



May 9, 2024

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Notice Concerning the Adoption of Trust-Type Employee Shareholding Incentive Plan (E-Ship®)

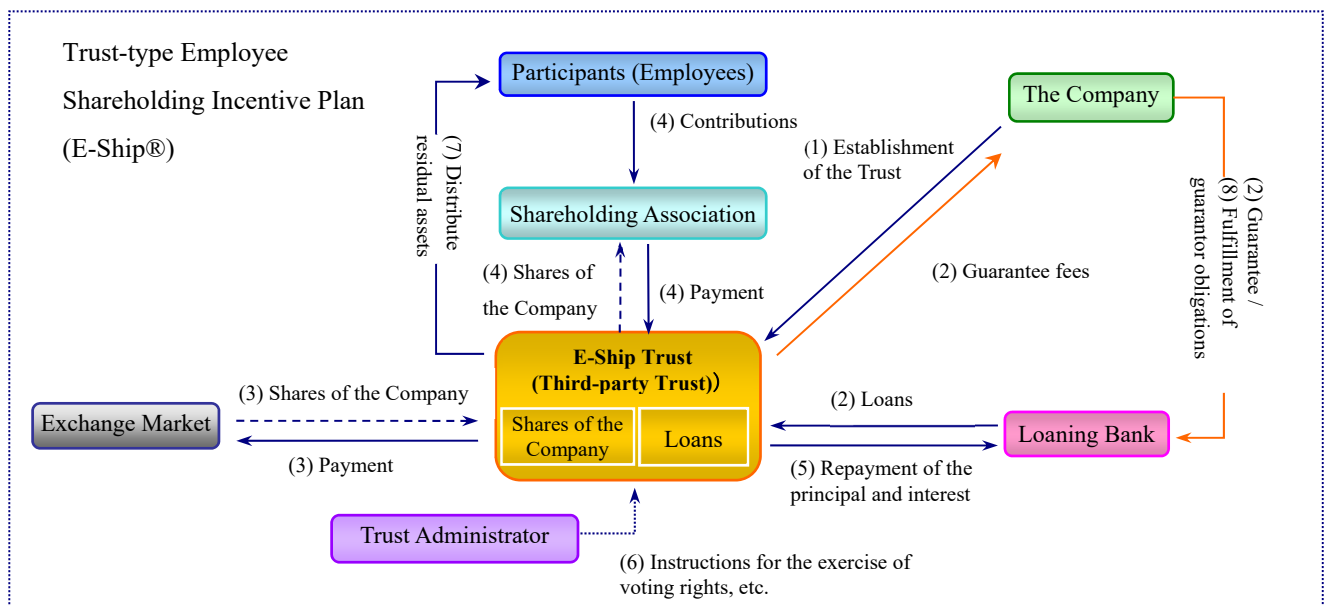
House Foods Group Inc. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on May 9, 2024, to adopt the Trust-Type Employee Shareholding Incentive Plan (E-Ship®) (the “Plan”) as an incentive scheme for the Company’s employees to improve the Company’s corporate value over the medium and long term. Details of the Plan including the timing of establishment of the trust pertaining to the Plan, the total amount of monies to be borrowed by the trust under the Plan, and the term of establishment of the Plan, will be notified as soon as they are determined.

1. Overview of the Plan

The Plan is an incentive plan available for all employees participating in the House Foods Group Employee Shareholding Association (the “Shareholding Association”). Under the Plan, the Company will establish the House Foods Group Employee Shareholding Association Trust (the “E-Ship Trust”) at a trust bank. The E-Ship Trust will acquire the Company’s shares in advance in the number expected to be acquired by the Shareholding Association over a certain period of time after the establishment. Thereafter, the E-Ship Trust will make sales of the Company’s shares to the Shareholding Association on a continuous basis. Upon the conclusion of the trust, if there are any accumulated gains on sales of shares within the E-Ship Trust, such gains on sales of shares will be allocated as residual assets to employees who meet eligibility requirements as beneficiaries. Further, since the Company will guarantee loans undertaken by the E-Ship Trust to acquire the Company’s shares, if there is any accumulated loss on sales of shares within the E-Ship Trust due to the decline of the Company’s share price and there are any remaining loan amounts equivalent to the loss on sales of shares as of the conclusion of the Trust, the Company will repay such loans.

The Plan aims to raise awareness of the shareholder perspective through employees’ capital participation and to develop a sense of unity between the company and employees and increase work motivation through the sharing of the rewards of growth. At the same time, the Plan is intended to support asset formation by employees by promoting the acquisition and holding of shares by employees through the expanded shareholding association.

2. Scheme of the Plan



- (1) The Company establishes an E-Ship Trust (third-party trust) whose beneficiaries are participants in the Shareholding Association who meet the beneficiary eligibility requirements.
- (2) The E-Ship Trust takes out loans from the loaning bank to acquire the shares of the Company, and the Company becomes the guarantor of the said loans. In consideration of the said guarantee, the Company receives guarantee fees from the E-Ship Trust.
- (3) The E-Ship Trust acquires the shares of the Company that are expected to be acquired by the Shareholding Association during the trust term.
- (4) The E-Ship Trust sells the shares of the Company acquired in (3) throughout the trust term on an ongoing basis at market value to the Shareholding Association according to prescribed plans (regarding conditions and methods).
- (5) The E-Ship Trust repays the principal and interest of the loans with the proceeds from the sale of the shares of the Company to the Shareholding Association and the dividends from the shares of the Company it holds.
- (6) The E-Ship Trust exercises its voting rights with respect to the shares of the Company it holds as instructed by the Trust Administrator selected for the beneficiaries.
- (7) Any residual assets in the E-Ship Trust at the end of the trust term are distributed to those who meet the beneficiary eligibility requirements.
- (8) If there is an outstanding loan balance at the end of the trust term, the Company pays it as the guarantor it has become in (2).

3. Overview of the E-Ship Trust

- (1) Name: House Foods Group Employee Shareholding Incentive Plan Trust
- (2) Trustor: House Foods Group Inc.
- (3) Trustee: The Nomura Trust and Banking Co., Ltd.
- (4) Beneficiaries: Those who meet the beneficiary eligibility requirements (They will become beneficiaries after given procedures once the requirements are met)
- (5) Trust contract date: Details will be announced once determined.
- (6) Trust term: Details will be announced once determined.

(7) Purpose of trust: Stable and continuous supply of shares to the Shareholding Association and distribution of trust assets to those who meet the beneficiary eligibility requirements

(8) Beneficiary eligibility requirements:

All persons who are participants in the Shareholding Association on the start date of the beneficiary determination procedures (the date on which the trust term ends, when all trust assets are converted to cash, the date on which all shares of the Company held as trust assets are sold to the Shareholding Association, etc.)

(Reference)

E-Ship[®] is a trademark of Nomura Securities Co., Ltd.

E-Ship[®] (Employee Shareholding Incentive Plan) is an incentive plan for employees modeled after an ESOP (Employee Stock Ownership Plan) that is widely used in the United States. E-Ship[®] was developed by Nomura Securities Co., Ltd. and The Nomura Trust and Banking Co., Ltd.