

INTEGRATED REPORT 2022

House Foods Group Inc.



Group Philosophy and 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.



01 | Value Creation Story

- 01 Group Philosophy and Message
- 03 Three Responsibilities
- 05 History of House Foods Group
- 07 At a Glance
- 09 President's Message
- 13 Value Creation Process
- 15 Source of Value Creation

17 | Explanation of Strategies

- 17 Progress of the Medium-term Business Plan
- 19 Outline of the Seventh Medium-term Business Plan
- 21 Progress of the Seventh Medium-term Business Plan from the Perspective of the Three Responsibilities
- 25 Explanation of Financial Strategies
- 27 Overview of Business Segments
- 29 Strategies by Business Segment
 - Spice/Seasoning/Processed Food Business
 - Health Food Business
 - International Food Business
 - Restaurant Business

33 | Foundations for Value Creation

- 33 Environmental Efforts
- 34 Human Resource Strategy
- 35 R&D
- 36 Quality Assurance
- 37 Executives
- 39 Corporate Governance
- 44 Message from Outside Directors
- 45 Risk Management
- 46 Compliance

47 | Data

- 47 11-Year Selected Financial Data
- 49 Non-financial Highlights
- 50 Group Companies
- 52 Corporate Information

Philosophy concept of House Foods Group

House Foods Group philosophy is based on two key aspects of the Company.

One: Our Group philosophy

Defines the role of the Company—Our contribution and raison d'être—encompasses the Our Motto and mission statement of each company in House Foods Group.

Two: The "House Ideals (Spirit)"

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

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

Founding Philosophy

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

Group Philosophy

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

House Ideals (Spirit)

Our Motto

Sincerity, Originality and Enthusiasm

The 10 House Values

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

Positioning of the Integrated Report

Financial Information

Integrated Report

Annual Securities Report

Financial Data

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

Non-financial Information

Corporate Governance Report
(available in Japanese only)

ESG Data Book

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

Editorial policy

House Foods Group Integrated Report 2022 comprehensively describes the overall picture of the Group, its strategies for creating corporate value, and its governance systems such that shareholders, investors, and all other stakeholders deepen their understanding of the Group's medium- to long-term value creation. The IFRS Foundation's "International <IR> Framework" and the Ministry of Economy, Trade and Industry's "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" were used as references in the production of this report.

Target period

While the target period is mainly FY2021 (April 1, 2021 to March 31, 2022), this report provides the latest information at the time of publication where possible.

Notes to forward-looking statements

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

Three Responsibilities

Three Responsibilities

The “Three Responsibilities” represent our desire to be a “good partner” to our various stakeholders, rather than simply striving to maximize profits as a company. In order for House Foods Group to continue to be a company that is useful to society throughout the ages, these Three Responsibilities form the basis of all of our activities.

For Society

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

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



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 society.

For Our Employees and Their Families

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

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

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

House Foods Group’s CSR Policy

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

For Our Customers

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

For Our Employees and Their Families

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

For Society

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

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

Key Themes for Three Responsibilities

For Our Customers

- Achievement of growth driven by four value chains
- Realization of three GOT (Japanese abbreviation, meaning the Groupwide Initiatives) 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 integration

For Society

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

➔ See pages 19 through 24 for details

Three Responsibilities and the SDGs

House Foods Group philosophy aligns with the promise “Leave no one behind” of the agenda for the Sustainable Development Goals (SDGs). The Group positions the three responsibilities as the fundamental elements of all of its activities.

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



History of House Foods Group

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

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

Environmental changes that affected Group management

1913	1960-	2003-2014	2015-2022
------	-------	-----------	-----------

- High economic growth
- Market becomes mature
The Japanese market entered a mature phase, and customer needs shifted from quantity to quality.

- 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
Changing attitudes toward corporate responsibility
Accelerated changes in digital technology

Trajectory of House Foods Group



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



- 2003: Introduced the Medium-term Business Plan
- 2006: Founded House Wellness Foods Corporation
- 2010: Transfer of mineral water business
- 2013: Shifted to a holding company system
- 2013: Made Vox Trading Co., Ltd. a consolidated subsidiary

Business Plan Corporation business system consolidated subsidiary

- 2015- Expansion of business development areas from upstream to downstream
Made Ichibanya Co., Ltd., Gaban Co., Ltd., and Malony Co., Ltd. consolidated subsidiaries in 2015, 2016, and 2017, respectively
- 2018: Promoted the GOT (Japanese abbreviation, meaning the Groupwide Initiatives) that turns the Group's diversity into synergy
- 2021: Toward identifying new growth opportunities from a global perspective
Defined four value chains (spice, functional ingredients, soybean, and value-added vegetables) as domains in which it provides "Healthy Life through Foods"

Expanding value chains

Expansion of business fields where we can demonstrate our strengths

2004
Forms an alliance with Gaban Co., Ltd.
Pursuit of becoming the No. 1 spice manufacturer

2006
Founded House Wellness Foods Corporation
Strengthening of the health domain

2013
Shifted to a holding company system



2013
Made Vox Trading Co., Ltd. a consolidated subsidiary
Strengthening of the procurement field



2015
Made Ichibanya Co., Ltd. a consolidated subsidiary
Strengthening of the restaurant field



2016
Made Gaban Co., Ltd. a consolidated subsidiary
Strengthening of BtoB and procurement



2017
Made Malony Co., Ltd. a consolidated subsidiary
Strengthening of BtoC



2017
Establishment of CVC
Accelerating open innovation

2022
Establishment of House Foods Group Asia Pacific Co., Ltd.
Expansion of business in Southeast Asia

Expanding markets

Expansion to overseas markets utilizing strengths gained in Japan

Three focus areas (the United States, China, and Southeast Asia) + Restaurant Business

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



1983- Tofu business

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



1997- Curry business

Thailand
Combining good taste and functionality



2012- Functional drink business

Southeast Asia

Indonesia / Vietnam
Creation of a new food culture



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

Expansion of CoCoICHI to the world

Main areas of operation and fiscal year of business commencement



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

Expanding products

Product lineup that leverages our strengths

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



1913- Spice

Developed curry into a national dish



1928- House Curry



1963- Vermont Curry



2006- 50% reduction in calories and fat



2014- Allergen friendly

Enriching the dining table, contributing to the happiness of families



1962- Home dessert



1966- Stew



1970- Retort pouched products



1973- Packaged noodles



1977- Snack foods

Converting years of spice research into new value



2004- Ukon No Chikara



2009- Mega Shaki



2006- Vitamin



2018- Lactic acid bacteria L-137

Striving for Four Value Chains

At a Glance

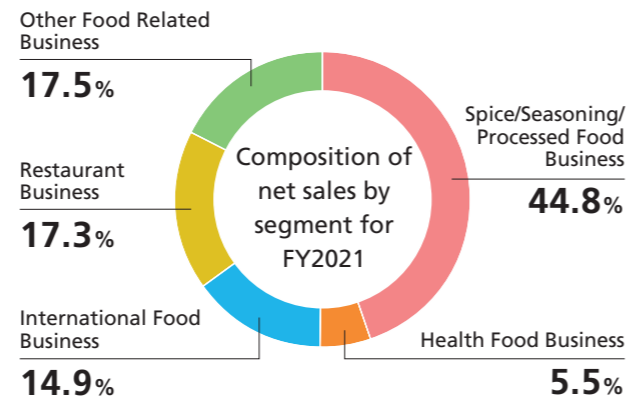
House Foods Group offers a diverse range of foods.

FY2021 summary of financial results

Net sales	253.4 billion yen
Operating profit	19.2 billion yen
Ordinary profit	21.1 billion yen
Profit*	14.0 billion yen

* Profit attributable to owners of parent

Business portfolio

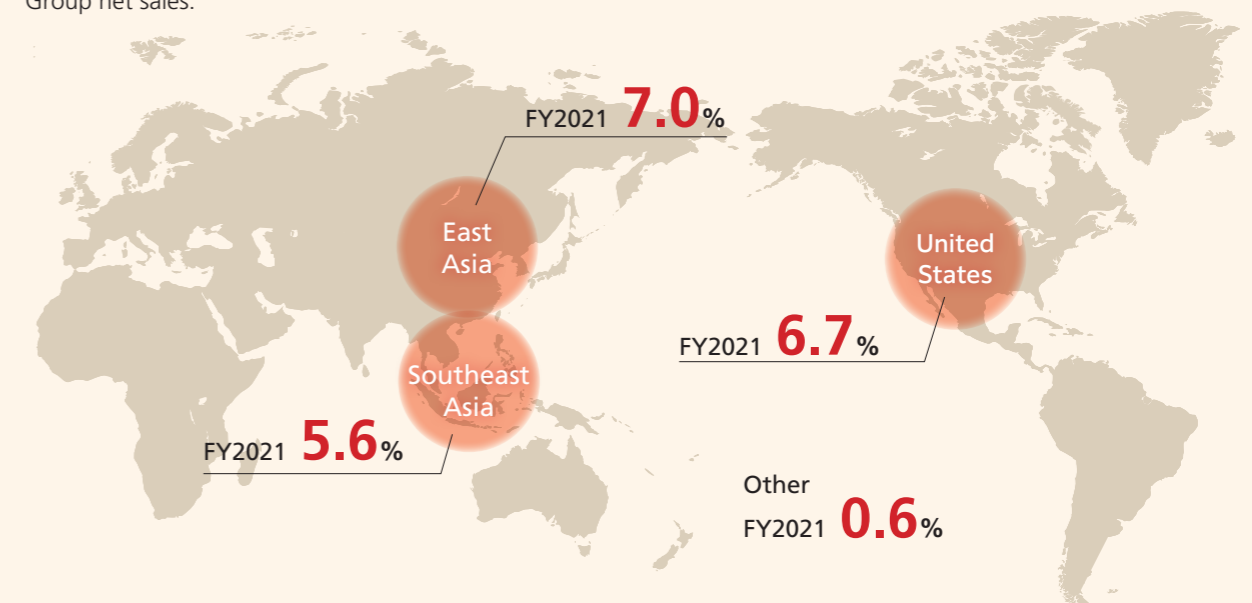


* Proportion of net sales represents a proportion before the elimination of inter-segment transactions

Overseas business expansion

Proportion of net sales by region

Of the 253.4 billion yen in consolidated net sales for FY2021, overseas net sales accounted for 19.9% of total Group net sales.



Five-year average growth rate of three priority businesses overseas

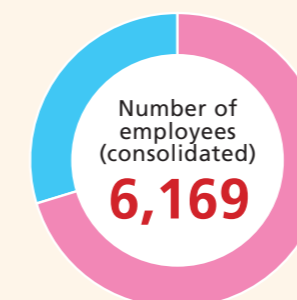
(Local-currency basis, from FY2017 to FY2021)

Our tofu business in the United States, curry business in China, and functional drink business in ASEAN countries expands businesses that combine the technological expertise we have cultivated in Japan with local food culture.

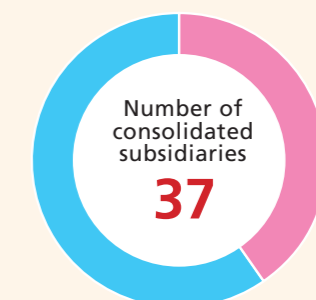


Numbers of employees and Group companies (As of March 2022)

Number of employees
 ■ Japan: 4,335 (70.3%)
 ■ Overseas: 1,834 (29.7%)



Group companies
 ■ Japan: 15
 ■ Overseas: 22



High market share in Japan that forms profit base

House Foods

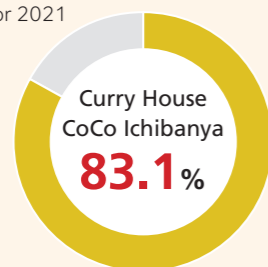
Source: Monthly SRI+ data by INTAGE Inc. (April 2021 through March 2022)



Ichibanya

Share of sales in curry shops

Source: Fuji Keizai, "Food Service Industry Marketing Handbook 2022," actual results for 2021



● Number of Ichibanya restaurants (As of June 2022)

Japan: **1,258** Overseas: **201**



Long-selling brands



President's Message

By establishing the four value chains, we will accelerate our transformation into a high quality company with a global presence.

浦上 博史

Hiroshi Urakami

President
House Foods Group Inc.

Fulfilling our Three Responsibilities to make a leap forward as a good corporate citizen for society

House Foods Group philosophy is "Through food, we aim to be a good corporate citizen, connecting and collaborating with people to create smiles in their lives." This philosophy was formulated in 2013, our centennial year—at a time when the Great East Japan Earthquake of 2011 had triggered a full-scale development of prepared dishes in convenience stores and supermarkets and accelerated the tendency for people to eat out or buy food to eat at home, as cooking shifted to roles outside of the home. In transitioning from a business company to a holding company system, the corporate philosophy focused on the customer-oriented concept of "Bringing greater joy to families through our foods" was retained in the business company House Foods, while the Group revised its philosophy to encompass all stakeholders from a wider perspective.

In considering our relationship with our stakeholders, we kept in mind the three responsibilities that Peter Drucker describes in *Concept of the Corporation*. We will work together with our stakeholders to fulfill our responsibilities for our customers, for our employees and their families, and for society, by creating economic value while creating a sense of purpose and fulfillment in the lives of our employees, and by working in harmony with society. This concept is the foundation of the Group philosophy.

But why a "good" corporate citizen and not the "best" or a "better" one? The global-scale issues we need to address cannot be resolved by House Foods Group alone. Rather than doing everything on our own, we want to be a "good partner" that uniquely fulfills its responsibilities in society as a corporate citizen in the spirit of "co-creation" with its stakeholders. This is an expression of how we want "to be" as a company. It expresses our strong desire to continue evolving while building relationships as a good cooperate citizen with our stakeholders.

Transforming into a high quality company by promoting the establishment of the four value chains

While the stance of the Group philosophy lies in aspirations of what it wants "to be," Medium-term Business Plans are concrete "to do" action plans. House Foods Group has incorporated the Three Responsibilities into the plans in earnest since the Sixth Medium-term Business Plan covering FY2018 to FY2020, and has been strengthening and promoting its initiatives. We believe that this has helped us to keep moving forward in these chaotic times, including efforts to reduce CO₂ emissions and smoothly implement remote work during the COVID-19 pandemic. Based on the ideas of Professor Ken Kusunoki of Hitotsubashi University, there are two main types of sources of corporate profit. The first is an "opportunity company" that quickly converts customer needs into value and delivers it to them. The second is a "quality company" that creates new value on its own and continues to grow sustainably. House Foods has grown as an opportunity company, riding the wave of rapid economic growth. However, an opportunity company has the disadvantage of being easily affected by the external environment. Therefore, starting from the Fifth Medium-term Business Plan in FY2015, we have made a major management shift from "selection and concentration" to "transformation into a high quality company." Subsequently, we have expanded our development domains along the value chain from upstream to downstream by welcoming companies with unique characteristics, such as Ichibanya and Gaban, to the Group. In the Sixth Medium-term Business Plan, we promoted the GOT (Japanese abbreviation, meaning the Groupwide Initiatives), in order to create synergies by integrating the diversity of each company.

Top Message



In the Seventh Medium-term Business Plan, which began in FY2021, we are taking the story of our transformation into a high quality company to the next level. We are pursuing the strategies we formulated using backcasting, based on our vision of becoming a “high quality company with a global presence,” and doubling the scale of our business through value chain management. We have established four value chains—spice, functional ingredients, soybeans, and value-added vegetables – as domains where we will maximize the Group’s strengths and will review our portfolio from the perspective of optimizing the Group. 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 promoting growth.

The story of our transformation into a high quality company, which has continued since the Fifth Medium-term Business Plan, has repeatedly faced new growth challenges each time we overcame the challenges of a previous stage. However, we feel that we are finally approaching the main stage of our transformation.

- ➔ See pages 19–20 for Outline of the Seventh Medium-term Business Plan
- ➔ See pages 25–26 for Explanation of Financial Strategies

Review of the first year of the Seventh Medium-term Business Plan

I would like to look back on the first year of the Seventh Medium-term Business Plan from the perspective of the Three Responsibilities. First, in terms of responsibility “for our customers,” which is the business aspect, the Group faced a difficult situation in FY2021, with the first decrease in profit in seven fiscal years, due mainly to the impact of the COVID-19 pandemic and soaring raw material prices. However, even in the midst of this chaotic year, I think that we were able to steadily promote what needed to be done right away from the perspective of backcasting, as each of the GOT themes progressed step by step into the implementation phase toward the establishment of the four value chains.

In the area of responsibility “for our employees and their families,” a variety of initiatives are underway to ensure both rewarding work for employees and the growth of the Company. In addition to a career challenge system that allows employees to publicly apply to any department of their choice and an open recruitment program for new businesses, we are also actively recruiting for mid-career positions, including at the executive level, in order to bring in new ideas. In addition, strengthening the human resources that form the foundation and reviewing the

personnel system will be important for medium- to long-term transformation. Until now, we have been allocating human resources to growth areas such as overseas business and new business, but we recognize that job rotation, including in existing domains, will be an issue in the future. We intend to optimize the allocation of human resources so that we can take advantage of diversity and raise the awareness of all employees toward the transformation.

With regard to responsibility “for society,” we will work to accelerate CO₂ reductions and expand the domains of initiatives under one of the themes of the “establishment of a recycling-oriented model.” Achieving carbon neutrality by 2050 will not be easy. However, we are now considering additional measures and initiatives mainly through the Group environmental strategy meeting, which was established in June 2021.

- ➔ See pages 21–24 for Progress of the Seventh Medium-term Business Plan from the Perspective of the Three Responsibilities

Reaching greater heights by transforming into a high quality company through connecting “corporate purpose” to the future

With House Foods Group’s history spanning over 100 years, more and more of our employees are becoming unfamiliar with the past. In addition, Vox Trading, Ichibanya, Gaban, and Malony, with their different histories and cultures, have joined the Group, and the Group continues to evolve through a number of Medium-term Business Plans formulated to achieve our vision of where we want to be. It is my mission as the head of management to make decisions about what should be changed and what should be left behind. The one thing that must remain in the midst of these changes, and the one thing that we will always return to, is the idea contained in our Founding Philosophy: “In every happy home throughout Japan you will find the warm flavor of home cooking, House.” What is the purpose of House Foods Group’s existence in society? We must pass on our corporate purpose of being a good corporate citizen to the future.

It is therefore important to leave behind “words” for the future. In 2016, we created *The HOUSE WAY BOOK* in Japanese, English, and Chinese, which describes the universal philosophy of our Group, Our motto, and the 10 House Values (mission statements), in order to keep the thoughts of our founders alive. In addition, we published *The HOUSE WAY NOTEBOOK*, a compilation of initiatives that embody *The HOUSE WAY* by our predecessors, and shared it with Group employees in Japan and overseas. We are in the process of producing a second volume of *The HOUSE WAY NOTEBOOK*, which will include case studies from our Group companies. We will place importance on deepening understanding and empathy for *The HOUSE WAY* by sharing initiatives that embody the philosophy and values of House Foods Group in their own experiences, rather than providing one-sided explanations to our employees. Through these activities, each employee of each business company will be able to experience the Group’s diversity and become aware of their own stereotypes, which is an important step toward creating new transformation.

In order for the unique Group companies to maintain their driving force as a single Group, a balance between “centripetal force” and “centrifugal force” is indispensable. While preparing the ground for diversity-rich human resources to play an active role as the “centrifugal force,” we will cherish the unchanging thoughts that have always been at the heart of the “centripetal force.”

Just as everything in this world is constantly changing, House Foods Group of tomorrow will be different from House Foods Group of today. Please look forward to House Foods Group as we continue to take on the challenge of transformation with an unwavering spirit.

Value Creation Process

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

Group Philosophy

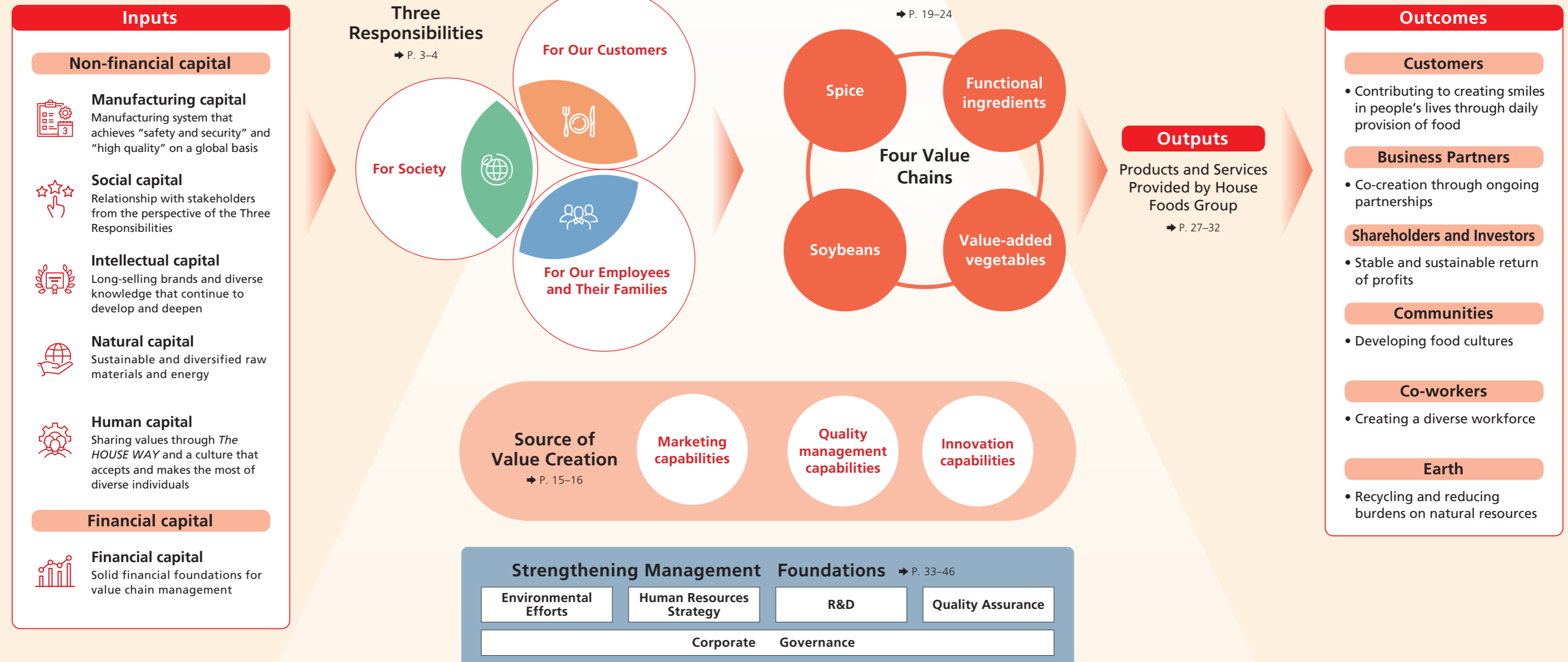
Through food, we aim to be good corporate citizen, connecting and collaborating with people to create smiles in their lives.

Key Issues Based on Business Environment Awareness

- Responding to climate change
- Realizing a resource-recycling society
- Responding to respect for human rights
- Promoting offensive and defensive IT and technology strategies
- Responding to consumer lifestyles
- Supporting the growth of each employee and providing opportunities for diverse activities

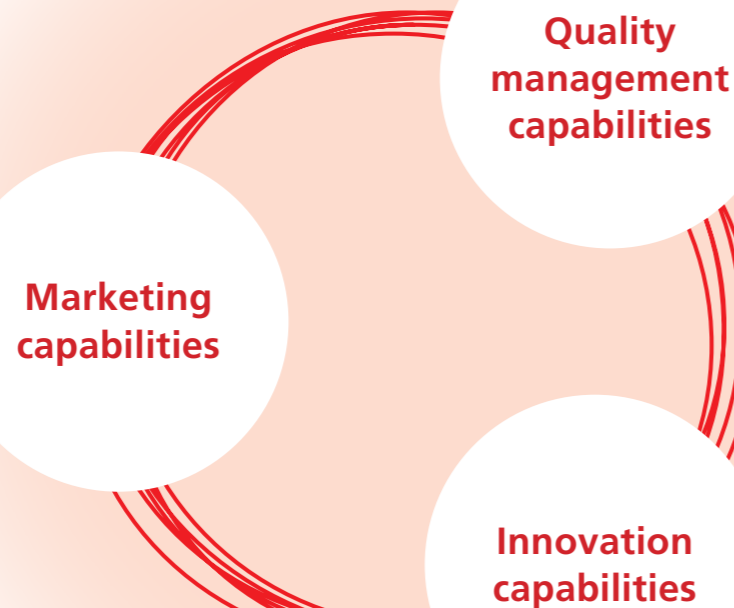
Seventh Medium-term Business Plan

Striving to become a high quality company that provides "Healthy Life Through Foods" [Chapter 2]
Striving for Four Value Chains
→ P. 19–24



Source of Value Creation

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



Quality management capabilities

Strengths

Pursuing quality only House Foods Group can offer

Since its founding, the Group has been committed to food safety and security through consumer-oriented management that is thoroughly committed to learning from its customers. This is why we have long-selling products, such as *Vermont Curry*, which has become the foundation of the Group's trust and brand today. In addition, in order to improve the quality of the entire value chain, we are not only raising Group quality standards and pursuing safety and security, but also focusing on activities to realize our desire to be a good corporate citizen to stakeholders. Specifically, we are promoting efforts to disseminate our environmental and human rights-conscious procurement policies to our suppliers, establish a recycling-oriented model that reduces environmental impact, and contribute to health promotion through our core businesses.

FOCUS: Reinforcing Our Strengths

Quality improvement and sustainable procurement initiatives promoted from a customer perspective

The Group is continuously developing its "QUIC"^{*2} activities to improve quality. QUIC activities work as "gatekeepers (watchdogs)" that consider customers as the standard and as "translators" that provide input into the organization, including the true intention of customer feedback. Members across departments constantly set issues, by putting the customer as the main subject, and under a promotion system directly linked to management, these issues are communicated and shared with management and each department. At monthly meetings, the relevant department in charge works together with related departments to make the improvements.

In addition, for sustainable procurement, we established House Foods Group Material Partner CSR Guidelines in 2020 and confirmed through questionnaires that our direct suppliers are complying with the Guidelines. Furthermore, in December 2021 we joined "Sedex"^{*3} as an AB member (buyer-supplier member). We also use Sedex to monitor our indirect business partners and work with our suppliers to maintain safe, ethical, and sustainable business practices to protect the working conditions of those who work in our supply chains.

*2 QUIC (Quality Up by Initiative of Customers): Customer-led quality improvement activities

*3 Sedex: Headquartered in the United Kingdom, Sedex is the world's leading membership organization providing ethical trade services. It works to improve working conditions in global supply chains and provides practical tools, services, and community networks necessary to help companies improve responsible and sustainable business practices and conduct responsible procurement.

Innovation capabilities

Strengths

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

Since its founding, the Group has been committed to value creation centered on the flavors of home cooking. Currently, we are promoting efforts to create new value based on the value chain perspective from upstream to downstream and the diverse perspectives of our Group companies. Business development, R&D, and human resource development are working in unison to achieve a state in which bridges are being built between existing and new businesses and resources and information are being exchanged, strengths and knowledge from within and outside the Group are being combined, and the transformation into an innovative structure is progressing through the fostering of challenges. Moreover, we are working to create new value in existing areas and develop new businesses by refining ideas originating from each operating company under the guidance of cross-company and cross-functional teams within the Group.

FOCUS: Reinforcing Our Strengths

Collaboration among group employees, intellectual property strategies

As a venue for the creation of new value that takes advantage of the Group's strengths, we regularly hold exchange opportunities called Ba EXPO. Through discussions, we learn about the Group's resources and strengths, which leads to the search for new outlets and ideas on how to utilize technology.

In addition, the Group believes that in order to create new value through co-creation, it is essential to actively open up and utilize patents while protecting its own technologies. To this end, we secure technologies created through R&D as intellectual property by acquiring patent and design rights and registering varieties, and then promote internal and external exchanges to create new value. From the viewpoint of effective protection of technology, we are strategically applying for and obtaining patent rights in a wide range of areas from upstream to downstream of the four value chains, and as of the end of June 2022 we have obtained approximately 460 patent rights.

Marketing capabilities

Strengths

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

Over the years, the Group has been half a step ahead of customer needs and made pitches that enrich their dining. At the time of our founding, we were the first in Japan to develop the country's first curry tasting promotion campaign and promoted the spread of curry culture, where it was not customary to eat curry. *Vermont Curry*, launched in 1963, created a new food culture by making spicy curry rice, once a food for adults, a national dish that even children could enjoy. Furthermore, we have promoted overseas development by leveraging the know-how we have cultivated in Japan. Customized to suit the food culture of each country, tofu in the United States, Japanese-style curry in China, and vitamin drinks in Thailand have all been accepted locally.

Today, our customer-driven approach to creating a new food culture continues to be passed down from generation to generation.

FOCUS: Reinforcing Our Strengths

Evolution and continuation of efforts to enrich food in each region

We support the NIPPON FOOD SHIFT^{*1} promoted by the Ministry of Agriculture, Forestry and Fisheries. In 2009, the Group launched a project titled CURRY ACTION NIPPON and has been working together with local communities to improve food self-sufficiency by proposing local production for local consumption through curry. In the summer of 2022, we continued to develop original recipes that make the most of local ingredients and published them on our website to further evolve our activities.

In the United States, the Group's tofu has attracted attention as a high-quality plant-based protein food and represents a business opportunity. The business in the United States has grown at an average growth rate of 7.6% (in local-currency terms) over the last five years, and House Foods America Corporation, the core of the soybeans value chain, is reinforcing its production system and strengthening R&D functions in order to capture the growing demand.

*1 A new national movement that focuses on deepening the connection between food and agriculture. For more information, please visit <https://nippon-food-shift.maff.go.jp/about/> (Japanese only)

Progress of the Medium-term Business Plan

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

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

Results

Existing domains

- Restructuring of competitive domestic business
 - 2008 Refining of area in which packaged noodles business operates
 - 2010 Transfer of mineral water business
 - 2011 Consolidation of production sites
 - 2014 Reorganization of curry roux production lines

Growth domains

- 2004 *Ukon No Chikara* created a market by leveraging knowledge from spice research
- 2006 Founded House Wellness Foods Corporation (Strengthened the health domain)
- Three priority areas set for overseas business (United States, China, and Southeast Asia) and foundations for growth develop
 - 2005 Curry roux business launched in China
 - 2006 Construction completed on New Jersey Plant, the second base for the tofu business in the United States
 - 2012 Development of functional drink business in Thailand begins

Structural change

- 2013 Shift to a holding company system
Toward self-sustained and continuous growth, and a structure that maintains functions for each main business

2015–

Fifth to Sixth
Medium-term Business Plans

Striving to become a high quality company that provides “Healthy Life through Foods”

Worked to become a high quality company

2021–

Seventh to Eighth
Medium-term Business Plans

Striving to become a high quality company that provides “Healthy Life through Foods”
[Chapter 2]

Striving for Four Value Chains

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

Realization of the Group Philosophy

Realizing the Group philosophy

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

Results

For Customers

- Launched the GOT (Japanese abbreviation, meaning the Groupwide Initiatives):
Started the study of procurement, production, and BtoB from the perspective of Group optimization.
- Enhanced R&D functions and established mechanism for creation of new business:
Integrated domestic research bases and introduced a mechanism for collaborative creation among Group companies.
- Expanded overseas business growth:
The tofu business in the United States, curry business in China, and functional drink business in Thailand have moved to their growth stages.

For Our Employees and Their Families

- Results in business continuity during the COVID-19 pandemic:
Efforts to introduce flexible work styles, such as expanding monthly planned work, introducing telework, and shortening scheduled working hours, even before the pandemic, have helped to ensure certain results for business continuity.
- Promotion of attracting diverse human resources and creating opportunities for employees to play an active role:
Progress has been made in diversifying human resources by promoting women's participation and expanding mid-career recruitment, as well as in creating an environment that allows people to take on challenges by introducing an in-house recruitment system.

For Society

- Efforts to establish a recycling-oriented model:
 - 1) Establishment of criteria for deciding environmental investments has led to the start of investments to reduce CO₂ emissions, such as solar power generation and co-generation at production bases.
 - 2) Improved logistics efficiency through cooperative investment by food companies by establishing F-LINE Corporation
 - 3) Made progress in switching raw materials including papers and palm oil to sustainable ones

–1990s

Before introduction of
Medium-term Business Plans

Value creation from a
customer perspective

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

2003–
First to Fourth
Medium-term Business Plans

Selection and concentration

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

Outline of the Seventh Medium-term Business Plan

Overall Framework of the Seventh Medium-term Business Plan

House Foods Group's Goal

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

Striving for Four Value Chains

—Seek Growth along with Quality Transformation—

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

For Our Customers

Providing "Healthy Life Through Foods" globally

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

Achievement of diversity

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

For Society

Healthy people and a healthy planet

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

Strengthening of Corporate Governance

Concept of Four Value Chains VCs

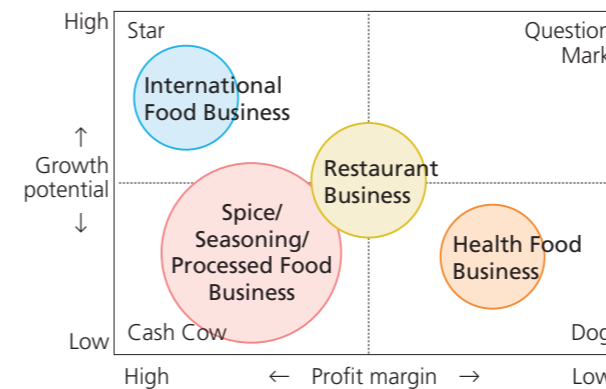
Value provided by the Group: Healthy Life Through Foods	Spice VC	Aim to create synergies through collaborative creation by Group companies that handle spices and curry
	Functional Ingredients VC	Utilize Lactic acid bacteria, vitamins and spices more widely as a Group ingredient
	Soybean VC	Consider utilizing soybeans not only in the tofu business in the United States but also in other business outside the United States
	Value-added Vegetables VC	Take on the challenge of creating a new VC in the agricultural domain

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

Present

Bias in portfolio by business segment

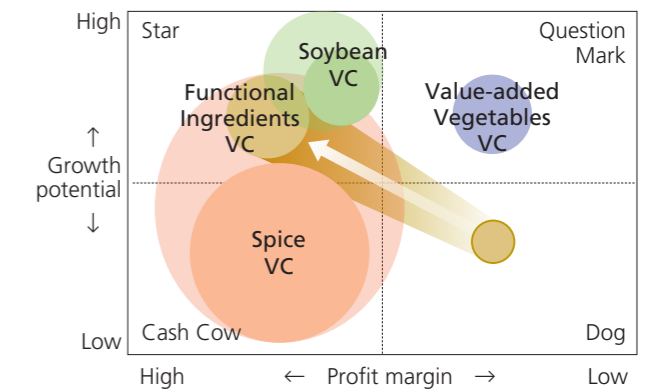
- Spice/Seasoning/Processed Food: Cash cow (growth issues)
- International food: Individual businesses in three priority areas growing into stars
- Health food: Becoming a dog due to manifestation of management issues
- Restaurant: Earnings down due to impact of COVID-19 pandemic



Future

Realize growth narrative for each value chain

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



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

The mainstay Spice/Seasoning/Processed Food Business faces the challenge of growth potential in the mature Japanese domestic market. If we view this as a "Spice VC," we can see the potential for growth everywhere with the expansion to overseas areas, BtoB, and the VC from upstream to downstream. The

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

Priority Themes for the Three Responsibilities and KPIs

➔ See pages 21 to 24 for the progress in the first year of the Medium-term Business Plan

Three responsibilities	Themes	KPIs	Seventh Medium-term Business Plan (FY2023)	Eighth Medium-term Business Plan (FY2026)
For Our Customers	<ul style="list-style-type: none"> ● Achievement of growth driven by four value chains ● Realization of three GOT themes ● Creation of new value through collaborative creation 	Net sales	305.0 billion yen	360.0 billion yen
		ROS	8.5%	9.4%
		EBITDA Margin	13.2%	14.4%
For Our Employees and Their Families	<ul style="list-style-type: none"> ● Implementation of job satisfaction transformation ● Support for demonstrating individuality and achieving integration 	Creation of time (management of total actual working hours)	1,850 hours	1,800 hours
		Percentage of female managers	12% or above	20% or above
		Mid-career recruitment	Ratio of new graduates to mid-career talent is 6:4	Ratio of new graduates to mid-career talent is 6:4
For Society	<ul style="list-style-type: none"> ● Establishment of a recycling-oriented model ● Achievement of a society of healthy longevity 	Reduction of CO ₂ emissions Scope 1 and 2 ^{*1}	-9%	-18%
		Reduction of total emissions including waste ^{*3}	-6%	-12%
		Cooperate with each VC to set goals	Example targets <ul style="list-style-type: none"> ● Promotion of good physical and mental health through everyday meals ● Market penetration of tofu as a PBF and enhancement of the value of tofu products 	

^{*1} Per unit of production against FY2013

^{*2} compared with before initiatives

^{*3} Per unit of production at domestic production bases against FY2019

Consolidated Targets and Management Indicators in the Seventh Medium-term Business Plan (FY2023)

➔ See pages 25 to 26 for Explanation of Financial Strategies

Consolidated targets

Net sales	Operating profit
305.0	26.0
billion yen	billion yen

Management indicators

ATO	0.80 times	ROA	6.8%
ROS	8.5%	Equity ratio	70.6%
EBITDA margin	13.2%	ROE	6.1%

Progress of the Seventh Medium-term Business Plan from the Perspective of the Three Responsibilities

For Our Customers

Providing “Healthy Lives through Food” globally

In terms of our responsibility for our customers, we aim to provide “Healthy Lives through Food” globally. The three key themes of the Seventh Medium-term Business Plan are “achievement of growth driven by four VCs,” “realization of the three GOT (Japanese abbreviation, meaning the Groupwide Initiatives) themes,” and “creation of new value through collaborative creation.”

In FY2021, we faced a difficult business environment as we were unable to take on new challenges as planned due to the prolonged COVID-19 pandemic and soaring raw material prices. Despite these uncertainties, we were able to steadily implement initiatives and make progress in reforming key themes that we set through backcasting, based on our ideal vision of becoming a “high quality company with a global presence.”



Hiroshi Urakami
President
House Foods Group Inc.

Progress was made on business/network reconstruction from an optimal Group perspective in the Spice VC, while in other VCs, initiatives for the establishment of a framework/base were implemented and progress through trial and error was made.

FY2021
Progress

Themes	KPIs	FY2023 targets	FY2021 results
<ul style="list-style-type: none"> Achievement of growth driven by four VCs Realization of the three GOT themes Creation of new value through collaborative creation 	Net sales	305.0 billion yen	253.4 billion yen
	ROS	8.5%	7.6%
	EBITDA margin	13.2%	11.9%

Achievement of growth driven by four VCs

In the Seventh Medium-term Business Plan, we have designated the four VCs of spice, functional ingredients, soybeans, and value-added vegetables as areas of value provision, aiming to provide “Healthy Lives through Food” globally and double the scale of our business in the future.

To expand and create businesses in the four VCs, we plan to invest approximately 40.0 billion yen over three years in growth areas. As a specific measure, in the Spice VC, we have decided to transfer the food service business of House Foods to Gaban and to initiate a new challenge in the Japanese food service market as the newly born House Gaban Corporation in April 2023. In the Functional Ingredients VC, House Foods Group Asia Pacific Co., Ltd. was established in Thailand in April 2022 as an intermediate holding company, and will use the cash generated by House Osotsu Foods Co., Ltd., whose business foundations have been established to some extent, to expand the vitamin drink business not only in Thailand but also in Southeast Asia. In the Soybean VC, amid growing global health needs and expanding demand for plant-based-food, we will invest in further expansion of our Los Angeles Plant to strengthen the production system of our tofu business in the

United States, and at the same time, acquire a location for a third site in Kentucky, in order to meet the demand in this rapidly growing market. Furthermore, in Europe, we will establish an office in Düsseldorf, Germany, to explore business possibilities.

In order to make more effective use of investment resources for these initiatives, we are strengthening the checking function under the newly established Investment Committee, both in the deliberation phase when a project is being proposed and in the monitoring phase after the investment has been made. Aiming to build four VCs, we are also looking to actively utilize M&A and other means.

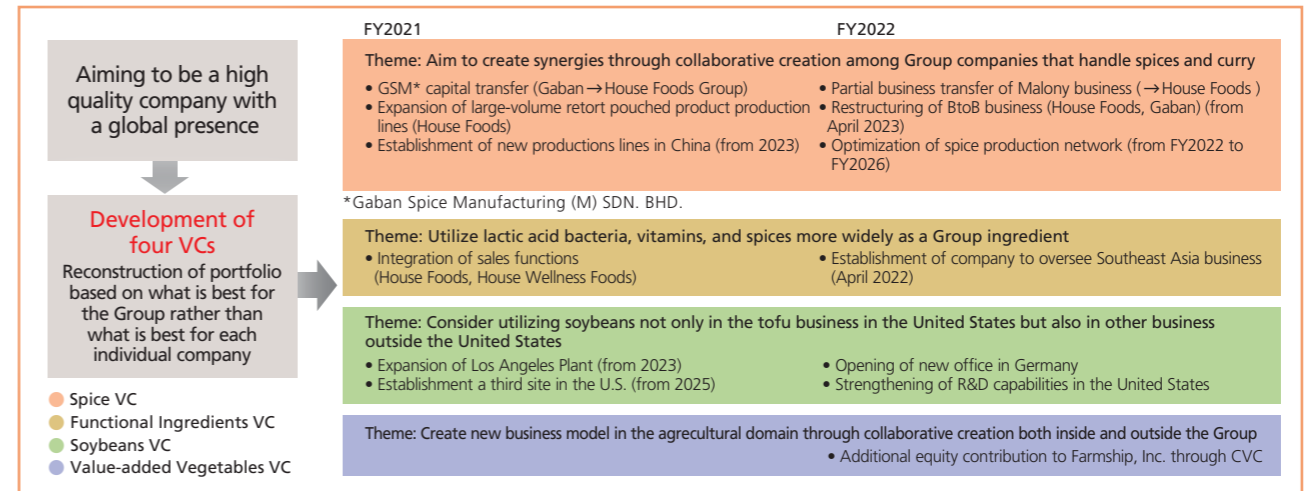
Meanwhile, the global economy continues to be fragmented and costs continue to rise in the wake of Russia’s invasion of Ukraine, and the importance of efforts in the upstream domain, which is closer to raw materials, is increasing more than ever. We aim to double the scale of our business as a company with a global presence by expanding our business in the upstream domain, centered on the Spice VC, which covers from upstream to downstream.

FOCUS: Establishment of House Gaban Corporation

In order to grow our BtoB business, we have decided to implement a simple absorption-type demerger in which House Foods’ domestic food service business will be transferred to Gaban, which will launch as House Gaban Corporation in April 2023. In March 2022, Gaban’s headquarters was relocated to

a new office equipped with a development lab and a test kitchen to promote speedy product development. As a solutions company with the ability to respond to individual needs and make proposals, the company aims to achieve net sales of 50.0 billion yen and ROS of 10%.

Progress on investment for development of four VCs



Realization of the three GOT themes

In order to optimize the entire value chain and strengthen its structure, we are promoting three GOT themes: Spice VC, Production, and BtoB.

In the Spice VC GOT, GSM, which is responsible for primary spice processing in Malaysia, has been changed from a subsidiary of Gaban to a company under the direct control of the Group headquarters, in order to strengthen global procurement capabilities and business expansion. GSM will strengthen its function as a primary processing company that unites downstream companies such as House Foods and House Gaban Corporation in Japan, and House Foods China in China, and will collaborate with them to strengthen the VC on a global basis.

In the Production GOT, we are promoting three themes: reorganize spice packaging bases, develop new Ichibanya curry sauces, and produce high-mix, variable-volume retort pouched products. Of these, with regard to reorganize spice packaging bases, we have begun reorganizing production bases that clarifies the roles of Group production bases with the aim of achieving both growth in the spice business, which continues to grow in the maturing Japanese market, and improvement in profitability.

In the BtoB GOT, we will launch House Gaban Corporation in April 2023 for growth in the domestic food service market, and in cooperation with the Production GOT, we will promote the establishment of high-mix, variable-volume production system and digital transformation(DX).

FOCUS: Spice Production Base Optimization

Currently, three companies in the Group—House Foods, Gaban, and House Ai-Factory, which is a special subsidiary—have spice production bases in Japan, and some overlapping roles and functions have been an issue. Therefore, the roles of House Foods, Gaban, and House Ai-Factory have been clarified as follows: large-volume production for House Foods, high-mix variable-volume production for Gaban, and manual

operations for House Ai-Factory. By shifting to an optimal production line layout that takes advantage of our strengths, and by introducing new production lines sequentially at the Gaban Kanto Plant, we aim to establish a production infrastructure that supports the growth of the spice business, both for domestic and commercial use, and to improve profitability and productivity by mutually utilizing such lines.

Creation of new value through cross-division collaborative creation

In the first year of the Seventh Medium-term Business Plan, each division (business development, R&D, and human resource development) worked to organically link their functions while increasing the speed of their efforts.

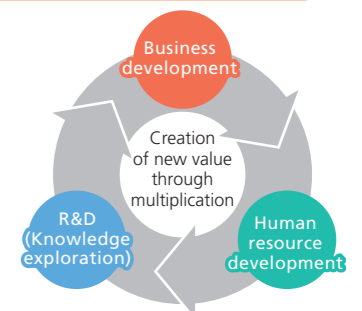
In business development, as part of our efforts to build diversified customer contact points, we launched “every HOUSE”², our own e-commerce site for House Foods products.

In R&D, as part of the establishment of the Value-added Vegetables VC, in April 2022 we began a business alliance with Farmship, Inc., which operates a plant factory business, and Ryoden Corporation, which is a leader in specialized materials and systems for plant factories.

In human resource development, the first group of students whose business plans were adopted by GRIT, a new business solicitation program, has started working on business verification. We will link human resource development and business

development to develop human resources with the ability to create new value.

In addition, in order to strengthen the cross-divisional functions of each division, a cross-company and cross-divisional team has been established to support the promotion of new value creation within the Group. In the future, we will use the information gathered by the team and the connections made within and outside the Group to enhance the Group’s ability to create new value.



*2 “every HOUSE” <https://www.every-house.jp/> (available in Japanese only)

Progress of the Seventh Medium-term Business Plan from the Perspective of the Three Responsibilities

For Our Employees and Their Families

Achievement of diversity

We have set forth the "achievement of diversity" as our responsibility for employees and their families and are promoting initiatives to achieve this goal. Specifically, our priority themes are "implementation of job satisfaction transformation" and "support for demonstrating individuality and achieving integration," based on the principle of making the most of each employee's individuality.

We are increasing diversity from the three angles of attributes, experience, and aptitude. We are advancing our human resource strategy so that people of various attributes, including gender and nationality, can come together, gain diverse experiences in Japan and overseas, and have unique strengths in terms of aptitude. We also aim to create an organization that embraces diversity and encourages challenges in order for our diverse employees to grow and flourish.



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

Basic approach



Measures to increase diversity in terms of attributes, experience, and aptitude were implemented for the achievement of diversity. A corporate culture assessment and workshops were conducted from the perspectives of accepting diversity and encouraging a challenging spirit

	Themes	KPIs	FY2023 targets	FY2021 results
FY2021 Progress	• Implementation of job satisfaction transformation	Creation of time (Management of total actual working hours)	1,850 hours	House Foods Group Inc.: 1,930 hours House Foods Corporation: 1,883 hours
	• Support for demonstrating individuality and achieving integration	Percentage of female managers Mid-career recruitment	12% or above Ratio of new graduate to mid-career talent is 6:4	11% Ratio of new graduate to mid-career talent is 6:4

Promotion of implementation of job satisfaction transformation and support for demonstrating individuality and achieving integration

As one of the specific measures to create a corporate culture that embraces diversity and encourages challenges, we conducted a survey on our organizational culture among employees in 2021. The results confirmed that one of the common strengths of the Group is a climate of building trust and cooperation in each workplace, which is highly valued by employees. Meanwhile, we found that providing work opportunities that match the individuality and characteristics of each employee as well as timely praise for challenges are important for company wide organizational revitalization. In addition, it was also found that successful experiences and past practices were impediments to taking on challenges toward change. Based on these results, we will revise our personnel and human resource development systems, and review conventional wisdom and practices in each workplace, in order to create a workplace where employees can feel a sense of job satisfaction by improving both the ease of work and job fulfillment.

In addition, in order to support individuality and integration, we are developing measures to improve diversity from the perspectives of attributes, experience, and aptitude. In terms of attributes, we are increasing the ratio of women in management positions by supporting the active participation of women, and

we are also employing people with disabilities at a level that exceeds the legally mandated employment rate. In terms of experience, we have introduced a secondary job system to provide growth opportunities through outside experiences, and are also focusing on strengthening mid-career recruitment and global human resource development. In terms of aptitude, we are visualizing each employee's aptitude, and are building a new human resource development system that combines diverse experiences with aptitude.

In addition to these efforts, we provide support for nursing care, encourage male employees to take childcare leave, and provide support for a diverse range of employees, including those experiencing life events such as nursing care and childcare.

As the House Foods Group aims to become a "high quality company" and uncertainty is growing in the external environment, it is necessary to enhance our creativity as a company and to strengthen our ability to respond to changes. To this end, it is essential that we further increase the diversity of our human resources and create synergies from the differences in values that arise when various people come together. With our management philosophy as the core of our efforts, we will focus on inclusion in addition to diversity and raise the level of our efforts.

For Society

Healthy people and a healthy planet

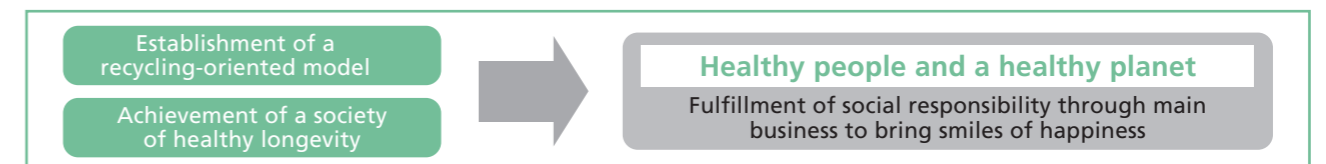
We have set "establishment of a recycling-oriented model" and "achievement of a society of healthy longevity" as key themes to realize healthy people and a healthy planet and are making efforts to solve social issues throughout the VC.

Even under a severe business environment, such as the COVID-19 pandemic and the soaring prices of energy and materials due to the impact of Russia's invasion of Ukraine, it is important for us to fulfill our social responsibilities without wavering from our axis. In FY2021, the first year of the Seventh Medium-term Business Plan, we are making progress largely as planned, but we are also considering setting new themes and revising our goals to achieve even higher goals in light of society's increasing demands on companies and the expansion of our own business domains.



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

Basic approach



Set 2050 carbon neutrality (Scope 1 and 2) as a goal and accelerate initiatives accordingly.

	Themes	KPIs	FY2023 targets	FY2021 results
FY2021 Progress	• Establishment of a recycling-oriented model	Reduction of CO ₂ emissions: Scope 1 and 2 ^{*1} Scope 3 ^{*2}	-9% -17,000 tons	• Introduced solar panels, cogeneration and carbon-free electricity • Promoted shift to microwaveable retort pouched products
		Reduction of total emissions including waste ^{*3}	-6%	• Expanded areas for investment based on revisions to environmental investment judgment criteria
	• Achievement of a society of healthy longevity	Cooperate with each VC to set goals		• R&D: Explored health knowledge for each VC

*1 Per unit of production against FY2013

*2 compared with before initiatives

*3 Per unit of production at domestic production bases against FY2019

Establishment of a recycling-oriented model

In FY2021, we calculated CO₂ emissions throughout the entire supply chain, including upstream and downstream indirect emissions (Scope 3), in addition to CO₂ emissions at our own sites (Scope 1 and 2). In addition to implementing proactive environmental investments such as the installation of solar panels at the House Foods Shizuoka Plant and other production bases in Japan and overseas, we have reduced CO₂ emissions during cooking by introducing microwavable pouches for retort pouched products (reduction of approximately 80%* compared to CO₂ emissions from hot water heating).

The newly established Group environmental strategy meeting is studying themes that will have a significant impact on CO₂

reduction from a long-term perspective. The meeting is preparing for the introduction of a cogeneration system in 2024, which will allow eight Group companies in Japan to share electricity among their 17 sites. In May 2022, we set 2050 carbon neutrality (Scope 1 and 2) as a goal and will promote co-creation with our stakeholders and take the lead in addressing climate change issues.

In addition, as food loss has become a serious social issue, we are working to reduce the generation of food residues at each production site and convert them into valuable resources by reviewing production processes and other measures.

* Calculated by the Company. For details, please visit our corporate website.

Achievement of a society of healthy longevity

The Group is committed to creating health value by leveraging the strengths of each of its four VCs, based on the Group's aspirations to contribute to healthy everyday living.

In FY2021, we renewed the *PRIME Curry* series with 50% less calories and fat, and in our U.S. business, we also worked to communicate the value of tofu as a high-quality protein.

In R&D, research departments and operating companies collaborated to set themes for each of the VCs with the aim of creating future health value. In collaborative research with the Hirotsuki University Center of Healthy Aging Innovation (COI)

program, new findings were obtained through analysis of health checkup data for multiple items and over time, including analysis of the correlation between sense of taste and food interest and food quantity (low nutrition index).

We will focus on creating value in the area of health and disseminating information to help realize a society of healthy longevity, and contribute to resolving food-related issues by creating new businesses and promoting social contribution activities based on our unique health value.

Explanation of Financial Strategies



Based on a solid financial base, we will strive to realize our Medium-term Business Plan by proactively investing for growth and enhancing investment efficiency.

Yoshiyuki Osawa

Managing Director
General Manager Of Administration Headquarters
Responsible for Secretariat Division

Review of FY2021 and outlook for FY2022, including the external environment

In FY2021, the Group operated in a highly uncertain business environment due to the impact of the protracted COVID-19 pandemic as well as disruptions to global supply chains and ongoing inflation following the resumption of economic activity. In the Group's business segments, the Spice/Seasoning/Processed Food Business experienced a rebound from the previous fiscal year's stay-at-home demand. The Health Food Business and the Restaurant Business continued to be strongly affected by restrictions on activities imposed due to the pandemic, as in the previous fiscal year. Meanwhile, the International Food Business has been able to achieve continuous business growth in its three priority areas of the United States, China, and ASEAN. As a result, while net sales increased as the overseas business offset a decline in sales in the domestic business, operating profit decreased for the first time since FY2014 for the full year, despite an increase due to the completion of the amortization of goodwill in the Restaurant Business in the previous fiscal year. Ordinary profit and profit attributable to owners of parent increased due to decreases in an impairment loss and a share of loss of entities accounted for using the equity method, which were recorded in the previous fiscal year, as well as the recording of gain on sale of investment securities.

We recognize that in FY2022, we are operating in a very difficult phase, where there are significant elements of instability on a global scale. In addition to the rising raw material prices and logistics and energy costs, we have

factored in geopolitical risks such as the Ukraine crisis and cost increases due to a weaker yen. However, the situation still does not allow for optimism. We will continue to monitor the situation closely and steadily implement what we need to do now, with the aim of completing our plans for the future.

Financial strategies in the Seventh Medium-term Business Plan

Under the Seventh Medium-term Business Plan, which began in FY2021, we plan to use 70.0 billion yen in cash flows from operating activities (excluding Ichibanya) generated from business growth to help invest 70.0 billion yen in growth and earning power enhancement and to pay 15.0 billion yen in dividends. In addition, to improve the quality of the balance sheet, we will promote the reduction of cross-shareholdings and plan to use 10.0 billion yen of the resulting cash to purchase 12.0 billion yen of treasury shares.

We aim to reduce our cross-shareholdings by 20% in total. In FY2021, we sold five holdings, resulting in a 7.8% reduction. We plan to reduce our cross-shareholdings by the same amount in FY2022.

The breakdown of investment is 40.0 billion yen for growth domains to establish the four VCs, 20.0 billion yen for existing domains to enhance earning power, and 10.0 billion yen for initiatives in the DX/Environment domain. In FY2021, we invested 12.4 billion yen. In the Spice VC, we will start operation of a new production line for larger-quantity retort pouched products in Japan. In China, we have decided to expand the production line for curry roux. In

addition, we have decided to add a new line at our Los Angeles Plant in the United States in order to expand our Soybean VC.

In FY2022, we plan to invest 17.0 billion yen, which, if executed, would represent approximately 80% progress against the investment plan through to the second year of the Seventh Medium-term Business Plan. By introducing the EBITDA margin as a KPI in the Seventh and Eighth Medium-term Business Plans, we will remove the variable impact of amortization expenses and encourage investment in new and growth domains.

As a profitability judgment for these investments, we set a hurdle rate above the cost of capital to determine whether the investment is feasible or not. In FY2021, the Investment Committee was newly established as an advisory body to the Management Committee to discuss judgments regarding strategic compatibility, anticipated risks, and measures against risks in relation to M&A, which is indispensable for the establishment of the four VCs. The committee will strengthen confirmation functions in both the investment consideration phase and the monitoring phase.

Financial strategies

Allocation of cash generated from expansion of earning capacity to growth domains as priority → Generation of new cash flows		Domains for investment
Cash flows from operating activities under the Seventh Medium-term Business Plan	70.0 billion yen (excluding Ichibanya)	<ul style="list-style-type: none"> •Growth domains <ul style="list-style-type: none"> Production GOT 40.0 billion yen International Food Business M&A New businesses 20.0 billion yen •Existing domains 20.0 billion yen •DX/Environment 10.0 billion yen
Allocation of cash generated from shrinking of balance sheet to shareholder returns		Shareholder returns
Asset light balance sheet	10.0 billion yen	<ul style="list-style-type: none"> •Dividends 15.0 billion yen •Purchase of treasury shares 12.0 billion yen
20% reduction in cross-shareholdings		

Five key management indicators

The Group emphasizes five management indicators (ATO, ROS, ROA, equity ratio, and ROE)³ that link the statement of income to the balance sheet as management indicators, and is working to increase earning power and build a solid financial position while improving efficiency. Looking to the

ideal vision of the future, the first three indicators (ATO, ROS, and ROA) are indicators of best practices and aiming for higher levels. The latter three (ROA, equity ratio, and ROE) are aimed at achieving the best balance among the Group's stakeholders.

In the Seventh Medium-term Business Plan, our final year target for ROE is 6.1%, which is higher than our cost of capital. We intend to improve ROE by increasing profitability and further enhancing shareholder returns through purchasing treasury shares and other means.

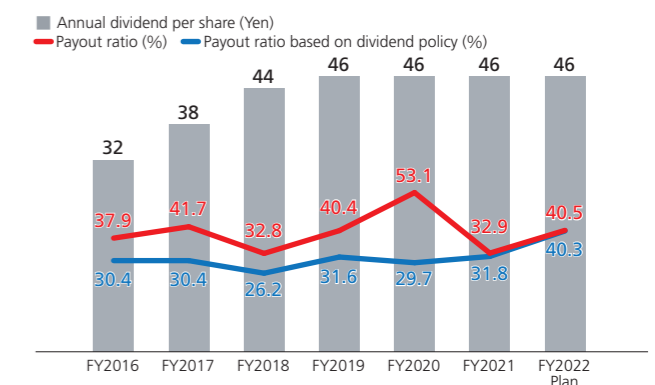
*3 ATO: Total asset turnover ROS: Ratio of operating profit to net sales
ROA: Ratio of operating profit to total assets ROE: Ratio of profit to equity

Shareholder return initiatives

Our basic policy on distribution 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. In FY2021, we paid an annual dividend of 46 yen per share, a payout ratio of 32.9% (a payout ratio of 31.8% based on dividend policy). In FY2022, we plan to pay an annual dividend of 46 yen per share, a payout ratio of 40.5% (40.3% based on the same policy).

Regarding the purchase of treasury shares, we repurchased 4.0 billion yen of the shares in FY2021 and plan to repurchase 6.0 billion yen in FY2022.

Trends in dividends



Consolidated targets in the Seventh Medium-term Business Plan

(After the application of the Accounting Standard for Revenue Recognition)

	FY2020	FY2021	FY2022 Plan	FY2023 Targets
Consolidated targets				
Net sales	250.1 billion yen	253.4 billion yen	270.6 billion yen	305.0 billion yen
Operating profit	19.4 billion yen	19.2 billion yen	18.4 billion yen	26.0 billion yen

Management indicators

	FY2020	FY2021	FY2022 Plan	FY2023 Targets	Ideal proportion
ATO	0.68 times	0.67 times	0.71 times	0.80 times	→ 1.0 times or above
ROS	7.8%	7.6%	6.8%	8.5%	→ 10% or above
(EBITDA margin)	12.4%	11.9%	11.0%	13.2%	→ —
ROA	5.3%	5.1%	4.8%	6.8%	→ 10% or above
Equity ratio	69.8%	70.4%	70.2%	70.6%	→ —
ROE	3.5%	5.3%	4.2%	6.1%	→ Ensure 10%

Trends in business performance

(After the application of the Accounting Standard for Revenue Recognition)

	FY2021		Year on year		FY2022		Year on year	
	Results	Comparison with net sales	Increase/Decrease	%	Forecast	Comparison with net sales	Increase/Decrease	%
Net sales	253.4	—	+3.3	+1.3%	270.6	—	+17.2	+6.8%
Operating profit	19.2	7.6%	-0.2	-1.0%	18.4	6.8%	-0.8	-4.3%
Ordinary profit	21.1	8.3%	+1.3	+6.5%	19.5	7.2%	-1.6	-7.7%
Profit ^{*1}	14.0	5.5%	+5.2	+59.5%	11.2	4.1%	-2.8	-19.8%
EBITDA ^{*2}	30.1	11.9%	-1.0	-3.1%	29.8	11.0%	-0.3	-1.0%

*1 Profit attributable to owners of parent

*2 EBITDA: Operating profit (before amortization of goodwill) + Depreciation

Overview of Business Segments (FY2021)

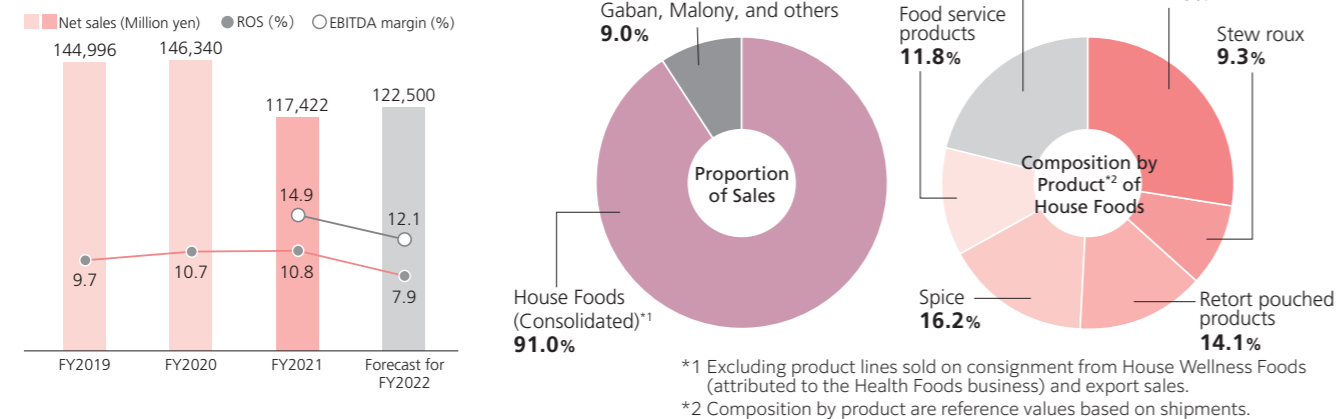
Consolidated net sales
¥253,386 million

Consolidated operating profit
¥19,227 million

Spice/Seasoning/Processed Food Business

Net Sales **¥117,422 million** (Year-on-year change: 97.5%)
Operating Profit **¥12,628 million** (Year-on-year change: 80.9%)

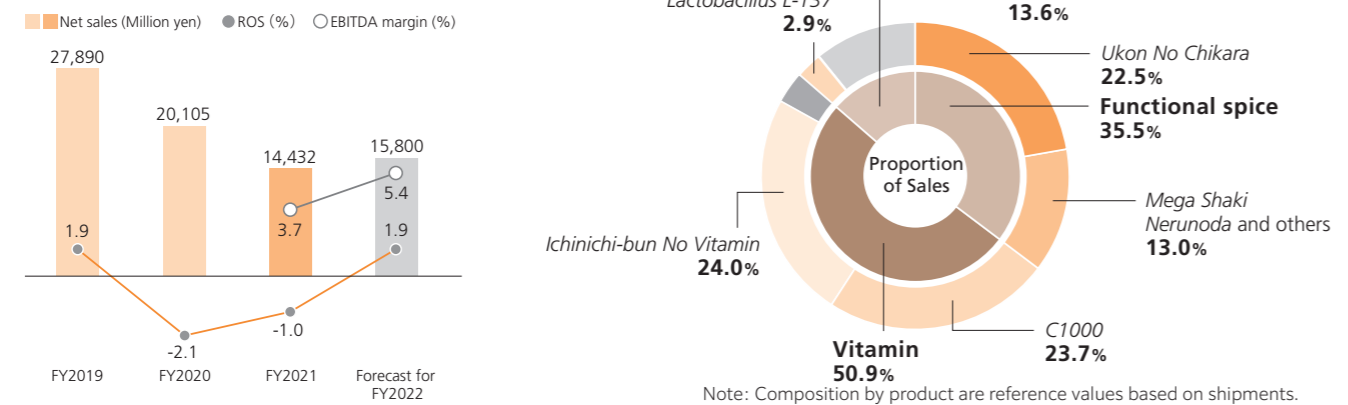
Business lines: Production and sales of curry, stew, and spice, etc.
Main operating companies: House Foods Corporation, Gaban Co., Ltd., Malony Co., Ltd.



Health Food Business

Net Sales **¥14,432 million** (Year-on-year change: 94.4%)
Operating Loss **-¥138 million** (Year-on-year change: +¥258 million)

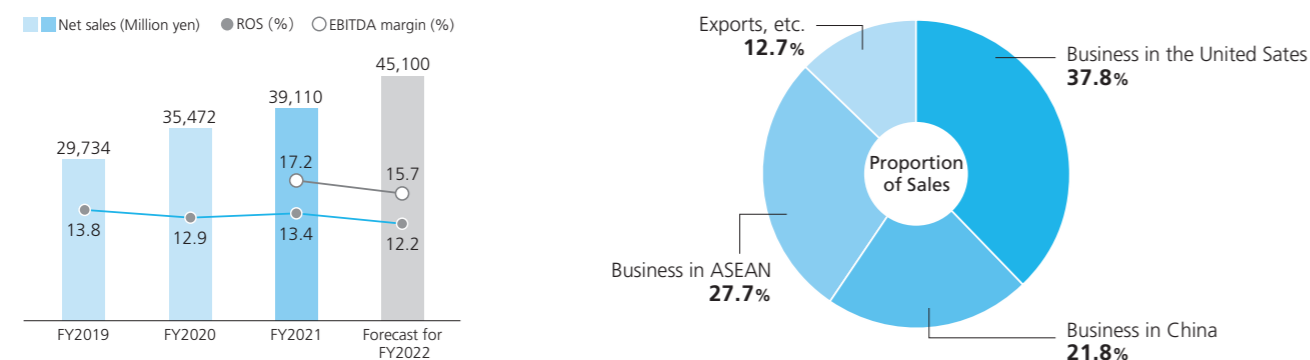
Business lines: Production and sales of health foods and beverages
Major operating company: House Wellness Foods Corporation



International Food Business

Net Sales **¥39,110 million** (Year-on-year change: 114.8%)
Operating Profit **¥5,250 million** (Year-on-year change: 114.5%)

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

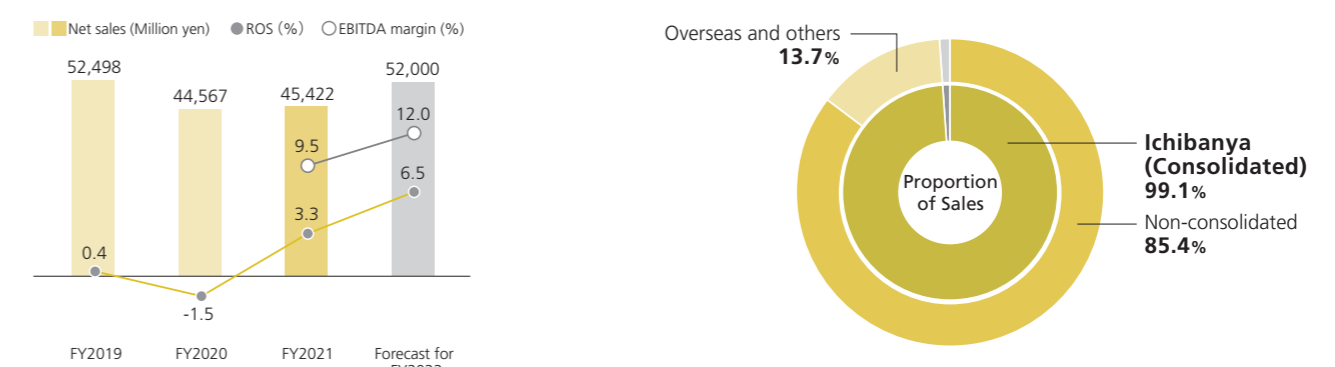


Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc., are applied from FY2021 onward. Year-on-year changes are calculated using retroactive figures that have applied such standard.

Restaurant Business

Net Sales **¥45,422 million** (Year-on-year change: 101.6%)
Operating Profit **¥1,502 million** (Year-on-year change: +¥2,162 million)

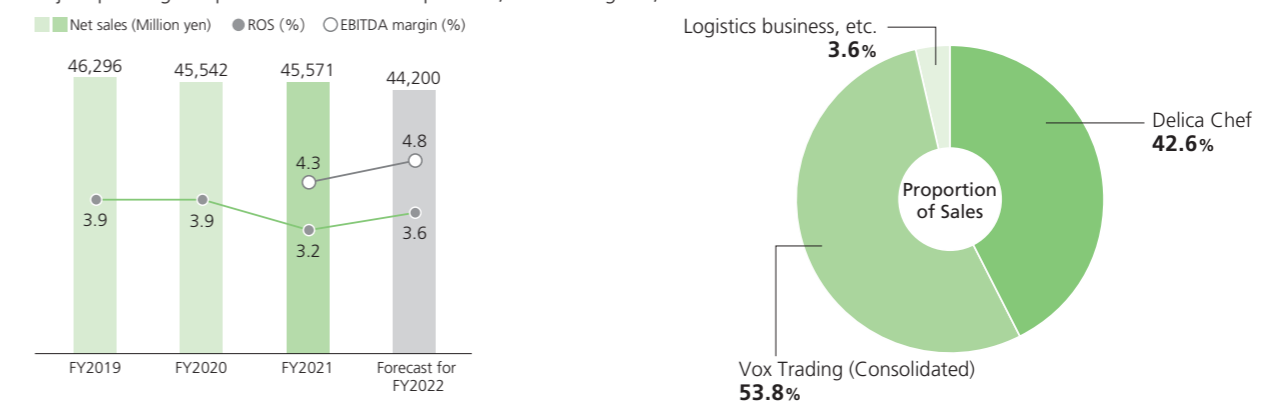
Business lines: Management, planning and operation of restaurants
Major operating company: Ichibanya Co., Ltd



Other Food Related Business

Net Sales **¥45,571 million** (Year-on-year change: 103.8%)
Operating Profit **¥1,480 million** (Year-on-year change: 83.6%)

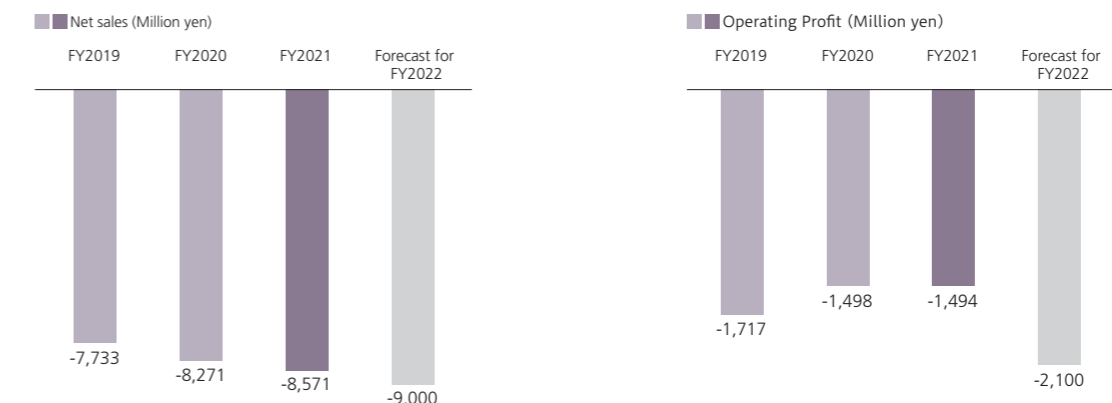
Business lines: Production and sales of ready-made dishes, baked breads, and desserts; import, export, and sales of agricultural products and food products
Major operating companies: Delica Chef Corporation, Vox Trading Co., Ltd.



Adjustment (elimination)

Net Sales **-¥8,571 million** (Year-on-year change: -¥300 million)
Operating Profit **-¥1,494 million** (Year-on-year change: +¥4 million)

Profit or loss not allocated to segments and intersegment eliminations



Strategies by Business Segment

Spice/Seasoning/Processed Food Business

We will achieve growth based on the creation of new value while strengthening the profitability of existing businesses.



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



Strengths (Characteristics)

- Marketing and flavoring techniques that support customer-driven management
- Brand strength and numerous top share and long-selling products nurtured through the pursuit of flavors of home cooking since founding
- Production and quality assurance system to ensure stable delivery of high quality products

Environmental Conditions Affecting Our Business

- Intensifying competition among menus due to diversifying lifestyles and changing dining styles
- Soaring raw material prices, and energy and logistics costs
- Challenges related to sustainable procurement (e.g., social and environmental issues in the supply chain)

Opportunities

- Customers' growing preference for health-conscious and high-value-added products
- Reappraisal of the economic value of cooking products such as curry roux amid continuing inflation
- Diversification of customer contact points, including e-commerce channels

Review of FY2021

FY2021 was a challenging year, due in part to a rebound from the stay-at-home demand generated in the previous fiscal year and a sharp rise in raw material prices that began in the second half of 2021. On the other hand, the year also saw some changes that led to performance recovery as society as a whole strived to balance economic activities with the control of COVID-19.

In the household use business, demand for curry has been regaining strength since the fourth quarter, and the roux category showed signs of bottoming out in sales. In the retort pouch category, sales of mid- to high-priced products, including the series of products that replicates the taste of famous restaurants, continued to grow, partly due to increased demand for home cooking, and sales of low-end brands, whose prices were revised to accommodate microwave oven cooking, also recovered.

In the food service business, although it is still expected to take some time to reach pre-pandemic levels, sales are gradually recovering. In July 2021, we began the operation of a production line for large-volume retort pouched products, and we are working to strengthen our proposals, especially in the field of home meal replacements.

Strategies for FY2022 and beyond

We aim to capture demand by further strengthening our ability to respond to changes in customers' lifestyles in the COVID era. At the same time, in response to the cost increase factors that we are currently facing, we will strive to improve profitability by implementing price revisions for some of our products in addition to cost reductions through corporate efforts.

In terms of capturing demand, we will focus on developing products and services that meet customer needs, particularly in the "food service," "retort pouch," and "spices" categories, which we have positioned as growth areas.

In the food service business, the new House Gaban Corporation, which will integrate House Foods' food service business and Gaban, will be launched in April 2023, and will leverage the strengths of both companies to strengthen competitiveness.

In the retort pouch and spices businesses, we aim to expand our market share by strengthening product development and promotions in each price range and by acquiring new customer contact points, as we expect the market to grow over the medium to long term due to the expansion of the range of users and growing tendency for people to eat out or buy food to eat at home.

In addition, we will take on challenges with a sense of speed while strengthening cooperation between Group companies, such as developing products through cross-departmental teams, with the aim of creating demand in new areas.

Health Food Business

We will seize global business opportunities from a VC perspective and build sustainable business models.



Yasukatsu Hiroura
Senior Managing Director
House Foods Group Inc.



Strengths (Characteristics)

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

Environmental Conditions Affecting Our Business

- Changes in dining habits due to the spread of COVID-19 (change in drinking habits, decrease in CVS customers, mainly in office locations; change in purchasing behavior)
- CVS bias in distribution channel weights

Opportunities

- Growing global health consciousness (increased awareness of self-management of health through prevention and response to pre-disease due to COVID-19 and aging population)
- Expansion of vitamin drinks in Thailand and Indonesia
- Trends in ethical consumption and expansion of animal welfare (*Lactobacillus L-137*)

* Functional drink business in Thailand is transferred to a management system of functional ingredients value chain (continues to be included in the International Food Business segment)

Review of FY2021

While the business environment in Japan continues to be severe, we worked to build a Functional Ingredients VC while promoting structural reforms.

In Japan, we worked to make the vitamin business a profit contributor in light of the fact that *Ukon No Chikara*, our main source of earnings, has been struggling due to the suppression of outside drinking opportunities caused by the pandemic. In addition to expanding sales of high-functional products and improving profits through cost control, the integration of the domestic household use products sales functions of House Foods and House Wellness Foods has led to growth in sales at mass retailers, which had been an issue.

Overseas, we focused on the expansion of vitamin beverages and lactic acid bacteria. In Thailand, which is experiencing significant growth, we launched new products using the *C-vitt* brand with the aim of expanding the vitamin intake scene. So far, while we have planned and developed technologies in Japan, we have also created original products locally, such as large-volume sizes for families. In the area of *Lactobacillus L-137* (the sale of feed and ingredients), we saw the global increase in awareness of self-management of health, including prevention and pre-disease, as an opportunity to further accelerate overseas development by expanding the scope of evidence acquisition beyond immunity and improving productivity to strengthen our competitiveness.

Strategies for FY2022 and beyond

We will continue our efforts to reform our domestic profit structure and establish a global Functional Ingredients VC.

In Japan, we will promote structural reforms by expanding sales of jelly products such as *Ichinichibun No Vitamin* to make the vitamin business a pillar of earnings, and by promoting *Ukon No Chikara* as a health drink that is not affected by the business environment.

Overseas, in April 2022 House Foods Group Asia Pacific was established in Thailand as an intermediate holding company that oversees the businesses in Southeast Asia in order to accelerate the development of the Functional Ingredients VC. By aggressively investing management resources in Southeast Asia, we will strengthen our existing businesses in Thailand and Indonesia, accelerate the development of new areas, and aim to create a business worth 10.0 billion yen by 2030. In addition, we will continue our efforts to make lactic acid bacteria profitable and expand sales by acquiring evidence-based adoption mainly in the United States and the European Union.

Strategies by Business Segment

International Food Business

We will achieve sustainable business growth by capturing the majority market in each country where we operate.



Tatsumi Yamaguchi
Director
General Manager of Global
Headquarters
House Foods Group Inc.

Strengths (Characteristics)

- Production bases that globally realize local production for local consumption
- Product development and quality assurance capabilities that combine strengths developed in Japan with local needs
- Tenacious marketing capabilities that transcend food culture barriers

Environmental Conditions Affecting Our Business

- Soaring raw material prices, energy and logistics costs
- Expansion and training of global human resources
- Establish a governance system that is in line with locally sufficient management

Opportunities

- Expanding middle class that tolerates diverse food cultures
- Growing global health and environmental awareness (Tofu as a plant-based-food)

Review of FY2021

Although sales and profits both increased year on year and we were able to fulfill our role as a growth driver for the Group, we operated in a challenging business environment with soaring raw material prices and logistics costs.

In the tofu business in the United States, although we enhanced our production system by introducing a labor-saving high-speed line at the Los Angeles Plant, the business environment was extremely difficult due to a labor shortage that became apparent as a result of nationwide worker shortages across the United States, as well as soaring soybean prices and logistics costs.

In the curry business in China, despite the impact of the zero COVID policy, the household use products made progress in developing new distributors in tier 2 cities, and the food service business saw growth in top-line by modifying its distribution channel policy and focusing on supplying raw materials to convenience stores and Food service products, as the pandemic had a major impact on the business, with many restaurants shutting down.

The curry business in the ASEAN region started in the BtoB area, and recognition of Japanese-style curry is increasing. In line with the modernization of distribution, we have set capacities and prices suitable for the development of traditional trade* to speed up business expansion.

* Small individual stores selling daily necessities, etc.

Strategies for FY2022 and beyond

While we are working on price revisions and business efficiency improvements to address the cost increase factors that we are currently facing, it is essential to capture the majority market in each country in order to achieve sustainable business growth.

In the U.S., we intend to make a full-scale foray into the market, which is our next stage of growth, by securing personnel to support growth, expanding the production line at the Los Angeles Plant (scheduled for completion in the second half of 2023) and preparing for the operation of a third site. We also intend to strengthen DX, R&D, and governance in anticipation of the expansion of the PBF market. Furthermore, we aim to further expand our business in Europe by applying our successful experience in North America.

In China, we will utilize the commercial opportunities and lessons learned from the COVID-19 pandemic to achieve results and create a trend of increasing awareness of curry from the food service business, mainly in tier 2 cities or smaller, and the uptake of household use products, while building a well-planned production and supply system to achieve sustainable growth.

Furthermore, in the ASEAN region, we will leverage the knowledge and success stories of our curry business in China to develop and focus on it as our fourth business pillar after tofu in the United States, curry in China, and functional drinks in Thailand.

Restaurant Business

In addition to further enhancing customer satisfaction, we will focus on strengthening overseas development and establishing new pillars of business.



Mamoru Kuzuhara
President and Representative
Director, Ichibanya Co., Ltd.

Strengths (Characteristics)

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

Environmental Conditions Affecting Our Business

- Soaring raw material prices, energy and logistics costs, etc.
- Market changes in the food service industry due to the spread of COVID-19 (shortened opening hours and requests for closures in Japan and overseas, trend toward eating at home in customer lifestyles due to prolonged restrictions on outings and activities, etc.)

Opportunities

- Addressing the need for improved convenience in line with the times and environment (strengthening services and points of contact [home delivery, drive-through support, adding varieties to menus, etc.]
- Overseas development of curry rice as a Japanese cuisine
- Development of new business categories following "Curry House CoCo ICHIBANYA"

Review of FY2021

Demand for takeout and home delivery continues to increase due to the prolonged COVID-19 pandemic, and the number of outlets handling home delivery in all domestic formats, including "Curry House CoCo ICHIBANYA" increased by 172 outlets to 977 outlets (77.6% of total) year on year, while boxed lunch sales, the total of takeout and home delivery, increased 110.4% year on year.

In addition, "Curry House CoCo ICHIBANYA" introduced a mobile ordering system in October 2021. Moreover, we are promoting initiatives to increase customer satisfaction using digital technologies, such as holding customer service contests remotely to improve QSC* at our most important stores. Overseas, although we were severely affected during the COVID-19 pandemic by restrictions on operations, we are starting our efforts toward future growth, such as by preparing to launch franchise operations in the United States.

*QSC stands for Quality, Service, and Cleanliness, and refers to the quality of products offered, customer service, and cleanliness.

Strategies for FY2022 and beyond

The long-term management policy "ICHIBANYA Long-Term Vision 2030" is oriented toward continuing individual and corporate growth by consistently providing valuable products and services that exceed customer expectations while responding to various changes in the business environment. We are also working on internal revitalization to promote "challenge" and "excitement" as stated in our vision. In June 2022, we also introduced new features to allow customers to enjoy *CoColchi* even more freely, such as half-size toppings, rice volume selection in 50g increments, and set pricing for salads. By allowing for more fine-tuning, customers can now pursue the curry which is just right for them more than ever before.

We will continue to grow further as a restaurant chain that always exceeds expectations by offering the familiar product of curry rice as a special menu item by being more attentive to each individual customer.

Environmental Efforts

As a corporate citizen, we promote the establishment of a recycling-oriented model' throughout our supply chains in order to contribute to the realization of a sustainable society.

Initiatives to reduce CO₂ emissions and waste

In order to resolve various environmental issues including climate change, the House Foods Group is working on CO₂ reduction and waste reduction as key themes of the Seventh Medium-term Business Plan.

In terms of CO₂ emissions reduction, in addition to Scope 1 and 2, we are also promoting efforts to reduce Scope 3 emissions. In May 2022, we set a target of becoming carbon neutral (Scope 1 and 2) by 2050 and declared our policy to accelerate our efforts. We will accelerate efforts for further reductions, such as by working with JFE Engineering Corporation to conclude a basic agreement on long-term energy services to reduce environmental impacts in the end of September 2022. The calculation of Scope 3 has been completed for the entire Group (Japan and overseas), and priorities for each category have been examined to establish priority action themes and themes to be addressed with the participation of all employees.

In terms of waste reduction, as a food manufacturer we place a priority on reducing the amount of food residues, and, in addition, we aim to achieve zero waste through resource recycling, including the recovery of valuable materials from waste.

As a company that delivers good taste and health through food, the House Foods Group aims to establish a unique recycling-oriented model that can make the food value chain sustainable and link limited food resources to value, thereby contributing to addressing climate change and realizing a resource-recycling society.

Human Resource Strategy

We aim for the growth of both the Company and the individual by discovering and combining the unique strengths of individuals to create synergies and by providing a rewarding work environment for our employees.

Role and approach of our human resources strategy

The role of our human resource strategy is to create and execute a story that connects the growth of the Company with the growth of individuals. The Group is currently taking on the challenge of four VCs in order to transform itself into a high quality company. In this process, it is important to create synergies by combining the strengths of each company in the Group, both in Japan and overseas. When we apply this to a human resource strategy, this means attracting human resources with diverse attributes regardless of gender or nationality and by discovering each individual's aptitude as their unique strengths, we will support their growth through a variety of internal and external experiences, and provide them with optimal opportunities for success, thereby enhancing achievements as a team. To this end, it is important for us to have an organizational culture that accepts the diversity of our employees and encourages them to take on new challenges, while at the same time, implementing a variety of measures to enhance diversity. With regard to organizational climate, we are working toward reform by creating workflows that integrate both the PDCA cycle in the workplace and the PDCA cycle at the Company. With regard to diversity, we provide all employees with a variety of internal and external growth opportunities to nurture their unique strengths. In all of these initiatives, we will place employees in the lead role and promote measures that ensure fairness in the provision of opportunities and that emphasize individuality.

Reduction of CO₂ emissions (Scope 1 and 2)

We are promoting various measures to reduce CO₂ emissions at our production sites. In addition to the installation of solar panels at Kuki Plant of Delica Chef and Tim Food in Thailand, a cogeneration system was installed at the Nara Plant of House Foods, and Ichibanya has begun supplying electricity from a CO₂-free menu.



Delica Chef
Introduced in January 2022. Approximately 6% of total electricity generation can be compensated for. (CO₂ reduction: Approx. 230 t-CO₂/year)

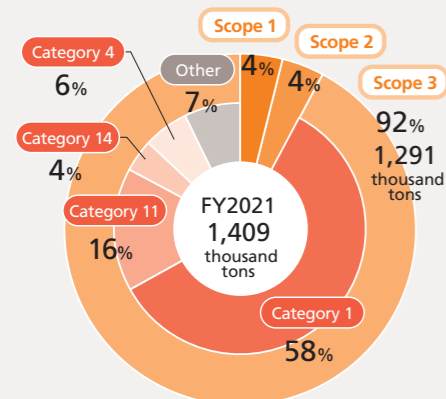


Tim Food (Thailand)
Introduced in April 2021. Approximately 18% of total electricity generation can be compensated for. (CO₂ reduction: Approx. 760 t-CO₂/year)

Reduction CO₂ emissions (Scope 3)

In terms of Scope 3 emissions, we are promoting the use of microwavable pouches for retort pouched products. By replacing hot water cooking with microwave cooking, cooking times can be shortened and CO₂ emissions during cooking can be reduced by approximately 80%. * During FY2022, we plan to complete the switch to microwavable pouches.

* Calculated by the Company. For details, please visit our corporate website.



Promotion of waste reduction and recovery of valuable materials from waste

We are realizing new themes that lead to resource recycling. PT. Java Agritech in Indonesia uses compost made from waste residues on its own farms, aiming to contribute to resolving problems in local communities. In 2021, we worked with outside experts to develop the technology for composting residues, and by 2022, we were able to expand the scale of the project. In the future, we intend to widely utilize this technology to develop an agritech business to compost vegetable scraps.



Waste residues (Vegetable scraps such as okra)



Compost heap

Performing organizational climate assessments

To create an organizational climate that embraces diversity and encourages challenges, we have been conducting organizational climate assessments at 14 Group companies in Japan since last fiscal year. Through this process, we confirm whether the company is providing a workplace environment that allows diverse employees to take on challenges from the perspective of those employees, and what actions should be taken to create such a workplace. On that occasion, under the slogan "PDCA cycle for organizational climate reform with the participation of all employees," workshops were held at all workplaces to reform the workplace climate, and 300 action plans were formulated and are currently being put into action. We will continue to create a better corporate culture by transforming the voices and actions of each and every employee into power.



An organizational climate workshop

Measures to increase employee diversity (attributes, experience, and aptitude)

As a measure to increase the diversity of our employees, we are implementing a variety of measures from the perspectives of attributes, experience, and aptitude. In terms of attributes, we are working to support the participation of women and global recruitment. In terms of diversity of experience, we are promoting personnel exchange, and last fiscal year we received 50 applications from Group companies for our internal open recruitment system. In terms of aptitude, we visualize unique strengths and provide feedback to more than 300 managers. In addition, to support the life events of diverse employees, we provide learning opportunities and advance preparation for male employees to participate in childcare and nursing care before such events occur, and are developing measures to enable a variety of employees to work with vitality.



Comment from a supervisor on male childcare leave

Sharing progress on the work that the member taking childcare leave was responsible for and considering handover and alternative responses provided an opportunity to reconfirm our understanding of the work and to review members' efforts.

Comment from a male employee who took childcare leave

I am glad that I was able to experience the difficulties of postnatal care. When I told my parents about my taking childcare leave, they seemed relieved as they could not come to see my child due to COVID-19.

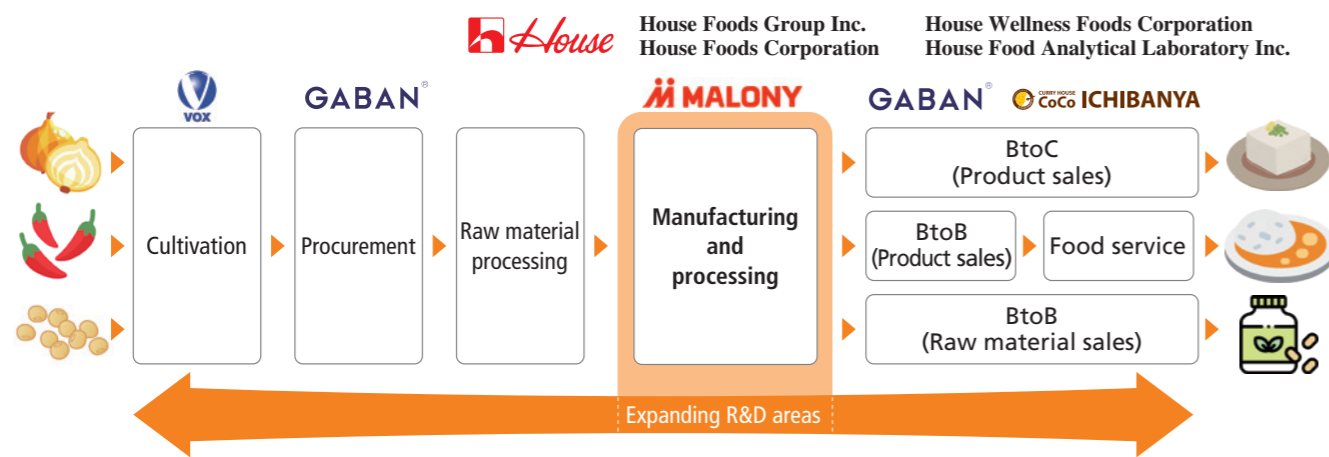


R&D

We promote activities to hone our diverse expertise in order to create new value in all areas upstream and downstream of the VC.

Role and approach of our R&D functions

Aiming to transform itself into a high quality company that can continue to create and provide new value on its own, the House Foods Group has greatly expanded the scope of its R&D activities by welcoming companies with the ability to create value both upstream and downstream in the VC into the Group. In addition to the development of BtoC products for each Group company, we are working to resolve various technical issues ranging from breeding and cultivation technologies and primary processing technologies used in offering food ingredients upstream of the VC to technologies related to the BtoB and restaurant businesses using scientific approaches so as to deliver joy to our customers.



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 in the VC, from procurement of ingredients, planning and design of products, cultivation, production, and logistics to sales.

Approach to quality assurance systems and policy

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 activities by discussing material issues related to quality assurance.

The Quality Assurance Managers Meeting comprises members of the Quality Assurance Management Division of House Foods Group Inc. and heads of quality assurance divisions in business companies. The Meeting collects information on changes of laws 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 to the companies from both a bird's-eye view and the actual situations faced by the front lines of each business company. As such, the Meeting is striving to improve the entire Group's quality assurance capability.

Each business operator is also working to receive ISO 9001, FSSC 22000,* and other equivalent certifications.

* FSSC 22000: An international certification standard that integrates ISO 22000, a food management standard



House Foods Group Quality Assurance Policy

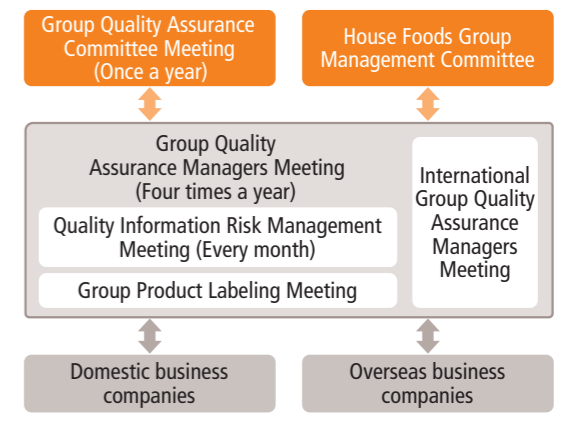
Quality Philosophy

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.



Confirming the relationship between long-term and frequent curry consumption and good cognitive function among Japanese middle-aged and elderly

Since curry, one of the pillars of the House Foods Group's business, contains many spice-derived antioxidants and anti-inflammatory substances, we have been researching its various effects on health. In this study, we investigated the relationship between curry consumption and cognitive function among the general public aged 50 or older. As a result, we found that a long-term and frequent curry eating habit was associated with good cognitive function. In the future, we plan to study the effects of curry consumption on cognitive function in more detail.



Java Agritech's Wasabi Farm and Plant Acquires GLOBALG.A.P. Certification

Java Agritech's farm, located near the Dieng Plateau in Indonesia, takes advantage of the cool climate to grow wasabi, the raw material for its products. In order to realize sustainable wasabi cultivation as a major production area outside of Japan, we are working with local members to resolve various problems, such as raising high quality seeds and seedlings and improving the soil that leads to higher yields. In January 2022, the company obtained GLOBALG.A.P. Certification based on its long years of cultivation. We will continue to work on resolving cultivation issues and improving quality in order to deliver the delicious taste of wasabi to customers around the world.



Expert testimonials

To ensure food safety in line with Hazard Analysis and Critical Control Point (HACCP) systemization, the House Foods Group holds study sessions to develop human resources. Employees of all the Group's operating companies are invited to train their practical HACCP skills using the manufacturing plants where actual products are made.

As an instructor, I also focus on the acquisition of basic knowledge of food microorganisms. We are working not only to develop practical HACCP skills but also to enable participants from different operating companies and departments to mix and gain insights.



Yataro Kokubo
Technical Counselor, Japan Food Hygiene Association
Quality Advisor, House Foods Group Inc.

Professional award scheme

Changes in human resources, facilities, ingredients, and production methods are happening every day at production sites, and we implement many ingenious measures to ensure the safety and security of products. We started the professional award scheme in 2018 in the belief that steady and consistent efforts of production sites are crucial. Awardees are selected from nominees recommended by others at each branch, and we express our appreciation to them.

Also, through the Group newsletter, we share the awardees' thoughts and commitment as well as the views of their colleagues and superiors. As such, we are working to cultivate a workplace culture that focuses on quality. In all, 54 employees have received the award over the four years since its inception.



Executives (As of June 28, 2022)

Directors



Hiroshi Urakami

Representative Director & President
Responsible for Corporate Planning Division

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)



Yasukatsu Hiroura

Senior Managing Director
Responsible for Domestic Affiliated
Companies Planning Support Division /
Digital Transformation Planning Division

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)



Masahiko Kudo

Senior Managing Director
Representative Director & President of
House Foods Corporation

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)



Kotaro Kawasaki

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

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)



Masao Taguchi

Director who is Audit & Supervisory
Committee Member (Standing)

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)
Attendance rate at meetings of the Audit &
Supervisory Board (FY2021): 100% (3/3 meetings)
Attendance rate at meetings of the Audit & Supervisory
Committee (FY2021): 100% (9/9 meetings)



Kyuzo Saito

Director who is Audit & Supervisory
Committee Member (Outside)

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)
Attendance rate at meetings of the Audit & Supervisory
Committee (FY2021): 100% (9/9 meetings)



Yoshiyuki Osawa

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

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)



Yoshiyuki Miyaoku

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

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)



Tatsumi Yamaguchi

Director
General Manager of Global Headquarters

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)



Hiroyuki Kamano

Director who is Audit & Supervisory
Committee Member (Outside)

Attendance rate at meetings of the Board of Directors
(FY2021): 93% (13/14 meetings)
Attendance rate at meetings of the Audit &
Supervisory Board (FY2021): 100% (3/3 meetings)
Attendance rate at meetings of the Audit & Supervisory
Committee (FY2021): 100% (9/9 meetings)



Junsuke Fujii

Director who is Audit & Supervisory
Committee Member (Outside)

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)
Attendance rate at meetings of the Audit & Supervisory
Committee (FY2021): 100% (9/9 meetings)



Atsuko Okajima

Director who is Audit & Supervisory
Committee Member (Outside)

Attendance rate at meetings of the Board of Directors
(FY2021): 100% (14/14 meetings)
Attendance rate at meetings of the Audit &
Supervisory Board (FY2021): 100% (3/3 meetings)
Attendance rate at meetings of the Audit & Supervisory
Committee (FY2021): 100% (9/9 meetings)

Notes 1: Please refer to our corporate website for a brief biography of each Board member. <https://housefoods-group.com/en/company/information02.html>

2: The Company has transitioned to a Company with an Audit & Supervisory Committee by resolution of the 75th Ordinary General Meeting of Shareholders held on June 25, 2021.

Corporate Governance

Changes in strengthening of corporate governance

	2004	2007	2008	2013	2016	2017	2020	2021	2022
Systems and policies		● Introduced the Corporate Officer System (Abolished in 2013)		● Shift to a holding company system			● Established the Group Compliance & Risk Management Division	Transitioned to a Company with an Audit & Supervisory Committee ✓ Strengthened the supervisory function of the Board of Directors ✓ Further enhanced the corporate governance system	
Directors (Outside directors)			● Elected an Independent Outside Director (1 out of 9 Directors)				● Increased the number of Independent Outside Directors (2 out of 10 Directors)		● Independent Outside Directors (4 out of 12 Directors)
Voluntary advisory committees						● Established the Compensation Advisory Committee		● Established the Nomination Advisory Committee	● Established the Investment Committee (Advisory body to the Management Committee)
Compensation systems						● Introduced a stock compensation plan through an officers' shareholding association system (Abolished in 2021)		● Introduced the restricted stock compensation plan	

Basic policy on corporate governance

The Group aims to enhance the adequacy and effectiveness of management and optimize its corporate value by engaging in speedy management, which purports to revitalize the management 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 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 five Directors who are Audit & Supervisory Committee Members (of whom four are Outside Directors).

The Board of Directors consists of 12 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 decision process of compensation, 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, which the Audit & Supervisory Committee has the right to give instructions, the Audit & Supervisory Committee confirms how the audits are conducted and how the internal control system is evaluated, and regularly exchanges opinions. The committee also audits the execution of duties by Directors in an organized way in cooperation with the Accounting Auditor and corporate attorneys.

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

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

With Directors who are Audit & Supervisory Committee Members having voting rights at 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 work to build up our governance capability that can implement initiatives to achieve this theme.

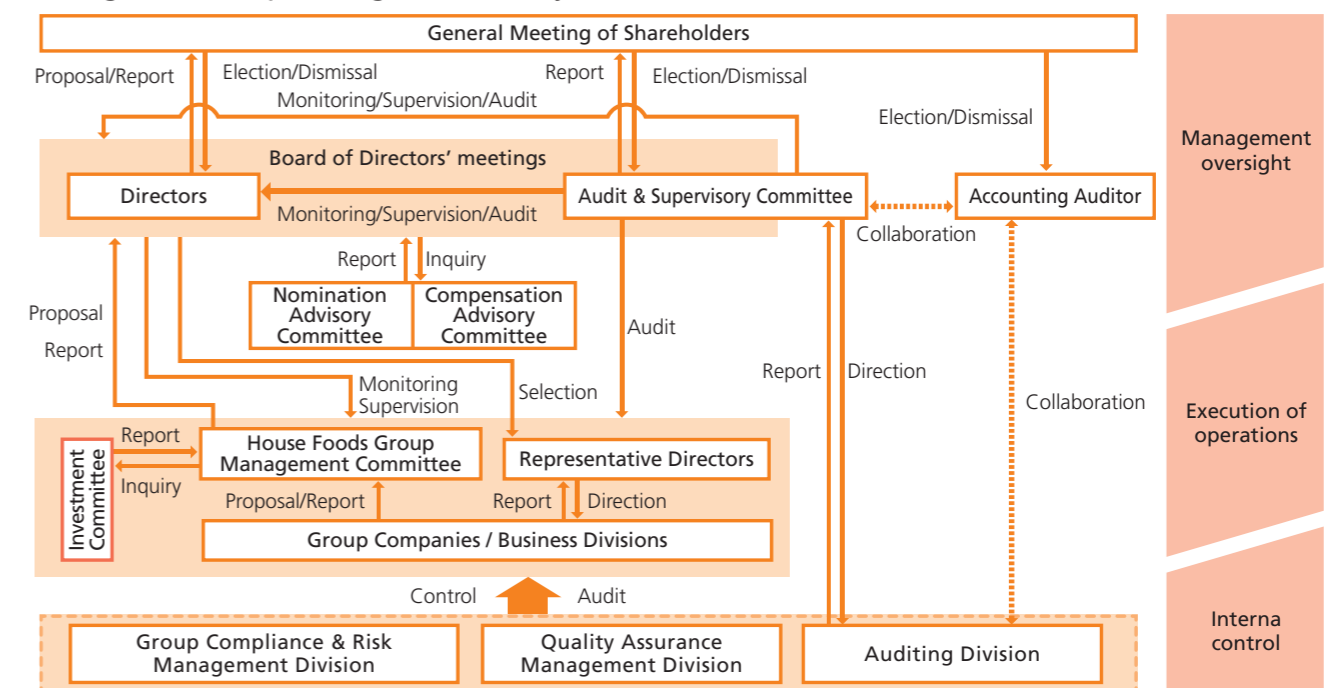
Purpose of establishing the Investment Committee

The Investment Committee was established as part of our efforts to strengthen governance.

The committee is positioned as an advisory body to the Management Committee. In order to make more effective use of growth investment resources in M&A,

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

Diagram of corporate governance system (As of July 2022)



Skills matrix

Name	Position	Expertise and experience required for a Director in supervision and execution											
		Corporate management	Personnel affairs and diversity	Finance and accounting	Legal affairs, compliance and risk	Public relations, investor relations and corporate social responsibility	R&D	Global	IT/DX	Quality assurance	Production and procurement	Sales, marketing and advertisement	Management of other companies
Hiroshi Urakami	President	●			●							●	●
Yasukatsu Hiroura	Senior Managing Director	●					●	●	●	●	●	●	●
Masahiko Kudo	Senior Managing Director	●										●	●
Yoshiyuki Osawa	Managing Director	●	●	●	●	●						●	
Yoshiyuki Miyaoku	Director	●					●		●	●	●	●	●
Tatsumi Yamaguchi	Director	●						●				●	●
Kotaro Kawasaki	Director	●										●	
Masao Taguchi	Director (Audit & Supervisory Committee Member, standing)	●			●		●			●			
Kyuzo Saito	Director (Audit & Supervisory Committee Member, outside)				●	●				●			
Hiroyuki Kamano	Director (Audit & Supervisory Committee Member, outside)	●			●								●
Junsuke Fujii	Director (Audit & Supervisory Committee Member, outside)	●	●		●								●
Atsuko Okajima	Director (Audit & Supervisory Committee Member, outside)		●		●								

Corporate Governance

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

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

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

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

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

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

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

Name and status of significant concurrent positions	Reasons for election [Expected roles in particular]	Independent Director	Term of office*
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]	○	6
Hiroyuki Kamano · Representative Lawyer, Kamano Sogo Law Offices · Outside Director, NGK Insulators, Ltd. · Outside Director, Spancrete Corporation	Mr. Kamano has extensive experience and a broad understanding of corporate legal affairs gained during his long involvement in legal services as a lawyer. [Supervising and auditing response to legal risks and compliance management]	○	7
Junsuke Fujii · Special Advisor, 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 and risk management. [Management Supervising and auditing overall business operations]	○	6
Atsuko Okajima · Outside Director, DAITO KOUN CO., LTD. · Non-standing Advisor, Kyokuyo Co., Ltd.	Ms. Okajima has abundant experience from her long service in administration as well as broad insight into the food and other industries. [Auditing and supervising the promotion of women's participation and advancement and diversity management]	○	2

*The years specified in the "Term of office" column are the years for which those Directors have served since they took office as Outside Executives 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 have not introduced an evaluation system in the form of a questionnaire.

Approach toward keeping the parent company and its subsidiary listed

As the parent company, House Foods Group Inc. 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' meetings, and resolving at its Management Committee what proposals should be included in the agenda of the General Meeting of Shareholders of the subsidiary. On the other hand, the Company respects decisions on the execution of daily operations made by the subsidiary's management. The Company decides on the subsidiary's significant intra-Group transactions after seeking opinions from the 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 compensation

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		Evaluation indicators, method of payment, etc.	Percentage of compensation
Fixed compensation		Add compensation according to the role to the compensation level determined by position, and pay as monthly compensation	70%
Performance-linked compensation	Short-term incentives	Based on the indicator determined by the Board of Directors, evaluate the degree of achievement of the indicator against the projection and previous fiscal 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 * EBITDA was selected as an evaluation indicator for FY2021.	20%
	Long-term incentives	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	10%

Notes: 1. Short-term incentives vary within the range of 70–130% based on two evaluation indicators. (In the event that performance fluctuates significantly, the details are deliberated by the Compensation Advisory Committee, and short-term incentives vary within the range of 0–150%.)

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

Corporate Governance

Total compensation, etc., by type, and number of eligible executives by executive category

(Status for FY2021)

Executive category	Total compensation, etc. (Million yen)	Total compensation, etc., by type (Million yen)			Number of eligible executives
		Fixed compensation	Performance-linked compensation for single fiscal year	Restricted stock compensation	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	257	188	48	21	8
Directors (Audit & Supervisory Committee Members) (excluding Outside Directors)	35	35	—	—	2
Audit & Supervisory Board Members (excluding Outside Directors)	10	10	—	—	2
Outside Executives	70	70	—	—	9

Notes: 1. The Company transitioned to a Company with an Audit & Supervisory Committee on June 25, 2021 by resolution of the 75th Ordinary General Meeting of Shareholders held on the same date.
 2. Compensation, etc., for Audit & Supervisory Board Members is for the period prior to the transition to a Company with an Audit & Supervisory Committee.
 3. The above table includes compensation, etc., paid to one Director and one Audit & Supervisory Board Member who retired at the conclusion of the 75th Ordinary General Meeting of Shareholders held on June 25, 2021, and to one Director (Audit & Supervisory Committee Member) who resigned as of March 31, 2022.
 4. Compensation for Directors does not include the employee portion of salaries for Directors who serve concurrently as employees.

Internal audit system

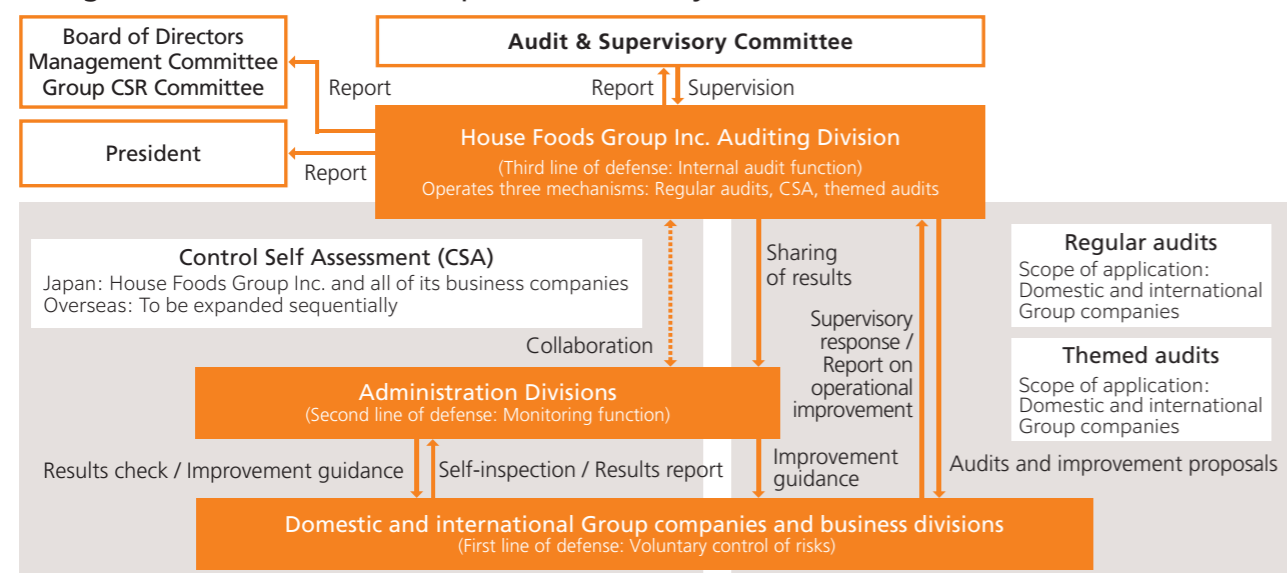
The Auditing Division reports directly to the Audit & Supervisory Committee and conducts audits of operations, including those of the Group companies, in accordance with the audit plan.

The Auditing Division systematically conducts internal audits at approximately 30 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 Audit & Supervisory Committee, President, and concerned Directors. 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 stipulated timeline for implementation, as part of the Group's effort to enhance its internal control system. Starting in FY2018, the Company is introducing a survey-based Control Self Assessment (CSA), 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 internal control 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



Message from Outside Directors

I expect to see proactive initiatives to establish the four VCs.

Junsuke Fujii

Outside Director who is Audit & Supervisory Committee Member



I feel that honest and lively discussions are held at the Board of Directors' meetings. The Audit & Supervisory Committee also receives explanations of important and strategic topics from the relevant executives or general managers, and together with the reports from full-time Audit & Supervisory Committee Members and the Auditing Division on audits, it provides a valuable opportunity to gain an understanding of the status of the execution of operations.

The Compensation Advisory Committee earnestly discusses how fair and appropriate performance evaluations should be. The stock compensation scheme for Directors has been revised and its linkage to shareholder value has been clarified. However, in the future it will be necessary to review compensation levels and consider the introduction of non-financial indices. I believe that the Nomination Advisory Committee needs to have more in-depth discussions on the skills matrix and development processes required of the Company's Directors who work to establish the four VCs.

Regarding the Seventh Medium-term Business Plan, we are making steady progress toward achieving it amid an increasingly uncertain business environment. Based

on a medium- to long-term outlook from the perspective of the Three Responsibilities, concrete measures have begun to be implemented, including the establishment of House Gaban Corporation (April 2023), progress in new investments and alliances in the United States and Southeast Asia, and fundamental reform of the personnel system. It will also be important to strengthen the organization and human resources that support our rapidly expanding overseas business and further enhance our awareness as a global company.

Regarding "striving for four VCs," there is a need for value maximization measures in accordance with the respective positions of each VC. The Spice VC, in particular, will require structural reforms, promotion of R&D aimed at creating new value, and proactive investment in and acquisition of entrepreneurial ventures and other entities.

I also make use of participating in web conferences to get in touch with as many employees' opinions as possible. I will also try to understand the issues faced by each organization, get a feel for the atmosphere and enthusiasm, and make recommendations that will be useful for the development of the Company.

Promoting job satisfaction transformation and demonstrating individuality and achieving integration throughout the Group

Atsuko Okajima

Outside Director who is Audit & Supervisory Committee Member



One year has passed since the Group transitioned to a Company with an Audit & Supervisory Committee in June 2021. A direct collaboration between the Audit & Supervisory Committee and the Auditing Division has made it easier to understand the Group's current status and issues, and materials from Management Committee meetings are now shared more promptly, allowing us to attend Board of Directors' meetings with more information. Furthermore, since all four Outside Directors are Audit & Supervisory Committee Members, I feel that the deliberations of the Audit & Supervisory Committee can be reflected at the Board of Directors, helping to invigorate the Board of Directors and strengthen its governance. Going forward, I believe it is desirable for the Management Committee to make prompt decisions on individual management issues and for the Board of Directors to focus on the examination of medium- to long-term issues while further strengthening its monitoring function.

In addition, the external environment is rapidly changing, and uncertainty is expected to further increase in the future.

Under these circumstances, I believe that human resource development, the source of corporate value enhancement, is precisely what is important. With regard to the achievement of diversity, as stated in the Seventh Medium-term Business Plan, we are making steady progress in "job satisfaction transformation" and "demonstrating individuality and achieving integration" by expanding mid-career recruitment, providing detailed support for the development of female managers, and introducing an in-house recruitment system and a secondary job system. Going forward, the challenges will be to review systems that involve personnel, evaluation, and compensation, as well as to examine personnel strategy for the entire Group, including overseas business companies.

As an Outside Director, I will fulfill my role as an "external pair of eyes" by utilizing the perspectives and values I have cultivated in the areas of gender equality, information disclosure, and consumer protection in the field of public administration. At the same time, I will contribute to enhancing the Group's corporate value through my continuous efforts and diligence.

Risk Management

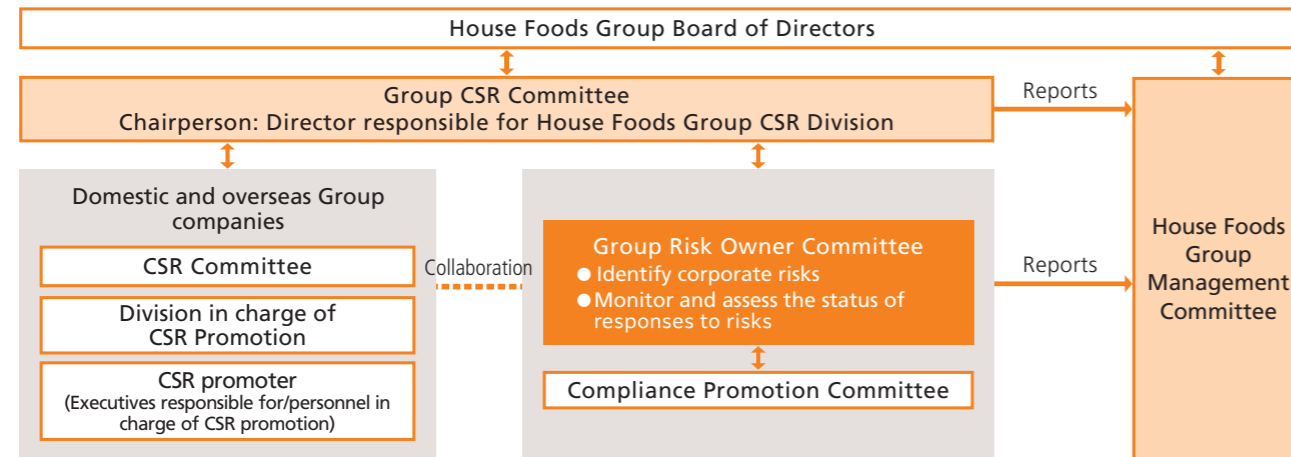
See here for "Business and Other Risks."
<https://housefoods-group.com/en/ir/policy/risk.html>



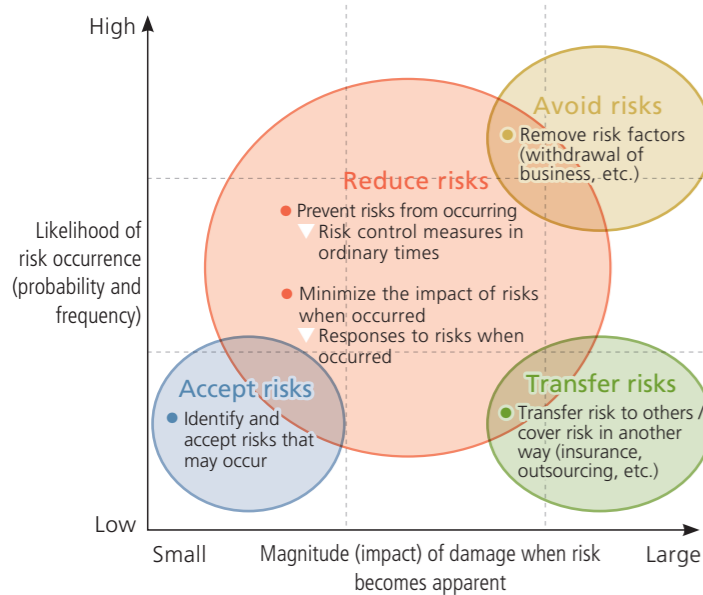
House Foods Group is fulfilling its social responsibility by appropriately identifying and managing various risks surrounding the Group's business activities, while striving to minimize human, economic, and social damage, recover quickly, and prevent recurrence, in the event that any risk should emerge.

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.



Approach toward priority



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

The Group also conducts regular risk investigation to identify potential risks, and evaluates their impact, occurrence likelihood and status of responses.

Each Group company and division considers risk control measures based on the results of such investigation so that the risks are managed appropriately. Each Group company particularly focuses on responding to "company's material risks" that have material impacts on the management of the company.

Business continuity plan and business continuity management

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

Risk management activities

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

Compliance

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

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

Promotion structure and specific initiatives

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

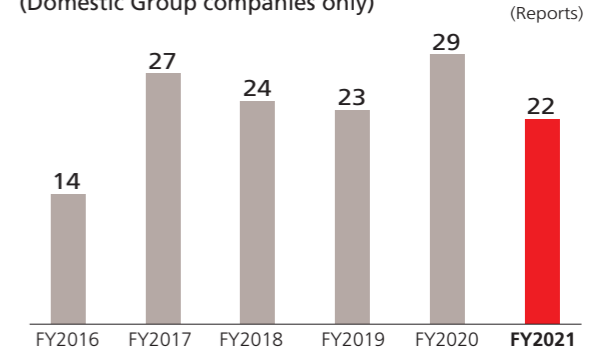
In order to strengthen risk management and establish, diffuse, and entrench a compliance system, we have established the Group CSR Committee headed by a Director of House Foods Group.

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

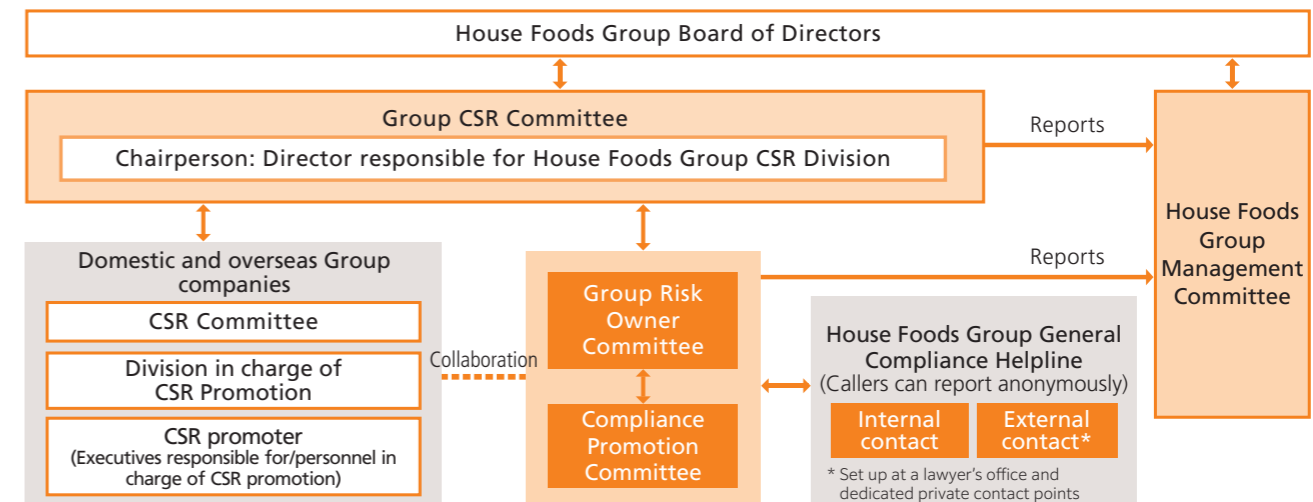
the Group. Important matters for management are reported to the Group CSR Committee, which then makes reports and recommendations on such matters to the Group Management Committee.

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 CSR activities and division leaders in charge of CSR activities 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



11-Year Selected Financial Data

		Previous standard										New standard	
		FY2011	FY2012	FY2013	FY2014		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	(Million yen)	214,317	209,784	232,610	231,448		241,893	283,812	291,897	296,695	293,682	283,754	253,386
Operating profit	(Million yen)	14,053	11,441	9,589	8,686		10,775	12,312	16,288	17,559	19,005	19,397	19,227
Ordinary profit	(Million yen)	15,502	13,445	10,962	10,957		12,152	13,951	17,207	19,100	20,797	19,820	21,125
Profit attributable to owners of parent	(Million yen)	7,928	8,254	8,792	6,971		22,632	8,683	9,353	13,767	11,458	8,733	13,956
Depreciation	(Million yen)	5,356	5,020	5,056	5,789		6,908	9,345	9,126	9,262	9,862	10,035	10,941
Capital investment	(Million yen)	4,889	5,684	11,115	9,588		6,757	7,708	10,215	11,320	16,253	11,324	12,425
EBITDA (Operating profit (before amortization of goodwill) + Depreciation)	(Million yen)	20,770	17,167	14,815	14,642		18,699	25,235	28,978	30,242	32,284	31,059	30,112
Cash flows from operating activities	(Million yen)	17,098	12,884	8,818	8,428		12,518	21,298	23,608	20,913	24,218	23,181	16,140
Cash flows from investing activities	(Million yen)	(19,069)	(1,841)	(7,471)	(4,679)		(8,308)	(2,169)	(13,739)	(1,008)	(6,356)	(8,558)	(10,398)
Cash flows from financing activities	(Million yen)	(2,836)	(4,943)	(68)	(10,588)		(3,743)	(7,388)	(5,317)	(17,317)	(7,567)	(6,172)	(10,068)
Cash and cash equivalents at end of fiscal year	(Million yen)	41,190	47,715	49,586	43,832		44,156	55,594	60,202	62,495	69,870	78,343	75,705
Total assets	(Million yen)	240,092	250,780	273,368	286,149		349,427	353,888	378,864	371,025	367,194	369,150	382,021
Net assets	(Million yen)	189,242	199,328	210,097	221,456		260,329	266,615	283,719	279,144	280,930	287,291	298,567
Shareholders' equity	(Million yen)	188,785	198,731	208,801	219,927		228,812	235,246	251,814	247,275	248,770	258,145	268,996
Profit per share	(Yen)	74.26	77.78	83.13	67.61		220.48	84.53	91.02	134.32	113.73	86.68	139.75
Net assets per share	(Yen)	1,768.27	1,879.06	1,974.31	2,140.27		2,231.86	2,289.43	2,450.71	2,454.34	2,469.20	2,562.29	2,700.99
Dividend per share	(Yen)	28.0	30.0	35.0*	30.0		30.0	32.0	38.0	44.0	46.0	46.0	46.0

Key Indicators

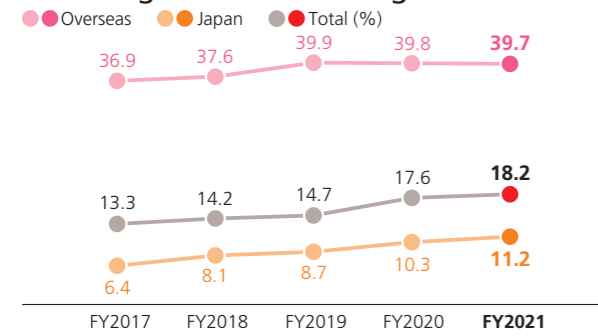
		Previous standard										New standard	
		FY2011	FY2012	FY2013	FY2014		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
ATO (Total asset turnover)	(Times)	0.91	0.85	0.89	0.83		0.76	0.81	0.80	0.79	0.80	0.77	0.67
ROS (Ratio of operating profit to net sales)	(%)	6.6	5.5	4.1	3.8		4.5	4.3	5.6	5.9	6.5	6.8	7.6
EBITDA margin	(%)	9.7	8.2	6.4	6.3		7.7	8.9	9.9	10.2	11.0	10.9	11.9
ROA (Ratio of operating profit to total assets)	(%)	6.0	4.7	3.7	3.1		3.4	3.5	4.4	4.7	5.1	5.3	5.1
Equity ratio	(%)	78.6	79.2	76.4	76.9		65.5	66.5	66.5	66.6	67.7	69.9	70.4
ROE (Ratio of profit to equity)	(%)	4.3	4.3	4.3	3.3		10.1	3.7	3.8	5.5	4.6	3.4	5.3

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

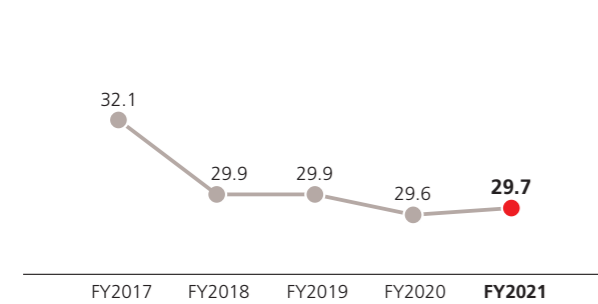
Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc. are applied from FY2021 onward.

Non-financial Highlights

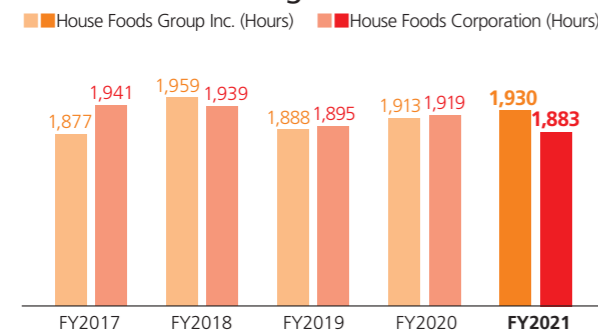
Percentage of female managers (Consolidated)



Percentage of overseas employees (Consolidated) (%)

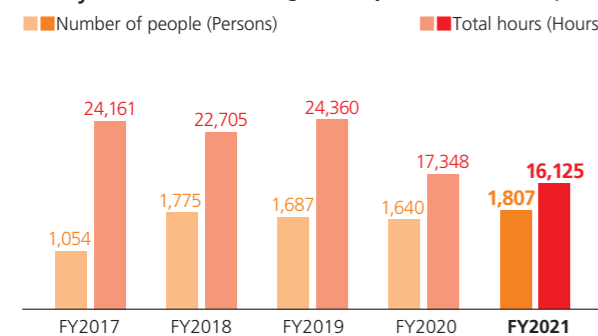


Total actual working hours*



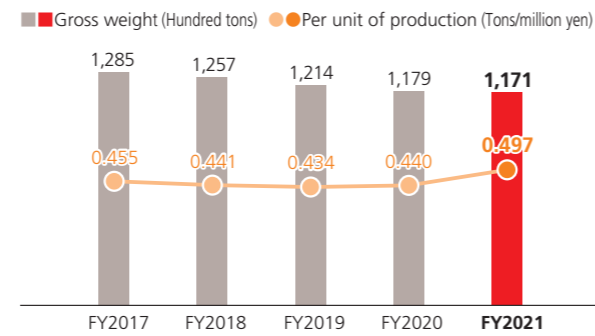
* Total actual working hours = Normally scheduled working hours + overtime hours - paid leave (Hours)

Study sessions held (Organized by House Foods Group Inc.)

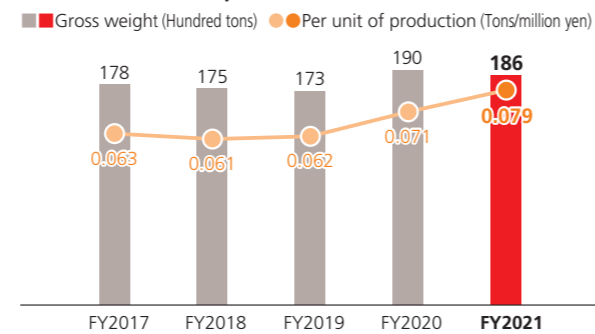


Note: Human resource development programs, career formation, etc., at entire House Foods Group. Does not include various training and OJT at each business company.

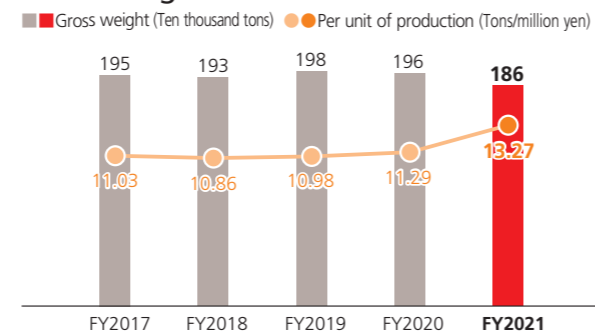
CO₂ emissions



Total waste disposal



Water usage



Conditions for data calculations

- CO₂ 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.
 Notes: 1. All Group companies, branches, and bases in Japan are subject to initiatives to reduce CO₂ emissions and waste (excluding franchises of Ichibanya Co., Ltd. as their initiatives to reduce CO₂ emissions and waste are within Scope 3; and entities accounted for using the equity method)
 2. 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 is not available.
 3. Amount of waste is the sum of waste and valuable materials (excluding by-products).
- 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
- Per unit of production**
 Figures for FY2021 are calculated using figures that have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29), etc.

Group Companies (As of June 30, 2022)

Spice/Seasoning/Processed Food Business (8 companies)

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

Health Food Business (1 company)

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

International Food Business (12 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
House Foods Holding USA, Inc.	Holding company for U.S. subsidiaries	Garden Grove, California, U.S.A.	US\$52 million	100.00
House Foods America Corporation	Production and sales of soybean-related products, import sales of Group products	Garden Grove, California, U.S.A.	US\$2.35 million	100.00
El Burrito Mexican Food Products Corporation	Production and sales of soybean-related products	Industry, California, U.S.A.	US\$4.20 million	100.00
House Foods China Inc.	Sales of spices and condiments such as curry roux products and import sales of Group products; supervision of China business	Shanghai, China	RMB 610.943 million	100.00
Shanghai House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Shanghai, China	RMB 131.566 million	100.00
Dalian House Foods Co., Ltd.	Production and sales of foods	Dalian, Liaoning Province, China	RMB 194.880 million	100.00
Zhejiang House Foods Co., Ltd.	Production of spices and condiments such as curry roux products	Pinghu, Zhejiang Province, China	RMB 274.245 million	100.00
House Foods Vietnam Co., Ltd.	Production and sales of processed foods	Dong Nai, Vietnam	VND 458.4 billion	100.00
House Foods Group Asia Pacific Co., Ltd.	Management oversight of functional drink business in Southeast Asia	Bangkok, Thailand	Baht 1,132 million	100.00
House Osotspa Foods Co., Ltd.	Sales of processed foods and beverages	Bangkok, Thailand	Baht 167 million	60.00
PT House And Vox Indonesia	Sales of spices and condiments and export sales of spices	Special Capital Region of Jakarta, Indonesia	Rp. 32.4 billion	99.59
House Foods Taiwan Corporation	Import sales of Group products	Taipei, Taiwan	NT\$29 million	100.00

Restaurant Business (10 companies)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
Ichibanya Co., Ltd.	Planning and operation of restaurants	Ichinomiya City, Aichi	¥1,503 million	51.00
Ichibanya USA, Inc.	Planning and operation of restaurants	Torrance, California, U.S.A.	US\$7 million	60.80
Ichibanya Restaurant Management (China) Co., Ltd.	Planning and operation of restaurants	Shanghai, China	RMB 111.176 million	51.00
Taiwan Ichibanya Inc.	Planning and operation of restaurants	New Taipei, Taiwan	NT\$107 million	40.80
Curry House Korea Corporation	Planning and operation of restaurants	Anyang, Korea	₩2,500 million	70.20
Ichibanya International Hong Kong Limited	Restaurant operation guidance and trading services	Kowloon, Hong Kong, China	HK\$7.5 million	51.00
Ichibanya Hong Kong Limited	Planning and operation of restaurants	Kowloon, Hong Kong, China	HK\$26.375 million	58.37
Ichibanya UK Limited	Planning and operation of restaurants	London, U.K.	GBP 4.5 million	51.00
Ichibanya International USA, Inc.	Planning and operation of restaurants	Torrance, California, U.S.A.	US\$0.3 million	51.00
Daikoku Shoji Co., Ltd.	Planning and operation of restaurants	Asahikawa City, Hokkaido	¥3 million	51.00

Other Food Related Business (6 companies)

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

Common (1 company)

Company name	Business lines	Location (Country or region)	Capital	Percentage of shareholding (%)
House Business Partners Corporation	Undertaking of outsourced operations of the Group	Higashiosaka City, Osaka	¥10 million	100.00

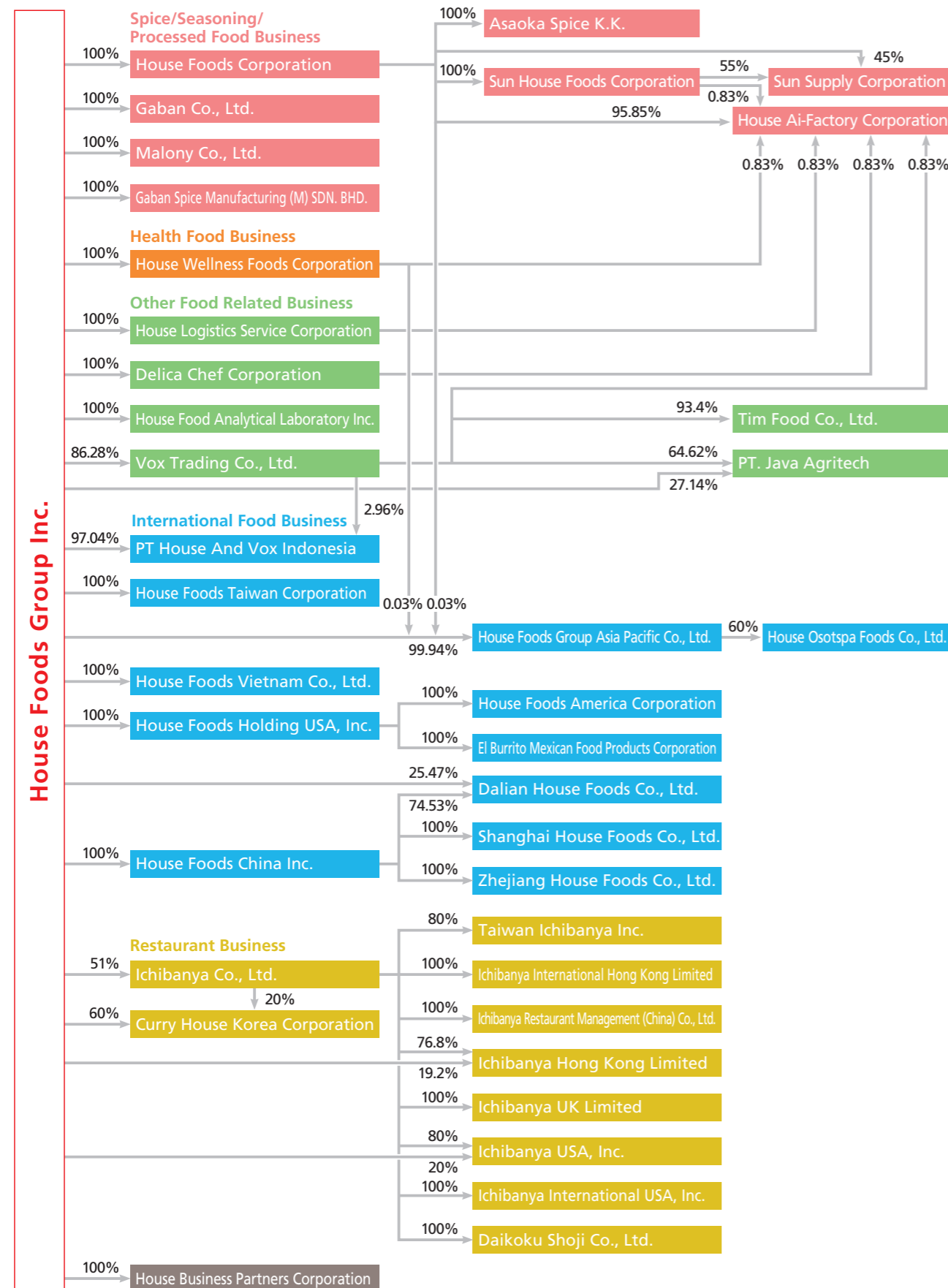
Equity-method Affiliates (5 companies)

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

Group Companies

Capital relationship diagram (ownership ratio of voting rights)

(As of June 30, 2022)



Corporate Information

Company overview (As of March 31, 2022)

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	366 (6,169 on a consolidated basis)

Stock information (As of March 31, 2022)

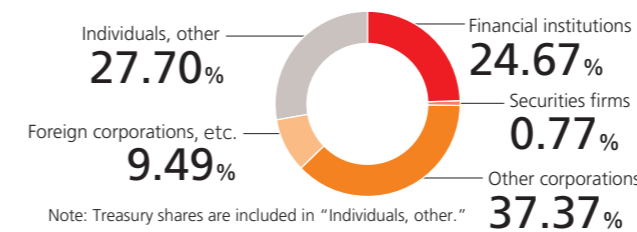
Stock summary

Number of shares issued	100,750,620 shares
Number of shares authorized	391,500,000 shares
Number of shareholders	68,683
Number of shares per trading unit	100 shares

Information for investors

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

Breakdown of shares by type of shareholder



Principal shareholders

	Number of shares held (shares)	Percentage of total shares outstanding (%)
House Kosan Co., Ltd.	11,377,516	11.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,809,100	10.85
HKL Co., Ltd.	7,908,100	7.94
Custody Bank of Japan, Ltd. (Trust Account)	2,923,000	2.94
Urakami Foundation for Food and Food Culture Promotion	2,900,218	2.91
Sumitomo Mitsui Banking Corporation	2,751,027	2.76
House Koushinkai	2,154,001	2.16
Setsuko Urakami	1,994,569	2.00
Nippon Life Insurance Company	1,844,810	1.85
Sumitomo Mitsui Trust Bank, Limited	1,750,000	1.76

Note: Percentage of total shares outstanding is calculated by excluding the number of treasury shares (1,169,959 shares).

External evaluations (As of July 31, 2022)

2022 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.





House Foods Group Inc.

● **Tokyo Head Office**

6-3 Kioi-cho, Chiyoda-ku, Tokyo 102-8560, Japan
Tel: +81-3-3264-1231

● **Osaka Head Office**

1-5-7 Mikuriyasakae-machi, HigashiosakaCity, Osaka 577-8520, Japan
Tel: +81-6-6788-1231

<https://housefoods-group.com>

● **Contact for inquiries about this report**

House Foods Group Inc.
Public & Investor Relations Division, Corporate Communication Headquarters
6-3 Kioi-cho, Chiyoda-ku, Tokyo 102-8560, Japan
Tel: +81-3-5211-6039