

# INTEGRATED REPORT 2021

House Foods Group Inc.



## Corporate Philosophy and Group Message

Through food, we aim to be 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.

## INTEGRATED REPORT 2021

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### Editorial policy

The House Foods Group Integrated Report 2021 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. Other information that are not contained in this report can be found online at <https://housefoods-group.com/>

## Philosophy concept of House Foods Group

### 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)

Consists of our motto and the 10 House Values

##### Our Motto

Sincerity, Originality and Enthusiasm

### 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 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.

#### 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.

#### Society

- Through our sound management and business activity, we work hard to increase the value of the 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 Life Through Foods" <Chapter 2> Striving for 4 Value Chains

Priority Themes  
for Three  
Responsibilities

#### For customers

- Achievement of growth driven by four value chains
- Realization of three GOT themes
- Creation of new value through collaborative creation

#### For our employees and their families

- Implementation of job satisfaction transformation
- Support for demonstrating individuality and achieving a mix of personalities

#### For society

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

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#### Target period

While the target period is mainly FY2020 (April 1, 2020 to March 31, 2021), this report provides the latest information at the time of publication where possible.

### Foundations that underpin value delivery

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#### 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.

### Data Section

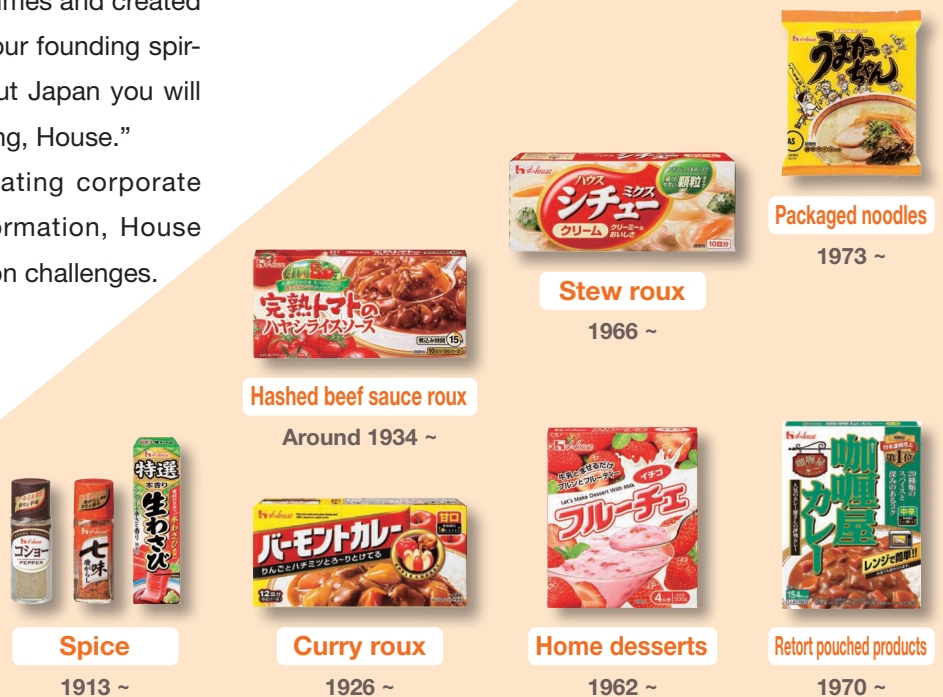
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## History of House Foods Group

# House Foods Group Continues to Offer New Value While Honing Strengths

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 our founding spirit: “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.



1913	1960-	1980-	2003	2006
Foundation			First Medium-Term Business Plan	Second Medium-Term Business Plan
Growth phase			Selection and concentration	
<ul style="list-style-type: none"> <li>From herbal medicines to the world of curry</li> <li>Makes a pitch for richness of dining table along with Japan's economic growth</li> </ul>			<ul style="list-style-type: none"> <li>Disposes some mature domestic businesses</li> <li>Establishes a structure for growing overseas business</li> </ul>	
<b>1913</b> Founded as Urakami Shoten, an enterprise dealing in herbal medicines  <b>1926</b> Started manufacturing and selling curry	<b>1963</b> Launched <i>Vermont Curry</i>  <b>1969</b> Introduced a product manager system for the first time among food companies	<b>1981</b> Opened the Los Angeles representative office in the United States  <b>1997</b> Opened a first restaurant in Shanghai, China	<b>2003</b> Introduced the Medium-Term Business Plan	<b>2006</b> Founded House Wellness Foods Corporation
Environmental changes that affected Group management				
Market becomes mature <ul style="list-style-type: none"> <li>The Japanese market entered a mature phase, and customer needs shifted from quantity to quality</li> </ul>				

# Striving for Four Value Chains

2013  
Shift to a holding company system

2013  
**VOX**  
Strengthening of procurement field

2015  
**CoCo 老番屋**  
Strengthening of restaurant field

2016  
**GABAN®**  
Strengthening of B to B in procurement

2017  
**マロニー**  
Strengthening of B to C

2017  
Establishment of CVC  
Accelerating open innovation



**USA**

1983 ~ [ Tofu business ]



**China**

1997 ~ [ Curry business ]



**Functional spices**

1997 ~



**Vitamins**

2006 ~



**Snacks**

1977 ~



**Lactic acid bacteria**

2018 ~



**Thailand**

2012 ~  
[ Functional drink business ]

**Expanding products**  
Product lineup that leverages our strengths

**Expanding markets**  
Expansion to overseas markets utilizing strengths gained in Japan

**Expanding value chain**  
Expansion of business fields where we can demonstrate our strengths

2009

Third Medium-Term Business Plan

2012

Fourth Medium-Term Business Plan

2015

Fifth Medium-Term Business Plan

2018

Sixth Medium-Term Business Plan

2021

Seventh Medium-Term Business Plan

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

- Shifts to a Group structure aiming to grow from a value chain perspective
- Strives to create unique value

2010

Transfer of water business

2013

Shifted to a holding company system

2013

Made Vox Trading Co., Ltd. a consolidated subsidiary

Made Ichibanya Co., Ltd., Gaban Co., Ltd., and Malony Co., Ltd. consolidated subsidiaries in 2015, 2016, and 2017, respectively

Promoted GOT (a Group-wide initiative) that turns the Group's diversity into synergy

Aspires for four value chain management toward identifying new growth opportunities from a global perspective

**Great East Japan Earthquake** ● 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

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

## At a glance

### FY2020 Summary of financial results

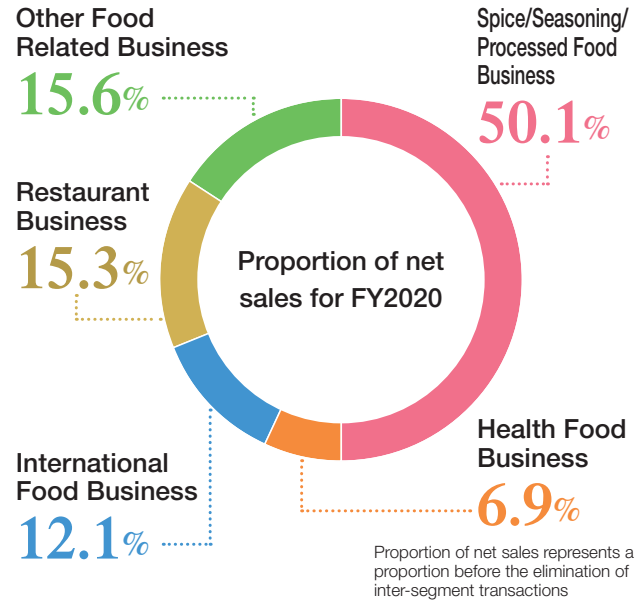
Net sales **283.8 billion yen**

Operating profit **19.4 billion yen**

Ordinary profit **19.8 billion yen**

Profit attributable to owners of parent **8.7 billion yen**

### Business portfolio



### High market share in Japan that forms profit base

Market shares of Japanese business (House Foods) Source: Monthly SRI+ data by INTAGE Inc. (April 2020 through March 2021)



Number of Ichibanya restaurants (as of July 2021)

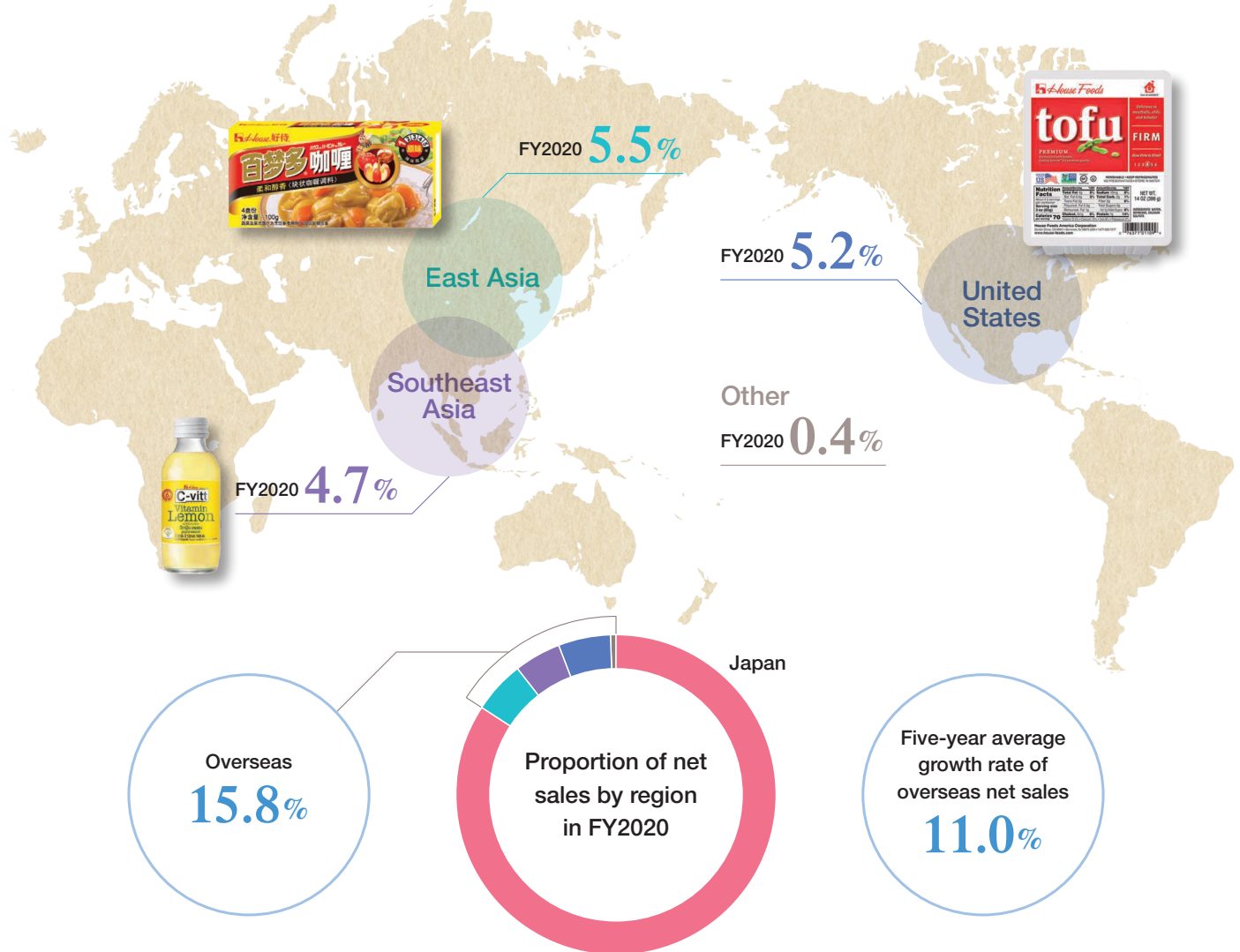
Japan **1,272** Overseas **187**



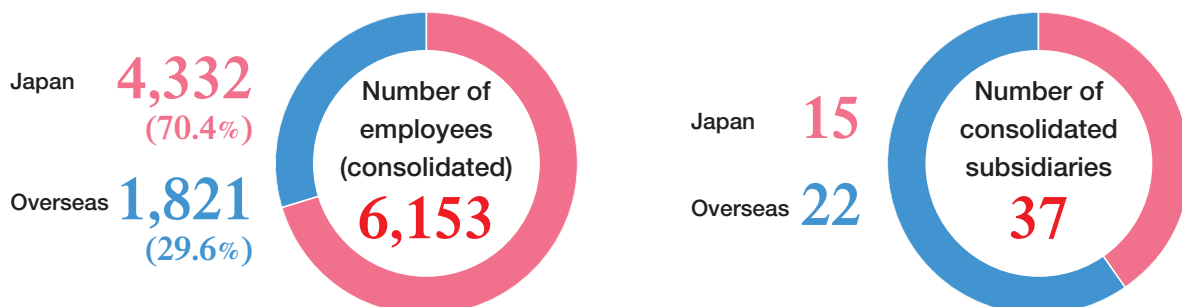
## Overseas business expansion

### Proportion of net sales by region

We expand overseas business mainly in three countries and region, the United States, China, and the ASEAN region. In FY2020, overseas net sales increased to 44.9 billion yen, which accounts for 15.8% of the consolidated net sales of 283.8 billion yen, up 5.4 percentage points from five years ago.



### Numbers of employees and Group companies (as of March 31, 2021)

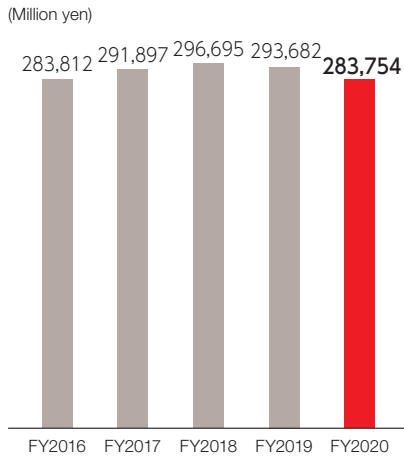


# Financial / Non-financial Highlights

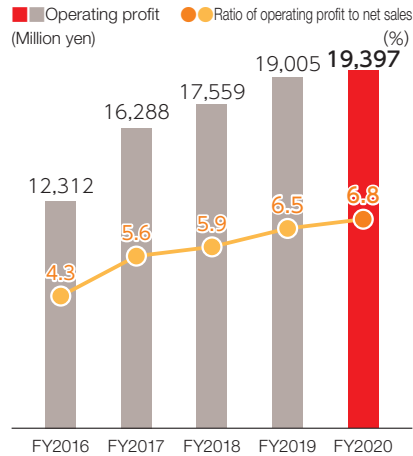
## Financial Highlights

For more details, please see page 53 "11 Years' Selected Financial Data"

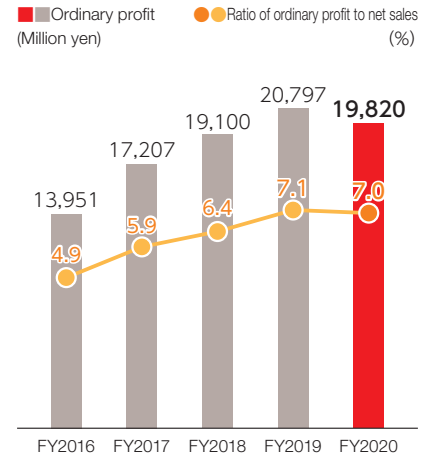
### Net sales



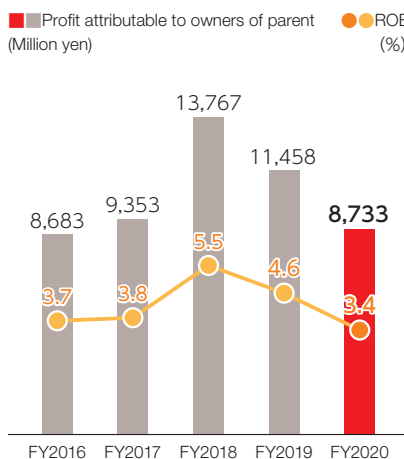
### Operating profit / Ratio of operating profit to net sales



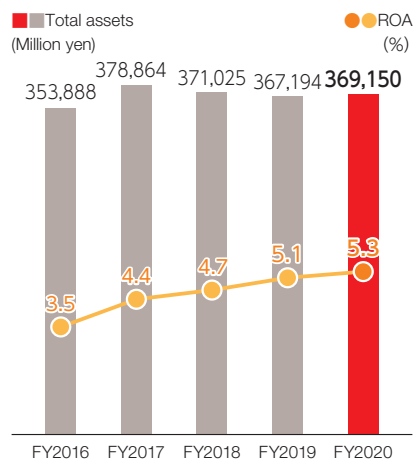
### Ordinary profit / Ratio of ordinary profit to net sales



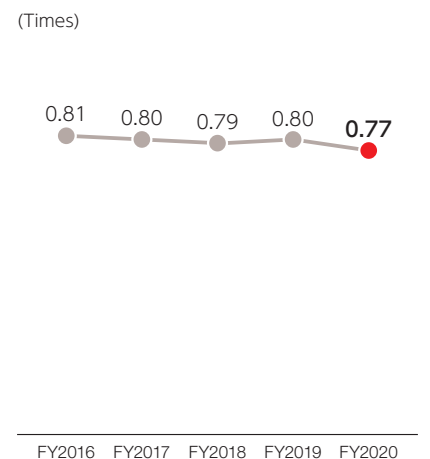
### Profit attributable to owners of parent / ROE



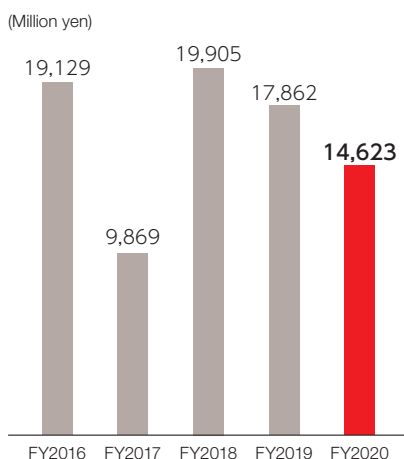
### Total assets / ROA\*



### ATO\*\*

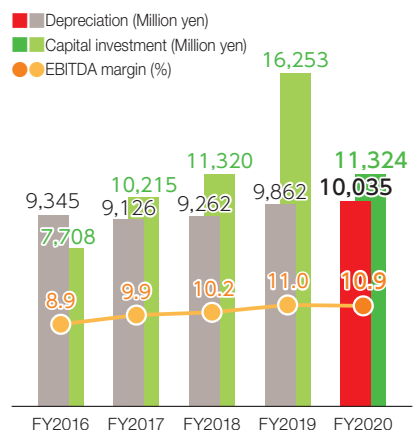


### Free cash flow\*



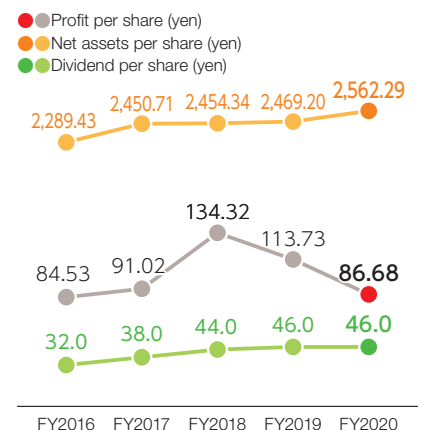
\*Operating cash flow + Investing cash flow

### Depreciation / Capital investment / EBITDA margin\*



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

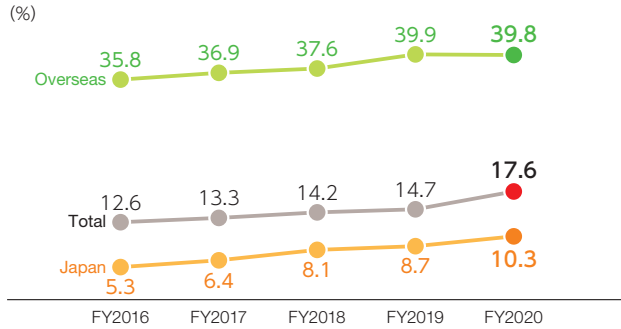
### Profit per share / Net assets per share / Dividend per share



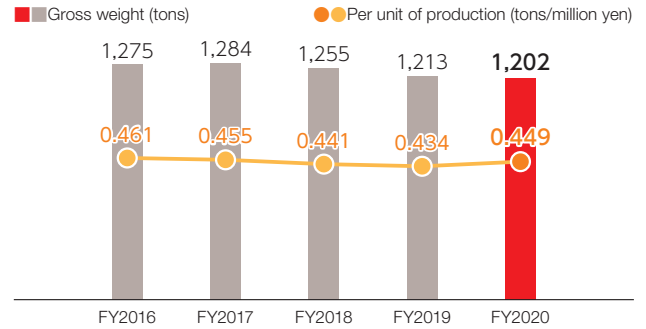


## Non-financial Highlights

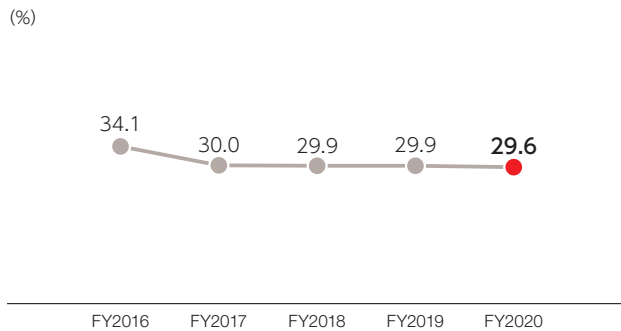
### Percentage of female managers (consolidated)



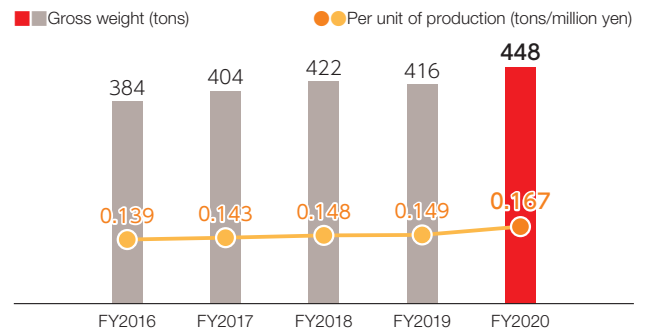
### CO<sub>2</sub> emissions



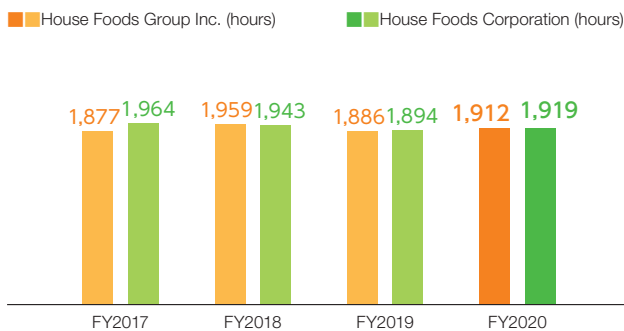
### Percentage of overseas employees (consolidated)



### Amount of waste

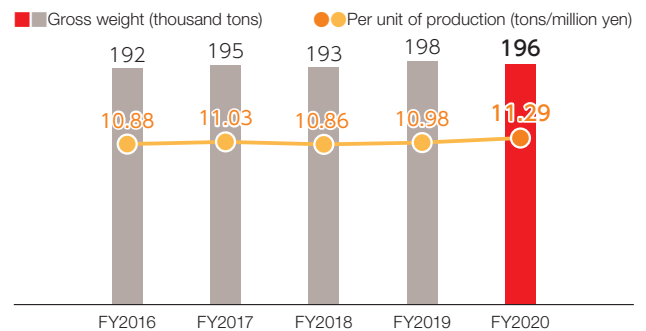


### Total actual working hours

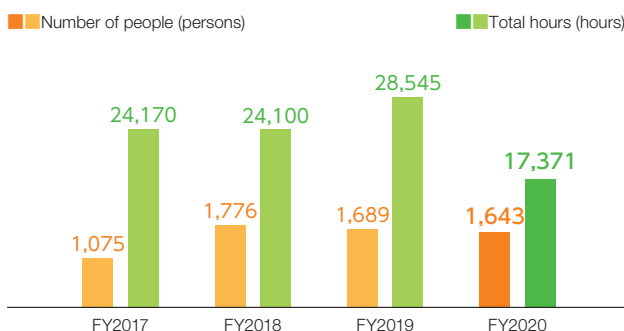


\*Total actual working hours = Normally scheduled working hours + overtime hours - paid leave (hours)

### Water usage



### Study sessions held (organized by House Foods Group Inc.)



\*Human resources development programs, career formation, etc. at entire House Foods Group.

Does not include various training and OJT at each business company.

### Conditions for data calculations

#### CO<sub>2</sub> emissions and total waste disposal

Japan: House Foods Group Inc., House Foods Corporation, Sun House Foods Corporation, Sun Supply Corporation, House Wellness Foods Corporation, House Business Partners Corporation, House Logistics Service Corporation, House Ai-Factory Corporation, Asaoka Spice K. K., Delica Chef Corporation, Ichibanya Co., Ltd., Gaban Co., Ltd., Malony Co., Ltd., and Vox Trading Co., Ltd.

Overseas: House Foods America Corporation, Shanghai House Foods Co., Ltd., Dalian House Foods Co., Ltd., Zhejiang House Foods Co., Ltd., Gaban Spice Manufacturing (M) SDN.BHD., PT. Java Agritech, and Tim Food Co., Ltd.

\*All Group companies, branches and bases in Japan are subject to initiatives to reduce CO<sub>2</sub> emissions and waste (excluding franchises of Ichibanya Co., Ltd. as their initiatives to reduce CO<sub>2</sub> emissions and waste are within Scope 3; and entities accounted for using equity method)

\*Overseas Group companies, namely House Foods Vietnam Co., Ltd., House Osotspa Foods Co., Ltd., and PT House And Vox Indonesia are excluded from the above as their data are not available.

#### Water usage

The sum of production divisions in House Foods Corporation, House Wellness Foods Corporation, Sun House Foods Corporation, Sun Supply Corporation, House Ai-Factory Corporation, and Delica Chef Corporation

# House Foods Group Value Creation Process

## Create value through four value chains and become a good corporate citizen for stakeholders

Fundamental idea behind our business activities

**Three responsibilities**

These are responsibilities that we fulfill to remain as a company being of help to the society transcending generations

- For our customers
- For our employees and their families
- For society

→ Details can be found from **page 17** onward

House Foods Group's vision and business domains

**Seventh Medium-Term Business Plan**

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

Striving for Four Value Chains

- Spice value chain
- Soybeans value chain
- Functional ingredients value chain
- Value-added vegetables value chain

→ **Page 11**  
Top Message

Research and development | Quality assurance | Human resources development | Environmental efforts

Governance

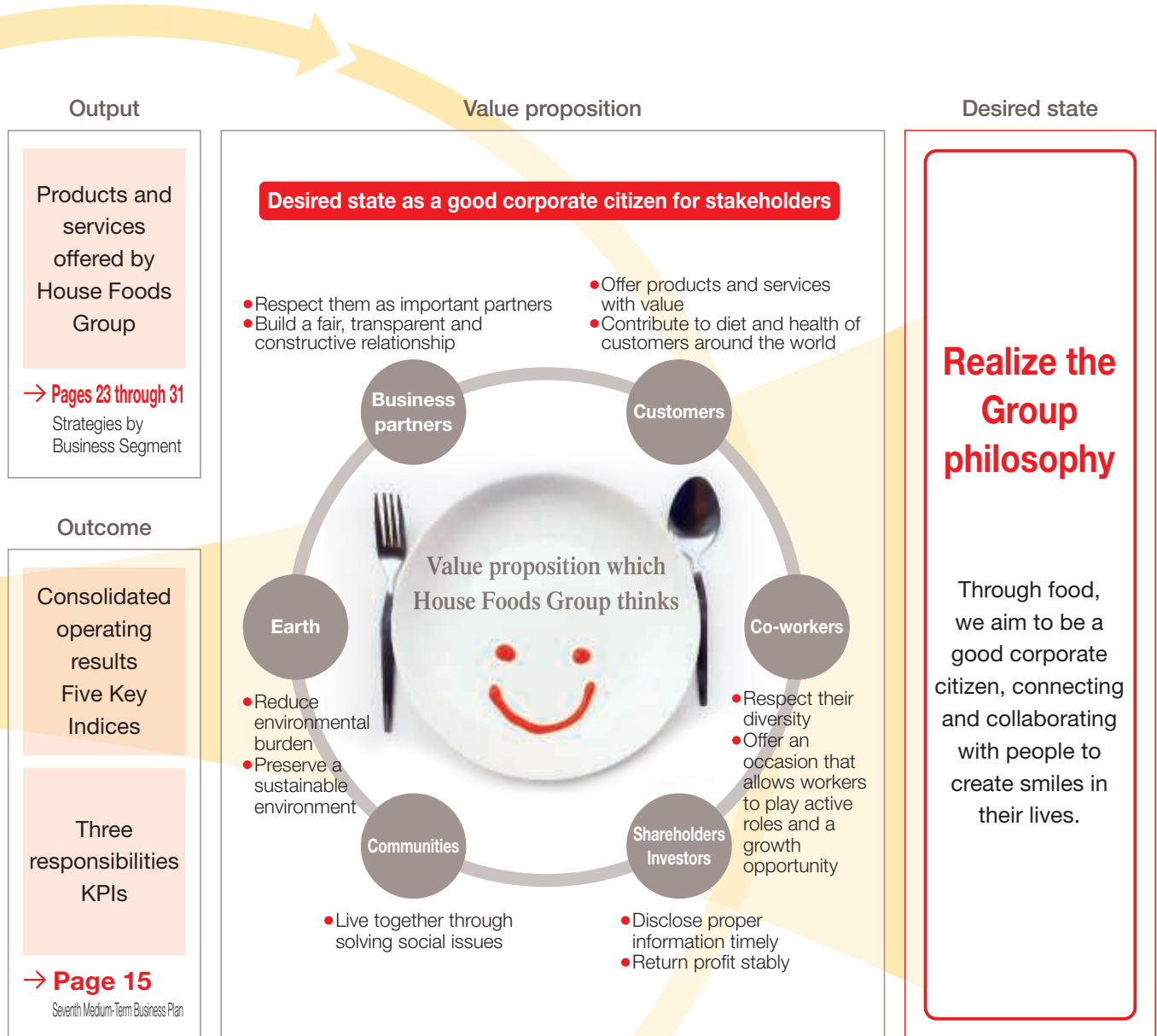
→ Details can be found from **page 33** onward

### Three responsibilities and SDGs

House Foods Group's philosophy "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives" aligns with the promise "Leave no one behind" of the agenda for SDGs. The Group positions the three responsibilities as the fundamental elements of all of its business activities. The Group believes that earnestly working on the themes for the three responsibilities will help create a sustainable society, which the SDGs are aimed at.



The Group has defined four value chains as domains in which it provides “Healthy Life Through Foods.” Based on the three responsibilities, which are the fundamental elements of all of its business activities, the Group is striving to achieve growth both in Japan and abroad by greatly cultivating the four value chains, and constantly create value as a good corporate citizen for all of its stakeholders.



Management resources	
<b>Financial capital</b>	Solid financial base that realizes value chain management
<b>Manufacturing capital</b>	Production bases that globally realize local production for local consumption
<b>Social capital</b>	Relationships of trust with stakeholders based on the three responsibilities
<b>Intellectual capital</b>	Diverse knowledge that produces innovation
<b>Natural capital</b>	Sustainable raw materials that help create value
<b>Human capital</b>	Diverse human resources and organizational climate that encourages employees to take on new challenges

## Top Message

As the Seventh Medium-Term Business Plan begins, we enter Chapter Two of our efforts to become a high quality company.

We will make our way in an uncertain world, with **our three responsibilities** as our anchor.



House Foods Group Inc.  
President

Hiroshi Urakami

## Setting our course even in a storm, anchored by our three responsibilities

The Covid-19 pandemic has had a major impact on people's lifestyles and on corporate activities. Perhaps more accurately, the spread of this unknown virus has brought to light a variety of social problems.

There is an expression, "black elephant." In contrast to "black swan" events, which refers to unforeseen risks, a "black elephant" refers to an event that was predicted but largely ignored, creating major damage. The spread of this virus is precisely such a situation. There are many other problems all around us that need to be addressed, including climate change, economic growth and growing disparity, and division caused by confrontations between nations.

In such complicated times, companies also need to change greatly.

What should we do to remain a company that will continue to do useful things for society, even as we face so many difficult problems? For the House Foods Group, I believe the answer is to fulfill the three responsibilities.

In 2013, our centennial year, with the transition to a group holding company structure, we established the Group philosophy of "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives." At that time, we kept in mind the three responsibilities we must fulfill as a corporate citizen, namely our responsibilities for our customers, for our employees and their families, and for society. The philosophy expressed our desire to be a "good partner" to our various stakeholders, instead of pushing forward toward the maximization of profit.

In the times ahead, the business environment surrounding companies may become as challenging as navigating through a storm.

Instead of being buffeted by those stormy seas, the three responsibilities will become an anchor that will allow us to set our course toward the vision we aim to achieve.

## Setting priority themes in each domain and striving to become a high quality company

The three responsibilities form the main pillar of all activities of the House Foods Group.

We have incorporated them into our Medium-Term Business Plans since FY2018, setting specific themes for initiatives and managing their progress. FY2020

was the final year of the Sixth Medium-Term Business Plan, the first one that incorporated the three responsibilities. Throughout these three years, we have strived to become a high quality company for our customers, our employees and their families, and for the whole of society.

The theme of the Sixth Medium-Term Business Plan, "striving to become a high quality company that provides 'Healthy Life Through Foods'," carried on from the Fifth Plan before it. The impetus for that theme was the Great East Japan Earthquake that struck in March 2011. The growing tendency for people to eat out or buy food to eat at home progressed rapidly after that, dealing a major blow to our company, which, as the name House Foods attests, has continued to safeguard the flavors of home cooking. After re-assessing what vision we aspired to realize, we decided to change the course of our business management significantly, to transform ourselves from a marketing company that responds to the needs of customers into a high quality company that creates new value.

Looking back over the three years of the Sixth Plan, I feel that the fundamental direction we have taken has not been mistaken.

For example, in our responsibility for our employees and their families, we have declared the realization of diversity as a goal. I believe that the work style reforms that we put in place laid the groundwork for our smooth transition to remote work during the pandemic. In our responsibility for society, we addressed the construction of the recycling-oriented model and the achievement of a society of healthy longevity. By formulating and clearly indicating our criteria for environmental investment decisions, we have made progress in concrete environmental investments.

Further, in our responsibilities for our customers, we focused especially on building up the core of our value chains. A value chain is a series of linked values starting from the production of ingredients till the product reaches a customer's mouth. To date, a number of companies from diverse sectors have joined the Group, such as Japanese-style curry restaurant chain Ichibanya Co., Ltd. and dedicated spice manufacturer Gaban Co., Ltd., leading to a major expansion of our business development domains from upstream to downstream.

The different segments' business results varied due to the impact of the COVID-19 pandemic. However, compared with the 2011 earthquake disaster, in which the growing tendency for people to eat out or buy food to eat at home dealt a direct blow to our company, there is no doubt that the earnings capacity of the Group as a whole demonstrated a certain degree of elasticity.

**Top Message**

However, the vision we are aiming toward is still a long way off in the distance. Whereas previously, many of the people working under the House Foods name shared common wisdoms and values, today, we have become a corporate group with a wealth of diversity, bringing together companies with different histories and cultures.

Sensing keenly on a daily basis that what was once the House Foods’ norm is no longer so, the question of how to establish our identity as a Group and create synergy will become increasingly important.

**Aiming for further growth with a value chain perspective**

Having reflected on what worked and what did not work in our actual actions, in the Seventh Medium-Term Business Plan, we will launch initiatives aimed at further growth as “Striving to become a high quality company that provides ‘Healthy Life Through Foods’ (Chapter Two).” An important theme of the new plan is “striving for 4 value chains.”

From the initial stages of our drive to become a high quality company until now, we have worked to expand our value chains. In the Seventh Plan, we will move onto the next step toward that goal. To allocate our management resources effectively and demonstrate the Group’s strengths to the maximum extent, we moved away from a business segment-based portfolio and set out four value chains, namely spice, functional ingredients, soybean, and value-added vegetables. We will build the four value chains as our future vision and draw up an image of a “high quality company with a global presence,” before formulating plans with a backcasting strategy in our aim for quality reform and growth.

Our policy is to set key themes and KPIs for each of the three responsibilities and steadily pursue initiatives that fulfill them.

The key themes for our responsibility for customers are the achievement of growth driven by 4 value chains, the realization of the three GOT themes, and the creation of new value through collaborative creation. In the immediate Seventh and Eighth Medium-Term Business Plans, we will introduce EBITDA margin for KPIs to eliminate the impact of

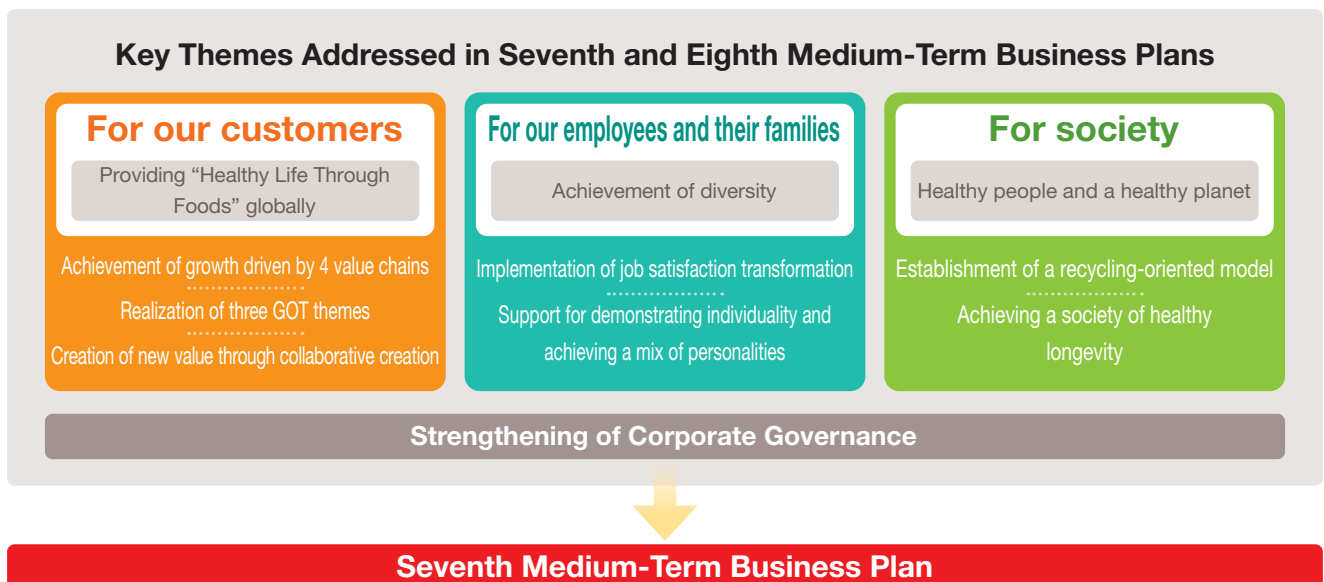
**Overall Framework of the Seventh Medium-Term Business Plan**

**House Foods Group Vision**

Striving to become a high quality company that provides “Healthy Life Through Foods” (Chapter Two)

**Striving for 4 Value Chains**

— Seek Growth Along with Quality Transformation —



fluctuations in capital investment and encourage investment in new and growth domains.

In our responsibility for our employees and their families, we will further evolve the initiatives we have undertaken to date, along the themes of implementation of job satisfaction transformation and support for demonstrating individuality and achieving a mix of personalities. In our responsibility for society, we will continue to work toward the establishment of a recycling-oriented model and the achievement of a society of healthy longevity, while accelerating our efforts with a global perspective and across the entire value chain.

At the same time, we will also strive to further strengthen corporate governance. As part of that effort, in June 2021, we transitioned to a Company with an Audit and Supervisory Committee.

Whereas in the six years under the Fifth and Sixth Plans, our main focus was on reform, the Seventh Plan will be a stage in which we aim for growth. For this reason, it is essential that we raise our standards in the three responsibilities.

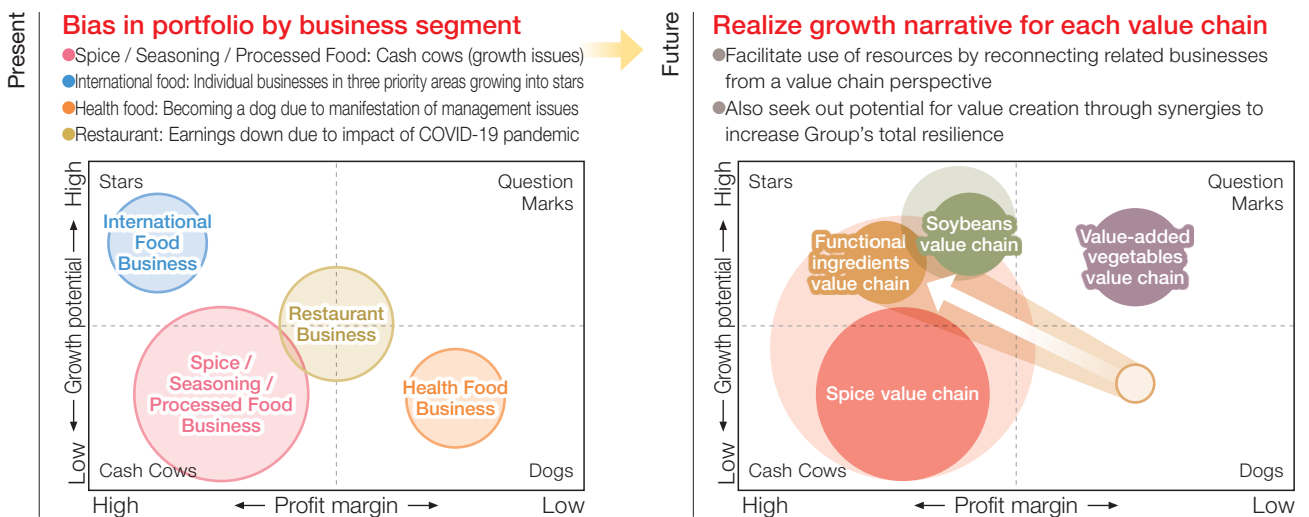
However, at the risk of being misunderstood, this does not mean that it is for the sake of our own growth that we will fulfill the three responsibilities.



Companies are imparted “legal personality.” This means that companies, just like people, have their own personality or character. Companies that have nurtured their own character do not seek to serve society for the sake of their own reputation. They fulfill their duty because they believe that it is the right thing to do as a person.

That is the kind of dignified company we strive to be. In solidly fulfilling our proper duties, we hope to remain a company that will long be recognized by society as a good partner to all its stakeholders.

**Concept of Four Value Chains**



We will clarify the domains and themes of initiatives for each value chain and actively inject management resources into growth domains and new domains, to strive for the expansion of the value chains and the creation of business, as a way of achieving growth.

Value provided by the Group: “Healthy Life Through Foods”	Spice value chain	Aim to create synergies through collaborative creation by group companies that handle spices and curry
	Functional ingredients value chain	Expand scope of use of lactic acid bacteria, vitamins, and spices as Group materials
	Soybeans value chain	Beyond the tofu business in the United States, consider use of soybeans outside the United States
	Value-added vegetables value chain (challenge value chain)	Strive to build new value chains in the agricultural domain

# Management Indicators in the Seventh Medium-Term Business Plan

## Review of the Sixth Medium-Term Business Plan

(Billion yen)

	Fifth Medium-Term Business Plan		Sixth Medium-Term Business Plan				
	FY2017	FY2018	FY2019	FY2020	Targets for FY2020	Variance vs targets	
Net sales	291.9	296.7	293.7	283.8	310.0	-26.2	-8.5%
Operating profit	16.3	17.6	19.0	19.4	22.0	-2.6	-11.8%

### Management indicators

	FY2017	FY2018	FY2019	FY2020	Targets for FY2020	Variance vs targets
ATO	0.80 times	0.79 times	0.80 times	0.77 times	0.87 times	-0.10 times
ROS	5.6%	5.9%	6.5%	6.8%	7.1%	-0.3pt
ROA	4.4%	4.7%	5.1%	5.3%	6.2%	-0.9pt
E-ratio	66.5%	66.6%	67.7%	69.9%	68.3%	+1.6pt
ROE	3.8%	5.5%	4.6%	3.4%	5.4%	-2.0pt

\* ATO: Total asset turnover ROS: Ratio of operating profit to net sales  
ROA: Ratio of operating profit to total assets E-ratio: Equity ratio ROE: Ratio of profit to equity

## Summary

- Despite the difficulty of performing a quantitative assessment due to the impact of the COVID-19 pandemic in the final fiscal year of the Sixth Medium-Term Business Plan, steps to become a high quality company that we have taken since the Fifth Medium-Term Business Plan enabled us to show a certain degree of resilience under the environment with high uncertainties.
- We strengthened the profit base mainly through enhancing the earning power of the Spice/Seasoning/Processed Food Business and growing the International Food Business.
- We purchased treasury shares and reviewed investment securities held by us to form a balance sheet framework although capital efficiency remained as an issue mainly due to a downturn in the Health Food Business, the struggling Restaurant Business amid the COVID-19 pandemic, and the recording of impairment loss given the changes in our business environment.

## Consolidated Targets in the Seventh Medium-Term Business Plan (after the application of the Accounting Standard for Revenue Recognition)

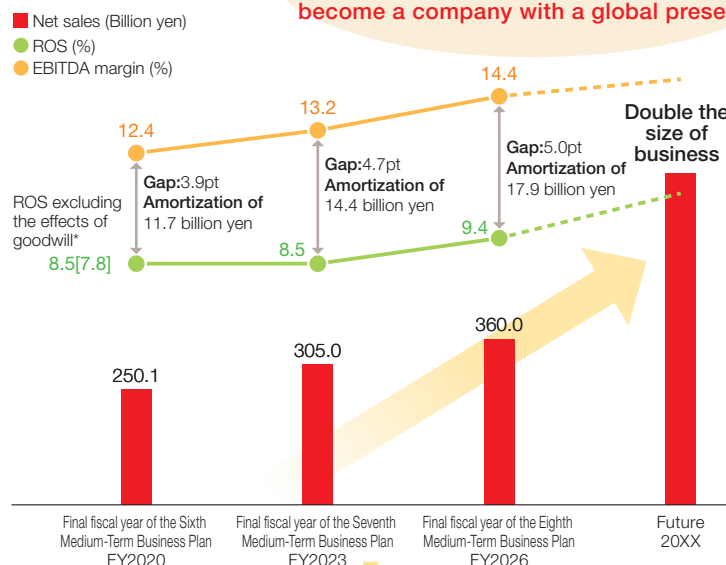
### Consolidated targets

Net sales	305.0 billion yen
Operating profit	26.0 billion yen

Management indicators	Results for Sixth Medium-Term Business Plan	Targets for Seventh Medium-Term Business Plan	Ideal proportion
ATO	0.68 times	0.80 times	→ 1.0 times or above
ROS	7.8%	8.5%	→ 10% or above
(EBITDA margin)	12.4%	13.2%	→ —
ROA	5.3%	6.8%	→ 10% or above
E-ratio	69.8%	70.6%	→ —
ROE	3.5%	6.1%	→ Ensure 10%

- Make aggressive investments for business growth under the Seventh and Eighth Medium-Term Business Plans.
- Implement management based on the EBITDA margin to make sound investments.

Imagine doubling the size of business driven by the value chain management, and use backcasting to formulate strategies, aiming to become a company with a global presence



\*ROS excluding 1.8 billion yen amortization of goodwill arising from making Ichibanya Co., Ltd. into a subsidiary of the Group. The figure in parenthesis is the ROS including the above amortization.

## Financial Strategies

We will prioritize investments for realizing growth and enhancing earning power through the four value chains, and strengthen shareholder returns by shrinking assets such as cross-held shares.



### Domains for investment

Growth domains	Production GOT <sup>1</sup>	40.0 billion yen
	International Food Business	
	M&As and new businesses	
Existing domains	DX / Environment	20.0 billion yen
Shareholder returns		
	Dividends <sup>2</sup>	15.0 billion yen
Shareholder returns		
	Purchase of treasury shares	12.0 billion yen

<sup>1</sup> GOT refers to a Group-wide initiative.

<sup>2</sup> Policy on the payment of dividends is to maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill as a standard.



## Priority Themes for Three Responsibilities

### Priority Themes and Review of the Sixth Medium-Term Business Plan

Three responsibilities	Themes	Summary
<b>For our customers</b> Business strategies for providing "Healthy Life Through Foods"	Build-up of the core of the value chain	<ul style="list-style-type: none"> <li>Three GOT themes (procurement, production and BtoB system building) for the creation of Group synergies: Although we made progress in designing strategies, we were delayed in taking specific actions partly due to the COVID-19 pandemic.</li> </ul>
	Build-up of R&D functions and creation of new business	<ul style="list-style-type: none"> <li>We made progress in improving our research framework through the integration of research bases, but we still need to raise awareness and foster the organizational climate.</li> <li>We explored new business domains through CVC and collaborative creation with external partners.</li> <li>We started collaborating with business partners on two growth business themes (onions and lactic acid bacteria) with a view to overseas expansion.</li> </ul>
	Expansion of growth and strengthening of foundation overseas	<ul style="list-style-type: none"> <li>Our core business areas grew steadily, while some issues became more apparent. We increased the production capacity of the Los Angeles Plant in the United States and the Zhejiang Plant in China. The proportion of overseas sales increased from 11.9% in FY2017 to 15.8% in FY2020.</li> </ul>
<b>For our employees and their families</b> Talent strategies for supporting employees' growth and leveraging individual personalities	Achievement of diversity	<ul style="list-style-type: none"> <li>We implemented five work style reforms and offered more flexible ways of working. We successfully continued our business amid the COVID-19 pandemic by smoothly shifting to telework, but we are still halfway down the road to productivity improvement.</li> <li>Our employees became more diverse, and we made progress in improving the work environment that allows employees to take on new challenges; however, cultivating human resources with a challenging spirit, which may lead to innovations, remained as an issue.</li> </ul>
<b>For society</b> Management strategies for helping solve social issues through business activities	Establishment of the recycling-oriented model	<ul style="list-style-type: none"> <li>We formulated environmental investment decision criteria. We started making investments to reduce CO<sub>2</sub> emissions by generating solar power and using the cogeneration system at our production bases.</li> <li>We promoted making logistics more efficient through the establishment of F-LINE Corporation in collaboration with other food companies.</li> <li>We made progress in switching existing raw materials including papers and palm oil to sustainable ones.</li> </ul>
	Achievement of a society of healthy longevity	<ul style="list-style-type: none"> <li>We carried out activities that contribute to the society through foods. For example, we supported <i>Kodomo Shokudo</i> (Children's Cafeteria). Setting up such activities linked to our business as a theme remained as an issue.</li> </ul>

### Priority Themes and KPIs of the Seventh Medium-Term Business Plan

Three responsibilities	Themes	KPI	Seventh Medium-Term Business Plan	Eighth Medium-Term Business Plan
<b>For our customers</b> Business strategies for providing "Healthy Life Through Foods"	<ul style="list-style-type: none"> <li>Achievement of growth driven by four value chains</li> <li>Realization of three GOT themes</li> <li>Creation of new value through collaborative creation</li> </ul>	Net sales	305.0 billion yen	360.0 billion yen
		ROS	8.5%	9.4%
		EBITDA margin	13.2%	14.4%
<b>For our employees and their families</b> Human resources strategies for supporting employees' growth and leveraging individual personalities	<ul style="list-style-type: none"> <li>Implementation of job satisfaction transformation</li> <li>Support for demonstration of individuality and achieving a mix of personalities</li> </ul>	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	Ratio of new graduates to mid-career talent is 6:4	Ratio of new graduates to mid-career talent is 6:4
<b>For society</b> Management strategies for helping solve social issues through business activities	<ul style="list-style-type: none"> <li>Establishment of a recycling-oriented model</li> </ul>	Reduction of CO <sub>2</sub> emissions Scopes 1 and 2 <sup>1</sup> Scope 3 <sup>2</sup>	-9% -17,000 tons	-18% —
		Reduction of total emissions including waste <sup>3</sup>	-6%	-12%
	<ul style="list-style-type: none"> <li>Achievement of a society of healthy longevity</li> </ul>	Setting of targets in line with each value chain	Example targets <ul style="list-style-type: none"> <li>Promotion of good physical and mental health through everyday meals Launch of products, taking into consideration of reducing cooking hours, making our products more convenient (completing the shift to microwaveable retort pouched products), and cutting calories, carbohydrate and salt</li> <li>Market penetration of tofu as a PBF<sup>4</sup> and enhancement of the value of tofu products Percentage of households that purchase tofu in the United States: 10% in 2023</li> </ul>	

1 Per unit of production against FY2013  
4 PBF stands for Plant-Based Food

2 Initiatives compared with those in the previous fiscal year

3 Per unit of production at domestic production bases against FY2019

## Stories about Our Initiatives to Fulfill Three Responsibilities

# Responsibility for Our Customers

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

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

At the moment, we uphold “striving to become a high quality company that provides ‘Healthy Life Through Foods’” as our management theme and aim to become a company that starts innovations and creates new value.

We would like to simultaneously carry out marketing that corresponds to the needs of customers and achieve innovations that offer new value to them.

To realize this, we set the three key themes of “achievement of growth driven by four value chains (VCs),” “realization of three GOT themes” and “creation of new value through collaborative creation” in the Seventh Medium-Term Business Plan.



Hone our unique strengths by focusing on four value chains, and provide “Healthy Life Through Foods” on a global scale.

Hiroshi Urakami  
President, House Foods Group Inc.

### Achievement of growth driven by four value chains

The biggest key point in the Seventh Medium-Term Business Plan is “striving for four value chains.” Since the Fifth Medium-Term Business Plan, we have striven to strengthen the ability to create new value by changing our course from “selection and concentration” to “transformation” and expanding our business domains along value chains with the spice domain at the core. We will create a new growth story as the second chapter of “transformation” for six years through the Seventh to Eighth Medium-Term Business Plans.

Specifically, we set out four value chains as the domains that we deliver value, namely spice, functional ingredients, soybean and value-added vegetables. We will double the size of business in the future by providing “Healthy Life Through Foods” on a global scale.

In the spice value chain, we will aim to create synergies through cooperation among group companies that handle spices and curry, including House Foods Corporation, Gaban Co., Ltd. and Ichibanya Co., Ltd. Seeing business from a value chain perspective enables us to find seeds for growth everywhere, not only in the domestic B to C business, but also in overseas expansion, the B to B business and at the upstream and downstream of the value chain. We will pursue the possibility of creating value with this value chain at the core in our group.

With the functional ingredients value chain, we will aim to develop businesses on a global scale that use lactic acid bacteria, vitamins, spices (turmeric) functional ingredients. House Wellness Foods Corporation with knowledge about this value chain has currently been in extremely challenging situations in Japan; however, House Osotspa Foods Co., Ltd. that started business in Thailand leveraging the company’s knowledge in 2012 has become to grow significantly. We managed domestic business and overseas business separately so far, but starting from April 2021, we have shifted to the value chain management at a fast pace. We will develop the resources of House Wellness Foods Corporation on a global scale, opening up the potential of the resources.

We will develop the soybean value chain centered around House Foods America Corporation. Our group has operated tofu business in the United States since 1983. We will develop the business more actively not only in the United States but also in other markets on the back of currently growing health-conscious and eco-conscious consumers around the world.

In the value-added vegetables value chain, we will pursue new challenges in the agriculture domain, for example, breeding tear-free onions and establishing a plant factory within the CVC framework.

We will build up the core of each of the four value chains by defining our to-be state as a “corporate group with a global presence” and using backcasting to uphold and focus on the themes of the Seventh and Eighth Medium-Term Business Plans.

## Domains and Themes to Focus on for Four Value Chains (VCs)

	Existing domains	Growth domains	New domains
Spice VC	<ul style="list-style-type: none"> <li>Further development of the domestic business, strengthening of earning power, and improvement of productivity <b>Production GOT</b></li> </ul>	<ul style="list-style-type: none"> <li>Expansion of the domestic B to B business <b>BtoB-GOT</b></li> </ul>	<ul style="list-style-type: none"> <li>Application of technologies that use spices</li> </ul>
	<ul style="list-style-type: none"> <li>Spice procurement reforms</li> <li>Restaurant Business in Japan: improvement of the profitability of curry format</li> </ul>	<ul style="list-style-type: none"> <li>China: expansion of business domains</li> <li>Restaurant Business in overseas markets: expansion of areas of service</li> </ul>	<ul style="list-style-type: none"> <li>ASEAN business development</li> <li>ASEAN: launch of B to C curry business</li> </ul>
Functional ingredients VC	<ul style="list-style-type: none"> <li>Structural reform of the domestic business</li> <li>Integration of B to C sales functions</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of the Direct Retail (Mail Order) Business</li> <li>Expansion of the overseas vitamin drink business (Thailand → ASEAN)</li> </ul>	<ul style="list-style-type: none"> <li>Overseas expansion of the lactic acid bacteria business (Europe and the U.S.)</li> </ul>
Soybean VC	<ul style="list-style-type: none"> <li>Expansion of the tofu business in the U.S. (strengthening of the R&amp;D and production functions: increase of the production capacity of the Los Angeles Plant, and consideration of establishing the third base)</li> </ul>		<ul style="list-style-type: none"> <li>Business expansion outside the U.S.</li> </ul>
Value-added vegetables VC	<ul style="list-style-type: none"> <li>Building of a new business model unique to this VC through collaborative creation with companies inside and outside the Group</li> </ul>		

New domains

## Realization of three GOT themes

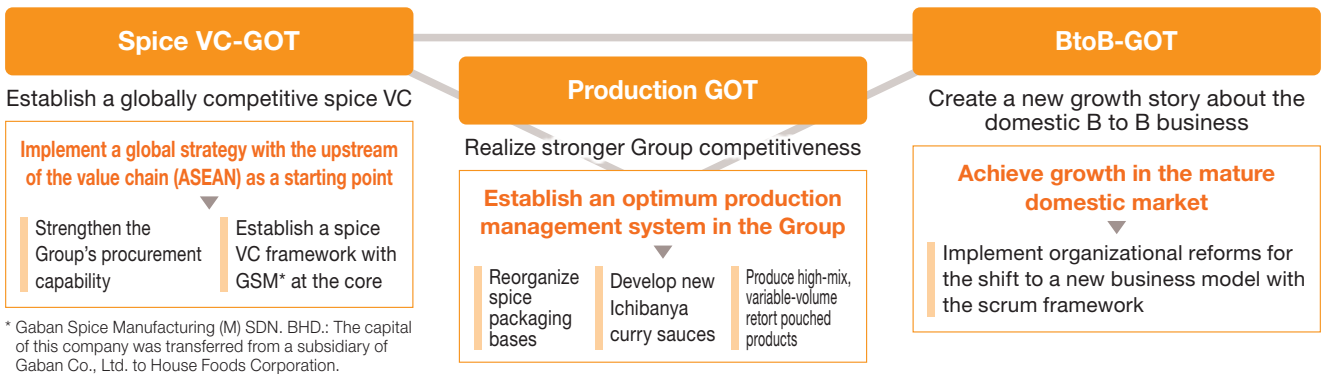
We will implement GOT (Group-wide initiative) themes that we have considered under the Sixth Medium-Term Business Plan. The GOT themes are specifically spice VC-GOT, production GOT and BtoB-GOT.

Spice VC-GOT is the advancement of spice procurement GOT under the Sixth Medium-Term Business Plan. We will implement a global strategy with the upstream of the value chain (the ASEAN region) as a starting point, aiming to strengthen the Group's procurement capability.

It is not easy to implement this theme because it involves numerous types of spices used for our products from a huge number of spice producing areas. We would face many individual and specific issues in the implementation phase, but will enhance the driving force from a value chain perspective while sharing our to-be state with players involved.

For production GOT, we will aim to establish an optimum production management system in the Group.

For BtoB-GOT, we will establish a new business model by combining the strengths of House Foods Corporation and Gaban Co., Ltd. and leveraging such synergies in the domestic B to B business to achieve growth.

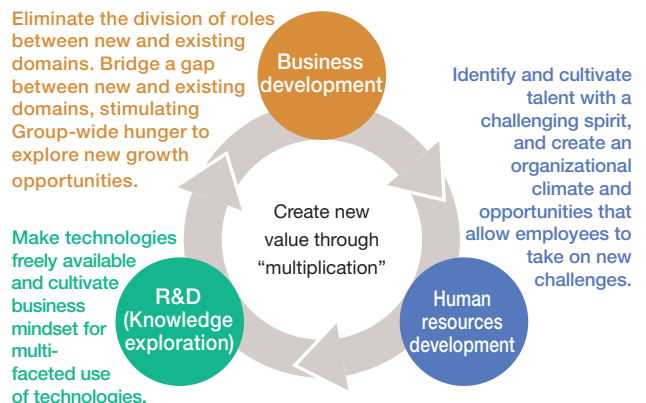


## Creation of new value through collaborative creation

We primarily adopted the method before that we separate a new business from the existing businesses like setting up a special economic zone. Separating a new business from the existing businesses makes it easier to bring new inspirations and ideas, but does not allow us to leverage the management resources and know-how of the existing businesses, making it impossible to create synergies. Under the Seventh Medium-Term Business Plan, we will focus on creating new value by uniting business development, R&D and talent development into one, aiming to become a more innovative organization.

In business development, we have explored new growth opportunities across the Group, for example, defining cross-divisional tasks to take on a challenge of developing new domains. In R&D, we have actively advanced open collaboration with partners inside and outside the Group. In Human resources development, we

will introduce many systems that encourage employees to actively engage in activities, and cultivate an organizational climate with a challenging spirit. By aligning these three circles and going through the cycle properly, we will create an environment that allows all employees to join to create new value.



# Responsibility for Our Employees and Their Families

Needless to say, employees are our important stakeholders also in terms of the three responsibilities of the Group philosophy.

“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 the employees themselves as well as for their family members who support the employees’ active participation.

For employees, work is a contact point with the society and an opportunity for self-fulfillment. In that sense, a company is a place where individuals achieve self-fulfillment through work and contribute to the society as well as grow through various experiences and build their respective carriers on their own initiatives.

It is our responsibility to support employees widely and strongly so that they can lead fulfilling lives through work.



## “Achievement of diversity”

Pursue job satisfaction and turn it into power to grow through the demonstration of individuality and mix of personalities.

Yoshiyuki Osawa

Managing Director, House Foods Group Inc.  
General Manager Of Administration Headquarters;  
Responsible for Secretariat Division

## Achievement of diversity

In the “HOUSE WAY,” House Foods Group values both the realization of the Group philosophy and the growth of every employee. Recently, the relationship between people and organization has become increasingly important from the perspective of business strategy.

Since 2015 House Foods Group has been working to achieve its vision “striving to become a high quality company.” That means we aim to transform ourselves from a traditional marketing company that responds to the needs of customers with speed to drive its growth into a high quality company that creates and provides

new value. In a period where economy is continuing to grow as it did in the past, it is important to spot a growth opportunity and ride the wave early on. However, in the current mature economic conditions, we need to create one from thin air by ourselves, rather than seeking growth opportunities outside the Group. No one but our employees will take the initiative in it. That also makes us believe that we cannot transform into a high quality company without the growth of employees.

The previous Sixth Medium-Term Business Plan was the first one incorporating the “three responsibilities.” To fulfill the “responsibility for our employees and their families,” we have designed and implemented various measures under the theme of “achievement of diversity,”

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

### Basic approach



aiming to encourage active participation of diverse employees. Specifically, we proceeded with five work style reforms as well as the creation of work environment that promotes diversification of human resources and allows them to take on challenges. Despite the unforeseen circumstances caused by the spread of COVID-19 during the period, we were able to flexibly adapt to such circumstances by, for example, changing the way of work. I believe that it was the fruit of the efforts we have accumulated. Meanwhile, such efforts also revealed challenges facing us. In light of these challenges, we will continue to take the approach adopted under the previous Medium-Term Business Plan and further deepen and accelerate our efforts, upholding “achievement of diversity” as a priority theme of the Seventh Medium-Term Business Plan.

## Implementation of job satisfaction transformation

Upon reflection of the previous Medium-Term Business Plan, despite a focus on changing behavior, what changed was only the methodology for it as we turned a means into an end. For example, we are midway in achieving the real purpose of the work style reform, improvement of productivity, as we tend to be focused too much on immediate goals, such as reducing working hours and increasing operational efficiency. There are still limited efforts made to achieve diversity among employees, and such efforts have yet to cause a big movement that leads to innovation created by capitalizing their individuality.

Under the Seventh Medium-Term Business Plan, we will not only achieve diversity but also change it into power. We will move forward with our efforts by specifically reviewing our measures with a goal-oriented mindset. “Implementation of job satisfaction transformation” is one of such efforts. The “job satisfaction” in this context is defined as the multiplication of “ease of work” and “rewarding work.” We aim to create a workplace to allow each individual employee to repeatedly take on challenges and experience “job satisfaction” that leads to their growth, while pursuing ease of work, such as operational improvements and reduction of working hours.

As a step toward that goal, we launched a project to reform the conventional systems and how work should be done in terms of the job satisfaction transformation by internally recruiting the project members from various departments. To create a work environment where employees feel comfortable taking on challenges, we will continue to work to foster relationships of trust by strengthening communication with them, such as enhancement of one-on-one meetings.

## Strong support for demonstrating individuality and achieving a mix of personalities

At the same time, we, as a company, will provide each individual employee with “strong support for demonstration of individuality and mix of personalities.” Specifically, we will push forward with measures including enhancement of internal job posting measures with a focus on career development, exchange of human resources across the Group, development of global human resources, promotion of female participation and career advancement and increased career recruiting.

The days when the company merely offers employees career opportunities are over, so they now have to create their career plan by themselves. The company will offer a stage where employees can play active roles by demonstrating their individuality and mixing their personalities to provide maximum support for their career development. We will set a place where people with common interests and aspirations can connect with each other by utilizing digital tools and put in place an environment where they can fully demonstrate their abilities according to their current life stage. In order to ensure that such efforts go beyond one-off stunts, we are also planning to look into a new human resources system that meets the needs of the new era.

The company and employees will establish a fifty-fifty relationship, and the growth of employees will turn into the company’s power to grow. We will continue our efforts so that both of us can grow together as good partners.



# Responsibility for Society

As the phrase “corporate citizen” shows, a company has a role it must play as part of the society. Just focusing on law-abiding business activities and fulfilling tax obligations is not sufficient to get the company accepted as something necessary for the society.

Fulfilling responsibility for society means to contribute to the solutions to various issues in the society by leveraging the company’s unique strengths, and in doing so, a company may finally be able to become something that is required by the society.

House Foods Group has been implementing various initiatives, but social issues are extremely wide-ranged and contributions we should be making are becoming more and more sophisticated and complex. We set “healthy people and a healthy planet” as a theme of the Seventh Medium-term Business Plan, and have been sharing the “establishment of a recycling-oriented model” and “achievement of a society of healthy longevity” as the management’s priority task and making group-wide efforts to further enhance our driving force.



Become a corporate group that contributes to society by steadily offering its unique value with conviction.

**Kotaro Kawasaki**

Director, House Foods Group Inc.  
 General Manager Of Corporate Communication Headquarters  
 Responsible for New Business Planning & Development Division, Value-Added Vegetables Business Development Division

## Healthy people and a healthy planet

We upheld “healthy people and a healthy planet” as a theme of the Sixth Medium-Term Business Plan and implemented various measures to achieve it. Over the last three years, we promoted environmental investments and the use of sustainable raw materials by introducing new environmental investment standards. It seems that such efforts raised awareness at business sites and they began to work on specific themes as their own issues.

Meanwhile, the circumstances surrounding global society are changing every moment. Issues that we have to address have been increasingly multilayered and complex due to the occurrence of unexpected events, such as the COVID-19 pandemic, as well as the Japanese

government’s 2050 carbon neutral declaration in response to the escalation of global environmental problems. Under such circumstances, in order to fulfill our corporate social responsibilities, we need to take a step further from the perspective of merely complying with regulations and managing risks and proactively work on initiatives to contribute to society.

I believe that after all the surest and most effective contribution that House Foods Group can make as a company dealing with food is to resolve some of the wide range of social issues through its core business. Under the Seventh Medium-Term Business Plan, we will continue to strive to create smiles in people’s lives with the two priority themes of “establishment of a recycling-oriented model” and “achievement of a society of healthy longevity.”

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

#### Basic approach



## Establishment of a recycling-oriented model

We are currently witnessing the escalation of environmental problems, such as frequent occurrence of extreme weather events worldwide caused by increased global warming, depletion of resources and loss of biodiversity. It has become much harder to fulfill our role to respond to such problems merely through the continuation of conventional initiatives. Accordingly, we established the new Group environmental strategy meeting participated by leaders of including production and research, under the Seventh Medium-Term Business Plan so as to bring the Group's initiatives up another notch. The meeting has begun discussions on development of new technologies and planned initiatives from a medium- to long-term perspective in addition to looking into the mutual utilization of technologies and expertise within the Group.

At the same time, we also need to continue strengthening initiatives we have implemented and evolve them further by expanding to the entire value chains. To reduce CO<sub>2</sub> emissions, we have begun calculating CO<sub>2</sub> emissions across all value chains in accordance with the GHG Protocol guidelines. We include in the scope of responsibility not only Scopes 1 and 2 emissions — i.e., CO<sub>2</sub> emissions at our facilities — but also those from the whole range of processes from procurement of raw materials, transportation, production, sales, culinary scene at home of customers through to disposal based on the concept of Scope 3 emissions. We also quantified emissions in each cycle. As a specific example of our initiatives, we are working to develop microwavable retort pouched curry to reduce CO<sub>2</sub> emissions from the culinary scene at home.

As food waste has nowadays become a serious social problem, we have set the reduction of waste as another key theme, and strives to further reduce waste by, for example, reviewing production methods and processes at production sites. We will also focus more efforts on activities to reduce food waste, together with partner companies and customers, by spreading our message throughout society through initiatives such as a project to reduce food waste by promoting curry cooking, which we launched last fiscal year.

## Achievement of a society of healthy longevity

In the midst of growing awareness of health among people, contributing to their healthy lives is an important role we play as a food manufacturer. So far, we have continued social contribution activities such as dietary education program and support for children's cafeterias. In parallel with such activities, we will work on creation of health value through business activities by further enhancing our driving force.

House Foods Group is promoting to develop its business with four value chains (VCs) at the core from the Seventh Medium-Term Business Plan. As a result, it has become easier for each value chain to utilize management resources more efficiently and pursue their own unique health value in accordance with their own strategies. In the Seventh Medium-Term Business Plan, we set a specific theme for each of the four VCs and have been working on them. For example, we set "three low (low calories, low carbohydrate and low sodium" as the theme of the Spice VC and are working to develop value-added products.

New non-traditional ideas and innovations will be generated by looking into what value each business or value chain can offer from the viewpoint of "achieving a society of healthy longevity." We expect that it will lead to creation of businesses based on their own unique health value.

We will enhance the effectiveness of such initiatives by continuously implementing the PDCA cycle while using external evaluation. Even if an unforeseen situation arises and the environment surrounding us changes in the future, we will enhance our organizational ability to contribute to society with conviction, aiming for "healthy people and a healthy planet."

### Background to establishment of priority themes

**(External factor)**  
**New Normal**

- Shift in attitudes towards corporate responsibility (Encouragement of corporate initiatives to solve social issues)
- Increased health awareness
- Increasing global environmental problems



**(Internal factor)**  
**Group transformation**

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

### Priority themes

- 1** Establishment of a recycling-oriented model ⇒ Environmental measures across all VCs
  - Acceleration of reduction in CO<sub>2</sub> emissions and expansion of scope of initiatives Global operations & supply chain (Scopes 1, 2 and 3)
  - Strengthening of momentum behind waste reduction activities and promotion of recovery of valuable materials from waste
- 2** Achievement of a society of healthy longevity ⇒ Contribution to better health through core business
  - Creation of health value through business activities
  - Exploration of seeds for creation of the health businesses of the future

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

## Strategies by Business Segment

# Spice/Seasoning/Processed Food Business

### Status for FY2020

Net Sales

¥146,340 million  
(Year-on-year change: 100.9%)

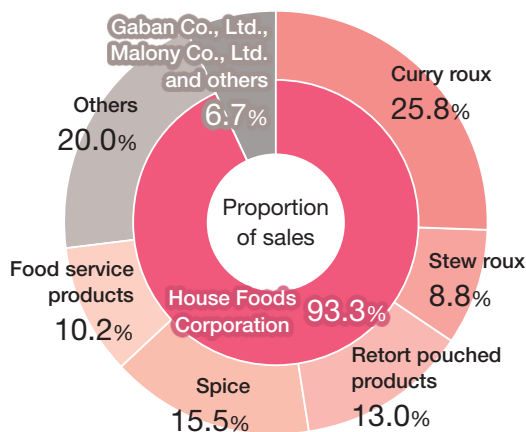
Operating Profit

¥15,614 million  
(Year-on-year change: 110.7%)

ROS

10.7%  
(Year-on-year change: +0.9pt)

### Proportion of Sales for FY2020



### Summary

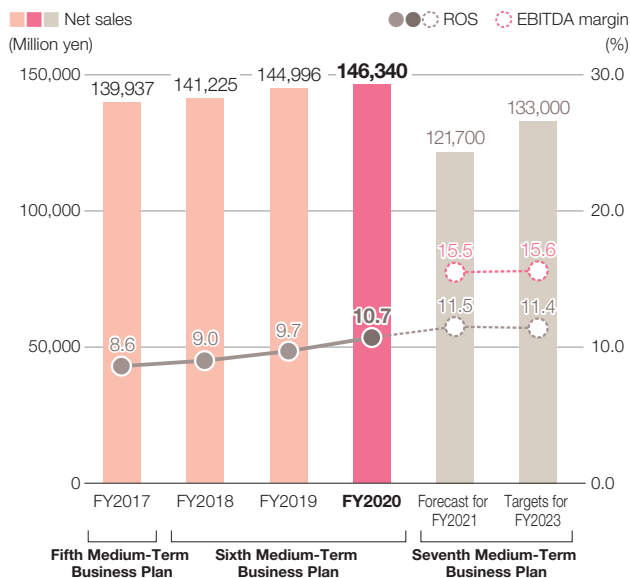
- Sales of products for home use grew across a wide range of product categories due to growing demand for home-cooked meals, offsetting struggling sales of food service products.
- Profit growth picked up pace, reflecting reduction of fixed costs generally due to restrictions on business activities, in addition to higher sales of products for home use.

### Segment strategies in the Seventh Medium-Term Business Plan

- **Growth based on the creation of new value**  
Achievement of topline growth by working to expand domains through free thinking and challenging ourselves.
- **Improvement of earning capacity as core business**  
Continuation of initiatives for the reform of the revenue structure model and pursuit of effective marketing measures to ensure competitiveness.
- **Commitment to solve social issues through core business**  
Promotion of a shift to microwaveable retort pouched products to reduce CO<sub>2</sub> emissions in the entire supply chain (Scope 3), in addition to the reduction of CO<sub>2</sub> emissions (Scope 1 and 2) and the curtailment of waste at our facilities.

### Themes in FY2021

- Expectation of a fall in sales at a certain level following pandemic-era panic buying witnessed in FY2020
- Effort to capture demand for home-cooked meals by carefully responding to changes in consumer consciousness and behavior
- Promotion of growth investments to increase the production capacity of B to B products and revamp the supply and demand and production management system



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





## Review of the Sixth Medium-Term Business Plan and Initiatives under the Seventh Medium-Term Business Plan

In the Sixth Medium-Term Business Plan, we enunciated the reform of the revenue structure model. On the assumption of the growing tendency for people to eat out or buy food to eat at home, we strove to grow retort pouched product business and strengthen profitability of it, and to expand food service business for home meal replacements and restaurants. Meanwhile, we aimed to make our profit base steadier by enhancing brand value and the variety of products in roux product business, the mainstay of this business segment.

In retort pouched product business, in order to respond to growing demand for such product, we enhanced and expanded the product lineup, and strengthened the production system by adding and operating a new production line. In roux product business, while launching a new brand, we made a pitch for quicker meal preparation and a wider variety of products. In spice business, we launched products in large tubes, and increased the production capacity. I think these initiatives helped capture increased demand for home-cooked meals by the COVID-19 pandemic in the final fiscal year of the Sixth Medium-Term Business Plan. In food service business, despite the challenging environment faced by some industries centered in the restaurant industry amid the pandemic, we made efforts to respond to the environment by making a strong pitch for products designed for the elderly receiving nursing care and retort pouched products for home meal replacements.

We have currently responded to changes in customer lifestyles amid the pandemic and focused more than ever on proposing such attractive factors as fun of cooking and economic performance in home-use business. In food service business, we have made product proposals more carefully, taking into consideration trends by restaurant format, our selling points, and other factors.

Under the Seventh Medium-Term Business Plan, we will advance the reform of the revenue structure model

while taking new initiatives. We consider responding to more diverse customer needs in mature markets to be an issue we should particularly work at, so we have defined speeding up our initiatives toward the creation of new value as a priority theme for growth.

In home-use business, we will push ahead with collaborative creation by involving internal divisions while working with external business partners, thereby establishing a new product development style without being shackled by past experiences to create new products and services. Meanwhile, we will strengthen the development of promotional approaches and sales channels through which we can effectively communicate to customers value to be created through such initiatives.

In food service business, we will become a solution company that is capable of having a deeper understanding of issues our customers have and proposing effective solutions to the issues to our customers. We will also aim to become a company required by our customers more than now by strengthening initiatives with Gaban Co., Ltd., a Group company.

Toward further evolution in the Spice/Seasoning/Processed Food Business, we will continue to take on new challenges while responding to changes in the challenging environment.

### Masahiko Kudo

Senior Managing Director,  
House Foods Group Inc.  
Representative Director and  
President, House Foods  
Corporation



## TOPICS

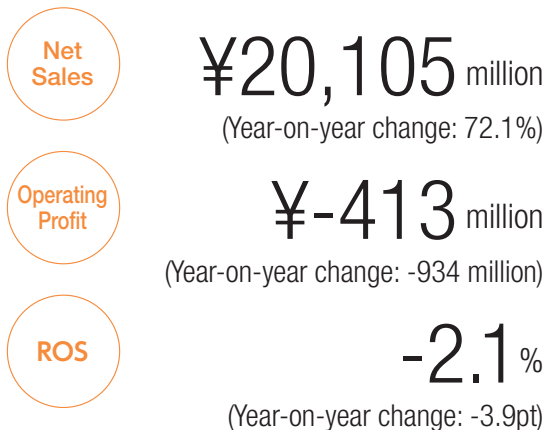
### Aiming to grow the B to B business: Setting up a new production line for larger-quantity retort pouched products

As the Japanese market becomes more mature, the concept of food becomes more diverse. We position the B to B business as one of the main growth domains. Sun House Foods Corporation that manufactures retort pouched products set up a new production line for larger-quantity retort pouched products for food service use and started operating the line in July 2021. This enabled the company to increase the maximum production capacity of larger-quantity retort pouched products with 1.6 times greater than before. On the back of decreasing working-age population and other factors these days, simpler meal preparation is an issue in the food service market, so we will strengthen our proposal capability to meet customer needs.

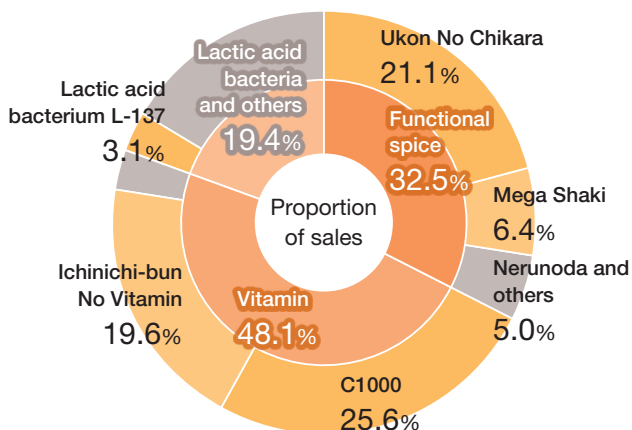


# Health Food Business

## Status for FY2020



## Proportion of Sales for FY2020



### Summary

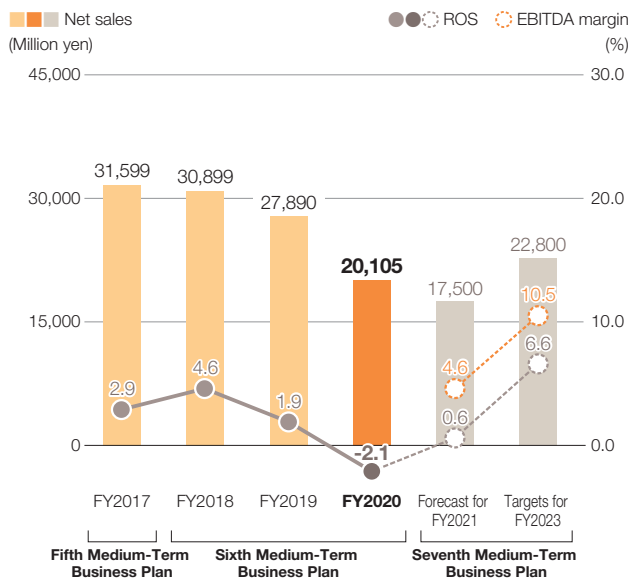
- Overreliance on the *Ukon No Chikara* series and risks associated with sales channel structure came to the surface amid the COVID-19 pandemic.
- This segment marked a significant decline in sales, falling into an operating loss, despite radical cost reduction.
- This segment rebuilt the profit structure by withdrawing from less profitable business.

## Segment strategies in the Seventh Medium-Term Business Plan

- **Shift to a more sustainable business model by capturing business opportunities globally from a value chain perspective**  
Focus on the global expansion of vitamin drink and lactic acid bacteria businesses to establish the Functional Ingredients Value Chain.
- **Rebuilding of the existing domestic business**  
Implementation of profit structure reforms and establishment of new customer contact points.

### Themes in FY2021

- Building of a profit structure that makes profit even under the uncertain operating environment, cost reduction, and effective marketing activities
- Integration of the domestic B to C sales function into House Foods Corporation to strengthen our proposal capability and expand customer contact points



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



Review of the Sixth Medium-Term Business Plan and Initiatives under the Seventh Medium-Term Business Plan

The Health Food Business is operated by House Wellness Foods Corporation. Based on the corporate philosophy of "To serve for a healthier life tomorrow," it identifies "Health," "Vitality" and "Maintenance" that support a healthy lifestyle as three fields of its business, revolving around its strategic healthy ingredients of "spices," "vitamins" and "lactic acid bacteria" cultivated over the years.

In the final fiscal year of the Sixth Medium-Term Business Plan, this segment was greatly affected by the COVID-19 pandemic, causing the initial projections to fall far short of the targets. Under such a situation, we have worked on the initially planned business portfolio reforms. Specifically, we downscaled the less profitable PET type of the C1000 series and had discussions to reformulate the brand strategy. For the Ichinichibun No Vitamin series, we strove to increase sales of the jelly type which production was shifted to in-house production, and to improve the profitability of the brand. Under the environment in which people have fewer opportunities to drink out, we have prepared ourselves for the post-pandemic consumer demand recovery for the Ukon No Chikara series while having paid close attention to customer behavior trends. Meanwhile, we have sought to create new demand for drinking at home and using delivery services.

Under the Seventh Medium-Term Business Plan, House Wellness Foods Corporation will play a central role in establishing the Functional Ingredients Value Chain, which is one of the Group's growth strategies. We will pursue business opportunities globally beyond domestic business development in the three strategic healthy ingredients of "vitamins," "spices (turmeric)" and "lactic acid bacteria."

In the Japanese market, we aim to build a stronger profit base to weather the impact of the COVID-19 crisis. We also aim to further expand the scope of value

proposition, and to establish optimum customer contact points. We will work seamlessly with House Foods Corporation to maximize the effect of the integration of the domestic B to C sales function into the company, and work on a business turnaround plan for the Health Food Business in Japan.

For the overseas markets, we aim to build a model that constantly makes larger profit. The desire to stay healthy is common to people around the world. In the wake of the onset of the pandemic, people are more aware of boosting the immune system and self-health management by taking measures to prevent illness.

House Osotspa Foods Co., Ltd. that sells vitamin drinks in Thailand has been significantly growing these days. Leveraging their insights, we seek to further expand our market share centered in the ASEAN region. Opportunities are emerging to expand the lactic acid bacterium L-137 business (the sale of feed and ingredients) primarily in the United States and Europe where companies can directly showcase the effect of the product on the immune system.

Our ultimate goal is to hear "we are happy and thank you" from our customers and will remain unchanged. We aim to contribute to prolonging the healthy lifespan of people around the world and improve their quality of life, and will strive to fulfill our role in society as a corporate group that plays a role in the food value chain.



Yasukatsu Hiroura
Senior Managing Director,
House Foods Group Inc.

TOPICS

Integration of the domestic B to C sales functions toward the strengthening of our proposal capability in the domestic market

House Foods Corporation and House Wellness Foods Corporation integrated their B to C sales functions in April 2021 to bring out the Group's collective strengths, strengthen its proposal capability, and increase efficiency in the domestic mature market.

As the core business company of the Health Food Business, House Wellness Foods Corporation will continue to fulfill its business responsibilities. Meanwhile, the company will shift its resources to the global expansion of vitamin and lactic acid bacteria businesses, and strive to establish the Functional Ingredients Value Chain early.

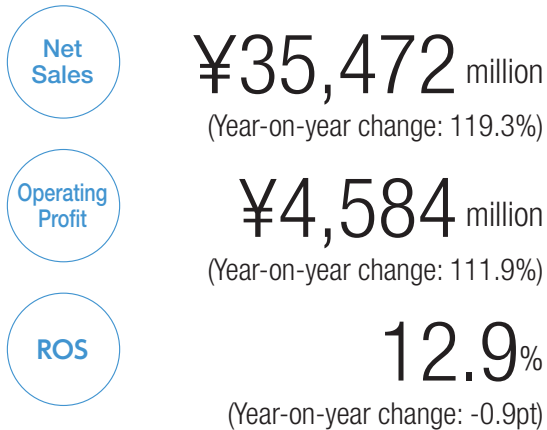


Integrated the domestic B to C sales function into House Foods Corporation (outsourced the sales function)
\*The B to B lactic acid bacteria business, international business, and direct retail (mail order) business are excluded

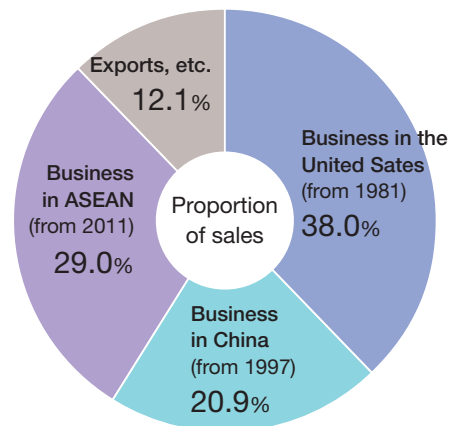
As the core business company of the Health Food Business, House Wellness Foods Corporation will continue to fulfill its business responsibilities

# International Food Business

## Status for FY2020



## Proportion of Sales for FY2020



### Summary

● Expanded the business scale even amid the COVID-19 pandemic

#### United States

The growth was sustained, with growing demand for PBF\* as a tailwind. A new line went into operation though it will take more time to make it stable.

#### China

The value that Japanese-style curry can offer (convenience and single complete dishes) has prevailed in the country. We succeeded in expanding our scope of business in inland areas, which had been a challenge before.

#### Thailand

The enhancement of production capacity narrowed the supply-demand gap. VAT and entry of competitors resulted in an increase in costs. (The consumption of channel inventory slowed down toward the fiscal year-end; sales were hampered in the fourth quarter.)

\*PBF stands for Plant-Based Food.

## Segment strategies in the Seventh Medium-Term Business Plan

● Acceleration of growth. Shift towards greater local autonomy aiming to achieve growth on a “local production for local consumption” basis

#### United States

Strengthening of base (expansion of production and supply systems, strengthening of R&D) for advancement to a new growth stage, and expansion of areas of operation.

#### China

Sustainable growth in the core business and expansion of business domains to meet local needs.

#### ASEAN

Start-up of B to C curry business and pursuit of possibilities of B to B spice business in conjunction with GOT.

● Strengthening of governance with a view to greater local autonomy

\*The Thai functional drink business will shift to being managed under the Functional Ingredients value chain (its segment will remain unchanged from International Food Business).

### Themes in FY2021

#### United States

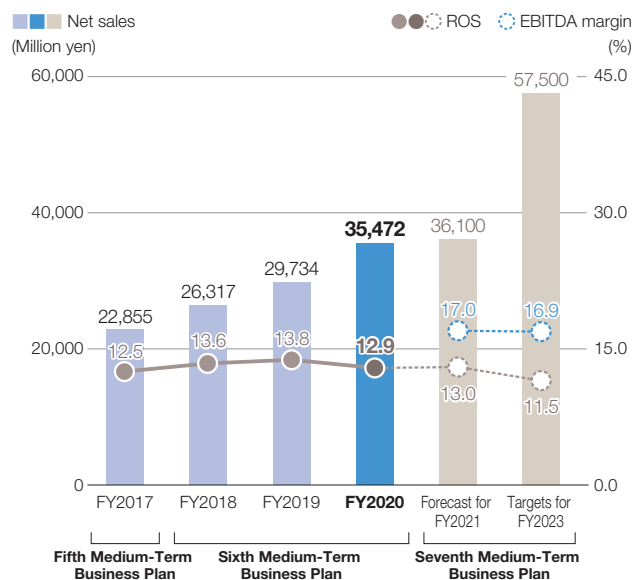
Increase profitability by stabilizing the new line's operations. Strengthen the business base by investing costs in DX and personnel-related matters.

#### China

Home-use: Proactively invest more marketing costs to conquer the inland areas. Service-use: Develop an effective sales strategy using customer big data.

#### Thailand

Expect a leveling off in growth in this fiscal year due to the slow-moving inventory in the previous fiscal year. Move forward with area expansion and enhance product offerings.



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



## Review of the Sixth Medium-Term Business Plan and Initiatives under the Seventh Medium-Term Business Plan

In FY2020, the International Food Business segment achieved 104.3% of the sales target set in the Sixth Medium-Term Business Plan; a CAGR (average growth rate over the past three years) of 15.7%; 99.7% of the operating profit target; and ROS of 12.9%. As such, I believe that the segment fulfilled its role and responsibility as a growth driver for the Group. The strong results were backed by rapid growth in business in Thailand; however, a number of business challenges surfaced during the Sixth Medium-Term Business Plan, even taking into account special factors relating to the COVID-19 pandemic in the final year. Some of these challenges include lower profitability due to a problem with the new line in the United States, failure to meet expected growth in China and insufficient preparation for curry business in ASEAN.

As we once again identify the current position of the International Food Business, we believe that it is in the early stage of growth after undergoing a transition from the exploration stage to the infancy stage. We must move forward and eventually reach the maturity stage of “greater local autonomy.” However, there is a chasm in this process, and we are in an urgent need of a paradigm shift to cross it. Although we are engaged in international business, the business has hitherto grown with Japanese business players and food innovators who reside in urban areas and are interested in Japanese food as its core target customers. However, in order to maintain and further improve its growth rate from the Seventh Medium-Term Business Plan onward, we must expand the scope to include conservative suburban markets.

Last year, sales at American supermarkets surpassed those at Asian supermarkets for the first time in the United States. Meanwhile, in China, we witnessed soaring demand for curry in small- to medium-sized cities in the inland areas, driven by the growing trend of eating at home. The major themes of the Seventh Medium-Term Business Plan are to seize these growth opportunities in existing businesses accurately, as well as to create a new business that will be the fourth pillar of this segment alongside the Tofu business in the United States, curry business in China and Thai functional drink business.

In the United States, we will accelerate the implementation of measures to strengthen the base (expansion of the production system, strengthening of R&D) for advancement to a new growth stage riding the tailwind of booming PBFs, and start the preparation for entry into the European market. In China, we will strive to increase the demand in the medium-sized city areas, where we succeeded in expanding our scope of business, while maintaining sales in large metropolitan areas where we are strong. We will also enhance our responsiveness to the needs of the food service market, which is currently being undergoing restructuring. In ASEAN countries, we will speed up our initiatives related to halal curry, especially in Indonesia. Also, Group companies in ASEAN countries will tackle the possibilities of B to B spice business in conjunction with GOT.

Under the COVID-19 pandemic, our local subsidiaries faced physical restrictions on their economic activities due to travel ban and thus were forced to operate with limited human resources. Consequently, we saw gaps in activities among them caused by the difference in level of adequacy of their local functions. We are now even more keenly aware of the need for “greater local autonomy,” including future concerns for decoupling problems and other issues. We will strive to further strengthen the governance of overseas subsidiaries by reviewing how their organizations should operate to support their growth and taking drastic measures if necessary.



**Tatsumi Yamaguchi**

Director and General Manager  
Of Global Headquarters,  
House Foods Group Inc.

### TOPICS

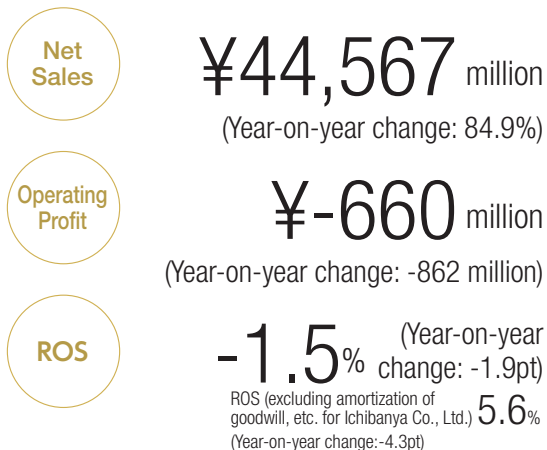
#### Growing tofu business in the United States

The PBF market has been expanding rapidly in the United States on the back of growing health and environmental consciousness. Under such circumstances, *Tofu* that the Group offers has gained attention as a “high-quality plant-based protein food that replaces meat,” and the Business in the United States has achieved sustainable growth at the average rate of 7.8% (on a local currency basis) over the last five years. House Foods America Corporation, which plays the central role in the Soybeans value chain, is working to strengthen its business base, such as expanding its production system and strengthening the R&D function, so as to turn the growth of booming PBFs into a chance for overall business growth.

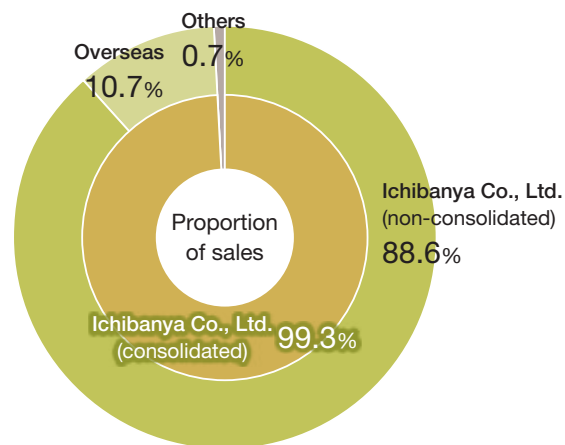


# Restaurant Business

## Status for FY2020



## Proportion of Sales for FY2020



### Summary

- Embarked on initiatives to establish new restaurant operating models in the COVID era and achieve growth, despite the challenging environment due to the request for refraining from going out and shortened operating hours.
- Recognized impairment losses on goodwill and other intangible assets arising from the acquisition of Ichibanya Co., Ltd. into the Group, given changes in the business environment caused by the COVID-19 pandemic.

### Impact of impairment loss on the consolidated operating results (Million yen)

	FY2020
Impairment loss	9,128
Income taxes - deferred <sup>1</sup>	2,521
Non-controlling interests <sup>2</sup>	-2,819
Profit attributable to owners of parent	-3,788

- Net of tax effect on impairment losses
- 49% of impairment losses, net of tax effect (the Company owns 51%)

### Impact on amortization (Million yen)

	<Initial schedule>		<After the recognition of impairment losses>	
	FY2020	From FY2021 onward	FY2020	From FY2021 onward
Amortization of intangible assets	4,164	1,601	3,172	1,326
Goodwill <sup>1</sup>	2,562	—	1,708	—
Trademark right <sup>2</sup>	635	635	580	526
Contract-related intangible assets <sup>2</sup>	967	967	883	800

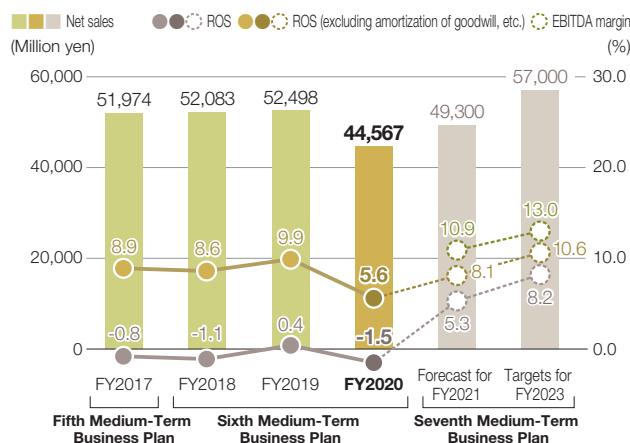
- Amortization completed in the second quarter of FY2020 (initially scheduled to complete in the third quarter).
- No change has been made to the amortization schedule.

### Segment strategies in the Seventh Medium-Term Business Plan

- Proactive generation of domestic demand in the COVID and post-COVID era**  
Strengthening of non-eat-in services and contact points (home delivery and drive-thru, development of business styles, etc.).
- Promotion of Group synergy themes**  
Creation of benefits for the Company, Ichibanya Co., Ltd. and franchise owners through the development of new curry sauces.

### Themes in FY2021

- Japan:** Create demand through proactive property development and challenges to new business styles suited to the COVID era.
- Overseas:** Continue the initiatives to grow, including start of the roll-out of franchises in the United States.



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

## Initiatives under the 7th Medium-Term Management Policy

The operating results for the fiscal year ended February 28, 2021 fell far short of the previous fiscal year's levels mainly due to the restrictions and requests for restaurants including shortened operating hours to prevent the spread of COVID-19 in Japan and abroad.

It is currently still uncertain when the pandemic will end, and we therefore expect that sales will recover to the level before COVID-19 in or after the next fiscal year. We will continue to strive to provide value that exceeds customers' expectations at each restaurant, such as enhancing product appeal and convenience, while always keeping in mind to ensure safe and secure operations suited to the COVID era.

We have established the "ICHIBANYA Long-Term Vision 2030," which sets out its vision to be achieved by 2030 after overcoming the COVID-19 pandemic. With a main theme "Creating the Future with Excitement," each and every member of the ICHIBANYA Group will continue to take on the "challenge" of new things and aim to achieve the growth of its executives and employees and development as a company by working with feelings of "excitement" toward their goals.

As an action plan for the first three years of the long-term vision toward its achievement, we have formulated the 7th Medium-Term Management Policy. We have previously cited the overseas business as our growth engine. Instead, in the policy, we laid out a new plan to drive our business forward by achieving strong growth also in Japan with both domestic and overseas businesses being cited as twin engines.

In Japan, we aim to increase convenience of our restaurants by measures such as introducing a mobile order option and lockers for take-out orders, in addition to further enhancing QSC, which is our highest-priority issue. Besides that, we are planning to improve the profitability of individual restaurants through strategic relocation to locations with an ability to attract more customers, building of drive-thru facility on the

restaurant's premise and other such means. We will also proactively use M&A to establish a new pillar of our business.

Overseas, we will open new restaurants not only in untapped regions, including Europe and the Middle East, but also in existing areas. In the United States, we are planning to expand the business area from Los Angeles, where our existing restaurants are located, and launch new restaurants in a much broader area including the East Coast, with a new company, which was established last year, at the core. We aim to achieve record high performance with net sales of 57.0 billion yen and operating profit of 6.0 billion yen in the final fiscal year of this Medium-Term Management Policy.

The COVID-19 pandemic has changed the lifestyles of our customers, and thereby changed market conditions in the restaurant industry. However, we are taking the situation positively and viewing it as a chance for us to retrain our own strength as a company that has been working on its business since its foundation with the "ultra" customer-first philosophy and the principle of "adapt to changes and create changes." From now on also, we will aim to achieve sustainable growth by increasing our presence as a restaurant chain that continues to be chosen by more customers both at home and abroad.



**Mamoru Kuzuhara**

President and Representative  
Director, Ichibanya Co., Ltd.

## TOPICS

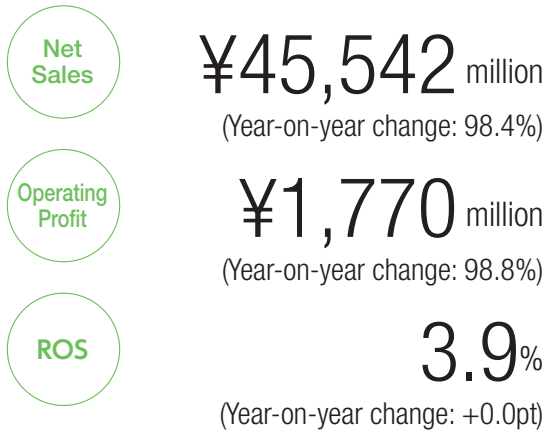
### Aim of making DAIKOKU SHOJI Co., Ltd. a consolidated subsidiary

In December 2020, Ichibanya Co., Ltd. acquired DAIKOKU SHOJI Co., Ltd. as a new member of the ICHIBANYA Group. The company runs a restaurant called Jingisukan Daikokuya in Asahikawa-city, Hokkaido. The restaurant is very popular and has won the strong support of not only tourists from inside and outside Japan but also local customers. Although this is a challenge to a new business style, we aim to roll out the chain both in Hokkaido and beyond by leveraging the know-how on chain development unique to Ichibanya.

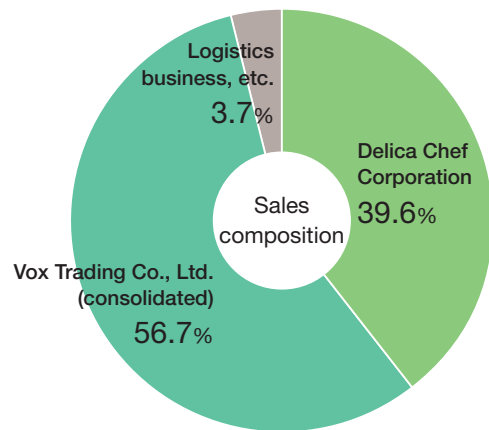


# Other Food Related Business

## Status for FY2020



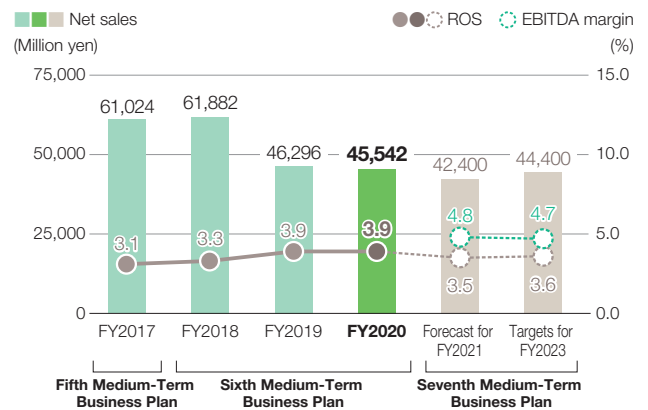
## Proportion of Sales for FY2020



Summary	Delica Chef Corporation	Vox Trading Co., Ltd.
	<ul style="list-style-type: none"> <li>Sales of desserts for which this segment has striven to strengthen its development capability remained strong buoyed by stay-at-home demand.</li> <li>Both sales and profit fell partly due to sluggish sales of baked bread and fewer production items of prepared dishes.</li> </ul>	<ul style="list-style-type: none"> <li>Sales were on a par with the previous fiscal year as products for B to B to C offset slow shipments of food service products.</li> <li>Profit increased due to curbed fixed costs that mainly reflected restrictions on movement.</li> </ul>


## Segment strategies in the Seventh Medium-Term Business Plan

- Delica Chef Corporation** Collaborative creation with partners inside and outside the Group in the Value-added Vegetables Value Chain.
  - Vox Trading Co., Ltd.** Use of strengths at the upstream of the value chain and demonstration of capabilities linking activities in the value chain together.
- Themes in FY2021**
- Delica Chef Corporation** Efforts to improve productivity and respond to demand in the new normal by strengthening the development capability and right-sizing the personnel structure.
  - Vox Trading Co., Ltd.** Effort to strengthen the proposal capability in growth domains including frozen products (Expectation of a fall in sales of "minimum access" rice).



### TOPICS

PT. Java Agritech, a subsidiary of Vox Trading Co., Ltd., has developed sustainable pepper in Central Java since 2019. The difference between sustainable and normal pepper farming is the relationship with farmers. Pepper is normally distributed through pick-up service providers, but under this development project, we directly contact farmers. Resident staff in farming areas go around farmers and their fields to help them improve their farming and to procure pepper, thereby creating a sustainable supply chain in the long run.





## Message from Outside Directors who are Audit & Supervisory Committee Members About the Initiation of the Seventh Medium-Term Business Plan



**Kyuzo Saito**  
Outside Director who  
is Audit & Supervisory  
Committee Member

I took office as Outside Director in 2016, the second year of the Fifth Medium-Term Business Plan. Under the plan, the Group set its goal as “striving to become a high quality company that provides ‘Healthy Life Through Foods,’” and had continued to work on it under the Sixth Medium-Term Business Plan as well. During these periods, Ichibanya Co., Ltd. and other entities became consolidated subsidiaries. I feel that the direction “from addition to multiplication” became clearer in which group companies mutually create synergies.

Under the Seventh Medium-Term Business Plan starting from FY2021, the Group set its goal as “striving to become a high quality company that provides ‘Healthy Life Through Foods’ (Chapter 2),” and aspires to take on new challenges for growth. The plan outlines a growth direction by striving for four value chains. As the Group enters the implementation phase of three GOT themes (Group-wide initiatives) that realize the concept of the four value chains, I have great hopes in this step for growth. The Japanese market is considered to be in a mature phase, but the number of households remains the same as before despite depopulation, so there is still room for the Group to actively play in the market. Economic growth in overseas markets is expected to continue, and demand is also expected to further increase. As a measure to strengthen governance in response to business expansion in Japan and abroad, the Company transitioned to a Company with an Audit & Supervisory Committee in June 2021. I believe this was a timely measure.

What particularly attracts my attention other than business is taking environmentally responsible actions, part of the responsibility for society. Considering environmental burden arising from not only the Group’s business activities but also consumer cooking scenes, the Group that plays a role in making meal preparation simpler has great potential for helping reduce environmental burden, so the Group must actively take environmentally responsible actions.

To formulate the Seventh Medium-Term Business Plan, the Board of Directors had a series of discussions, and I often expressed my opinions as Outside Director. I appreciate that the plan reflects various insights and was formulated through thorough examinations. As one of the assumptions to formulate a Medium-Term Business Plan, the Group is supposed to update the plan in an agile manner when given conditions arise outside the scope of assumptions. I think this attitude is appropriate because the Group faces uncertain times while having the long-term outlook. I will pay close attention to changes in the management environment from an outside perspective, and play my roles.



**Hiroyuki Kamano**  
Outside Director who  
is Audit & Supervisory  
Committee Member

As an attorney-at-law, I have long been engaged in corporate legal affairs and served as an outside executive. I took office as Audit & Supervisory Board Member of the Company in June 2015. Since then, the Company has increased affiliates one after another, including making Ichibanya Co., Ltd. a consolidated subsidiary in December 2015, and its overseas sales have increased rapidly. Partly due to such growth, the Group has increased profit for five fiscal years in a row. Although the Group had a decline in revenue in the previous fiscal year due to the COVID-19 pandemic, it ensured an increase in operating profit. I think that the way the Company run the Board of Directors meetings during my term of office should get a passing mark.

I think there are two reasons why the Group has been able to achieve such results. First is that, to fulfill the three responsibilities the Company focuses on in management, the Group started “striving to become a high quality company that provides ‘Healthy Life Through Foods,’” under the Fifth Medium-Term Business Plan, and further strove and is currently further striving for the theme under the Sixth and Seventh Medium-Term Business Plans. Second is that talented employees across the Group have vigorously worked together to realize the theme. What impressed me the most is the ongoing promotion of GOT. It is a grand initiative across all Group companies in pursuit of efficiency amid the situation in which the organization is vertically divided under the holding company system and centrifugal forces accelerate as a result of absorbing external companies. I have hopes that this initiative will be sure to bring great results and that we will see the quintessence of the Group management including Production GOT.

The concept of the four value chains cultivated in such a situation clearly represents the Company’s vision. What particularly attracts my attention is the Soybean Value Chain. In this value chain, the Group aims to further develop the tofu business in the United States and make a foray into Europe based on the successful experience in the United States. I desire the Group to steadily achieve successful results in Europe as well and the Soybean Value Chain to grow as much as the Spice Value Chain to become the great core value chain of the Company.

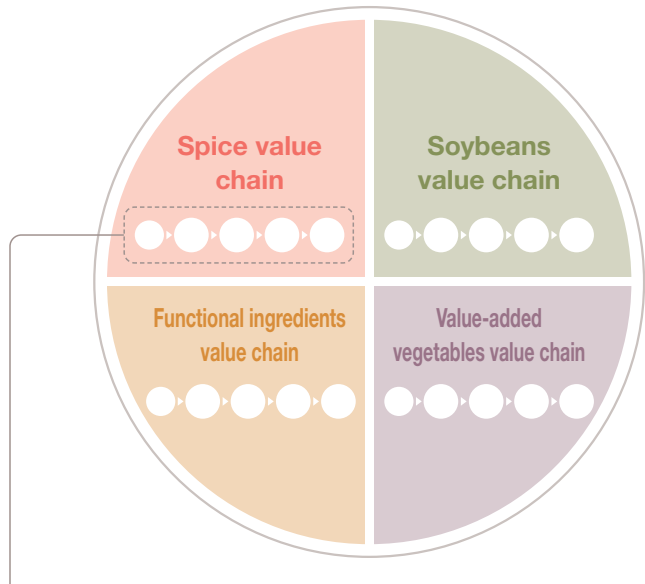
Another thing that attracts my attention in the area of risk control is the transition to a Company with an Audit & Supervisory Committee. This system enables the Company to shift the focus of the Board of Directors function more on monitoring and executives to manage business in a speedier manner. To align with these aims, the Company currently attempts to get creative with running the Board of Directors meetings. As an Audit & Supervisory Committee Member, I will help enhance corporate value and strengthen governance by making investment decisions that excite investors and promoting SDGs through the exercise of voting rights in the Board of Directors meetings.

# House Foods Group Value Chain

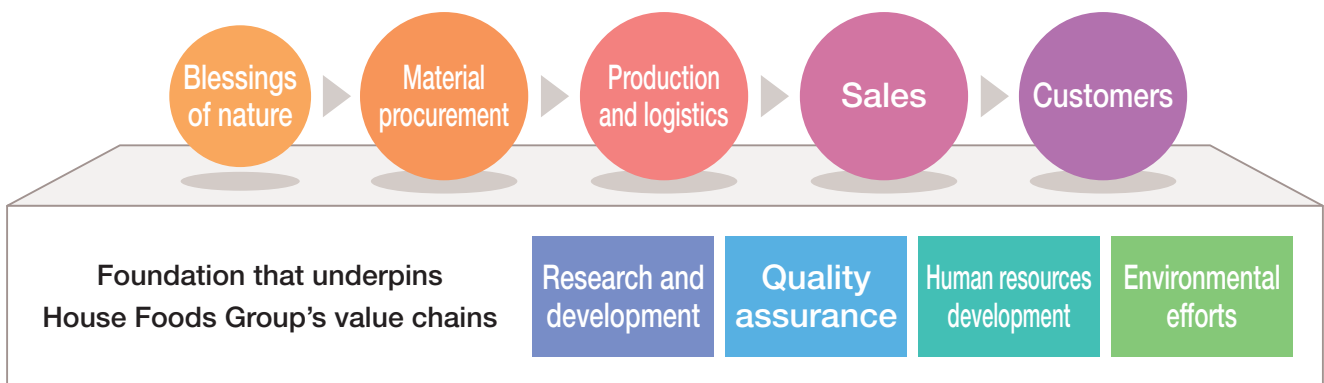
The Group has defined four value chains as the domains in which it will provide “Healthy Life Through Foods,” namely spice, functional ingredients, soybean and value-added vegetables.

House Foods Group will strive to be a company that is trusted and chosen by all stakeholders through activities unique to the Group while achieving growth both in Japan and abroad by developing respective value chains.

Here, among the four value chains, we will introduce initiatives in the Spice value chain, which is centered on our core business, spice and curry.

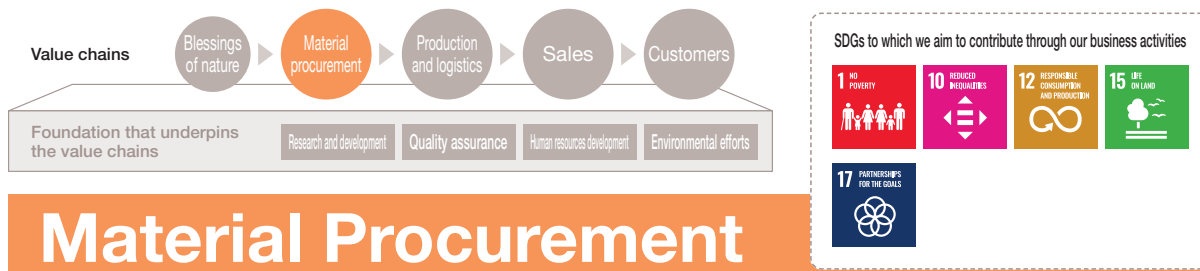


## House Foods Group Value Chain



We aim to solve various social issues and achieve sustainable growth of the Group through the establishment and strengthening of the value chains. We believe this will also contribute to achieving the SDG targets.





# Material Procurement

## Role and approach to material procurement

We have played a role to ensure stable procurement of safe and secure ingredients by building a global procurement network. We are decentralizing the production areas of major ingredients to ensure stable procurement even when a risk, such as natural disaster or accident, is materialized.

We are working on responsible procurement by promoting procurement with emphases on quality, compliance, environment, human rights and trust relationships with our business partners so that we can contribute to creating a sustainable society.

## Scope of activities

When procuring ingredients, we visit the production areas if necessary to check out whether their management systems are effective to maintain the quality of ingredients by verifying processes from cultivation to processing, and whether their environmental efforts and labor environments meet the Group's procurement standards. We are also striving to increase value at upstream of the value chain by working with our business partners to promote activities such as exploring new production areas of ingredients, searching for value-added materials and varieties and improving the efficiency of primary processing and transportation at production areas. We have strengths, such as farms, primary processing sites and trading company and logistics functions within our Group, and are working on procurement taking advantage of strengths of our business partners and the Group.

### ■ Initiatives leveraging the Group's functions

House Foods uses wasabi, which is produced at our Group's farm in Indonesia through processes controlled by the Group from primary processing through to export, as part of ingredients. The farm in Indonesia has maintained the employment of local residents through its many years of farm operations. We are also working to construct a value chain in consideration of forest-related issues by promoting the use of paper certified by FSC®\* and other such organizations for product packaging that consumes a huge amount of paper.

\*Forest Stewardship Council®: An international non-profit organization that works for appropriate use and conservation of forests. FSC® N003666



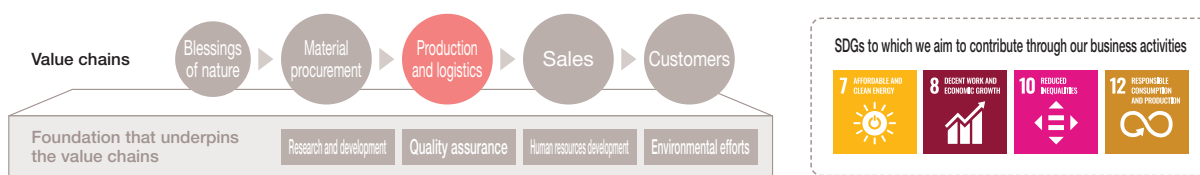
### ■ Efforts made with suppliers to achieve sustainable procurement

We regard suppliers of ingredients as our partners to work with and are working to build a system of cooperation by deepening mutual understanding through the daily exchange of information and opinions. As part of initiatives to further promote sustainable procurement, we began to disclose our CSR guidelines in FY2020. We have conducted a CSR questionnaire survey with all the direct suppliers of House Foods Corporation, Sun House Foods Corporation and House Wellness Foods Corporation and confirmed that they comply with the CSR guidelines. In FY2021, we are planning to expand the scope of survey and conduct a questionnaire survey with indirect suppliers as well.

#### Six key themes of CSR guidelines

1. Ensuring of safety and security
2. Human rights, labor, industrial safety and health
3. Legal and social norm compliance
4. Global environmental consciousness
5. Information security
6. Social contribution

## House Foods Group Value Chain



# Production and Logistics

With a mission to “pursue the establishment of production and SCM systems that support the Group’s sustainable growth,” we are engaged in day-to-day production activities to produce “safe and secure,” “high quality” and “cost competitive” products and deliver them to customers.

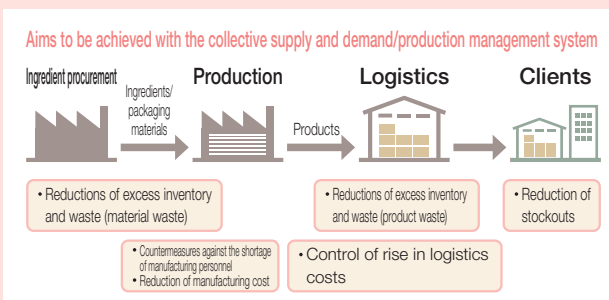
In recent years, we have been working to build the systems from a Group optimization perspective, while realizing production and logistics methods that lead to reduction of environmental burden.

### ■ Introduction of energy system that reduces environmental burden

To construct the recycling-oriented model, House Foods has promoted the introduction of a gas co-generation system and solar power generation system. The gas co-generation system has a mechanism to reduce CO<sub>2</sub> emissions by generating electricity with a gas power generator installed inside a facility and using waste heat exhausted from the power generation process. The system was introduced into the Fukuoka Plant in 2020 and Nara Plant in 2021. The Shizuoka Plant also introduced a solar power generation system that generates electricity equivalent to 10% of its annual consumption in April 2021.

### ■ Construction of collective supply and demand/production management system

In the face of an expected shortage of manufacturing personnel and persistent rise in logistics costs, House Foods Corporation, House Wellness Foods Corporation and Sun House Foods Corporation have introduced a new collective supply and demand/production management system in April 2021. We aim to reduce material and product waste as well as to strengthen our cost competitiveness through the improvement of production efficiency by increasing the accuracy of demand forecasts and achieving swift adaptation to changes using AI and big data.



### ■ Practicing the “creation of a work environment where anyone can work comfortably”

In House Ai-Factory Corporation, which is a special subsidiary producing spice products in the Group, employees, including those with disabilities, are working together to promote the creation of a “safe, healthy and employee-friendly workplace.” The company has been certified as a Health and Productivity Management Organization in the small and medium enterprise (SME) category for the fifth consecutive year since 2017 in recognition of its safety activity and efforts made to promote health and productivity management (certified as a “Bright 500” enterprise, which is awarded to the top 500 SMEs, in 2021). We all, including those with disabilities, will continue to assist each other in realizing a more “safe, healthy and employee-friendly workplace” and delivering safe, secure and high-quality products.

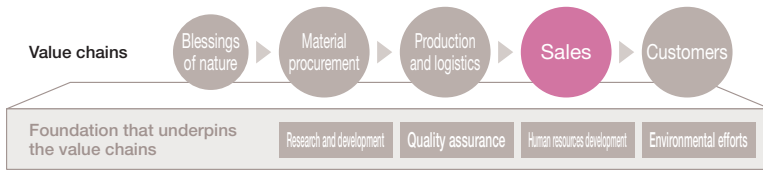


### ■ Modal shift initiatives

We are striving to reduce CO<sub>2</sub> emissions from logistics operations by proactively working on initiatives, including shortening transportation distances; shifting to means of transportation with less environmental burden, such as ship and rail (modal shift); and improving transportation efficiency.

In 2019, we integrated our logistics business with those of other four companies — Ajinomoto Co., Inc., Kagome Co., Ltd., The Nisshin OilliO Group, Ltd. and Nisshin Foods Inc. — and launched a nationwide logistics company F-LINE Corporation with an aim to realize an efficient and stable logistics system. We will work to reduce our CO<sub>2</sub> emissions to achieve sustainable food logistics operations.





# Sales

Under the current circumstances where the consumption environment has been increasingly diversified, we will expand areas of operations along the value chain to meet the needs of customers not only for foods eaten at home but also those in a variety of food scenes, including eating out and home meal replacements, aiming to provide the joy of eating to more customers as well as to contribute to creating smiles in their lives.

■ **House Foods Corporation** Promotion of local production for local consumption through collaborative creation

In the face of a challenge of securing sustainable food supply, Japan, which has a low food self-sufficiency ratio, is making a great effort to promote agriculture, forestry and fisheries. Since 2009, House Foods has been offering a variety of easy and delicious curry recipes to promote local production for local consumption of local agricultural products. We are aiming to solve the challenge through collaborative creation by promoting joint projects with regional producers and municipalities as well as retailers that support the daily lives of consumers.



Joint press conference for a campaign jointly run by Ibaraki Prefecture, KASUMI CO., LTD and House Foods Corporation to promote cooking of curry and hashed beef with vegetables produced in Ibaraki

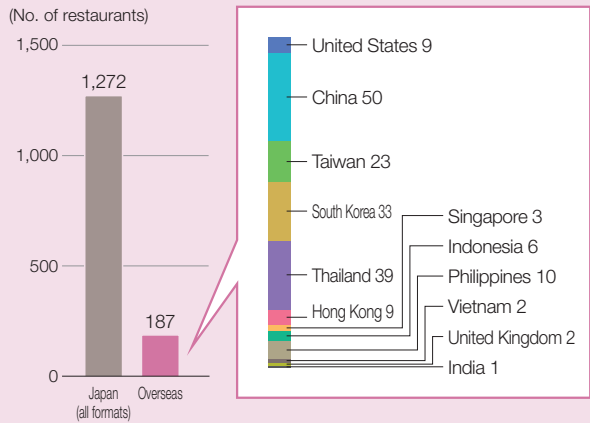
■ **Ichibanya Co., Ltd.** To prepare for the COVID era

Despite the serious impact of the pandemic on the global restaurant industry, various measures have been undertaken in each area to steer Ichibanya's business to a path of growth to prepare for the COVID era. In the United States where the economic recovery is accelerating, we are striving to deliver CoCo ICHI's curry to more customers by opening take-out-only restaurants to adapt to the COVID era as well as by developing franchised restaurants.



Restaurant in San Diego (opened in March 2021)

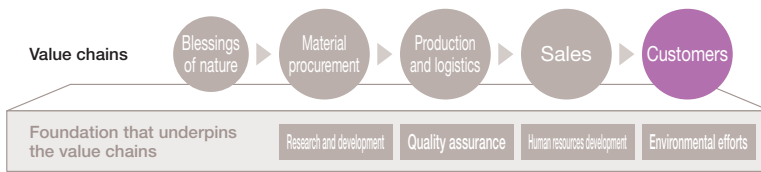
■ **Number of Ichibanya restaurants in Japan and abroad** (as of July 2021)



■ **Gaban Co., Ltd.** Strengthening proposal capability in the food service market by achieving Group synergy

Amid the ongoing challenging business environment facing the restaurant market due to the COVID-19 pandemic, there is a growing expectation for spice seasonings which can create new value for cooking in small amounts. Gaban and House Foods have jointly developed "Koubashi Togarashi Paste" by combining Gaban's ability to procure spices with House Foods' processing technique. The product is in paste form so that it can be easily used at a cooking site. Its roasty aroma and rich taste, which are features of Togarashi (red pepper), are added by heating it in oil. We will continue to strive to increase the quality and speed of solutions by combining strengths of both companies and complementing each other.

## House Foods Group Value Chain



SDGs to which we aim to contribute through our business activities



# Customers

With “learn from customers” and “with our customers” as our precious keywords, House Foods Group is working to create value unique to the Group.

### Learn from customers

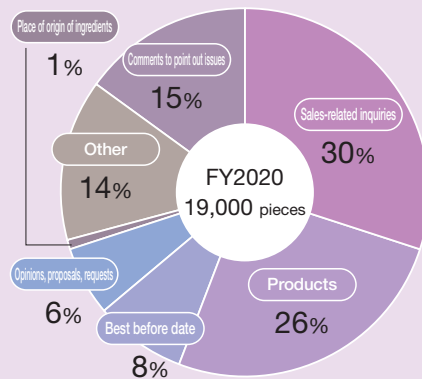
#### Customer Support Center

In FY2020, we received approximately 19,000 pieces of customer feedback. Especially, we received many inquiries about how to cook our products and arranged recipes as now more people eat at home. Further, we worked to enhance the content and improve the visibility of the FAQ page on our corporate website as lately we have seen more customers visiting our website. As a result, we have received positive feedback from many customers saying that they could solve their problems.

Such customer feedback is communicated to management and relevant divisions across the Company on the same day. Members from divisions in charge of planning, development, procurement, production control, quality assurance and customer support are working together to promote our corporate-wide theme, improvements of products and services, through “QUIC\*” activities, in addition to improvement activities implemented by each department.

\*QUIC: Quality Up by Initiative of Customers (quality improvement activities under the initiative of customers)

### Customer feedback in FY2020



### With our customers

#### Project to reduce food waste by promoting curry cooking

The annual food waste in Japan amounts to 6 million tons and 46% of the waste comes from households\*. The Company launched a project to reduce food waste by promoting curry cooking in 2020 as one of the solutions to reduce food waste from households. We share recipes using ingredients, which were found to be often wasted in a questionnaire survey, on our website. You can consume nearly expiring ingredients or those you usually throw away and enjoy eating them by using them to cook curry. We are working on this project, wanting to help create smiles in customers' lives by providing them with a chance to know about the food waste problem and a hint to enjoy cooking delicious meals to reduce food waste.

In cooperation with Toyota-city, Aichi, which supports this project, we are jointly running a project to offer recommended recipes based on the result of a questionnaire survey with the city residents. As such, we are also working to reduce food waste in cooperation between government and business.

\*FY2018 figures estimated by the Ministry of Agriculture, Forestry and Fisheries of Japan

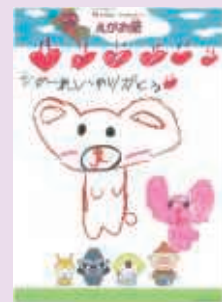


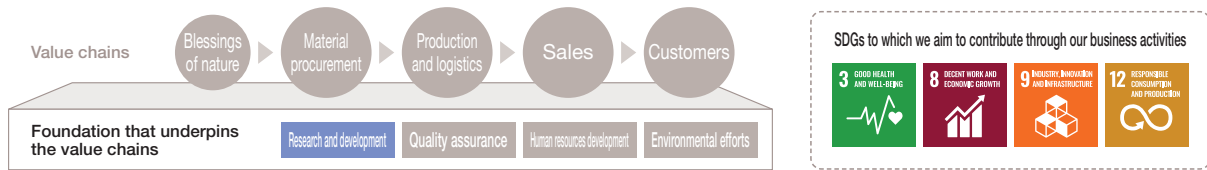
Served original curry rice at Toyota City Hall.

### Social contribution

#### Activities to support children's cafeterias

To solve the problem of children eating alone and create opportunities for them to eat with others, we started an activity to deliver “Egao-bin” to children's cafeterias across the country in 2020. “Egao-bin” is an initiative to deliver a set of the Group's products, seasonal recipes and letters written by employees to the children's cafeteria packed together, with an aim to not only create opportunities for children to eat with others but also provide employees with opportunities to be involved in the social issue. As children's cafeterias are facing a difficulty to serve meals in dine-in style due to the COVID-19 pandemic, many of them currently serve our products and lunch boxes to children by delivery. Accordingly, we delivered our products to 120 cafeterias in FY2020. Although we have not been able to meet directly with people visiting the cafeterias, we are interacting with them by means of letters and pictures of gratitude.





## Research and Development

### Role and approach to R&D

As the number of Group companies increases, it has become important for us not only to develop products with a focus on BtoC as before but also to develop and apply technologies in all areas of the value chain. Under a slogan of “Solving various issues with food! Delivering joy to people around the world,” we aim to become a leading figure to solve social issues and challenges toward the realization of strategies employed by Group companies from our unique perspective with our protected proprietary technologies, products and services.

### Scope of activities

As well as the development of BtoC products by Group companies, we are working to solve various technical issues ranging from breeding and cultivation technologies and primary processing technologies used in offering food ingredients at upstream of the value chain to technologies related to the BtoB and restaurant businesses using scientific approaches so as to deliver joy to our customers. We are also putting effort into exploration activities for the future. Under the One Day a Week program, which started three years ago, employees can spend 20% of their working hours to be engaged in operations other than what they are currently assigned to do or in product development. Through this initiative, we are seeing progress in raising awareness and cultivating an organizational culture to create businesses through collaborative creation with companies inside and outside the Group, taking technologies as the starting point. Some of such activities have actually led the creation of new value.

### Initiatives to create new value

#### ■ Initiative at the Hirosaki University Center of Healthy Aging Innovation

The Company has participated in an industry-academia-government project led by the Hirosaki University, which is one of the programs under the Center of Innovation Science and Technology based Radical Innovation and Entrepreneurship Program (COI STREAM) lunched by the Ministry of Education, Culture, Sports, Science and Technology. In addition to medical checkups, which cover more than 2,000 check-up items, conducted for 1,000 people in Hirosaki-city, the Company has independently conducted a taste test and diet survey to analyze what type of correlation exists between sense of taste or diet and health indicators. Using these health big data, we will strive to create new value.



#### ■ Coloring Spice Time CRAYONS

There is always some amount of spices that cannot be used for products in the production process. We have repurposed such spices into crayons, rooted in a wish of our researchers to reduce wasted spices. Any spice still has some unique features even if it does not meet our standards. Although House Foods Group did not have any know-how on making crayons, an encounter with mizuiro Inc., a like-minded company selling crayons made of non-standard vegetables, has led to this collaborative creation. These crayons, which make the most use of the features of different spices, have been born from the wish of all members participated in this project.



### Promoting the development of environmentally-friendly products

#### ■ Development of microwavable retort pouched products

Amid the increasing awareness of environmental consciousness across the entire society, the Company is working to develop microwavable retort pouched products. Changing the cooking method from boiling to microwaving not only makes it easy to cook but also reduces the cooking time, thereby reducing CO<sub>2</sub> emissions by approximately 80%\*. We will continue to strive to develop products that will bring joy to our customers and lead to solving social issues.

\*Calculated by the Company in comparison to the case where a retort pouched product is heated with boiling water. The result varies depending on use environment. For details, please visit our corporate website.

## House Foods Group Value Chain



SDGs to which we aim to contribute through our business activities



# Quality Assurance

To continue to provide safe and secure products and services to customers, all employees of House Foods Group are working together to maintain and improve quality at any point of the value chain from procurement of ingredients, planning and design of products, cultivation, production, logistics to sales.

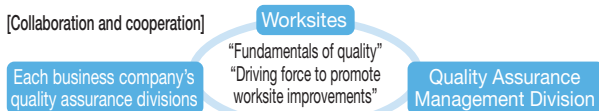
### Quality assurance system

In House Foods Group, the Group Quality Assurance Committee, which is composed of executives of House Foods Group Inc., presidents of business companies and outside experts, is engaged in continuous quality assurance activities by discussing material issues related to quality assurance.

The Quality Assurance Managers Meeting is participated by the Quality Assurance Management Division of House Foods Group Inc. and heads of quality assurance divisions in business companies. The Meeting collects legal change information through specialized meetings, such as the Quality Information Risk Management Meeting and Group Product Labeling Meeting, and in tandem with business companies, discusses responses to ensure legal and regulatory compliance, challenges common to the entire Group and challenges of business companies from both perspectives of bird's eye and the actual situations faced by frontlines of each business company. As such, the Quality Assurance Managers Meeting is striving to improve the entire Group's quality assurance capability.

In conjunction with these initiatives, each business operator is working to be certified to ISO 9001, a food safety standard FSSC 22000\* and other equivalent certifications.

\*FSSC 22000: a quality management system to ensure food safety



### House Foods Group Quality Assurance Policy

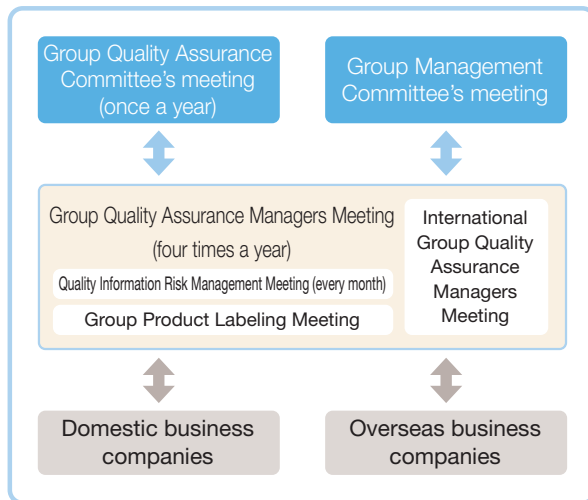
#### <Quality Philosophy>

We will contribute to the eating habits and health of our customers by providing high-value products and services that are useful in their everyday lives and highly regarded.

#### <Action Guidelines>

Every and each employee of House Foods Group acts in accordance with the Action Guidelines as follows.

1. We will act with integrity and from the point of view of our customers.
2. Our top priority must be to ensure the safety of our customers.
3. We will listen to the voices of our customers and continue customer-oriented development and improvement of products and services.
4. We will provide accurate and comprehensible information to respond to the trust of our customers.



### ■ Initiative to cultivate a workplace culture that focuses on quality: Professional award scheme

At production sites, various changes are happening every day, such as changes in human resources, facilities, ingredients and production methods. Under such circumstances, we take many ingenious measures to ensure the safety and security of products. We started the professional award scheme in 2018 as we believe that steady and consistent efforts of production sites are crucial to continue maintaining safe and secure product quality. Awardees are selected from nominees recommended by others at each branch, and we express our appreciation to them. We also share the awardees' thoughts and insistence as well as their colleagues' and superiors' views on what impressed them about the awardees within the Group through media such as Group newsletter. As such, we are working to cultivate a workplace culture that focuses on quality. In all, 41 employees have received the award over the three years since its inception.







SDGs to which we aim to contribute through our business activities



## Human resources development

### Role and approach taken by talent development divisions

In order for the Group to strive for four value chains, it is important for each Group company to improve its unique strengths and create various synergies. In such a situation, the roles expected of Human resources development divisions are to trust and look to each and every worker and find talent willing to take on various challenges so as to make the diversity in employees as a strength of the company. The divisions are then required to support the growth of such employees to achieve the mutual growth of the company and employees.

### Scope of activities

To achieve diversity, which is the linchpin of the Group's Human resources strategy, the most important thing is that we have diverse talent who will grow and play an active part at the best-suited position. To this end, we are working on the planning and implementation of various personnel systems and measures, with a focus on the acquisition, development and assignment of talent. In order to achieve future business growth, it is necessary to acquire and develop talent who will support our global business development and take on challenges of new businesses. Meanwhile, to improve individuals' strengths and showcase them as our collective strength, it has become increasingly important more than ever to offer many places and opportunities for employees to take on challenges within the Group and create more employee-friendly work environment as well as to create places where talent from Group companies gets together to interact each other and improve their skills. We therefore are working to strengthen such initiatives.

### Places and opportunities to take on challenges

#### ■ In-house recruitment systems based on autonomy of employees

We have set up a wide range of in-house recruitment systems to provide various Group employees with places and opportunities to take on challenges, out of respect for their autonomy. We support our employees to gain diverse work experience outside their company or even overseas by providing opportunities, such as international trainee program to help them gain international experience early in their career; work experience at startups supported by corporate venture capitals; and secondment to external organizations to solve social issues. We are also working on Group-wide activities to accelerate synergy creation, namely, people-to-people exchange between Group companies and an activity that encourages and praises employees' engagement in challenging initiatives called challenge awards.



Work experience at startups under the in-house recruitment system

### Places for interaction and skill improvements

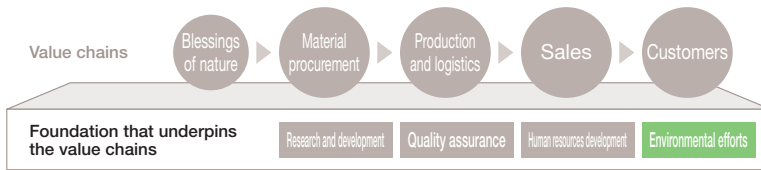
#### ■ Interaction and skill improvements inside and outside each Group company

We are offering our Group employees opportunities for multilateral mutual enlightenment and learning across company boundaries by encouraging Group companies to jointly host study sessions (training) among them as places of learning through off-the-job training. The creation of places and opportunities for mutual enlightenment and leaning like the case above is also being carried out at department level. For example, R&D departments hold an event called Ba EXPO, where various technology resources own by the Group are shared with the entire Group, whereas departments involved in new business development hold a meetup that invites guests who have experience in business development from and outside the company. Such movements are spreading everywhere across the Group, which have led to the autonomous creation of new projects.



A scene from an online meetup

# House Foods Group Value Chain



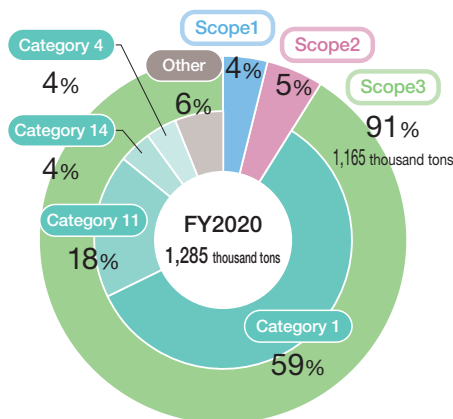
## Environmental Efforts

### Efforts to address climate change

House Foods Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2021 and has been working to solve various environmental problems including climate change. To develop efforts to reduce CO<sub>2</sub> emissions from production activities into an activity covering the entire value chain owned by House Foods Group, we have applied the concept of Scope 3 emissions from FY2021 and expanded the scope of the activity to the entire supply chain so as to promote environmental activities in all aspects of our organizational activities with full participation. We have already expanded our efforts to reduce Scope 1 and 2 emissions globally. Meanwhile, we have embarked on Scope 3 emissions by first assessing the total volume of emissions in Japan and sharing the information with our stakeholders. The objective is to implement themes that lead to the reduction of Scope 3 emissions, and thereby fulfill our responsibility for society.

Upstream	Our facilities	Downstream
<b>Scope3 Other indirect emissions</b> Category 1 Purchased goods and services: 757,632 tons Category 2 Capital goods (capital investment): 35,557 tons Category 3 Fuel and energy related activities not included in Scope 1 or 2: 16,816 tons Category 4 Transportation and delivery (upstream): 46,755 tons	<b>Scope1 Direct emissions</b> Direct greenhouse gas emissions by the reporting company itself (fuel combustion, industrial process): 53,893 tons <b>Scope2 Indirect emissions</b> Indirect emissions from the use of electricity, heat, or steam supplied by other companies: 66,315 tons <b>Scope3 Other indirect emissions</b> Category 5 Waste generated in operations: 3,282 tons Category 6 Business travel: 1,197 tons Category 7 Employee commuting: 6,310 tons	<b>Scope3 Other indirect emissions</b> Category 9 Transportation and delivery (downstream): 5,987 tons Category 11 Use of sold products: 227,807 tons Category 12 End-of-life treatment of sold products: 9,097 tons Category 14 Franchises (Ichibanya Co., Ltd.): 54,303 tons

\*Category 8, 10, 13 and 15 are not applicable.



**- Efforts to reduce Scope 3 emissions under the Seventh Medium-Term Business Plan -**

We have set "key themes to be addressed" and "themes to be addressed with full participation" by prioritizing which theme to assess its total emission volume and then to address according to (i) ease of addressing at our facilities; (ii) ease of gaining cooperation from other companies; and (iii) volume of emissions. We aim to reduce CO<sub>2</sub> emissions by 17,000 tons for the three years covered by the Seventh Medium-Term Business Plan.

**Key themes to be addressed: themes to be addressed primarily by relevant departments**

- (i) **Category 1** : Procure materials with lower environmental burden (use of packing materials made of bioplastics, etc.)
- (ii) **Category 4** : Select transportation modes with lower environmental burden (modal shift, etc.)
- (iii) **Category 11** : Shorten cooking times at home and cooking places (shift to microwaveable retort pouched products, etc.)
- (iv) **Category 12** : Reduce waste from households and cooking places (use of much lighter, thinner, shorter and smaller packing materials, etc.)

**Themes to be addressed with full participation: themes set by each department among from all categories**

• **Scope of the efforts:** House Foods Group Inc., House Foods Corporation, Sun House Foods Corporation, Sun Supply Corporation, House Wellness Foods Corporation, House Logistics Service Corporation, House Business Partners Corporation, House Ai-Factory Corporation, Asaoka Spice K. K., Delica Chef Corporation, Ichibanya Co., Ltd., Gaban Co., Ltd., Malony Co., Ltd., Vox Trading Co., Ltd.

• **Calculation method:** The emissions are calculated in accordance with the GHG Protocol using amounts of activities and emission unit values required for the calculation (IDEA, GLIO, database published by the Ministry of the Environment, etc.).  
 \*The calculated figures for Scope 3 have been reviewed by a third party Mizuho Research & Technologies, Ltd.

# Corporate Governance

## 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,” which purports to revitalize the management of organization and enable 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 Co., Ltd. is a listed company, and the Company undertakes the operation of that company’s internal control system with due respect.

## Corporate Governance System

### System for execution of operations

After gaining approval at the Ordinary General Meeting of Shareholders held on June 25, 2021, the Company transitioned from a Company with a Board of Auditors to a Company with an Audit & Supervisory Committee. From this date onward, 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 via the Audit & Supervisory Committee and six Directors who are Audit & Supervisory Committee Members (of whom four are Outside Directors).

The Board of Directors consists of thirteen Directors (of whom four are Outside Directors), makes decisions on the execution of important operations of the Group, and monitors and supervises the execution of operations by other Directors and Group companies. As voluntary advisory bodies to the Board of Directors, the Company has also established the Nomination Advisory Committee and the Compensation Advisory Committee with the majority of these committees being comprised of Independent Outside Directors in order to ensure objectivity and transparency in the election and dismissal of Directors and the decision process of compensation.

In close cooperation with the Auditing Division responsible for conducting audits of operations and implementing internal controls in respect of financial reporting, 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.

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 those under the Financial Instruments and Exchange Act.

### Board of Directors meetings

Chair of the Board of Directors	President Hiroshi Urakami	
	Directors who are not Audit & Supervisory Committee Members	Directors who are Audit & Supervisory Committee Members
Standing Audit & Supervisory Board Member	Not more than 10	Not more than 8
Number of Directors	7	6
Term of Office of Director	1 year	2 years
Number of Outside Directors (Number of Independent Directors)	—	4 (4)

### Compensation Advisory Committee

Purpose	Ensure objectivity and transparency in decisions concerning the compensation system and the amounts of compensation, etc. for Directors	
Chairperson:	Independent Outside Director	Kyuzo Saito
Committee Members	Independent Outside Director	Junsuke Fujii
	Independent Outside Director	Hiroyuki Kamano
	Independent Outside Director	Atsuko Okajima
	President	Hiroshi Urakami
	Managing Director	Yoshiyuki Osawa
Held	Three times a year in principle	

### Nomination Advisory Committee

Purpose	Ensure objectivity and transparency in the decision process, such as the election and dismissal of Directors	
Chairperson:	Independent Outside Director	Junsuke Fujii
Committee Members	Independent Outside Director	Kyuzo Saito
	Independent Outside Director	Hiroyuki Kamano
	Independent Outside Director	Atsuko Okajima
	President	Hiroshi Urakami
	Managing Director	Yoshiyuki Osawa
Held	Twice a year in principle	

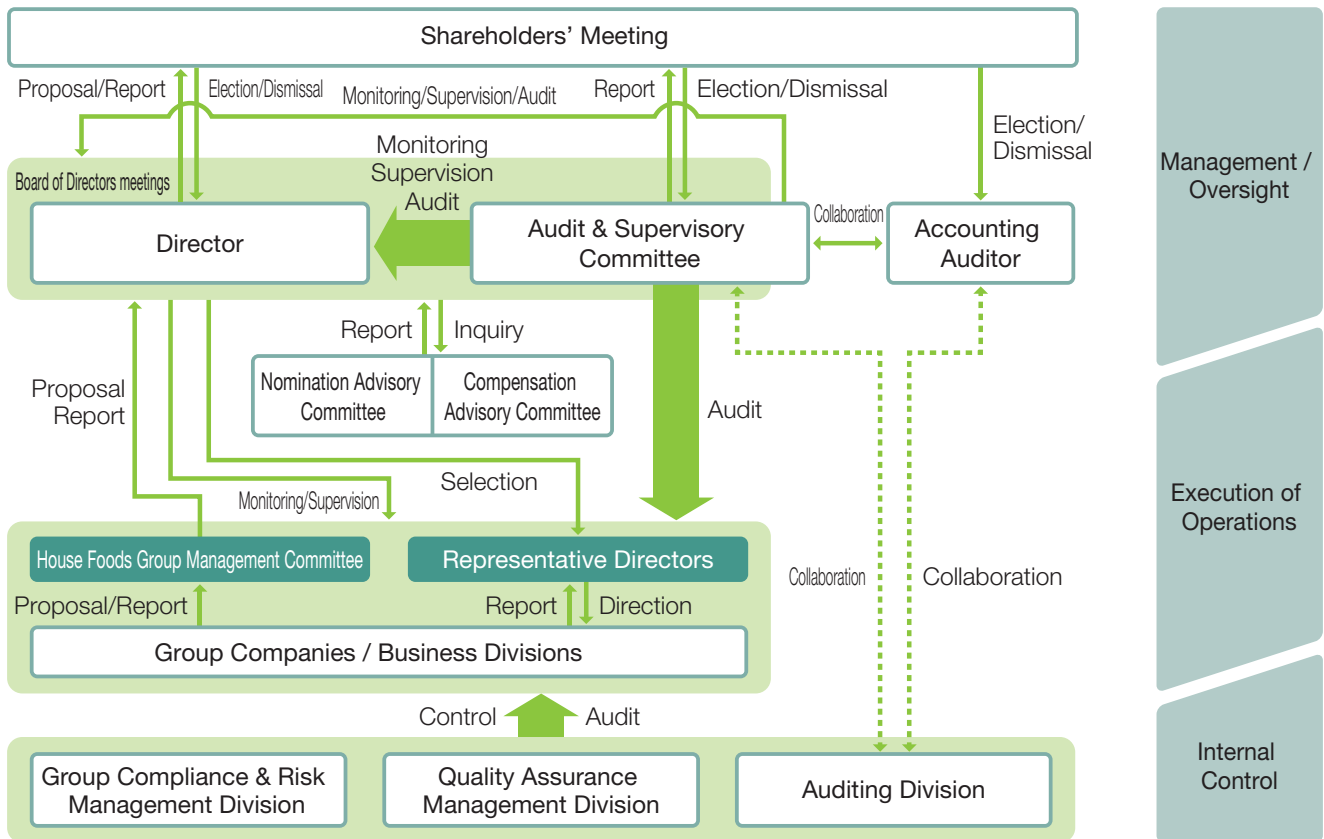
### Purpose of the transition to a Company with an Audit & Supervisory Committee

With Directors who are Audit & Supervisory Committee Members having voting rights at the Board of Directors meetings, the Company transitioned to one with an Audit & Supervisory Committee with the aim of strengthening its audit and supervisory functions and further enhancing its corporate governance system. Under the Seventh Medium-Term Business Plan starting from April 2021, we have pushed ahead with various initiatives with the theme of “striving for four value chains.” We will build up our governance capability that can be resilient to the implementation of the theme.

Changes in strengthening of corporate governance

	2004	2007	2008	2013	2016	2017	2019	2020	2021
<b>Systems and policies</b>		● Introduced the Corporate Officer System (Abolished it in 2013)		● Shift to a holding company system			● Abolished (discontinued) takeover defense measures	● Established the Group Compliance & Risk Management Division	<div style="border: 1px solid green; padding: 5px;"> <p><b>Transitioned to a Company with an Audit &amp; Supervisory Committee</b></p> <ul style="list-style-type: none"> <li>✓ Strengthen the supervisory function of the Board of Directors</li> <li>✓ Further enhance the corporate governance system</li> </ul> </div>
<b>Directors (Outside Directors)</b>			● Elected an Independent Outside Director (1 out of 9 Directors)		● Increased the number of Independent Outside Directors (2 out of 10 Directors)				
<b>Voluntary advisory committees</b>							● Established the Compensation Advisory Committee	● Established the Nomination Advisory Committee	
<b>Compensation systems</b>						● Introduced the officers' shareholding association system (Abolished it in 2021)		● Introduced the restricted stock compensation plan	

Diagram of corporate governance system(as of July 2021)



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

With regard to the election of management executives and the nomination of candidates for Directors, suitable personnel according to the election criteria provided below shall be proposed to the Board of Directors upon deliberations by the Nomination Advisory Committee, resolved as the candidates, and then brought to the General Meeting of Shareholders for discussions.

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

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

If the Board of Directors determines that a management executive is not consistent with the election criteria, dismissal will be resolved by the Board of Directors and presented to the Shareholders' Meeting for discussion.

## Outside executives(As of July 2021)

Name and status of significant concurrent positions	Reasons for election [expected roles in particular]	Independent director	Term of office*	Compensation Advisory Committee	Nomination Advisory Committee	Rate of attendance in FY2020 (times)	
						Board of Directors meetings	Audit & Supervisory Board
Directors who are Audit & Supervisory Committee Members							
Kyuzo Saito	Mr. Saito has a deep understanding of the food business and the food industry gained during his long involvement in the food administration. [Supervising and auditing the quality assurance of products and the promotion of CSR]	○	5	Chairperson:	○	13/14	—
Hiroyuki Kamano • Representative Lawyer, Kamano Sogo Law Offices • Director (Outside), NGK Insulators, Ltd. • Director (Outside), 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]	○	6	○	○	13/14	12/12
Junsuke Fujii • Special adviser, The Japan Research Institute, Ltd. • Audit & Supervisory Board Member, Sumitomo Dainippon Pharma Co., Ltd.	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 management. [Supervising and auditing overall business operations and risk management]	○	5	○	Chairperson:	14/14	3/3
Atsuko Okajima • 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]	○	1	○	○	10/10	9/9

\*The years specified in the "Term of office" column are the years for which those Directors have served since they took office as Outside Directors of the Company.

## Evaluation of the effectiveness of the Board of Directors

Aside from the Board of Directors meetings, the Outside Directors and the Representative Directors regularly have an occasion to exchange opinions. The Representative Directors then reflect opinions from the Outside Directors to help improve the effectiveness of the Board of Directors.

We introduced a mutual evaluation system in which Inside Directors evaluate each other, thereby enhancing the quality of each of them as a member of the Board of Directors. We do not introduce an evaluation system in the form of questionnaire.

**Approach toward keeping the parent company and its subsidiary listed**

As the parent company, the Company performs its supervisory function at a certain level on Ichibanya Co., Ltd. For example, seconding its Director to the subsidiary as a non-standing Director, having the subsidiary regularly report their business performance at its Board of Directors meeting, and resolving at its Management Committee meeting 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 subsidiary's 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 strengthen collaboration and promote cooperation themes together while respecting each other's uniqueness, thereby enabling three parties including franchise owners who are engaged in the management of stores to enjoy benefits together. In this way, the Company believes that it will contribute to bringing benefits also 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.

**Executives' Compensation**

**Basic design**

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," "it is commensurate with the role and responsibilities of the position held," and "objectivity and transparency are ensured in the decision process of 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 compensa-

tion plan for Directors (excluding Directors who are Audit & Supervisory Committee Members), and at the same time, abolished the stock compensation scheme under which the Directors could purchase shares of the Company's stock through the officers' shareholding association.

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

\*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%.)

\*Compensation for Directors who are Audit & Supervisory Committee Members consists of only fixed compensation.

## Total compensation, etc., total compensation, etc., by type, and number of eligible executives by executive category (Status for FY2020)

Executive category	Total compensation, etc. (Million yen)	Total compensation, etc., by type (Million yen)		Number of eligible executives
		Fixed compensation	Bonuses	
Directors (excluding Outside Directors)	297	233	64	10
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	40	40	—	3
Outside Executives	70	70	—	7

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

\*There were ten Directors (including two Outside Directors) and five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) as of March 31, 2021.

## Internal Audit System

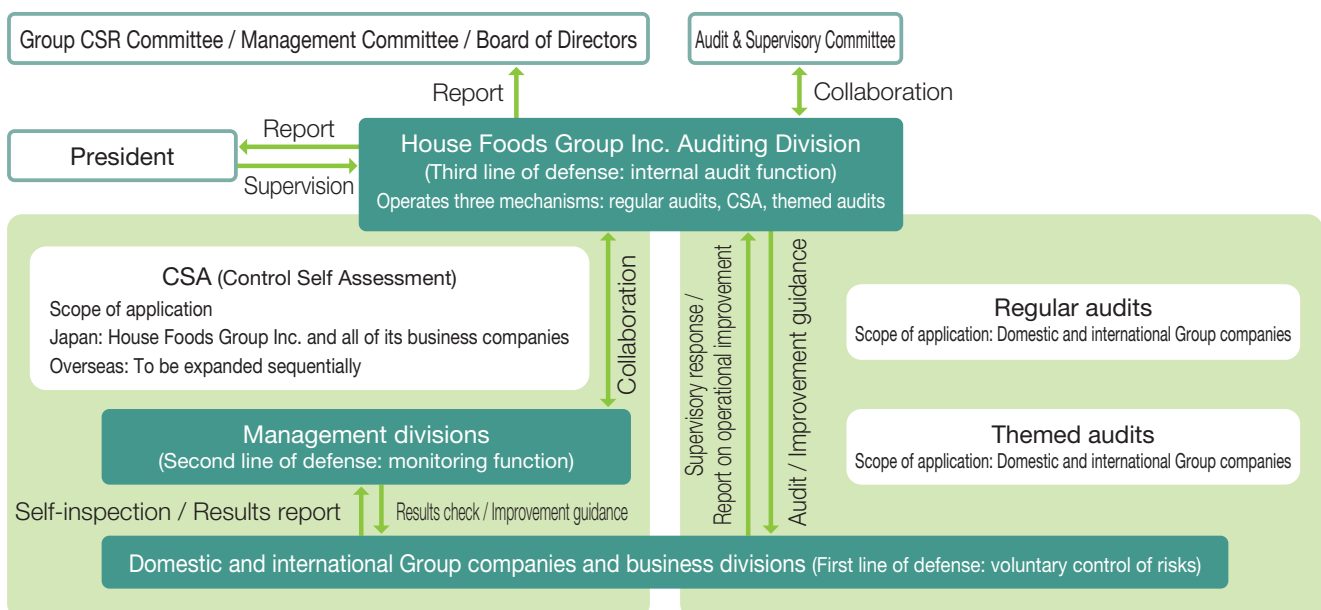
The Auditing Division reporting directly to the President conducts audits of operations, including those of the Group companies, in accordance with the audit plan.

The Auditing Division systematically conducts internal audits at approximately 20 branches, divisions, and Group companies annually, and also separately conducts audits as a full check across all Group companies in line with specific themes selected on the basis of the Group's important risks and previous audit results. Results of audits are reported to the President and concerned Directors, and audited divisions, if found to have room for improvement, shall be requested to come up with remedial action plans whose progress shall be checked against their stipu-

lated timeline for implementation, as part of the Group's effort to enhance its internal control. Starting in FY2018, the Company is introducing a survey-based CSA (Control Self Assessment), with the aim of having those in charge of operations (division heads) carry out their own evaluation and improvement of the effectiveness of control at the organization.

Development of the internal control system in respect of 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



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



## Risk Management

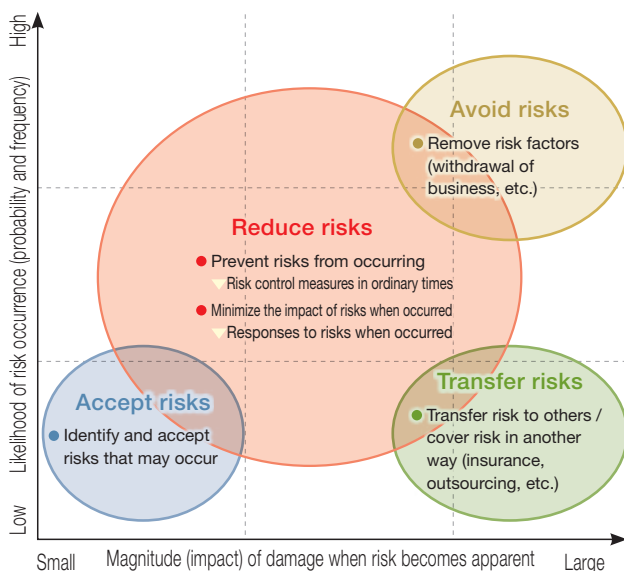
House Foods Group is fulfilling its social responsibility by appropriately identifying and managing various risks surrounding the Group’s business activities, while striving to minimize human, economic and social damage, recover quickly, and prevent recurrence, in the event that any risk should emerge.

### 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. The Group promote it as follows:



### Approach toward priority



specialized organization, selects corporate risks, and makes reports to the House Foods Group Management Committee.

#### Examples of corporate risks

- Natural disasters
- Infectious disease pandemic
- Accidents and incidents
- Information leaks
- Reputational damage
- Harassments
- 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 “company’s material risks” that have material impacts on the management of the company.

### Risk Management Activities

The Group has defined risks that have material impacts on the Group-wide 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

### Business Continuity Plan (BCP)

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. For the purpose of enhancing the effectiveness of the BCP, we implement training on a regular basis and review the manuals.



## 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 the compliance with internal rules, social ethics, and social morals. In order to be trusted by the 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 our business activities.

### Promotion Structure and Specific Initiatives

At House Foods Group, the division in charge of CSR promotion of each Group company plays a central role in promoting and ensuring thorough compliance, together with 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.

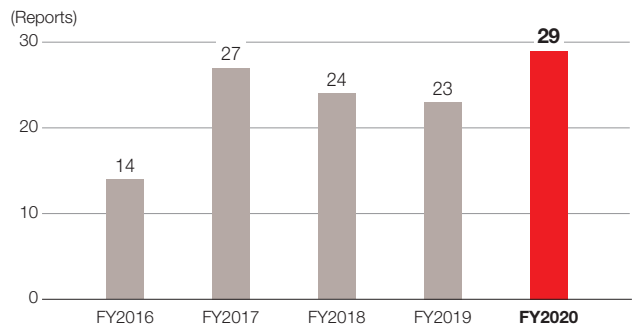
Under the supervision and guidance of the Group SCR Committee, we have also established the Group Risk Owner Committee, which plays a role in formulating and promoting risk management plans, and the Compliance Promotion Committee, which is comprised of executives responsible for CSR promotion and division leaders in charge of CSR promotion of 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 makes reports and

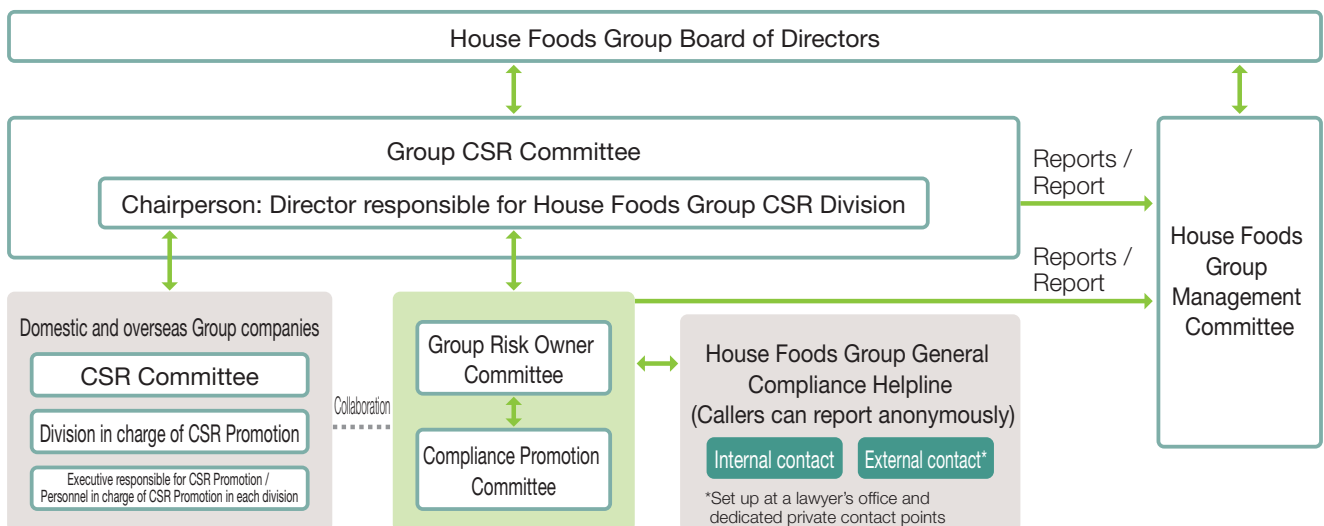
recommendations on such matters to the Group Management Committee.

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 compliance promotion of 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, and have learning sessions on a workplace or office basis. 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 the workplace climate that focuses on compliance.

### Number of reports received by the House Foods Group General Compliance Helpline (domestic Group companies only)



### Compliance promotion structure



Executives (as of July 2021)

- 1** President  
**Hiroshi Urakami** Responsible for Corporate Planning Division
- 2** Senior Managing Director  
**Yasukatsu Hiroura** Responsible for Domestic Affiliated Companies Planning Support Division, Digital Transformation Planning Division
- 3** Senior Managing Director  
**Masahiko Kudo** Representative Director and President, House Foods Corporation
- 4** Managing Director  
**Yoshiyuki Osawa** General Manager, Administration Headquarters  
Responsible for Secretariat Division
- 5** Director  
**Yoshiyuki Miyaoku** General Manager, Research & Development Headquarters  
Responsible for Quality Assurance Management Division, Purchasing Division, Spice Value Chain Project, Group Manufacturing Strategy Planning & Promotion Project
- 6** Director  
**Tatsumi Yamaguchi** General Manager, Global Headquarters
- 7** Director  
**Kotaro Kawasaki** General Manager, Corporate Communication Headquarters  
Responsible for New Business Planning & Development Division, Value-Added Vegetables Business Development Division



**8** Director who is Audit & Supervisory Committee Member (Standing)  
**Masao Taguchi**

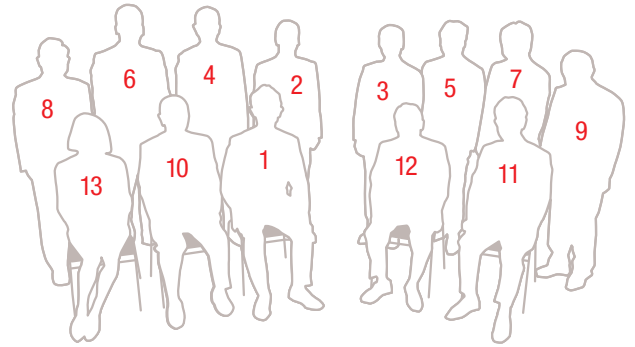
**9** Director who is Audit & Supervisory Committee Member (Standing)  
**Akira Koike**

**10** Director who is Audit & Supervisory Committee Member (Outside)  
**Kyuzo Saito**

**11** Director who is Audit & Supervisory Committee Member (Outside)  
**Hiroyuki Kamano**

**12** Director who is Audit & Supervisory Committee Member (Outside)  
**Junsuke Fujii**

**13** Director who is Audit & Supervisory Committee Member (Outside)  
**Atsuko Okajima**



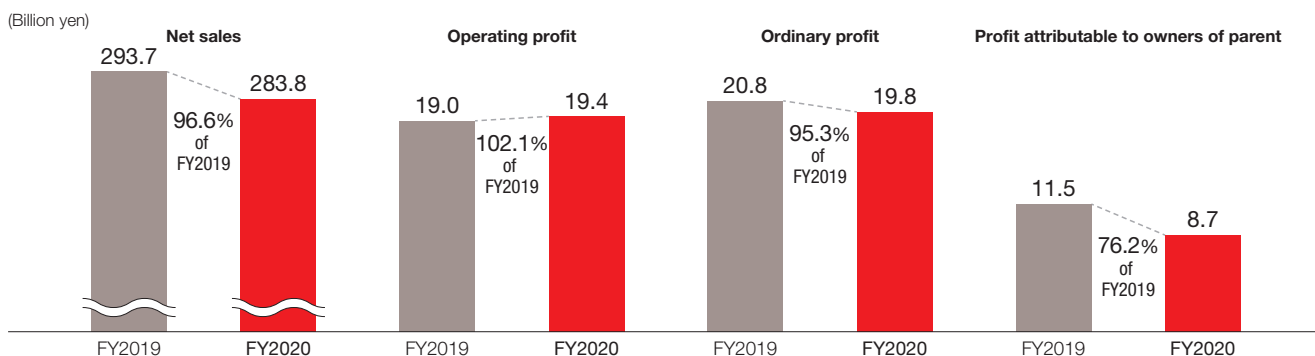
# Operating Results and Financial Position

## Analysis of Consolidated Operating Results

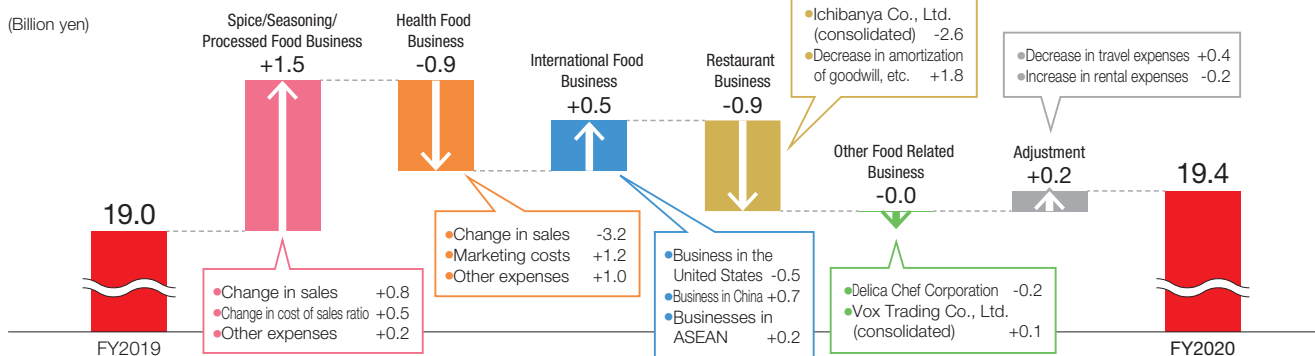
The impact of the global COVID-19 pandemic on economic activities was immense and prolonged, and the future outlook remained uncertain.

Under such conditions, the Group endeavored to provide a stable supply of products and services as a corporate group which plays a role in the vital lifeline of “food,” while taking consistent steps in all three responsibilities (“For our customers,” “For our employees and their families,” and “For society”) it seeks to fulfill as a corporate citizen to realize the Group philosophy: “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives.”

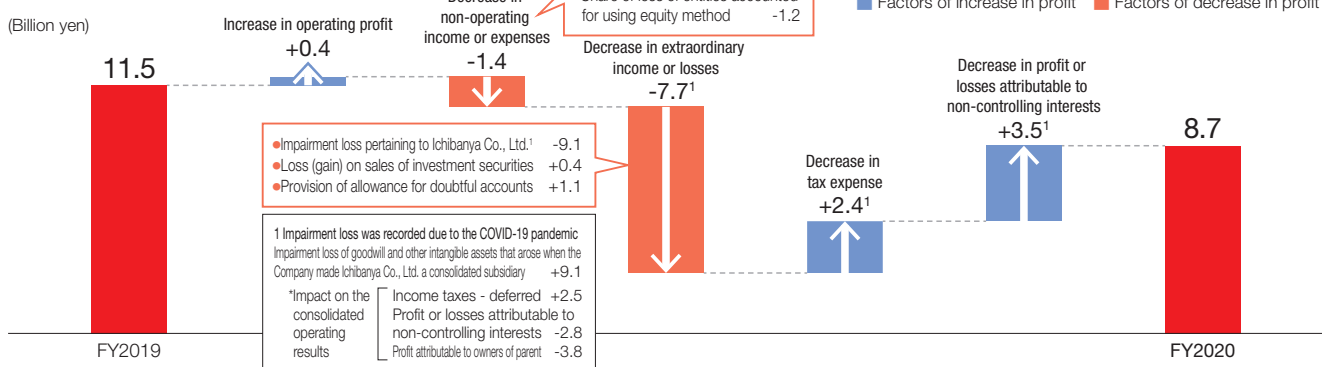
Looking at operating results for FY2020, changes in consumer behavior during the COVID-19 pandemic had a considerable impact on each business, separating the winners and losers in the COVID economy. Whilst the Health Food Business and the Restaurant Business languished, largely because people refrained from going out and restaurants were requested to shorten their operating hours, the Spice / Seasoning / Processed Food Business and the International Food Business performed strongly on the back of growth in sales of products for household use in Japan and overseas owing to more home-cooked meal demand. As a result, consolidated net sales were a year-on-year decrease of 3.4%, but consolidated operating profit was a year-on-year increase of 2.1%, recording the highest profit ever. In view of the changes in the business environment caused by the COVID-19 pandemic, the Group recorded a share of loss of entities accounted for using equity method and an impairment loss in the second quarter of FY2020.



### Operating profit change analysis



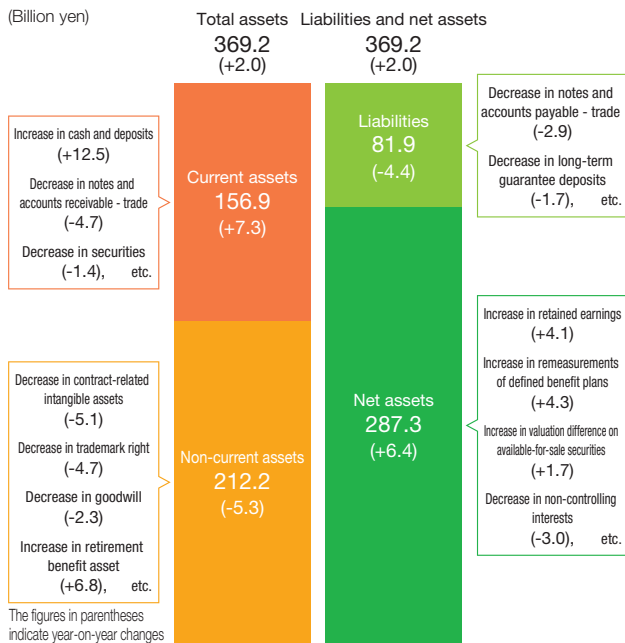
### Profit attributable to owners of parent change analysis



## Analysis of Financial Position

The Group is working to improve the quality of its balance sheet and investment return through distribution of management resources to growth fields. In FY2020, the COVID-19 pandemic imposed significant constraints on our business activities, but we invested management resources into growth fields in Japan and abroad, for example, increasing the production capacity of food service retort pouched products, and continued to review the status of investment securities held.

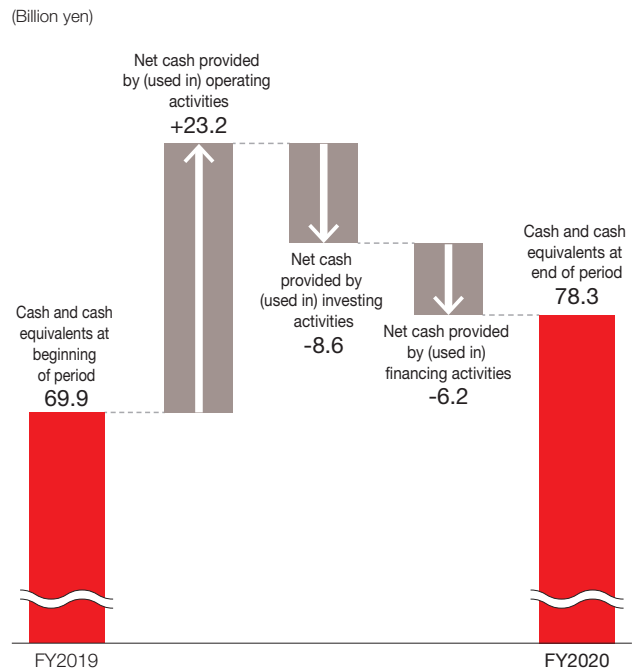
As a result, the financial position as of the end of the fiscal year under review was as follows.



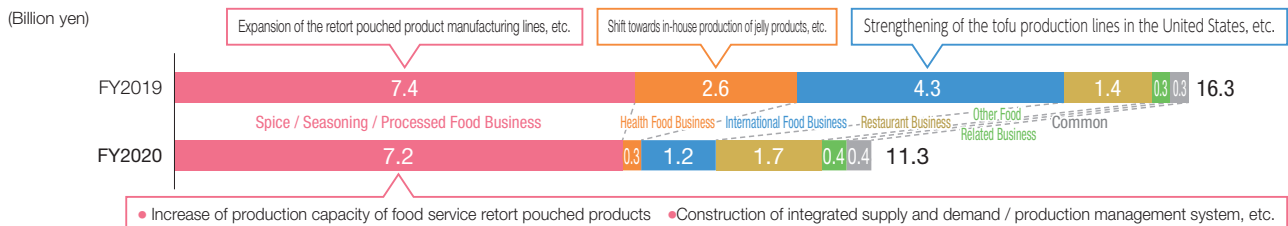
## Status of Cash Flows

With respect to cash flows for FY2020, net cash provided by operating activities amounted to 23.2 billion yen, whereas net cash used in investing activities, including the purchase of property, plant and equipment and purchase of securities, amounted to 8.6 billion yen. Net cash used in financing activities, including proceeds from short-term borrowings, repayments of short-term borrowings, and dividends paid, amounted to 6.2 billion yen.

As a result, cash and cash equivalents at the end of FY2020 stood at 78.3 billion yen, an increase of 8.5 billion yen compared with the balance at the beginning of FY2020.



## [Reference] Amount of capital investment by segment



## Dividend Policy and Shareholder Returns

Recognizing that one of the key management issues is the return of profits to shareholders, the Group endeavors to increase its earnings strength and improve its financial position. In addition, our basic policy on the payment of dividends is to "maintain stable dividends, with a dividend payout ratio of at least 30% on a consolidated basis excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill as a standard," comprehensively considering the consolidated business results and the business plans, among other aspects.

For FY2020, the Group decided to pay an annual dividend of 46.00 yen per share, the same amount as the previous fiscal year. As a result, the consolidated dividend payout ratio was 53.1%, and the dividend payout ratio based on the basic policy on the payment of dividends was 29.7% on a consolidated basis.

Under the Seventh Medium-Term Business Plan starting from April 2021, we are striving to actively pursue shareholder returns by shrinking assets held and purchasing treasury shares, in addition to paying stable dividends.

## 11 Years' Selected Financial Data

Years Ended March 31		2011	2012	2013	2014
Net sales	(Million yen)	216,713	214,317	209,784	232,610
Operating profit	(Million yen)	12,069	14,053	11,441	9,589
Ordinary profit	(Million yen)	13,031	15,502	13,445	10,962
Profit attributable to owners of parent	(Million yen)	5,252	7,928	8,254	8,792
Depreciation	(Million yen)	5,704	5,356	5,020	5,056
Capital investment	(Million yen)	2,825	4,889	5,684	11,115
EBITDA (Operating profit (before amortization of goodwill) + Depreciation)	(Million yen)	21,894	20,770	17,167	14,815
Cash flows from operating activities	(Million yen)	18,568	17,098	12,884	8,818
Cash flows from investing activities	(Million yen)	(10,228)	(19,069)	(1,841)	(7,471)
Cash flows from financing activities	(Million yen)	(6,466)	(2,836)	(4,943)	(68)
Cash and cash equivalents at end of fiscal year	(Million yen)	46,091	41,190	47,715	49,586
Total assets	(Million yen)	228,810	240,092	250,780	273,368
Net assets	(Million yen)	181,298	189,242	199,328	210,097
Shareholders' equity	(Million yen)	180,922	188,785	198,731	208,801
Profit per share	(yen)	48.40	74.26	77.78	83.13
Net assets per share	(yen)	1,694.59	1,768.27	1,879.06	1,974.31
Dividend per share	(yen)	22.0	28.0	30.0	35.0*

### <Key Indicators>

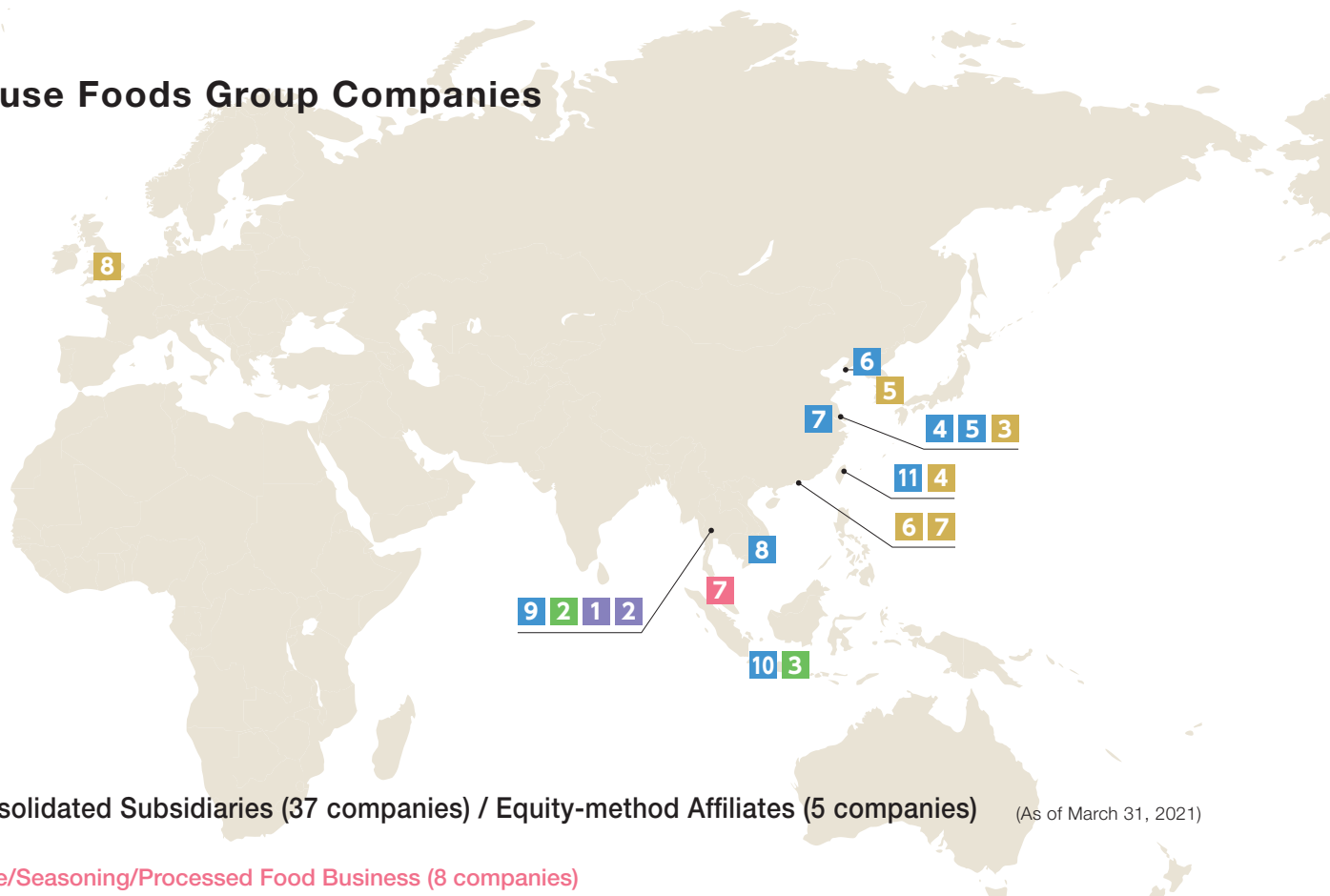
Years Ended March 31		2011	2012	2013	2014
ATO (Asset Turnover)	(Times)	0.94	0.91	0.85	0.89
ROS (Ratio of operating profit to net sales)	(%)	5.6	6.6	5.5	4.1
EBITDA margin	(%)	10.1	9.7	8.2	6.4
ROA (Ratio of operating profit to total assets)	(%)	5.2	6.0	4.7	3.7
Equity ratio	(%)	79.1	78.6	79.2	76.4
ROE (Ratio of profit to equity)	(%)	2.9	4.3	4.3	4.3

\*Includes commemorative dividend of 5 yen per share for its centenary

	2015	2016	2017	2018	2019	2020	2021
	231,448	241,893	283,812	291,897	296,695	293,682	<b>283,754</b>
	8,686	10,775	12,312	16,288	17,559	19,005	<b>19,397</b>
	10,957	12,152	13,951	17,207	19,100	20,797	<b>19,820</b>
	6,971	22,632	8,683	9,353	13,767	11,458	<b>8,733</b>
	5,789	6,908	9,345	9,126	9,262	9,862	<b>10,035</b>
	9,588	6,757	7,708	10,215	11,320	16,253	<b>11,324</b>
	14,642	18,699	25,235	28,978	30,242	32,284	<b>31,059</b>
	8,428	12,518	21,298	23,608	20,913	24,218	<b>23,181</b>
	(4,679)	(8,308)	(2,169)	(13,739)	(1,008)	(6,356)	<b>(8,558)</b>
	(10,588)	(3,743)	(7,388)	(5,317)	(17,317)	(7,567)	<b>(6,172)</b>
	43,832	44,156	55,594	60,202	62,495	69,870	<b>78,343</b>
	286,149	349,427	353,888	378,864	371,025	367,194	<b>369,150</b>
	221,456	260,329	266,615	283,719	279,144	280,930	<b>287,291</b>
	219,927	228,812	235,246	251,814	247,275	248,770	<b>258,145</b>
	67.61	220.48	84.53	91.02	134.32	113.73	<b>86.68</b>
	2,140.27	2,231.86	2,289.43	2,450.71	2,454.34	2,469.20	<b>2,562.29</b>
	30.0	30.0	32.0	38.0	44.0	46.0	<b>46.0</b>

	2015	2016	2017	2018	2019	2020	2021
	0.83	0.76	0.81	0.80	0.79	0.80	<b>0.77</b>
	3.8	4.5	4.3	5.6	5.9	6.5	<b>6.8</b>
	6.3	7.7	8.9	9.9	10.2	11.0	<b>10.9</b>
	3.1	3.4	3.5	4.4	4.7	5.1	<b>5.3</b>
	76.9	65.5	66.5	66.5	66.6	67.7	<b>69.9</b>
	3.3	10.1	3.7	3.8	5.5	4.6	<b>3.4</b>

# House Foods Group Companies



Consolidated Subsidiaries (37 companies) / Equity-method Affiliates (5 companies) (As of March 31, 2021)

## Spice/Seasoning/Processed Food Business (8 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of Shareholding (%)
1 House Foods Corporation	Production and sales of curry, stew, spice and commercial use products	Higashi-osaka-city, Osaka	JP¥2,000 million	100.00
2 Sun House Foods Corporation	Production of retort pouched foods, etc.	Konan-city, Aichi	JP¥100 million	100.00
3 Sun Supply Corporation	Production of processed meat products	Konan-city, Aichi	JP¥50 million	100.00
4 House Ai-Factory Corporation	Production of spice products	Higashi-osaka-city, Osaka	JP¥60 million	99.89
5 Asaoka Spice K. K.	Sales of spices	Chiyoda-ku, Tokyo	JP¥16 million	100.00
6 Gaban Co., Ltd.	Import, production and sales of spices and sales of imported foods	Chuo-ku, Tokyo	JP¥100 million	100.00
7 Gaban Spice Manufacturing (M) SDN. BHD.	Production of spices	Penang, Malaysia	MYR 44.1 million	100.00
8 Malony Co., Ltd.	Production and sales of starch products, etc.	Suita-city, Osaka	JP¥60 million	100.00

## Health Food Business (1 company)

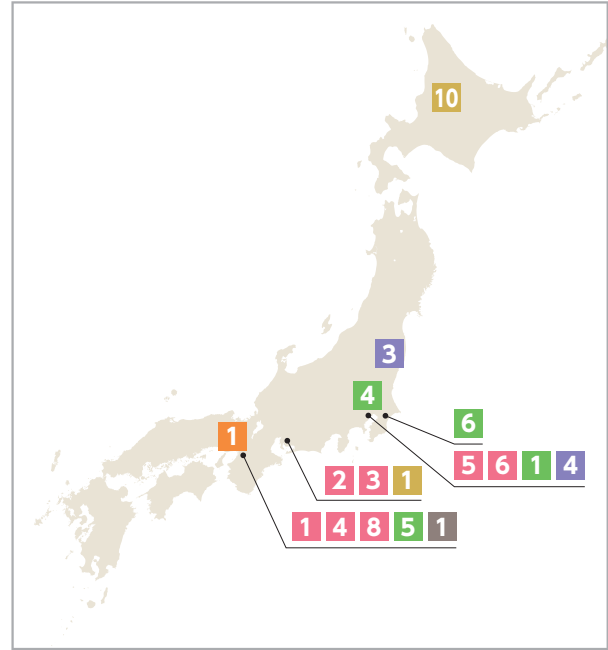
Company name	Business lines	Location (Country or region)	Capital	Percentage of Shareholding (%)
1 House Wellness Foods Corporation	Production and sales of health foods and beverages	Itami-city, Hyogo	JP¥100 million	100.00

## International Food Business (11 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of Shareholding (%)
1 House Foods Holding USA, Inc.	Holding company for U.S. subsidiaries	Garden Grove, California, U.S.A.	US\$52 million	100.00
2 House Foods America Corporation	Production and sales of soy-bean related products, import sales of Group products	Garden Grove, California, U.S.A.	US\$2.35 million	100.00
3 El Burrito Mexican Food Products Corporation	Production and sales of soy-bean related products	Industry, California, U.S.A.	US\$4.20 million	100.00
4 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-city, China	RMB 610.943 million	100.00
5 Shanghai House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Shanghai-city, China	RMB 131.566 million	100.00
6 Dalian House Foods Co., Ltd.	Production and sales of foods	Dalian-city, Liaoning Province, China	RMB 194.880 million	100.00
7 Zhejiang House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Pinghu-city, Zhejiang Province, China	RMB 274,275 million	100.00
8 House Foods Vietnam Co., Ltd.	Production and sales of processed foods	Dong Nai, Vietnam	VND 458.4 billion	100.00
9 House Osotspa Foods Co., Ltd.	Sales of processed foods and beverages	Bangkok, Thailand	Baht 167 million	60.00
10 PT House And Vox Indonesia	Export sales of spices	Special Capital Region of Jakarta, Indonesia	Rp. 32.4 billion	99.59
11 House Foods Taiwan Corporation	Import sales of Group products	Taipei-city, Taiwan	NT\$29 million	100.00



1 2 3 2 9 5



### Restaurant Business (10 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of Shareholding (%)
1 Ichibanya Co., Ltd.	Planning and operation of restaurants	Ichinomiya-city, Aichi	JP¥1,503 million	51.00
2 Ichibanya USA, Inc.	Planning and operation of restaurants	Torrance, California, U.S.A.	US\$7 million	60.80
3 Ichibanya Restaurant Management (China) Co., Ltd.	Planning and operation of restaurants	Shanghai-city, China	RMB 111,176 million	51.00
4 Taiwan Ichibanya Inc.	Planning and operation of restaurants	New Taipei City, Taiwan	NT\$107 million	40.80
5 Curry House Korea Corporation	Planning and operation of restaurants	Anyang-city, Korea	₩2,500 million	70.20
6 Ichibanya International Hong Kong Limited	Restaurant operation guidance and trading services	Kowloon, Hong Kong, China	HK\$7.5 million	51.00
7 Ichibanya Hong Kong Limited	Planning and operation of restaurants	Kowloon, Hong Kong, China	HK\$26.375 million	58.37
8 Ichibanya UK Limited	Planning and operation of restaurants	London, U.K.	GBP 4.5 million	51.00
9 Ichibanya International USA, Inc.	Planning and operation of restaurants	Torrance, California, U.S.A.	US\$3 million	51.00
10 Daikoku Shoji Co., Ltd.	Planning and operation of restaurants	Asahikawa-city, Hokkaido	JP¥3 million	51.00

### Other Food Related Business (6 companies)

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

### Common (1 company)

Company name	Business lines	Location (Country or region)	Capital	Percentage of Shareholding (%)
1 House Business Partners Corporation	Undertaking of outsourced operations of the Group	Higashi-osaka-city, Osaka	JP¥10 million	100.00

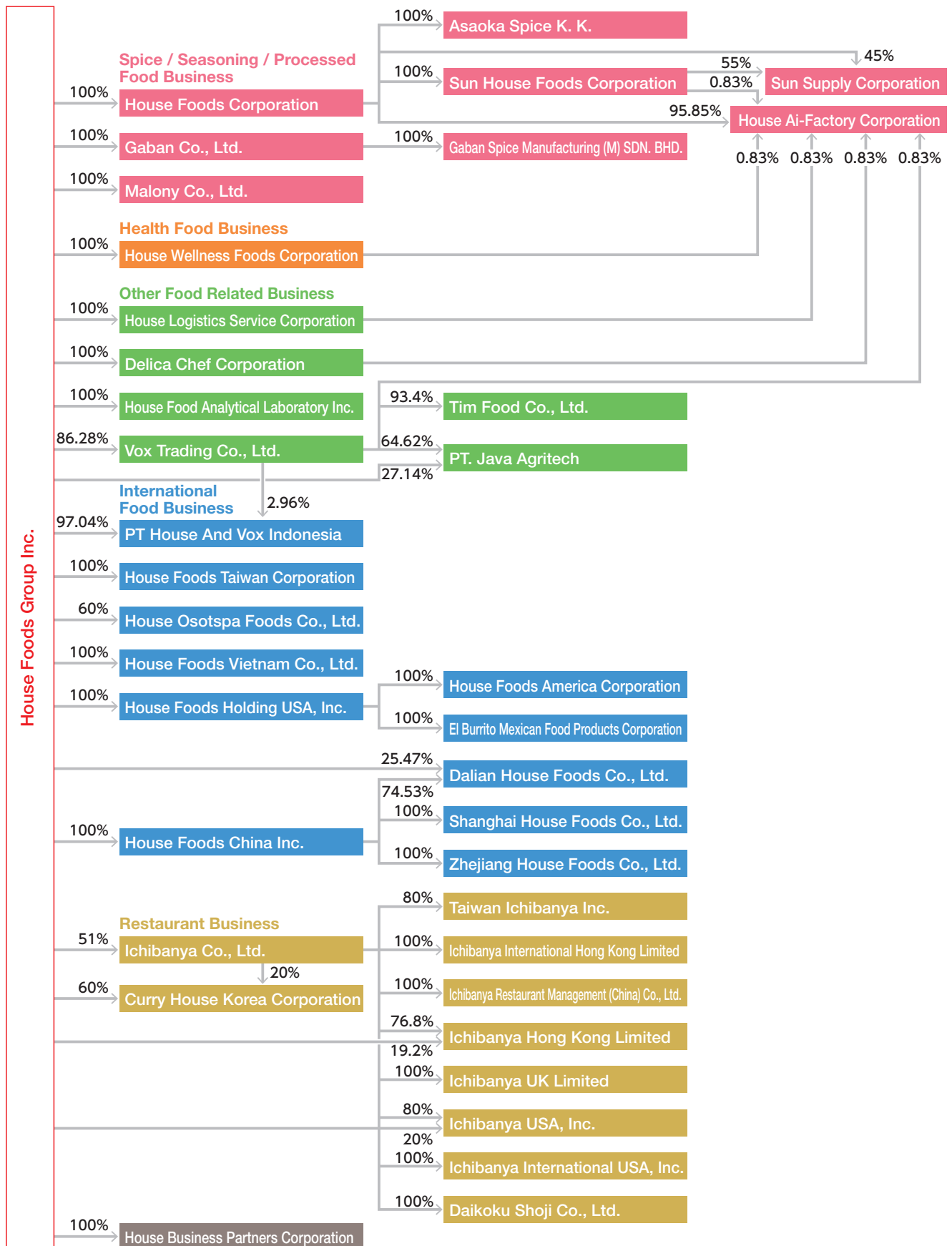
### Equity-method Affiliates (5 companies)

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

## House Foods Group Companies

### Capital Relationship Diagram (ownership ratio of voting rights)

(As of March 31, 2021)



# Corporate Information

## Company Overview (As of March 31, 2021)

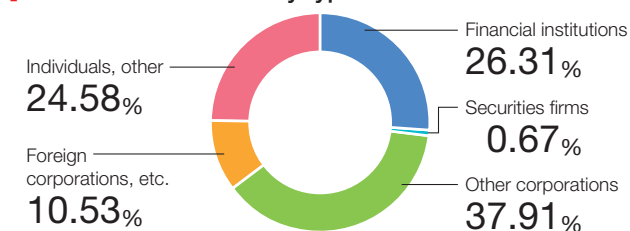
Name	House Foods Group Inc.
Founded	November 11, 1913
Established	June 7, 1947
Capital	¥9,948,323,523
Business lines	To propose Group strategies, provide management support for business companies (domestic and overseas), and to supervise the International Business
Number of employees	326 (6,153 on a consolidated basis)

## Stock Information (As of March 31, 2021)

### Stock summary

Number of Shares Issued.....	100,750,620 shares
Number of Shares Authorized.....	391,500,000 shares
Number of Shareholders .....	60,635
Number of Shares per Trading Unit .....	100 shares

### Breakdown of shares by type of shareholder



\*Treasury shares are included in "Individuals, other."

### Principal shareholders

	Number of Shares Held (shares)	Percentage of Total Shares Outstanding (%)
House Kosan Co., Ltd.	12,059,316	11.97
HKL Co., Ltd.	7,226,300	7.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,740,700	6.69
Japan Trustee Services Bank, Ltd. (Trust Account)	3,486,700	3.46
Urakami Foundation for Food and Food Culture Promotion	2,900,218	2.88
Sumitomo Mitsui Banking Corporation	2,751,027	2.73
House Koushinkai	2,102,201	2.09
Setsuko Urakami	2,003,569	1.99
Nippon Life Insurance Company	1,844,810	1.83
Sumitomo Mitsui Trust Bank, Limited	1,750,000	1.74

Note: Percentage of total shares outstanding is calculated by excluding the number of treasury shares (2,816 shares).

### External evaluations

(As of the end of July, 2021)

**2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX**



THE INCLUSION OF House Foods Group Inc. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF House Foods Group Inc. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### Information for investors

<b>Fiscal Year</b>	From April 1 to March 31
<b>Interim Dividend System</b>	Yes
<b>Ordinary Shareholders' Meeting</b>	Held annually in June
<b>Stock Transfer Agent and Account Management Institution for Special Accounts</b>	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
<b>Stock Transfer Agency Handling Office</b>	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 4-5-33 Kitahama, Chuo-ku, Osaka
<b>Mailing Address and Contact</b>	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 0120-782-031
<b>Method of Public Notice</b>	By electronic public notice, published on the Company's website: <a href="https://housefoods-group.com">https://housefoods-group.com</a> However, should circumstances prevent electronic public notice, the notice shall be published on the Nihon Keizai Shimbun.
<b>Stock Exchange Listing</b>	Tokyo Stock Exchange
<b>Stock Code</b>	2810



## House Foods Group Inc.

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<https://housefoods-group.com>

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### ● Contact for inquiries about this report

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