

INTEGRATED REPORT 2023

House Foods Group Inc.



Group Philosophy and Message

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

Food may vary by country and time. But the power of food never varies. Good food is tasty and healthy.

It has the power to sustain life, to bring people together... to bring joy to the world.

In every facet of our activities, House Foods Group is always creating new value. Through food, we at House Foods Group help nurture relationships—our own and others.

Together with all our stakeholders, we treasure the warmth of family and friendship as we seek to bring more happiness into people's lives.

At the dining table and when dining out. In our homeland and around the world.

On every occasion that involves food, we strive to serve as a good partner—putting smiles on the faces of our customers, our employees and their families.

So that all the world may be a happier place.



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Philosophy: the concept behind House Foods Group

House Foods Group's philosophy is based on the two key aspects of the company.

One: Our Group Philosophy

Defines the role of the Company—Our contribution and raison d'être—

It encompasses the corporate philosophy of each company in House Foods Group.

Two: The "House Ideals (Spirit)"

Our corporate DNA—the values shared by all who work with us.

In addition, our Founding Philosophy is an everlasting symbol expressing the ideas behind how we see the House brand in the world.

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)

Our 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

Positioning of the Integrated Report

Integrated Report

Annual Securities Report

Corporate Governance Report
(available in Japanese only)

Financial Data

ESG Data Book

IR Information Website
<https://housefoods-group.com/en/ir/>

CSR Website
<https://housefoods-group.com/csr/>
(available in Japanese only)

Financial Information ← → Non-financial Information

Editorial Policy

House Foods Group Integrated Report 2023 comprehensively describes the overall picture of the Group, its strategies for creating corporate value, and its governance systems such that shareholders, investors, and all other stakeholders deepen their understanding of the Group's medium- to long-term value creation. The IFRS Foundation's "International <IR> Framework" and the Ministry of Economy, Trade and Industry's "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" were used as references in the production of this report.

Target Period

While the target period is mainly FY2022 (April 1, 2022 to March 31, 2023), this report provides the latest information at the time of publication where possible.

Notes to Forward-looking Statements

Result forecasts and forward-looking statements in this Integrated Report are derived from the judgment of the Company based on currently available information, and include latent risks, uncertainties and other factors. Therefore, actual results or developments may differ from such forecasts or forward-looking statements due to changes in various factors.

President's Message

Our transformation into a high quality company with a global presence, which we will tackle as a united Group, is reaching its peak.

浦上 博史

Hiroshi Urakami

President
House Foods Group Inc.

Moving toward what we want "to be" as a company, by promoting the establishment of four value chains

House Foods Group's philosophy is "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives." I formulated this philosophy in 2013, our centennial year, by incorporating the management responsibilities described by Peter Drucker in *Concept of the Corporation*, and organizing them into the Group's Three Responsibilities in my own way. The pursuit of profit is not the essence of our objective. Rather, our core thinking is that, as a corporate citizen,

we must fulfill our responsibilities "for our customers," "for our employees and their families," and "for society" together with our stakeholders, and that profit, as a means to achieve these objectives, must not be neglected.

The Group Philosophy represents what we want "to be," including our strong desire to be a "good partner" that fulfills its responsibilities in society, and to continue to evolve together with our stakeholders while building solid relationships with them. We use the word "good" to express the kind of existence we should aspire to, something which is not a comparison or competition with others in the same way as "better" or "best." We see being "good" as our absolute responsibility as a corporate citizen that is a member of society, a moral standard for how we should behave as human beings.

➔ See pages 13–14 for Three Responsibilities

In order to move closer to what we want "to be," the Group aims to transform into a high quality company that grows sustainably by creating new value for itself and delivering that value to its customers. To achieve this goal, we have decided that reform is needed in order to create new value in our value chains.

Our medium-term business plans are "to do" action plans formulated from the perspective of backcasting from where we want "to be" as a company. The Seventh Medium-term Business Plan, which began in FY2021, envisions doubling the scale of our business in the future through value chain management, with the aim of becoming a "high quality company with a global presence." We are moving forward with strategies to realize this vision.

We have established four value chains (spice, functional ingredients, soybean, and value-added vegetables) as domains where we will maximize the Group's strengths, and we are enhancing each of these value chains from the perspective of optimizing the Group. To strengthen and expand each value chain in addition to creating new business, we will clarify the domains and themes of initiatives for each value chain, and proactively inject management resources into growth domains and new domains.

FY2022 was a year in which discussions of the growth story progressed for each value chain. In the functional ingredients and soybean value chains, the direction we need to head in and steps we need to take have become clear. In the functional ingredients value chain, in April 2021 House Foods Corporation and House Wellness Foods Corporation integrated their sales functions in Japan, and in April 2022 we established a company in Thailand to oversee and further expand the functional drink business. In the lactobacillus business, we will shift our focus overseas, where there is stronger support for evidence of the effectiveness of our lactobacillus products. In the soybean value chain, in order to accelerate our expansion into the mainstream U.S. market, in September 2022 we acquired the U.S.-based company Keystone Natural Holdings, LLC, which has a portfolio of value-added tofu and plant-based food (PBF) products and development capabilities in those areas. The value-added vegetables value chain is positioned in the same way as new business, and we will seek to create new business models in the agriculture domain while promoting external collaborations.

The spice value chain is approaching the peak of its transformation, delivering new value throughout the value chain

The spice value chain is in a different situation, and we are just beginning to see the nature of the challenges faced in its transformation. Until now, as a marketing company, House Foods Corporation's strength has been its ability to take a thorough approach from a customer perspective. While we have focused on procuring spices and other raw materials that meet certain standards in order to manufacture and sell products in line with the needs of our customers, we are still in the process of developing ideas on how to create new value from those raw materials and link parts of the value chains. For many years, we have sourced raw materials from the downstream needs perspective, and this approach to procurement has become ingrained. In this regard, we need to consider our procurement method as an organizational issue, and work toward its transformation. The recent sharp increase in raw material prices has brought other company issues, in the form of weak perception of and responsiveness in the upstream itself, to the fore.

In order to become a company that can create value throughout the spice value chain, House Foods Corporation, which is a key player in the spice value chain, must take the lead and widen its field of vision both upstream and downstream. In FY2022, we increased opportunities for discussions between House Foods Group and House Foods Corporation's management teams on building the spice value chain, and also worked on the creation of a vision map* to broaden our image of how this chain will look in the future.

Themes to address in the Eighth Medium-term Business Plan, which will begin in the next fiscal year, are the establishment of a unified growth story for House Foods Group and House Foods Corporation and the reform of our procurement methods—key issues in building our value chains. As House Foods Group, we will commit ourselves to formulating a growth story together with House Foods Corporation to accomplish this transformation.

Linking parts of the value chains requires strong familiarity with upstream, midstream, and downstream businesses. The business models are completely different, as are the emphasized perspectives and language used in each case. The scope becomes more

President's Message

"micro" and added value increases the further you head downstream. Conversely, the further upstream you head, the more "macro" in scope and lower in added value things become. Although we are aware of the high degree of difficulty involved, we believe that we will be able to achieve transformation into a high quality company when we have become "trilingual" in respect to our ability to talk about upstream, midstream, and downstream. I feel that we are finally approaching the peak of our transformation.

* Vision map: A tool designed to enable a discussion of new business models and growth areas that operating companies can address by leveraging the strengths and external connections they possess.

→ See pages 23-26 for Progress of the Seventh Medium-term Business Plan: For Our Customers

Aiming to be a true high quality company, and further promoting reforms to our organization and culture

In order to transform ourselves into a high quality company in the truest sense, I believe that we must take a step back from the organization and culture that we have taken for granted, and become aware of the fixed ways of thinking that we have not been able to recognize in ourselves. As a result of our rigid corporate culture, we had not been able to tackle diversity issues sufficiently through only the culture fostered at House Foods. To address this issue, in April 2023 we revised our personnel system with the aim of realizing diversity. This revision was also carried out as a step toward inclusion—in other words, in an effort to accept and understand each other.

In terms of the personnel system, House Foods Corporation introduced a role-based grading system, changing from "evaluation based on the Company's



definition of ability" to "evaluation based on role." The aim is to move from a closed system for each Group company to an open system that links the system, compensation and achievements to "roles" rather than to the "professional ability" employees have accumulated through their work. By developing this horizontally, we aim to stimulate the rotation of human resources within and outside of the Group. Our hope is that employees will be able to work and excel in any company in House Foods Group, and even outside the Group.

I see the peculiarity of employment practices in Japan, such as mass hiring, lifetime employment and seniority-based systems, as one of the factors that has prevented Japan from overcoming deflation over the past decade. In order to solve this problem, it is necessary for Japan's employment mechanism (i.e., the labor market's structural and behavioral characteristics and the country's employment culture as a whole) to start moving autonomously. In this sense, I believe that this revision of our own system may help to resolve the problem.

In addition, in preparation for the next challenge to our four value chains, we will increase the diversity of our human resources from three perspectives—attributes, experience, and aptitude—through measures such as active mid-career recruitment, including at the executive level, in order to acquire knowledge that the Group does not currently possess. At the same time, to promote inclusion, I believe all employees should take on the challenge of creating an organizational culture that embraces diversity and encourages challenges, which is at the heart of our foundation, and make further reforms.

We have held our open recruitment program for new businesses four times, and each respective winner was transferred to the New Business Planning & Development Division, where they now specialize in their presentation topic. With the aim of practical commercialization, we established PatchworkQuilt Inc. as a company to conduct verification tests for new businesses. I would like employees to take on the challenge of new businesses that cannot be included in the existing business structure, in an environment where small-scale trials can be carried out more freely.

In order to accelerate our transformation into a high quality company together with our employees, we are also strengthening opportunities to communicate with them directly. We had previously established opportunities for direct communication, but the COVID-19 pandemic prevented dialogue in "real-world" settings for several years. As a result, we have had to conduct such dialogue online, across

departments (including Group companies), and by sorting participants into groups—for example, section managers or younger employees. This enabled participants to ask and receive questions from people in different departments and Group companies, which had the effect of generating new insights. Financial results briefings for employees have been held since 2022. We are moving from being closed to being open. As a corporate citizen, I would like us to accelerate our efforts to step in and address Japan's current issues.

→ See pages 27-28 for Progress of the Seventh Medium-term Business Plan: For Our Employees and Their Families

As for environmental initiatives, in May 2022 we declared our intention to become carbon neutral (Scope 1 and 2) by 2050. As part of our efforts toward this goal, in September 2022 we entered into a basic agreement with JFE Engineering, as a partner for "Total Energy Services for Multiple Sites."

The issue of how and to what extent to internalize external diseconomies in the course of conducting our corporate activities is one that must be faced and properly addressed from the perspective of the Three Responsibilities. At this year's Groupwide Management Meeting, an annual meeting held to announce the Group's management policy, we deliberately explained our "responsibility for society" at the beginning of the meeting, and shared the entire Group's resolve and readiness to tackle this issue. Having expressed our willingness to confront this challenge, which cannot be solved by the Company alone, we will fulfill our responsibilities as a corporate citizen together with our partners.

→ See pages 29-30 for Progress of the Seventh Medium-term Business Plan: For Society

To strengthen corporate governance as the foundation that supports the Three Responsibilities, in January 2022 we established the Investment Committee as an advisory body to the Management Committee, and from 2023 we began evaluating the effectiveness of the Board of Directors. In response to a comment from an outside director during an effectiveness evaluation that Management Committee discussions are not often shared, we have started sharing details of Management Committee discussions at Board of Directors' meetings, which has enabled more substantial discussion on various topics.

Another recent initiative we highly value is the establishment of opportunities for discussion between full-time Audit & Supervisory Board Members of



selected operating companies and House Foods Group Audit & Supervisory Committee Members at Audit & Supervisory Committee meetings. By doing so, in a similar way to how House Foods Group Audit & Supervisory Committee Members can get a sense of the actual situation at worksites, a healthy sense of tension has been created between Audit & Supervisory Committee Members from operating companies. I feel that this has reduced the distance between House Foods Group and its operating companies.

→ See pages 45-48 for Dialogue with Outside Directors

From a multi-stakeholder perspective, the Group uses five indicators (ATO, ROS, ROA, equity ratio, and ROE) as management indicators that represent "a company's ideal proportions," and sets those ideal proportions as: an ATO of 1.0 times or above, ROS of 10% or above, ROA of 10% or above, and securing an ROE of 10%. While I recognize that earnings have not reached the level required by the market, and that this is an issue that must be addressed, it is important that we proceed in a manner that does not solely aim to maximize short-term profits. In fulfilling our Three Responsibilities, we aim to achieve best practices for the former three indicators (ATO, ROS, and ROA) and balance between the latter three indicators (ROA, equity ratio, and ROE).

→ See pages 31-32 for Explanation of Financial Strategies

Please look forward to House Foods Group's progress, as we fulfill our Three Responsibilities as a "good partner" and continue to take on the challenge of transforming ourselves into a "high quality company."

History of House Foods Group

—Always Building up to the Next Challenge—

In the course of its history, House Foods Group has always taken on challenges of the times and created new food cultures, staying true to its Founding Philosophy: “In every happy home throughout Japan you will find the warm flavor of home cooking, House.”

In order to remain a value-creating corporate group in an era of major transformation, House Foods Group will continue to take on challenges by leveraging the diversity and synergy of the Group.

Environmental changes that affected Group management

<p>1913</p>	<p>1960–</p> <ul style="list-style-type: none"> ● High economic growth ● Market becomes mature <p>The Japanese market entered a mature phase, and customer needs shifted from quantity to quality</p>	<p>2003–2014</p> <ul style="list-style-type: none"> ● Great East Japan Earthquake <p>Rapidly growing tendency for people to eat out or buy food to eat at home, and concerns over the sustainability of the existing businesses centered on home-cooked meals</p>	<p>2015–2022</p> <ul style="list-style-type: none"> ● Spread of the COVID-19 pandemic ● Changes in lifestyles and values, changing attitudes toward corporate responsibility, and accelerated changes in digital technology ● Continued global inflation <p>Sharp increases in the costs of raw materials, energy and labor</p>
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Trajectory of House Foods Group



Growth phase
From herbal medicines to the world of curry
Makes a pitch to enrich dining tables as well as Japan's economic growth

- 1913: Founded as Urakami Shoten, an enterprise dealing in herbal medicines
- 1926: Started manufacturing and selling curry
- 1963: Launched *Vermont Curry*
- 1969: Introduced a product manager system, a first among food companies
- 1981: Opened the Los Angeles representative office in the United States
- 1997: Opened the first restaurant in Shanghai, China



Selection and concentration
Reviews some mature domestic businesses and strengthens profitability




- “Health” and “Overseas” become pillars of growth**
- 2003: Introduced the First Medium-term Business Plan
 - 2006: Founded House Wellness Foods Corporation
 - 2010: Transfer of mineral water business
 - 2013: Shifted to a holding company system
 - 2013: Made Vox Trading Co., Ltd. a consolidated subsidiary

Striving to become a high quality company that provides “Healthy Lives through Food”
Becoming a corporate group with a global presence by pursuing growth from the perspective of the value chains

- 2015: Expansion of business development areas from upstream to downstream
Made Ichibanya Co., Ltd., Gaban Co., Ltd., and Malony Co., Ltd. consolidated subsidiaries in 2015, 2016, and 2017, respectively
- 2018: Promoted the Groupwide initiatives (known as GOT) that turn the Group's diversity into synergy
- 2021: Toward the identification of new growth opportunities from a global perspective
Defined four value chains (spice, functional ingredients, soybean, and value-added vegetables) as domains in which it provides “Healthy Lives through Food”

Expanding value chains

Expansion of business fields where we can demonstrate our strengths

<p>2004 Formed an alliance with Gaban Co., Ltd. Pursuit of becoming the No. 1 spice manufacturer</p>	<p>2013 Shifted to a holding company system</p> 	<p>2015 Made Ichibanya Co., Ltd. a consolidated subsidiary Strengthening of the restaurant field</p> 	<p>2017 Made Malony Co., Ltd. a consolidated subsidiary Strengthening of BtoC</p> 	<p>2022 Establishment of House Foods Group Asia Pacific Co., Ltd. Expansion of business in Southeast Asia Made Keystone Natural Holdings, LLC a consolidated subsidiary Expansion of the tofu and plant-based food (PBF) businesses in the United States</p> 
<p>2006 Founded House Wellness Foods Corporation Strengthening of the health domain</p>	<p>2013 Made Vox Trading Co., Ltd. a consolidated subsidiary Strengthening of the procurement field</p> 	<p>2016 Made Gaban Co., Ltd. a consolidated subsidiary Strengthening of BtoB and in procurement</p> 	<p>2017 Establishment of CVC Accelerating open innovation</p>	<p>2023 Establishment of House Gaban Corporation Integration of House Foods' BtoB business with Gaban Co., Ltd</p>

Expanding markets

Expansion to overseas markets utilizing strengths gained in Japan
Three focus areas (the United States, China, and Southeast Asia)
+ Restaurant Business

▶ **United States**
Spread of tofu as a plant-based food (PBF)



1983– Tofu business

▶ **China**
Making curry and rice the people's food in China



1997– Curry business

▶ **Southeast Asia: Thailand**
Combining good taste and functionality



2012–
Functional drink business

▶ **Southeast Asia: Indonesia / Vietnam**
Creation of a new food culture



2016– Halal curry business
2018– Non-halal curry business

▶ **Expansion of CoCoICHI to the world**

Main areas of operation and fiscal year of business commencement

- 1994– United States
- 2004– China
- 2005– Taiwan
- 2008– South Korea, Thailand
- 2018– United Kingdom
- 2020– India



Expanding products

Product lineup that leverages our strengths

▶ **Founded an enterprise dealing in herbal medicines**
Entered the world of spice



1913–
Spice

▶ **Developed curry into a national dish**



1928–
House Curry



1963–
Vermont Curry



2006–
50% reduction in calories and fat



2014–
Allergen friendly

▶ **Enriching the dining table, contributing to the happiness of families**



1962– Home dessert
1966– Stew
1970– Retort pouched products
1973– Packaged noodles
1977– Snack foods

▶ **Converting years of spice research into new value**



2004–
Ukon No Chikara



2006–
Vitamin



2018–
Lactic acid

Striving for Four Value Chains

At a Glance

—House Foods Group offering a diverse range of foods—

FY2022 summary of financial results ¹	
Net sales	275.1 billion yen
Operating profit	16.7 billion yen
Ordinary profit	18.3 billion yen
Profit ²	13.7 billion yen

Business portfolio

- Other Food Related Business: 17.9%
- Restaurant Business: 17.0%
- International Food Business: 17.2%
- Spice/Seasoning/Processed Food Business: 42.1%
- Health Food Business: 5.8%

Note: Composition of net sales is before intersegment eliminations

Composition of net sales by segment for FY2022

1. Regarding the business combination with U.S.-based Keystone Natural Holdings, LLC on September 30, 2022, the price purchase allocation (PPA) was completed in the first quarter of the fiscal year ending March 31, 2024. Accordingly, figures for the previous fiscal year reflect the completion of the PPA.
2. Profit attributable to owners of parent

High market share in Japan that forms profit base

House Foods

Share of sales value

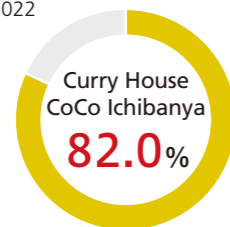
Source: Monthly SRI+ data by INTAGE Inc. (curry roux, stew roux and retort curry markets, April 2022 through March 2023)



Ichibanya

Share of sales in curry shops

Source: Fuji Keizai, "Food Service Industry Marketing Handbook 2023 No. 1," actual results for 2022



Number of Ichibanya restaurants (As of February 2023)

Japan: **1,247** Overseas: **208**



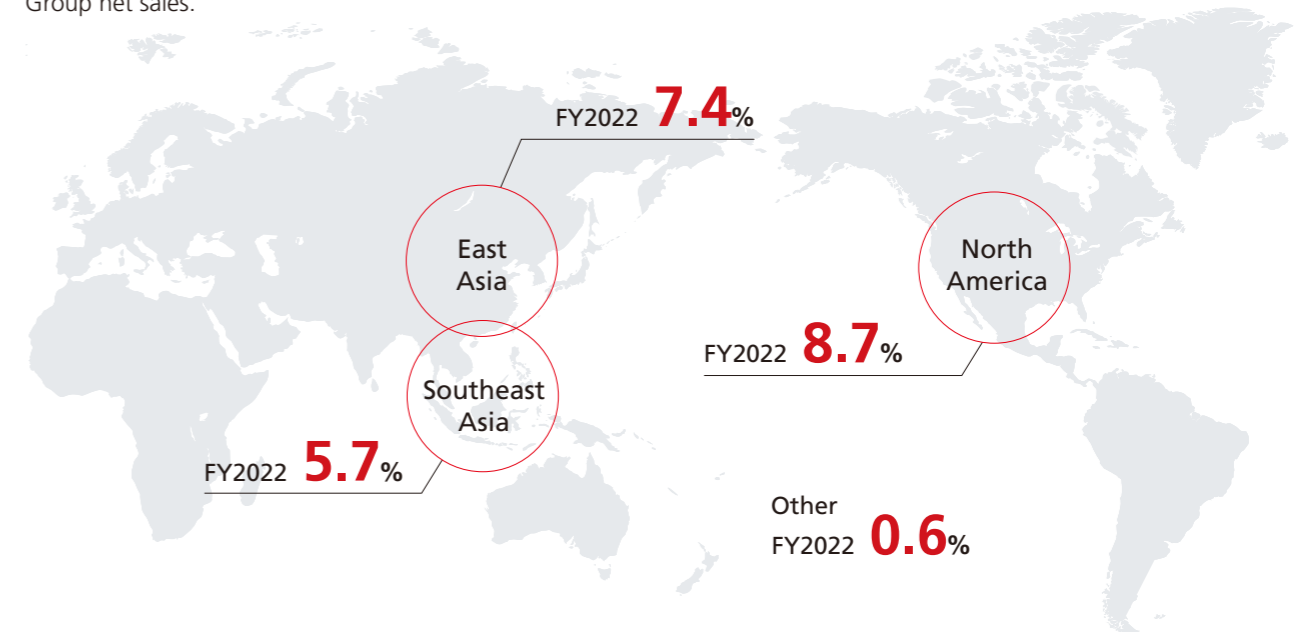
Long-selling brands



Overseas business expansion

Proportion of net sales by region

Of the 275.1 billion yen in consolidated net sales for FY2022, overseas net sales accounted for 22.4% of total Group net sales.



Five-year average growth rate of three priority businesses overseas

(Local currency basis, from FY2018 to FY2022)

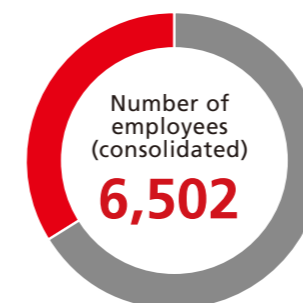
Our businesses combine the technological expertise we have cultivated in Japan with local food culture.



Numbers of employees and Group companies (As of March 2023)

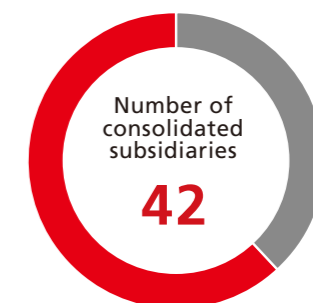
Number of employees

■ Japan: 4,303 (66.2%)
■ Overseas: 2,199 (33.8%)



Group companies

■ Japan: 16
■ Overseas: 26



Value Creation Process

—Aiming to be a Good Partner to Every Stakeholder—

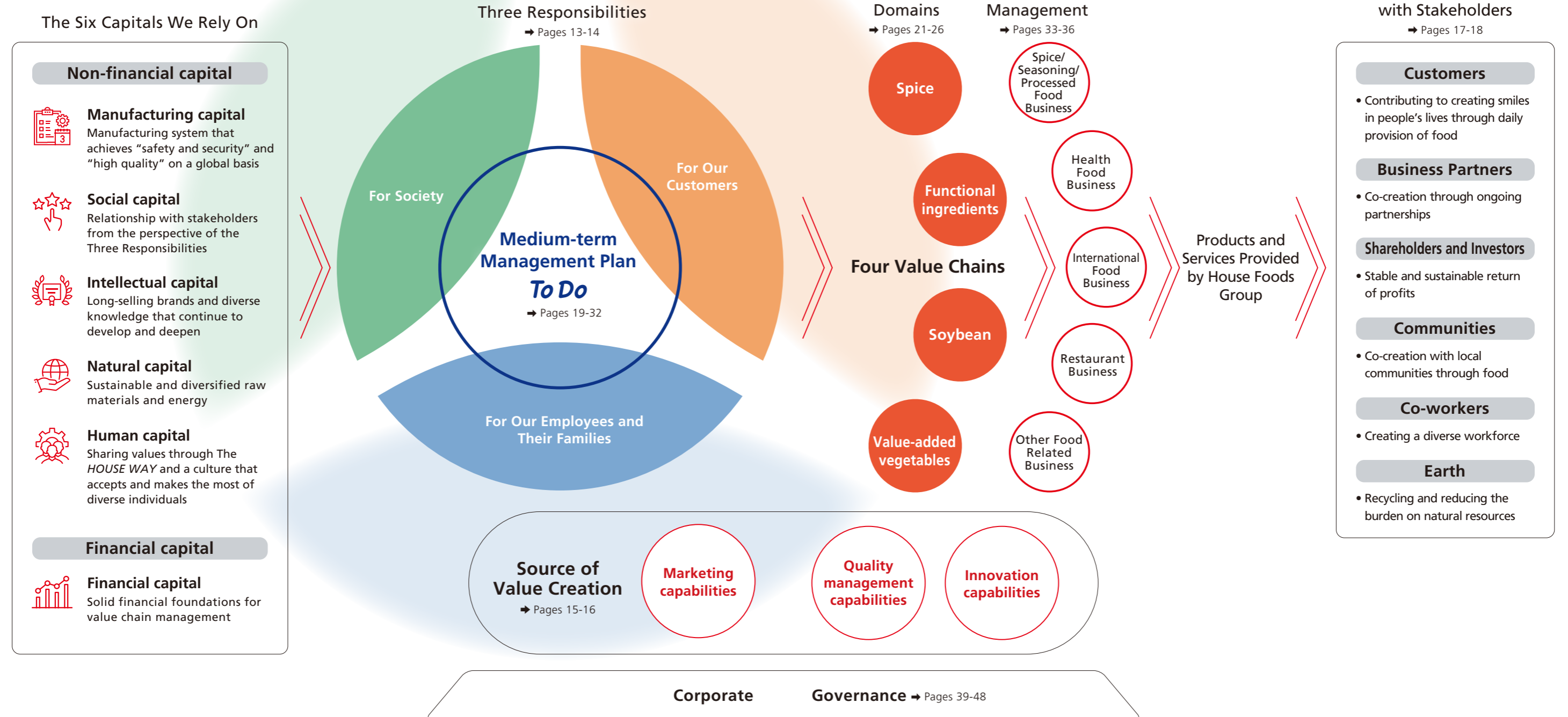
Based on the Three Responsibilities, which are the fundamental elements of all of its business activities, House Foods Group is striving to achieve growth both in Japan and abroad by strongly cultivating the four value chains, and constantly create value as a good corporate citizen for all of its stakeholders.

Group
Philosophy
To Be

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

Key Issues Based on Business Environment Awareness

- Building a recycling-oriented model that contributes to protection and regeneration of the global environment
- Respect for all stakeholders
- Realizing employee wellbeing
- Realizing rich and healthy eating habits and lifestyles
- Establishing a robust governance system



Three Responsibilities

—Thinking at the Heart of Everything We Do—

Three Responsibilities

The “Three Responsibilities” represent our desire to be a “good partner” to our various stakeholders, rather than simply striving to maximize profits as a company.

In order for House Foods Group to continue to be a company that is useful to society throughout the ages, these Three Responsibilities form the basis of all of our activities.



For Society

As the phrase “corporate citizen” suggests, companies have a role to play as members of society. Simply focusing on carrying out business activities that comply with laws and regulations and fulfilling tax obligations is not enough for a company to be accepted as something society needs.

Fulfilling “responsibility to society” means leveraging the company’s unique strengths to contribute to resolving various social issues. We believe that, by doing so, only then can we become a company whose existence is required by society.



For Our Customers

We believe that fulfilling “responsibility for our customers” means being of service to customers through our business as a company playing a role in economic activities.

To this end, it is important that we keep growing as an operating company and continue offering our unique value to society.



Group Philosophy



For Our Employees and Their Families

“People create the business of a company and people create the value of the company.” Individual employees play roles in all sorts of corporate activities and a company would not function without these employees’ active participation.

The growth of employees directly affects the growth of a company, and we believe it is imperative that we fulfill our responsibility for our employees themselves as well as for their family members who support the employees’ active participation.

These Three Responsibilities have been integrated into the Group’s CSR Policy and our Medium-term Business Plan as the cornerstone of our daily activities to realize the Group philosophy.

House Foods Group’s CSR Policy

Through our core businesses, we fulfill three main responsibilities in our efforts to contribute to a healthy society and better lives for all.

For Our Customers

- We contribute to the rich and healthy lives of our customers in both body and mind by always providing products and services that are safe and secure, and also provide value.

For Our Employees and Their Families

- We are a job creator who respects the basic human rights and diversity of our employees.
- We also encourage personal growth in an effort to better the lives of our employees and their families.

For Society

- Through our sound management and business activities, we work hard to increase the value of House Foods Group, and thereby contribute to social progress.
- As a responsible member of society, all our actions comply with laws and regulations, as well with social morals and ethics.
- Our business activity is eco-friendly and contributes to the sustainability of the global environment.

Seventh Medium-term Business Plan Striving to become a high quality company that provides “Healthy Lives through Food” [Chapter 2] Striving for Four Value Chains

Key Themes for Three Responsibilities

For Our Customers

- Achievement of growth driven by four value chains
- Realization of three Groupwide initiatives (known as GOT)
- Creation of new value through collaborative creation

For Our Employees and Their Families

- Implementation of job satisfaction transformation
- Support for demonstrating individuality and achieving integration

For Society

- Establishment of a recycling-oriented model
- Achievement of a society of healthy longevity

➔ See pages 23-30 for more details

Three Responsibilities and SDGs

The House Food Group’s philosophy aligns with the “Leave no one behind” central promise of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs). The Group positions the Three Responsibilities as the fundamental elements of all of its activities.

The Group believes that earnestly working on the Three Responsibilities will help create a sustainable society, which the SDGs are aimed at.



Source of Value Creation

—The Driving Force Behind Our Group Identity—

House Foods Group's source of value creation lies in its marketing, quality management and innovation capabilities. We aim to be a good corporate citizen for all stakeholders, pursuing the quality that only House Foods Group can offer and continuously creating new value.



1

Marketing capabilities

Creating new food cultures by staying half a step ahead of customer needs

Over the years, the Group has stayed half a step ahead of customer needs and worked to take the customer's perspective in our responses. That strength has enabled us to create a new food culture as a marketing company.

Furthermore, we have promoted overseas development by leveraging the know-how we have cultivated in Japan. Customized to suit the food culture of each country, tofu in the United States, Japanese-style curry in China and vitamin drinks in Thailand have all been accepted locally.

Using the marketing capabilities with which we created a new food culture, we will continue to create value throughout the value chain.

See here for examples of our activities → <https://housefoods-group.com/en/ir/global.html>

2

Quality management capabilities

Pursuing quality only House Foods Group can offer

Since its founding, the Group has worked to ensure food safety and security through consumer-oriented management that is thoroughly committed to learning from its customers. That approach has enabled us to create many long-selling products, forming the foundation of trust in the Group and its brands today. Applying the advanced quality management capabilities we have cultivated over time, we are likewise pursuing safety and security in our new businesses and overseas businesses, which call for cooperation with partners for collaborative creation and compliance with various regulations, as we work to improve quality throughout the value chain.

See here for more details → <https://housefoods-group.com/csr/customer/index.html> (Japanese only)

3

Innovation capabilities

Promoting innovation through the trinity of business development, R&D, and human resource development

The Group is promoting efforts to create new value based on the value chain perspective from upstream to downstream and the diverse perspectives of individuals and the organization as a whole. Business development, R&D, and human resource development are working as a trinity to achieve a state in which bridges are being built between existing and new businesses, resources and information are being exchanged, strengths and knowledge from within and outside the Group are being combined and the transformation into an innovative structure is progressing through the fostering of challenges. Moreover, we are working to create new value in existing areas and develop new businesses under the guidance of cross-company and cross-functional teams.

See here for more details → <https://housefoods-group.com/kenkyu/valuecreation.html> (Japanese only)

Using collaborative creation with external parties, we will drive R&D from various starting points in the value chain.



Yoshiyuki Miyaoku

Director
General Manager of Research & Development Headquarters
Responsible for Quality Assurance Management Division, Group Procurement Division, Spice Value Chain Project, Group Manufacturing Strategy Planning & Promotion Project

In regard to R&D, our mission is to create new value as a high quality company from the value chain perspective. As the Group diversifies its businesses, our R&D activities extend not only to the BtoC and BtoB manufacturing domains, but also into upstream areas including cultivation, procurement and raw material processing. We are moving forward with Groupwide business development initiatives.

In addition, to pursue new value in the four value chains, we must look at the entire value chain from various perspectives and angles. However, one person cannot examine and comprehend every aspect of the value chains by themselves. That is why I remind researchers of the importance of connections and collaborative creation with external parties such as other departments, domestic and overseas Group companies and other companies, all of which have differing perspectives. In particular, the spice value chain is a field that the Group has been involved in since its founding. Because of that long history, it is easy for initiatives to become fixed and for thinking to become rigid. As such, the challenge for us is to be flexible in making changes.

In the past, we have focused on midstream product processing, with a general awareness of downstream. However, we now see upstream ingredients and downstream value as starting points, and we must drive research and development that is conducted freely from both of these starting points. Firstly, we must enhance the way we think about the entire value chain by widening our field of vision to encompass upstream and downstream domains. This can be achieved through initiatives such as One Day a Week (1DaW)¹, where employees conduct research and business creation activities outside of their usual roles, and Ba EXPO², where Group employees explore value creation together.

Furthermore, in order to create new value we must also recognize any interesting discoveries that researchers make in their search for knowledge, even if they do not lead to the results we were aiming for. Instead of discarding such findings, we must treat them as important information. In addition, as said research involves external parties, it is possible for unexpected new insights and ideas to emerge. Rather than writing off any failure as nothing more than that, our researchers should take an interest in the result and wonder how and why it happened. In this way, we aspire to be an organization that discovers and accumulates "loonshots"³.

1. One Day a Week (1DaW): An initiative where employees allocate 20% of their working time to R&D and business creation activities they are interested in, outside of their usual roles.
2. Ba EXPO: A regular event for facilitating resource matching within the Group and creating synergies that cross borders between Group companies.
3. Loonshots: Groundbreaking ideas or technologies that are so original and innovative as to not be taken seriously, yet could in fact change the world.

From intellectual property for protection to intellectual property for interaction

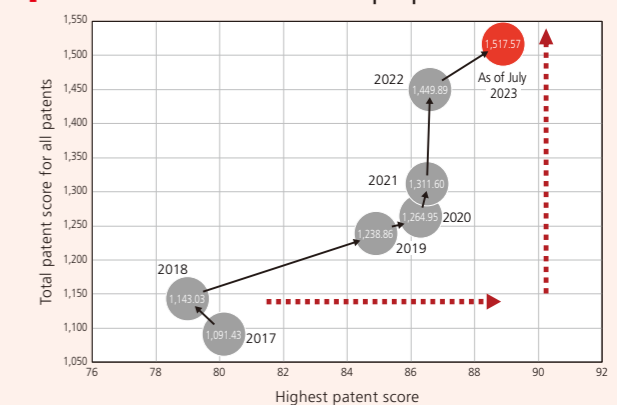
The Group believes that to create new value through collaborative creation, we must proactively make our patents freely available and make use of them while protecting our technologies. To this end, we are moving forward with building up technologies created through R&D as intellectual property, by acquiring patent and design rights and using the variety registration system under Japan's Plant Variety Protection and Seed Act.

In recent years we have strategically applied for and obtained patent rights for technologies that create new value in a wide range of areas from upstream to downstream, in order to realize growth in our four value chains. As a result, our patent score, as provided by Patent Result Co., Ltd., has increased. By further accumulating knowledge, securing the appropriate protections and applying that knowledge, we are driving new value creation.

To strengthen global expansion, through trademark rights acquisitions for each brand the Group operates in Japan and overseas, we are also working to protect our brands, increase recognition levels and develop and enhance the value of brands in the regions where they are most popular.

Patent score: An indicator of the level of attention a patent receives in the market

Trends in House Foods Group's patent score



Collaborative Value Creation with Stakeholders

At House Foods Group, every employee sincerely engages with stakeholders as a corporate citizen in society. As a good partner, we are actively working to collaboratively create new value.

Customers

We will contribute to creating smiles in people's lives through daily provision of food

60 years ago, Japan saw curry as a spicy food for adults. We set out to reinvent curry as a food that both children and adults could enjoy eating. Through a series of challenges and a trial and error process, we created *Vermont Curry*.

Since launch, we have enhanced the flavor to suit the needs of the times and made environmentally friendly product renewals. We also launched the *PRIME* series, using a unique new production method and recipe to reduce calories while still offering aromatic deliciousness, a series that does not use seven specific ingredients known to cause food allergies, so that people with those allergies can enjoy the same dishes as their families, and retort pouched products that pursue convenience while maintaining the same great taste.

The 60th anniversary of *Vermont Curry*'s launch is a milestone, but it is not the finishing line. The *Vermont Curry* brand has continued to take on the challenge of filling every generation of homes with smiles. We will continue evolving the *Vermont* brand, so that we can continue to create smiles for our customers.



Atsushi Yamamoto
House Foods Corporation
Food Business 1st Division

Business Partners

We will pursue collaborative creation through sustainable partnerships

As a food manufacturer, to fulfill our responsibilities throughout the supply chain, we ask our suppliers to comply with the House Foods Group Material Partner Corporate Social Responsibility (CSR) Guidelines, which outline the Group's thinking in relation to the environment, human rights and other CSR issues. As one example in the area of human rights, in December 2021 we joined the global human rights platform Sedex, and we are making efforts to protect and improve the labor environment for people who work in the supply chain. Since 2022, we have held explanatory meetings and asked our business partners to complete a survey provided by Sedex (including an open-ended section that we added to the format). We have received responses from roughly 75% of our business partners,* and we are assessing and evaluating the contents. Going forward, we will continue to work toward improving the labor environment in the supply chain together with our suppliers, through Sedex and other initiatives.

* Based on procurement amount in FY2022



Shinichi Watanabe
House Foods Group Inc.
Procurement and Quality
Promotion Department,
Group Procurement Division

Shareholders and Investors

We will focus on dialogue and collaborative value creation as we strive to increase corporate value

We carry out a range of IR activities, including holding approximately 140 meetings annually with analysts and institutional investors based in Japan and overseas, led by a Director (the general manager of the Corporate Communication Headquarters) and the Public & Investor Relations Division. As well as events the President speaks at, such as financial results briefings and meetings with analysts and investors, we also hold small meetings that are focused on individual themes. The various opinions and concerns that we gather during these activities are promptly passed on as feedback to the Board of Directors and to other relevant departments within the Group. We also share this information with all Group employees during our internal financial results briefing (held twice a year) so that we can reflect it in our strategies, business measures and information disclosures. Dialogue and collaborative value creation with shareholders and investors are important communication activities for the Group, and we will continue to proactively implement them, in addition to creating new opportunities for dialogue.



Takahiro Yamashita
Hiroki Nakajima
Nodoka Fujita
House Foods Group Inc.
Investor Relations Department,
Public & Investor Relations Division

Communities

We will work together to create connections with people and communities through food

By creating opportunities for people to eat together, we want to contribute to connecting people and creating smiles in their lives. We are working to support children's cafeterias in collaboration with Musubie, an authorized nonprofit organization (National Children's Cafeteria Support Center). In these activities, we highly value our connection with collaborative creation partners such as Musubie. The cooperation between House Foods Group and Musubie makes use of the strengths of both organizations. Employees at the operating companies and offices in the local communities we support also exchange messages with everyone at the children's cafeterias. Participating in these support activities has helped our employees gain a deeper understanding of and empathy toward children's cafeterias and the work that they do. We will continue working to heighten our sensitivity to regional social issues, and work to create motivation to act with the intention of solving them.



Ryoko Yamamoto
Momoka Tanji
House Foods Group Inc.
CSR Promotion Department, CSR Division

Co-workers

We will maintain varied types of job satisfaction

The Group runs GRIT, a new business solicitation program that enables employees to take on challenges of their own free will. We are among the first round of participants. As part of the GRIT program, we refine business ideas through dialogue with customers, with the aim of launching a real-world business. We encounter many challenges during that process, such as how difficult it is to establish a new business model and to build a framework. However, we are developing the ability to overcome these and other challenges. In FY2022, PatchworkQuilt Inc. was established to conduct verification tests for new businesses, with the aim of attempting new research and business expansion. Through these challenges, we will proactively shape our own career paths based on who we want to become and what we want to achieve in the future, and establish a new business creation model for House Foods Group.



Kento Kishi
House Foods Group Inc.
New Business Planning &
Development Division

Hideki Ishii
House Foods Group Inc.
New Business Planning &
Development Division

Earth

We will consider natural resources and achieve sustainable collaborative creation

We have set a goal of achieving carbon neutrality (Scope 1 and 2) by 2050. As a measure to accelerate our achievement of this goal, we are introducing Total Energy Services for Multiple Sites. This service is provided by JFE Engineering Corporation. Following the installation of a power generation facility at the House Foods Shizuoka Plant, the system will save energy through the flexible sharing of electrical power across Group companies (17 sites operated by eight companies) throughout Japan. With this system we can make effective use of the steam and hot water generated at the same time as the electricity, without wasting energy in the process. This development is expected to contribute significantly to reducing our CO₂ emissions. Construction of the Shizuoka facility is currently underway, with the aim of commencing operations in April 2024. Together with our collaborative creation partners, we will continue to take on the challenge of further reducing CO₂ emissions.

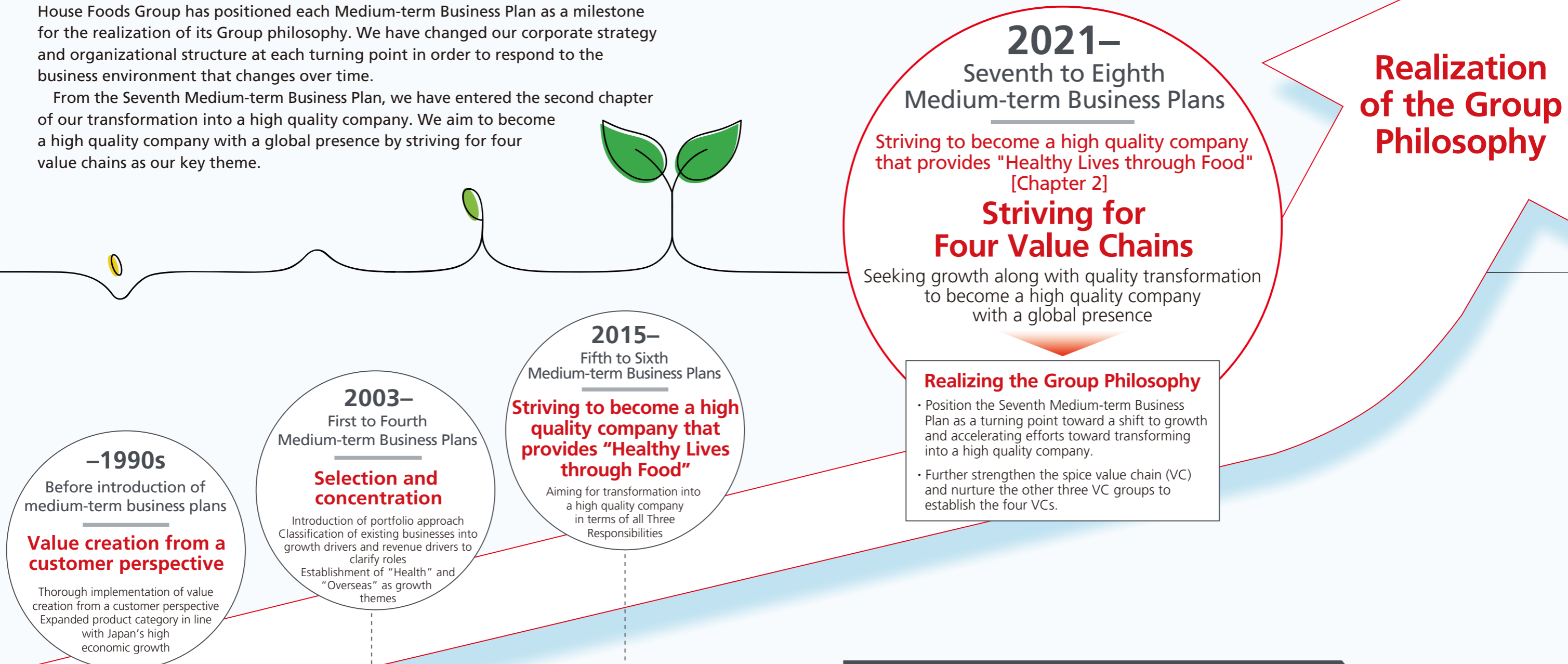


Shinsuke Hirata
House Foods Group Inc.
Environmental Promotion
Department, CSR Division

Progress of the Medium-term Business Plan (Up to Now)

House Foods Group has positioned each Medium-term Business Plan as a milestone for the realization of its Group philosophy. We have changed our corporate strategy and organizational structure at each turning point in order to respond to the business environment that changes over time.

From the Seventh Medium-term Business Plan, we have entered the second chapter of our transformation into a high quality company. We aim to become a high quality company with a global presence by striving for four value chains as our key theme.



-1990s
Before introduction of medium-term business plans

Value creation from a customer perspective

Thorough implementation of value creation from a customer perspective
Expanded product category in line with Japan's high economic growth

2003- First to Fourth Medium-term Business Plans

Selection and concentration

Introduction of portfolio approach
Classification of existing businesses into growth drivers and revenue drivers to clarify roles
Establishment of "Health" and "Overseas" as growth themes

2015- Fifth to Sixth Medium-term Business Plans

Striving to become a high quality company that provides "Healthy Lives through Food"

Aiming for transformation into a high quality company in terms of all Three Responsibilities

2021- Seventh to Eighth Medium-term Business Plans

Striving to become a high quality company that provides "Healthy Lives through Food" [Chapter 2]

Striving for Four Value Chains

Seeking growth along with quality transformation to become a high quality company with a global presence

Realization of the Group Philosophy

Realizing the Group Philosophy

- Position the Seventh Medium-term Business Plan as a turning point toward a shift to growth and accelerating efforts toward transforming into a high quality company.
- Further strengthen the spice value chain (VC) and nurture the other three VC groups to establish the four VCs.

2003— Results of the First to Fourth Medium-term Business Plans

<p>Existing domains</p> <ul style="list-style-type: none"> Restructuring of competitive domestic business 2008 Refining of area in which packaged noodles business operates 2010 Transfer of mineral water business 2011 Consolidation of production sites 2014 Reorganization of curry roux production lines 	<p>Growth domains</p> <ul style="list-style-type: none"> 2004 <i>Ukon No Chikara</i> created a market by leveraging knowledge from spice research 2006 Founded House Wellness Foods Corporation (Strengthened the health domain) Three priority areas set for overseas business (United States, China, and Southeast Asia) and foundations for growth develop 2005 Curry roux business launched in China 2006 Construction completed on New Jersey Plant, the second base for the tofu business in the United States 2012 Development of functional drink business in Thailand begins 	<p>Structural change</p> <ul style="list-style-type: none"> 2013 Shift to a holding company system Toward self-sustained and continuous growth, and a structure that maintains functions for each main business
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2015— Results of the Fifth to Sixth Medium-term Business Plans

<p>For Customers</p> <ul style="list-style-type: none"> Groupwide initiatives (known as GOT): Started the study of procurement, production, and BtoB from the perspective of Group optimization. Enhanced R&D functions and established mechanism for creation of new business: Integrated domestic research bases and introduced a mechanism for collaborative creation among Group companies. Expanded overseas business growth: The tofu business in the United States, curry business in China, and functional drink business in Thailand have moved to their growth stages. 	<p>For Our Employees and Their Families</p> <ul style="list-style-type: none"> Results in business continuity during the COVID-19 pandemic: Efforts to introduce flexible work styles, such as expanding monthly planned work, introducing telework, and shortening scheduled working hours, even before the pandemic, have helped to ensure certain results for business continuity. Promotion of attracting diverse human resources and creating opportunities for employees to play an active role: Progress has been made in diversifying human resources by promoting women's participation and expanding mid-career recruitment, as well as in creating an environment that allows people to take on challenges by introducing an inhouse recruitment system. 	<p>For Society</p> <ul style="list-style-type: none"> Efforts to establish a recycling-oriented model: <ol style="list-style-type: none"> Establishment of criteria for deciding environmental investments has led to the start of investments to reduce CO₂ emissions, such as solar power generation and co-generation at production bases. Improved logistics efficiency through cooperative investment by food companies by establishing F-LINE Corporation. Made progress in switching raw materials including paper and palm oil to sustainable alternatives.
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Outline of the Seventh Medium-term Business Plan

Overall Framework of the Seventh Medium-term Business Plan

House Foods Group's Goal

Striving to become a high quality company that provides "Healthy Lives through Food" [Chapter 2]

Striving for Four Value Chains

—Seek Growth Along with Quality Transformation—

Concept of Four Value Chains (VCs)

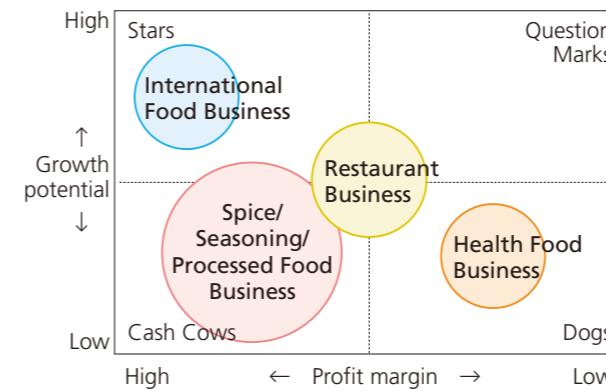
Value provided by the Group: Healthy Lives through Food	Spice VC	Aim to create synergies through collaborative creation by Group companies that handle spices and curry
	Functional Ingredients VC	Utilize lactic acid bacteria, vitamins and spices more widely as ingredients throughout the Group
	Soybean VC	Beyond the tofu business in the United States, consider use of soybeans outside the United States
	Value-added Vegetables VC	Take on the challenge of creating a new VC in the agricultural domain

An important part of the Seventh Medium-term Business Plan is the challenge to establish the four VCs. The Group has designated the four VCs of spice, functional ingredients, soybean, and value-added vegetables as domains in which it will provide value, and will deliver "Healthy Lives through Food" in these areas. By clarifying the areas and themes to be addressed by each VC from a backcasting perspective and actively investing management resources in growth and new areas, we will expand the VCs and create businesses to achieve growth.

As of the start of the Plan

Bias in portfolio by business segment

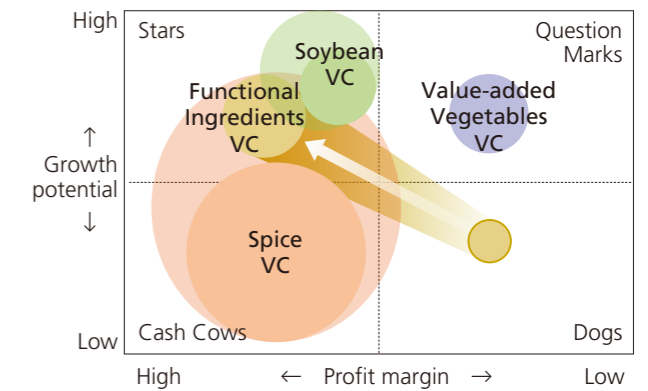
- Spice/Seasoning/Processed Food: Cash Cows (growth issues)
- International food: Individual businesses in three priority areas growing into stars
- Health food: Becoming a dog due to manifestation of management issues
- Restaurant: Earnings down due to impact of COVID-19 pandemic



Future

Realize growth narrative for each value chain

- Facilitate use of resources by reconnecting related businesses from a value chain perspective
- Also seek out potential for value creation through synergies to increase Group's total resilience



The business portfolios are very different from the perspectives of the current business segments and the VCs. From the business segment perspective, each segment is limited in its business domain and the product portfolio is unbalanced. By reconfiguring to a VC perspective and envisioning the future, we will draw a new growth story.

The mainstay Spice/Seasoning/Processed Food Business faces the challenge of growth potential in the mature Japanese domestic market. If we view this as a "Spice VC," we can see the potential for growth everywhere with the expansion to overseas areas, BtoB, and the VC from upstream to downstream. The Health Food Business, which is working on the structural reform of its domestic business, also needs to invest resources and know-how

cultivated in Japan in order to grow its business in Southeast Asia, which has been a driving force for the Group in recent years. We view this business globally as a Functional Ingredients VC and will make effective use of limited resources. By viewing our tofu business in the United States from the perspective of a Soybean VC, we will ride the wave of plant-based food (PBF) and seize global possibilities. Furthermore, the Value-added Vegetables VC will take on the challenge of creating a new VC in the agricultural domain as a new business-oriented VC.

The Company is currently in a transition period for management of the four VCs. We will carry out strategic planning for the four VCs alongside business management in the five existing segments.

Key Themes Addressed in the Seventh and Eighth Medium-term Business Plans

<p style="text-align: center;">For Our Customers</p> <p style="text-align: center;">Providing "Healthy Lives through Food" globally</p> <p>Achievement of growth driven by four value chains Realization of three GOT themes Creation of new value through collaborative creation</p>	<p style="text-align: center;">For Our Employees and Their Families</p> <p style="text-align: center;">Achievement of diversity</p> <p>Implementation of job satisfaction transformation Support for demonstrating individuality and achieving integration</p>	<p style="text-align: center;">For Society</p> <p style="text-align: center;">Healthy people and a healthy planet</p> <p>Establishment of a recycling-oriented model Achievement of a society of healthy longevity</p>
<p>Strengthening of Corporate Governance</p>		

Priority Themes for Three Responsibilities and KPIs

➔ See pages 23-30 for the progress in the second year of the Medium-term Business Plan

Three Responsibilities	Themes	KPIs	Seventh Medium-term Business Plan (FY2023)	Eighth Medium-term Business Plan (FY2026)
For Our Customers	<ul style="list-style-type: none"> • Achievement of growth driven by four value chains • Realization of the three GOT themes • Creation of new value through collaborative creation 	Net sales	304.8 billion yen ¹	360.0 billion yen
		ROS	6.6% ¹	9.4%
		EBITDA margin	11.0% ¹	14.4%
For Our Employees and Their Families	<ul style="list-style-type: none"> • Implementation of job satisfaction transformation • Support for demonstrating individuality and achieving integration 	Creation of time (management of total actual working hours)	1,850 hours	1,800 hours
		Percentage of female managers	12% or above	20% or above
		Mid-career recruitment	6:4 ratio of new graduates to mid-career talent	6:4 ratio of new graduates to mid-career talent
For Society	<ul style="list-style-type: none"> • Establishment of a recycling-oriented model • Achievement of a society of healthy longevity 	Reduction of CO ₂ emissions Scope 1 and 2 ²	-9%	-18%
		Reduction of total emissions including waste ⁴	-6%	-12%
		Cooperate with each VC to set goals	Example targets • Promotion of good physical and mental health through everyday meals • Market penetration of tofu as a PBF and enhancement of the value of tofu products	

1. As stated in the FY2023 forecasts announced on May 10, 2023
3. Compared to before the initiatives

2. Per unit of production compared to FY2013
4. Per unit of production at domestic production bases, compared to FY2019

Progress of the Seventh Medium-term Business Plan (From Now On)

For Our Customers

Providing “Healthy Lives through Food” globally

In terms of our responsibility “for our customers,” we are enhancing the value we provide based on the House Foods Group’s strength in four value chains (VCs): spice, functional ingredients, soybean, and value-added vegetables. Our aim is to provide “Healthy Lives through Food” globally.

In FY2022, the second year of the Seventh Medium-term Business Plan, events continued forcing us to focus on matters at hand. We needed to deal with events related to the resumption of economic activities following the COVID-19 pandemic, against a backdrop of geopolitical upheaval. This type of situation, where rapid and drastic change makes the outlook unpredictable, is precisely why we adopted the perspective of backcasting. Thinking and acting from this perspective has enabled us to make steady progress in our efforts toward transformation. In the Functional Ingredients VC and the Soybean VC, we are expanding our business globally based on a value chain system perspective. In the Spice VC, we will connect Group companies from a value chain perspective so that we can deliver new value and accelerate further transformation.



Hiroshi Urakami
President
House Foods Group Inc.

FY2022 Progress	Themes	KPIs	FY2023 targets ¹	FY2022 results ²
	<ul style="list-style-type: none"> Achievement of growth driven by four VCs Realization of the three GOT themes Creation of new value through collaborative creation 	Net sales	304.8 billion yen	275.1 billion yen
		ROS	6.6%	6.1%
		EBITDA margin	11.0%	10.4%

Notes:
 1. As stated in the FY2023 forecasts announced on May 10, 2023.
 2. Regarding the business combination with U.S.-based Keystone Natural Holdings, LLC on September 30, 2022, the price purchase allocation (PPA) was completed in the first quarter of the fiscal year ending March 31, 2024. Accordingly, figures for the previous fiscal year reflect the completion of the PPA.

FY2022 progress and FY2023 policy

In the Seventh Medium-term Business Plan, aiming to become a company with a global presence, we have set the goal of doubling the size of our business in the future. To this end, we are carrying out a range of initiatives from the perspective of backcasting.

In the Spice VC, we are promoting Groupwide initiatives (known as GOT) with the aim of creating synergies among various operating companies within the Group. One outcome was that, as a BtoB-GOT, in April 2023 we transferred the food service business from House Foods to Gaban, which then newly launched as House Gaban Corporation. Meanwhile, for Spice VC-GOT that aims to strengthen our global procurement capabilities, we see a need to further accelerate our efforts in the face of drastic environmental changes. We will further integrate our procurement methods and business as a value chain, and consider the establishment of a system that creates new added value from upstream alongside business continuity.

In the Functional Ingredients VC, House Wellness Foods, which handles the domestic business, integrated its sales functions with House Foods. This and various other initiatives have enabled us to achieve profitability for the first time in three years. Going forward, we will accelerate our global shift. Using House Foods Group Asia Pacific Co., Ltd., established in April 2022, as a base, we will work on horizontal development of the vitamin business in Southeast

Asian countries. We will also push forward with global development of the lactobacillus business.

In the Soybean VC, in addition to strengthening governance and increasing production capacity, we have welcomed Keystone Natural Holdings, LLC into the Group. Through these efforts, we aim to create synergies for expanding our presence in the plant-based food (PBF) market and grow our business further.

In the Value-added Vegetables VC, we are advancing various initiatives to position the value chain in the same way as new businesses. Among these initiatives, in April 2023 we entered into a capital and business alliance with Nounsouken Corporation. We will work toward building a new business model as we accumulate a track record of success through collaborative creation.

In relation to initiatives for “creation of new value through collaborative creation,” in addition to promoting the trinity of business development, R&D and human resource development, we have established PatchworkQuilt Inc., a company that verifies the value offered by new businesses. This will help us to nurture newly created businesses, so that their full potential can be realized. We are currently moving ahead with two verification topics, aiming for full-scale commercialization. We will further accelerate our efforts to create new value through both internal and external collaborative creation.

Strategic advancement via four value chains

● Spice Value Chain

Our ideal vision for the Spice VC

In the Spice VC, we have taken on the challenge of creating a new food culture centered on curry. Efforts are under way in Japan through House Foods for domestic (household) use, House Gaban for commercial use, and Ichibanya for eating out, as well as in overseas markets such as China and Indonesia, to increase our contact points with customers. However, amid recent pivotal events, such as the COVID-19 pandemic and the conflict between Russia and Ukraine, our business environment is rapidly changing. These changes have also brought with them new challenges, such as soaring raw material costs and various other headwinds.

As we work to continue sustainably providing value, we face a variety of issues that need to be resolved. Upstream in the value chain, we must ensure flexibility in procurement. Midstream, we must build a global production system. Downstream, we must diversify the outlets that serve as points of contact with customers. Each of these issues is hard for us to resolve in a vacuum. As such, we are working to reallocate our management resources from the perspective of optimizing the Group and to formulate our growth story. In this way, the strengths of each Group company can be linked and our resources can generate synergy.

Progress and results

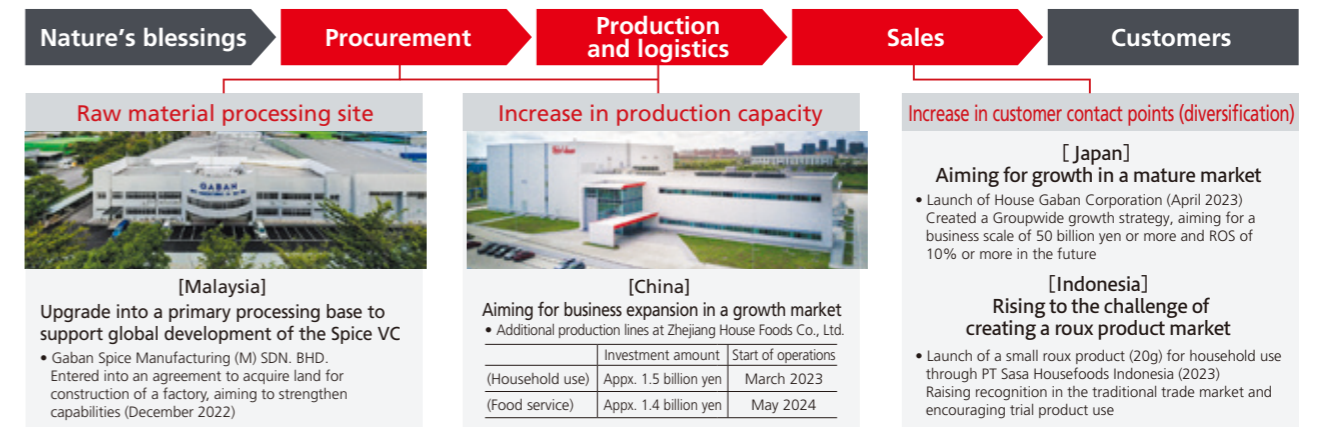
Our aim is to make the Spice VC more robust at its core globally. Upstream, we are moving ahead with consolidation of the Group’s primary processing functions. Downstream, we are working to expand our contact points with customers in response to a diversified customer base.

As an upstream initiative, we have acquired a site on which we intend to build a new factory. The aim is to use this facility, which the entire Group can make use of, as the primary processing base for Gaban Spice Manufacturing (M) SDN. BHD., and to eventually upgrade it to a base for supporting the global expansion of our Spice VC. In terms of

our downstream initiatives, to achieve business growth in the mature Japan market our newly created company, House Gaban Corporation, began operations in April.

As for our overseas initiatives, in November 2022 we established PT Sasa Housefoods Indonesia as a joint venture with local company Sasa Inti. During 2023, we will launch a two-serving small roux product for household use. Using our strength in offering roux products that are both delicious and convenient, we will take on the challenge of expanding beyond our existing markets for Japanese-style curry in Japan and China by creating a new, third market.

Themes for expanding the Spice VC



FOCUS

Launch of House Gaban Corporation

Customer channels in the food service business are diverse. It is essential that we cater to specific needs in order to reinforce our competitive edge.

We aim to be a solutions company with the ability to respond to customers’ individual needs and to offer them options, and will focus on building a business model that optimizes our response to diverse, specific needs. In addition to using digital transformation (DX), we will build a fast-moving development and sales system with the aim of improving our proposal capabilities. To cater to a wide range of needs in terms of quality, taste and quantity, we will work to achieve high-mix, variable-volume production in order to establish House Gaban’s superiority.

House Foods Corporation is noted for its wide range of highly processed products, such as roux and retort pouched products. Gaban’s strength lies in its specialization in the spice ingredients themselves. By combining the different strengths of both companies, as House Gaban we will focus on offering more versatile seasonings and ingredients in our pursuit of further growth.



Seiji Ikoma
Representative Director & President
House Gaban Corporation

Progress of the Seventh Medium-term Business Plan (From Now On)

● Functional Ingredients Value Chain

Our ideal vision for the Functional Ingredients VC, progress and results

The corporate purpose of the Functional Ingredients VC is to provide the efficacy and effectiveness of ingredients based on their functionality and to address the desire to be healthy as a universal need. We have positioned vitamins, spices (turmeric), and lactobacillus as our three strategic ingredients. By providing the efficacy and effectiveness of each ingredient in terms of nutrition, vitality and health maintenance, we help to extend healthy life expectancies and improve quality of life (QoL). Specifically, we operate BtoC businesses that offer products directly to customers, such as for *C1000* in Japan and *C-vitt* in Thailand. We also provide *Lactobacillus L-137* and other raw ingredients to customer companies, as a way of developing BtoB businesses that business partners of our customer companies make use of in turn. Through these efforts, we

meet the diverse needs of our customers globally.

We will move forward with initiatives in each region with the aim of continuing to support the health of our customers around the world. These initiatives include expanding our vitamin business in Southeast Asia and forging ahead with our lactobacillus business in the United States. With a VC that provides healthy lives through food, we will support our customers in leading energetic lives.



CSR activities aimed at children, through the C-vitt brand

● Soybean Value Chain

Our ideal vision for the Soybean VC, progress and results

In the Soybean VC, our long-term vision is to be a global plant-based food (PBF) company that supports healthy and flexible food lifestyles through clean and functional value offerings. The PBF business, which includes tofu, has the potential to offer a solution to the protein shortage issue caused by the global population increase. We see this business as helping to solve environmental and food issues on a global scale, and expect it to grow steadily from now on.

Against this background, we plan to further strengthen the value chain by making use of the U.S. mainstream market areas, customer contact points and value-added PBF product portfolio held by Keystone Natural Holdings, LLC, which became part of House Foods Holding USA, Inc. in September 2022. In addition, while Keystone Natural Holdings is a multi-variety and small-lot production company, House Foods America Corporation's

strength is in the mass-production business model. We will combine the knowledge both companies hold to create synergies and provide new value to customers. With the U.S. tofu business as the core, we will continue expanding our sales areas from a value chain perspective, increasing our production capacity and improving business efficiency as we develop our products and services globally.



Tofu and plant-based food products for a variety of meals

● Value-added Vegetables Value Chain

Our ideal vision for the Value-Added Vegetables VC, progress and results

In the Value-added Vegetables VC, we are challenging the potential of new business models in the agricultural domain through collaborative creation within the Group and externally, such as with domestic and overseas commercialization of the *Smile Ball* (an onion with a less sharp taste). The structure of this VC is different in nature to our other VCs. The level of accumulated experience, expertise and resources is comparatively low, our production activities involve a degree of instability, such as the sharp rise in raw material prices caused by climate change and energy cost increases, and the timeframe from seed development to stable production quality is relatively long.

Against this background, we are working with partners to stimulate new demand for vegetables that offer our customers not just health functionality, but also the opportunity to

experience deliciousness. In April 2022 we made an additional investment in plant factory business Farmship, Inc., and in April 2023 we entered into a capital and business alliance with Nousouken Corporation. Together with the collaborative creation partners we have gained through our initiatives to date, we will build a value chain that brings vegetables with lasting appeal to customers' dining tables.

Growing *Smile Ball* onionsThe *Smile Ball* has a less sharp taste, and is delicious when eaten raw

FOCUS

Supporting individual health needs globally with vitamins

We believe that people should be able to take vitamins easily, enjoyably and in abundance. We are developing vitamin products that combine function and taste in our Japan and Southeast Asia markets.

In Japan, *C1000 Vitamin Lemon*, which contains the same amount of vitamin C as 50 lemons, and *Ichinichibun No Vitamin*, which provides the recommended daily dosage of all 13 essential vitamins in a single serving, are both widely enjoyed by customers of all ages. We have also positioned *C1000 Vitamin Lemon Citric Acid* as a functional food in response to demand for products to aid recovery from fatigue, and some local authorities in Japan provided *Ichinichibun No Vitamin* jelly as part of food packages for people recuperating at home during the COVID-19 pandemic. By improving the easy-to-open caps, we have enjoyed increased approval from elderly customers in particular. Through these initiatives and more, we are continuing to expand our user base.

In Southeast Asia, we are applying the technology we have built up in Japan to develop products that meet local needs, with a focus on Thailand and Indonesia. In Thailand, we are engaged in unique initiatives such as offering a wide variety of products under the *C-vitt* brand name to create opportunities for consumption at home and in schools. Going forward, we plan to increase the number of countries we operate in, primarily through the newly established House Foods Group Asia Pacific Co., Ltd. We will continue to support health needs globally with vitamins by making use of our knowledge and technologies.



Chihiro Kurata
House Wellness Foods Corporation
Representative Director & President

FOCUS

Aiming for a global plant-based food (PBF) business

We offer products that deliver on great taste that goes beyond traditional foods. As well as tofu, we offer a wide range of meat substitute PBF products such as tempeh, seitan, and vegetable burgers. Our strength is our "one-stop shop" strategy, offering foods for a variety of meals. By using the accumulated brand power backed by our customers to proactively develop new PBF products, we will contribute to increasing customers' health awareness and their enjoyment of food. To that end, we will actively invest in R&D, equipment and human resources, and expand our PBF product lineup not only in North America, but also in Europe in the near future.

From now on, at the same time as creating synergies with House Foods America Corporation in a variety of areas, such as production efficiency and logistics capabilities, we look forward to working together with the global House Foods Group family to bring smiles and happiness to every home.



Kenny Sung
Keystone Natural Holdings, LLC
Chief Executive Officer

FOCUS

Bringing vegetables with lasting appeal to dining tables

As part of our R&D to create new value in vegetables, including *Smile Ball* onions and herbs cultivated with cooperative industry partners, and with the intention of collaborating with a partner that delivers the value of vegetables to customers, in April 2023 we entered into a capital and business alliance agreement with Nousouken Corporation. We share the desire to work together to increase the value of agricultural produce, and will work toward collaborative value creation by bringing together the Group's unique *Smile Ball* concept and Nousouken's strengths in direct distribution. In addition, we will take on the challenge of creating sales platforms that convey the appeal of vegetables, making use of both *Smile Ball* onions and the vegetables that Nousouken possesses. We would like to move forward with initiatives that will lead to increased purchases of vegetables, such as development of a sales platform where the vegetables needed to make various dishes (for example, curry rice and a side salad) are all available to purchase in one place.



Kengo Asakura
House Foods Group Inc.
General Manager of Value-Added Vegetables Business Development Division

Progress of the Seventh Medium-term Business Plan (From Now On)

For Our Employees and Their Families

Achievement of diversity

Considering our responsibility “for our employees and their families,” we strive to be a company where employees can feel a sense of job satisfaction. We do this by supporting our employees in their growth and improving their workplaces. Our basic stance is that we will grow as a Group together with our employees.

In the Seventh Medium-term Business Plan, we set forth “achievement of diversity” as part of our aim to become a high quality company. We are carrying out initiatives to increase diversity from three perspectives— attributes, experience, and aptitude. Furthermore, in order to make the most of this diversity, all Group employees are working together to create a corporate culture that embraces diversity and encourages challenges.

The Group will continue to grow together with its employees, by transforming workplaces so that each individual can experience job satisfaction and by strongly supporting employees in “demonstrating individuality and achieving integration.”



Yoshiyuki Osawa
Senior Managing Director
General Manager of
Administration Headquarters
Responsible for Secretariat
Division

Basic approach



FY2022 Progress	Themes	KPIs	FY2023 targets	FY2022 results
	<ul style="list-style-type: none"> Implementation of job satisfaction transformation Support for demonstrating individuality and achieving integration 	<ul style="list-style-type: none"> Creation of time (Management of total actual working hours) Percentage of female managers Mid-career recruitment 	<ul style="list-style-type: none"> 1,850 hours 12% or above 6:4 ratio of new graduates to mid-career talent 	<ul style="list-style-type: none"> House Foods Group Inc.: 1,936 hours House Foods Corporation: 1,898 hours 11.3% 6:4 ratio of new graduates to mid-career talent

FY2022 progress and FY2023 policy

We define “job satisfaction” as a combination of “a comfortable work environment” and “sense of worth.” While continuing to promote “a comfortable work environment,” we will build an organization where each employee can feel a “sense of worth” in their work as they take on challenges and continue to grow.

In FY2022, we revised our personnel system (for House Foods Corporation) and enhanced 1-to-1 meetings between supervisors and subordinates. Our aim with those changes is to create a corporate culture that embraces diversity and encourages challenges, one that becomes our foundation. In addition, based on analysis of the results of a survey on our corporate culture, we are focusing on actions and management behaviors that support a positive corporate culture as we promote culture reforms in each workplace. Through these efforts, we will improve both “a comfortable environment” and “sense of worth,” and increase job satisfaction.

Building on this foundation, we will continue developing measures to realize diversity from the perspectives of attributes,

experience, and aptitude, and promoting the concept of demonstrating individuality and achieving integration.

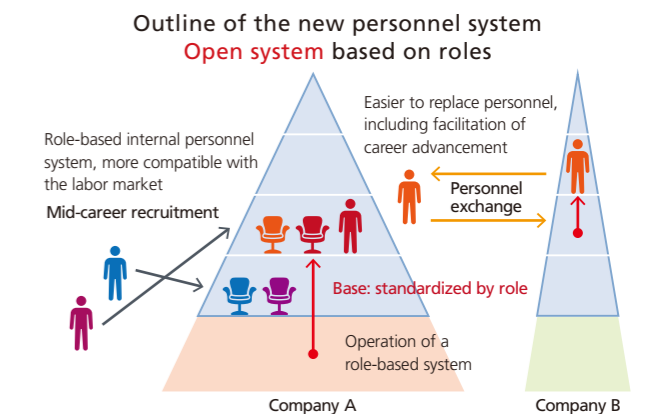


New personnel system

As vital infrastructure for achieving diversity, a personnel system needs to support diverse employees, enabling them to grow and play an active role while independently shaping their careers. Specifically, we will align our system, compensation and evaluation with the demands and scale of each role, rather than with the experience or abilities accumulated at each company. In this way, we will shift from a closed system based on individual company values to an objective, open system. By treating this thinking as common knowledge and sharing it widely throughout the Group, we aim to broaden the scope of the Group’s human resource activities and create Group synergies.

To this end, in April 2023 we started with a revision of the personnel system at House Foods Corporation, the Group’s core operating company. Going forward, we will continue rolling out further reforms within the Group. Grading under the new system is based on the demands and scale of each role as measured by objective, quantitative methods. This makes our internal personnel system more compatible with the labor market, which should help us to recruit highly specialized talent, management personnel and for other mid-career positions.

By focusing on measures such as revising the personnel system and proactive mid-career recruitment, we will encourage the flow of talent in line with the career aspirations of each individual. We also believe that this will have a positive impact on the social issue of Japan’s employment mechanism (i.e., the labor market’s structural and behavioral characteristics and the country’s employment culture as a whole) moving autonomously.



Human resource development

We have defined our basic policy for human resource development as “employee and organizational growth through increased diversity.” In working to achieve diversity, we will focus on three perspectives—attributes, experience, and aptitude.

In terms of attributes, we are committed to supporting the active participation of women in the workplace, and have increased our ratio of female managers. We also go beyond statutory requirements for the ratio of employees with disabilities. In terms of experience, in addition to proactive mid-career recruiting, we have introduced a side job system that reframes experience outside of the company as a growth opportunity. As we expand our open recruitment system, we are also focusing on developing global talent, with measures including dispatching trainees to overseas subsidiaries. In addition, we have introduced a personnel development system to recognize the unique strengths that each individual has cultivated—their aptitude—and to reinforce and expand on those strengths.

By carrying out these measures systematically, bringing diverse personalities together to create synergies, we will drive the Group’s sustainable growth and make further contributions to society as a high quality company.

Indicators and targets	Items	Indicators	FY2022 results
	Diverse attributes	Ratio of female managers: 12% or more	11.3%
	Diverse experience	6:4 ratio of new graduates to mid-career talent	6:4
	Diverse aptitude	Aptitude checks: twice a year	Twice a year

Improvement of internal environments

We have defined our basic policy for improving internal environments as “creating a corporate culture that embraces diversity and encourages challenges,” and we are moving forward with corporate culture reforms based on this policy. As one part of these efforts, since 2021 we have been working together with 14 domestic Group companies on culture reform initiatives based on a survey related to our corporate culture.

The survey was in a questionnaire format, and was sent to all employees. By statistically analyzing the results, we have been able to visualize the factors influencing our corporate culture. For example, the survey revealed certain key elements for revitalizing our organization, such as providing business execution opportunities that match the personality and characteristics of employees, and giving timely praise when they take on new personal challenges.

Analysis results are reported at Management Committee meetings, and issues relating to corporate culture are discussed among management members. In each workplace, scores are used as a reference during plans to reform conventional wisdom and practices, and to move forward in creating workplaces where employees can feel a sense of job satisfaction.

Specifically, we found that measures with a positive impact on corporate culture include: involving all employees in the formulation and implementation of action plans, conducting 1-to-1 meetings, ensuring appropriate management behavior, and reviewing the use of working hours. We will use these as focus points, working to improve our corporate culture with the participation of all employees.

Indicators and targets	Items	Indicators	FY2022 results
	Workplace culture reform	Formulation of a culture reform plan for each department	Once a year
	Company culture reform	Corporate culture assessment result (2.5 or higher)	Embracing diversity: 2.62
		Encouraging challenges	2.57

Progress of the Seventh Medium-term Business Plan (From Now On)

For Society

Healthy people and a healthy planet

As a company involved in the food business, we work to solve social issues throughout value chains with the aim of realizing “healthy people and a healthy planet.” As part of our efforts toward the “establishment of a recycling-oriented model,” we have made progress with capital investments utilizing environmental investment evaluation criteria. We have also begun to see results in terms of reducing CO₂ emissions and waste.

In terms of “achievement of a society of healthy longevity,” each value chain pursues its own health-related values and generates new research findings. In addition, to tackle human rights issues, which we all have a moral duty to address, in April 2023 we revised our human rights policy. We have set priority areas as part of the policy and started activities to address them. In FY2022, the second year of our Seventh Medium-term Business Plan, our overall progress was in line with our plans. Even so, we will accelerate our efforts and work to meet even higher targets.



Atsushi Sakuma
Director General Manager of Corporate Communication Headquarters Responsible for New Business Planning & Development Division, Value-Added Vegetables Business Development Division

Basic approach



FY2022 Progress	Themes	KPIs	FY2023 targets	FY2022 results	
	• Establishment of a recycling-oriented model	Reduction of CO ₂ emissions: Scope 1 and 2 ¹ Scope 3 ²	-9%	-17,000 tons	<ul style="list-style-type: none"> Implemented proactive environmental investments (introduction of a solar power generation system, fuel conversion) Shortening of product preparation times (reduction of Scope 3 emissions (category 11: use of sold products))
		Reduction of total emissions including waste ³	-6%		<ul style="list-style-type: none"> Initiatives to reduce the generation of food residues at production sites Considered the introduction of new technology in cooperation with collaborative creation partners
• Achievement of a society of healthy longevity	Establishment in cooperation with each VC			Made solid progress on themes related to core business, forecast to be mostly achieved during the next fiscal year	

1. Per unit of production against FY2013 2. Compared with previous initiatives 3. Per unit of production at domestic production bases against FY2019

FY2022 progress and FY2023 policy: Establishment of a recycling-oriented model

We have set a target of achieving carbon neutrality (Scope 1 and 2) by 2050. We are promoting collaborative creation with stakeholders and taking the lead in efforts to tackle climate change issues.

In FY2022, we worked to meet the CO₂ emissions reduction targets we have already set (a 9% reduction in the Seventh Medium-term Business Plan and an 18% reduction in the Eighth Medium-term Business Plan).

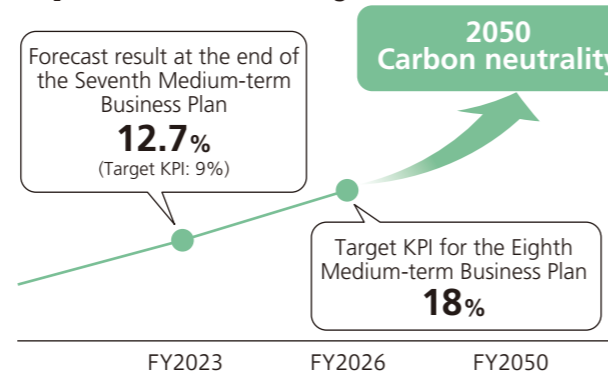
We have proactively implemented various environmental investments, including the installation of solar power generation systems at each production base and at Ichibanya restaurants, and fuel conversion at our Malony factory in Ina City (Nagano Prefecture) from heavy oil to liquefied petroleum gas (LPG). We are also steadily preparing for the April 2024 introduction of Total Energy Services for Multiple Sites (a system that saves energy through the flexible sharing of electrical power across 17 sites operated by eight Group companies in Japan). Construction work for the service began at the House Foods Shizuoka Plant in July 2023.

In terms of waste reduction, we are reviewing production processes at each production location in an effort to reduce the generation of food residues. In May 2023, we formed a business alliance with Friend Microbe Inc., and we are

considering the implementation of their oil and fat reduction technologies to treat factory sludge.

In addition to reducing CO₂ emissions and waste, we must address other wide-ranging topics including issues involving water resources and plastics. We will continue to examine these issues in order to tackle them from a long-term perspective. We will outline our ideal vision for the Group as a whole, and further accelerate our efforts in relation to the formulation of the Eighth Medium-term Business Plan.

CO₂ emissions reduction targets



FY2022 progress and FY2023 policy: Achievement of a society of healthy longevity

The House Foods Group’s aspiration is to contribute to healthy everyday living. Aiming to contribute to health promotion through its core businesses, the Group is pursuing business growth by leveraging the strengths of each of its four VCs to create health-related value, and searching for the seeds of future business creation.

In FY2022, we reduced the amount of salt in *Vermont Curry*, a product that was celebrating its 60th anniversary, by around 0.1g per serving. In the Soybean VC, through having brought U.S.-based Keystone Natural Holdings, LLC into the Group, we will build production, supply and sales systems for plant-based food (PBF), accelerate our expansion into the American market, and additionally consider business development outside of the

U.S. (Europe and other regions). In the Functional Ingredients VC, we established House Foods Group Asia Pacific Co., Ltd. in Thailand with the intention of strengthening the foundation of our functional drink business.

We have also formed an alliance with Life Log Technology, Inc. through a corporate venture capital (CVC) fund. Through collaborative creation, mainly in areas related to healthcare, we aim to create new value.

Amid growing public interest in health, we are working to adjust the issues addressed in the Seventh Medium-term Business Plan. We will also consider a wide range of food-related social issues, making use of the Group’s strengths as we accelerate our efforts to create value in the area of health.

Response to the Task Force on Climate-related Financial Disclosures (TCFD)

In May 2021, the Group declared its endorsement of the TCFD’s recommendations and joined the TCFD Consortium. Since 2022 the CSR Division has been leading an examination of our response to climate change in line with the TCFD recommendations, and four items are disclosed below.

Governance	Reducing the environmental burden throughout value chains is a priority issue for the Group. We have incorporated strategies and targets for CO ₂ emissions reductions into our medium-term business plans, and are making progress. Following discussions by the House Foods Group Management Committee, the initiatives and targets of each medium-term business plan are subject to approval and a final decision by the House Foods Group Board of Directors. The Group CSR Committee, which is comprised primarily of Directors, confirms the progress of initiatives and targets, supervises and advises management and works to strengthen collaboration within the Group.
Risk management	The CSR Division, which is the main department in charge of climate change response, carries out evaluations of risks and opportunities. We are considering countermeasures to address the high-priority risks and opportunities among those identified. Countermeasures are incorporated into Companywide strategy and reported to the House Foods Group Management Committee, following which a final decision is made by the House Foods Group Board of Directors. The Group Environmental Management Committee reports to the Group CSR Committee on the progress and management of measures.
Strategy	In the Seventh Medium-term Business Plan, we aim to accelerate our CO ₂ emissions reductions and broaden the scope of our initiatives. Taking both a global perspective and a supply chain perspective, we are working to reduce CO ₂ emissions in collaboration with suppliers and in all aspects of our internal organizational activities. In the first year of the plan, we conducted a scenario analysis for House Foods Corporation, a core business within the Group that is responsible for the Spice VC. Through this analysis, we identified climate-related risks and opportunities and considered countermeasures to address them. <small>For more information on climate-related risks and opportunities identified during the scenario analysis and corresponding countermeasures, please visit our website. https://housefoods-group.com/csr/report/esg/pdf/tcfd.pdf (Japanese only)</small>
Indicators and targets	We will continue to work toward the reduction targets set in the Seventh Medium-term Business Plan, aiming to mitigate risks and maximize opportunities for the Group by reducing CO ₂ emissions, as per the findings of the scenario analysis. [CO₂ reduction targets] <ul style="list-style-type: none"> Scope 1 and 2 We have set CO₂ emissions targets for the Company in the Seventh Medium-term Business Plan. In addition, we aim to achieve carbon neutrality by 2050. Scope 3 In the Seventh Medium-term Business Plan, we identified amounts of CO₂ emissions throughout the supply chain and set priority initiative categories based on emissions levels. In addition, to raise awareness of the movement toward a decarbonized society among all employees, we have set emissions reduction targets for each department. We are not only involving all employees in these efforts, but also working with all stakeholders to achieve the reductions.

Explanation of Financial Strategies



We will inject resources into growth areas and new domains, while strengthening our monitoring capabilities to improve investment efficiency.

Yoshiyuki Osawa

Senior Managing Director
General Manager of Administration Headquarters
Responsible for Secretariat Division

Five management indicators

Based on our Group Philosophy, "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives," we are committed to fulfilling our Three Responsibilities "for our customers," "for our employees and their families," and "for society," by connecting with various stakeholders.

From a multi-stakeholder perspective, we use five management indicators (ATO, ROS, ROA, equity ratio, and ROE)¹ that represent "a company's ideal proportions." As shown in the diagram below, statement of income- and balance sheet-related items can be split along the diagonal line, with the upper left triangle (ATO, ROS, and ROA) aimed at a higher level of best practice, and the lower right triangle (ROA, equity ratio, and ROE) aimed at securing profit in a more balanced manner.

The ideal proportions would be: an ATO of 1.0 or above, ROS of 10% or above, ROA of 10% or above, and securing an ROE of 10%. In FY2022, ATO was 0.71, ROS was 6.1%,

ROA was 4.3%, and ROE was 5.1%, indicating a significant divergence from the ideal proportions. However, in order to fulfill our responsibilities as a corporate citizen in the realization of our Group Philosophy, we aim to increase our corporate value and build a high quality financial structure by strengthening business profitability and improving capital efficiency, and by progressing with efforts to build a robust balance sheet through financial strategies.

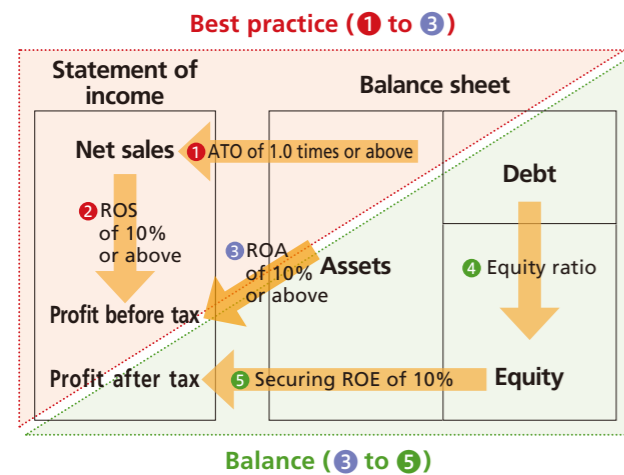
Review of FY2022

In FY2022, sales increased while profits decreased. This was due to a downturn in the mainstay Spice/Seasoning/Processed Food Business in the midst of a harsh business environment, including a supply-demand imbalance as economic activities resumed following the COVID-19 pandemic, soaring raw material and energy costs against the backdrop of the situation in Russia and Ukraine, rising prices due to global inflation, and sharp exchange rate fluctuations.

As for individual business segments, the Health Food Business, the International Food Business and the Restaurant Business reported increases in both sales and profit. The Health Food Business returned to operating profitability due to the recovery trend in sales of *Ukon No Chikara* and the results of structural reforms. In the International Food Business, U.S.-based Keystone Natural Holdings, LLC was brought into the Group to expand the business, and cost increases were offset by price revisions. The Restaurant Business was able to absorb cost increases through two price revisions, amid the recovery in demand from the food service industry. Even so, the Spice/Seasoning/Processed Food Business was significantly affected by rising costs and depreciation of the yen, and even with price revisions for certain products, such as mainstay roux products, we were unable to absorb the cost increases, resulting in a significant decrease in profit.

FY2023 is the final year of the Seventh Medium-term Business Plan. Although we expect the cost environment to remain severe, we aim to balance cost increases with price revisions, and we will steadily implement initiatives aimed at restoring profitability.

Five indicators of the ideal proportions



- ① Asset turnover (ATO): Net sales / Total assets
- ② Return on sales (ROS): Operating profit / Net sales
- ③ Return on assets (ROA): Operating profit / Total assets = ATO x ROS
- ④ Equity ratio: Equity / Total assets
- ⑤ Return on equity (ROE): Profit / Equity = ROA (adjusted for after tax) x Financial leverage (1/equity ratio)

Trends in business performance¹

	FY2022				FY2023				
	Results	Compared to net sales	Year on year		Forecast	Compared to net sales	Year on year		Vs. Plan target
			Increase/Decrease	%			Increase/Decrease	%	
Net sales	275.1	—	+21.7	+8.6%	304.8	—	+29.7	+10.8%	-0.2
Operating profit	16.7	6.1%	-2.5	-13.2%	20.0	6.6%	+3.3	+19.9%	-6.0
EBITDA ²	28.5	10.4%	-1.6	-5.4%	33.6	11.0%	+5.1	+17.9%	-6.8
Ordinary profit	18.3	6.7%	-2.8	-13.4%	20.9	6.9%	+2.6	+14.2%	—
Profit ³	13.7	5.0%	-0.3	-2.0%	17.5	5.7%	+3.8	+28.0%	—

1. Regarding the business combination with U.S.-based Keystone Natural Holdings, LLC on September 30, 2022, the price purchase allocation (PPA) was completed in the first quarter of the fiscal year ending March 30, 2024. Accordingly, figures for the previous fiscal year reflect the completion of the PPA.

2. EBITDA: Operating profit (before amortization of goodwill) + Depreciation
3. Profit attributable to owners of parent

Medium- to long-term growth strategy and investment policy

In the Seventh Medium-term Business Plan, under the theme of "striving for four value chains" and from the perspective of backcasting, we are clarifying the domains and themes of each value chain initiative and actively injecting management resources in growth domains and new domains in order to expand the value chains and create business.

The Plan includes a three-year investment plan totaling 70.0 billion yen, of which we have invested a total of approximately 30.0 billion yen as of the end of FY2022. This included business investment in U.S.-based Keystone Natural Holdings, LLC, on top of capital investment in existing businesses. While cash flows from operating activities (excluding Ichibanya) are expected to fall short of the planned 70.0 billion yen earmarked for investments due to the impact of soaring raw material prices and rising energy costs, we plan to use cash reserves to meet the shortfall, and to invest at the originally planned level.

In the Eighth Medium-term Business Plan, we will continue to actively allocate resources to growth investments in order to progress with building the four value chains, while strengthening our investment monitoring capabilities and enhancing the efficiency of investments, with the aim of increasing corporate value.

The Seventh Medium-term Business Plan: Growth investments

Continue proactive growth investments to build the four value chains

Recent outlook for our investment plan¹ (As of May 10, 2023)

	Cash flows from operating activities	Domains for investment			Total
		Growth domains ²	Existing domains	DX/Environment	
Original plan	70.0 billion yen	40.0 billion yen	20.0 billion yen	10.0 billion yen	70.0 billion yen
Recent outlook	57.1 billion yen	46.9 billion yen	16.1 billion yen	5.8 billion yen	68.7 billion yen

Cash reserves will be used to cover the shortfall

1. Excluding Ichibanya
2. Production optimization GOT, overseas business, and M&A/new businesses

Shareholder return initiatives

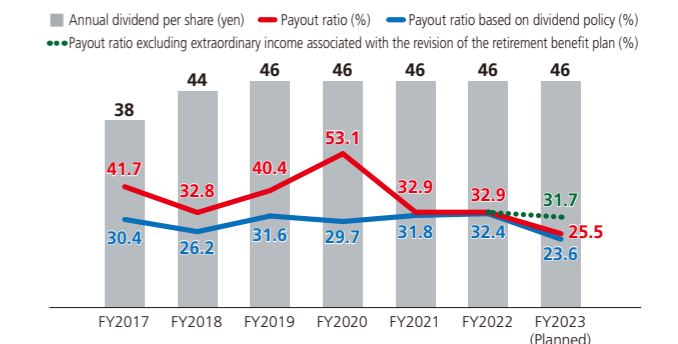
Under the Seventh Medium-term Business Plan, we plan to pay dividends totalling 15.0 billion yen. In addition, in order to make qualitative improvements to the balance sheet, we plan to reduce our cross-shareholdings by 20% and use 10.0 billion yen of the resulting cash to purchase 12.0 billion yen of treasury shares.

In FY2022, we sold all or part of five holdings, and have reduced our cross-shareholdings by 16.7% over the past two years. We expect to continue these reductions in FY2023 to achieve our target of 20%.

Regarding the purchase of treasury shares, we completed the purchase of shares worth 6.0 billion yen in FY2022, for a total of 10.0 billion yen over the past two years, and we expect to achieve the goal of 12.0 billion yen in treasury shares purchased under the Seventh Medium-term Business Plan.

Our basic policy on the distribution of dividends is to maintain stable dividends, based on a dividend payout ratio of at least 30% on a consolidated basis, excluding the effects of extraordinary income/losses arising from business combinations and the amortization of goodwill. In FY2022, we paid an annual dividend of 46 yen per share, for a payout ratio of 32.9% (payout ratio based on dividend policy: 32.4%). In FY2023, there will be extraordinary income associated with the revision of the retirement benefit plan; however, this non-cash income will be excluded from the dividend pool. As such, we plan to pay an annual dividend of 46 yen per share, the same amount as the previous year (payout ratio: 31.7%, excluding extraordinary income as explained above).

Trends in dividends

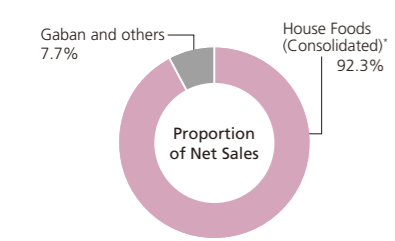
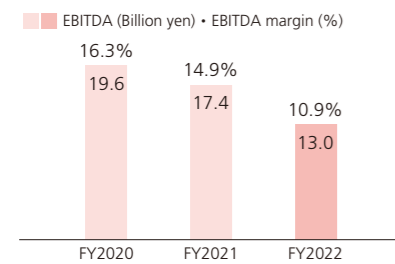
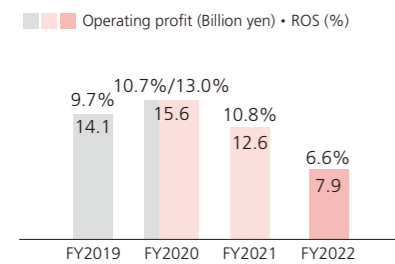
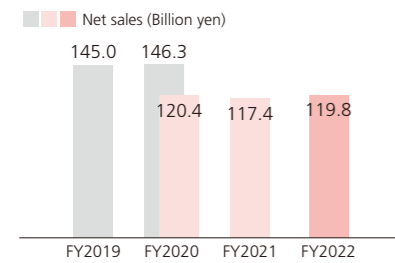


Overview of Business Segments (FY2022)

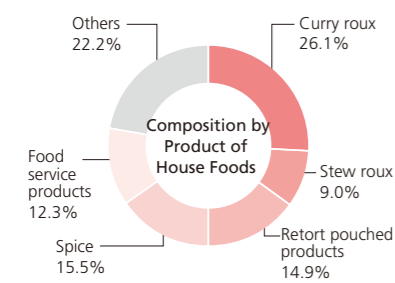
Previous accounting standard ■
Current accounting standard ■

Spice/Seasoning/Processed Food Business

Business lines: Production and sales of curry, stew, and spice, etc.
Main operating companies: House Foods Corporation, Gaban Co., Ltd., Malony Co., Ltd.
* House Gaban Corporation, formed by integrating the commercial (BtoB) business of House Foods Corporation with Gaban Co., Ltd., commenced operations on April 1, 2023.



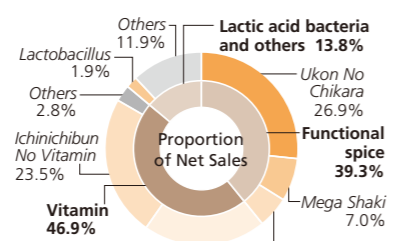
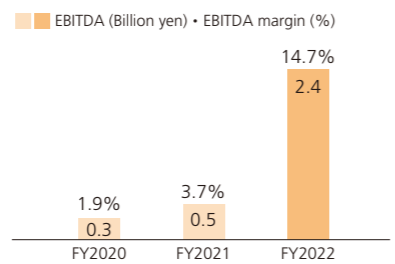
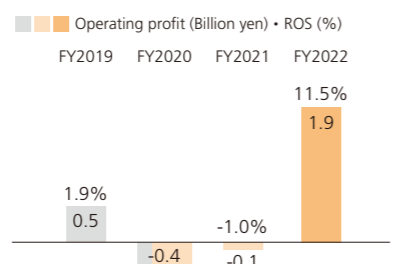
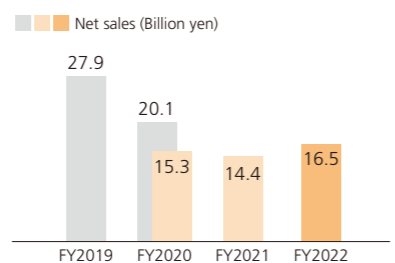
* Excluding product lines sold on consignment from House Wellness Foods Corporation and export sales. Includes the partial business transfer of Malony Co., Ltd.



Note: Composition by product uses reference values based on shipments.

Health Food Business

Business lines: Production and sales of health foods and beverages
Major operating company: House Wellness Foods Corporation

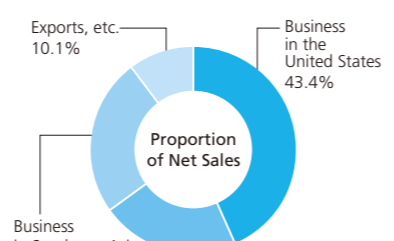
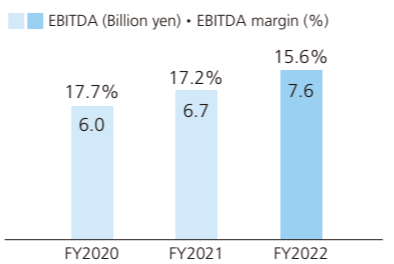
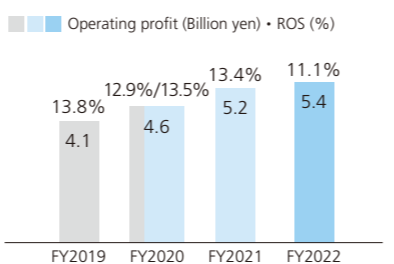
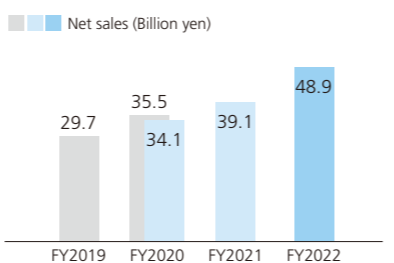


Note: Composition by product uses reference values based on shipments.

Notes: 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., are applied from FY2021 onward.
2. Regarding the business combination with U.S.-based Keystone Natural Holdings, LLC on September 30, 2022, the price purchase allocation (PPA) was completed in the first quarter of the fiscal year ending March 31, 2024. Accordingly, figures for the previous fiscal year reflect the completion of the PPA.

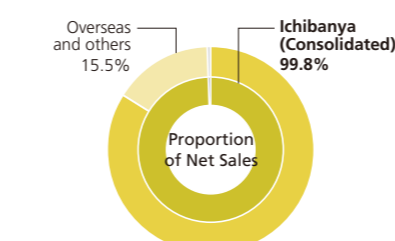
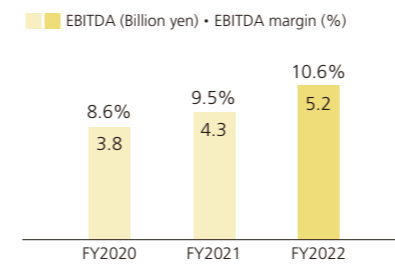
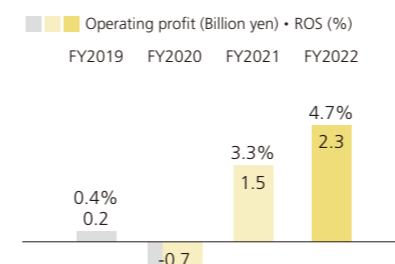
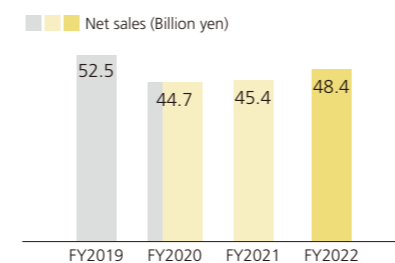
International Food Business

Business lines: Production and sales of soybean-related products, spices and condiments, and beverages
Main operating companies: House Foods America Corporation, Keystone Natural Holdings, LLC, House Foods China Inc., House Osotspa Foods Co., Ltd.



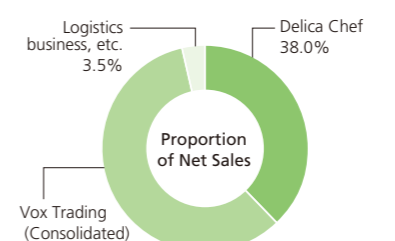
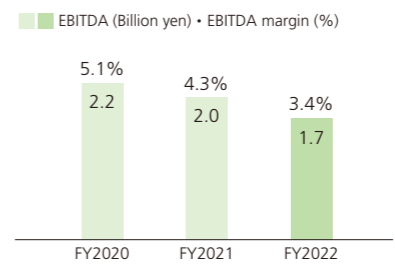
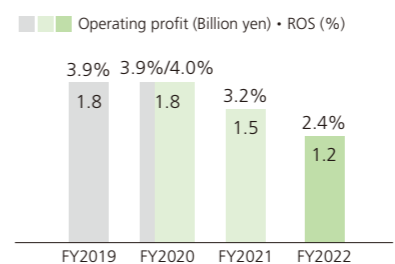
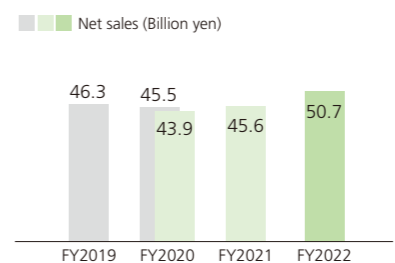
Restaurant Business

Business lines: Management, planning and operation of restaurants
Major operating company: Ichibanya Co., Ltd.



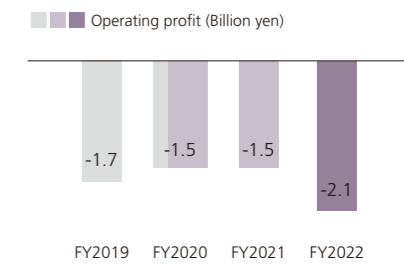
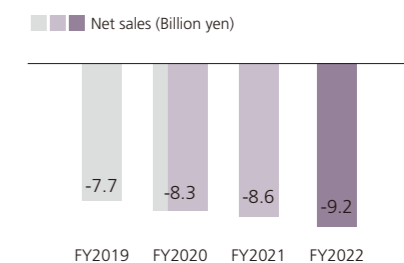
Other Food Related Business

Business lines: Production and sales of ready-made dishes, baked breads, and desserts; import, export, and sales of agricultural products and food products
Major operating companies: Delica Chef Corporation, Vox Trading Co., Ltd.



Adjustment (elimination)

Profit or loss not allocated to segments and intersegment eliminations



House Foods Group (FY2022)

Consolidated net sales	Consolidated operating profit	EBITDA
¥275.1 billion	¥16.7 billion	¥28.5 billion

Strategies by Business Segment

Spice/Seasoning/Processed Food Business

We aim to further grow and improve our profitability by strengthening our proposal capabilities and creating new value.

Kotaro Kawasaki

Managing Director
House Foods Group Inc.
Representative Director
& President,
House Foods Corporation



Strengths (Characteristics)

- Marketing and flavoring techniques that support customer-driven management
- Production and quality assurance system to ensure stable delivery of high quality products
- Strong brands nurtured in the pursuit of happiness through food since our founding

Risks and Opportunities

- Building a product portfolio that meets diverse dietary needs
- Ensuring sustainability in procurement and logistics
- Providing flexible value in response to polarization of consumption patterns (Moving forward with value-added strategies and raising consumer interest in the economic benefits of cooking products)
- Combining the expertise of Group companies to strengthen our proposal capabilities and expand customer contact points

● FY2022 review and future initiatives

In FY2022, the rapid pace of global inflation resulted in a very difficult year in terms of earnings for the segment. Against this backdrop, in the household use business we launched our first retort pouched product under the *Vermont Curry* brand, which celebrated its 60th anniversary in 2023. We will continue the evolution of the value we provide, in line with changes to the way people prepare and consume food at home. In addition, we merged the House Foods' food service business with Gaban, with the new structure having commenced in April 2023. By combining the strengths of both companies, we will strengthen our proposal capabilities in the food service market.

In FY2023, we will focus on restoring profitability and drawing up a new growth story. In the short term, we will continue to carry out price revisions in the household use and food service businesses, as we did during the previous fiscal year. We will also conduct timely promotions and introduce new high-value-added products, with the aims of revitalizing the market and restoring profitability. Over the medium to long term, we will treat social and environmental changes and diversifying dietary needs as opportunities for growth. We will draw up and implement a new growth story, so that we can expand customer contact points in every area of the Spice VC.

Health Food Business

We will move forward with initiatives to improve profits in Japan, and plan to strengthen existing businesses and expand into new areas overseas.

Yasukatsu Hiroura

Senior Managing Director
House Foods Group Inc.



Strengths (Characteristics)

- Possession of the Group's proprietary health materials (*Lactobacillus L-137*, turmeric extract) and know-how
- Possession of long-selling brands (Domestic: *C1000*, *Ichinichibun No Vitamin*, *Ukon No Chikara*, Overseas: *C-vitt* (Thailand))
- Materials research and product development capabilities, quality management, long-standing knowledge of functional foods and applied expertise

Risks and Opportunities

- Deploying products in line with lifestyle changes and increased global health consciousness as a result of the COVID-19 pandemic (changes in purchasing behavior and channels, changes in health needs) in countries where we operate
- Development of materials to conform with trends in ethical consumption and awareness of the SDGs, and expansion of animal welfare (*Lactobacillus L-137*)

● FY2022 review and future initiatives

In Japan, as the impacts of the COVID-19 pandemic lessened and consumer attitudes to voluntary activity restrictions shifted, sales of *Ukon No Chikara* recovered thanks to promotions and sales campaigns targeting periods of heightened demand. Sales in the vitamin business also grew, mainly through mass retailers. In particular, the jelly product *Ichinichibun No Vitamin* was used as part of food packages for people recuperating at home during the COVID-19 pandemic, which led to an increase in the number of people using the product. As a result, the domestic business returned to profitability in FY2022, through our efforts to improve earnings and through price revisions in response to soaring raw material costs.

Overseas, we are continuing to expand the vitamin business to countries we do not yet operate in. In the lactobacillus business, we are focusing on Europe and the U.S. as priority areas, and are forging ahead with activities to build a foundation for the business, including sending representatives to

the U.S. on secondment.

We will focus on reforms to our domestic profit structure and on establishing the foundations for our overseas businesses, in order to build the Functional Ingredients VC. In Japan, we will continue to improve earnings by strengthening the brand power of *C1000* and *Ichinichibun No Vitamin*. We also plan to increase sales of *Ukon No Chikara*, with a focus on light and moderate alcohol drinkers.

Overseas, under House Foods Group Asia Pacific Co., Ltd., which was established in Thailand in April 2022, we will strengthen existing businesses, accelerate the development of new areas, and aim to create new businesses worth 10 billion yen by 2030. In the lactobacillus business, we will focus on reducing costs and increasing evidence of the product lineup's effectiveness, aiming to boost sales by securing adoption by major companies.

International Food Business

We will focus on strengthening our business foundation, with the aim of increasing business in majority markets.

Tatsumi Yamaguchi

Director
General Manager of Global
Headquarters
House Foods Group Inc.



Strengths (Characteristics)

- Global production bases that realize local production for local consumption
- Value creation capabilities that address local needs using product development and quality assurance capabilities developed in Japan
- Tenacious marketing capabilities that transcend food culture barriers

Risks and Opportunities

- Expanding middle class that tolerates diverse food cultures
- Growing global health and environmental awareness (e.g. of tofu as a plant-based food)
- Expansion and training of global human resources
- Establishing a governance system that is in line with locally sufficient management

● FY2022 review and future initiatives

In FY2022, the business was a driving force for the Group's growth. Sales remained on a steep upward trajectory, with net sales increasing 25% year on year, and operating profit exceeded that of the previous year even after accounting for M&A-related costs. In the U.S., we implemented two price revisions during 2022 to absorb inflationary cost increases. In China, we worked to popularize our household use products. The results of these efforts included *Vermont Curry's* selection as government rations during COVID-19 era lockdowns in Shanghai.

To respond to unpredictable market shifts in the post-COVID-19 era, and to realize sustainable growth in each area, it is essential that we expand our business in majority markets and further strengthen our business foundation. In the U.S., we will strengthen the capabilities

(R&D, DX and governance) of the Soybean VC's headquarters, and aim to quickly achieve synergies (such as production base optimization and organizational integration) with Keystone Natural Holdings, LLC, which we acquired in September 2022. In China, we have entered a new phase of business expansion following the COVID-19 pandemic. We will expand our household use brands to emerging cities, focus on supplying commercial use ingredients to convenience stores and food manufacturers, and work to more quickly increase customer points of contact with our offering menu. In addition, in the curry business in the Southeast Asia region, we will expand the scale of our business in 2023 by launching a small roux product for household use under PT Sasa Housefoods Indonesia, which was established in November 2022 as a joint venture with local company Sasa Inti.

Restaurant Business

In Japan and overseas, we aim to become a "food entertainment company" with a lineup of business categories spanning a variety of genres.

Mamoru Kuzuhara

President and Representative
Director, Ichibanya Co., Ltd.



Strengths (Characteristics)

- Thorough adherence to the "customer-first" principle that has guided the Company since its founding
- Provision of the pleasure of choice through a wide variety of offerings (made-to-order curries with any combination of ingredients)
- Franchise development based on strong partnerships through a unique employee independence system (Bloom System)

Risks and Opportunities

- Increased opportunities for restaurants and a surge in inbound tourist demand, due to the recovery of economic activities following the COVID-19 pandemic
- Putting tools in place and equipping all sales channels to improve convenience for customers (home delivery, drive-through, mobile ordering, automated ordering systems)
- Developing new business categories and moving forward with M&A
- Overseas development of curry rice as a Japanese cuisine

● FY2022 review and future initiatives

Even as the impacts of the COVID-19 pandemic can still be felt, society is gradually returning to normal, and the number of foreign tourists visiting Japan is rising. On the other hand, various costs are also rising, and we implemented price increases in June and December 2022. At the same time, to give customers more freedom of choice when ordering their curry, we have added new menu options such as half-size toppings, rice volume selection in 50g increments, and set pricing for salads. Through these efforts and more, sales have gradually recovered.

We have continued to carry out new initiatives throughout the year. In October 2022, we opened the first "Curry House CoCo ICHIBANYA WORLD" restaurant in Kyobashi, Tokyo, offering *CoColchi* menu items imported back from overseas. In December, we opened the first "SPICE UP! COCOICHI BAKERY," a specialty store

for curry bread and spiced bread, in the underground shopping center beneath Nagoya station. In addition, in March 2023 we welcomed Takei, which operates the "Menya Takei" chain of ramen and tsukemen noodle restaurants, to the Group. Together, we will work to increase our corporate value.

In FY2023, we will work to refine the "Curry House CoCo ICHIBANYA" brand as part of our flagship business category. We aim to achieve solid growth, while also expanding "Curry House CoCo ICHIBANYA WORLD" and "SPICE UP! COCOICHI BAKERY" and working to develop and acquire new business categories through M&A and other activities. In Japan and overseas, we are aiming to be a "food entertainment company" that provides a wide range of meals to excite customers, using a lineup of business categories spanning a variety of genres.

Executives (As of June 27, 2023)

Directors



1
Hiroshi Urakami
Representative Director & President
Responsible for Corporate Planning
Division

2
Yasukatsu Hiroura
Senior Managing Director
General Manager of Digital Strategy
Headquarters / Responsible for
Domestic Affiliated Companies
Planning Support Division

3
Yoshiyuki Osawa
Senior Managing Director
General Manager of Administration
Headquarters / Responsible for
Secretariat Division

4
Kotaro Kawasaki
Managing Director
Representative Director & President,
House Foods Corporation

5
Yoshiyuki Miyaoku
Director
General Manager of Research &
Development Headquarters /
Responsible for Quality Assurance
Management Division,
Group Procurement Division,
Spice Value Chain Project,
Group Manufacturing Strategy
Planning & Promotion Project

6
Tatsumi Yamaguchi
Director
General Manager of Global
Headquarters

7
Atsushi Sakuma
Director
General Manager of Corporate
Communication Headquarters /
Responsible for New Business Planning
& Development Division,
Value-Added Vegetables Business
Development Division

8
Tsuneo Kubota
Director
Audit & Supervisory Committee
Member (Full-time)

9
Hiroyuki Kamano
Director
Audit & Supervisory Committee
Member (Outside)

10
Junsuke Fujii
Director
Audit & Supervisory Committee
Member (Outside)

11
Atsuko Okajima
Director
Audit & Supervisory Committee
Member (Outside)

12
Fukuichi Sekine
Director
Audit & Supervisory Committee
Member (Outside)

Notes: Please refer to our corporate website for a brief biography of each Board member. <https://housefoods-group.com/en/company/information02.html>

Skills matrix

Name	Position	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Committee meetings	Expertise and experience required for a Director in supervision and execution													
				Corporate management	Personnel affairs and diversity	Finance and accounting	Legal affairs, compliance and risk	Public relations, investor relations and corporate social responsibility	R&D	Intellectual property	Global	IT/DX	Quality assurance	Production and procurement	Sales, marketing and advertising	Management of other companies	
Hiroshi Urakami	President	14/14	—	●			●									●	●
Yasukatsu Hiroura	Senior Managing Director	14/14	—	●						●	●	●	●	●	●	●	●
Yoshiyuki Osawa	Senior Managing Director	14/14	—	●	●	●	●	●								●	
Kotaro Kawasaki	Managing Director	14/14	—	●				●								●	●
Yoshiyuki Miyaoku	Director	14/14	—	●						●		●	●	●	●	●	●
Tatsumi Yamaguchi	Director	13/14	—	●							●					●	●
Atsushi Sakuma	Director	—	—	●				●	●			●				●	
Tsuneo Kubota	Director Audit & Supervisory Committee Member (Full-time)	—	—				●			●							
Hiroyuki Kamano	Director Audit & Supervisory Committee Member (Outside)	14/14	13/13	●			●				●						●
Junsuke Fujii	Director Audit & Supervisory Committee Member (Outside)	14/14	13/13	●	●		●										●
Atsuko Okajima	Director Audit & Supervisory Committee Member (Outside)	14/14	13/13		●		●										
Fukuichi Sekine	Director Audit & Supervisory Committee Member (Outside)	—	—	●	●		●								●		●

Corporate Governance

Changes in strengthening of corporate governance

	2004	2008	2013	2016	2017	2020	2021	2022	2023
Systems and policies	● Introduced the Corporate Officer System (Abolished in 2013)	● Shift to a holding company system				● Established the Group Compliance & Risk Management Division	● Transitioned to a Company with an Audit & Supervisory Committee ✓ Strengthened the supervisory function of the Board of Directors ✓ Further enhanced the corporate governance system		● Evaluated the effectiveness of the Board of Directors
Directors (Outside Directors)		● Elected an Independent Outside Director (1 out of 9 Directors)		● Increased the number of Independent Outside Directors (2 out of 10 Directors)				● Change in the number of Independent Outside Directors (4 out of 12 Directors)	
Voluntary advisory committees					● Established the Compensation Advisory Committee		● Established the Nomination Advisory Committee	● Established the Investment Committee (Advisory body to the Management Committee)	
Compensation systems					● Introduced a stock compensation plan through an officers' shareholding association system (Abolished in 2021)		● Introduced the restricted stock compensation plan		

Basic policy on corporate governance

The Group aims to enhance the adequacy and effectiveness of management and optimize its corporate value by engaging in speedy management, with the intention of revitalizing the management organization and enabling prompt decision-making. Moreover, in order to properly respond to the dramatic changes taking place in the management environment, the Company has been striving

to improve its transparency and its role in society, as well as achieving accountability, while developing a corporate governance system to ensure thorough compliance.

The Company made Ichibanya Co., Ltd. a consolidated subsidiary in December 2015. Ichibanya is a listed company, and the Company undertakes the operation of that company's internal control system with due respect.

Approach toward keeping the parent company and its subsidiary listed

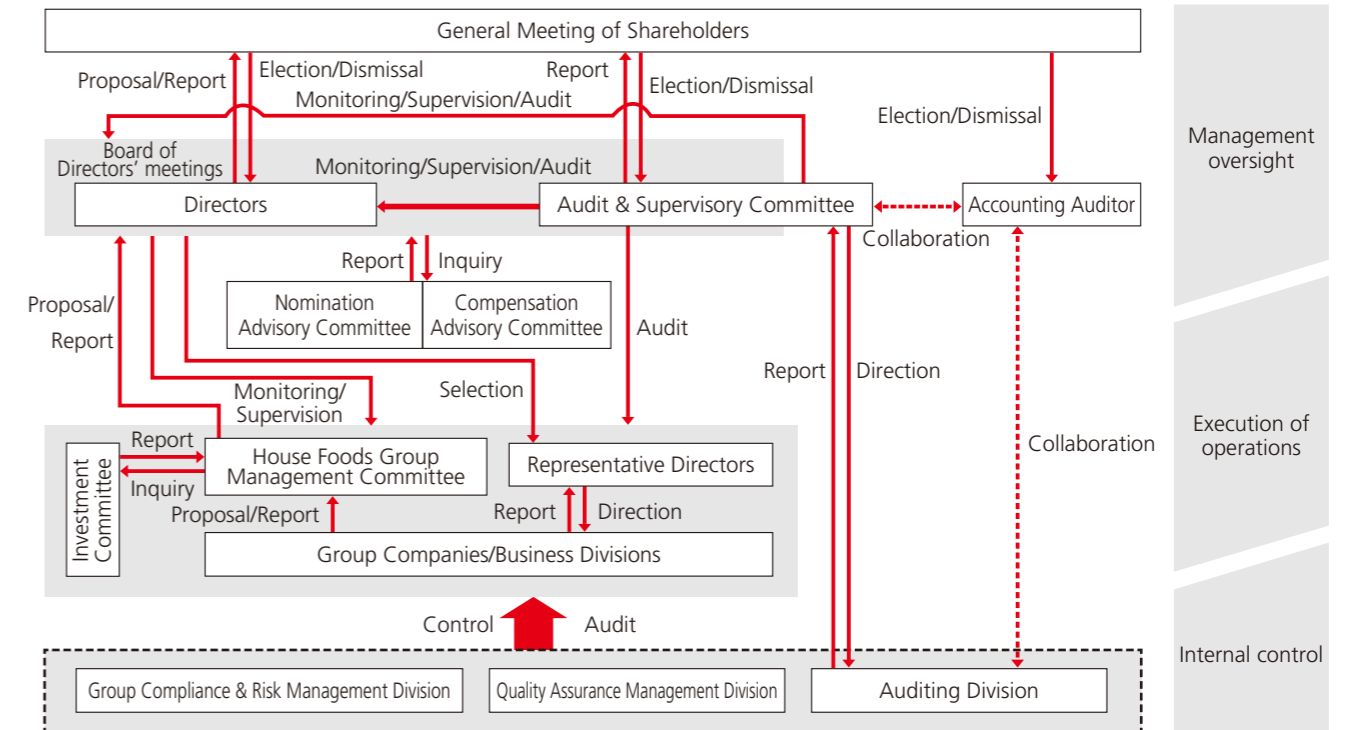
As the parent company, House Foods Group Inc. exercises a certain level of supervisory functions over Ichibanya Co., Ltd. For example, seconding a Director to the subsidiary as a non-standing Director, having the subsidiary regularly report on its business performance at its Board of Directors' meetings, and resolving at its Management Committee what proposals should be included in the agenda of the General Meeting of Shareholders of the subsidiary. On the other hand, the Company respects decisions on the execution of daily operations made by the subsidiary's management. The Company decides on the subsidiary's significant intra-Group transactions after seeking opinions from the Audit & Supervisory Committee. The Company has established a system that does not

allow it to unreasonably prejudice the interests of other shareholders of the subsidiary.

The Company and the subsidiary, whose business models are different, work together to strengthen collaboration and promote cooperation themes while respecting each other's uniqueness, thereby enabling three parties (including franchise owners who are engaged in the management of stores) to enjoy the benefits together. In this way, the Company believes that it will also contribute to bringing benefits to other shareholders of the subsidiary. The Company's policy is to keep both itself and the subsidiary listed while ensuring the effectiveness of the corporate governance system of the subsidiary.

Corporate governance system

Diagram of corporate governance system (As of July 2023)



System for execution of operations

With the aim of strengthening our audit and supervisory functions and further enhancing the corporate governance system, the Company transitioned from a Company with a Board of Auditors to a Company with an Audit & Supervisory Committee after gaining approval at the Ordinary General Meeting of Shareholders held on June 25, 2021. As a Company with an Audit & Supervisory Committee, the Company monitors, supervises, and audits the execution of duties by Directors and the legality and validity of resolutions by the Board of Directors through the Audit & Supervisory Committee and its five Directors who serve as Committee Members (of whom four are Outside Directors).

The Board of Directors consists of 12 Directors (of whom four are Outside Directors), and it makes decisions on the execution of important operations of the Group and monitors and supervises the execution of operations by other Directors and Group companies. The Company has also established the Nomination Advisory Committee and the Compensation Advisory Committee as voluntary advisory bodies to the Board of Directors, each with the

majority of members being Independent Outside Directors and each chaired by Independent Outside Directors, in order to ensure objectivity and transparency in the decision-making process for compensation and the election and dismissal of Directors.

In close cooperation with the Auditing Division, which is responsible for conducting audits of operations and implementing internal controls in respect of financial reporting, and which the Audit & Supervisory Committee has the right to give instructions to, the Audit & Supervisory Committee confirms how the audits are conducted and how the internal control system is evaluated, and regularly exchanges opinions. The committee also audits the execution of duties by Directors in an organized way in cooperation with the Accounting Auditor and corporate attorneys.

The accounting audit is performed by Deloitte Touche Tohmatsu LLC. We have an audit agreement with this firm to perform audits under the Companies Act and the Financial Instruments and Exchange Act.

Corporate Governance

Evaluation of the effectiveness of the Board of Directors

From December 2022 to January 2023, we carried out an evaluation of the effectiveness of the Board of Directors. We then analyzed and evaluated the results. The evaluation method and an overview of the results are shown below.

1. Evaluation method	2. Overview of results
<ul style="list-style-type: none"> i) Eligible respondents: all 12 Directors (of whom four are Outside Directors) ii) Response period: December 2022 to January 2023 iii) Implementation method: survey format (4-level rating scale + open evaluation) iv) Main evaluation items: <ul style="list-style-type: none"> a. The status of deliberations on matters to be resolved by the Board of Directors b. The implementation status of matters to be reported to the Board of Directors c. The status of the Board of Directors' functions and operations d. The status of collaborations between the Audit & Supervisory Committee, Nomination Advisory Committee and Compensation Advisory Committee 	<p>The functions and operations of the Board of Directors are adequate, and the Board's effectiveness, including its cooperation with the Audit & Supervisory Committee, Nomination Committee and Compensation Advisory Committee, are generally evaluated highly. However, some operational issues were identified.</p> <p>The specific results of the evaluation are as follows:</p>
3. Points that were evaluated particularly highly	
<ul style="list-style-type: none"> • Important matters to be resolved by the Board of Directors are being resolved after sufficient deliberation. • Multifaceted opinions are being reflected in the Board's decisions. • With appropriate support from the Secretariat, cooperation between the Board of Directors and the Audit & Supervisory Committee and each advisory committee is functioning effectively. 	
4. Major issues identified	5. Initiatives in relation to each issue
<ul style="list-style-type: none"> • Optimization of the Board of Directors' operations, through a review of proposal methods (a review of the proposal methods, frequency and applicable topics) • Expansion of opportunities for officers to acquire knowledge and understand the situation on the ground at worksites 	<ul style="list-style-type: none"> • Adjustment of the overall annual agenda • Commencement of practical use of the Board of Directors' Report, which compiles the report summary and the opinions of Inside Directors who are on the Management Committee into one document to be presented to the Board • Further enhancement of opportunities for Outside Directors to visit branches and to interact with employees at worksites directly

We will work to further improve the effectiveness of the Board of Directors and strengthen corporate governance, by establishing a cycle of periodic effectiveness evaluations and working to remedy issues and reinforce our strengths based on the evaluation results.

Operations of the Audit & Supervisory Committee

One full-time staff member and a small number of concurrently serving staff members are assigned to the Auditing Division, to assist the Audit & Supervisory Committee, and the Directors who serve as full-time Audit & Supervisory Committee Members, with their duties. The Auditing Division, to which the relevant staff members are assigned, is an organizational structure directly under the Audit & Supervisory Committee which the Committee has the right to give instructions to, thereby ensuring the effectiveness of the instructions given by the Audit & Supervisory Committee and Directors who are full-time Audit & Supervisory Committee Members. In addition, the General Affairs Division is responsible for the Administrative Secretariat of the Audit & Supervisory Committee, and also assists the Audit & Supervisory Committee and the Directors who serve as full-time Audit & Supervisory Committee Members with their duties.

We carry out periodic information and opinion exchanges with full-time Audit & Supervisory Board Members of Group

companies, through methods such as internal audit results and other reports from the Auditing Division, whistleblowing, survey results and other reports from the Compliance & Risk Management Division, opinion exchanges with the Quality Assurance Management Division, and by holding Audit & Supervisory Committee meetings at Group company branches to establish points of contact with worksites. In addition, Directors who serve as full-time Audit & Supervisory Committee Members conduct audits of Group company branches, attend important meetings including Management Committee meetings, and inspect and confirm all key resolution-related documents. They also concurrently serve as part-time Audit & Supervisory Board Members of major Group companies, and attend Board of Directors' meetings and other meetings at those Group companies. Full-time Audit & Supervisory Board Members of Group companies regularly attend Audit & Supervisory Committee meetings and report the results of Group company branch audits.

Election/dismissal of management executives and policy and procedures for nomination of candidates for Directors

The Company has established and disclosed the following selection criteria for the appointment of management executives and nomination of Directors. After deliberation by the Nomination Advisory Committee, chaired by an Independent Outside Director and composed of a majority

of Independent Outside Directors, the Board of Directors resolves to nominate candidates who meet the selection criteria and submit them for discussion and approval at the General Meeting of Shareholders.

Directors (excluding Directors who are Audit & Supervisory Committee Members)	<ul style="list-style-type: none"> • Persons who have the courage to stay committed to the Group philosophy, Our Motto, and mission statement • Persons who have the knowledge, experience, and ability to engage in management • Persons who aim to enhance corporate value, and who have the driving force to achieve performance targets • Persons with excellent personal qualities appropriate for a Director of the Company
Directors who are Audit & Supervisory Committee Members	<ul style="list-style-type: none"> • Persons who possess the ability to carry out an audit based on extensive experience and insight • Persons with excellent personal qualities appropriate for an Audit & Supervisory Committee Member of the Company

Personnel who are to serve as Directors in the future receive practical on-the-job training (OJT) mainly through gaining experience as directors of operating companies as well as off-the-job training mainly through executive development programs and internal training, as part of the Company's efforts to nurture successors.

If, after deliberation by the Nomination Advisory Committee, the Board of Directors determines that a management executive does not meet the election criteria, dismissal will be resolved by the Board of Directors and presented to the General Meeting of Shareholders for discussion and approval.

Outside executives (Directors who are Audit & Supervisory Committee Members)

Name and status of significant concurrent positions	Reasons for election [Particularly expected roles]	Independent Director	Term of office*
Hiroyuki Kamano <ul style="list-style-type: none"> • Representative Lawyer, Kamano Sogo Law Offices • Outside Director, NGK Insulators, Ltd. • Outside Director, Spancrete Corporation 	Mr. Kamano has extensive experience and a broad understanding of corporate legal affairs gained during his long involvement in legal services as a lawyer. [Supervising and auditing response to legal risks and compliance management]	○	8
Junsuke Fujii	Mr. Fujii has a deep understanding of management and extensive experience as a corporate manager gained during his many years in the financial business and in corporate and risk management. [Supervising and auditing risk management and overall business operations]	○	7
Atsuko Okajima <ul style="list-style-type: none"> • Outside Director, DAITO KOUN CO., LTD. • Non-standing Advisor, Kyokuyo Co., Ltd. 	Ms. Okajima has abundant experience from her long service in administration as well as broad insight into the food and other industries. [Auditing and supervising the promotion of women's participation and advancement and diversity management]	○	3
Fukuichi Sekine <ul style="list-style-type: none"> • Chairman and Director, Sumitomo Osaka Cement Co., Ltd. 	Mr. Sekine has a deep understanding of all aspects of company management, and has extensive experience as a corporate manager. [Supervising and auditing risk management and overall business operations]	○	Newly appointed

* The years specified in the "Term of office" column are the number of years each Directors has served since they took office as Outside Executives of the Company.

Corporate Governance

Basic design of compensation for executives

As our basic policy, the compensation system and the amounts of compensation, etc., for Directors (excluding Directors who are Audit & Supervisory Committee Members) are based on the following points: “it gives motivation for the enhancement of corporate value and sustainable growth, and generates ambition to achieve the goals of the Medium-term Business Plan in order to realize the Group philosophy,” “it is commensurate with the role and responsibilities of the position held, considering the Company’s scale and social responsibilities,” and “objectivity and transparency are ensured in the decision-making process for compensation.” They are determined by the Board of Directors after deliberations of the Compensation Advisory Committee.

After gaining approval at the Ordinary General Meeting of Shareholders held on June 25, 2021, we introduced the restricted stock compensation plan as a new compensation system for Directors (excluding Directors who are Audit & Supervisory Committee Members).

The compensation system and the amounts of compensation, etc., for the Directors who are Audit & Supervisory Committee Members are deliberated by the Compensation Advisory Committee at the request of the Audit & Supervisory Committee and, after the deliberation results are reported to the Audit & Supervisory Committee, determined by consultation among the Directors who are Audit & Supervisory Committee Members.

Composition of compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members)

Compensation type		Evaluation indicators, method of payment, etc.	Percentage of compensation
Fixed compensation		Add compensation according to the role to the compensation level determined by position, and pay as monthly compensation	70%
Performance-linked compensation	Short-term incentives	Based on the indicator determined by the Board of Directors, evaluate the degree of achievement of the relevant indicator for the Group or the operating company each Director is responsible for on a single fiscal-year basis, and pay as bonuses according to the results of the evaluation <small>Note: EBITDA was selected as an evaluation indicator from FY2021.</small>	20%
		Define the degree of achievement of targets set by each Director as an evaluation indicator, and pay as bonuses according to the degree of achievement	
Long-term incentives		Pay restricted stock compensation, with the transfer restriction period from the day of delivery of restricted stock until the day on which the relevant Director retires, for the purpose of providing incentives for the continuous improvement of corporate value and further advancing the sharing of value between the Directors and shareholders of the Company	10%

Notes: 1. Short-term incentives vary within the range of 70–130% based on two evaluation indicators. (In the event that performance fluctuates significantly, the details are deliberated by the Compensation Advisory Committee, and short-term incentives vary within the range of 0–150%.)
2. Compensation for Directors who are Audit & Supervisory Committee Members consists of only fixed compensation.

Total compensation, etc., by type, and number of eligible executives by executive category (Status for FY2022)

Executive category	Total compensation, etc. (Million yen)	Total compensation, etc., by type (Million yen)			Number of eligible executives
		Fixed compensation	Performance-linked compensation for single fiscal year	Restricted stock compensation	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	255	172	55	28	7
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	23	23	—	—	1
Outside Executives	72	72	—	—	4

Note: Compensation for Directors does not include the employee portion of salaries for Directors who serve concurrently as employees.

Strengthening governance through the Investment Committee

The Investment Committee has been established as part of our efforts to strengthen governance. As an advisory body to the Management Committee, and in order to make more effective use of growth investment resources in regard to M&A, which is indispensable for building the

four VCs, the committee will enhance corporate value by strengthening its checking function both in the deliberation phase when a proposal is made and in the monitoring phase after the investment is made.

Internal audit system

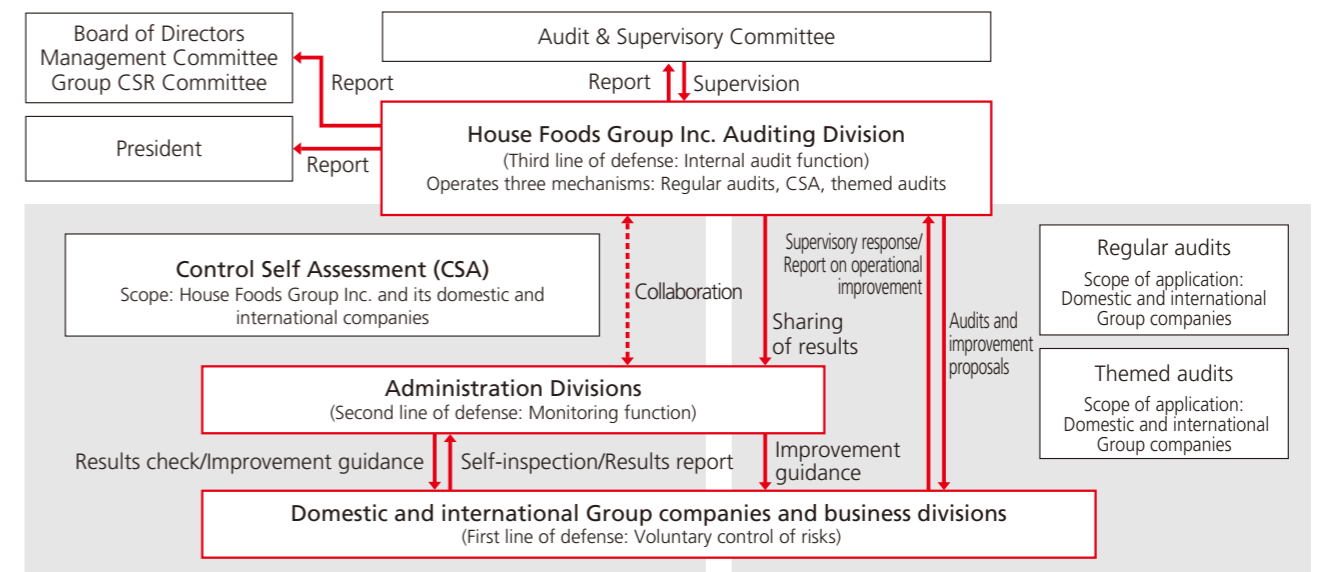
The Auditing Division reports directly to the Audit & Supervisory Committee and conducts audits of operations, including those of Group companies, in accordance with the audit plan.

The Auditing Division systematically conducts internal audits at approximately 30 branches, divisions, and Group companies annually, and also separately conducts comprehensive audits across all Group companies in line with specific themes selected based on the Group’s material risks and previous audit results. Results of audits are reported to the Audit & Supervisory Committee, President, and the Directors concerned. Audited divisions, if found to have room for improvement, shall be requested to come up with remedial action plans. The progress of said plans shall be checked against their stipulated timeline for implementation, as part of the Group’s effort to enhance

its internal control system. Starting in FY2018, the Company has introduced a survey-based Control Self Assessment (CSA), with the aim of having those in charge of operations (division heads) carry out their own evaluations and improvement of the effectiveness of control at the organization. In addition to implementing CSA at each domestic operating company, we carry out an international version of the CSA at overseas companies and make use of the results in a way that aligns with their respective business environments.

Development of internal controls related to financial reporting is the responsibility of the Auditing Division, which develops a framework for internal control of branches as well as divisions and evaluates the operation of the internal control system, ensuring a framework capable of providing financial reports with superior credibility.

Diagram of House Foods Group internal audit system



Dialogue between Outside Directors



Hiroyuki Kamano

Outside Director, Audit &
Supervisory Committee Member

Atsuko Okajima

Outside Director, Audit &
Supervisory Committee Member

We look forward to a swift transformation with the aim of truly global management, and to deepening our discussions on the Company's future vision

Roles of Outside Directors

How do you perceive your role as an Outside Director, in terms of improving House Foods Group's corporate value?

Kamano I have been a lawyer for many years, specializing in corporate law. I have also been an Outside Director at numerous companies over those roughly 16 years. It is vital for the Group to increase corporate value by securing profit, which is also needed to fulfill its social responsibilities. However, there is still room for improvement in the Group's profit margin. The promotion of business development (including M&A) to achieve truly global management

is essential for improving the profit margin as the link to future growth. This will undoubtedly require sound risk-taking, but above all else it is necessary to ensure that the defensive aspects of compliance and governance are in place as a prerequisite. In addition, I would like to fulfill my role as an Outside Director in order to be mindful of the balance between offensive and defensive measures and make the most appropriate decisions.

Okajima I would like to contribute to the transformation of the Group's value chains, drawing on my previous experience in consumer affairs administration at the Ministry of Agriculture, Forestry and Fisheries in areas such as food safety and security, as well as in managing distribution of agricultural products. In addition, having served as Director-General of the Gender Equality Bureau of the Cabinet Office, I want to thoroughly play my part in promoting diversity in the Group. Diversity initiatives, including promoting the active participation of women in the workplace, are steadily moving forward in accordance with the current Medium-term Business Plan. However, the downside of this steady progress is that it appears to be taking slightly longer than expected. From April 2023, the personnel system and evaluation system at House Foods Corporation have been changed. The systems are being improved primarily to make it easier for employees to work and demonstrate their abilities, but it is also important for us to accelerate those efforts and achieve results as

soon as possible.

Kamano Regarding diversity, I feel there is a need to increase the ratio of women on the Board and in management positions, and we should also proactively carry out mid-career recruiting. As for the diverse nationalities and cultures of employees, as the scale of our overseas business expands and we enter the global management phase, we will need interactive human resource exchanges between Japan and other countries—for example, through local hiring of management executives and having locally hired employees play an active role in Japan. In terms of governance, I feel it is also essential to consider establishing an auditing department at each overseas Group company, to coordinate with the Auditing Division in Japan.

Okajima As we expand our global operations, it is possible that there may be areas in which we are not able to pay close enough attention to our foreign Group companies. For this reason, we may also want to keep an eye on internal controls.

Operations of the Board of Directors

Please describe the atmosphere and operations of the Board of Directors and committees, and the key discussions that took place during FY2022.

Kamano The Company's transition to a Company with an Audit & Supervisory Committee in 2021 has strengthened our monitoring. The recently established Compensation Advisory Committee and Nomination Advisory Committee have also increased the fairness and transparency of remuneration- and personnel-related matters, and I believe that the effectiveness of the Board of Directors is rising each year. In addition, more recently we have created opportunities for discussions with full-time Audit & Supervisory Board Members at operating companies, which has been an excellent way to directly talk with and listen to each Group company and understand the issues they are facing.

Okajima The Board of Directors also provides opportunities for "Audit & Supervisory Committee Time," during which Outside Directors can freely ask questions and express their opinions on matters that have not yet been discussed by the Management Committee, and can engage in lively discussions with Inside Directors.

Kamano On the other hand, as a lot of time is spent on issues related to how we currently execute

business, I think it would be better if we could spend more time discussing medium- to long-term themes, such as the direction we should take in terms of our vision for the Company in 10 or 20 years' time, and financial strategy, including what the cost of capital should be. I have been reading Management Committee documents and meeting minutes, and I feel that precise discussions are being held on issues the Group is facing, and that more authority over business execution should be delegated to management executives.

Okajima I completely agree, and I think it is important to discuss individual cases taking into account what the Company should be and what direction it should take.

Kamano I feel that the Investment Committee, which was newly established in January 2022, is also performing an important function. In regard to the M&A of Keystone Natural Holdings, LLC ("Keystone"), a U.S.-based tofu and plant-based foods (PBF) manufacturing company, we held a great deal of discussion on the advantages and disadvantages

Dialogue between Outside Directors



and whether it was a risk we should take, given the high acquisition cost and the massive impact of the outcome on the Company.

Okajima The decision to acquire Keystone was made at a time when the global economic outlook was extremely uncertain due to the COVID-19 pandemic and the Russian invasion of Ukraine. We received many explanations of the synergy effects created through M&A and the post-M&A control policy, and we repeatedly considered them.

Kamano One difficulty was that Keystone was a competitor of House Foods America Corporation at

that time, and we had to make a decision based on limited information because of U.S. antitrust laws. As Ms. Okajima mentioned, the executive team explained the benefits of M&A, synergy effects and post-M&A development in detail. I felt that in order to take the soybean value chain, which has grown up to this point, to the next level, we should enter the PBF domain. Although it is a significant investment, I thought it was a risk we should take based on synergy effects and other considerations. I believe that we can learn a lot from Keystone in terms of management speed. It has a unique business model of swiftly developing and manufacturing new products in response to market needs, and then delivering them to society. I look forward to the Group absorbing these strengths, which it does not currently possess.

Okajima As the business environment continues to rapidly change, both in Japan and overseas, it is essential that we respond quickly and flexibly. The Group leaves a strong impression as a manufacturing company, and I believe that, as a food business, we are working with the mission of providing a stable supply of safe, secure, quality food products in large quantities. Every employee takes a serious, systematic approach to their work, but I feel that their sense of speed is slightly lacking. While continuing to maintain the stable provision of quality products, it is important for us to move forward with changes in order to survive in such a harsh environment.

Effectiveness of the Board of Directors

Evaluations of the effectiveness of the Board of Directors have been conducted since FY2022. What is your assessment of the process and content of evaluations?

Okajima Evaluations of the Board's effectiveness involve a detailed assessment of the Board's methods of evaluation and operation, as well as the proposal timing of each major agenda item, provision of information in advance, documents and details of discussions, and the need for ongoing follow-ups. For myself, it was a good opportunity to reflect on the kind of Outside Director I should have been. Based on the effectiveness evaluation, improvements have been planned immediately, and from FY2023 details of discussions held at Management Committee meetings regarding proposals are being shared, so that discussions based on this information can be held at Board of Directors' meetings.

Kamano While other companies often engage a third-party organization to evaluate the effectiveness of their Board of Directors, the Company's General Affairs Division took the lead in preparing questions and assessment summaries and carrying out the evaluations. The surveys were comprehensive and well thought out, and included a question on how Board members view issues related to the Eighth Medium-term Business Plan in addition to the effectiveness evaluation. I feel that the fact that the content was tailored to the Company's situation is something we should greatly appreciate, and that we can make effective use of the results.

Expectations for the Group's future

Finally, what are your expectations for House Foods Group going forward?

Kamano Since 2015, when I became an Audit & Supervisory Board Member of the Company, the Group has diversified, with an increase in the number of Group companies through M&As and expansion of the scope of its business development from upstream through to downstream. Each Group company aims to achieve its own goals while the Company works from the viewpoint of optimizing the Group, and these approaches have not always been a good match. However, I value the synergy generated by the Group through Groupwide initiatives and other efforts. Regarding human resources, active rotation between divisions and Group companies will lead to growth. I believe that the inclusion of personnel with diverse experience will help to create a unifying force, to enhance the sense of unity within the Group. Our Group is engaged in the highly social business of "food," and I expect our employees to resolve social issues related to food, not only in Japan, but also around the world, by taking pride in their work and working toward even greater improvements as a quality company. In addition, in order to grow in the face of a declining population in Japan it is essential to strengthen our overseas operations, and the Group is currently in the process of further accelerating our globalization efforts. The company is built on the strengths of every individual employee, and I hope that management executives will steer the Group toward global management that will make all of our employees excited about their work.

Okajima To strengthen our global development, it is vital to secure human resources and to manage with an awareness of the cost of capital. In terms of human resources, developing global human resources swiftly in Japan, securing local human resources and recruiting and training management executives are all challenges. I would like to see the Company continue to revise the personnel system with a focus on global development. In addition, management has not been conducted with strong awareness of the cost of capital in some areas, partly because the Group is cash-rich. However, as the Group's global development increases, the amount of capital required will likewise increase, so it is essential to improve the efficiency of its capital.

Kamano As the Group stands now, it has a high enough level of social recognition, but it is still not completely clear what kind of company it will become. To achieve medium- to long-term growth, I would like to see the Group define its vision of where it wants to be in the future, such as in 2030 and 2050, at an early stage. It is important to define the ideal vision not simply as an inevitable conclusion of what is happening in the present, but by considering what kind of brand and product portfolio the Group should hold and how businesses should be developing at that point in time, and then backcasting from there to determine what actions we should be taking now. While we have been using that concept for the six years (starting from 2021) that the Seventh and Eighth Medium-term Business Plans will cover, I believe that by looking further ahead, each employee, including the younger generations, will be able to clearly recognize what needs to be done.

Okajima I believe that House Foods Group's "Three Responsibilities" approach is a constant, and will not change even after several decades. However, as the business environment is changing significantly, I also believe that the way we do things will change. I believe that the Group has reached the time for transformation and holds the power to do so. I expect the Group to quickly clarify its long-term vision and swiftly accelerate its transformation with the aim of realizing that vision.



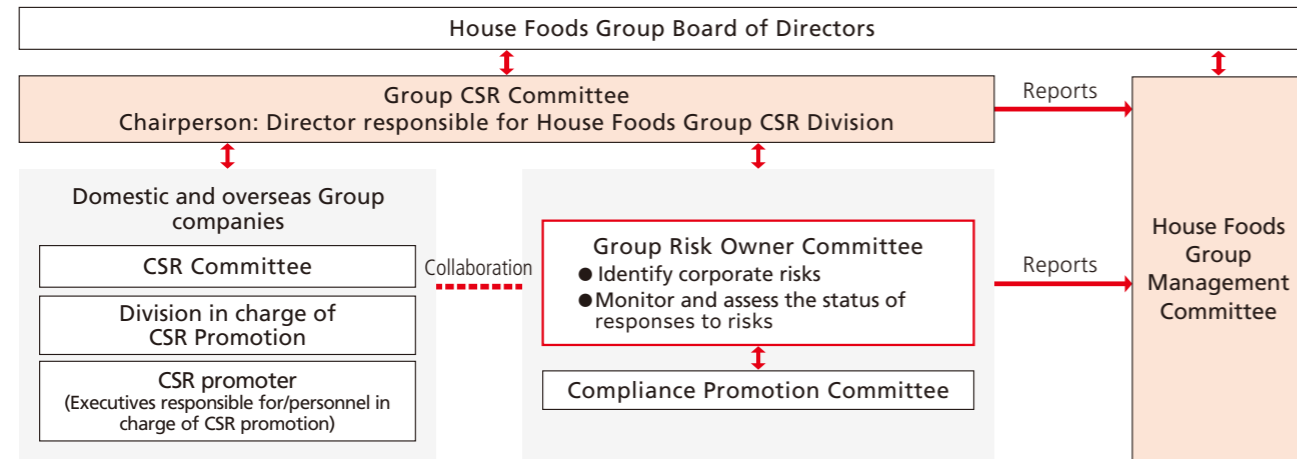
Risk Management

See here for "Business and Other Risks."
<https://housefoods-group.com/en/ir/policy/risk.html>

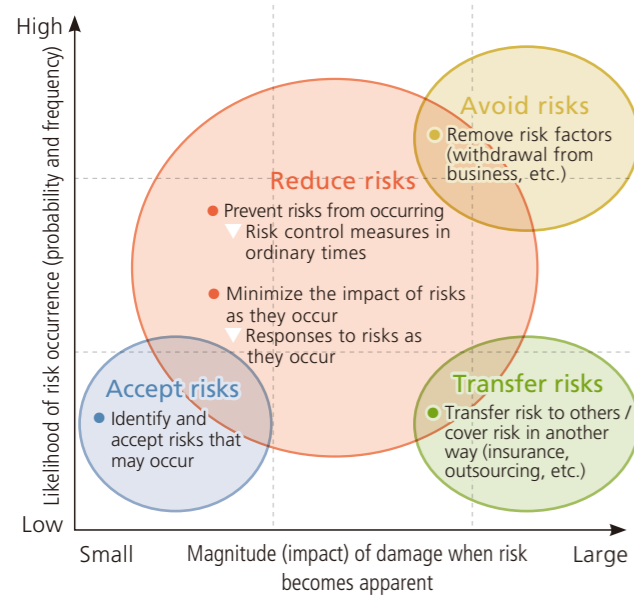
House Foods Group is fulfilling its social responsibility by appropriately identifying and managing various risks surrounding the Group's business activities, while striving to minimize human, economic, and social damage, recover quickly, and prevent recurrence, in the event that any risk should occur.

Risk management promotion system

At the Group, verification of risk management activities of the entire Group and voluntary control of risks by the Group companies constitute the two pillars of risk management.



Approach toward priority



- Examples of corporate risks
- Natural disasters
 - Infectious disease pandemics
 - Accidents and incidents
 - Information leaks
 - Reputational damage
 - Harassment
 - Work accidents

The Group also conducts regular risk investigation to identify potential risks, and evaluates their impact, occurrence likelihood and status of responses. Each Group company and division considers risk control measures based on the results of such investigation so that the risks are managed appropriately. Each Group company particularly focuses on responding to "the company's material risks" that have material impacts on the management of the company.

Business continuity plan and business continuity management

The Group formulates and implements a business continuity plan (BCP) to fulfill its social responsibility and maintain trust when the businesses of Group companies face the risk of suspension due to some factors such as natural disasters. In addition, based on the belief that business continuity management (BCM), which is an initiative in normal times, is important to ensure the effective functioning of the BCP and to enhance its effectiveness, we are examining advance measures, conducting periodic drills, and reviewing various manuals and other documents. Starting with the Seventh Medium-term Business Plan, we have established detailed rules for BCM operations to firmly establish and strengthen our initiatives.

Risk management activities

The Group has defined risks that have material impacts on Groupwide management as corporate risks. The Group Risk Owner Committee (Secretariat: the Group Compliance & Risk Management Division) identifies, analyzes, and assesses risks, obtains advice from an external specialized organization, selects corporate risks, and submits reports to the House Foods Group Management Committee.

Compliance

House Foods Group addresses compliance not merely in a narrow sense of adherence to laws and regulations but in a wider sense of comprehensive response to social demands including compliance with internal rules, social ethics, and social morals. In order to be trusted by society and ensure future development, we have established a compliance system that ensures the appropriateness of operations at each Group company, and have been engaged in specific initiatives accordingly.

Recognizing that the practice of compliance is one of the most important issues for the realization of CSR management, House Foods Group responds to the expectations and demands of society by acting in accordance with compliance policies in every aspect of its business activities.

Promotion structure and specific initiatives

At House Foods Group, the division in charge of CSR activities of each Group company plays a central role in promoting and ensuring thorough compliance, together with CSR promoters (executives responsible for CSR promotion and personnel in charge of CSR promotion) who are selected on a division-by-division basis.

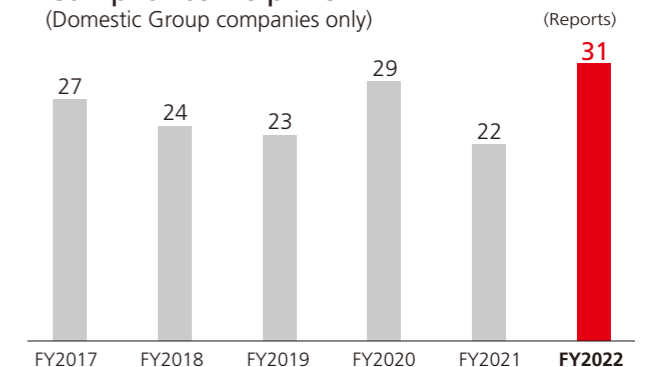
In order to strengthen risk management and establish, diffuse, and entrench a compliance system, we have established the Group CSR Committee headed by a Director of House Foods Group.

Under the supervision and guidance of the Group CSR Committee, we have also established the Group Risk Owner Committee, which plays a role in formulating and promoting risk management plans, and the Compliance Promotion Committee, which is comprised of executives responsible for CSR activities and division leaders in charge of CSR activities at Group companies. We regularly exchange information and promote unified initiatives across the Group. Important matters for management are reported to

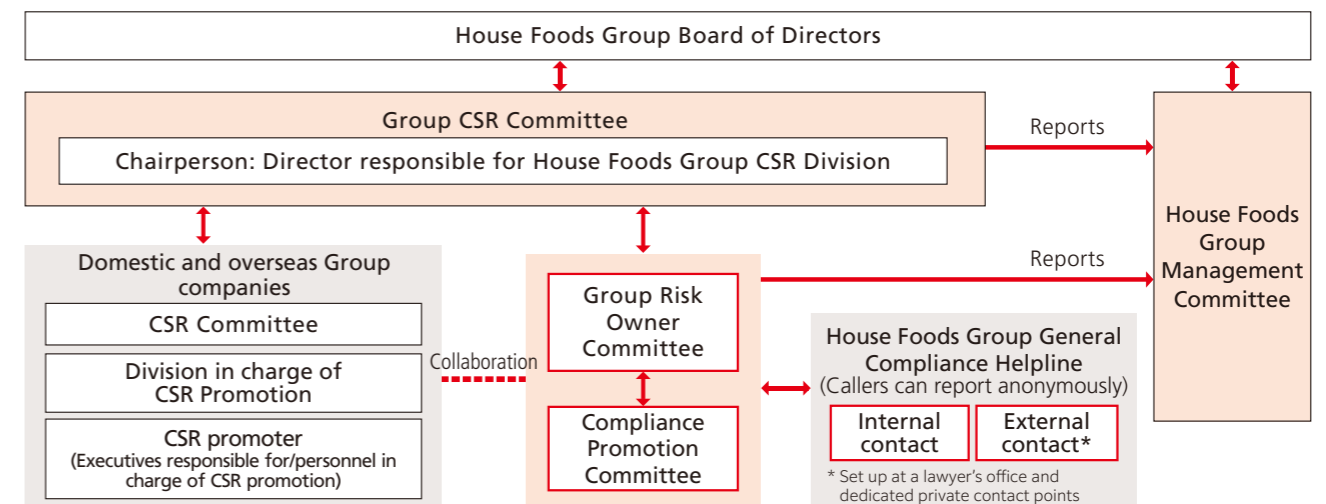
the Group CSR Committee, which then submits reports and makes recommendations on such matters to the Group Management Committee.

In addition, a compliance survey is conducted with all Group employees each year. Through this survey, we seek to identify issues to ensure compliance, such as the awareness and status of understanding toward compliance, information management, and workplace environment. The survey results are fed back to the President and the executive responsible for CSR activities and division leaders in charge of CSR activities at each Group company. Based on their feedback, each Group company plans and takes necessary measures. We also carry out awareness-raising activities by rank ranging from new hires to management members, hold learning sessions on a workplace or office basis, and conduct individual learning that makes use of study materials. Across the Group, we uphold a three-year activity theme as well as a keyword and a specific initiative theme every year, and continue to carry out compliance promotion activities. Through these activities, we strive to cultivate a workplace climate that focuses on compliance.

Number of reports received by the House Foods Group General Compliance Helpline

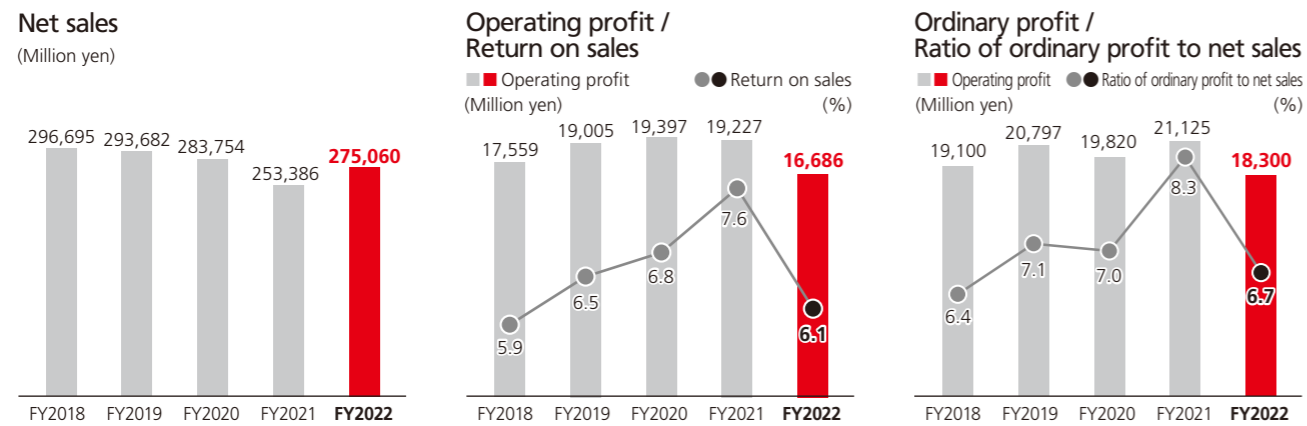


Compliance promotion structure

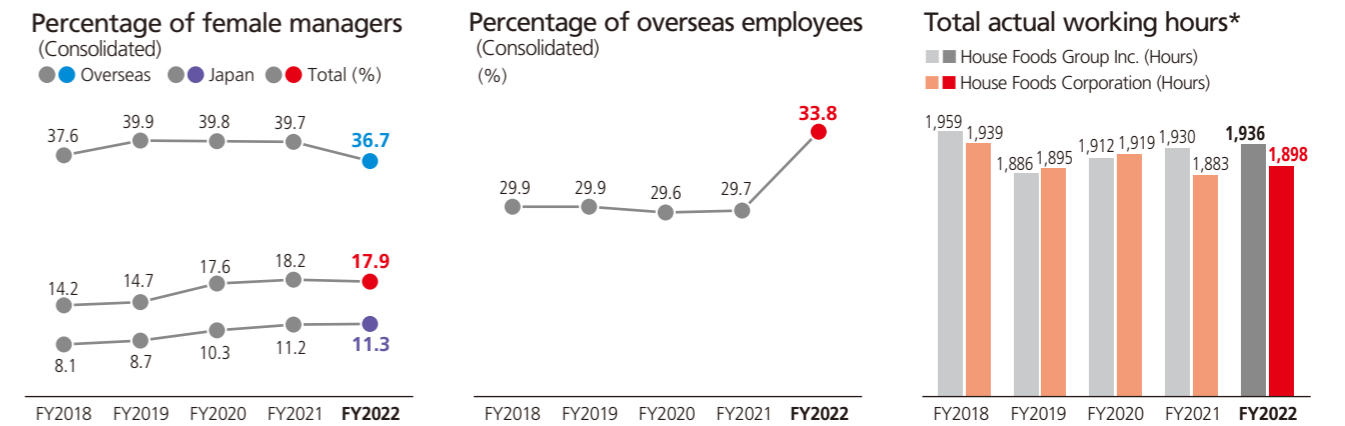


Financial and Non-financial Highlights

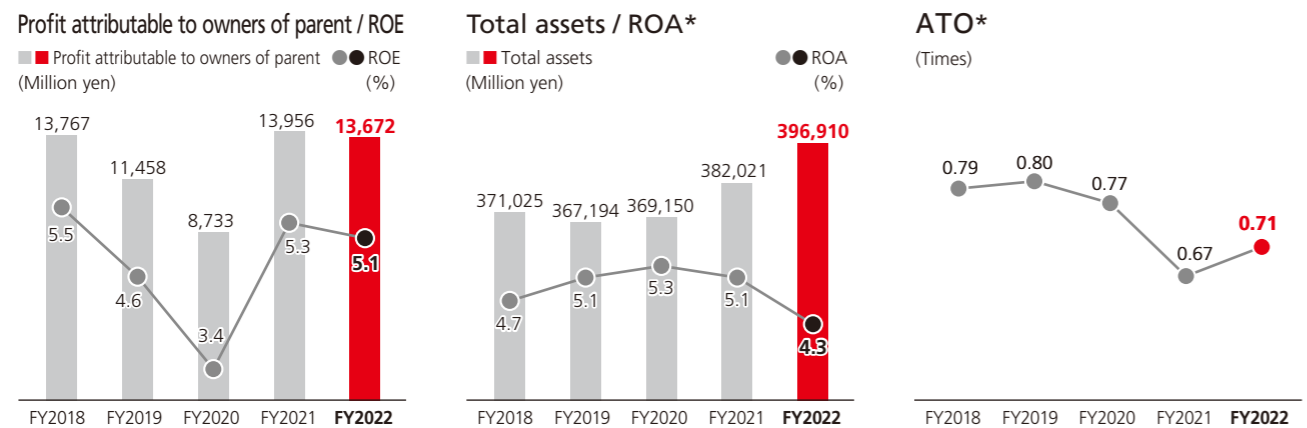
Financial Highlights → See pages 31-32 for Explanation of Financial Strategy.



Non-financial Highlights ESG Data → <https://housefoods-group.com/csr/esg/esgdata/> (PDFs in both languages)

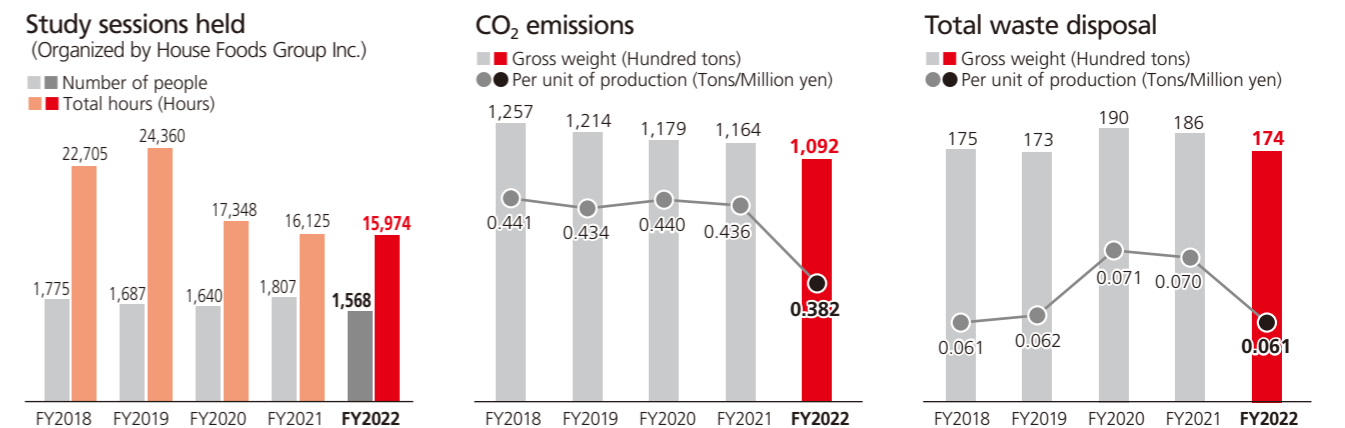


* Total actual working hours = Normally scheduled working hours + overtime hours - paid leave (Hours)

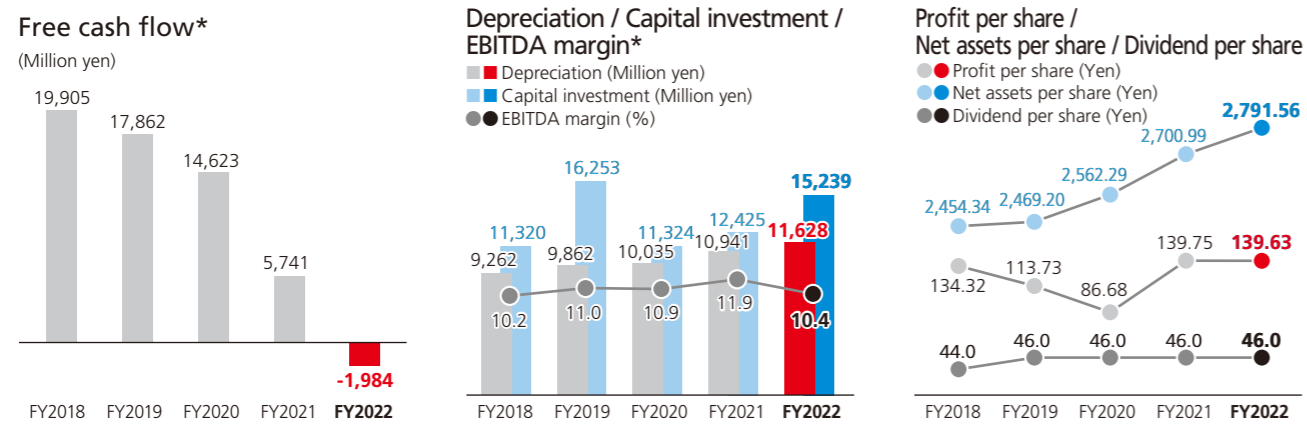


* Return on assets

* Total asset turnover



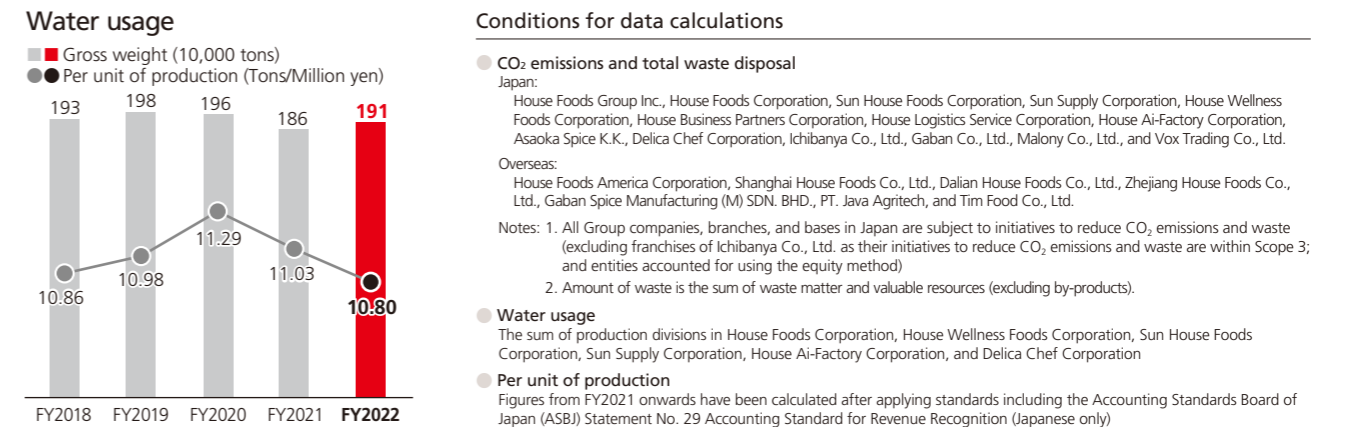
Note: Human resource development programs, career formation, etc., at entire House Foods Group. Does not include various training and OJT at each business company.



* Operating cash flow + Investing cash flow

* EBITDA = (Operating profit before amortization of goodwill + Depreciation) / Net sales

Notes:
 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., are applied from FY2021 onward.
 2. Regarding the business combination with U.S.-based Keystone Natural Holdings, LLC on September 31, 2022, the price purchase allocation (PPA) was completed in the first quarter of the fiscal year ending March 30, 2024. Accordingly, figures for the previous fiscal year reflect the completion of the PPA.



11-Year Selected Financial Data

		Previous standard									New standard ²		
		FY2012	FY2013	FY2014	FY2015		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 ³
Net sales	(Million yen)	209,784	232,610	231,448	241,893		283,812	291,897	296,695	293,682	283,754	253,386	275,060
Operating profit	(Million yen)	11,441	9,589	8,686	10,775		12,312	16,288	17,559	19,005	19,397	19,227	16,686
Ordinary profit	(Million yen)	13,445	10,962	10,957	12,152		13,951	17,207	19,100	20,797	19,820	21,125	18,300
Profit attributable to owners of parent	(Million yen)	8,254	8,792	6,971	22,632		8,683	9,353	13,767	11,458	8,733	13,956	13,672
Depreciation	(Million yen)	5,020	5,056	5,789	6,908		9,345	9,126	9,262	9,862	10,035	10,941	11,628
Capital investment	(Million yen)	5,684	11,115	9,588	6,757		7,708	10,215	11,320	16,253	11,324	12,425	15,239
EBITDA (Operating profit (before amortization of goodwill) + Depreciation)	(Million yen)	17,167	14,815	14,642	18,699		25,235	28,978	30,242	32,284	31,059	30,112	28,493
Cash flows from operating activities	(Million yen)	12,884	8,818	8,428	12,518		21,298	23,608	20,913	24,218	23,181	16,140	19,483
Cash flows from investing activities	(Million yen)	(1,841)	(7,471)	(4,679)	(8,308)		(2,169)	(13,739)	(1,008)	(6,356)	(8,558)	(10,398)	(21,467)
Cash flows from financing activities	(Million yen)	(4,943)	(68)	(10,588)	(3,743)		(7,388)	(5,317)	(17,317)	(7,567)	(6,172)	(10,068)	(12,739)
Cash and cash equivalents at end of fiscal year	(Million yen)	47,715	49,586	43,832	44,156		55,594	60,202	62,495	69,870	78,343	75,705	62,682
Total assets	(Million yen)	250,780	273,368	286,149	349,427		353,888	378,864	371,025	367,194	369,150	382,021	396,910
Net assets	(Million yen)	199,328	210,097	221,456	260,329		266,615	283,719	279,144	280,930	287,291	298,567	301,335
Shareholders' equity	(Million yen)	198,731	208,801	219,927	228,812		235,246	251,814	247,275	248,770	258,145	268,996	272,285
Profit per share	(Yen)	77.78	83.13	67.61	220.48		84.53	91.02	134.32	113.73	86.68	139.75	139.63
Net assets per share	(Yen)	1,879.06	1,974.31	2,140.27	2,231.86		2,289.43	2,450.71	2,454.34	2,469.20	2,562.29	2,700.99	2,791.56
Dividend per share	(Yen)	30.0	35.0 ¹	30.0	30.0		32.0	38.0	44.0	46.0	46.0	46.0	46.0

Key Indicators

		Previous standard									New standard ²		
		FY2012	FY2013	FY2014	FY2015		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 ³
ATO (Total asset turnover)	(Times)	0.85	0.89	0.83	0.76		0.81	0.80	0.79	0.80	0.77	0.67	0.71
ROS (Return on sales)	(%)	5.5	4.1	3.8	4.5		4.3	5.6	5.9	6.5	6.8	7.6	6.1
EBITDA margin	(%)	8.2	6.4	6.3	7.7		8.9	9.9	10.2	11.0	10.9	11.9	10.4
ROA (Return on assets)	(%)	4.7	3.7	3.1	3.4		3.5	4.4	4.7	5.1	5.3	5.1	4.3
Equity ratio	(%)	79.2	76.4	76.9	65.5		66.5	66.5	66.6	67.7	69.9	70.4	68.6
ROE (Return on equity)	(%)	4.3	4.3	3.3	10.1		3.7	3.8	5.5	4.6	3.4	5.3	5.1

1. Includes a commemorative dividend of 5 yen per share for its centenary.

2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., are applied from FY2021 onward.

3. Regarding the business combination with U.S.-based Keystone Natural Holdings, LLC on September 30, 2022, the price purchase allocation (PPA) was completed in the first quarter of the fiscal year ending March 31, 2024. Accordingly, figures for the previous fiscal year reflect the completion of the PPA.

Group Companies (As of June 30, 2023)

Spice/Seasoning/Processed Food Business (8 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
House Foods Corporation	Production and sales of curry, stew, spice, and commercial-use products	Higashiosaka City, Osaka	¥2,000 million	100.00
Sun House Foods Corporation	Production of retort pouched foods, etc.	Konan City, Aichi	¥100 million	100.00
Sun Supply Corporation	Production of processed meat products	Konan City, Aichi	¥50 million	100.00
House Ai-Factory Corporation	Production of spice products	Higashiosaka City, Osaka	¥60 million	99.89
Asaoka Spice K.K.	Sales of spices	Chiyoda-ku, Tokyo	¥16 million	100.00
House Gaban Corporation	Production, sales, export and import of spices and food products	Chuo-ku, Tokyo	¥490 million	100.00
Gaban Spice Manufacturing (M) SDN. BHD.	Production of spices	Penang, Malaysia	MYR 64.1 million	100.00
Malony Co., Ltd.	Production and sales of starch products, etc.	Suita City, Osaka	¥60 million	100.00

Health Food Business (1 company)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
House Wellness Foods Corporation	Production and sales of health foods and beverages	Itami City, Hyogo	¥100 million	100.00

International Food Business (16 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
House Foods Holding USA, Inc.	Holding company for U.S. subsidiaries	Garden Grove, California, U.S.A.	US\$187 million	100.00
House Foods America Corporation	Production and sales of soybean-related products, import sales of Group products	Garden Grove, California, U.S.A.	US\$2.35 million	100.00
Keystone Natural Holdings, LLC	Management of tofu, meat alternatives and other plant-based food products businesses	Folcroft, Pennsylvania, U.S.A.	US\$19.904 million	100.00
Nature Soy, LLC	Production and sales of tofu, meat alternatives and other plant-based food products	Philadelphia, Pennsylvania, U.S.A.	US\$23.955 million	100.00
Superior Natural ULC	Production and sales of soybean-related products	Vancouver, British Columbia, Canada	CND 2.209 million	100.00
El Burrito Mexican Food Products Corporation	Production and sales of soybean-related products	Industry, California, U.S.A.	US\$4.20 million	100.00
House Foods China Inc.	Sales of spices and condiments such as curry roux products and import sales of Group products; supervision of China business	Shanghai, China	RMB 610.943 million	100.00
Shanghai House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Shanghai, China	RMB 131.566 million	100.00
Dalian House Foods Co., Ltd.	Production and sales of foods	Dalian, Liaoning Province, China	RMB 194.880 million	100.00
Zhejiang House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Pinghu, Zhejiang Province, China	RMB 274.245 million	100.00
House Foods Vietnam Co., Ltd.	Production and sales of processed foods	Dong Nai, Vietnam	VND 479.8 billion	100.00
House Foods Group Asia Pacific Co., Ltd.	Management of functional drink business in Southeast Asia	Bangkok, Thailand	Baht 1,132 million	100.00
House Osotspa Foods Co., Ltd.	Sales of processed foods and beverages	Bangkok, Thailand	Baht 167 million	60.00
PT House And Vox Indonesia	Sales of spices and condiments and export sales of spices	Special Capital Region of Jakarta, Indonesia	Rp. 32.4 billion	99.59
PT Sasa Housefoods Indonesia	Sales of spices and condiments	Special Capital Region of Jakarta, Indonesia	Rp. 10.0 billion	49.00
House Foods Taiwan Corporation	Import sales of Group products	Taipei, Taiwan	NT\$29 million	100.00

Restaurant Business (10 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
Ichibanya Co., Ltd.	Planning and operation of restaurants	Ichinomiya City, Aichi	¥1,503 million	51.00
Ichibanya USA, Inc.	Planning and operation of restaurants	Torrance, California, U.S.A.	US\$7 million	60.80
Ichibanya Restaurant Management (China) Co., Ltd.	Planning and operation of restaurants	Shanghai, China	RMB 111.176 million	51.00
Taiwan Ichibanya Inc.	Planning and operation of restaurants	New Taipei, Taiwan	NT\$107 million	40.80
Ichibanya International Hong Kong Limited	Restaurant operation guidance and trading services	Kowloon, Hong Kong, China	HK\$7.5 million	51.00
Ichibanya Hong Kong Limited	Planning and operation of restaurants	Kowloon, Hong Kong, China	HK\$26.375 million	58.37
Ichibanya UK Limited	Planning and operation of restaurants	London, U.K.	GBP 4.5 million	51.00
Ichibanya International USA, Inc.	Planning and operation of restaurants	Torrance, California, U.S.A.	US\$0.3 million	51.00
Daikoku Shoji Co., Ltd.	Planning and operation of restaurants	Asahikawa City, Hokkaido	¥3 million	51.00
Takei Co., Ltd.	Planning and operation of restaurants	Joyo City, Kyoto	¥5 million	51.00

Other Food Related Business (6 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
Vox Trading Co., Ltd.	Import, export, and sales of agricultural products and foods	Chuo-ku, Tokyo	¥500 million	86.28
Tim Food Co., Ltd.	Production and sales of frozen vegetables, mustard essential oil, and processed foods, etc.	Bangkok, Thailand	Baht 185 million	81.32
PT. Java Agritech	Agricultural management and processing and sales of agricultural products, etc.	Semarang, Middle Java, Indonesia	Rp.21.2 billion	82.90
Delica Chef Corporation	Production and sales of ready-made dishes, baked bread, and dessert products	Kuki City, Saitama	¥60 million	100.00
House Logistics Service Corporation	Transport and warehouse operations	Higashiosaka City, Osaka	¥80 million	100.00
House Food Analytical Laboratory Inc.	Analysis service concerning safety and sanitation of foods	Yotsukaido City, Chiba	¥60 million	100.00

Common (2 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
House Business Partners Corporation	Undertaking of outsourced operations of the Group	Higashiosaka City, Osaka	¥10 million	100.00
PatchworkQuilt Inc.	Undertaking demonstration of new value and new business within the Group	Chiyoda-ku, Tokyo	¥10 million	100.00

Equity-method Affiliates (5 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
Ichibanya Midwest Asia Co., Ltd.	Operation of restaurants in Thailand	Bangkok, Thailand	Baht 50 million	23.87
Vox Trading (Thailand) Co., Ltd.	Export sales of vegetables in Thailand	Bangkok, Thailand	Baht 23 million	42.28
Sanyo Can Corporation	Production and sales of retort pouched products and canned products, etc.	Fukushima City, Fukushima	¥155 million	30.97
F-LINE Corporation	Transport and warehouse operations	Chuo-ku, Tokyo	¥2,480 million	26.08
Flavorful Brands, LLC	Brand marketing of value-added vegetables	Ladera Ranch, California, U.S.A.	US\$5.84 million	25.00

Corporate Information

Company overview (As of March 31, 2023)

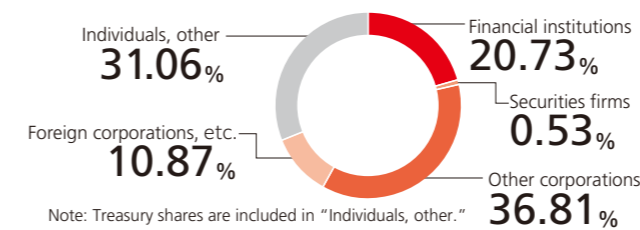
Name	House Foods Group Inc.
Founded	November 11, 1913
Established	June 7, 1947
Capital	¥9,948,323,523
Business lines	To propose Group strategies, provide management support for business companies (domestic and overseas), and to supervise the International Business
Number of employees	392 (6,502 on a consolidated basis)

Stock information (As of March 31, 2023)

Stock summary

Number of shares issued	100,750,620 shares
Number of shares authorized	391,500,000 shares
Number of shareholders	73,983
Number of shares per trading unit	100 shares

Breakdown of shares by type of shareholder



Principal shareholders

	Number of shares held (shares)	Percentage of total shares outstanding (%)
House Kosan Co., Ltd.	11,377,516	11.66
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,295,100	8.50
HKL Co., Ltd.	7,908,100	8.11
Urakami Foundation for Food and Food Culture Promotion	2,900,218	2.97
Custody Bank of Japan, Ltd. (Trust Account)	2,488,500	2.55
Sumitomo Mitsui Banking Corporation	2,201,027	2.26
House Koushinkai	2,078,901	2.13
Setsuko Urakami	1,979,569	2.03
Nippon Life Insurance Company	1,844,810	1.89
Sumitomo Mitsui Trust Bank, Limited	1,750,000	1.79

Note: Percentage of total shares outstanding is calculated by excluding the number of treasury shares (3,212,078 shares).

External evaluations (As of July 31, 2023)



Information for investors

Fiscal year	From April 1 to March 31
Interim dividend system	Yes
General Meeting of Shareholders	Held annually in June
Stock transfer agent and account management institution for special accounts	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Stock transfer agency handling office	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 4-5-33 Kitahama, Chuo-ku, Osaka
Mailing address and contact	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Tel: 0120-782-031
Method of public notice	By electronic public notice, published on the Company's website: https://housefoods-group.com However, should circumstances prevent electronic public notice, the notice shall be published on <i>The Nihon Keizai Shimbun</i> .
Stock exchange listing	TSE Prime Market
Stock code	2810



House Foods Group Inc.

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