July 30, 2018

Consolidated Financial Results (Japanese Accounting Standards) for the Three Months Ended June 30, 2018 (Q1 FY2018)

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Stock exchange listing: Tokyo Stock Exchange
Stock code: 2810
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Scheduled date for filing of securities report: August 9, 2018
Scheduled date of commencement of dividend payment: –
Supplementary documents for quarterly results: Yes
Quarterly results briefing: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(1) Consolidated Results of Operations (Accumulated Total) (Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2018	71,305	1.3	4,310	12.9	4,660	17.8	2,715	20.0
June 30, 2017	70,358	6.1	3,819	61.8	3,958	94.8	2,262	(18.3)

(Note) Comprehensive income: 3,129 million yen (-20.1%) for the three months ended June 30, 2018
3,914 million yen (784.0%) for the three months ended June 30, 2017

	Profit per share (basic)	Profit per share (diluted)
Three months ended	Yen	Yen
June 30, 2018	26.42	–
June 30, 2017	22.02	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Three months ended June 30, 2018	377,812	284,158	66.9	2,458.10
Year ended March 31, 2018	378,864	283,719	66.5	2,450.71

(Reference) Shareholders' equity: As of June 30, 2018: 252,573 million yen
As of March 31, 2018: 251,814 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	18.00	–	20.00	38.00
Year ending March 31, 2019	–				
Year ending March 31, 2019 (forecasts)		20.00	–	20.00	40.00

(Note) Revisions to dividend forecasts published most recently: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentage figures represent the changes from the previous year)

	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, 2019	301,300	3.2	17,000	4.4	18,000	4.6	10,000	6.9	97.32

(Note) Revisions to financial forecasts published most recently: None

* Notes

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

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements: Yes

(3) 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):	Yes
(iii)	Changes in accounting estimates:	None
(iv)	Restatement:	None

Please refer to "2. Quarterly Consolidated Finance Statements and Key Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 9 for details.

(4) Number of shares outstanding (common shares):

(i) Number of shares outstanding at end of period (including treasury shares)

As of June 30, 2018:	102,758,690 shares
As of March 31, 2018:	102,758,690 shares

(ii) Number of treasury shares at end of period

As of June 30, 2018:	7,139 shares
As of March 31, 2018:	6,963 shares

(iii) Average number of shares outstanding during the term

Three months ended June 30, 2018:	102,751,618 shares
Three months ended June 30, 2017:	102,753,042 shares

* Quarterly consolidated financial results are not subject to a quarterly review by certified public accountants or audit corporations.

* 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 related to the forecasts, please refer to "(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts" under "1. Qualitative Information on Results for the First Quarter Ended June 30, 2018" on page 4 of the accompanying materials.

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1. Qualitative Information on Results for the First Quarter Ended June 30, 2018

(1) Details of Operating Results

House Foods Group regards the theme of "striving to become a high quality company that provides 'Healthy Life Through Foods'" as a vision of the Group in the Sixth Medium-Term Business Plan, which commenced in April 2018. The Group is taking steps to become a high quality company in all three of the responsibilities ("For our customers," "For our employees and their families," and "For society") it seeks to fulfill as a corporate citizen.

- Key themes in the "three responsibilities"

For our customers	Creating innovation in the mature market in Japan and accelerating business development in overseas growth markets (value chain innovation, R&D innovation, the expansion of growth in overseas businesses and the strengthening of business base).
For our employees and their families	Achieving diversity (implementing work-style reforms, recruiting diverse human resources and creating a workplace where they can take an active role).
For society	Establishing a recycling-oriented model and achieving a society of healthy longevity through the CSR (Creating Smiles & Relationships) activities the Group conceives.

In the first quarter of the fiscal year under review, net sales of the Group increased 1.3% year on year, to 71,305 million yen, mainly due to the growth of the International Food Business and Other Food Related Business.

Operating profit rose 12.9% year on year, to 4,310 million yen chiefly due to a decline in marketing costs such as advertising expenses, in addition to the effect of higher sales. Ordinary profit increased 17.8% year on year, to 4,660 million yen, and profit attributable to owners of parent climbed 20.0% year on year, to 2,715 million yen.

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

Segment	Consolidated net sales		Consolidated operating profit Segment profit (loss)	
	Amount (million yen)	Year-on-year change (%)	Amount (million yen)	Year-on-year change (%)
Spice / Seasoning / Processed Food Business	32,932	101.1	2,657	128.0
Health Food Business	8,149	95.0	663	103.2
International Food Business	6,033	111.3	961	117.6
Restaurant Business	12,744	98.6	(160)	–
Other Food Related Business	15,371	105.1	605	128.0
Subtotal	75,229	101.5	4,727	117.4
Adjustment (elimination)	(3,923)	–	(416)	–
Total	71,305	101.3	4,310	112.9

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

Spice / Seasoning / Processed Food Business

Curry roux for cooking and precooked retort pouched curry products showed different results in the market, reflecting the growing tendency for people to eat out or buy food to eat at home. In this environment, results almost on a par with the year-ago level were secured in curry roux products by focusing on its core brands centering on *Java Curry*, which marked 50 years since its release. However, sales of retort pouched curry products fell below the year-ago level. This largely reflected the absence of the surge in sales of *Pro Quality* with multiple packs seen last year, although sales of this product remained robust. While snack products remained weak in comparison to strong sales in the same period of the previous fiscal year, sales of packaged noodles and dessert products were higher.

Sales in the Spice/Seasoning/Processed Food Business stood at 32,932 million yen, up 1.1% year on year, due to the contribution of the new consolidation effect of Malony Co., Ltd., in addition to the above, and operating profit was 2,657 million yen, up 28.0% year on year. As a result, the ratio of operating profit to net sales was 8.1%, rising 1.7

percentage point from the same period of the previous fiscal year.

Health Food Business

In the functional spice business, sales of the *Ukon No Chikara* series, the main brand, remained weak as these products fell short of activating the market given the diversification of occasions when customers enjoyed a drink.

In the vitamin business, overall sales were solid. While sales of the *C1000* series were down from a year earlier, sales of *Ichinichibun No Vitamin* increased, driven by continued growth in demand for jelly beverages.

As a result, sales in the Health Food Business stood at 8,149 million yen, declining 5.0% year on year, but operating profit rose 3.2% year on year, to 663 million yen. As a result, the ratio of operating profit to net sales was 8.1%, improving 0.6 percentage point year on year.

International Food Business

In the United States, sales of *Tofu* and *Tofu*-related products grew owning to the stable growth of Asian markets as well as the expanded handling of these products in the American market and the food service market.

In China, the segment showed a good performance as a result of working to strengthen promotion activities mainly in focused cities and disseminate the attractiveness of menus of Japanese-style curry and increase its brand value.

In the ASEAN region, customers' recognition of *C-vitt* made steady progress in the functional beverage business in Thailand, and sales of *C-vitt* continued to expand favorably.

As a result of the above, sales in the International Food Business rose 11.3% year on year, to 6,033 million yen, and operating profit increased 17.6%, to 961 million yen. Consequently, the ratio of operating profit to net sales was 15.9%, rising 0.9 percentage point from a year earlier.

Restaurant Business

Ichibanya Co., Ltd. saw lower sales due to the transfer of directly managed stores to franchised stores, while operating profit declined because of rises in the costs of rice and other cooking ingredients and labor costs. At stores in Japan totaling directly managed stores and franchised stores, sales remained steady, with sales at all stores rising 0.9% year on year and sales at existing stores increasing 0.8%. The number of overseas stores at the end of the first quarter of the fiscal year under review was 155.

As a result, sales in the Restaurant Business decreased 1.4% year on year, to 12,744 million yen, and the operating loss stood at 160 million yen (compared to operating profit of 17 million yen in the same period of the previous fiscal year) due to the burden of the amortization of goodwill and intangible assets recognized upon making Ichibanya Co., Ltd. a subsidiary included in the scope of consolidation. As a consequence, the ratio of operating profit to net sales was -1.3%, falling 1.4 percentage point from a year earlier.

Other Food Related Business

House Logistics Service Corporation, which operates the transportation and warehouse business, worked to optimize and rebuild its business with a view to the nationwide development of F-LINE, a joint effort by food companies.

Delica Chef Corporation, a Group company that produces prepared food for convenience stores, continued its efforts to strengthen its development capabilities and improve productivity.

Vox Trading Co., Ltd. actively sought to propose solutions of high-quality food ingredients and increased in sales, particularly in spices.

As a result of the above, sales in Other Food Related Business increased 5.1% year on year, to 15,371 million yen, and operating profit rose 28.0% year on year, to 605 million yen. Consequently, the ratio of operating profit to net sales was 3.9%, improving 0.7 percentage point from a year ago.

(2) Details of Financial Position

The consolidated financial situation at the end of the first quarter of the fiscal year under review is as follows:

The Group has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018) from the beginning of the first quarter of the fiscal year under review and compares and analyses the status of financial position in comparison with the previous fiscal year, using figures after retroactively applying the accounting standard, etc.

Total assets were 377,812 million yen, a decrease of 1,052 million yen from the end of the previous consolidated fiscal year.

Current assets decreased 3,816 million yen, to 137,429 million yen, mainly reflecting decreases in cash and deposits and securities, despite an increase in merchandise and finished goods. Non-current assets rose 2,764 million yen, to 240,383 million yen. This was chiefly due to increases in investment securities and construction in progress, offsetting decreases in goodwill and machinery, equipment and vehicles.

Liabilities stood at 93,654 million yen, a decrease of 1,490 million yen from the end of the previous consolidated fiscal year.

Current liabilities declined 1,997 million yen, to 54,651 million yen, owning mainly to decreases in accounts payable – other and income taxes payable, despite an increase in notes and accounts payable – trade. Non-current liabilities increased 507 million yen, to 39,003 million yen, chiefly due to a rise in deferred tax liabilities.

Net assets rose 439 million yen from the end of the previous consolidated fiscal year, to 284,158 million yen, as a result of an increase in the valuation difference on available-for-sale securities following a rise in the market value of investment securities owned, as well as rise in retained earnings due to a rise in profit attributable to owners of parent. In the meantime, foreign currency translation adjustment declined.

As a result, the equity ratio stood at 66.9% (compared with 66.5% at the end of the previous fiscal year), and net assets per share amounted to 2,458.10 yen (2,450.71 yen at the end of the previous fiscal year) at the end of the first quarter of the fiscal year under review.

(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts

There has been no change to the consolidated results forecasts announced on May 10, 2018, for the period ending March 31, 2019.

2. Quarterly Consolidated Finance Statements and Key Notes
(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2018)	End of first quarter of the fiscal year under review (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	60,630	55,005
Notes and accounts receivable - trade	48,575	48,099
Securities	8,654	7,504
Merchandise and finished goods	10,828	11,824
Work in process	1,963	1,859
Raw materials and supplies	4,740	5,032
Other	6,049	8,293
Allowance for doubtful accounts	(194)	(186)
Total current assets	141,245	137,429
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,211	30,011
Machinery, equipment and vehicles, net	12,794	12,230
Land	32,322	32,207
Lease assets, net	3,554	3,419
Construction in progress	2,428	3,481
Other, net	1,872	1,867
Total property, plant and equipment	83,182	83,216
Intangible assets		
Goodwill	9,400	8,545
Trademark right	25,296	25,134
Software	1,701	1,646
Contract-related intangible assets	26,820	26,579
Software in progress	164	154
Other	1,059	1,020
Total intangible assets	64,441	63,078
Investments and other assets		
Investment securities	76,841	80,331
Long-term loans receivable	349	344
Deferred tax assets	2,008	2,034
Long-term time deposits	1,000	1,000
Net defined benefit asset	3,981	4,218
Claims provable in bankruptcy, claims provable in rehabilitation and other	712	712
Other	6,009	6,352
Allowance for doubtful accounts	(903)	(903)
Total investments and other assets	89,996	94,089
Total non-current assets	237,619	240,383
Total assets	378,864	377,812

(Million yen)

	End of previous fiscal year (As of March 31, 2018)	End of first quarter of the fiscal year under review (As of June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,877	22,348
Electronically recorded obligations - operating	1,465	1,455
Short-term loans payable	5,858	5,932
Current portion of bonds	26	26
Lease obligations	620	585
Accounts payable - other	16,601	13,832
Income taxes payable	4,331	1,924
Provision for bonuses	409	209
Provision for directors' bonuses	95	28
Provision for shareholder benefit program	90	71
Other provision	15	–
Asset retirement obligations	4	6
Other	6,256	8,233
Total current liabilities	56,648	54,651
Non-current liabilities		
Bonds payable	52	52
Long-term loans payable	573	527
Lease obligations	3,018	2,910
Long-term accounts payable - other	254	239
Deferred tax liabilities	26,570	27,100
Provision for directors' retirement benefits	296	296
Provision for loss on guarantees	2	2
Net defined benefit liability	1,728	1,736
Asset retirement obligations	843	834
Long-term guarantee deposited	4,643	4,821
Other	517	486
Total non-current liabilities	38,496	39,003
Total liabilities	95,145	93,654
Net assets		
Shareholders' equity		
Capital stock	9,948	9,948
Capital surplus	23,107	23,107
Retained earnings	188,258	188,918
Treasury shares	(17)	(18)
Total shareholders' equity	221,296	221,955
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	25,614	26,707
Deferred gains or losses on hedges	(5)	(39)
Foreign currency translation adjustment	1,763	825
Remeasurements of defined benefit plans	3,147	3,125
Total other accumulated comprehensive income	30,518	30,618
Non-controlling interests	31,905	31,584
Total net assets	283,719	284,158
Total liabilities and net assets	378,864	377,812

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(First three-month period)

(Million yen)

	First three-month period of previous fiscal year (April 1, 2017 - June 30, 2017)	First three-month period of the fiscal year under review (April 1, 2018 - June 30, 2018)
Net sales	70,358	71,305
Cost of sales	39,089	39,825
Gross profit	31,269	31,480
Selling, general and administrative expenses	27,451	27,170
Operating profit	3,819	4,310
Non-operating income		
Interest income	92	73
Dividend income	61	60
Share of profit of entities accounted for using equity method	5	7
House rent income	196	191
Foreign exchange gains	–	113
Other	56	110
Total non-operating income	410	554
Non-operating expenses		
Interest expenses	23	19
Rent expenses	155	151
Foreign exchange losses	66	–
Other	28	34
Total non-operating expenses	271	204
Ordinary profit	3,958	4,660
Extraordinary income		
Gain on sales of non-current assets	4	3
Gain on sales of investment securities	–	0
Compensation income	–	37
Gain on sales of restaurants	34	59
Other	–	1
Total extraordinary income	38	99
Extraordinary losses		
Loss on sales of non-current assets	–	0
Loss on retirement of non-current assets	8	25
Loss on valuation of investment securities	–	2
Impairment loss	10	2
Other	13	4
Total extraordinary losses	31	33
Profit before income taxes	3,965	4,726
Income taxes	1,337	1,636
Profit	2,628	3,090
Profit attributable to		
Profit attributable to owners of parent	2,262	2,715
Profit attributable to non-controlling interests	366	375

(Million yen)

	First three-month period of previous fiscal year (April 1, 2017 - June 30, 2017)	First three-month period of the fiscal year under review (April 1, 2018 - June 30, 2018)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,874	1,109
Deferred gains or losses on hedges	(76)	(52)
Foreign currency translation adjustment	(633)	(996)
Remeasurements of defined benefit plans, net of tax	115	(19)
Share of other comprehensive income of entities accounted for using equity method	6	(3)
Total other comprehensive income	1,286	39
Comprehensive income	3,914	3,129
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,562	2,815
Comprehensive income attributable to non-controlling interests	353	314

(3) Notes to Quarterly Consolidated Financial Statements

Notes Relating to Assumptions for the Going Concern

Not applicable.

Notes for Case Where Shareholders' Equity underwent Significant Changes in Value

Not applicable.

Application of Particular Accounts Procedures to the Preparation of Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

The Company calculates tax expenses by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year and multiplying profit before income taxes for the first quarter under review by the estimated effective tax rate.

However, if the calculation of tax expenses using the estimated effective tax rate results in a markedly unreasonable outcome, tax expenses are calculated by using the statutory effective tax rate after adding and subtracting important differences that do not fall under temporary differences to and from profit before income taxes.

"Income taxes-current" and "Income taxes-deferred" are unified in "Income taxes."

Changes in Accounting Policies

(Changes in the method of converting revenues and expenses of foreign subsidiaries, etc. to Japanese currency)

Revenues and expenses of foreign subsidiaries, etc. were converted into Japanese yen at the spot exchange rate on the closing date of the foreign subsidiaries, etc., but the Group has changed the method of converting them to yen at the average exchange rate during the period from the first quarter of the fiscal year under review. This is because the Group has decided that the method of converting revenues and expenses of foreign subsidiaries, etc. to the Japanese yen at the average exchange rate during the period is more reasonable to alleviate the impact of temporary fluctuations in exchange rates on the profit and loss during the period and reflect the business results of foreign subsidiaries, etc. on the Group's consolidated financial statements more appropriately, given that overseas sales at foreign subsidiaries, etc. will grow increasingly important in the future because the Group is focusing on the expansion of overseas sales and global development.

Because the impact of this change is minor, the Group does not apply it retroactively.

Segment Information

I. First three-month period of previous fiscal year (April 1, 2017 - June 30, 2017)

1. Information on net sales and profits or losses by reported segment

(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	31,604	8,497	5,376	12,919	11,950	70,345	–	70,345	13	70,358
Sales and transfer – inter-segment	962	78	46	2	2,672	3,761	–	3,761	(3,761)	–
Total	32,567	8,575	5,422	12,921	14,622	74,106	–	74,106	(3,747)	70,358
Segment profit (loss)	2,076	642	818	17	473	4,025	–	4,025	(206)	3,819

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

(1) “Sales – outside customers” consist primarily of proceeds from the real estate leasing recorded by the Company.

(2) “Segment profit (loss)” includes a profit of -206 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments, and -0 million yen for the elimination of inter-segment transactions.

(Note) 2. “Segment profit” has been adjusted, with operating profit recorded in the consolidated financial statements.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

In the first quarter of the consolidated fiscal year under review, the Company recorded an impairment loss of 10 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

II. First three-month period of the fiscal year under review (April 1, 2018 - June 30, 2018)

1. Information on net sales and profits or losses by reported segment

(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	31,840	8,069	6,009	12,740	12,637	71,295	–	71,295	11	71,305
Sales and transfer – inter-segment	1,093	79	23	4	2,734	3,934	–	3,934	(3,934)	–
Total	32,932	8,149	6,033	12,744	15,371	75,229	–	75,229	(3,923)	71,305
Segment profit (loss)	2,657	663	961	(160)	605	4,727	–	4,727	(416)	4,310

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

(1) “Sales – outside customers” consist primarily of proceeds from the real estate leasing recorded by the Company.

(2) “Segment profit (loss)” includes a profit of -416 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments, and -0 million yen for the elimination of inter-segment transactions.

(Note) 2. “Segment profit” has been adjusted, with operating profit recorded in the consolidated financial statements.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

(Important impairment loss on non-current assets)

In the first quarter of the consolidated fiscal year under review, the Company recorded an impairment loss of 2 million yen associated with a fall in profitability of store assets, etc. in the Restaurant Business segment.

Additional Information

(Adoption of the “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc.)

The Group has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018), etc. from the beginning of the first quarter of the fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

3. Supplementary Information

(1) Business Results

Consolidated (Million yen)

	First quarter of FY2017		First quarter of FY2018		FY2017		FY2018 Target	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	70,358	106.1%	71,305	101.3%	291,897	102.8%	301,300	103.2%
Operating profit	3,819	161.8%	4,310	112.9%	16,288	132.3%	17,000	104.4%
Ordinary profit	3,958	194.8%	4,660	117.8%	17,207	123.3%	18,000	104.6%
Profit attributable to owners of parent	2,262	81.7%	2,715	120.0%	9,353	107.7%	10,000	106.9%
Comprehensive income	3,914	884.0%	3,129	79.9%	21,547	191.6%	–	–

Net sales by business segment

Net sales	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Spice / Seasoning / Processed Food Business	32,567	46.2%	32,932	46.1%	139,937	48.0%	144,000	47.8%
Health Food Business	8,575	12.2%	8,149	11.4%	31,599	10.8%	31,500	10.4%
International Food Business	5,422	7.7%	6,033	8.5%	22,855	7.8%	26,800	8.9%
Restaurant Business	12,921	18.4%	12,744	17.9%	51,974	17.8%	53,100	17.6%
Other Food Related Business	14,622	20.8%	15,371	21.6%	61,024	20.9%	61,700	20.5%
Adjustment	(3,747)	(5.3%)	(3,923)	(5.5%)	(15,492)	(5.3%)	(15,800)	(5.2%)

Operating profit by business segment

Operating profit	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Spice / Seasoning / Processed Food Business	2,076	54.4%	2,657	61.7%	12,081	74.2%	12,200	71.8%
Health Food Business	642	16.8%	663	15.4%	907	5.6%	1,000	5.9%
International Food Business	818	21.4%	961	22.3%	2,847	17.5%	3,400	20.0%
Restaurant Business	17	0.4%	(160)	(3.7%)	(406)	(2.5%)	(300)	(1.8%)
Other Food Related Business	473	12.4%	605	14.0%	1,865	11.4%	2,000	11.8%
Adjustment	(206)	(5.4%)	(416)	(9.7%)	(1,008)	(6.2%)	(1,300)	(7.7%)

(2) Number of Group Companies

	First quarter of FY2017	First quarter of FY2018	FY2017
Consolidated subsidiaries	37	37	37
Japan	14	14	14
Overseas	23	23	23
Equity-method affiliate	4	4	4
Japan	2	2	2
Overseas	2	2	2

Financial results of major subsidiaries in the first quarter of the fiscal year ending March 31, 2019 (Million yen)

	Net sales		Operating profit		Profit	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
House Foods Corporation	30,496	100.0%	2,495	130.5%	1,882	128.1%
House Wellness Foods Corporation	8,149	95.0%	663	102.7%	505	96.1%
House Foods America Corporation (Consolidated)	3,451	106.5%	435	112.8%	318	138.9%
Ichibanya Co., Ltd. (Consolidated)	12,273	99.1%	1,094	85.7%	838	78.7%

* Period included in consolidated financial statements: House Foods America Corporation - from January to March 2018; Ichibanya Co., Ltd. - from March to May 2018

(3) Consolidated Statements of Income

1. Consolidated Statements of Income (Million yen)

	First quarter of FY2017		First quarter of FY2018		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Net sales	**70,358**	**100.0%**	**71,305**	**100.0%**	**947**	**1.3%**
<By business segment>						
Spice / Seasoning / Processed Food Business	32,567	46.2%	32,932	46.1%	366	1.1%
Health Food Business	8,575	12.2%	8,149	11.4%	(426)	(5.0%)
International Food Business	5,422	7.7%	6,033	8.5%	610	11.3%
Restaurant Business	12,921	18.4%	12,744	17.9%	(176)	(1.4%)
Other Food Related Business	14,622	20.8%	15,371	21.6%	749	5.1%
Adjustment	(3,747)	(5.3%)	(3,923)	(5.5%)	(176)	–
Cost of sales	39,089	55.6%	39,825	55.9%	736	1.9%
Selling, general and administrative expenses	27,451	39.0%	27,170	38.1%	(281)	(1.0%)
Advertising expenses	2,415	3.4%	2,209	3.1%	(205)	(8.5%)
Transportation and warehousing expenses	2,480	3.5%	2,519	3.5%	39	1.6%
Sales commission	610	0.9%	397	0.6%	(213)	(34.9%)
Promotion expenses	7,268	10.3%	7,402	10.4%	134	1.8%
Personnel expenses	7,300	10.4%	7,341	10.3%	41	0.6%
Research and development expenses	935	1.3%	984	1.4%	48	5.2%
Amortization of goodwill	895	1.3%	855	1.2%	(39)	(4.4%)
Operating profit	**3,819**	**5.4%**	**4,310**	**6.0%**	**492**	**12.9%**
Non-operating income	410	0.6%	554	0.8%	144	35.1%
Non-operating expenses	271	0.4%	204	0.3%	(67)	(24.6%)
Ordinary profit	**3,958**	**5.6%**	**4,660**	**6.5%**	**703**	**17.8%**
Extraordinary income	38	0.1%	99	0.1%	61	162.0%
Extraordinary losses	31	0.0%	33	0.0%	3	8.4%
Profit before income taxes	3,965	5.6%	4,726	6.6%	761	19.2%
Income taxes	1,337	1.9%	1,636	2.3%	299	22.4%
Profit	2,628	3.7%	3,090	4.3%	462	17.6%
Profit attributable to						
Profit attributable to owners of parent	**2,262**	**3.2%**	**2,715**	**3.8%**	**453**	**20.0%**
Profit attributable to non-controlling interests	366	0.5%	375	0.5%	9	2.5%
Comprehensive income	**3,914**	**5.6%**	**3,129**	**4.4%**	**(785)**	**(20.1%)**

2. Major Factors for Changes in Operating Profit (Year on Year) (Million yen)

Increase in gross profit	211
Decrease in marketing costs (sum of advertising expenses, sales commission and promotion expenses)	284
Increase in salaries, allowances and bonuses	(172)
Decrease in other expenses	169

3. Non-Operating Income (Expenses) (Million yen)

	First quarter of FY2017	First quarter of FY2018	Year-on-year change
Interest income	92	73	(19)
Dividend income	61	60	(2)
Share of profit of entities accounted for using equity method	5	7	2
Foreign exchange gains	–	113	113
House rent income	196	191	(5)
Other	56	110	54
Total non-operating income	410	554	144
Interest expenses	23	19	(3)
Foreign exchange losses	66	–	(66)
Rent expenses	155	151	(4)
Other	28	34	7
Total non-operating expenses	271	204	(67)

4. Extraordinary Income (Losses) (Million yen)

	First quarter of FY2017	First quarter of FY2018	Year-on-year change
Gain on sales of non-current assets	4	3	(2)
Gain on sales of investment securities	–	0	0
Gain on sales of restaurants	34	59	25
Compensation income	–	37	37
Other	–	1	1
Total extraordinary income	38	99	61
Loss on retirement of non-current assets	8	25	17
Loss on sales of non-current assets	–	0	0
Loss on valuation of investment securities	–	2	2
Impairment loss	10	2	(7)
Other	13	4	(9)
Total extraordinary losses	31	33	3

(4) Consolidated Balance Sheets

Consolidated Balance Sheets (Million yen)

	FY2017		First quarter of FY2018		Increase/decrease from end of FY2017	Major factors for increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount		
Current assets	141,245	37.3%	137,429	36.4%	(3,816)	Decrease in cash and deposits	(5,625)
						Decrease in securities	(1,150)
						Increase in merchandise and finished goods	996
Non-current assets	237,619	62.7%	240,383	63.6%	2,764	Increase in investment securities	3,490
						Increase in construction in progress	1,053
						Decrease in goodwill	(855)
						Decrease in machinery, equipment and vehicles	(564)
Total assets	**378,864**	**100.0%**	**377,812**	**100.0%**	**(1,052)**		
Current liabilities	56,648	14.9%	54,651	14.5%	(1,997)	Decrease in accounts payable - other	(2,769)
						Decrease in income taxes payable	(2,407)
						Increase in notes and accounts payable - trade	1,471
Non-current liabilities	38,496	10.2%	39,003	10.3%	507	Increase in deferred tax liabilities	530
Total liabilities	**95,145**	**25.1%**	**93,654**	**24.8%**	**(1,490)**		
Total shareholders' equity	221,296	58.4%	221,955	58.7%	659	Increase in retained earnings	660
Total other accumulated comprehensive income	30,518	8.1%	30,618	8.1%	100	Increase in valuation difference on available-for-sale securities	1,093
						Decrease in foreign currency translation adjustment	(938)
Non-controlling interests	31,905	8.4%	31,584	8.4%	(321)		
Total net assets	**283,719**	**74.9%**	**284,158**	**75.2%**	**439**		
Total liabilities and net assets	**378,864**	**100.0%**	**377,812**	**100.0%**	**(1,052)**		

(5) Capital Investment

Consolidated (Million yen)

	First quarter of FY2017	First quarter of FY2018
Capital investment	1,569	2,318
Leases	197	41
Total	1,767	2,359

(6) Depreciation

Consolidated (Million yen)

	First quarter of FY2017	First quarter of FY2018
Depreciation	2,203	2,199
Lease payments	81	90
Total	2,283	2,289

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

(7) Major Management Indicators, etc.

Consolidated

	First quarter of FY2018	FY2017
Profit per share	26.42 yen	91.02 yen
Net assets per share	2,458.10 yen	2,450.71 yen
ATO	–	0.80 times
Ratio of operating profit to net sales	6.0%	5.6%
Ratio of ordinary profit to net sales	6.5%	5.9%
Ratio of ordinary profit to total assets	–	4.7%
ROE	–	3.8%
Equity ratio	66.9%	66.5%
Current ratio	251.5%	249.3%
Fixed ratio	95.2%	94.4%
Debt to equity ratio	37.1%	37.8%
Number of employees	6,264 people	6,273 people

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

(8) Full-Year Target

Consolidated (Million yen)

	FY2017	FY2018 Target	Year-on-year change
<By business segment>			
Spice / Seasoning / Processed Food Business	139,937	144,000	4,063
Health Food Business	31,599	31,500	(99)
International Food Business	22,855	26,800	3,945
Restaurant Business	51,974	53,100	1,126
Other Food Related Business	61,024	61,700	676
Adjustment	(15,492)	(15,800)	(308)
Net Sales	**291,897**	**301,300**	**9,403**
<By business segment>			
Spice / Seasoning / Processed Food Business	12,081	12,200	119
Health Food Business	907	1,000	93
International Food Business	2,847	3,400	553
Restaurant Business	(406)	(300)	106
Other Food Related Business	1,865	2,000	135
Adjustment	(1,008)	(1,300)	(292)
Operating profit	16,288	17,000	712
Ordinary profit	17,207	18,000	793
Profit attributable to owners of parent	9,353	10,000	647
Comprehensive income	**21,547**	–	–

Consolidated Capital Investment (Million yen)

	FY2017	FY2018 Target
Capital investment	**10,215**	**12,000**
Leases	**484**	**1,000**
Total	**10,699**	**13,000**

Consolidated Depreciation (Million yen)

	FY2017	FY2018 Target
Depreciation	**9,126**	**9,000**
Lease payments	**330**	**300**
Total	**9,456**	**9,300**

Dividends

	FY2017	FY2018 Target
Dividend (per share)	**38.00 yen**	**40.00 yen**
Payout ratio	**41.7%**	**41.1%**
Payout ratio based on the basic policy on the payment of dividends	**30.4%**	**30.6%**

* Basic policy on the payment of dividends:
A dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses and the amortization of goodwill arising from business combination

(9) Reference Information

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

	FY2013	FY2014	FY2015	FY2016	FY2017
Curry roux	49.9	48.5	51.9	50.3	47.4
Stew roux	18.8	18.1	18.7	18.0	18.1
Hashed beef sauce roux	6.2	6.1	6.5	6.3	6.1
Retort pouched curry	51.2	50.8	51.6	53.9	55.9
Spice in total	66.9	67.4	69.1	70.3	71.5

2. Curry roux market trends (SRI)

FY2018		1Q	2Q	3Q	4Q	1H	2H	Full year
Overall market	Average selling price	189 yen						
	Change from the previous year	-1 yen						
House Foods	Average selling price	192 yen						
	Change from the previous year	+0 yen						
	Share of amount	62.1%						

Source: SRI monthly data of INTAGE Inc. (April 2018 – June 2018)

3. Year-on-year sales by major category (based on shipment amount)

FY2018	1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business							
Curry roux in total	99.0 %						
Retort pouched curry in total	98.7 %						
Stew roux in total	107.9 %						
Hashed beef sauce roux in total	99.4 %						
Spice in total	99.3 %						
Health Food Business							
Ukon No Chikara	89.1 %						
C1000	90.2 %						
Ichinichibun No Vitamin	133.1 %						