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FY2020 Results Briefing Seventh Medium-term Business Plan (FY2021-FY2023)

House Foods Group Inc.

Stock code 2810

May 14, 2021

https://housefoods-group.com/

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Part: 1

FY2020 Results

- **We gave top priority to ensuring the safety of our employees and their families and fulfilling responsibilities as a company that plays a part in supplying essential “food” to customers.**

- **In a highly uncertain business environment, expansion of value chains since the Fifth Medium-term Business Plan proved successful and, as a result, overall operating profit reached a record high**
  (for a fourth consecutive fiscal year).

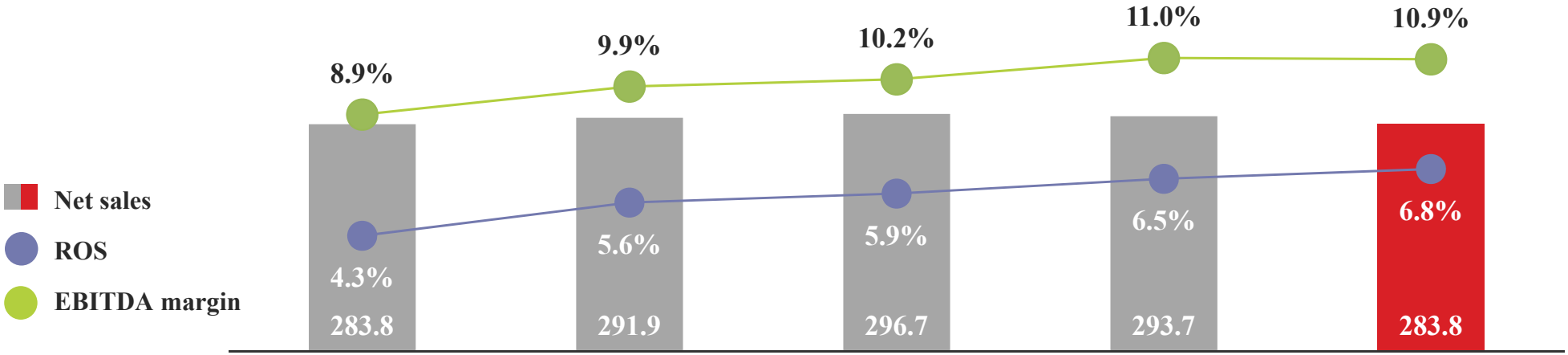
- **We recorded a loss in the second quarter due to changes in the effects of COVID-19 and ordinary profit and profit attributable to owners of parent decreased.**

Consolidated Results

Billion yen	FY2020				
	Results	Comparison with net sales	Year on year		Comparison with previously announced figures
Net sales	283.8	–	-9.9	-3.4%	+0.5
Operating profit	19.4	6.8%	+0.4	+2.1%	+0.2
Ordinary profit*1	19.8	7.0%	-1.0	-4.7%	+0.8
Profit attributable to owners of parent*2	8.7	3.1%	-2.7	-23.8%	+0.4
EBITDA	31.1	10.9%	-1.2	-3.8%	-0.0

*1 Main factor Share of loss of entities accounted for using equity method (Himadri Foods Ltd.): 1.4 billion yen

*2 Main factor Impairment loss (recognition of impairment losses in relation to the goodwill and other intangible assets which arose when we made Ichibanya Co., Ltd. into a consolidated subsidiary): 9.1 billion yen
Impact of these impairment losses on profit attributable to owners of parent: 3.8 billion yen



	FY2016	FY2017	FY2018	FY2019	FY2020
ROA (%)	3.5	4.4	4.7	5.1	5.3
ROE (%)	3.7	3.8	5.5	4.6	3.4

EBITDA: Operating profit (before amortization of goodwill) + Depreciation
ROA: Ration of operating profit to total assets

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Results by Segment

FY2020 Results

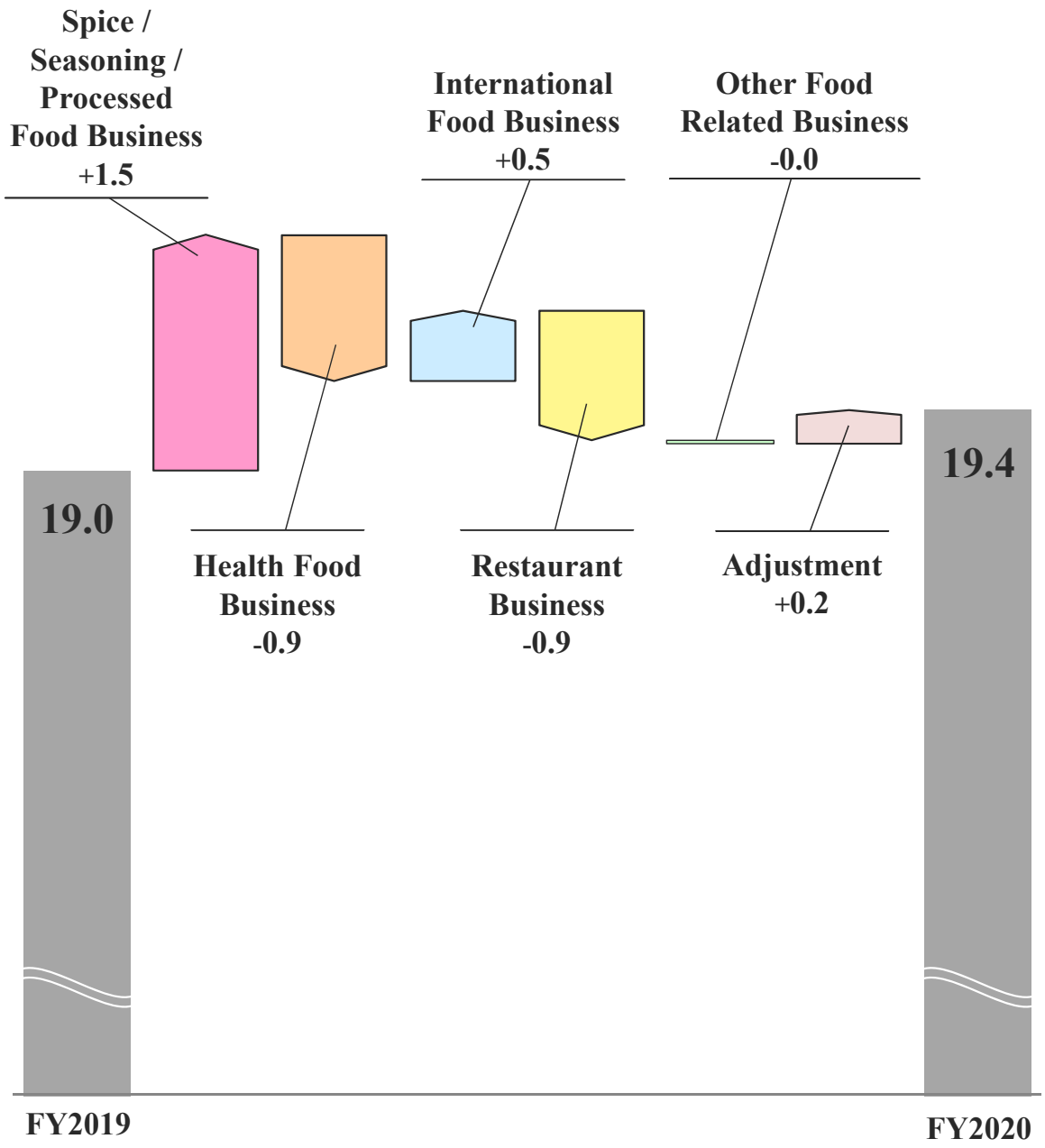
Billion yen	Net sales				Operating profit				ROS	
	Results	Year on year		Comparison with previously announced figures	Results	Year on year		Comparison with previously announced figures	Results	Year on year
Consolidated	283.8	-9.9	-3.4%	+0.5	19.4	+0.4	+2.1%	+0.2	6.8%	+0.4pt
Spice / Seasoning / Processed Food Business	146.3	+1.3	+0.9%	+0.5	15.6	+1.5	+10.7%	-0.1	10.7%	+0.9pt
Health Food Business	20.1	-7.8	-27.9%	-0.4	-0.4	-0.9	—	-0.0	-2.1%	-3.9pt
International Food Business	35.5	+5.7	+19.3%	+0.4	4.6	+0.5	+11.9%	+0.1	12.9%	-0.9pt
Restaurant Business	44.6	-7.9	-15.1%	-0.4	-0.7	-0.9	—	-0.1	-1.5%	-1.9pt
(Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.)					2.5	-2.7	-51.9%	-0.1	5.6%	-4.3pt
Other Food Related Business	45.5	-0.8	-1.6%	+0.4	1.8	-0.0	-1.2%	+0.1	3.9%	+0.0pt
Adjustment (elimination)	-8.3	-0.5	—	-0.1	-1.5	+0.2	—	+0.2	—	—

Spice / Seasoning / Processed Food Business	- Sales of products for home use grew across a wide range of product categories due to growing demand for home-cooked meals, offsetting struggling sales of food service products. - Profit growth picked up pace, reflecting reduction of fixed costs generally due to restrictions on business activities, in addition to higher sales.
Health Food Business	- Sales of main brand fell sharply due to fewer opportunities to drink out and decreased sales in urban areas as people refrained from going out. - Segment fell into red despite efforts to radically reduce costs.
International Food Business	- United States: Business continued to grow, driven by expansion of the plant-based protein market. Profit fell, as it took a full year to achieve stable operation of new lines at Los Angeles Plant. - China: Value provided by Japanese-style curry (convenience, one-dish meal) was appreciated and scope of business expanded to include inland China, which had previously posed a challenge. Both sales and profit increased thanks to less expenditure owing to the restriction of business activities in the first half as well as government measures to support businesses. - Thailand: Both sales and profit increased, reflecting elimination of the gap between demand and supply due to expansion of the production capacity of JV partner Osotspa, despite an increase in costs largely due to the introduction of VAT. However, 4Q results were below the level a year earlier due to slow-moving inventory towards the end of the fiscal year.
Restaurant Business	- Sales and profit declined, with people refraining from going out and restaurants asked to close temporarily or shorten their operating hours. Infection control measures were implemented at restaurants and home delivery and takeout sales were stepped up. - Initiatives for growth continued to be implemented in Japan and overseas, including a first restaurant opened in India, a new company established in the United States, and the operator of the Jingisukan restaurant chain in Hokkaido made into a consolidated subsidiary. - In light of the business environment under COVID-19, the Group recognized an impairment loss in 2Q (amortization of goodwill is already completed).
Other Food Related Business	- Delica Chef Corporation: Both sales and profit fell due to the sluggish performance of baked bread and the impact of fewer production items for prepared food. - Vox Trading Co., Ltd.: Profit was comparable to a year earlier, with slow shipments of food service products offset by BtoC products.
Adjustment (elimination)	- Head office fixed costs were reduced.

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Operating Profit Change Analysis

◆ Factors of changes by business segment (Billion yen)



Billion yen	Amount of change
Spice / Seasoning / Processed Food Business	**+1.5**
- Change in sales	+0.8
- Change in cost of sales ratio	+0.5
- Marketing costs	+0.1
- Personnel and other expenses	+0.2
- Gaban, Malony and other affiliated companies	-0.1
Health Food Business	**-0.9**
- Change in sales	-3.2
- Change in cost of sales ratio	+0.0
- Marketing costs	+1.2
- Other expenses	+1.0
International Food Business	**+0.5**
- Business in the United States	-0.5
- Business in China	+0.7
- Businesses in ASEAN	+0.2
Restaurant Business	**-0.9**
- Ichibanya Co., Ltd. (non-consolidated)	-2.1
- Overseas and others	-0.6
- Amortization of goodwill, etc.	+1.8
Other Food Related Business	**-0.0**
- Delica Chef Corporation	-0.2
- Vox Trading Co., Ltd. (Consolidated)	+0.1
Adjustment	**+0.2**
Changes in operating profit	+0.4

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Part: 2

Seventh Medium-term Business Plan (FY2021-FY2023)

- **“Striving to become a high quality company that provides ‘Healthy Life Through Foods’ <Chapter 2> Striving for Four Value Chains”**

Sixth Medium-term Business Plan
Summary (1) Consolidated Results

Seventh Medium-term Business Plan

Billion yen	Fifth Medium-term Business Plan	Sixth Medium-term Business Plan					
	FY2017	FY2018	FY2019	FY2020	Final fiscal year plan	Comparison with plan	
Net sales	291.9	296.7	293.7	283.8	310.0	-26.2	-8.5%
Operating profit	16.3	17.6	19.0	19.4	22.0	-2.6	-11.8%
<Management indicators>							
ATO	0.80 times	0.79 times	0.80 times	0.77 times	0.87 times	-0.10 times	
ROS	5.6%	5.9%	6.5%	6.8%	7.1%	-0.3pt	
ROA	4.4%	4.7%	5.1%	5.3%	6.2%	-0.9pt	
ROE	3.8%	5.5%	4.6%	3.4%	5.4%	-2.0pt	

* ATO: Asset Turnover; ROS: Ratio of operating profit to net sales; ROA: Ratio of operating profit to total assets; ROE: Ratio of profit to equity

- Although quantitative evaluation is difficult due to the effects of COVID-19 in the final fiscal year, initiatives to become a high quality company underway since the Fifth Medium-term Business Plan gave us some degree of resilience in an extremely uncertain environment.
- We strengthened our earning base through progress in areas such as reinforcement of the earning capacity of the Spice / Seasoning / Processed Food Business and growth in the International Food Business.
- Whilst capital efficiency remained an issue, given the lackluster Health Foods Business, the struggling Restaurant Business due to COVID-19 and the recognition of an impairment loss in view of the changing business environment, we took action to put the balance sheet into better shape, buying back shares and reviewing investment securities we hold.

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Sixth Medium-term Business Plan
Summary (2) Segments

Seventh Medium-term Business Plan

Billion yen		Fifth Medium-term Business Plan	Sixth Medium-term Business Plan					
		FY2017	FY2018	FY2019	FY2020	Final fiscal year plan	Comparison with plan	
Spice / Seasoning / Processed Food Business	Net sales	139.9	141.2	145.0	146.3	154.0	-7.7	-5.0%
	Operating profit	12.1	12.7	14.1	15.6	14.0	+1.6	+11.5%
	ROS	8.6%	9.0%	9.7%	10.7%	9.1%	+1.6pt	
Health Food Business	Net sales	31.6	30.9	27.9	20.1	36.0	-15.9	-44.2%
	Operating profit	0.9	1.4	0.5	-0.4	2.0	-2.4	—
	ROS	2.9%	4.6%	1.9%	-2.1%	5.6%	-7.6pt	
International Food Business	Net sales	22.9	26.3	29.7	35.5	34.0	+1.5	+4.3%
	Operating profit	2.8	3.6	4.1	4.6	4.6	-0.0	-0.3%
	ROS	12.5%	13.6%	13.8%	12.9%	13.5%	-0.6pt	
Restaurant Business	Net sales	52.0	52.1	52.5	44.6	56.0	-11.4	-20.4%
	Operating profit	-0.4	-0.6	0.2	-0.7	1.1	-1.8	—
	ROS	-0.8%	-1.1%	0.4%	-1.5%	2.0%	-3.4pt	
Other Food Related Business	Net sales	61.0	61.9	46.3	45.5	43.0	+2.5	+5.9%
	Operating profit	1.9	2.0	1.8	1.8	1.8	-0.0	-1.7%
	ROS	3.1%	3.3%	3.9%	3.9%	4.2%	-0.3pt	
Adjustment	Net sales	-15.5	-15.7	-7.7	-8.3	-13.0	+4.7	—
	Operating profit	-1.0	-1.6	-1.7	-1.5	-1.5	+0.0	—

Spice / Seasoning / Processed Food Business	- Whilst failing short of the sales plan, the segment achieved the profit plan through measures to strengthen profitability such as the implementation of effective marketing and the reorganization of production bases for retort pouched products.
Health Food Business	- The segment failed to halt the decline in sales of its main brand and fell into the red, largely due to the COVID-19 pandemic.
International Food Business	- The rapid growth of the functional drinks business in Thailand drove overall growth. - In the United States, investment plans were outpaced by the growing PBF* market, resulting in lost opportunities. - In China, a third base was developed, and growth in the mainstream market was slower than planned.
Restaurant Business	- Results fell short of targets due to COVID-19, despite progress in terms of maintaining and strengthening earning potential in Japan and laying the foundations for growth overseas. - Intangible assets still need to be amortized but amortization of goodwill was completed.
Other Food Related Business	- The segment failed to achieve the initial plan despite progress at each company in terms of strengthening earning capacity; We transferred the logistics business to F-LINE in FY2019.

* PBF: Plant Based Food

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Sixth Medium-term Business Plan
Summary (3) Three Responsibilities

Under the Sixth Medium-term Business Plan, we conducted activities in line with priority themes to address each of the three responsibilities ("For our customers," "For our employees and their families," and "For society") that we must fulfil to survive as a company which continually provides value.

Three Responsibilities	Themes	Summary
For customers Business strategies for provided "Healthy Life Through Foods"	Build-up of the core of the value chain	- Three GOT themes for the creation of group synergies*: Made progress with strategy design but actual initiatives were delayed partly due to the effects of COVID-19
	Build-up of R&D functions and creation of new business	- Made progress with development of framework including the integration of research bases, but still need to raise awareness and foster organizational climate - Explored new business domains through CVC and collaborative creation with outside partners - Started collaborating with business partners on two growth business themes (onions, lactic acid bacterium) with a view to overseas expansion
	Expansion of growth and strengthening of foundation overseas	- Core business domains grew steadily and, at the same time, issues also became evident Expanded production capacity (LA plant in the United States, Zhejiang Plant in China) Overseas sales ratio: 11.9% in FY2017→ 15.8% in FY2020
For our employees and their families HR strategies for supporting employees' growth and leveraging individual personalities	Achievement of diversity	- Realized more flexible ways of working by implementing five work style reforms Succeeded in continuing business despite COVID-19 but still have a way to go to improve productivity
		- Made progress with the diversification of human resources and the development of an environment that allows employees to take on new challenges but the nurturing of human resources with a challenging spirit that will lead to innovation remains an issue
For society Management strategies for helping solve social issues through business activities	Establishment of a recycling-oriented model	- Began making investments to reduce CO2 emissions, including solar power and co-generation at production bases, through the formulation of environmental investment judgment criteria - Improved the efficiency of logistics through the establishment of F-LINE Corporation in collaboration with other food companies - Made progress with shift towards more sustainable raw materials in areas such as paper resources and palm oil
	Achievement of a society of healthy longevity	- Focused on activities that contribute to society through food such as supporting Kodomo Shokudo (Children's Cafeteria), but the development of themes linked with businesses remains an issue

* **GOT:** Initiatives to be conducted beyond the boundaries within the Group

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History of Medium-term Business Plans

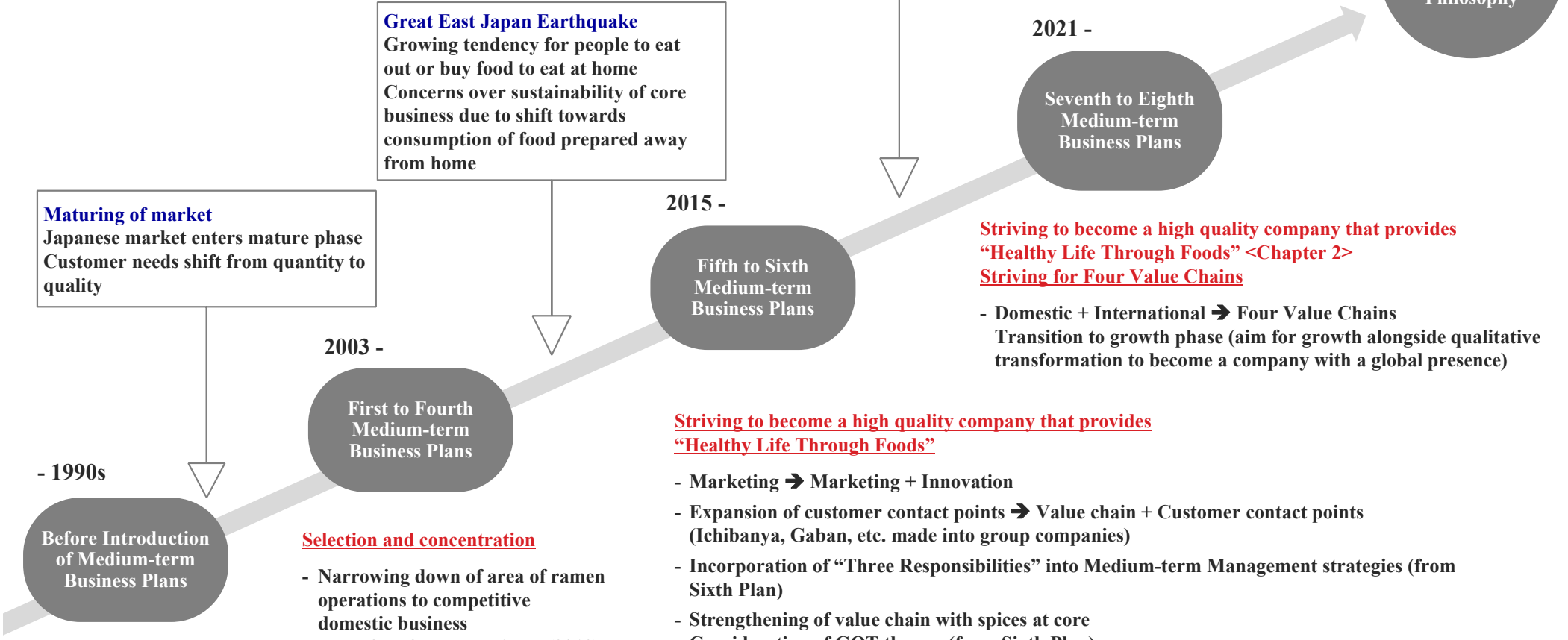
Seventh Medium-term Business Plan

Environmental changes that affected Group strategies

COVID-19 pandemic
- Changes in lifestyles and values
- Shift in attitudes towards corporate responsibility
- Acceleration of changes in digital technologies

Great East Japan Earthquake
Growing tendency for people to eat out or buy food to eat at home
Concerns over sustainability of core business due to shift towards consumption of food prepared away from home

Maturing of market
Japanese market enters mature phase
Customer needs shift from quantity to quality



Striving to become a high quality company that provides "Healthy Life Through Foods" <Chapter 2>
Striving for Four Value Chains

- Domestic + International ➔ Four Value Chains
  Transition to growth phase (aim for growth alongside qualitative transformation to become a company with a global presence)

Striving to become a high quality company that provides "Healthy Life Through Foods"

- Marketing ➔ Marketing + Innovation
- Expansion of customer contact points ➔ Value chain + Customer contact points
  (Ichibanya, Gaban, etc. made into group companies)
- Incorporation of "Three Responsibilities" into Medium-term Management strategies (from Sixth Plan)
- Strengthening of value chain with spices at core
  Consideration of GOT themes (from Sixth Plan)
- International business enters growth stage

Selection and concentration

- Narrowing down of area of ramen operations to competitive domestic business
  Transfer of water business (2010)
  Reorganization of curry roux bases, etc.
- Establishment of health and international as growth themes
  Establishment of "area centers" overseas
- Transition to holding company structure (2013)
  Adoption of concept of "Three Responsibilities"

Value creation from a customer perspective

- Expansion of product categories keeping pace with Japan's high growth (product manager system)

Changes in the House Food Group's basic strategies

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Seventh Medium-term Business Plan
General Framework

House Foods Group's Goal
Striving to be a high quality company that provides "Healthy Life Through Foods" <Chapter 2>

Striving for Four Value Chains

- Aiming for growth alongside qualitative transformation -

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

For customers

- Global Provision of "Healthy Life Through Foods"
- Achievement of growth driven by four VC
- Realization of three GOT
- Creation of new value through collaborative creation

For our employees and their families

- Achievement of diversity
- Implementation of work style reform
- Support for demonstration of individuality and mix of personalities

For society

- Healthy people and a healthy planet
- Establishment of a recycling-oriented model
- Achievement of a society of healthy longevity

Strengthening of corporate governance

Seventh Medium-term Business Plan

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For customers

(1) Achievement of growth driven by four VC

To become a high quality company, we will focus allocation of resources on four value chains, aiming to further improve our unique strengths and provide "Healthy Life Through Foods" on a global scale

Value we provide

"Healthy Life Through Foods"

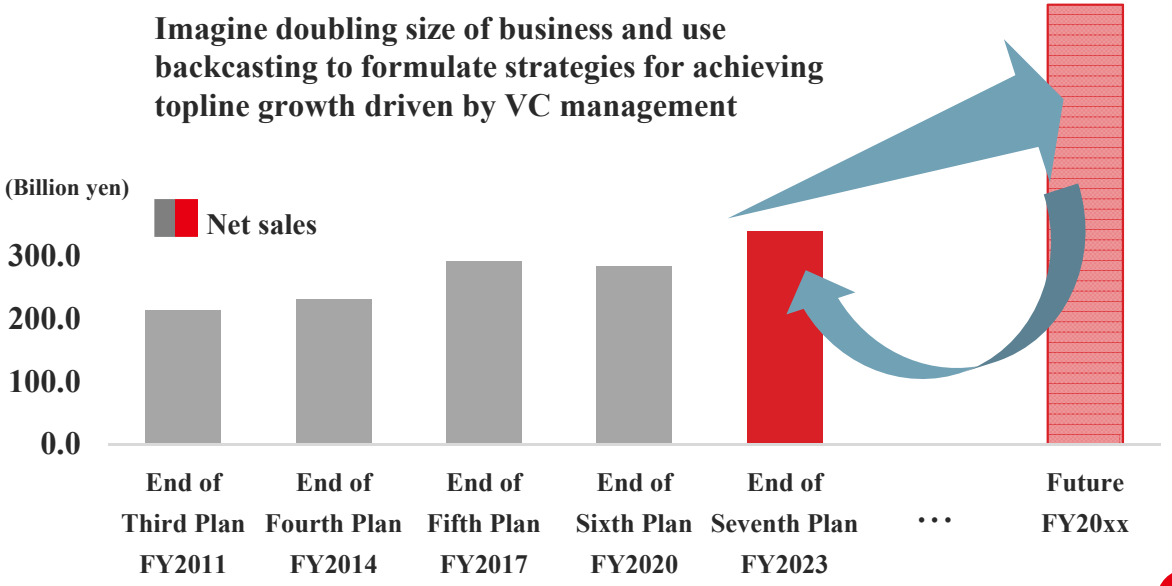
Spice VC	**Aim to create synergies through collaborative creation among group companies that handle spices and curry** Main operating companies: House Foods Corporation, Gaban Co., Ltd., House Foods (China), Inc., Ichibanya Co., Ltd., Vox Trading Co., Ltd.
Functional Ingredients VC	**Utilize lactobacillus, vitamins and spices more widely as a Group ingredient** Main operating companies: House Wellness Foods Corporation, House Osotspa Foods Co., Ltd. (Thailand)
Soybean VC	**Consider utilizing soybeans not only in the tofu business in the United States but also in other business outside the United States** Main operating company: House Foods America Corporation
Value-added Vegetables VC (New challenge)	**Take on challenge of creating a new VC in the agriculture domain (Create value through value-added vegetables such a tear-free onions)**

Development of VC concept

- Fifth and Sixth Medium-term Business Plans
  Expanded areas of operations along VC with spices at core
  Discovered business resilience and also growth opportunities where the Group can demonstrate strengths

- Seventh and Eighth Medium-term Business Plans
  Establish four VCs as domains in which the Group can demonstrate strengths and identify growth opportunities
  Further develop idea of VC expansion that was previously put into practice with spices at core

Imagine doubling size of business and use backcasting to formulate strategies for achieving topline growth driven by VC management



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For customers

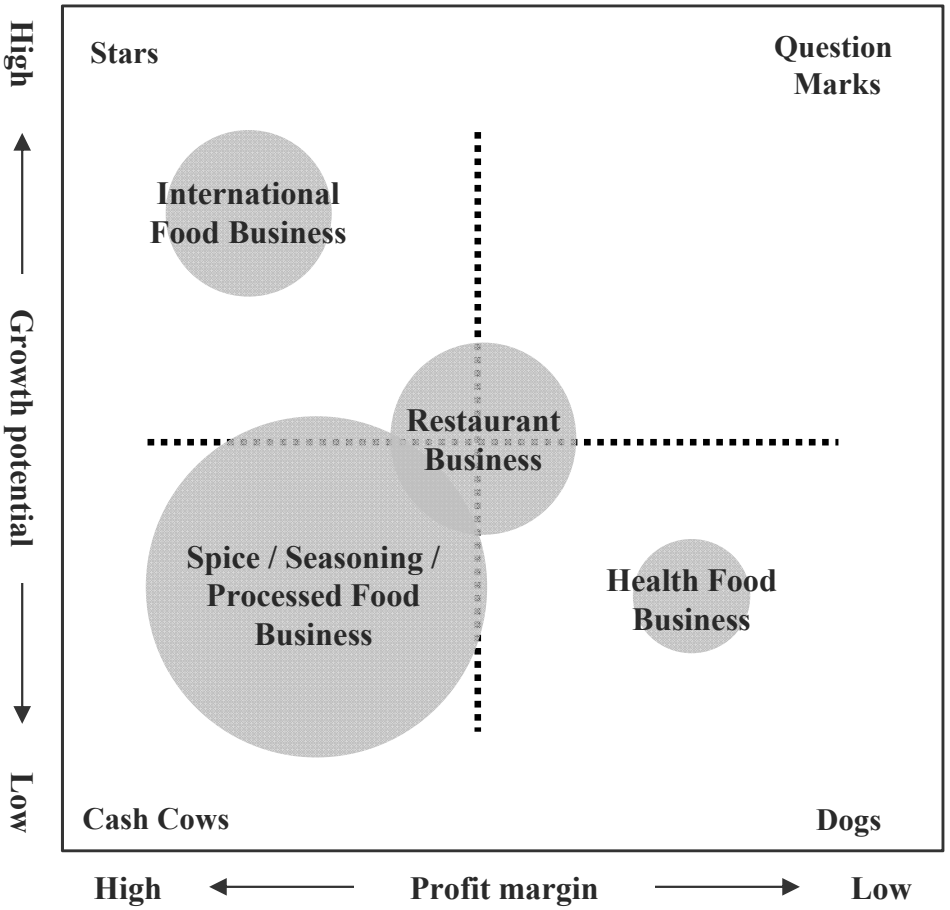
(1) Achievement of growth driven by four VC

Shift away from business segment perspective towards value chain perspective

Now

Portfolio is unbalanced

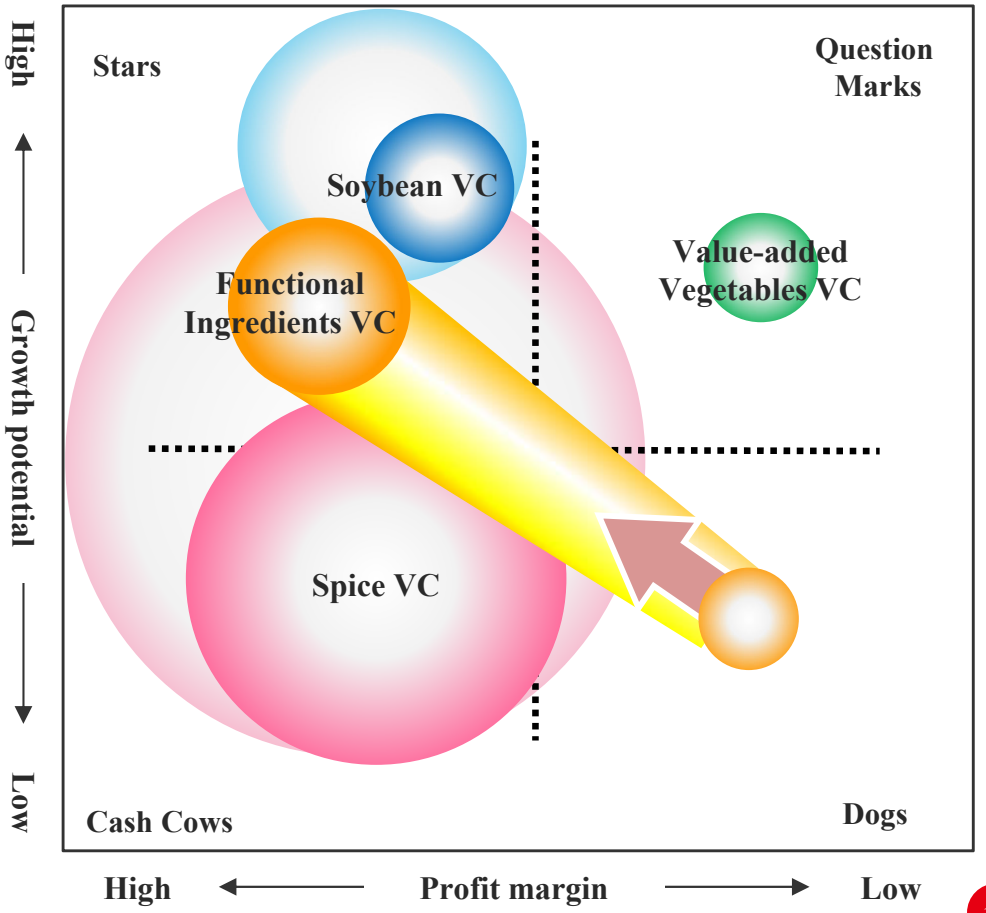
- Spice/Seasoning/Processed Food Business: Cash Cow (growth potential issue)
- International Business: Each business in the three priority areas has grown into a star
- Health Food Business: The segment is in the doghouse after the emergence of management issues
- Restaurant Business: Profitability has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



Future

Realization of growth story for each VC

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



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For customers

(1) Achievement of growth driven by four VC

Clarify domains and themes to focus on for each VC and actively invest management resources into growing and new domains
Strive for VC expansion and business creation to realize growth

	Existing domains	Growth domains	New domains
Spice VC	* Deepening of domestic business Strengthening of earning power Improvement of productivity Production GOT	* Expansion of domestic BtoB business BtoB-GOT	* Application of technologies utilizing spice ingredients
	* Spice procurement reforms Spice VC-GOT		* ASEAN business development
	* Restaurant Business (domestic): Improvement of earning potential of curry business	* China: Expansion of business domains * Restaurant Business: Expansion of areas of operation overseas	* ASEAN: Establishment of BtoC curry business
Functional Ingredients VC	* Structural reform of domestic business * Integration of BtoC sales capabilities	* Expansion of direct retail (mail order) business * Expansion of overseas vitamin drink business (Thailand → ASEAN)	* Overseas expansion of lactic acid bacterium business (Europe/United States)
Soybean VC	Expansion of tofu business in the United States (Strengthening of R&D and production capabilities: Expansion of LA plant, consideration of third base)		* Business expansion outside the United States
Value-added Vegetables VC	* Creation of VC's own unique business model through collaborative creation with partners inside and outside the Group		

New domains

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For customers

(2) Realization of three GOT

GOT initiatives considered under the Sixth Medium-term Business Plan will enter the implementation phase under the Seventh and Eighth Medium-term Business Plans.

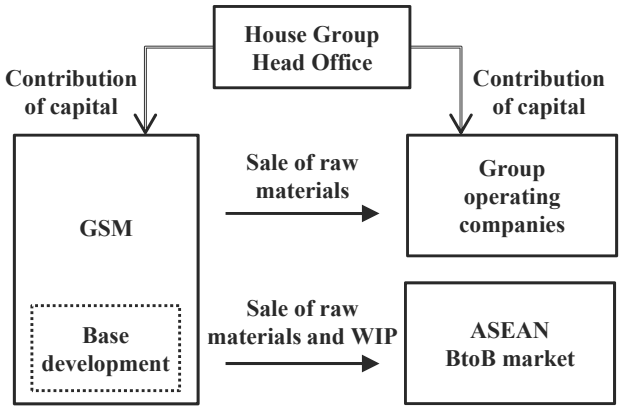
Spice VC-GOT
(Advancement of spice procurement GOT)

Establishment of globally competitive Spice VC

Implementation of global strategy with upstream (ASEAN) as starting point

Strengthening of Group's procurement capacity
Stabilization of procurement and reduction of costs through reinforcement upstream

Establishment of Spice VC framework with GSM* at core
Implementation of ASEAN BtoB sales strategy



Production GOT

Realization of stronger Group competitiveness

Establishment of the Group's optimum production management system

Reorganization of spice packaging bases
Optimization of lines from Group perspective

Development of new Ichibanya curry sauces
Improvement of productivity × Reduction of environmental impact

High-mix, variable-volume production of retort-pouched products
Strengthening of competitiveness through linkage with BtoB-GOT

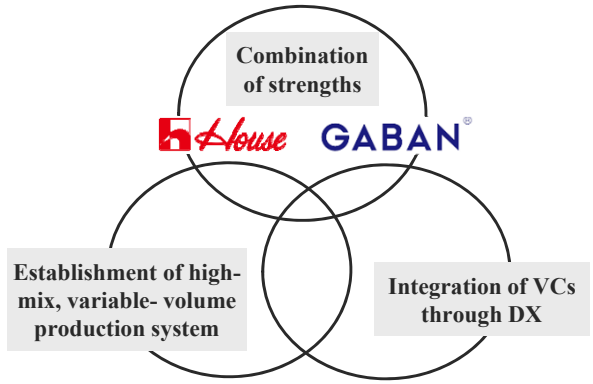
BtoB-GOT

Creation of a new growth story for domestic BtoB

Realization of growth in mature domestic market

Organizational reforms for shift to new scrum-based business model

- Promotion of customer-centric activities combining strengths of GABAN and House Foods



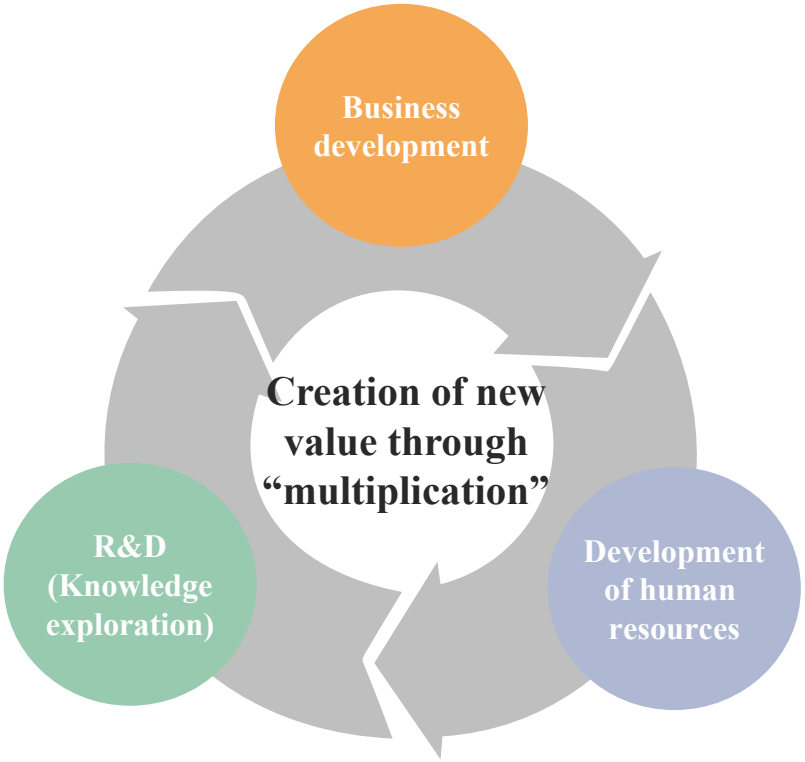
* Gaban Spice Manufacturing (M)SDN.BHD.
Movement of capital from GABAN subsidiary to G head office

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For customers

(3) Creation of new value through collaborative creation

We will focus on creating new value through the integration of business development, R&D and development of human resources, aiming to become a more innovative organization with the capacity to develop themes and take on challenges.



Business development

Elimination of division of roles between new and existing domains
Bridging of gap between new and existing domains, stimulating groupwide hunger to explore new growth opportunities

(Examples of initiatives)

- Exploration of themes based on cross-functional approach
- Opening-up of new channels
- Transformation of promotions

R&D (Knowledge exploration)

Shift towards open technology and cultivation of business mindset for multi-faceted usage of technologies

(Examples of initiatives)

- One Day a Week (20% rule)
- CVC-linked initiatives
- Ba EXPO (sharing and utilization of technologies and strengths)
- Exchanges with outside partners (suppliers, industry-university collaboration)

Development of human resources

Identification and cultivation of human resources with a challenging spirit and creation of a climate and opportunities for taking on challenges

(Examples of initiatives)

- Various opportunities to identify human resources with a challenging spirit (open call HR system, "meet-ups", etc.)
- Provision of a range of work experience to accelerate growth (exchange of human resources with group companies and CVC investees, etc.)
- Creation of opportunities to take on challenges (open call business creation program: GRIT)

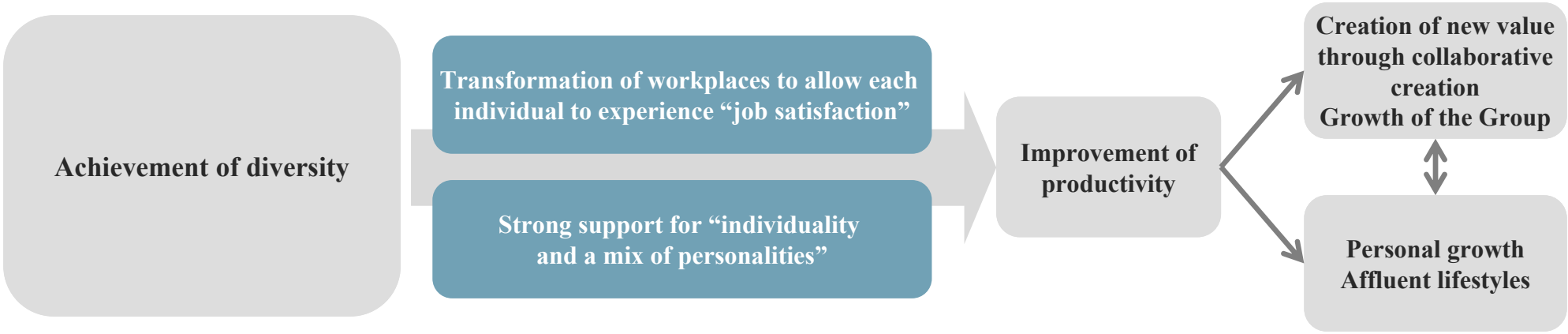
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For our employees and their families

Seventh Medium-term Business Plan

We will further cultivate and accelerate the approach adopted under the Sixth Medium-term Business Plan of aiming for both the growth of employees and the growth of the Group by improving productivity through the "achievement of diversity."

Basic approach



Background to establishment of priority themes

(External factor) New Normal

Changing work styles
- Diversification of work environment (employment, development, evaluation)
- Autonomous career development

✖

(Internal factor) Group transformation

- Striving for 4 VCs
- Shifting resources to growth domains
- Demonstrating global presence

Priority themes

1

Implementation of work style reform

Evolution of "work style reform" concept into concept of "job satisfaction transformation" for employees' own growth
"Job satisfaction" ＝ Ease of work (creation of time)
× Rewarding work (challenge and growth)

2

Strong support for demonstration of individuality and mix of personalities

Mix of diverse personalities for maximization of Group synergy
Increased career recruiting, exchange of human resources across the Group, development of global human resources, support for career development, promotion of female participation and career advancement

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For society

Acceleration of initiatives from a global perspective and across all value chains aiming for "healthy people and a healthy planet"

Basic approach

Establishment of a recycling-oriented model

Achievement of a society of healthy longevity

→ **Healthy people and a healthy planet**

Fulfilment of social responsibility through main business to bring smiles of happiness

Background to establishment of priority themes

(External factor) New Normal

- Shift in attitudes towards corporate responsibility (Encouragement of corporate initiatives to solve social issues)
- Growing health awareness
- Acceleration of moves for decarbonization by 2050

✖

(Internal factor) Group transformation

- Striving for 4 VCs
- Shifting resources to growth domains
- Demonstrating global presence

Priority themes

1 Establishment of a recycling-oriented model

⇨ Environmental measures across all VCs

- Acceleration of reduction in CO2 emissions and expansion of scope of initiatives
  Global operations & supply chain (Scope 1, 2, 3)
- Strengthening of momentum behind waste reduction activities and promotion of recovery of valuable materials from waste

* Establishment of new Group environmental strategy meeting
Consideration of additional measures and initiatives for the achievement of long-term targets

2 Achievement of a society of healthy longevity

⇨ Contribution to better health through core business

- Creation of health value through business activities
- Exploration of seeds for creation of the health businesses of the future

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Strengthening of Governance

Seek to further strengthen the corporate governance framework for the implementation of VC management

1

Transition to Company with Audit & Supervisory Committee

This will strengthen audit and supervisory functions, as Directors who are Audit &Supervisory Committee members will have voting rights at meetings of the Board of Directors

2

Establishment of Nomination Advisory Committee

Seek to further enhance the corporate governance framework by ensuring transparency and objectivity in the process of determining matters such as the election and dismissal of Directors.
Composition: Composed of three or more Directors elected by resolution of the Board of Directors
(At least half of the members will be Independent Directors)

3

Revision of stock compensation plan for Directors

Introduction of advance delivery-type restricted stock compensation to further align values of Directors and shareholders
* Change from previous shareholders' association made up of directors; excludes Directors who are Audit & Supervisory Committee members

*1, 3: Matters to be approved at the Ordinary General Meeting of Shareholders to be held in June
2: To be established after the Ordinary General Meeting of Shareholders

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Seventh Medium-term Business Plan Themes by Segment

The Seventh Medium-term Business Plan marks the turning point for a shift in growth. Whilst approaching strategies on a VC basis, we will first get to grips with the strategies on a segment basis.

*The functional drinks business in Thailand shifted to the Functional Ingredients VC management framework ahead of schedule (though remaining part of the International Food Business segment)

Segment	Main Themes
Spice / Seasoning / Processed Food Business	(1) Growth based on the creation of new value Achievement of growth across a wider domain through free thinking and a challenging spirit (2) Improvement of earning capacity as core business Continuation of initiatives for reform of earning structure and pursuit of effective marketing measures to ensure competitiveness (3) Commitment to solve social issues through core business Reduction of CO2 emissions and waste in production operations, and reduction of CO2 emissions through shift to microwaveable retort pouched products (Scope 3)
Health Food Business	(1) Shift to a more sustainable business model by capturing business opportunities globally from a VC perspective Focus on the global expansion of vitamin drinks and lactic acid bacterium business for the establishment of Functional Ingredients VC (2) Rebuilding of existing domestic business Implementation of profit structure reforms and establishment of new customer contact points
International Food Business	Acceleration of growth. Shift towards greater local autonomy aiming to achieve growth on a “local production for local consumption” basis - United States: Strengthening of base (expansion of production system and supply chain, strengthening of R&D) for advancement to further growth stage, and expansion of area of operation - China: Reflecting expansion of the market for products for household use to include China’s inland regions, sustainable growth of core business and expansion of business domain to meet local needs - ASEAN: Establishment of BtoC curry business as a new challenge and pursuit of possibilities of BtoB spice business in conjunction with GOT - Strengthening of governance with a view to greater local autonomy
Restaurant Business	(1) Proactive generation of domestic demand in the COVID and post-COVID era Strengthening of non-eat-in services and contact points (home delivery and drive-thru, development of business styles, etc.) (2) Promotion of Group synergy themes Creation of benefits for the Company, Ichibanya Co., Ltd. and franchise owners through the development of new curry sauces
Other Food Related Business	(1) Delica Chef: Collaborative creation in Value-added Vegetables VC (2) Vox: Utilization of upstream strengths and demonstration of capabilities linking activities in the VC together

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Seventh Medium-term Business Plan
Financial Strategies

Prioritize investment to realize growth and strengthen earning capacity through the 4 VCs and strengthen shareholder returns by shrinking assets such as cross-shareholdings

Allocation of cash generated from expansion of earning capacity to growth domains as priority
→Generation of new cash flows

Cash flows from operating activities under Seventh Medium-term Business Plan

70.0 billion yen

(excludes Ichibanya)

<Domains for investment>

- Growth domains
  - Production optimization
  - GOT
  - International Food Business
  - M&A・New businesses

  40.0 billion yen
  (Just over 20.0 billion yen invested under Sixth Plan)
- Existing domains **20.0** billion yen
- DX / Environment **10.0** billion yen

<Shareholder returns>

- Dividends* **15.0** billion yen

Allocation of cash generated from shrinking of B/S to shareholder returns

Shrinking of B/S
20% reduction in cross-shareholdings

10.0 billion yen

<Shareholder returns>

- Purchase of treasury shares **12.0** billion yen

* Profit distribution policy
Continue to pay stable dividends aiming for a consolidated payout ratio of at least 30%, excluding the impact of extraordinary income (losses) or goodwill amortization arising from business combinations

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(Reference) Change in Revenue Recognition Standard

The Group will apply the new revenue recognition standard from FY2021.
For reference: Impact assuming application in FY2020

Billion yen		FY2020 Results		Impact
		Current standard	New standard	
Net sales		283.8	250.1	-30.8
				-2.9
Cost of sales		157.0	154.1	-2.9
Gross profit		126.8	96.0	
SG&A expenses		107.4	76.5	
	Promotion expenses, etc.	33.8	2.9	-30.8
Operating profit		19.4	19.4	

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Seventh Medium-term Business Plan
Consolidated Targets

Consolidated targets

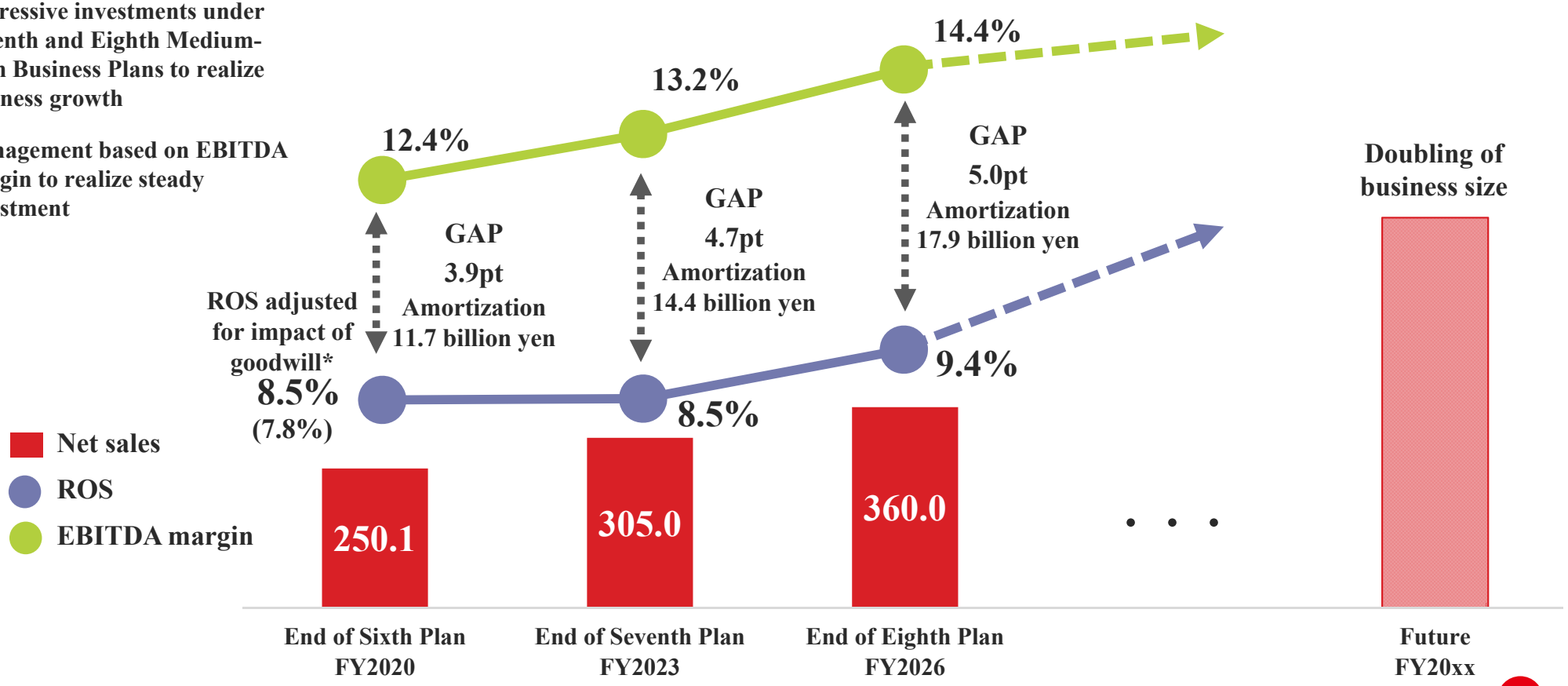
Net sales **305.0 billion yen**

Operating profit **26.0 billion yen**

Management indicators

	Targets under Seventh Medium-term Business Plan	Ideal proposition
ATO	0.80 times	At least 1.0 times
ROS	8.5%	At least 10%
(EBITDA margin)	13.2%	–
ROA	6.8%	At least 10%
E-ratio	70.6%	–
ROE	6.1%	Securing 10%

- Aggressive investments under Seventh and Eighth Medium-term Business Plans to realize business growth
- Management based on EBITDA margin to realize steady investment



* Excludes goodwill amortization of 1.8 billion yen which arose when Ichibanya Co., Ltd. was made into a subsidiary; figure in parentheses is before the exclusion

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Seventh Medium-term Business Plan
Segment Targets

Billion yen	Net sales			Operating profit			ROS		EBITDA margin	
	Target	Comparison with Sixth Medium-term Business Plan		Target	Comparison with Sixth Medium-term Business Plan		Target	Comparison with Sixth Medium-term Business Plan	Target	Comparison with Sixth Medium-term Business Plan
Consolidated	305.0	+54.9	+22.0%	26.0	+6.6	+33.9%	8.5%	+0.8pt	13.2%	+0.8pt
Spice / Seasoning / Processed Food Business	133.0	+12.7	+10.5%	15.1	-0.5	-3.3%	11.4%	-1.6pt	15.6%	-0.7pt
House Foods Corp.	122.0	+11.3	+10.2%	14.1	-0.6	-4.0%	11.6%	-1.7pt		
Health Food Business	22.8	+7.5	+49.2%	1.5	+1.9	—	6.6%	+9.2pt	10.5%	+8.6pt
International Food Business	57.5	+23.4	+68.5%	6.6	+2.0	+44.0%	11.5%	-2.0pt	16.9%	-0.7pt
Business in the United States	18.8	+5.3	+39.7%	2.4	+1.6	+181.3%	13.0%	+6.5pt		
Business in China	11.0	+4.0	+57.0%	2.2	+0.7	+51.7%	19.8%	-0.7pt		
Businesses in ASEAN	14.8	+5.3	+56.1%	2.2	+0.7	+45.6%	14.7%	-1.1pt		
Restaurant Business	57.0	+12.3	+27.5%	4.7	+5.4	—	8.2%	+9.7pt	13.0%	+4.4pt
Other Food Related Business	44.4	+0.5	+1.1%	1.6	-0.2	-9.6%	3.6%	-0.4pt	4.7%	-0.4pt
Adjustment (elimination)	-9.7	-1.4	—	-3.5	-2.0	—	—	—	—	—

* Comparison with results for final fiscal year (FY2020) of Sixth Medium-term Business Plan restated to reflect new revenue recognition standard for reference.

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Seventh Medium-term Business Plan
"Three Responsibilities" KPIs

Three Responsibilities	Themes	KPI	Seventh Medium-term Business Plan	Eighth Medium-term Business Plan
For customers	- Achievement of growth driven by four VC - Realization of three GOT - Creation of new value through collaborative creation	Net sales	305.0 billion yen	360.0 billion yen
		ROS	8.5%	9.4%
		EBITDA margin	13.2%	14.4%
For our employees and their families	- Implementation of job satisfaction transformation (Ease of work)	Creation of time (Management of total actual working hours)	1,850 hours	1,800 hours
	- Support for demonstration of individuality and mix of personalities	Percentage of female employees in management posts New graduate/Mid-career recruitment	At least 12% New graduate/Mid-career = 6:4	At least 20% New graduate/Mid-career = 6:4
For society	- Establishment of a recycling-oriented model	Reduction of CO2 emissions Scope 1, 2 Scope 3	 -9% -17,000 t	 -18% * Intensity compared with FY2013 — * Compared with before initiatives
		Reduction of total emissions including waste	-6%	-12% * Domestic production bases Intensity compared with FY2019
	- Achievement of a society of healthy longevity	Setting of targets linked to each VC	Example targets - Promotion of good physical and mental health through everyday meals Quicker and simpler meal preparation (complete shift toward microwaveable retort pouched products) Launch of products that are low in calories, sugar and salt - Market penetration of tofu as PBF and enhancement of value of tofu products Increase percentage of households that purchase tofu in the United States to 10% (2023)	

Part: 3

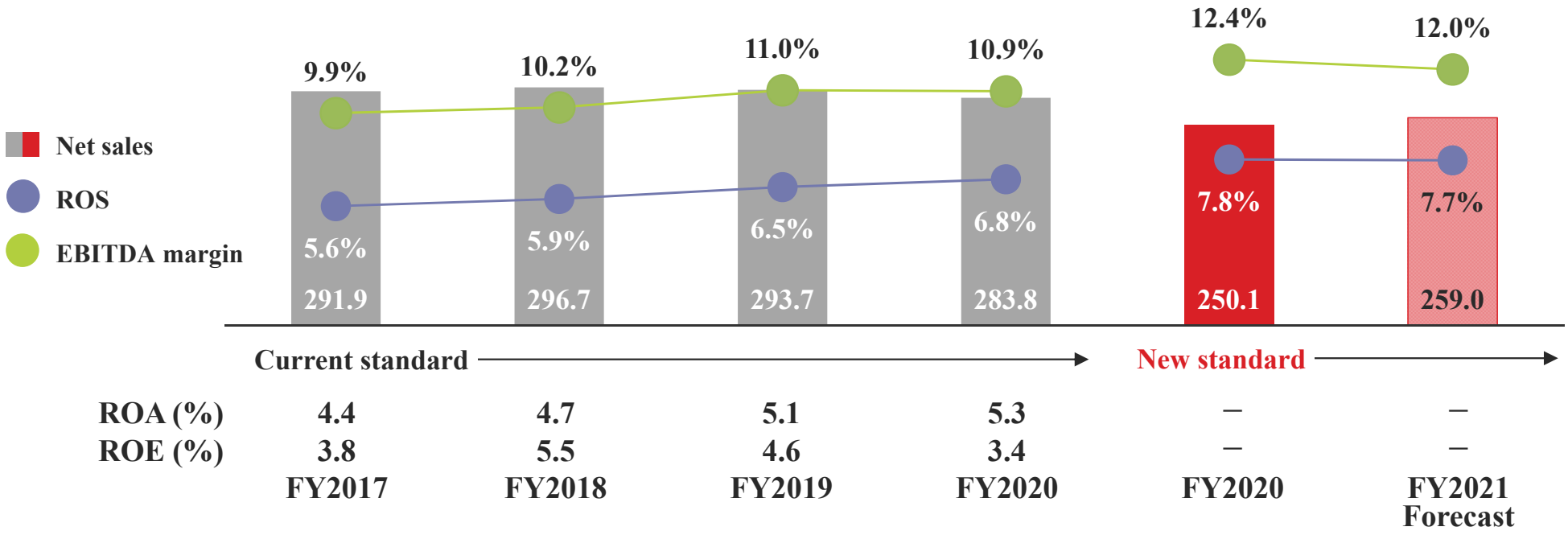
FY2021 Results Forecast

- **Institute structural reforms for sustainable growth by identifying changes in the situation and the transformation of consumer behavior that occurred as a result of COVID-19.**

Consolidated Results Forecast

Billion yen	FY2021 Forecast	Comparison with net sales	Year on year	
Net sales	259.0	—	+8.9	+3.6%
Operating profit	20.0	7.7%	+0.6	+3.0%
Ordinary profit	21.5	8.3%	+1.7	+8.4%
Profit attributable to owners of parent	13.0	5.0%	+4.3	+48.6%
EBITDA	31.0	12.0%	-0.1	-0.2%

* Year-on-year changes and the rates of year-on-year change are calculated by comparing the forecast for FY2021 with the results for FY2020 after applying new accounting standards (the same applies below).



EBITDA: Operating profit (before amortization of goodwill) + Depreciation
ROA: Ration of operating profit to total assets

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Forecast by Segment

FY2021 Results Forecast

Billion yen	Net sales			Operating profit			ROS		EBITDA margin	
	Forecast	Year on year		Forecast	Year on year		Forecast	Year on year	Forecast	Year on year
Consolidated	259.0	+8.9	+3.6%	20.0	+0.6	+3.0%	7.7%	-0.0pt	12.0%	-0.5pt
Spice / Seasoning / Processed Food Business	121.7	+1.4	+1.2%	14.0	-1.6	-10.3%	11.5%	-1.5pt	15.5%	-0.8pt
Health Food Business	17.5	+2.2	+14.5%	0.1	+0.5	—	0.6%	+3.2pt	4.6%	+2.7pt
International Food Business	36.1	+2.0	+5.8%	4.7	+0.1	+2.5%	13.0%	-0.4pt	17.0%	-0.6pt
Restaurant Business	49.3	+4.6	+10.3%	2.6	+3.3	—	5.3%	+6.8pt	10.9%	+2.3pt
Other Food Related Business	42.4	-1.5	-3.5%	1.5	-0.3	-15.2%	3.5%	-0.5pt	4.8%	-0.3pt
Adjustment (elimination)	-8.0	+0.3	—	-2.9	-1.4	—	—	—	—	—

Spice / Seasoning / Processed Food Business
- Minimize a reactionary fall in sales of home-use products by carefully responding to changes in attitudes and behavior of consumers.
- Profit will decrease due to a rise in depreciation associated with an increase in production capacity of BtoB and the renovation of supply and demand and production management systems.

Health Food Business
- Create a structure to make a profit (cost reduction, effective marketing), not assuming recovery to pre-COVID-19 levels.
- Work to strengthen proposal capabilities and expand contact points with customers by integrating domestic sales functions.

International Food Business
- [United States] Improve profitability through the stable operation of new lines, and allocate spending to strengthen the business base (DX, personnel-related).
- [China] Home-use products: Actively allocate marketing spending to capture inland areas.
- [China] Food service-use products: Develop effective sales strategies by utilizing big data of customers (cultivation of new customers, retention of existing customers)
- [Thailand] The segment will enter a temporary lull in FY2021, affected by slow-moving inventory in the previous fiscal year. Promote area expansion and product enhancement.

Restaurant Business
- Japan: Create demand by actively developing properties in line with the world with COVID-19 and tackling new business categories.
- Overseas: Continue efforts for growth, such as entry into Dubai and the the start of the expansion of franchisees in the United States.

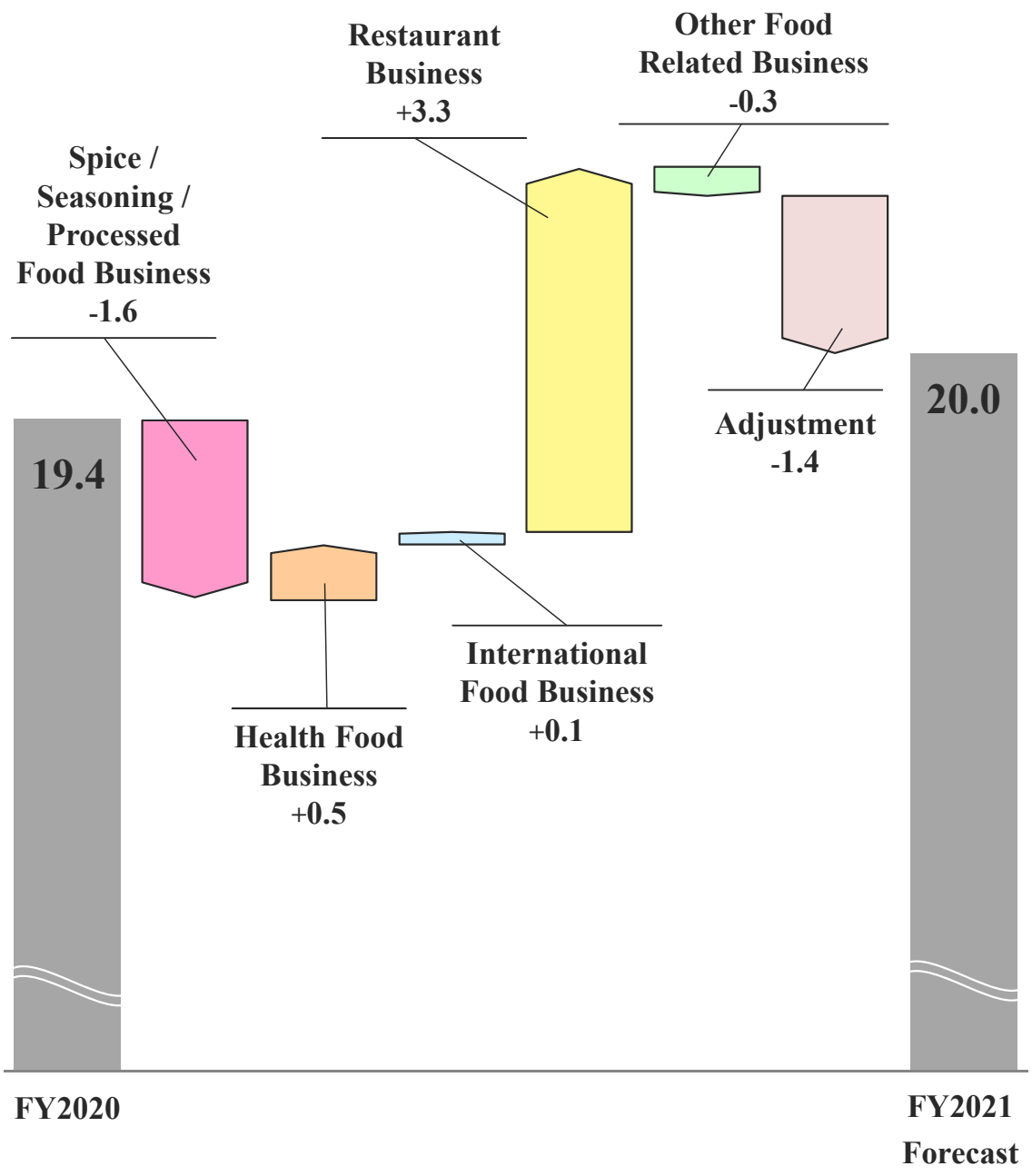
* Impact of impairment losses and the completion of amortization of goodwill in the previous fiscal year on profit in the current fiscal year: 1.8 billion yen

Other Food Related Business
- Delica Chef: Try to improve productivity and respond to new normal demand by strengthening development capabilities and right-sizing the personnel structure.
- Vox: Strengthen proposal capabilities in growth areas such as frozen products (decline in sales of MA rice is expected).

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Operating Profit Change Analysis

◆ Factors of changes by business segment (Billion yen)



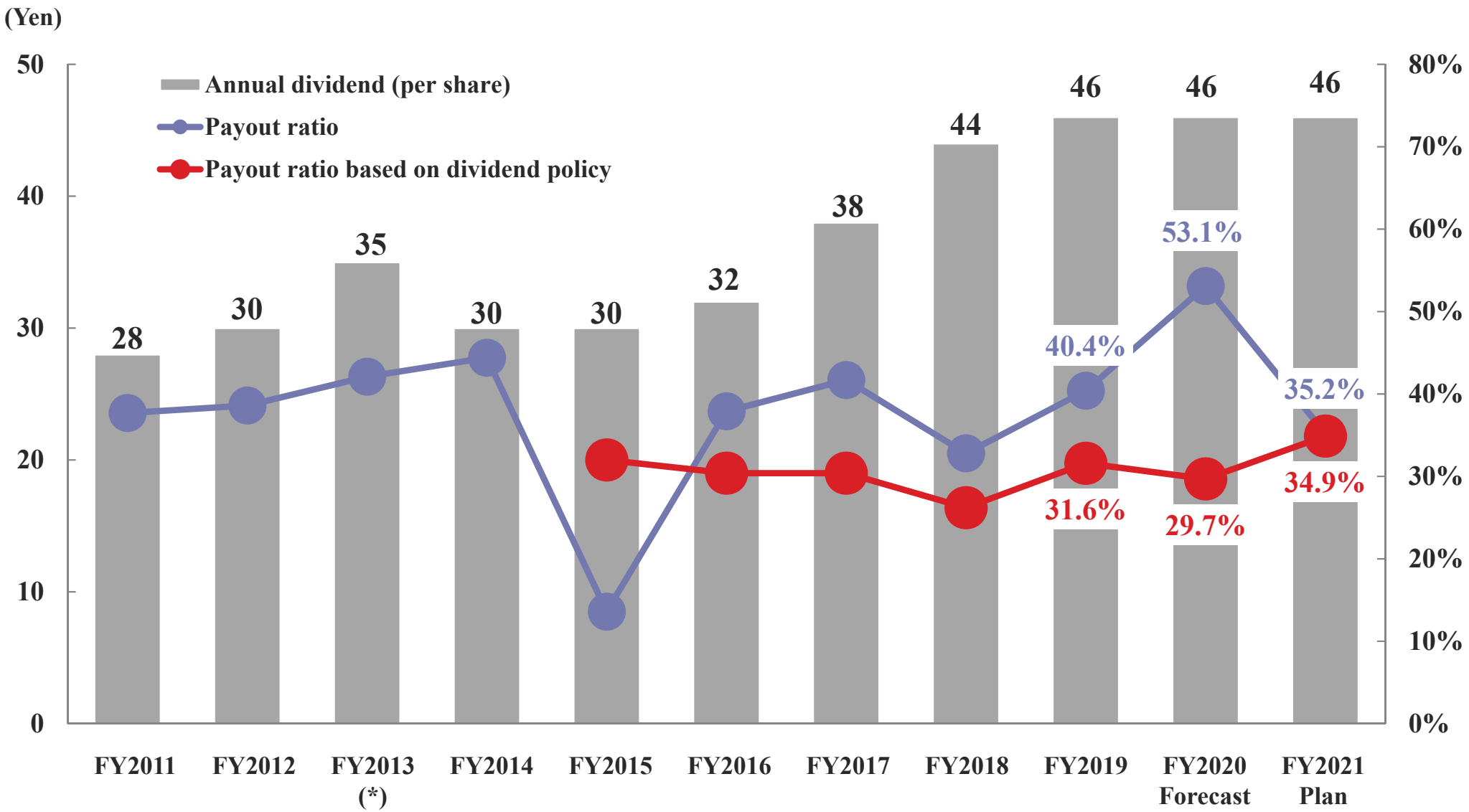
Billion yen	Amount of change
Spice / Seasoning / Processed Food Business	**-1.6**
- Change in sales	+0.4
- Change in cost of sales ratio	-0.8
- Marketing costs	-0.5
- Personnel and other expenses	-0.8
- GABAN and other affiliated companies	+0.1
Health Food Business	**+0.5**
- Change in sales	+0.3
- Change in cost of sales ratio	+0.7
- Marketing costs	-0.4
- Personnel and other expenses	-0.1
International Food Business	**+0.1**
- Business in the United States	+0.5
- Business in China	-0.2
- Businesses in ASEAN	-0.1
Restaurant Business	**+3.3**
- Ichibanya Co., Ltd. (Consolidated)	+1.4
- Amortization of goodwill, etc.	+1.8
Other Food Related Business	**-0.3**
- Delica Chef Corporation	+0.0
- Vox Trading Co., Ltd. (Consolidated)	-0.2
Adjustment	**-1.4**
Changes in operating profit	**+0.6**

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Dividends

◆ **Dividend Policy**

To maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill as a standard.



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

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Appendix

Supplementary Materials

Results for FY2020 by Segment

Supplementary Materials

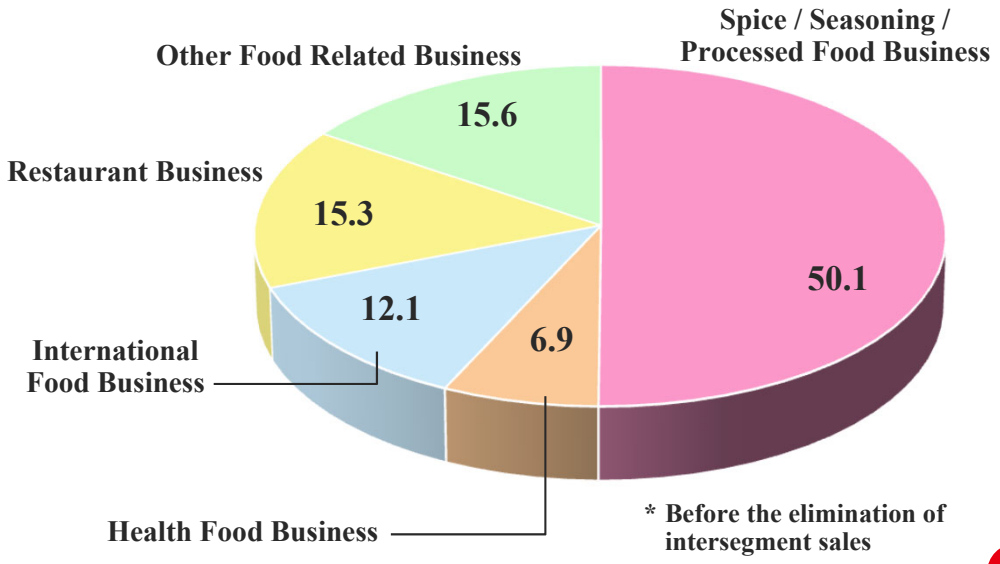
Billion yen	Net sales				Operating profit				ROS	
	Results	Year on year		Comparison with previously announced figures	Results	Year on year		Comparison with previously announced figures	Results	Year on year
Consolidated	283.8	-9.9	-3.4%	+0.5	19.4	+0.4	+2.1%	+0.2	6.8%	+0.4pt
Spice / Seasoning / Processed Food Business	146.3	+1.3	+0.9%	+0.5	15.6	+1.5	+10.7%	-0.1	10.7%	+0.9pt
Health Food Business	20.1	-7.8	-27.9%	-0.4	-0.4	-0.9	—	-0.0	-2.1%	-3.9pt
International Food Business	35.5	+5.7	+19.3%	+0.4	4.6	+0.5	+11.9%	+0.1	12.9%	-0.9pt
Restaurant Business	44.6	-7.9	-15.1%	-0.4	-0.7	-0.9	—	-0.1	-1.5%	-1.9pt
(Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.)					2.5	-2.7	-51.9%	-0.1	5.6%	-4.3pt
Other Food Related Business	45.5	-0.8	-1.6%	+0.4	1.8	-0.0	-1.2%	+0.1	3.9%	+0.0pt
Adjustment (elimination)	-8.3	-0.5	—	-0.1	-1.5	+0.2	—	+0.2	—	—

Reference: Net sales by area

Billion yen	Net sales		
	Results	Year on year	
Japan	238.8	-14.0	-5.5%
United States	14.8	-0.5	-3.0%
East Asia	15.7	+0.8	+5.4%
Southeast Asia	13.4	+4.0	+42.5%
Other	1.1	-0.3	-22.1%

Ratio of overseas sales: 15.8%
(up 1.9 percentage point year on year)

Sales breakdown by segment (%)



* Before the elimination of intersegment sales

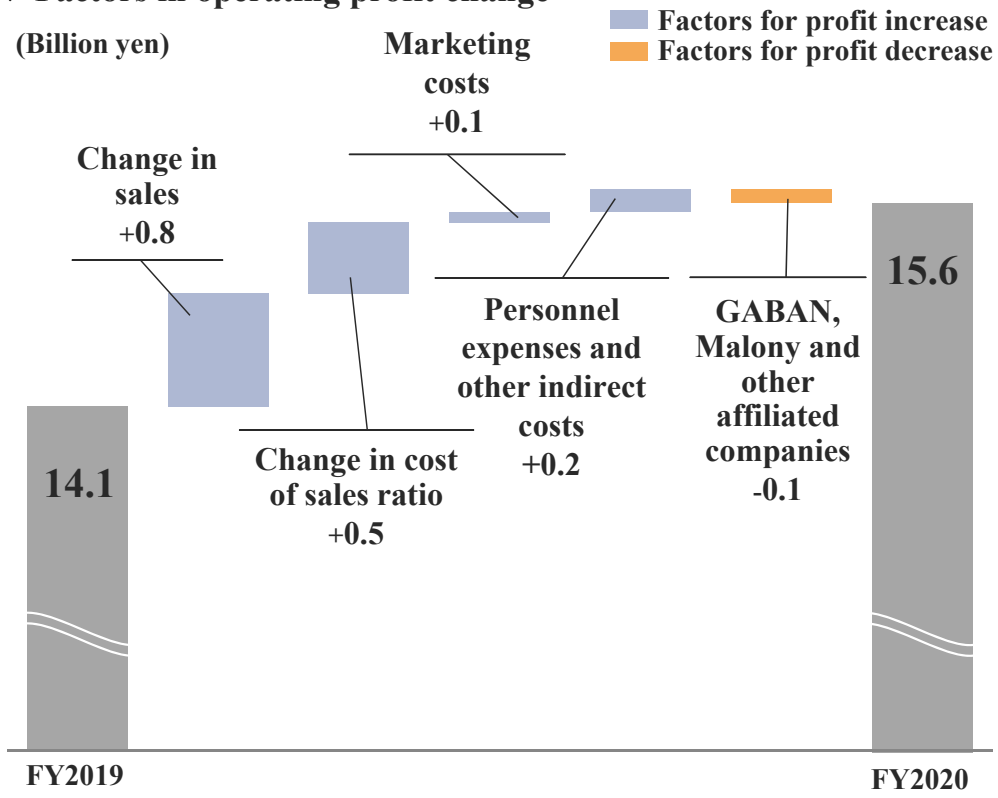
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Spice / Seasoning / Processed Food Business

Billion yen	FY2020 Results	Year on year		Comparison with previously announced figures
Net sales	146.3	+1.3	+0.9%	+0.5
Operating profit	15.6	+1.5	+10.7%	-0.1
ROS	10.7%		+0.9Pt	
◆ Breakdown of sales (main factors)	Details are also stated in "5. Trends in Net Sales by Business Segment" in Fact Data.			
House Foods Corp.	136.4	+2.0	+1.5%	
Curry roux	37.8	+0.8	+2.1%	
Stew roux	12.8	+0.6	+5.0%	
Spice	22.7	+2.8	+14.1%	
Total of retort pouched products*	19.0	-0.2	-0.8%	
Food service products	14.9	-2.6	-14.9%	
GABAN Co., Ltd. (Consolidated)	9.2	-0.6	-6.4%	
Malony Co., Ltd.	2.9	+0.2	+6.9%	

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

◆ Factors in operating profit change



Household-use products grew in a wide range of categories with an increase in demand for home-cooked meals, which offset the struggles of food service-use products.
Fixed costs were contained overall due to restraints on business activities, in addition to the effect of higher sales of household-use products, resulting in higher profit.

◇ Household-use business
- Responded to significant changes in demand under the COVID-19 pandemic and strengthened proposals in line with changes in customer needs. Tried to capture demand for home-cooked meals (by, for example, increasing simplicity, enhancing menu variety and increasing the joy of cooking)
- Made retort pouched *Pro Quality* microwaveable. Sought to enhance the brand value by increasing convenience and reducing the environmental impact.

◇ Food service-use business
- The food service-use business struggled due to the sluggish restaurant market reflecting the prolonged impact of COVID-19 and focused on the cultivation of BtoBtoC and specific channels.



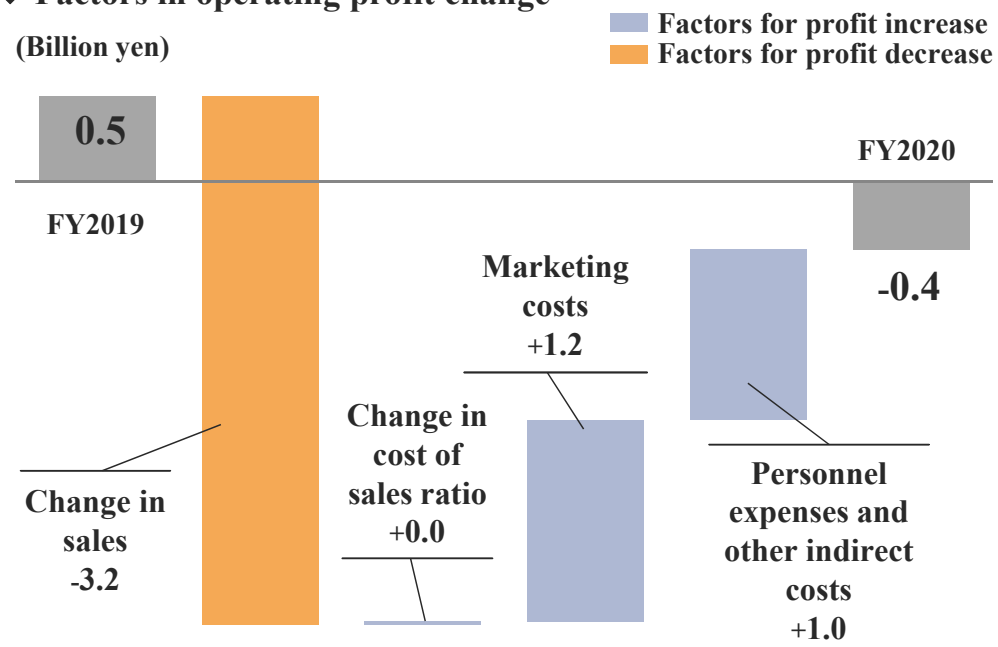
Issues:
- Capture demand by carefully responding to changes in consumer consciousness and behavior.
- Strengthen proposal capabilities for "the growing tendency for people to eat out or buy food to eat at home," which will remain an underlying theme, and implement profit improvement measures.

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Health Food Business

Billion yen	FY2020 Results	Year on year		Comparison with previously announced figures
Net sales	20.1	-7.8	-27.9%	-0.4
Operating profit	-0.4	-0.9	—	-0.0
ROS	-2.1%		-3.9Pt	
◆ Breakdown of sales (main factors)				
Functional spice	6.5	-4.8	-42.2%	
Ukon No Chikara	4.2	-4.0	-48.5%	
Vitamin	9.7	-2.3	-19.1%	
C1000	5.1	-2.0	-27.7%	
Ichinichibun No Vitamin	3.9	-0.2	-3.7%	
Lactobacillus business	0.6	-0.2	-23.0%	

◆ Factors in operating profit change



Overreliance on *Ukon No Chikara* series and risks associated with sales channel structure came to the surface, and the segment fell into an operating loss despite the full enforcement of cost reduction.

◇ **Rebuilt the business base for growth.**
- **Withdrew from unprofitable businesses (PET products, sales contracted products: Impact of sales decline of 1.8 billion yen)**
- **Domestic BtoC sales functions were integrated with House Foods Corporation (from April 2021)**

◇ **Functional spice business**
- ***Ukon No Chikara*: Sales fell sharply due to plunging demand for drinking out, reflecting the prolonged impact of COVID-19.**
- ***Nerunoda*: Demand was firm on the back of double-digit growth in sales of grain type, despite weak sales of *Nerunoda* drink.**

◇ **Vitamin business**
- **The transformation of consumer behavior (self-restraint on going out, the weak market for beauty drinks) had a strong impact as sales were concentrated on convenience stores.**

◇ **Lactobacillus business**
- ***Lactic acid bacterium L-137*: Sales of food ingredients expanded overseas where promoting effects based on evidence is possible.**

Issues:
- **Strengthen ability to withstand an uncertain business environment (cost control through profit and loss structural change and productivity improvement).**
- **Create a business model and structure to build functional ingredients VC.**

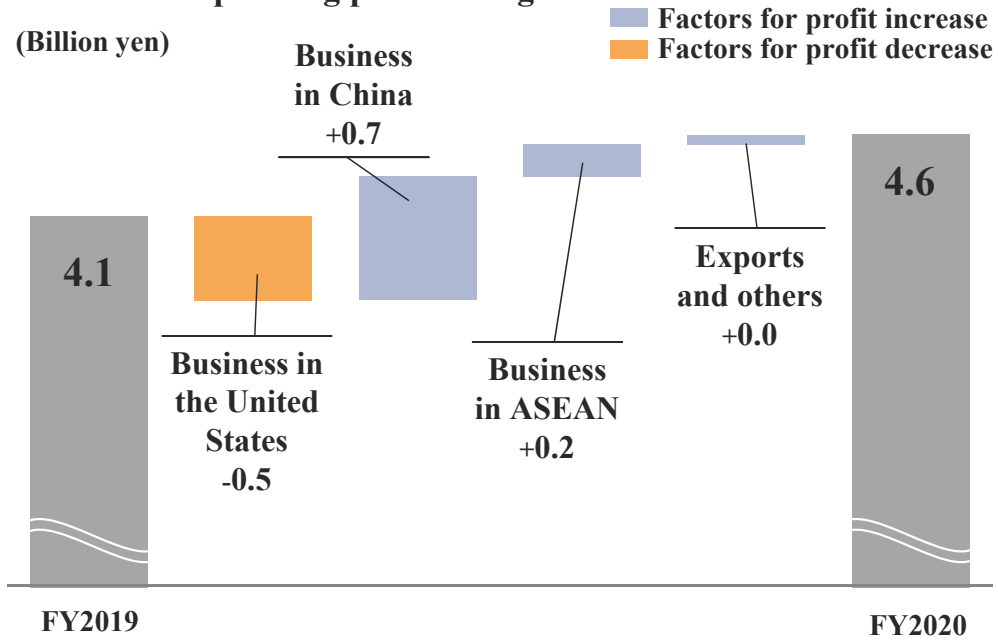


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International Food Business

Billion yen	FY2020 Results	Year on year		Year on year in local currency	Comparison with previously announced figures
Net sales	35.5	+5.7	+19.3%	+22.3%	+0.4
Operating profit	4.6	+0.5	+11.9%	+14.5%	+0.1
ROS	12.9%		-0.9Pt		
◆ Breakdown of sales (main factors)					
Business in the United States	13.5	+0.4	+3.3%	+6.1%	
Tofu business	12.3	+0.3	+2.9%	+5.6%	
Business in China	7.4	+1.4	+22.6%	+25.7%	
Businesses in ASEAN	10.3	+3.7	+55.6%	+61.6%	
Thailand	10.1	+3.7	+58.7%	+64.7%	

◆ Factors in operating profit change



Business growth continued in three priority areas.

◇ **Tofu business in the United States**
- Sales increased with the contribution of production increases given operation of new lines at Los Angeles Plant (the American market, which had remained brisk, grew strongly).
- Profit declined due to an increase in costs given the need to take the full year for stable operation of the new lines, in addition to a rise in depreciation.

Issues: Stable operation of new lines which ensures the expansion of the PBF market as a growth opportunity, and strengthening of the business base.

◇ **Curry business in China**
- Value provided by curry (convenience, one-dish meal) was appreciated under the COVID-19 pandemic. The scope of business also expanded in inland areas, which had been the issue.
  While business activities were restricted in the first half, active marketing measures were taken in the second half. Support measures by the government also made a contribution.
- Sales of food service-use products declined but recovered sharply after the resumption of economic activities due to the expansion of deliveries and lunch needs.

Issues: Execution of efforts to drive growth in the mainstream market in both household-use products and food service-use products

◇ **Functional drinks business in Thailand**
- Strong growth was achieved because the supply-demand gap was eliminated with the expansion of production capacity by JV partner Osotspa, although the introduction of VAT and higher marketing costs were burdens.
- Due to slow-moving inventory toward the end of the period, the brakes were put on sales in the fourth quarter.

Issues: Establishment of an overwhelming brand and strengthening of the ability to control production, sales and inventories

Impact of exchange rates: Net sales: -900 million yen (U.S.: -400 million yen, China: -200 million yen, Thailand: -400 million yen); Operating profit: -100 million yen



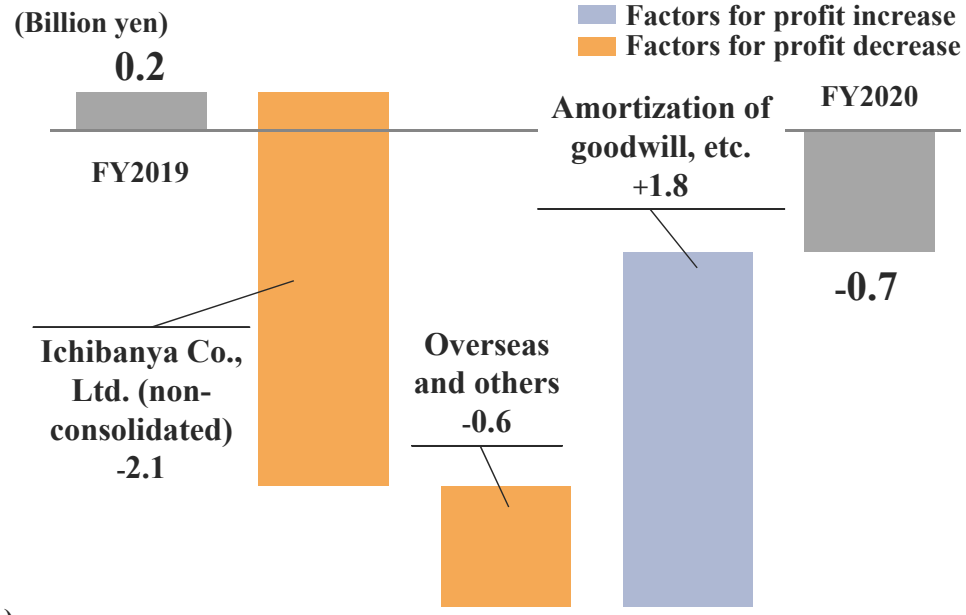
Promotion commemorating the 15th anniversary of release of *Vermont Curry* in China

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Restaurant Business

Billion yen	FY2020 Results	Year on year		Comparison with previously announced figures
Net sales	44.6	-7.9	-15.1%	-0.4
Operating profit	-0.7	-0.9	–	-0.1
ROS	-1.5%		-1.9Pt	
(Excluding amortization of goodwill, etc. for Ichibanya Co., Ltd.)	2.5	-2.7	-51.9%	-0.1
ROS	5.6%		-4.3Pt	
◆ Breakdown of sales (main factors)				
Ichibanya Co., Ltd. (consolidated)	44.2	-7.2	-14.1%	
Ichibanya Co., Ltd. (non-consolidated)	39.5	-6.1	-13.4%	
Overseas and others	4.8	-1.1	-19.2%	

◆ Factors in operating profit change



◆ Changes in net sales and the number of stores of Ichibanya Co., Ltd. (Year on year)

	All restaurants Net sales	Existing restaurants Net sales	Number of customers	Average sales per customer	Number of stores (All business categories)	
Japan	-13.4%	-13.2%	-15.0%	+2.2%	1,285	(-16)
Overseas	-23.2%	-24.7%	–	–	188	(+3)



Cocoichi Farm
Chiba Plant Factory

The segment commenced efforts to operate stores and achieve growth in the COVID-19 era although the business environment was challenging due to self-restraint on going out and requests for shortening business hours.

- Implemented measures to prevent the COVID-19 to reassure customers and encourage them to eat out, and sought to tap into home delivery demand.
  Number of stores handling home delivery: Increased to 805 stores (63% of all stores), Home delivery sales: Up 34.3% year on year.
- Commenced new efforts in Japan and overseas.
  (Japan) Acquisition of a plant factory and conversion of a company operating the Jingisukan restaurant chain to a subsidiary
  (Overseas) Entry into India (August 2020) and establishment of a new company in anticipation of expansion of franchisees in North America
- Scrapping of the franchise security deposit system and refunding of security deposits in full to support franchisees.
- Recorded impairment losses in the second quarter in light of changes in the business environment due to the COVID-19 pandemic (the amortization of goodwill was completed in the fiscal year under review).

Issues: - Creation of the Group synergies through the optimization of production and supply systems
- Achievement of growth in Japan and overseas in response to new lifestyles



First store in India
Cyber Hub Store

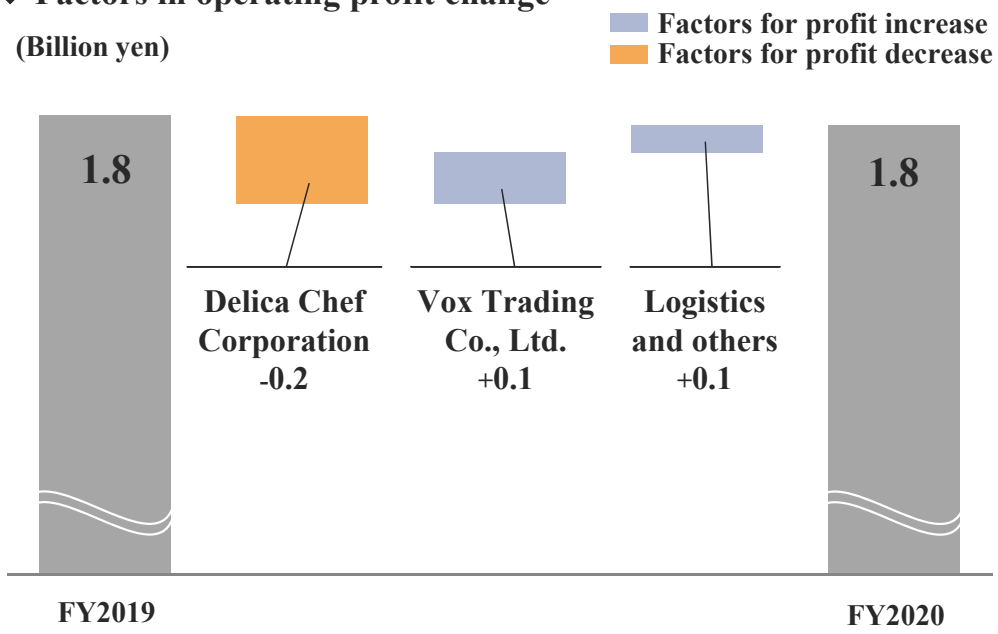
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Other Food Related Business

◆ Other Food Related Business

Billion yen	FY2020 Results	Year on year		Comparison with previously announced figures
Net sales	45.5	-0.8	-1.6%	+0.4
Operating profit	1.8	-0.0	-1.2%	+0.1
ROS	3.9%		+0.0Pt	
◆ Breakdown of sales (main factors)				
Delica Chef Corporation	18.0	-0.7	-3.5%	
Vox Trading Co., Ltd. (Consolidated)	25.8	-0.1	-0.3%	

◆ Factors in operating profit change



◇ Delica Chef Corporation
- Sales of desserts, in which the segment worked to strengthen development capabilities, remained strong buoyed by stay-at-home consumption.
- Sales and profit declined affected by the sluggish performance of baked bread and fewer production items of prepared food.

◇ Vox Trading Co., Ltd.
- Sales remained on a par with the previous year as products for BtoBtoC offset slow shipments of food service-use products.
- Profit increased due to the reduction of fixed costs, mainly reflecting restrictions on travel.

◆ Adjustment (elimination)

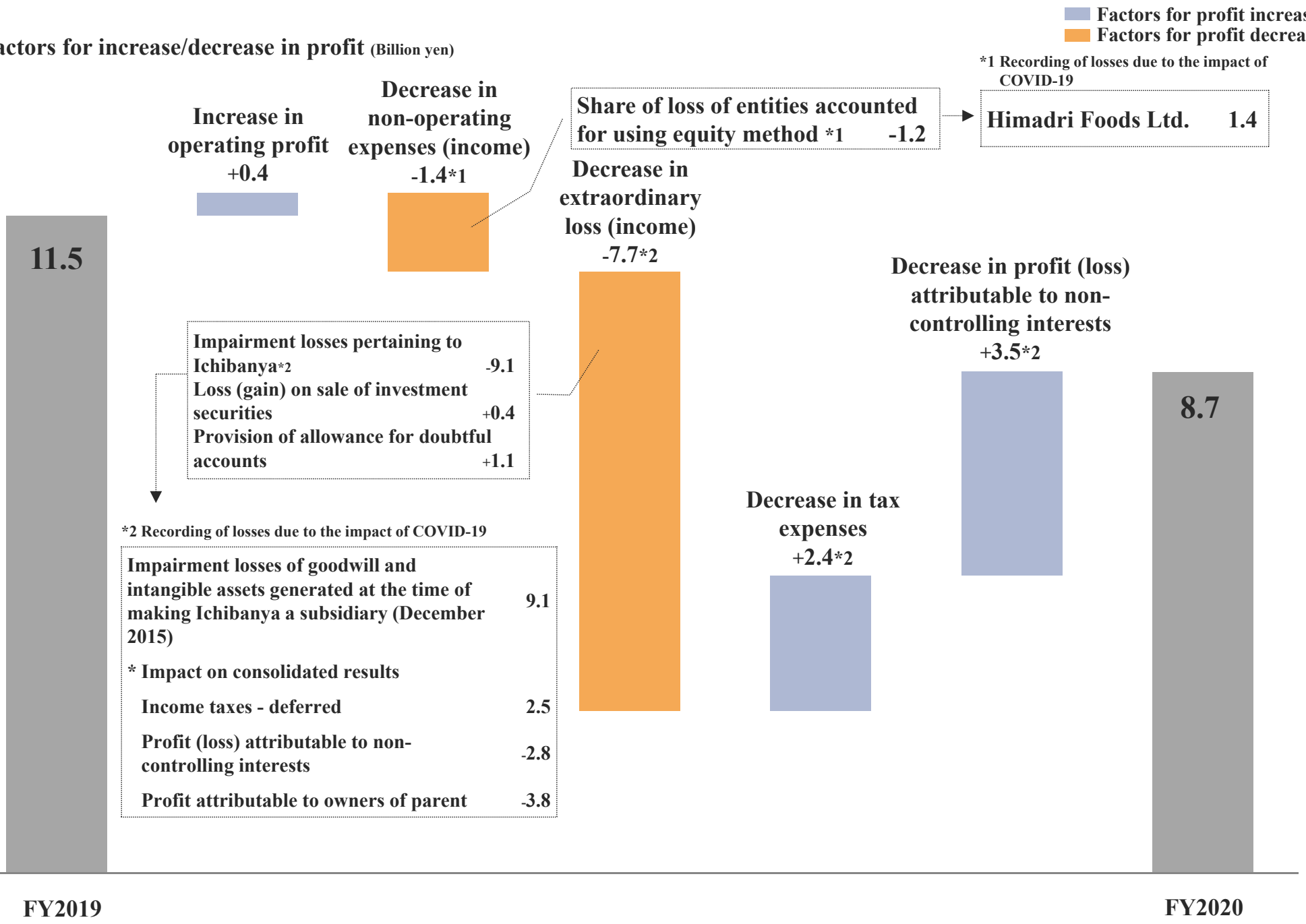
Billion yen	FY2020 Results	Year on year		Comparison with previously announced figures
Net sales	-8.3	-0.5	–	-0.1
Operating profit	-1.5	+0.2	–	+0.2

◇ Head office costs
- Money was spent on promoting and facilitating new working styles.
- Costs such as travel and transportation expenses were reduced due to COVID-19.

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Profit Change Analysis for FY2020

◆ Factors for increase/decrease in profit (Billion yen)



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Trend by Business

YoY Changes in Net Sales (%) * Trend by product is a year-on-year comparison based on shipment		FY2019					FY2020				
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Spice / Seasoning / Processed Food Business House Foods Corp.	Curry roux	-0.2	+5.0	-5.1	+7.7	+1.8	+8.7	+4.0	+3.7	-7.7	+2.1
	Retort pouched curry	+3.2	-2.1	+2.2	+21.8	+5.8	-0.5	+9.3	-0.5	-9.0	-0.3
	Spice	+2.2	+2.3	+2.8	+16.1	+5.3	+24.6	+15.9	+12.4	+2.7	+14.1
	Food service products	-0.9	+1.0	+2.0	-1.4	+0.3	-24.3	-13.4	-11.0	-11.1	-14.9
Health Food Business House Wellness Foods Corporation	*Ukon No Chikara*	-14.0	-3.0	-12.5	-10.8	-10.3	-63.4	-43.1	-41.6	-52.1	-48.5
	C1000	-18.6	-32.9	-22.9	-13.7	-23.6	-35.2	-24.4	-30.2	-16.3	-27.7
	Ichinichibun No Vitamin	-17.7	-19.5	-5.7	+9.2	-10.2	-5.2	+4.4	-3.4	-11.4	-3.7
International Food Business Local currency basis	Business in the United States	+5.8	+11.9	+10.4	+3.4	+7.7	+7.1	+4.4	+6.0	+6.7	+6.1
	Business in China	+8.7	+10.8	+1.2	+21.4	+9.9	+21.3	+49.5	+30.8	+0.0	+25.7
	Functional drinks business in Thailand	+162.4	+3.8	+52.3	+31.7	+50.4	+37.1	+271.0	+86.7	-42.7	+64.7
Restaurant Business Ichibanya Co., Ltd.	Net sales of all domestic restaurants	+1.9	+1.4	-0.9	+0.5	+0.7	-18.6	-11.4	-8.4	-15.0	-13.4
	Net sales of existing domestic restaurants	+1.5	+1.2	-1.1	+0.5	+0.5	-18.5	-11.3	-8.3	-14.5	-13.2
	Number of customers	+0.0	-1.0	-3.4	-1.5	-1.5	-19.0	-13.7	-10.7	-16.5	-15.0
	Average sales per customer	+1.6	+2.2	+2.4	+2.1	+2.1	+0.7	+2.8	+2.7	+2.4	+2.2

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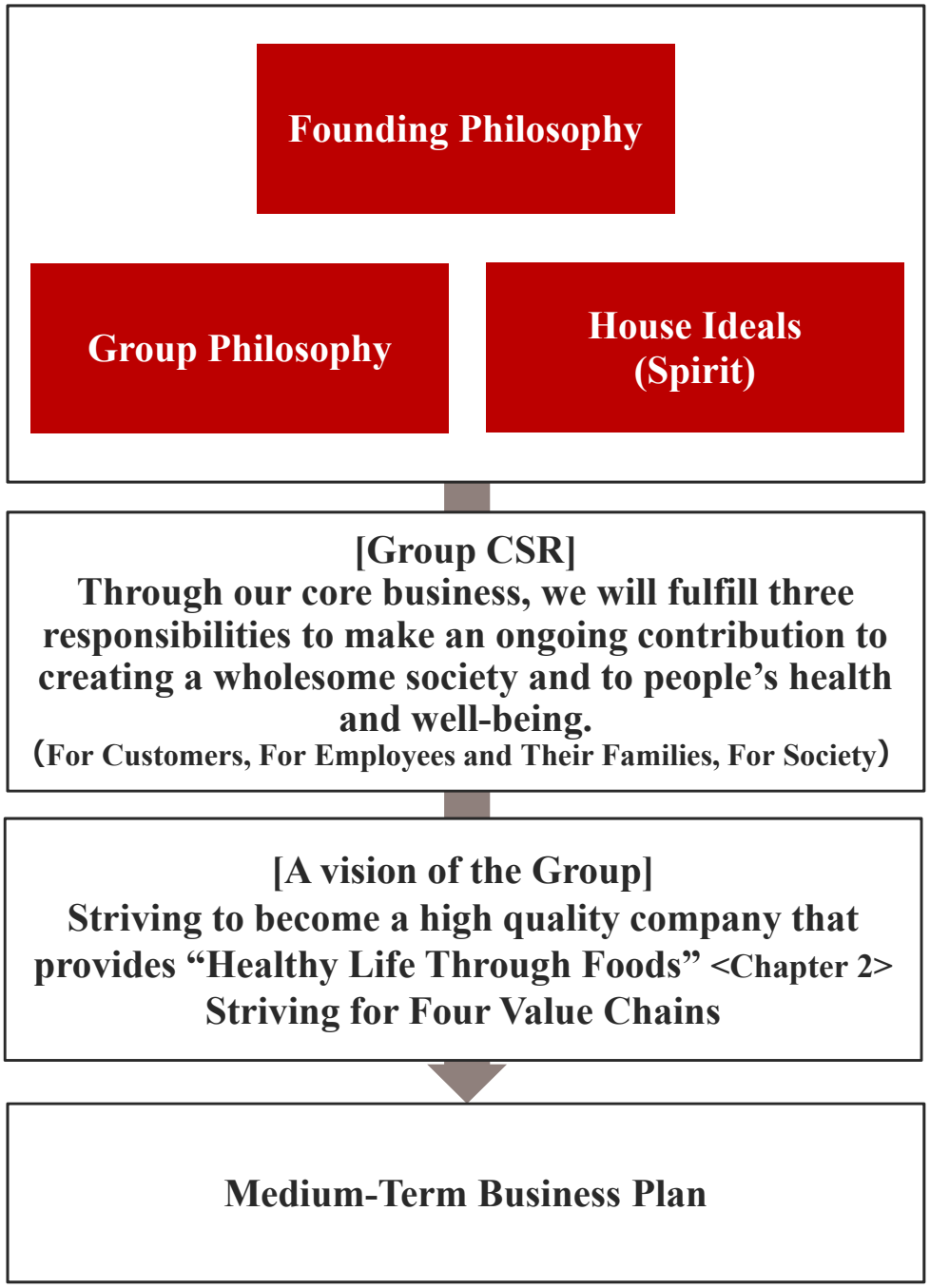
Changes in Key Financial Data

Supplementary Materials

←Based on current accounting standards　　Based on new accounting standards→

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020	FY2021 Forecast	Seventh medium-term business plan Final fiscal year Target
Net sales	Billion yen	241.9	283.8	291.9	296.7	293.7	283.8	250.1	259.0	305.0
Operating profit	Billion yen	10.8	12.3	16.3	17.6	19.0	19.4	19.4	20.0	26.0
Ordinary profit	Billion yen	12.2	14.0	17.2	19.1	20.8	19.8	19.8	21.5	–
Profit attributable to owners of parent	Billion yen	22.6	8.7	9.4	13.8	11.5	8.7	8.7	13.0	–
EBITDA	Billion yen	18.7	25.2	29.0	30.2	32.3	31.1	31.1	31.0	40.4
Capital investment	Billion yen	6.8	7.7	10.2	11.3	16.3	11.3	11.3	18.0	–
Depreciation	Billion yen	6.9	9.3	9.1	9.3	9.9	10.0	10.0	11.0	–
Cash flows from operating activities	Billion yen	12.5	21.3	23.6	20.9	24.2	23.2	23.2	–	–
Cash flows from investing activities	Billion yen	-8.3	-2.2	-13.7	-1.0	-6.4	-8.6	-8.6	–	–
Cash flows from financing activities	Billion yen	-3.7	-7.4	-5.3	-17.3	-7.6	-6.2	-6.2	–	–
Total assets	Billion yen	349.4	353.9	378.9	371.0	367.2	369.2	369.2	–	–
Net assets	Billion yen	260.3	266.6	283.7	279.1	280.9	287.3	287.3	–	–
Shareholders' equity	Billion yen	228.8	235.2	251.8	247.3	248.8	258.1	258.1	–	–
Profit per share	Yen	220.48	84.53	91.02	134.32	113.73	86.68	86.84	130.51	–
Dividend per share	Yen	30	32	38	44	46	46	46	46	–
ATO	Times	0.76	0.81	0.80	0.79	0.80	0.77	–	–	0.80
ROS	%	4.5	4.3	5.6	5.9	6.5	6.8	7.8	7.7	8.5
ROA	%	3.4	3.5	4.4	4.7	5.1	5.3	–	–	6.8
Equity ratio	%	65.5	66.5	66.5	66.6	67.7	69.9	–	–	70.6
ROE	%	10.1	3.7	3.8	5.5	4.6	3.4	–	–	6.1

Changes in Key Financial Data



◇ **Founding Philosophy**

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

◇ **Group Philosophy**

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

◇ **House Ideals (Spirit)**

The Company's motto

Sincerity, Originality and Enthusiasm

The 10 House Values

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

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Environmental Conditions for the Seventh Medium-term Business Plan

Identify key environmental conditions by focusing on the post-COVID-19 world.

Significant impact in all domains of three responsibilities
There is no incompatibility with the initiatives we promoted in the Sixth Medium-Term Business Plan, but our previous measures will not suffice.

For customers

Impact of COVID-19

Changes in lifestyles
Divided society

- Changes in food scene on a global scale
- Creation of new business opportunities
- Preparation for business continuity (supply)

For our employees and their families

Impact of COVID-19

Changes in work styles

- Diversification of working environment (employment, cultivation, evaluation)
- Self-reliant career formation

For society

Impact of COVID-19

Changes in awareness of corporate responsibilities
Rising health consciousness

- Accelerated trend of decarbonization by 2050
- Promotion of corporate efforts to resolve social issues

Common impact of COVID-19

Accelerated changes in digital technology

- Information sharing, networking and strengthening of bases inside and outside the Group through digital technology

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History of Businesses

Major business developments (in Japan)

1913	Urakami Shoten, an enterprise dealing in herbal medicines, founded
1926	Launch of powder curry start
1964	Launch of home dessert
1966	Launch of instant stew
1970	Launch of retort pouched products
1973	Launch of packaged noodles
1971	Listed on the Tokyo Stock Exchange and Osaka Securities Exchange
1977	Launch of snacks
1983	Launch of mineral water
1997	Entry into the health foods market
2006	House Wellness Foods Corporation established
2013	Vox Trading Co., Ltd. made into a consolidated subsidiary
	100th anniversary; switch to a holding company system
2015	Ichibanya Co., Ltd. made into a consolidated subsidiary
2016	Gaban Co., Ltd. made into a consolidated subsidiary
2017	Malony Co., Ltd. made into a consolidated subsidiary
2017	Establishment of Corporate Venture Capital business
2018	Complete launch of the Lactobacillus business
2019	Capital and business alliance with Yamami Company
2021	Integration of sales functions in the domestic household-use products business

Major events overseas

1981	Entry into USA
1983	Start of tofu business and restaurant business in the United States
1997	Entry into China (Restaurants)
2000	Entry into Taiwan (Restaurants)
2005	Start of curry roux sales in China
2007	Entry into South Korea (Restaurants)
2011	Entry into Thailand (functional drinks)
2012	Entry into Vietnam (home dessert)
2016	Entry into Indonesia (Halal curry for commercial use)
2017	Restructuring of restaurant business in Asia (Ichibanya taking the lead)
2018	Entry into the U.K. (restaurant: Ichibanya)
2020	Entry into India (Restaurants: Ichibanya)

Years when major products were launched

Vermont Curry	*Ukon No Chikara*	*Tofu* (USA)	*Vermont Curry* (China)
			
Launched in 1963	Launched in 2004	Launched in 1983	Launched in 2005

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Business Development
Major Products by Segment

Spice / Seasoning / Processed Food Business

House Foods Corp.

Curry roux



Stew roux



Retort pouched curry



Spice



Other products



Gaban Co., Ltd.



Malony Co., Ltd.



Health Food Business

House Wellness Foods Corporation

Functional spice



Vitamin



Lactobacillus



International Food Business

United Sates



China



ASEAN



Restaurant Business

Ichibanya Co., Ltd.



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Major New Products and Varieties for Spring and Summer 2021

Supplementary Materials

◆ House Foods

Category	Product	Suggested retail price (reference price)	On-shelf date
◆ New Products			
Spice	45 g Seasoned Curry Powder - Java Curry Taste in Bag	(¥198)	Feb. 8
Menu seasoning	70 g Gohan ga umai Stir-fried Eggplant, Stir-fried Chinese Chives and Bean Sprout	(¥150)	Feb. 8
Spice	40 g Citrus Kabosu & Citrus Sudachi Paste 38 g Shredded Red Ginger Paste	(¥125)	Feb. 8
Spice	57 g GABAN Herb Rich Blend	(¥420)	Feb. 8
◆ Variety			
Paste	95 g Fascinating Harissa	(¥358)	Feb. 8
Hashed beef roux	140 g GOCHI-REPI RICE Gapao Sauce	(¥258)	Feb. 8
Retort pouched curry	Professional Quality Beef Curry Four-pack Very Hot, Rich and Thick	(¥526)	Feb. 8
◆ Renewal			
Curry roux	185 g Java Curry Hot 191 g Java Curry Spicy Blend	¥318	Feb. 8
Retort pouched curry	Professional Quality Beef Curry Four-pack Medium Hot, Hot, Mild Blend	(¥526)	Feb. 8
Retort pouched hashed beef	Professional Quality Hashed Beef Sauce Four-pack	(¥526)	Feb. 8

◆ House Wellness Foods New Products

Category	Product	Suggested retail price (reference price)	On-shelf date
◆ Variety			
Wellness food	Ukon No Chikara Granule Super MAX Packed <for 1 dose> (1), Packed <for 7 doses> (2)	(1) (¥220) (2) (¥1,480)	Mar. 8
◆ Renewal			
Wellness drinks	Nerunoda	(¥238)	Feb. 22
Wellness food	Nerunoda Tablet type <1-pack> (1), <10-pack> (2), <22-pack> (3)	(1) (¥160) (2) (¥1,480) (3) (¥2,980)	Feb. 22
Wellness food	Curbisa Tablets <for 20 days>	(¥2,100)	Feb. 1

(New Products)



(Variety)



(Renewal)



* There are other new, variety and renewed products.

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