January 30, 2020

Consolidated Financial Results (Japanese Accounting Standards) for the Nine Months Ended December 31, 2019 (Q3 FY2019)

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Stock exchange listing: Tokyo Stock Exchange
Stock code: 2810
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Scheduled date for filing of securities report: February 13, 2020
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 Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 2019)

(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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2019	222,639	(1.3)	15,974	1.3	17,320	2.7	10,117	(1.3)
December 31, 2018	225,619	1.6	15,764	9.6	16,863	11.2	10,254	16.8

(Note) Comprehensive income: 10,385 million yen (27.8%) for the nine months ended December 31, 2019
8,127 million yen (-55.3 %) for the nine months ended December 31, 2018

	Profit per share (basic)	Profit per share (diluted)
Nine months ended	Yen	Yen
December 31, 2019	100.42	–
December 31, 2018	99.79	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2019	373,455	283,326	67.3	2,494.74
March 31, 2019	371,025	279,144	66.6	2,454.34

(Reference) Shareholders' equity: As of December 31, 2019: 251,344 million yen
As of March 31, 2019: 247,275 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, 2019	–	22.00	–	22.00	44.00
Year ending March 31, 2020	–	23.00	–		
Year ending March 31, 2020 (forecasts)				23.00	46.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	297,000	0.1	18,500	5.4	19,600	2.6	10,900	(20.8)	108.19

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

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

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

As of December 31, 2019:	100,750,620 shares
As of March 31, 2019:	100,750,620 shares

(ii) Number of treasury shares at end of period

As of December 31, 2019:	1,287 shares
As of March 31, 2019:	337 shares

(iii) Average number of shares outstanding during the term

Nine months ended December 31, 2019:	100,749,762 shares
Nine months ended December 31, 2018:	102,751,269 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 Three Quarters Ended December 31, 2019” on page 2 of the accompanying materials.

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1. Qualitative Information on Results for the First Three Quarters Ended December 31, 2019

(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. In the current fiscal year, the second year of the Sixth Medium-Term Business Plan, House Foods 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 and improving productivity (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.

During the nine-month period of the fiscal year under review, the net sales of the Group decreased 1.3% year on year, to 222,639 million yen, principally because of difficulties experienced by the Health Food Business and the impact of the spin-off of the major logistics business to F-LINE Corporation in the Other Food Related Business, although the Spice/Seasoning/Processed Food Business and the Restaurant Business showed stronger performance than a year earlier, in addition to the expansion of the business scale of the International Food Business in the three key areas (the United States, China and ASEAN).

Operating profit rose 1.3% year on year, to 15,974 million yen, mainly due to the increased contribution of the International Food Business and the Restaurant Business to consolidated results, despite an increase in the burden of depreciation in the Spice/Seasoning/Processed Food Business, as well as difficulties in the Health Food Business and the impact of the spin-off of the logistics business. Ordinary profit increased 2.7% year on year, to 17,320 million yen, due to a rise in non-operating income mainly driven by an increase in the share of profit of entities accounted for using the equity method. Profit attributable to owners of parent declined 1.3% year on year, to 10,117 million yen, mainly because of a loss on the retirement of non-current assets and a rise in loss on change in equity.

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	109,317	101.7	10,625	99.8
Health Food Business	22,529	89.2	745	39.0
International Food Business	22,083	114.2	3,396	124.3
Restaurant Business	39,240	101.1	469	–
Other Food Related Business	35,138	75.3	1,573	85.8
Subtotal	228,307	96.1	16,809	100.3
Adjustment (elimination)	(5,668)	–	(835)	–
Total	222,639	98.7	15,974	101.3

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

Spice / Seasoning / Processed Food Business

House Foods Corporation worked to strengthen existing businesses and to create new value given that the domestic market was maturing. In August 2019, the Group operated the new manufacturing lines of retort pouched products to strengthen its response to the growing tendency for people to eat out or buy food to eat at home.

In the nine-month period under review, sales of spice and snack products increased from a year earlier, while curry products secured results that were on par with the year-ago level. However, sales of stew roux declined from a year earlier, partly due to the weather during the demand season in winter.

The performance of Gaban Co., Ltd., which belongs to this business segment, remained firm in Japan and overseas, particularly in the mainstay pepper business. Malony Co., Ltd. was affected by the change of the book closing date in the previous fiscal year, while demand for nabe (hot pot) cooking was sluggish due partly to the weather.

As a result of the above, sales in the Spice/Seasoning/Processed Food Business stood at 109,317 million yen, up 1.7% year on year. Operating profit was 10,625 million yen, down 0.2% year on year, mainly due to the heavier burdens of depreciation associated with growth investments. As a result, the ratio of operating profit to net sales was 9.7%, declining 0.2 percentage point from the same period of the previous fiscal year.

Health Food Business

House Wellness Foods Corporation worked to expand the area of the provision of value for daily health support for customers.

The functional spice business continued to face a difficult sales environment for the *Ukon No Chikara* series, the main brand, reflecting a decrease in the number of occasions for customers to enjoy a drink due to a decline in demand for drinking outside the home and competition, although it worked to rebuild points of contact with heavy users in ways such as launching high value-added products. On the other hand, the market penetration of *Nerunoda*, food with functional claims whose cultivation House Wellness Foods Corporation focused on, made steady progress.

In the vitamin business, the *C1000* series was strongly affected by the bad weather during the demand season in summer, and sales of *Ichinichibun No Vitamin* were lower than a year earlier due partly to the impact of changes in specifications for some products. For jelly products, which are expected to grow sustainably, the Group worked to improve the revenue structure by commencing in-house production in October 2019.

The lactic acid bacterium business, a new business, advanced efforts regarding the commercialization of *lactic acid bacterium L-137*, which is regarded as a strategic healthy ingredient.

As a result of the above, sales in the Health Food Business declined 10.8% year on year, to 22,529 million yen. Operating profit decreased 61.0% year on year, to 745 million yen due to the large impact from the decline in sales of main brands. As a result, the ratio of operating profit to net sales was 3.3%, declining 4.2 percentage points from the same period of the previous fiscal year.

International Food Business

In the tofu business in the United States, both sales and profits increased due to continued strong demand on the back of rising health consciousness and environmental awareness. While production capacity was tight in comparison with increasing demand in recent years, new lines were completed at the Los Angeles Plant in January 2020, ready to take on growth opportunities.

In the curry business in China, while sales of products for household use increased, this was not enough to offset the higher costs associated with the operation of the Zhejiang Plant in the previous fiscal year, resulting in a decrease in profits.

In the functional beverage business in Thailand, both sales and profits increased, reflecting continued growth in *C-vitt* in both modern trade such as convenience stores and the traditional market, supported by strong demand.

As a result of the above, sales in the International Food Business rose 14.2% year on year, to 22,083 million yen, and operating profit increased 24.3%, to 3,396 million yen. Consequently, the ratio of operating profit to net sales was 15.4%, improving 1.3 percentage point from a year earlier.

Restaurant Business

Ichibanya Co., Ltd. enjoyed higher sales and profits due to the effect of price revisions made in March 2019 and overseas subsidiaries, which remained solid. At stores of Ichibanya Co., Ltd. in Japan, sales remained firm, with the combined sales of all directly managed stores and franchised stores rising 0.8% year on year and sales at existing stores increasing 0.6%. While the number of customers at existing stores declined 1.5% year on year, mainly due to the impact of the consumption tax hike in October 2019, in addition to typhoons and heavy rainfalls from August, average sales per customer rose 2.1% year on year due mainly to the impact of price revisions.

The restaurant business operated by House Foods America Corporation, which was included in this business segment, was transferred in June 2019.

As a result, sales in the Restaurant Business including Ichibanya Co., Ltd. and other restaurant subsidiaries increased 1.1% year on year, to 39,240 million yen. Operating profit was 469 million yen, an increase of 841 million yen from a year earlier due to the effect of price revisions and growth in earnings of overseas subsidiaries, despite the burden of the amortization of goodwill and intangible assets were recognized upon making Ichibanya Co., Ltd. a subsidiary included in the scope of consolidation. Consequently, the ratio of operating profit to net sales was 1.2%, rising 2.2 percentage points from a year earlier.

Other Food Related Business

Delica Chef Corporation, a Group company that produces prepared food for convenience stores, improved profitability by focusing on strengthening its development capabilities and improving productivity, despite the impact of the deteriorated employment environment.

Vox Trading Co., Ltd., which imports, exports and sells agricultural products and food, continued to work on increasing the earnings strength of the core business and expanding sales of high value-added products.

House Logistics Service Corporation, which belongs to this business segment, span off its major logistics business, excluding orders received and yard handling business operations, to F-LINE Corporation in April 2019. Because F-LINE Corporation is an equity-method affiliate of the Company, the spin-off was not reflected in the results of this business segment.

As a result of the above, sales in Other Food Related Business decreased 24.7% year on year, to 35,138 million yen, and operating profit declined 14.2% year on year, to 1,573 million yen. Consequently, the ratio of operating profit to net sales was 4.5%, improving 0.5 percentage point from a year ago.

(2) Details of Financial Position

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

Total assets were 373,455 million yen, an increase of 2,430 million yen from the end of the previous consolidated fiscal year.

Current assets increased 3,789 million yen, to 148,544 million yen, mainly due to increases in notes and accounts receivable – trade and securities, despite decreases in cash and deposits and merchandise and finished goods. Non-current assets decreased 1,359 million yen, to 224,911 million yen, mainly due to decreases in goodwill and lease assets, offsetting increases in construction in progress and machinery, equipment and vehicles.

Liabilities stood at 90,129 million yen, a decrease of 1,752 million yen from the end of the previous consolidated fiscal year.

Current liabilities were up 162 million yen, to 55,469 million yen, mainly due to an increase in accounts payable – other, while income taxes payable decreased. Non-current liabilities declined 1,913 million yen, to 34,660 million yen, chiefly due to a decrease in lease obligations.

Net assets stood at 283,326 million yen, an increase of 4,182 million yen from the end of the previous consolidated fiscal year, mainly because of an increase in retained earnings thanks to profit attributable to owners of parent, although foreign currency translation adjustment decreased.

As a result, the equity ratio stood at 67.3% (compared with 66.6% at the end of the previous fiscal year), and net assets per share amounted to 2,494.74 yen (2,454.34 yen at the end of the previous fiscal year) at the end of the third quarter of the fiscal year under review.

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

The consolidated business performance forecast for the fiscal year ending March 31, 2020 remains unchanged from the business performance forecast announced on November 1, 2019.

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

(Million yen)

	End of previous fiscal year (As of March 31, 2019)	End of third quarter of the fiscal year under review (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	62,484	57,893
Notes and accounts receivable - trade	48,601	55,396
Securities	7,082	9,546
Merchandise and finished goods	13,645	11,371
Work in process	1,935	1,885
Raw materials and supplies	4,706	4,973
Other	6,315	7,493
Allowance for doubtful accounts	(12)	(12)
Total current assets	144,755	148,544
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,528	31,652
Machinery, equipment and vehicles, net	14,598	16,495
Land	32,212	31,897
Lease assets, net	3,278	1,948
Construction in progress	2,111	4,689
Other, net	2,216	2,370
Total property, plant and equipment	85,943	89,051
Intangible assets		
Goodwill	5,980	3,417
Trademark right	24,660	24,182
Software	1,474	1,364
Contract-related intangible assets	25,854	25,129
Software in progress	310	603
Other	960	783
Total intangible assets	59,238	55,478
Investments and other assets		
Investment securities	66,472	65,820
Long-term loans receivable	329	3
Deferred tax assets	1,609	1,742
Long-term time deposits	1,000	1,000
Retirement benefit asset	4,823	5,213
Claims provable in bankruptcy, claims provable in rehabilitation and other	788	665
Other	7,038	6,786
Allowance for doubtful accounts	(971)	(847)
Total investments and other assets	81,088	80,382
Total non-current assets	226,269	224,911
Total assets	371,025	373,455

(Million yen)

	End of previous fiscal year (As of March 31, 2019)	End of third quarter of the fiscal year under review (As of December 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,178	21,497
Electronically recorded obligations - operating	1,562	1,762
Short-term borrowings	3,749	3,380
Current portion of bonds	26	26
Lease obligations	584	494
Accounts payable - other	16,657	18,386
Income taxes payable	3,504	2,657
Provision for bonuses	431	247
Provision for bonuses for directors (and other officers)	98	57
Provision for shareholder benefit program	90	72
Asset retirement obligations	1	3
Other	7,427	6,889
Total current liabilities	55,308	55,469
Non-current liabilities		
Bonds payable	26	–
Long-term borrowings	392	118
Lease obligations	2,770	1,549
Long-term accounts payable - other	219	203
Deferred tax liabilities	24,234	23,987
Provision for loss on guarantees	2	–
Retirement benefit liability	1,814	1,856
Asset retirement obligations	845	726
Long-term guarantee deposited	5,777	5,715
Other	495	505
Total non-current liabilities	36,573	34,660
Total liabilities	91,881	90,129
Net assets		
Shareholders' equity		
Share capital	9,948	9,948
Capital surplus	23,107	22,829
Retained earnings	188,920	194,504
Treasury shares	(1)	(5)
Total shareholders' equity	221,975	227,275
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	21,327	21,519
Deferred gains or losses on hedges	5	(5)
Foreign currency translation adjustment	756	(314)
Remeasurements of defined benefit plans	3,213	2,869
Total other accumulated comprehensive income	25,300	24,069
Non-controlling interests	31,869	31,982
Total net assets	279,144	283,326
Total liabilities and net assets	371,025	373,455

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(First nine-month period)

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2018 – December 31, 2018)	First nine-month period of the fiscal year under review (April 1, 2019 – December 31, 2019)
Net sales	225,619	222,639
Cost of sales	124,869	121,100
Gross profit	100,750	101,539
Selling, general and administrative expenses	84,986	85,565
Operating profit	15,764	15,974
Non-operating income		
Interest income	246	256
Dividend income	382	387
Share of profit of entities accounted for using equity method	65	561
Rental income from buildings	568	570
Foreign exchange gains	146	–
Other	380	284
Total non-operating income	1,787	2,058
Non-operating expenses		
Interest expenses	60	48
Rental expenses	462	466
Foreign exchange losses	–	108
Other	167	91
Total non-operating expenses	689	712
Ordinary profit	16,863	17,320
Extraordinary income		
Gain on sales of non-current assets	4	32
Gain on sales of investment securities	376	612
Compensation income	37	–
Gain on sales of restaurants	129	37
Other	9	0
Total extraordinary income	554	682
Extraordinary losses		
Loss on sales of non-current assets	5	0
Loss on retirement of non-current assets	169	440
Loss on sales of investment securities	–	0
Loss on valuation of investment securities	2	–
Loss on valuation of membership	6	–
Impairment loss	241	114
Loss on change in equity	–	212
Loss on sale of businesses	–	42
Other	13	24
Total extraordinary losses	436	831
Profit before income taxes	16,981	17,171
Income taxes	5,617	5,482
Profit	11,365	11,689
Profit attributable to		
Profit attributable to owners of parent	10,254	10,117
Profit attributable to non-controlling interests	1,111	1,572

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2018 – December 31, 2018)	First nine-month period of the fiscal year under review (April 1, 2019 – December 31, 2019)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,715)	132
Deferred gains or losses on hedges	58	(10)
Foreign currency translation adjustment	(522)	(1,098)
Remeasurements of defined benefit plans, net of tax	(56)	(335)
Share of other comprehensive income of entities accounted for using equity method	(4)	7
Total other comprehensive income	(3,238)	(1,305)
Comprehensive income	8,127	10,385
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,969	8,885
Comprehensive income attributable to non-controlling interests	1,157	1,499

(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 nine-month period 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."

Segment Information

I. First nine-month period of previous fiscal year (April 1, 2018 – December 31, 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	104,328	25,061	19,266	38,820	38,107	225,581	–	225,581	38	225,619
Sales and transfer – inter-segment	3,133	208	72	11	8,547	11,971	–	11,971	(11,971)	–
Total	107,461	25,269	19,338	38,831	46,654	237,552	–	237,552	(11,933)	225,619
Segment profit (loss)	10,650	1,910	2,731	(372)	1,835	16,754	–	16,754	(990)	15,764

(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 -989 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 three quarters of the consolidated fiscal year under review, the Company recorded an impairment loss of 241 million yen associated with a fall in profitability of store assets and assets for lease, etc. in the Restaurant Business segment.

II. First nine-month period of the fiscal year under review (April 1, 2019 – December 31, 2019)

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	106,227	22,303	21,992	39,183	32,895	222,600	–	222,600	39	222,639
Sales and transfer – inter-segment	3,090	226	91	57	2,243	5,707	–	5,707	(5,707)	–
Total	109,317	22,529	22,083	39,240	35,138	228,307	–	228,307	(5,668)	222,639
Segment profit (loss)	10,625	745	3,396	469	1,573	16,809	–	16,809	(835)	15,974

(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 -835 million yen of the Company and House Business Partners Corporation, which is not distributed to business segments.

(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 three quarters of the consolidated fiscal year under review, the Company recorded an impairment loss of 114 million yen associated with a fall in profitability of store assets and assets for lease, etc. in the Restaurant Business segment.

3. Supplementary Information

(1) Business Results

Consolidated (Million yen)

	First three quarters of FY2018		First three quarters of FY2019		FY2018		FY2019 Revised target	
	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	225,619	101.6%	222,639	98.7%	296,695	101.6%	297,000	100.1%
Operating profit	15,764	109.6%	15,974	101.3%	17,559	107.8%	18,500	105.4%
Ordinary profit	16,863	111.2%	17,320	102.7%	19,100	111.0%	19,600	102.6%
Profit attributable to owners of parent	10,254	116.8%	10,117	98.7%	13,767	147.2%	10,900	79.2%
Comprehensive income	8,127	44.7%	10,385	127.8%	9,754	45.3%	–	–

Net sales by business segment

Net sales	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	107,461	100.9%	109,317	101.7%	141,225	100.9%	146,200	103.5%
Health Food Business	25,269	98.2%	22,529	89.2%	30,899	97.8%	30,000	97.1%
International Food Business	19,338	114.2%	22,083	114.2%	26,317	115.1%	30,300	115.1%
Restaurant Business	38,831	100.5%	39,240	101.1%	52,083	100.2%	52,500	100.8%
Other Food Related Business	46,654	100.8%	35,138	75.3%	61,882	101.4%	45,300	73.2%
Adjustment	(11,933)	–	(5,668)	–	(15,710)	–	(7,300)	–

Operating profit by business segment

Operating profit	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change	Amount	Year-on-year change
Spice / Seasoning / Processed Food Business	10,650	108.2%	10,625	99.8%	12,669	104.9%	13,300	105.0%
Health Food Business	1,910	137.8%	745	39.0%	1,421	156.6%	1,200	84.4%
International Food Business	2,731	121.2%	3,396	124.3%	3,584	125.9%	4,000	111.6%
Restaurant Business	(372)	–	469	–	(561)	–	(400)	–
Other Food Related Business	1,835	109.5%	1,573	85.8%	2,045	109.6%	1,800	88.0%
Adjustment	(990)	–	(835)	–	(1,599)	–	(1,400)	–

(2) Number of Group Companies

	First three quarters of FY2018	First three quarters of FY2019	FY2018
Consolidated subsidiaries	37	36	36
Japan	14	14	14
Overseas	23	22	22
Equity-method affiliate	4	4	4
Japan	2	2	2
Overseas	2	2	2

Financial results of major subsidiaries in the first three quarters of the fiscal year ending March 31, 2020 (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	100,982	101.4%	9,815	100.1%	7,029	99.5%
House Wellness Foods Corporation	22,529	89.2%	742	38.9%	519	34.6%
House Foods America Corporation (Consolidated)	10,410	103.3%	1,105	111.6%	811	111.8%
Ichibanya Co., Ltd. (Consolidated)	38,329	102.4%	4,238	125.4%	2,781	119.5%

* Period included in consolidated financial statements: House Foods America Corporation - from January to September 2019; Ichibanya Co., Ltd. - from March to November 2019

Average exchange rate during the period

	Currency unit	First three quarters of FY2018	First three quarters of FY2019	FY2018	FY2019 Forecast
United States	USD	109.63	109.20	110.36	109.97

(3) Consolidated Statements of Income

1. Consolidated Statements of Income (Million yen)

	First three quarters of FY2018		First three quarters of FY2019		Year-on-year change	
	Amount	Percentage	Amount	Percentage	Amount	Rate of change
Net sales	**225,619**	**100.0%**	**222,639**	**100.0%**	**(2,980)**	**(1.3%)**
<By business segment>						
Spice / Seasoning / Processed Food Business	107,461	47.6%	109,317	49.1%	1,857	1.7%
Health Food Business	25,269	11.2%	22,529	10.1%	(2,740)	(10.8%)
International Food Business	19,338	8.6%	22,083	9.9%	2,745	14.2%
Restaurant Business	38,831	17.2%	39,240	17.6%	409	1.1%
Other Food Related Business	46,654	20.7%	35,138	15.8%	(11,516)	(24.7%)
Adjustment	(11,933)	(5.3%)	(5,668)	(2.5%)	6,266	–
Cost of sales	124,869	55.3%	121,100	54.4%	(3,768)	(3.0%)
Selling, general and administrative expenses	84,986	37.7%	85,565	38.4%	579	0.7%
Advertising expenses	7,034	3.1%	7,240	3.3%	205	2.9%
Transportation and warehousing expenses	7,769	3.4%	8,780	3.9%	1,011	13.0%
Sales commission	1,250	0.6%	1,275	0.6%	25	2.0%
Promotion expenses	24,605	10.9%	24,500	11.0%	(105)	(0.4%)
Personnel expenses	22,034	9.8%	21,522	9.7%	(512)	(2.3%)
Research and development expenses	3,112	1.4%	3,281	1.5%	169	5.4%
Amortization of goodwill	2,565	1.1%	2,563	1.2%	(2)	(0.1%)
Other	16,615	7.4%	16,403	7.4%	(212)	(1.3%)
Operating profit	**15,764**	**7.0%**	**15,974**	**7.2%**	**210**	**1.3%**
Non-operating income	1,787	0.8%	2,058	0.9%	271	15.1%
Non-operating expenses	689	0.3%	712	0.3%	23	3.4%
Ordinary profit	**16,863**	**7.5%**	**17,320**	**7.8%**	**457**	**2.7%**
Extraordinary income	554	0.2%	682	0.3%	127	23.0%
Extraordinary losses	436	0.2%	831	0.4%	395	90.6%
Profit before income taxes	16,981	7.5%	17,171	7.7%	189	1.1%
Income taxes	5,617	2.5%	5,482	2.5%	(135)	(2.4%)
Profit	11,365	5.0%	11,689	5.3%	324	2.9%
Profit attributable to						
Profit attributable to owners of parent	**10,254**	**4.5%**	**10,117**	**4.5%**	**(137)**	**(1.3%)**
Profit attributable to non-controlling interests	1,111	0.5%	1,572	0.7%	461	41.5%

Comprehensive income	**8,127**	**3.6%**	**10,385**	**4.7%**	**2,258**	**27.8%**

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

Increase in gross profit	789
Decrease in salaries, allowances and bonuses	279
Increase in transportation and warehousing expenses	(1,011)
Increase in research and development expenses	(169)
Increase in marketing costs (sum of advertising expenses, sales commission and promotion expenses)	(125)
Decrease in other expenses	447

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

	First three quarters of FY2018	First three quarters of FY2019	Year-on-year change
Interest income	246	256	10
Dividend income	382	387	4
Share of profit of entities accounted for using equity method	65	561	496
Foreign exchange gains	146	–	(146)
Rental income from buildings	568	570	2
Other	380	284	(96)
Total non-operating income	1,787	2,058	271
Interest expenses	60	48	(12)
Foreign exchange losses	–	108	108
Rental expenses	462	466	3
Other	167	91	(76)
Total non-operating expenses	689	712	23

4. Extraordinary Income (Losses) (Million yen)

	First three quarters of FY2018	First three quarters of FY2019	Year-on-year change
Gain on sales of non-current assets	4	32	28
Gain on sales of investment securities	376	612	236
Gain on sales of restaurants	129	37	(91)
Other	46	0	(46)
Total extraordinary income	554	682	127
Loss on sales of non-current assets	5	0	(4)
Loss on retirement of non-current assets	169	440	271
Loss on valuation of membership	6	–	(6)
Impairment loss	241	114	(128)
Loss on change in equity	–	212	212
Other	15	66	51
Total extraordinary losses	436	831	395

5. Quarterly Statements

Consolidated (Million yen)

	FY2018					FY2019				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Net sales	71,305	74,461	79,853	71,077	296,695	72,341	72,292	78,005		222,639
Operating profit	4,310	4,261	7,193	1,795	17,559	4,638	4,475	6,861		15,974
Ordinary profit	4,660	4,762	7,440	2,237	19,100	5,002	4,995	7,323		17,320
Profit attributable to owners of parent	2,715	2,850	4,689	3,513	13,767	2,488	2,719	4,910		10,117
Comprehensive income	3,129	4,437	560	1,627	9,754	1,834	4,017	4,534		10,385

Net sales by business segment

Net sales	FY2018					FY2019				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	32,932	34,976	39,552	33,764	141,225	33,405	35,718	40,194		109,317
Health Food Business	8,149	8,817	8,303	5,630	30,899	7,520	7,458	7,550		22,529
International Food Business	6,033	6,200	7,105	6,979	26,317	7,390	6,772	7,920		22,083
Restaurant Business	12,744	12,995	13,092	13,252	52,083	13,186	13,310	12,743		39,240
Other Food Related Business	15,371	15,387	15,897	15,229	61,882	12,678	10,912	11,548		35,138
Adjustment	(3,923)	(3,914)	(4,096)	(3,777)	(15,710)	(1,838)	(1,879)	(1,951)		(5,668)

Operating profit by business segment

Operating profit	FY2018					FY2019				
	1Q	2Q	3Q	4Q	Cumulative total	1Q	2Q	3Q	4Q	Cumulative total
Spice / Seasoning / Processed Food Business	2,657	2,882	5,111	2,019	12,669	2,884	3,006	4,736		10,625
ROS	8.1%	8.2%	12.9%	6.0%	9.0%	8.6%	8.4%	11.8%		9.7%
Health Food Business	663	441	806	(488)	1,421	144	351	251		745
ROS	8.1%	5.0%	9.7%	(8.7%)	4.6%	1.9%	4.7%	3.3%		3.3%
International Food Business	961	707	1,063	853	3,584	1,310	831	1,255		3,396
ROS	15.9%	11.4%	15.0%	12.2%	13.6%	17.7%	12.3%	15.8%		15.4%
Restaurant Business	(160)	18	(230)	(189)	(561)	303	204	(37)		469
ROS	(1.3%)	0.1%	(1.8%)	(1.4%)	(1.1%)	2.3%	1.5%	(0.3%)		1.2%
Other Food Related Business	605	585	645	210	2,045	410	544	620		1,573
ROS	3.9%	3.8%	4.1%	1.4%	3.3%	3.2%	5.0%	5.4%		4.5%
Adjustment	(416)	(371)	(202)	(609)	(1,599)	(413)	(460)	37		(835)

(4) Consolidated Balance Sheets

Consolidated Balance Sheets (Million yen)

	FY2018		Third quarter of FY2019		Increase/decrease from end of FY2018	Major factors for increase/ decrease	
	Amount	Percentage	Amount	Percentage	Amount		
Current assets	144,755	39.0%	148,544	39.8%	3,789	Increase in notes and accounts receivable - trade	6,795
						Increase in securities	2,463
						Decrease in cash and deposits	(4,590)
						Decrease in merchandise and finished goods	(2,274)
Non-current assets	226,269	61.0%	224,911	60.2%	(1,359)	Decrease in goodwill	(2,563)
						Decrease in lease assets	(1,331)
						Decrease in contract-related intangible assets	(725)
						Increase in construction in progress	2,579
						Increase in machinery, equipment and vehicles	1,898
Total assets	**371,025**	**100.0%**	**373,455**	**100.0%**	**2,430**		
Current liabilities	55,308	14.9%	55,469	14.9%	162	Increase in accounts payable - other	1,729
						Decrease in income taxes payable	(847)
						Decrease in short-term borrowings	(369)
Non-current liabilities	36,573	9.9%	34,660	9.3%	(1,913)	Decease in lease obligations	(1,220)
						Decrease in long-term borrowings	(274)
Total liabilities	**91,881**	**24.8%**	**90,129**	**24.1%**	**(1,752)**		
Total shareholders' equity	221,975	59.8%	227,275	60.9%	5,300	Increase in retained earnings	5,583
						Decrease in capital surplus	(279)
Total other accumulated comprehensive income	25,300	6.8%	24,069	6.4%	(1,232)	Decrease in foreign currency translation adjustment	(1,070)
						Decrease in remeasurements of defined benefit plans	(344)
Non-controlling interests	31,869	8.6%	31,982	8.6%	113		
Total net assets	**279,144**	**75.2%**	**283,326**	**75.9%**	**4,182**		
Total liabilities and net assets	**371,025**	**100.0%**	**373,455**	**100.0%**	**2,430**		

(5) Capital Investment

Consolidated (Million yen)

	First three quarters of FY2018	First three quarters of FY2019	FY2019 Forecast
Capital investment	7,483	12,341	20,200
Leases	361	1,638	800
Total	7,843	13,979	21,000

(6) Depreciation

Consolidated (Million yen)

	First three quarters of FY2018	First three quarters of FY2019	FY2019 Forecast
Depreciation	6,766	7,198	10,400
Lease payments	283	268	400
Total	7,048	7,465	10,800

* 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

	FY2018	First three quarters of FY2019	FY2019 Revised target
Profit per share	134.32 yen	100.42 yen	108.19 yen
Net assets per share	2,454.34 yen	2,494.74 yen	–
ATO	0.79 times	–	–
Ratio of operating profit to net sales	5.9%	7.2%	6.2%
Ratio of ordinary profit to net sales	6.4%	7.8%	6.6%
Ratio of ordinary profit to total assets	5.1%	–	–
ROE	5.5%	–	–
Equity ratio	66.6%	67.3%	–
Dividend per share	44.00 yen	–	46.00 yen
Dividend payout ratio	32.8%	–	42.5%
Dividend payout ratio according to the basic policy on the return of earnings to shareholders	26.2%	–	32.8%

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

Number of employees	6,066 people	6,179 people	–

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

(8) Reference Information

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

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Curry roux	49.9	48.5	51.9	50.3	47.4	45.0
Stew roux	18.8	18.1	18.7	18.0	18.1	17.0
Hashed beef sauce roux	6.2	6.1	6.5	6.3	6.1	6.0
Retort pouched curry	51.2	50.8	51.6	53.9	55.9	58.1
Spice in total	66.9	67.4	69.1	70.3	71.5	73.8

2. Curry roux market trends (SRI)

FY2019		1Q	2Q	3Q	4Q	1H	2H	Full year
Overall market	Average selling price	189 yen	190 yen	190 yen		189 yen		189 yen
	Change from the previous year	-1 yen	+0 yen	+1 yen		+0 yen		+0 yen
House Foods	Average selling price	190 yen	191 yen	191 yen		191 yen		191 yen
	Change from the previous year	-1 yen	+0 yen	+1 yen		-1 yen		+0 yen
	Share of amount	61.8%	61.8%	62.1%		61.8%		61.9%

Source: SRI monthly data of INTAGE Inc. (April 2019 – December 2019)

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

FY2019	1Q	2Q	3Q	4Q	1H	2H	Full year
Spice / Seasoning / Processed Food Business							
Curry roux in total	99.8%	105.0%	94.9%		102.3%		99.8%
Retort pouched curry in total	103.2%	97.9%	102.2%		100.4%		101.0%
Stew roux in total	99.9%	100.6%	97.6%		100.4%		98.8%
Hashed beef sauce roux in total	105.7%	106.0%	102.0%		105.8%		104.6%
Spice in total	102.2%	102.3%	102.8%		102.2%		102.4%
Health Food Business							
Ukon No Chikara	86.0%	97.0%	87.5%		91.6%		89.8%
C1000	81.4%	67.1%	77.1%		73.8%		74.6%
Ichinichibun No Vitamin	82.3%	80.5%	94.3%		81.4%		85.2%