



September 16, 2022

Company Name: House Foods Group Inc.  
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(Securities Code: 2810, TSE Prime Market)  
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## **Notice Concerning Acquisition of Equity Interest in Keystone Natural Holdings, a US Company, to Make a Specified Subsidiary**

House Foods Group Inc. (hereinafter, the “Company”) hereby announces that a meeting of its Board of Directors held on September 16, 2022 resolved that House Foods Holding USA, Inc. (Headquartered in California, USA; President: Tatsumi Yamaguchi), a consolidated subsidiary of the Company, will acquire 100% ownership of Keystone Natural Holdings, LLC (Headquartered in Pennsylvania, USA; President & CEO: Kenny Sung; hereinafter, “Keystone”), a US producer of tofu and plant based food (PBF) products, making Keystone a wholly owned subsidiary of House Foods Holding USA, Inc. (the “Acquisition”), and that the parties to the Acquisition have fully executed an equity interest transfer agreement. Details are as follows.

As a result of the Acquisition, Keystone will become a specified subsidiary of the Company.

### **1. Background and objectives of the Acquisition**

Under the Seventh Medium-term Business Plan of the House Foods Group (the “Group”), which started in April 2021, the Group has defined Striving for Four Value Chains (“VCs”), which comprise spices, functional ingredients, soybean and value-added vegetables, as areas of the Group’s value proposition, “Healthy Life Through Foods,” with the aim of achieving sustained growth by concentrating management resources on growth areas.

In the Soybean VC, the Group has been developing the tofu business in the United States since 1983. This VC has continued to show steady growth mainly in the market for Asian Americans and sales are expanding in recent years across the US market, mainly attributable to rising health awareness and the PBF trend from the perspective of protecting the environment.

As the United States is a very large market with a population of 330 million, the Group regards the country as a promising market with a continuous population growth in the future. The market for PBF, including tofu, is expected to show sustained growth in the future, given that the generations of Americans known as Millennials and Generation Z, who will be a main driving force for consumption in the future, have a keen interest in climate change and tend to choose food with a low environmental impact.

House Foods America Corporation (President: Tsuyoshi Kido), a company handling the tofu business, has made capital investments with an eye on further growth of the tofu business, while it has been seeking opportunities to expand its business fields in the US market.

Keystone produces and sells tofu, meat alternatives and other PBF products in the United States and Canada. Having established a vision to provide a healthy diet to a broad customer base, Keystone has achieved steady growth in recent years as it persists in using clean ingredients and pushes the boundaries of deliciousness. This vision accords with the direction House Foods America Corporation aims, and the Company believes that there is a great possibility of mutual adaptation of the two parties as strategic partners for future growth because of considerable complementarities in terms of focus areas for products, marketing areas, and customer base in the United States.

Through the collaboration of Keystone’s product development capabilities with the technologies of House Foods America Corporation and the Group, we will achieve portfolio improvement, including value added tofu and PBF, and accelerate the expansion of our business in the US market. With the Acquisition, the Group will have a total of eight production bases in the soybean VC, including the one scheduled to be constructed in Kentucky, and we will aim at building optimal production, distribution and marketing systems and providing services to as many customers as possible. Moreover, we will pursue to develop business in Europe and other regions in addition to the United States, utilizing resources held by Keystone. By including Keystone in the Group, we will strive to achieve the medium- to long-term growth of the tofu and PBF business in the United States and further globalization of our business, aiming to be a good partner able to contribute to human health and the environment and to building a sustainable society.

## 2. Acquisition method

House Foods Holding USA will acquire the entire ownership interest in Keystone held by Nature Soy Holdings, LLC and Keystone Capital XX, LLC.

## 3. Outline of change in status of subsidiary (Keystone)

(1) Name	Keystone Natural Holdings, LLC		
(2) Address	600-A Kaiser Drive Folcroft, Pennsylvania 19032-2122		
(3) Name and title of representative	Kenny Sung, President & CEO		
(4) Business description	Production and distribution of tofu and PBF		
(5) Total capital contribution	28,874 thousand USD (as of June 30, 2022)		
(6) Established	April 22, 2016		
(7) Equity investors and their investment ratio	Nature Soy Holdings, LLC Common equity interest 100.00% Keystone Capital XX, LLC Preferred equity interest 100.00%		
(8) Relationships with the Company	Capital relationship	Not applicable.	
	Personal relationship	Not applicable.	
	Business relationship	There are no business relationships to be described.	
(9) Consolidated operating results and consolidated financial position of this company for the past two years			
	Fiscal year	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
	Consolidated net assets (thousand USD)	16,504	13,358
	Consolidated total assets (thousand USD)	45,441	41,279
	Consolidated net sales (thousand USD)	44,882	55,374
	Consolidated operating profit (thousand USD)	(2,019)	(1,716)
	Consolidated EBITDA (thousand USD)	1,938	2,780
	Consolidated net profit (thousand USD)	(2,796)	(3,120)

\* Consolidated business performance and consolidated financial position of Keystone for the fiscal year ended December 31, 2019 are not stated in this document because the information was not disclosed. The financial figures above were prepared in conformity with U.S.GAAP and were not audited by independent auditors.

## 4. Overview of the entity acquiring the equity

The counterparties to equity interest acquisition are Nature Soy Holdings, LLC and Keystone Capital XX, LLC. Outlines of these counterparties are not disclosed at their request. There is no significant capital, personnel or business relationship between the Company and the said counterparties.

5. Equity interest to be acquired, acquisition cost, and percentage of equity interest before and after the transfer

(1) Equity interest before the transfer	0 units (Percentage of voting rights: 0.00%)
(2) Equity interest to be acquired	1,000 units of common equity interest and 25,000 units of preferred equity interest (Percentage of voting rights: 100.00%)
(3) Acquisition price	Acquisition cost of Keystone (corporate value): US\$110 million (Approx. 15.2 billion yen) *1,2 Advisory fees, etc. (estimate) 0.3 billion yen
(4) Equity interest after the transfer	26,000 units (Percentage of voting rights: 100.00%)

\*1 Equity interest acquisition price will be adjusted at the time of implementing equity interest acquisition, as prescribed in the equity interest transfer agreement.

\*2 For reasons of expediency, calculation is made using an exchange rate of 138.48 yen to US\$1.00 (TTM rate on August 30, 2022).

6. Schedule

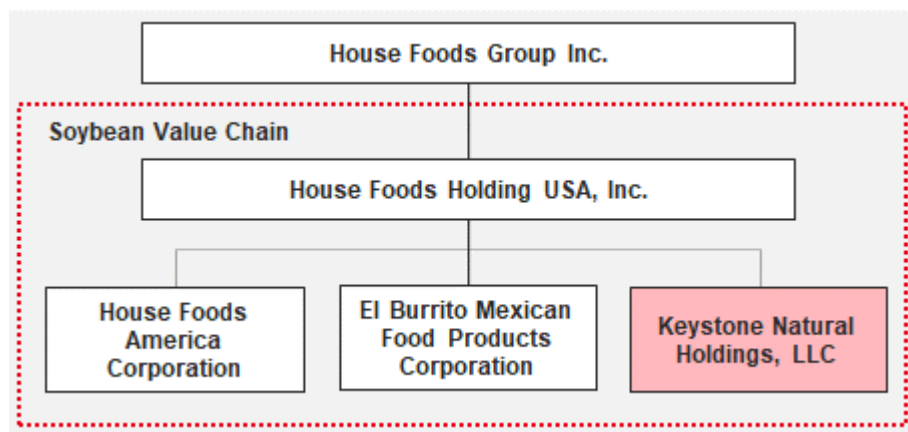
(1) Date of resolution by the Board of Directors	September 16, 2022
(2) Date of agreement	September 16, 2022
(3) Planned date of equity interest transfer	September 30, 2022 (local time in the United States)

7. Future outlook

The impact of the Acquisition on the Company’s consolidated operating performance for the fiscal year ending March 31, 2023 is currently under review. Disclosure will be made promptly, should it become clear that the Acquisition will likely have material impact on its business performance forecast.

(Reference)

- Organizational structure of the soybean VC after completion of the Acquisition



- Top page URL of Keystone: <https://www.keystonenatural.com/>