ability to address risks and seizing opportunities. - Acceleration of growth though global expansion of three value chains (hereinafter referred to as “VC”) in which we maintain the operating foundations: Spice VC, Functional Ingredients VC and Soybean VC - Strengthening of competitiveness and risk management capabilities through integration of upstream and downstream spanning procurement/cultivation, processing, production and sales - Realization of management that is conscious of the cost of capital and share price and improvement of return on investment, through the use of ROIC (Return on invested capital) - Promotion of the creation of new value through internal and external collaborative creation (establishment of business model based on Value-added Vegetables VC, etc.)

2) Risks related to business expansion

Background	Overview and impact of risks	Main countermeasures
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 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.	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.	- 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) - Ensuring the appropriateness and efficiency of business investments such as M&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)

3) Risks related to technological innovation

Background	Overview and impact of risks	Main countermeasures
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.	While the Group is working to strengthen its R&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.	- Setting of key R&D areas and themes as well as the concentrated investment of management resources - Awareness-raising and creation of a climate to improve the ability to create and achieve new innovations - Enhancement of collaboration among value chains with the aim of creating businesses, in addition to solving technological issues among the Group companies - Promotion of co-creation strategies through open innovation, turning own technologies into intellectual property by protecting them with patents, etc. and utilizing intellectual assets - Laying of foundations and the creation of new value through more proactive investment in digital technology

4) Risks related to overseas business development

Background	Overview and impact of risks	Main countermeasures
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.	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. 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.	- Forecasting of market potential based on detailed market research into receptivity of food culture and brand recognition - 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 - Construction and development of a risk management system according to business size based on cooperation between House Foods Group and its overseas business companies - Mitigation of country risk through decentralization of business infrastructure by expanding business into multiple geographical areas

5) Risks related to safety and security of food

Overview and impact of risks	Main countermeasures
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.	- 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 - 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 - Promotion of food safety activities by considering and addressing compliance and customer safety concerns across the Group through quality information risk management activities - 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 - 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 - 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

(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
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 Groupwide initiatives (GOT) and global expansion of business domains and if an organizational climate that respects diversity and a challenging spirit cannot be fostered. If employees were to behave in such a way that does not demonstrate respect for the diverse values of those inside or outside the Group when conducting business activities, this could result in a loss of credibility that is detrimental to the Group's corporate value and could have an adverse impact on the organizational culture.	- Deployment of human resources to growing business domains and development of human resources for these domains - Acquisition of outside human resources with high levels of expertise and new knowledge - 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 - Understanding of aptitudes through assessment and increased provision of internal and external learning opportunities to increase aptitude and broaden competence - 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 - 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, Human Rights Policy and other standards

(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
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. 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, transportation delays due to driver shortages in the logistics industry and the effects of conflicts or weather on shipping operations, 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.	- 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) - 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 more efficient transportation methods) - Review of safety stock levels for important raw materials and operation within safety stock levels for other raw materials - Reduction of the impact of higher costs by revising the prices of products and services in an appropriate manner

2) Risks related to climate change

Overview and impact of risks	Main countermeasures
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.	- Promotion of climate change initiatives on a global scale and across all value chains, aiming for carbon neutrality by 2050 - Promotion of investments to reduce environmental burdens by formulating judgment criteria for environmental investments - Acceleration of initiatives to reduce Scope 1 and Scope 2 emissions (shift to renewable energy) and action to address Scope 3 emissions - 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 - Strengthening of partnerships through the active disclosure of information, including information disclosure in line with TCFD recommendations

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

Overview and impact of risks	Main countermeasures
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.	- Promotion of further improvement in 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 - 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

(iv) Other common risks

1) Risk related to laws and regulations and soft law

Overview and impact of risks	Main countermeasures
The Group conducts business activities in Japan and overseas in compliance with the laws and regulations of each country. However, new laws and regulations are being enacted in line with changes in society and the environment and increasingly diverse values and norms that companies are expected to uphold are being formed in various different ways. If the Group fails to obtain information about amendments to existing laws and regulations or information about new laws and regulations in a timely manner and 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, and damage to its corporate value due to a loss of social credibility.	- 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. - 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 - 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 - Development and publication of the House Foods Group General Compliance Helpline to discover and solve compliance issues at an early stage - 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

2) Risks related to information security

Overview and impact of risks	Main countermeasures
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.	- 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 - Implementation of system security measures using software and equipment as well as employee trainings and exercises - Verification of the current status of diversification in work styles, including working at home and on-line meetings, through periodical internal surveys, and implementation of measures accordingly - Identification of information held which needs protecting, and establishment and thoroughgoing implementation of appropriate measures to prevent information leaks

3) Risk related to exchange and interest rate fluctuations

Overview and impact of risks	Main countermeasures
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. 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. The Group's overseas sales account for over 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. While the Company expects that the direct impact of interest rate increases on the Group's interest-bearing debt will be insignificant for the time being, in a phase of rising interest rates in the future, fund procurement may result in a greater interest rate burden.	(Raw materials procured from overseas) - Mitigation of exchange rate risk through the build-up of inventories of imported raw materials in Japan, within reason (Foreign-currency-denominated receivables and payables) - Use of hedging instruments such as forward exchange contracts and cross currency swaps to hedge against exchange rate risk (Interest rate fluctuation) - Hedging of risks based on consideration of procurement methods according to interest rate trends, and interest rate swaps and other hedging instruments

4) Risks relating to investment securities

Overview and impact of risks	Main countermeasures
In the event of a stock market crash or damage to the corporate value of an investee, the Group may recognize an impairment loss on investment securities, which could affect the Group's business results or financial position.	- Annual reports to the Board of Directors on the status of investment securities held and consideration of the pros and cons of holding them and their scale on an ongoing basis - Implementation of the reduction of cross-shareholding based on the Medium-term Business Plan

5) Risks relating to impairment losses on non-current assets

Overview and impact of risks	Main countermeasures
If the Group is required to recognize an impairment loss on non-current assets held by the Group for reasons such as a decrease in future profitability, this may affect the Group's business results and financial position.	- Implementation of investment decisions on investment proposals exceeding a certain amount based on recoverability according to internal standards - Verification of investment returns and implementation of continuous monitoring after investment execution

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 operating environment remains uncertain given the volatility of the business environment, including increases in raw material prices, changes in the market environment associated with the resumption of economic activity, and changes in consumer behavior associated with rising inflation. At the same time, uncertainties in the external environment such as decline in the working-age population are growing, and it is now essential to increase the diversity of human resources and turn the values differences that arise when diverse human resources come together into synergies. In addition, environmental issues are becoming increasingly serious, with air and ocean temperatures reaching record high levels in 2023, and with countries around the world raising their CO2 reduction targets, companies are under pressure to step up action to address environmental issues.

Under these conditions, the Group is making price revisions for certain products and services to adapt to the recent 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, the Group established clear actions plans for all the Three Responsibilities and accelerated initiatives for transformation into a high quality company. In terms of responsibilities for customers, House Foods Group 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 provide value and worked to strengthen each of these value chains, including allocating management resources to growing domains and new domains. In terms of responsibilities for employees and their families, the Group implemented measures aimed at achieving diversity in three areas: individual attributes, experience and aptitude, and took steps to improve its infrastructure to enhance diversity.

In terms of responsibilities for society, the Group implemented 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.

The Eighth Medium-term Business Plan launched in April 2024 sets out an action plan of "Striving to become a high quality company that provides "Healthy Life Through Foods" <Chapter 2> Striving for growth by building a global value chain." In line with this, the Group aims to transform into a high-quality company with a global presence and will implement initiatives to address each of the three responsibilities by backcasting from this desired future state. The basic approaches under the plan are to "Aim to achieve value chain management that delivers healthy life through foods globally" for customers, to "Turn diversity into a strength and support initiatives to become a quality company in powerful terms" for employees and their families, and to "Tackle the environmental impact caused by our global corporate activities as corporate responsibility" for society.

1) Responsibilities for our customers

To offer "Healthy Life Through Foods" globally, the Group will focus on "1: Accelerating growth through VC management," "2: Building a VC framework" and "3: Creation of new value through collaborative creation."

- Initiatives to accelerate growth through VC management and to build a VC framework

  In the Spice VC, the Group will focus on executing a VC optimum strategy that keeps "Expansion of customer contact points (Horizontal)" and "VC Integration (Vertical)" in mind and on building an implementation framework. Operating companies will play central roles in implementing the strategy of "Expansion customer contact points (horizontal strategy)," for example, House Foods Corporation will broaden its perspective to encompass the global market. However, "VC integration (vertical strategy)" will be tackled by House Foods Group and House Foods together, for example, in addition to transforming the commercialization process to expand customer contact points, House Foods Group will establish the Spice VC Procurement and Production Strategic Headquarters to unify strategic functions related to procurement and production and promote the fusion of business strategies.

In the Functional Ingredients VC, the Group will drive a global shift with strategic ingredients playing a key part. In the vitamin business, the Group will expand the vitamin business consumer market in Southeast Asia through the rollout of multi-vitamins as the next pillar after the *C-vitt* brand in its existing business in Thailand and through the acceleration of new market creation in Vietnam and the Philippines by enhancing the functions of House Foods Group Asia Pacific Co., Ltd. In the Lactobacillus business, the Group shifted to a structure prioritizing operations overseas from FY2022, and will focus on the BtoB business in Europe and the United States, and establish upstream, high revenue BtoB solutions business models.

In the Soybean VC, the Group will expand its presence in the plant-based food (PBF) market, which is set to grow in the long term, and implement strategies to deal with the competition, including using increased production capacity to reclaim sales space. Meanwhile, House Foods Holding USA, Inc., the holding company for the Group's U.S. subsidiaries tasked with driving the Soybean VC, will promote integration of the functions of House Foods America Corporation and Keystone Natural Holdings, LLC while also strengthening its own management functions in a phased manner.

- Creation of new value through collaborative creation

Under the Seventh Medium-term Business Plan, the value provided by kidslation and Tasume, which are the first new business themes developed from a program to collect proposals internally, was verified, while in the Value-added Vegetables VC, the Group formed a capital and business alliance with Nousouken Corporation for the creation of a new business model. Under the Eighth Medium-Term Business Plan, the Group will continue to implement initiatives to build business models with partners inside and outside the Group through collaborative creation, and will turn new business into the Group's next-generation growth drivers.

2) Responsibility for our employees and their families

Uncertainties in the external environment such as decline in the working-age population are growing, and it is now essential to increase the diversity of human resources and turn the values differences that arise when diverse human resources come together into synergies. Against this background, the Group has worked to achieve diversity by rolling out measures in three areas: individual attributes (including supporting the career advancement of women and encouraging the employment of persons with disabilities), experience (including developing global human resources and increasing mid-career hires) and aptitude (creating a new human resources development structure that combines diverse experience), and generally promoted the development of an organizational culture in which diversity is accepted and a spirit of challenge is encouraged. As a result, the infrastructure (systems and measures) for increasing diversity are being put in place; however, in addition to having a diverse array of human resources demonstrate their individual qualities to an even greater degree in the interests of building a global VC, the Group needs to pursue dynamic collaboration and co-creation beyond organizational barriers. Under the Eighth Medium-Term Business Plan, the Group will not only develop the infrastructure for increasing diversity but will also implement five initiatives to ensure such diversity is accepted within organizations and to turn diversity into a driving force for building a global VC.

- Five initiatives

(1) Development of open mechanisms that enhance the mobility of human resources inside and outside the Group
(2) Development of a corporate culture that accepts diversity and encourages challenge
(3) Support for proactive self-transformation and enhanced support systems for childcare and family care
(4) Creation of relationships and opportunities intended for collaborative creation
(5) Achieving an organizational structure that simultaneously achieves VC strategy and employee success, and the exploration and implementation of personnel allocations

3) Responsibility for society

As a company involved in food, the Group is implementing initiatives to solve social issues across all value chains, aiming for healthy people and a healthy planet. The Eighth Medium-term Business Plan set out the House Foods Group Long-term Environmental Strategy 2050, defining "Action on climate change" and "Creation of a resource recycling-oriented society" as priority challenges for accelerating initiatives for the establishment of a recycling-oriented model. The Group is committed to working responsibly to address the environmental impacts associated with global expansion.

- Action on climate change

The Group will change its CO2 emissions reduction indicator from intensity to total emissions and accelerate initiatives to reduce CO2 emissions aiming for carbon neutrality by 2050. The Group aims to reduce emissions throughout the entire supply chain, including using total energy services for multiple sites and expanding renewable energy to reduce scope 1 and 2 emissions, and also establishing priority themes for the reduction of emissions on the procurement of ingredients and during food preparation at home, in order to address Scope 3 emissions. In addition, through the renewal of environmental investment standards, the Group will also accelerate eco-friendly capital investment by factoring expenses expected to be incurred in the future for the purchase of certificates, carbon taxes, etc. into investment decisions.

- Creation of a resource recycling-oriented society
  The Group will make effective use of limited resources from the three perspectives of reduce, utilize and return. The Group will reduce waste and byproducts through a two-pronged strategy: not only reducing them but also working to convert them into valuable resources. Another new area of focus is the reduction of plastic waste such as product packaging. As a food manufacturer, the Group is committed to reducing its impact in this area. Focusing on areas at risk of water depletion, the Group will also strive to use water efficiently at production sites, introduce water saving equipment, and endeavor to clean water before returning it to the natural environment in compliance with the national laws of each country and regional arrangements.

● Financial strategies
Under the Eighth Medium-Term Business Plan, the Group will use operating cash flow and new fundraising methods to continue actively investing in building the global VC and it will also work to promote management that is conscious of the cost of capital by increasing capital efficiency through the reduction of cross-shareholdings and applying the funds raised through this to shareholder returns. The Group plans to make business investments totaling 70 billion yen, comprising investments of 50 billion yen in growth domains of the four VCs, 15 billion yen in existing domains, and 5 billion yen in digital transformation and the environment. In terms of management that is conscious of the cost of capital, the Group revised its profit distribution policy to total return ratio of 40% or higher and ongoing payment of annual dividends of at least 46 yen as stable dividends. Based on this policy, as a shareholder return measure alongside dividends, the Group plans to implement treasury share acquisitions of 15 billion yen funded by reductions in cross-shareholdings of 15 billion yen (30% reduction from the FY2023 level).

Business investment targets

Domains for Investment	Eighth Medium-term Business Plan	Seventh Medium-term Business Plan Results
Growth domains	50.0 billion yen	33.9 billion yen
Existing domains	15.0 billion yen	15.7 billion yen
DX / Environment	5.0 billion yen	5.0 billion yen
Total	70.0 billion yen	54.6 billion yen

Plan for purchase of treasury shares

	Eighth Medium-term Business Plan	Seventh Medium-term Business Plan Results
Purchase of treasury shares	15.0 billion yen	12.0 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 previous fiscal year, 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.

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 fiscal year (As of March 31, 2023)	Consolidated fiscal year under review (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	64,752	80,763
Notes and accounts receivable - trade	50,364	53,984
Securities	6,000	–
Merchandise and finished goods	17,006	18,465
Work in process	3,320	3,909
Raw materials and supplies	7,658	8,407
Other	5,908	5,754
Allowance for doubtful accounts	(83)	(74)
Total current assets	154,924	171,208
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,336	38,737
Machinery, equipment and vehicles, net	20,316	23,085
Land	30,334	30,513
Lease assets, net	1,222	712
Construction in progress	10,209	5,636
Other, net	5,951	5,926
Total property, plant and equipment	102,368	104,609
Intangible assets		
Goodwill	7,745	9,754
Trademark right	18,410	18,013
Software	3,935	3,564
Contract-related intangible assets	18,202	17,402
Customer-related intangible assets	4,609	4,633
Software in progress	502	1,083
Other	785	1,373
Total intangible assets	54,187	55,821
Investments and other assets		
Investment securities	59,108	65,690
Long-term loans receivable	8	11
Deferred tax assets	799	698
Long-term time deposits	1,000	1,000
Retirement benefit asset	18,200	26,069
Distressed receivables	214	171
Long-term deposits	1,065	1,055
Other	6,422	6,594
Allowance for doubtful accounts	(1,385)	(1,325)
Total investments and other assets	85,431	99,963
Total non-current assets	241,986	260,393
Total assets	396,910	431,601

(Million yen)

	Previous consolidated fiscal year (As of March 31, 2023)	Consolidated fiscal year under review (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,506	22,032
Electronically recorded obligations - operating	1,563	2,229
Short-term borrowings	5,452	7,523
Lease liabilities	959	725
Accounts payable - other	10,327	12,547
Income taxes payable	2,320	4,183
Provision for bonuses	490	546
Provision for bonuses for directors (and other officers)	61	60
Provision for shareholder benefit program	99	108
Asset retirement obligations	10	19
Other	14,867	15,805
Total current liabilities	56,654	65,777
Non-current liabilities		
Long-term borrowings	161	193
Lease liabilities	4,080	3,885
Long-term accounts payable - other	181	139
Deferred tax liabilities	22,539	26,020
Retirement benefit liability	6,074	7,620
Asset retirement obligations	1,128	1,150
Long-term guarantee deposits	3,771	3,668
Other	987	1,539
Total non-current liabilities	38,921	44,214
Total liabilities	95,575	109,992
Net assets		
Shareholders’ equity		
Share capital	9,948	9,948
Capital surplus	22,829	22,850
Retained earnings	218,106	231,199
Treasury shares	(9,957)	(11,933)
Total shareholders’ equity	240,925	252,064
Accumulated other comprehensive income		
Valuation difference on available-for- sale securities	20,907	27,657
Deferred gains or losses on hedges	(184)	(55)
Foreign currency translation adjustment	5,616	9,293
Remeasurements of defined benefit plans	5,021	3,250
Total accumulated other comprehensive income	31,359	40,145
Non-controlling interests	29,050	29,400
Total net assets	301,335	321,609
Total liabilities and net assets	396,910	431,601

(2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Consolidated fiscal year under review (April 1,2023 - March 31, 2024)
Net sales	275,060	299,600
Cost of sales	177,157	190,644
Gross profit	97,904	108,956
Selling, general and administrative expenses	81,218	89,486
Operating profit	16,686	19,470
Non-operating income		
Interest income	315	364
Dividend income	759	854
Share of profit of entities accounted for using equity method	139	75
Rental income from buildings	878	884
Foreign exchange gains	110	23
Subsidy income	247	–
Other	397	581
Total non-operating income	2,846	2,781
Non-operating expenses		
Interest expenses	297	177
Rental expenses	690	712
Litigation expenses	49	14
Other	197	263
Total non-operating expenses	1,232	1,165
Ordinary profit	18,300	21,085
Extraordinary income		
Gain on sale of non-current assets	971	7
Gain on sale of investment securities	3,345	2,392
Gain on sale of restaurants	143	35
Gain on revision of retirement benefit plan	–	6,988
Other	8	16
Total extraordinary income	4,466	9,437
Extraordinary losses		
Loss on sale of non-current assets	57	20
Loss on retirement of non-current assets	248	398
Loss on sale of investment securities	1	–
Loss on valuation of investment securities	321	294
Loss on valuation of membership	1	7
Impairment losses	785	2,523
Other	39	4
Total extraordinary losses	1,451	3,247
Profit before income taxes	21,315	27,276
Income taxes - current	6,138	6,995
Income taxes - deferred	(269)	1,113
Total income taxes	5,869	8,109
Profit	15,446	19,167
Profit attributable to		
Profit attributable to owners of parent	13,672	17,580
Profit attributable to non-controlling interests	1,774	1,587

(Million yen)

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Consolidated fiscal year under review (April 1, 2023 - March 31, 2024)
Other comprehensive income		
Valuation difference on available-for- sale securities	(370)	6,775
Deferred gains or losses on hedges	(264)	151
Foreign currency translation adjustment	2,998	3,934
Remeasurements of defined benefit plans, net of tax	(1,997)	(1,768)
Share of other comprehensive income of entities accounted for using equity method	151	63
Total other comprehensive income	519	9,156
Comprehensive income	15,965	28,323
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,827	26,365
Comprehensive income attributable to non-controlling interests	2,138	1,958

(3) Consolidated Statements of Changes in Equity

Previous consolidated fiscal year (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			13,672		13,672
Change in ownership interest of parent due to transactions with non-controlling interests					–
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)	9,137	(5,973)	3,164
Balance at end of period	9,948	22,829	218,106	(9,957)	240,925

	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	Remeasure-ments 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					–		13,672
Change in ownership interest of parent due to transactions with non-controlling interests					–		–
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)	2,690	(1,961)	155	(550)	(395)
Total changes during period	(350)	(224)	2,690	(1,961)	155	(550)	2,768
Balance at end of period	20,907	(184)	5,616	5,021	31,359	29,050	301,335

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,948	22,829	218,106	(9,957)	240,925
Changes during period					
Dividends of surplus			(4,487)		(4,487)
Profit attributable to owners of parent			17,580		17,580
Change in ownership interest of parent due to transactions with non-controlling interests		20			20
Purchase of treasury shares				(2,003)	(2,003)
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	–	21	13,093	(1,976)	11,138
Balance at end of period	9,948	22,850	231,199	(11,933)	252,064

	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	20,907	(184)	5,616	5,021	31,359	29,050	301,335
Changes during period							
Dividends of surplus					–		(4,487)
Profit attributable to owners of parent					–		17,580
Change in ownership interest of parent due to transactions with non-controlling interests					–		20
Purchase of treasury shares					–		(2,003)
Disposal of treasury shares					–		28
Transfer of loss on disposal of treasury shares					–		–
Net changes in items other than shareholders' equity	6,750	130	3,677	(1,771)	8,785	350	9,135
Total changes during period	6,750	130	3,677	(1,771)	8,785	350	20,274
Balance at end of period	27,657	(55)	9,293	3,250	40,145	29,400	321,609

(4) Consolidated Statements of Cash Flows

(Million yen)

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Consolidated fiscal year under review (April 1, 2023 - March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	21,315	27,276
Depreciation	11,628	12,719
Amortization of goodwill	237	904
Impairment losses	785	2,523
Share of (profit) loss of entities accounted for using equity method	(139)	(75)
Loss (gain) on valuation of investment securities	321	294
Loss on valuation of membership	1	7
Increase (decrease) in allowance for doubtful accounts	(489)	(69)
Increase (decrease) in provision for bonuses for directors (and other officers)	3	(1)
Increase (decrease) in provision for shareholder benefit program	3	9
Increase (decrease) in retirement benefit liability	2,553	(149)
Interest and dividend income	(1,074)	(1,218)
Interest expenses	297	177
Foreign exchange losses (gains)	21	420
Loss (gain) on sale of investment securities	(3,344)	(2,392)
Loss (gain) on sale of non-current assets	(913)	13
Loss on retirement of non-current assets	248	398
Loss (gain) on sale of restaurants	(143)	(35)
Gain on revision of retirement benefit plan	–	(6,988)
Decrease (increase) in trade receivables	(2,381)	(2,996)
Decrease (increase) in inventories	(3,992)	(2,459)
Increase (decrease) in trade payables	1,885	1,351
Increase (decrease) in accounts payable - bonuses	19	55
Increase (decrease) in long-term guarantee deposits	(107)	(102)
Decrease (increase) in other assets	(4,360)	(1,176)
Increase (decrease) in other liabilities	2,312	1,356
Subtotal	24,685	29,842
Interest and dividend income received	1,050	1,173
Interest paid	(113)	(390)
Income taxes paid	(6,139)	(5,053)
Net cash provided by (used in) operating activities	19,483	25,571

(Million yen)

	Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)	Consolidated fiscal year under review (April 1, 2023 - March 31, 2024)
Cash flows from investing activities		
Payments into time deposits	(2,065)	2,761
Proceeds from withdrawal of time deposits	327	4,373
Purchase of securities	(2,880)	(2,798)
Proceeds from sale of securities	7,880	8,798
Purchase of property, plant and equipment	(14,084)	(10,417)
Proceeds from sales of property, plant and equipment	2,825	60
Gain on sale of restaurants	231	67
Purchase of intangible assets	(1,079)	(2,255)
Proceeds from sale of intangible assets	–	18
Purchase of investment securities	(2,282)	(370)
Proceeds from sale of investment securities	5,730	5,691
Loss on liquidation of subsidiaries	(18)	–
Purchase of membership	–	(0)
Purchase of shares of subsidiaries and associates	–	(46)
Proceeds from divestments	3	1
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(16,056)	(2,661)
Net cash provided by (used in) investing activities	(21,467)	(2,299)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,203	1,970
Proceeds from share issuance to non-controlling shareholders	47	227
Repayments of lease liabilities	(707)	(1,158)
Repayments of long-term borrowings	–	(84)
Purchase of treasury shares	(6,003)	(2,003)
Purchase of treasury shares of subsidiaries	(0)	(106)
Dividends paid	(4,533)	(4,488)
Dividends paid to non-controlling interests	(2,745)	(1,740)
Net cash provided by (used in) financing activities	(12,739)	(7,382)
Effect of exchange rate change on cash and cash equivalents	1,700	1,592
Net increase (decrease) in cash and cash equivalents	(13,023)	17,483
Cash and cash equivalents at beginning of period	75,705	62,682
Cash and cash equivalents at end of period	62,682	80,165

(5) Notes to Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Changes in Presentation Methods

(Notes to Consolidated Statements of Cash Flows)

"Repayments of short-term borrowings" and "Proceeds from short-term borrowings" under "Cash flows from financing activities," which were presented on a gross basis in the previous fiscal year, are presented on a net basis as "Net increase (decrease) in short-term borrowings" from the consolidated fiscal year under review because the term of borrowing is short and turnover is quick. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year (April 1, 2022 - March 31, 2023) have been amended.

As a result, in the Consolidated Statements of Cash Flows for the previous fiscal year (April 1, 2022 - March 31, 2023), "Repayments of short-term borrowings" of (72,178) million yen and "Proceeds from short-term borrowings" of 73,381 million yen under "Cash flows from financing activities" have been restated as "Net increase (decrease) in short-term borrowings" of 1,203 million yen.

Additional Information

(Revision of Retirement Benefit Plan)

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.

As a result of this transfer, the Company recorded a gain on revision of retirement benefit plan of 6,988 million yen as extraordinary income in the fiscal year under review.

Business Combination, etc.

(Finalization of Provisional Accounting Treatment for Business Combination)

In the previous fiscal year, the Company used provisional accounting treatment for the business combination with Keystone Natural Holdings, LLC on September 30, 2022. The provisional figures were finalized in the fiscal year under review.

As a result of this finalization of the provisional accounting treatment, the comparative information in the quarterly consolidated financial statements for the fiscal year under review reflects a significant review of initial allocation of the purchase price paid.

Accordingly, the provisionally determined amount of goodwill of 13,766 million yen has been revised down 5,362 million yen as a result of finalization of the accounting treatment, to 8,404 million yen. The decrease in goodwill is due to increases of 12 million yen in merchandise and finished goods, 374 million yen in property, plant and equipment, 5,097 million yen in customer-related intangible assets and 680 million yen in deferred tax liabilities and a decrease of 559 million yen in other non-current liabilities.

Adjustments to figures at the end of the previous fiscal year are decreases of 16 million yen in other non-current assets, 4,742 million yen in goodwill, 501 million yen in other non-current liabilities, and 31 million yen in retained earnings and increases of 328 million yen in property, plant and equipment, 4,609 million yen in customer-related intangible assets, 687 million yen in deferred tax liabilities, and 23 million yen in foreign currency translation adjustment.

In the consolidated statement of income and comprehensive income for the previous fiscal year, operating profit, ordinary profit and profit before income taxes increased by 55 million yen, 47 million yen and 42 million yen respectively, while profit attributable to owners of parent and comprehensive income attributable to owners of parent decreased by 31 million yen and 8 million yen respectively.

Goodwill will be amortized over 10 years and other allocated customer-related intangible assets will be amortized over 15 years.

(Business combination through acquisition)

Ichibanya Co., Ltd., which is a consolidated subsidiary of the Company, acquired the shares of LFD Japan Co., Ltd. As a result, the Company now indirectly owns the shares of LFD Japan Co., Ltd. held by Ichibanya Co., Ltd., and LFD Japan Co., Ltd. is now a consolidated subsidiary (second-tier subsidiary) of the Company.

(1) Outline of the business combination

(i) Name of the acquired company and its business

Acquired company: LFD JAPAN Co., Ltd.

Business: Management of restaurants

(ii) Main reason for the business combination

LFD Japan Co., Ltd. operates four stores in Fukuoka City under the Hakata Motsunabe Maedaya brand. Founder Yusuke Maeda established a brand strategy based on the concept of “bringing dignity to Motsunabe (offal hot pot)” and steadily increased sales in the Hakata area, which is a fierce battleground for Motsunabe restaurants. Though small in number, Hakata Motsunabe Maedaya stores are now among the most popular Motsunabe restaurants.

Ichibanya Co., Ltd. decided to invite LFD Japan Co., Ltd. to join the Group as its subsidiary based on the judgment that Hakata Motsunabe Maedaya has enormous product strength and growth potential and will help increase its corporate value.

(iii) Date of the business combination

December 28, 2023

(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 to be acquired

51.0% (held indirectly)

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

Because Ichibanya Co., Ltd, which is a consolidated subsidiary of the Company, has acquired the shares in exchange for cash.

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

Given that the acquisition was deemed complete on December 31, 2023, only the balance sheet of the acquired company is consolidated and its financial results are not included in the consolidated statements of income for the fiscal year under review.

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

Consideration for acquisition	Cash	2,462 million yen
Acquisition cost		2,462 million yen

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

Advisory fees and others 101 million yen

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

(i) Amount of goodwill

1,921 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 is based on the excess earning power expected as a result of future business expansion.

(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	693 million yen
Non-current assets	91 million yen
Total assets	784 million yen
Current liabilities	172 million yen
Non-current liabilities	71 million yen
Total liabilities	243 million yen

(7) 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 information is omitted as the impact on the consolidated statement of income for the fiscal year under review is limited.

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, 2022 – March 31, 2023)

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	114,978	16,072	48,678	48,265	46,965	274,957	–	274,957	104	275,060
Sales and transfer – 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	5,424	2,268	1,234	18,748	–	18,748	(2,062)	16,686
Segment assets	89,050	16,371	79,575	75,484	23,493	283,973	–	283,973	112,937	396,910
Other items										
Depreciation	5,069	521	2,039	2,916	615	11,159	–	11,159	469	11,628
Amortization of goodwill	–	–	192	45	–	237	–	237	–	237
Increase in property, plant and equipment, 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.

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)

(Million yen)

	Reported segments						Other	Total	Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Spice / Seasoning / Processed Food Business	Health Food Business	International Food Business	Restaurant Business	Other Food Related Business	Total				
Net sales										
Sales – outside customers	121,295	16,330	56,038	54,932	50,884	299,479	–	299,479	122	299,600
Sales and transfer – inter-segment	4,992	535	337	200	4,160	10,224	–	10,224	(10,224)	–
Total	126,287	16,865	56,375	55,132	55,045	309,703	–	309,703	(10,103)	299,600
Segment profit (loss)	10,832	2,464	3,067	3,395	1,930	21,688	–	21,688	(2,218)	19,470
Segment assets	94,338	17,519	80,203	75,949	25,714	293,723	–	293,723	137,878	431,601
Other items										
Depreciation	5,008	404	3,099	3,026	619	12,156	–	12,156	564	12,719
Amortization of goodwill	–	–	798	106	–	904	–	904	–	904
Increase in property, plant and equipment, and intangible assets	6,617	675	4,248	2,431	474	14,445	–	14,445	676	15,121

(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 2,218 million yen of the Company and House Business Partners Corporation, etc., which is not distributed to business segments.
(3) Segment assets include assets of 139,355 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 -1,477 million yen.
(4) Depreciation includes depreciation of 564 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 676 million yen of the Company which was not allocated to business segments.
2. Segment profit was adjusted with operating profit on the consolidated financial statements.
3. Segment information for the previous fiscal year is disclosed based on amounts that reflect a significant review of initial allocation of the purchase price paid due to the finalization of a provisional accounting process described in Notes to Consolidated Financial Statements "Business Combination, etc."

[Related information]
Previous consolidated fiscal year (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	North America	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	North America	Other	Total
70,132	6,510	1,873	23,673	179	102,368

3. Information by Major Customer

(Million yen)

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

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)
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	North America	Other	Total
228,178	22,048	12,489	35,050	1,836	299,600

(Note) 1. Net sales are based on the locations of customers and categorized in accordance with countries or regions.

(2) Property, plant and equipment (Million yen)

Japan	East Asia	Southeast Asia	North America	Other	Total
69,248	7,470	1,940	25,760	190	104,609

3. Information by Major Customer
(Million yen)

Customer	Net sales	Related segments
KATOSANGYO Co., Ltd.	34,788	Spice / Seasoning / Processed Food Business Health Food Business
Mitsubishi Shokuhin Co., Ltd.	17,123	Spice / Seasoning / Processed Food Business Health Food Business

[Information on impairment loss in non-current assets by reported segment]
Previous consolidated fiscal year (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 losses	6	573	8	198	–	785	–	–	785

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)
(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 losses	1,970	–	21	528	–	2,519	–	4	2,523

[Information on amortization of goodwill and amortized balance by reported segment]
Previous consolidated fiscal year (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	–	–	192	45	–	237	–	–	237
Balance at end of fiscal year under review	–	–	7,522	223	–	7,745	–	–	7,745

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)

(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	–	–	798	106	–	904	–	–	904
Balance at end of fiscal year under review	–	–	7,060	2,694	–	9,754	–	–	9,754

[Information on gain on bargain purchase by reported segment]
Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)
Not applicable.

Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)
Not applicable.

Per Share Information

(Yen)

	Previous consolidated fiscal year (April 1, 2022 – March 31, 2023)	Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)
Net assets per share	2,791.56	3,016.19
Profit per share	139.63	180.53

(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 (April 1, 2022 – March 31, 2023)	Consolidated fiscal year under review (April 1, 2023 – March 31, 2024)
	Million yen	Million yen
Profit attributable to owners of parent	13,672	17,580
Amount not allocable to common shareholders	–	–
Profit attributable to owners of parent available for common stock	13,672	17,580
	Thousand shares	Thousand shares
Average number of shares of common stock outstanding during the term	97,914	97,378

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

	Previous consolidated fiscal year (As of March 31, 2023)	Consolidated fiscal year under review (As of March 31, 2024)
	Million yen	Million yen
Total net assets	301,335	321,609
Amount deducted from total net assets	29,050	29,400
(Of which are non-controlling interests)	(29,050)	(29,400)
Net assets at end of year available for common stock	272,285	292,208
	Thousand shares	Thousand shares
Number of shares of common stock at end of year used for calculating net assets per share	97,539	96,880

4. Net assets per share for the previous fiscal year and profit per share for the previous fiscal year are calculated based on amounts that reflect a significant review of initial allocation of the purchase price paid due to the finalization of a provisional accounting process described in Notes to Consolidated Financial Statements “Business Combination, etc.”

Important Subsequent Events

Not applicable.

5. Other Information

(1) Senior Management Changes

1. Candidates for new Directors (excluding Directors who are Audit & Supervisory Committee Members) (effective June 25, 2024)

Yuichi Okamoto (currently Executive Officer, General Manager, Spice Value Chain Procurement and Production Strategy Headquarters)

2. Retiring Directors (excludes Directors who are Audit & Supervisory Committee Members) (effective June 25, 2024)

Yasukatsu Hiroura (currently Senior Managing Director, in charge of Spice Value Chain Procurement and Production Strategy Headquarters)

6. Supplementary Information

Allocation of the purchase price paid for Keystone Natural Holdings, LLC in the business combination effected on September 30, 2022 was completed during the fiscal year ended March 31, 2024. Accordingly, figures for the previous fiscal year are amounts after the allocation of the purchase price.

(1) Business Results

Consolidated

(Million yen)

	FY2022		FY2023		FY2024 Forecast	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	275,060	108.6%	299,600	108.9%	320,000	106.8%
Operating profit	16,686	86.8%	19,470	116.7%	21,000	107.9%
Ordinary profit	18,300	86.6%	21,085	115.2%	22,000	104.3%
Profit attributable to owners of parent	13,672	98.0%	17,580	128.6%	13,300	75.7%
Comprehensive income	15,965	74.0%	28,323	177.4%	–	–

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	119,802	102.0%	126,287	105.4%	133,000	105.3%
Health Food Business	16,520	114.5%	16,865	102.1%	18,000	106.7%
International Food Business	48,875	125.0%	56,375	115.3%	62,000	110.0%
Restaurant Business	48,371	106.5%	55,132	114.0%	61,000	110.6%
Other Food Related Business	50,699	111.3%	55,045	108.6%	57,000	103.6%
Adjustment	(9,206)	–	(10,103)	–	(11,000)	–

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	7,915	62.7%	10,832	136.9%	12,600	116.3%
Health Food Business	1,908	–	2,464	129.2%	2,500	101.5%
International Food Business	5,424	103.3%	3,067	56.5%	3,200	104.3%
Restaurant Business	2,268	151.0%	3,395	149.7%	3,900	114.9%
Other Food Related Business	1,234	83.4%	1,930	156.4%	2,100	108.8%
Adjustment	(2,062)	–	(2,218)	–	(3,300)	–

(2) Number of Group Companies

	FY2022	FY2023
Consolidated subsidiaries	42	44
Japan	16	18
Overseas	26	26
Equity-method affiliate	5	4
Japan	2	2
Overseas	3	2

(3) Consolidated Statements of Income

1. Consolidated Statements of Income

(Million yen)

	FY2022		FY2023		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Net sales	**275,060**	**100.0%**	**299,600**	**100.0%**	**24,540**	**8.9%**
<By business segment>						
Spice / Seasoning / Processed Food Business	119,802	43.6%	126,287	42.2%	6,485	5.4%
Health Food Business	16,520	6.0%	16,865	5.6%	346	2.1%
International Food Business	48,875	17.8%	56,375	18.8%	7,500	15.3%
Restaurant Business	48,371	17.6%	55,132	18.4%	6,761	14.0%
Other Food Related Business	50,699	18.4%	55,045	18.4%	4,346	8.6%
Adjustment	(9,206)	(3.3%)	(10,103)	(3.4%)	(897)	–
Cost of sales	177,157	64.4%	190,644	63.6%	13,488	7.6%
Selling, general and administrative expenses	81,218	29.5%	89,486	29.9%	8,269	10.2%
Operating profit	**16,686**	**6.1%**	**19,470**	**6.5%**	2,784	**16.7%**
<By business segment>						
Spice / Seasoning / Processed Food Business	7,915	2.9%	10,832	3.6%	2,917	36.9%
Health Food Business	1,908	0.7%	2,464	0.8%	556	29.2%
International Food Business	5,424	2.0%	3,067	1.0%	(2,357)	(43.5%)
Restaurant Business	2,268	0.8%	3,395	1.1%	1,127	49.7%
Other Food Related Business	1,234	0.4%	1,930	0.6%	696	56.4%
Adjustment	(2,062)	(0.7%)	(2,218)	(0.7%)	(156)	–
Non-operating income	2,846	1.0%	2,781	0.9%	(66)	(2.3%)
Non-operating expenses	1,232	0.4%	1,165	0.4%	(67)	(5.4%)
Ordinary profit	**18,300**	**6.7%**	**21,085**	**7.0%**	**2,785**	**15.2%**
Extraordinary income	4,466	1.6%	9,437	3.2%	4,971	111.3%
Extraordinary losses	1,451	0.5%	3,247	1.1%	1,795	123.7%
Profit before income taxes	21,315	7.7%	27,276	9.1%	5,961	28.0%
Income taxes	5,869	2.1%	8,109	2.7%	2,240	38.2%
Profit	15,446	5.6%	19,167	6.4%	3,721	24.1%
Profit attributable to						
Profit attributable to owners of parent	**13,672**	**5.0%**	**17,580**	**5.9%**	**3,908**	**28.6%**
Profit attributable to non-controlling interests	1,774	0.6%	1,587	0.5%	(187)	(10.5%)
Comprehensive income	**15,965**	**5.8%**	**28,323**	**9.5%**	**12,357**	**77.4%**

2. Major Changes in Selling, General and Administrative Expenses

(Million yen)

	FY2022	FY2023	Year-on-year change
Advertising expenses	8,042	7,749	(293)
Transportation and storage costs	12,093	13,021	927
Sales commission	115	120	5
Promotion expenses	3,263	3,657	394
Personnel expenses	28,753	32,204	3,452
Research and development expenses	4,434	4,625	192
Amortization of goodwill	237	904	668
Other	24,281	27,205	2,924
Total selling, general and administrative expenses	81,218	89,486	8,269

3. Non-Operating Income (Expenses)

(Million yen)

	FY2022	FY2023	Year-on-year change
Interest income	315	364	48
Dividend income	759	854	95
Share of profit of entities accounted for using equity method	139	75	(64)
Rental income from buildings	878	884	6
Foreign exchange gains	110	23	(87)
Subsidy income	247	–	(247)
Other	397	581	183
Total non-operating income	2,846	2,781	(66)
Interest expenses	297	177	(120)
Rental expenses	690	712	21
Litigation expenses	49	14	(35)
Other	197	263	66
Total non-operating expenses	1,232	1,165	(67)

4. Extraordinary Income (Losses)

(Million yen)

	FY2022	FY2023	Year-on-year change
Gain on sale of non-current assets	971	7	(964)
Gain on sale of investment securities	3,345	2,392	(953)
Gain on sale of restaurants	143	35	(108)
Gain on revision of retirement benefit plan	–	6,988	6,988
Other	8	16	8
Total extraordinary income	4,466	9,437	4,971
Loss on sale of non-current assets	57	20	(38)
Loss on retirement of non-current assets	248	398	150
Loss on sale of investment securities	1	–	(1)
Loss on valuation of investment securities	321	294	(27)
Loss on valuation of membership	1	7	6
Impairment losses	785	2,523	1,739
Other	39	4	(34)
Total extraordinary losses	1,451	3,247	1,795

5. Quarterly Statements

Consolidated

(Million yen)

	FY2022					FY2023				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Net sales	66,324	67,507	71,988	69,242	275,060	70,453	72,371	82,873	73,904	299,600
Year-on-year change	4,688	5,016	4,194	7,777	21,675	4,130	4,863	10,885	4,662	24,540
Operating profit	4,970	2,662	6,692	2,363	16,686	4,914	3,153	8,603	2,800	19,470
Year-on-year change	(720)	(680)	(1,163)	22	(2,541)	(56)	491	1,911	438	2,784
Ordinary profit	5,591	3,373	6,578	2,758	18,300	5,252	3,517	8,830	3,486	21,085
Year-on-year change	(754)	(618)	(1,604)	151	(2,825)	(339)	144	2,252	728	2,785
Profit attributable to owners of parent	3,597	1,896	6,114	2,066	13,672	7,978	2,847	5,537	1,218	17,580
Year-on-year change	(476)	(1,241)	(36)	1,470	(284)	4,381	951	(577)	(848)	3,908
Comprehensive income	3,999	6,218	7,149	(1,401)	15,965	10,678	6,705	11,234	(293)	28,323
Year-on-year change	(1,032)	1,484	1,861	(7,929)	(5,616)	6,678	487	4,085	1,107	12,357

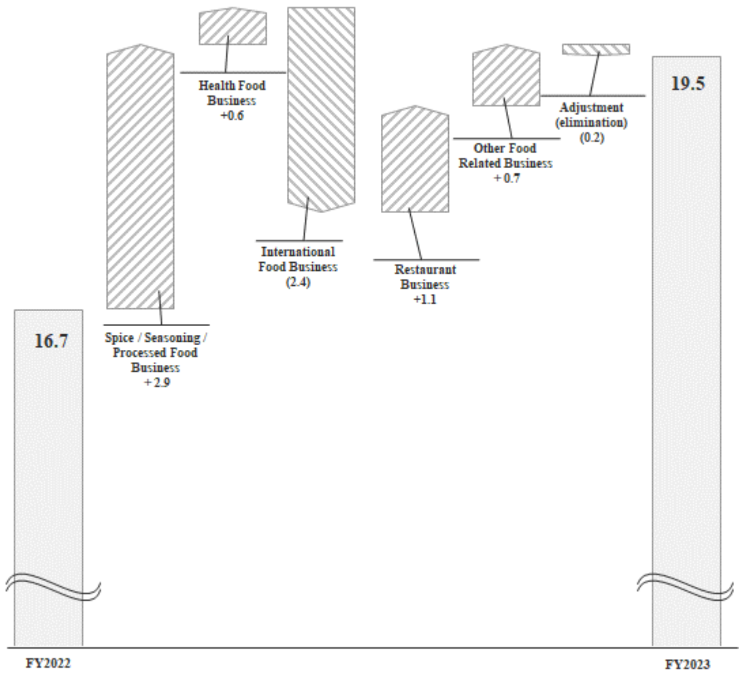
Net sales by business segment

Net sales	FY2022					FY2023				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	28,326	29,688	33,027	28,762	119,802	29,594	30,829	35,663	30,201	126,287
Year-on-year change	694	354	387	945	2,380	1,269	1,142	2,636	1,439	6,485
Health Food Business	4,110	4,412	4,575	3,423	16,520	4,136	4,468	4,724	3,538	16,865
Year-on-year change	759	723	270	335	2,087	26	56	149	115	346
International Food Business	10,796	11,824	12,346	13,908	48,875	13,441	13,015	15,481	14,437	56,375
Year-on-year change	984	2,197	2,105	4,479	9,764	2,645	1,191	3,135	529	7,500
Restaurant Business	11,334	11,612	12,436	12,989	48,371	12,897	13,915	14,345	13,974	55,132
Year-on-year change	208	633	1,194	915	2,950	1,563	2,303	1,910	985	6,761
Other Food Related Business	13,921	12,466	11,983	12,329	50,699	12,858	12,891	15,187	14,108	55,045
Year-on-year change	2,246	1,274	506	1,102	5,128	(1,062)	424	3,204	1,779	4,346
Adjustment	(2,163)	(2,495)	(2,379)	(2,170)	(9,206)	(2,474)	(2,747)	(2,527)	(2,354)	(10,103)
Year-on-year change	(204)	(165)	(268)	1	(635)	(311)	(252)	(149)	(185)	(897)

Operating profit by business segment

Operating profit	FY2022					FY2023				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	2,251	955	3,564	1,145	7,915	1,794	1,871	4,965	2,201	10,832
Year-on-year change	(824)	(1,372)	(1,253)	(1,264)	(4,713)	(457)	917	1,401	1,056	2,917
ROS	7.9%	3.2%	10.8%	4.0%	6.6%	6.1%	6.1%	13.9%	7.3%	8.6%
Health Food Business	465	611	824	8	1,908	589	641	1,065	168	2,464
Year-on-year change	627	781	220	417	2,046	124	30	242	161	556
ROS	11.3%	13.9%	18.0%	0.2%	11.5%	14.2%	14.4%	22.6%	4.8%	14.6%
International Food Business	1,747	1,359	1,361	957	5,424	1,175	(79)	1,188	783	3,067
Year-on-year change	(236)	115	(146)	441	174	(572)	(1,438)	(173)	(174)	(2,357)
ROS	16.2%	11.5%	11.0%	6.9%	11.1%	8.7%	(0.6%)	7.7%	5.4%	5.4%
Restaurant Business	193	454	673	948	2,268	930	877	1,095	493	3,395
Year-on-year change	(158)	278	253	392	766	737	423	422	(455)	1,127
ROS	1.7%	3.9%	5.4%	7.3%	4.7%	7.2%	6.3%	7.6%	3.5%	6.2%
Other Food Related Business	362	158	297	416	1,234	532	555	480	363	1,930
Year-on-year change	(109)	(170)	(182)	215	(245)	170	397	182	(53)	696
ROS	2.6%	1.3%	2.5%	3.4%	2.4%	4.1%	4.3%	3.2%	2.6%	3.5%
Adjustment	(47)	(876)	(27)	(1,112)	(2,062)	(106)	(712)	(190)	(1,210)	(2,218)
Year-on-year change	(21)	(313)	(55)	(179)	(568)	(59)	164	(163)	(98)	(156)

6. Factors of Changes in Operating Profit by Business Segment (Billion yen)



Billion yen	Year-on-year change
Spice / Seasoning / Processed Food Business	+2.9
Change in sales*	+2.5
Change in cost of sales ratio*	+0.2
Marketing costs*	+0.8
Other expenses*	(0.6)
Affiliated companies, adjustment	+0.0
Health Food Business	+0.6
Change in sales	+0.2
Change in cost of sales ratio	(0.1)
Marketing costs	+0.3
Other expenses	+0.2
International Food Business	(2.4)
Business in the United States	(0.5)
Business in China	(0.5)
Businesses in Southeast Asia	(1.3)
Exports and others	(0.1)
Restaurant Business	+1.1
Other Food Related Business	+0.7
Delica Chef Corporation	+0.3
Vox Trading Co., Ltd. (Consolidated)	+0.4
Adjustment (elimination)	(0.2)

Changes in operating profit	+2.8

* Calculated based on results of House Foods Corporation and House Gaban Corporation

(4) Consolidated Balance Sheets

Consolidated Balance Sheets (Million yen)

		FY2022		FY2023		Increase/ decrease from end of FY2022	Major factors for increase/decrease	
		Amount	Percentage	Amount	Percentage	Amount		
	Current assets	154,924	39.0%	171,208	39.7%	16,284	Increase in cash and deposits	16,011
							Increase in notes and accounts receivable - trade	3,619
							Increase in merchandise and finished goods	1,460
							Decrease in securities	(6,000)
	Non-current assets	241,986	61.0%	260,393	60.3%	18,407	Increase in retirement benefit asset	7,868
							Increase in investment securities	6,583
							Increase in buildings and structures	4,402
Total assets		**396,910**	**100.0%**	**431,601**	**100.0%**	**34,691**		
	Current liabilities	56,654	14.3%	65,777	15.2%	9,123	Increase in accounts payable - other	2,220
							Increase in short-term borrowings	2,071
							Increase in income taxes payable	1,863
							Increase in notes and accounts payable - trade	1,526
	Non-current liabilities	38,921	9.8%	44,214	10.2%	5,294	Increase in deferred tax liabilities	3,481
							Increase in retirement benefit liability	1,546
Total liabilities		**95,575**	**24.1%**	**109,992**	**25.5%**	**14,417**		
	Total shareholders' equity	240,925	60.7%	252,064	58.4%	11,138	Increase in retained earnings	13,093
							Increase in treasury shares	(1,976)
	Total accumulated other comprehensive income	31,359	7.9%	40,145	9.3%	8,785	Increase in valuation difference on available-for-sale securities	6,750
							Increase in foreign currency translation adjustment	3,677
							Decrease in remeasurements of defined benefit plans	(1,771)
	Non-controlling interests	29,050	7.3%	29,400	6.8%	350		
Total net assets		**301,335**	**75.9%**	**321,609**	**74.5%**	**20,274**		
Total liabilities and net assets		**396,910**	**100.0%**	**431,601**	**100.0%**	**34,691**		

(5) Consolidated Statements of Cash Flows

Consolidated Statements of Cash Flows (Million yen)

	FY2022	FY2023	Year-on-year change	Major factors for increase/decrease	
Cash flows from operating activities	19,483	25,571	6,088	Profit before income taxes	5,961
				Decrease (increase) in other assets	3,183
				Impairment losses	1,739
				Decrease (increase) in inventories	1,533
				Gain on revision of retirement benefit plan	(6,988)
Cash flows from investing activities	(21,467)	(2,299)	19,168	Purchase of shares of subsidiaries resulting in change in scope of consolidation	13,395
				Proceeds from withdrawal of time deposits	4,046
				Purchase of property, plant and equipment	3,668
				Proceeds from sale of property, plant and equipment	(2,765)
Cash flows from financing activities	(12,739)	(7,382)	5,357	Purchase of treasury shares	4,000
				Dividends paid to non-controlling interests	1,005
				Net increase (decrease) in short-term borrowings	767
Cash and cash equivalents at end of period	62,682	80,165	17,483		

(6) Capital Investment

Consolidated

(Million yen)

	FY2022	FY2023	FY2024 Forecast
Capital investment	15,239	14,735	19,400
Leases	573	324	200
Total	15,813	15,059	19,600

(7) Depreciation

Consolidated

(Million yen)

	FY2022	FY2023	FY2024 Forecast
Depreciation	11,628	12,719	12,400
Lease payments	417	558	300
Total	12,045	13,278	12,700

* 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

	FY2022	FY2023	FY2024 Forecast
Profit per share	139.63 yen	180.53 yen	137.28 yen
Net assets per share	2,791.56 yen	3,016.19 yen	3,105.48 yen
ROIC (Return on invested capital)	–	4.6%	4.7%
ATO	0.71 times	0.72 times	0.73 times
Ratio of operating profit to net sales	6.1%	6.5%	6.6%
EBITDA margin	10.4%	11.0%	10.9%
Ratio of ordinary profit to net sales	6.7%	7.0%	6.9%
Ratio of operating profit to total assets	4.3%	4.7%	4.8%
ROE (Return on equity)	5.1%	6.2%	4.5%
Equity ratio	68.6%	67.7%	67.5%

Dividend per share	46.00 yen	47.00 yen	48.00 yen
Dividend payout ratio	32.9%	26.0%	35.0%
Dividend payout ratio according to the basic policy on the return of earnings to shareholders	32.4%	24.8%	–

* From FY2024, the Company's profit distribution policy will change to a total return ratio of 40% or higher.
  Previously, the policy was 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	6,502 people	6,543 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)

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Curry roux	52.9	51.3	50.5	46.9	47.1	50.7
Stew roux	19.6	18.9	18.9	18.0	18.5	19.1
Hashed beef sauce roux	7.1	7.1	7.3	6.6	6.3	7.1
Retort pouched curry	70.7	75.3	78.9	78.7	81.7	86.1
Spice in total	85.9	88.4	100.6	97.0	93.1	97.6

2. Curry roux market trends (SRI+)

FY2023		1Q	2Q	3Q	4Q	1H	2H	Full year
Overall market	Average selling price	216 yen	235 yen	238 yen	236 yen	225 yen	237 yen	231 yen
	Change from the previous year	+24 yen	+39 yen	+26 yen	+25 yen	+31 yen	+26 yen	+29 yen
House Foods Corporation	Average selling price	222 yen	246 yen	245 yen	244 yen	234 yen	244 yen	239 yen
	Change from the previous year	+32 yen	+49 yen	+28 yen	+28 yen	+40 yen	+28 yen	+35 yen
	Share of amount	59.4%	60.8%	61.5%	61.9%	60.1%	61.7%	60.9%

Source: SRI+ monthly data of INTAGE Inc. (April 2023 – March 2024)

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

FY2023	1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business (House Foods)							
Curry roux *1	103.7%	104.3%	112.9%	106.3%	104.0%	109.4%	106.6%
Retort pouched curry *1	107.6%	91.2%	100.5%	102.7%	98.7%	101.6%	100.1%
Stew roux *1	102.8%	96.4%	98.2%	104.7%	98.3%	100.1%	99.5%
Spice *1	104.6%	100.7%	106.5%	105.8%	102.6%	106.2%	104.4%
Health Food Business (House Wellness Foods)							
Ukon No Chikara *1	114.4%	122.5%	116.0%	107.8%	118.4%	113.0%	115.5%
C1000 *1	98.3%	104.6%	104.5%	100.5%	101.5%	102.7%	102.1%
Ichinichibun No Vitamin *1	106.2%	92.8%	91.7%	102.0%	98.3%	96.1%	97.3%
International Food Business (Local currency basis)							
Business in the United States	158.4%	152.3%	150.3%	108.9%	155.5%	126.6%	139.5%
Business in China	114.6%	108.2%	95.0%	90.9%	111.2%	93.1%	101.6%
Functional drinks business in Thailand	54.2%	39.7%	93.9%	75.0%	46.5%	83.4%	63.2%
Restaurant Business (Ichibanya)							
Net sales of all domestic restaurants	112.1%	113.6%	114.1%	105.9%	112.9%	109.8%	111.3%
Net sales of existing domestic restaurants	112.9%	114.3%	115.0%	106.8%	113.7%	110.7%	112.1%
Number of customers	101.1%	103.8%	105.4%	104.7%	102.5%	105.0%	103.8%
Average sales per customer	111.7%	110.1%	109.1%	102.0%	110.9%	105.4%	108.1%

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