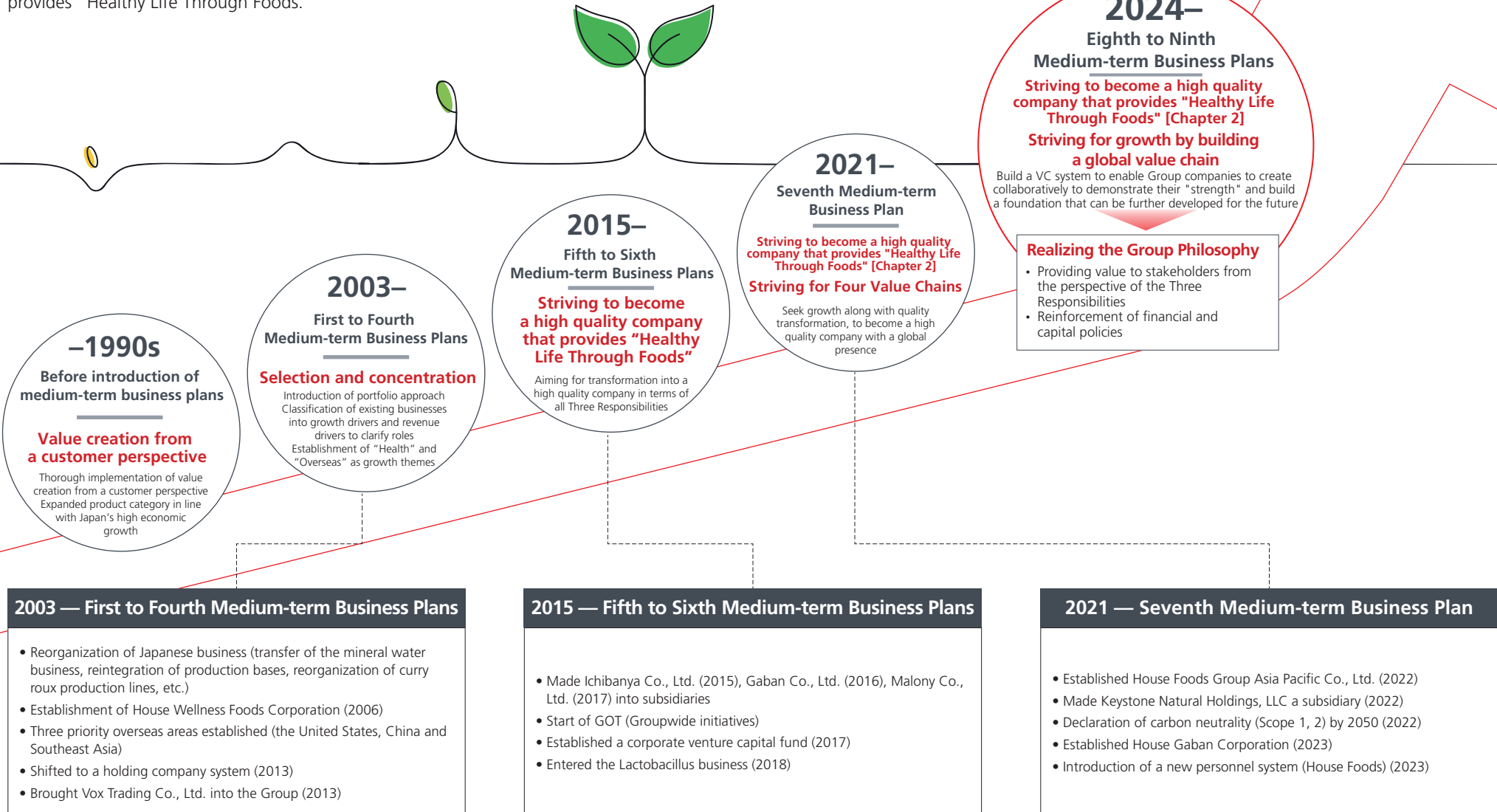


# Progress of the Medium-term Business Plans (Up to Now)

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

With the aim of growing by creating a global value chain (VC), we will continue to transform into a high quality company that provides “Healthy Life Through Foods.”



**2003 — First to Fourth Medium-term Business Plans**

- Reorganization of Japanese business (transfer of the mineral water business, reintegration of production bases, reorganization of curry roux production lines, etc.)
- Establishment of House Wellness Foods Corporation (2006)
- Three priority overseas areas established (the United States, China and Southeast Asia)
- Shifted to a holding company system (2013)
- Brought Vox Trading Co., Ltd. into the Group (2013)

**2015 — Fifth to Sixth Medium-term Business Plans**

- Made Ichibanya Co., Ltd. (2015), Gaban Co., Ltd. (2016), Malony Co., Ltd. (2017) into subsidiaries
- Start of GOT (Groupwide initiatives)
- Established a corporate venture capital fund (2017)
- Entered the Lactobacillus business (2018)

**2021 — Seventh Medium-term Business Plan**

- Established House Foods Group Asia Pacific Co., Ltd. (2022)
- Made Keystone Natural Holdings, LLC a subsidiary (2022)
- Declaration of carbon neutrality (Scope 1, 2) by 2050 (2022)
- Established House Gaban Corporation (2023)
- Introduction of a new personnel system (House Foods) (2023)

# Overall Eighth Medium-term Business Plan

Group Philosophy: *To Be*

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

Eighth Medium-term Business Plan: *To Do*

Striving to become a high quality company that provides “Healthy Life Through Foods” [Chapter 2]  
Striving for growth by building a global value chain

For Customers

Aim to achieve value chain management that delivers healthy life through foods globally

For Our Employees and Their Families

Turn diversity into a strength and support initiatives to become a quality company in powerful terms

For Society

Tackle the environmental impact caused by our global corporate activities as corporate responsibility

Spice VC

Functional Ingredients VC

Soybean VC

Creation of New Value  
(Value-added Vegetables VC)

Financial Capital Policy

The House Foods Group's Medium-term Business Plan is formulated from the perspective of backcasting the Group's philosophy, the “to do” action plan for approaching our “to be.”

The main theme of the Eighth Medium-term Business Plan, which began in 2024, is “Striving to become a high quality company that provides 'Healthy Life Through Foods' [Chapter 2], Striving for growth by building a global value chain.” Following on the Seventh Medium-term Business Plan, we have given it the title “Striving to become a high quality company that provides 'Healthy Life

Through Foods' [Chapter 2]. We also set up a new subtitle, “Striving for growth by building a global value chain.”

Based on the concept of the “Three Responsibilities,” which form the basis of the Group's philosophy, the entire Group is playing a role in the action plan, each with its own “to do.” By implementing these plans, including reinforcement of financial and capital policies, we aim to become a high quality company with a global presence.

## Message from the Director in charge of Financial Strategies

We will implement ROIC to improve company value, and continue to transform to meet market expectations

### Yoshiyuki Osawa

Representative Director & Senior Managing Director /  
General Manager, Administration Headquarters /  
Responsible for Secretariat Division



### Scope of my responsibilities and understanding my roles

In 2021, I assumed the position of Managing Director and became the General Manager of the Administration Headquarters/ Responsible for the Secretariat Division. In April 2024, I was appointed as a Representative Director and Senior Managing Director.

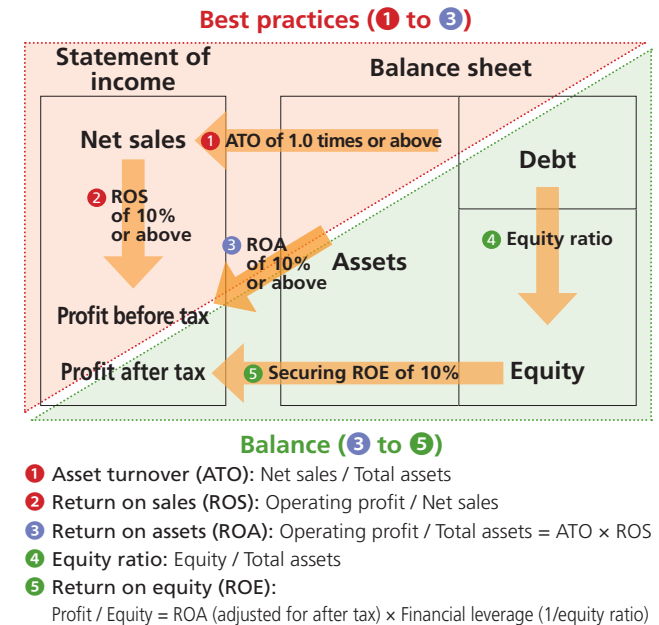
My understanding is that the scope of my responsibilities and roles has three major aspects. First is to maintain governance building and to demonstrate management and supervision functions for business activities from the stance of management divisions that do not directly supervise the business divisions. The second is not only to manage and supervise, but to also support and promote business activities by full use of

expertise in each company function domain. The third is to implement the Medium-term Business Plan by executing a financial capital policy toward enhancing corporate value, and also by addressing the themes raised in one of the Three Responsibilities, “For Employees and Their Families.” In every effort, the members and I strive toward “decision-making in management,” “direct support to worksite operations,” and “becoming an communication engine between management and worksites.”

### Direction of the Eighth Medium-term Business Plan

The Group upholds “Through food, we aim to be a good corporate citizen, connecting and collaborating with people to

### Five indicators of the ideal proportions



create smiles in their lives” The realization of this is the basis of our activities. While we remain fully conscious of the Group’s raison d’être in society, we will become a company capable of realizing the Group philosophy through measures aimed at achieving the goals of the Medium-term Business Plan. I believe this will earn praise from society and lead to an increase in company value.

As for the financial and capital policy, the Group’s idea gained internally through discussions of the “five indicators” (ATO, ROS, ROA, Equity ratio and ROE), and our policy is to achieve the desired proportions.

The profit and loss statement (PL) and balance sheet (BS) items can be split along the diagonal line, with the upper left triangle (ATO, ROS and ROA) aimed at a higher level of best practices, and the lower right triangle (Equity ratio and ROE) emphasizes balance (see the upper diagram). However, while

## Message from the Director in charge of Financial Strategies

ensuring a balance in the triangle on the bottom right is our basic stance, the ideal proportion of ROE remained at 6.2% in the FY2023. In the Eighth Medium-term Business Plan, we would like to strive toward a goal of 7.0%, from the perspective of firmly meeting market expectations also.

In the Eighth Medium-term Business Plan, ROIC is introduced as a new management indicator to strengthen BS-oriented initiatives with these five management indicators, promote management with a greater awareness of capital costs. It will be used while deepening employee understanding. Even though we have been mentioning the “five indicators” up to now, we recognize that our business activities were PL-centric, as we move toward achieving our Medium-term Business Plan, we believe that our approach was insufficient from the standpoint of asset profitability and capital efficiency, which resulted in a divergence from market expectations.

In addition, the Group has been growing for a long time by actively investing in capital and delivering high-value-added products to the market as the Japanese market expands. However, we need to rethink and transform our thinking that “if we make good things they will sell, and doing so requires

significant investment.” Future, we need to reexamine and transform this sensibility from the perspective of invested capital in the difficult environment in which we find ourselves. Using ROIC as an indicator, to improve the profitability of invested capital, we will take measures, judgment criteria, and behavior patterns up to now and take them apart to identify issues and improve them. Then, while also taking into account the individuality of each Group company, we will work on the themes including how to change out business base to create VCs.

ROIC (all-company) will be broken down into “Business ROIC” and “Proportion of operating capital,” and we aim to improve the profitability of the Group’s invested capital as a whole by improving these indicators. For “Business ROIC,” NOPAT (net operating profit after taxes) will be divided by operating capital, and we will work to improve business divisions. In order to pursue ROIC improvements on a business basis at present, we will organize evaluation categories for core businesses and create KPIs for themes on improving them, as we discuss and incorporate them into our plan to improve effectiveness.

On the other hand, with regard to the proportion of

operating capital, we will increase the proportion of operating capital to invested capital and reduce the equity of non-business capital. Specifically, we will promote initiatives with targets for reducing the number of cross-shareholdings, and enhancing shareholder returns, including repurchases of treasury shares. At present, we recognize that the Group’s capital cost is 6.0%. In order to continue to invest in growth areas based on the Eighth Medium-term Business Plan, we believe it will take a little longer for the effects of “Business ROIC” to appear. The “Proportion of operating capital” will be improved significantly by reducing non-operating capital, with the goal of achieving an ROIC (company-wide) of at least 6.0%. In the Ninth Medium-term Business Plan, we aim to achieve an overall ROIC of 8.0% or more by improving the capital return (Business ROIC) of our core business generated from investment, as investment in growth areas will be completed.

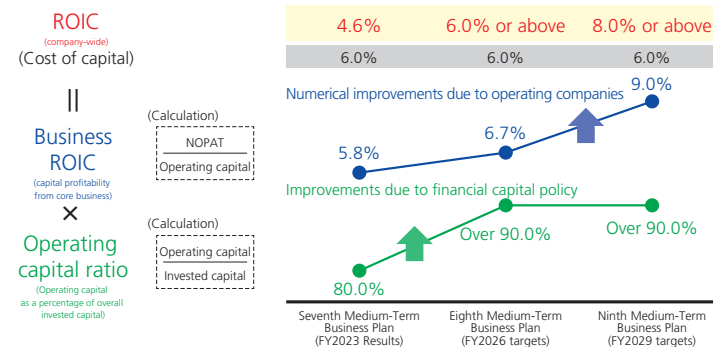
In the Eighth Medium-term Business Plan, the allocation of resources is clarified based on the ROIC improvement policy described previously. We plan to invest a total of 70 billion yen in growth investment, business investments and infrastructure strengthening investments, including DX and environmental investments, to build VC. Shareholder return is a total of 30 billion yen, of which 15 billion yen will be used to purchase treasury shares. As a source of funds for investment, besides the operating cash fund, we will consider external procurement through liabilities with interest, such as through sustainable financing.

### Eighth to Ninth Medium-term Business Plan Consolidated Numerical Targets

■ Consolidated targets	Seventh Medium-Term Business Plan (FY2023)	Eighth Medium-Term Business Plan (FY2026)		Ninth Medium-Term Business Plan (FY2029)	
	Results	Targets	vs. Seventh Medium-term Business Plan	Targets	vs. Eighth Medium-term Business Plan
Net sales	299.6 billion yen	360.0 billion yen	+60.4 billion yen	450.0 billion yen	+90.0 billion yen
Operating profit	19.5 billion yen	27.0 billion yen	+7.5 billion yen	40.0 billion yen	+13.0 billion yen

■ Management indicators	Seventh Medium-Term Business Plan (FY2023)	Eighth Medium-Term Business Plan (FY2026)		Ninth Medium-Term Business Plan (FY2029)		Ideal proportions
	Results	Targets	vs. Eighth Medium-term Business Plan	Targets	vs. Eighth Medium-term Business Plan	
ROIC	4.6%	6.0% or above	—	8.0% or above	—	—
ATO (Total asset turnover)	0.72 times	0.83 times	+0.11 times	0.96 times	+0.13 times	1.0 time or greater
ROS (Return on sales)	6.5%	7.5%	+1.0 pt	8.9%	+1.4 pt	10% or higher
EBITDA margin	11.0%	11.4%	+0.4 pt	12.7%	+1.3 pt	—
ROA (Return on assets)	4.7%	6.2%	+1.5 pt	8.6%	+2.4 pt	10% or higher
ROE (Return on equity)	6.2%	7.0%	+0.8 pt	—	—	Securing 10%

### Introduction of ROIC management (Image of ROIC trends)



## Message from the Director in charge of Financial Strategies

With regard to shareholder returns, we have changed the basic policy for allocating profits from FY2024 to (1) a dividend payout ratio of 40% or more, and (2) an annual dividend per share of 46 yen or more as a consecutive dividend. During the period of the Eighth Medium-term Business Plan, we will promote shareholder returns through share buybacks using the reduction of cross-shareholdings as a source of funds, aiming for a total return ratio of 50% or more.

Because the Eighth Medium-term Business Plan raises issues that came to light during the Seventh Medium-term Business Plan, employees are certainly getting better understanding of and capacity for what needs to be done in the medium-term business plan. President Urakami has been actively setting up a venue for direct communication with employees and listening to their opinions. He has proactively promoted dialogue through two-way communication that responds to questions and opinions from employees. A strong response from employees could be felt, and I believe that steady progress will be made in the Eighth and Ninth Medium-term Business Plans.

The House Foods Group's Medium-term Business Plan is considered an execution plan for the "Three Responsibilities" that it will pursue as a corporate citizen, as stated in the Group

Philosophy. We raised "Turn diversity into a strength" to describe "For Our Employees and Their Families" in the Eighth Medium-term Business Plan. The initiative to achieve this to focus on "Deepening understanding of others, break down stereotypes about self and the organization, and produce innovation." So, we will actively invest in our employees, proceed with support so they will independently further their careers and extract various challenges. By doing so, we would like to realize the Group Philosophy. These initiatives truly follow the approach of human capital management.

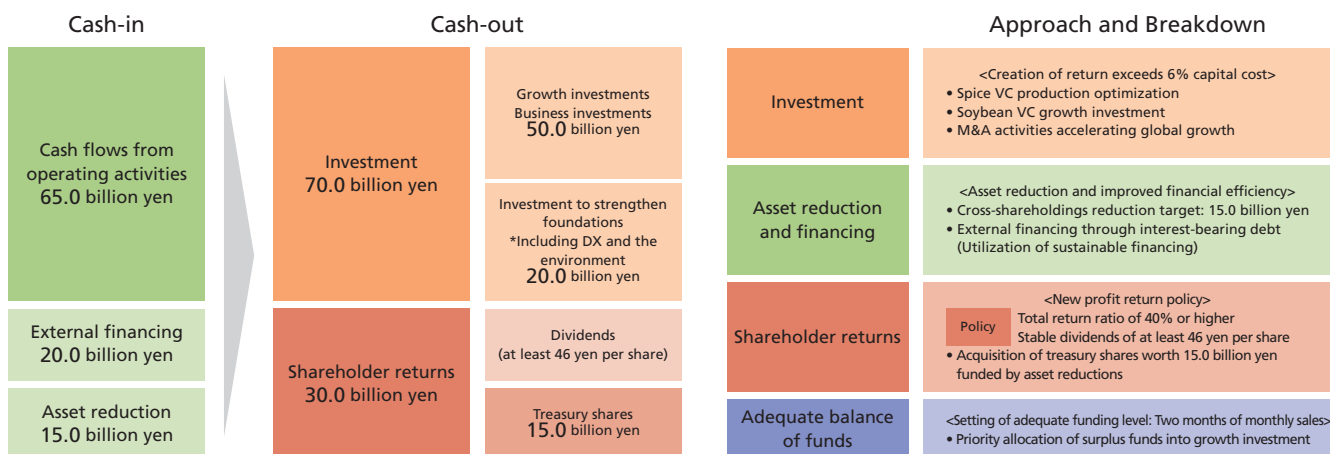
### Dialogue with stakeholders to improve company value

While the PBR1x rating has been attracting attention as an evaluation criterion in the stock market, our PBR has been trending downward since peaking in FY2018, and is now around 1. When breaking down PBR into ROE and P/E for consideration, the P/E is basically at the industry average, although it has declined over the past few years. One of the key points toward improvement is how we can improve our overseas business

growth by promoting the creation of VCs globally. The average ROE level for five years is 5.0%, which is due to the fact that one of the management indicators, ATO, is below 0.72 times, which is below one revolution. Even based on the above, we will work to improve ROIC as an easy-to-control indicator against capital costs in these efforts and will focus on efforts to achieve a PBR over 1. To achieve our Medium-term Business Plan, we must strengthen our efforts in growth areas and fully meet the expectations of our shareholders and investors.

House Foods Group's stance on developing businesses that deliver carefully created high quality products and services to our customers has not changed. In our communication with shareholders and investors, we are committed to carefully and honestly communicating the facts to create a common understanding. In addition, we take findings and opinions given from shareholders and investors from various angles seriously. We are proceeding with discussions on them in the Board of Directors' meetings. By carefully explaining the Group's status and approach and its investment in growth domains and return plans, we will deepen understanding of our Group. Then, by varying out our Medium-term Business Plan, we will steadily build up trust in the process and will answer the expectations of the market to improve our corporate value.

## Eighth Medium-term Business Plan's resource allocations (excluding Ichibanya)



## New Profit Distribution Policy

### Until FY2023

**Continued to pay stable dividends with a consolidated payout ratio of 30% as the basis**

\* Excluding the effects of extraordinary income/losses arising from business combination and the amortization of goodwill

### FY2024—New profit distribution policy

#### (1) Total return ratio of 40% or higher

\* During the period of the Eighth Medium-term Business Plan, since we will pursue treasury share acquisitions funded by reductions in cross-shareholdings, we will aim to improve the total return ratio to at least 50%.

#### (2) Ongoing payment of annual dividends of at least 46 yen as stable dividends