



TOYO SUISAN

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**Toyo Suisan Kaisha, Ltd.**

FY2025-FY2027

# **New Medium-Term Management Plan: Policy Briefing Materials**

Friday, March 28, 2025

TSE PRIME  
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# Table of Contents



01	<b>Current Medium-Term Management Plan</b>	P.04
02	<b>New Medium-Term Management Plan – Core Policies</b>	P.07
03	<b>New Medium-Term Management Plan - Initiatives</b>	P.12
	– 1. Increase value in customer markets	P.14
	– 2. Increase value in capital markets	P.18

# Key Takeaways



**Smiles for All.**  
すべては、笑顔のために。

Item	Disclosure Details
Current Cost of Capital	<ul style="list-style-type: none"><li>– <b>Approximately 6-8%</b></li></ul>
Return on Shareholders' Equity (ROE) Target	<ul style="list-style-type: none"><li>– Target <b>15%</b> in the future (from 2030)</li><li>– <b>10% or more</b> during the new medium-term management plan period, which precedes the main investment phase</li></ul>
Capital Policy	<ul style="list-style-type: none"><li>– Policy of balancing growth investments with shareholder returns, with <b>no increase</b> in cash and cash equivalents</li></ul>
Investment Plans	<ul style="list-style-type: none"><li>– Plan to invest <b>over 130 billion yen</b> in the sustained growth and profitability of core businesses, business domain expansion, sustainable initiatives, etc.</li><li>– Future business investments to be made with attention to <b>return on invested capital (ROIC)</b></li></ul>
Shareholder Returns	<ul style="list-style-type: none"><li>– <b>Target</b> a total return ratio of <b>70%</b><ul style="list-style-type: none"><li>• <b>Dividend payout ratio exceeding 30%</b></li><li>• <b>Acquire treasury shares</b></li></ul></li></ul>
Measures to Mitigate Performance Volatility	<ul style="list-style-type: none"><li>– <b>Adopt average exchange rates during the plan period</b></li></ul>



01

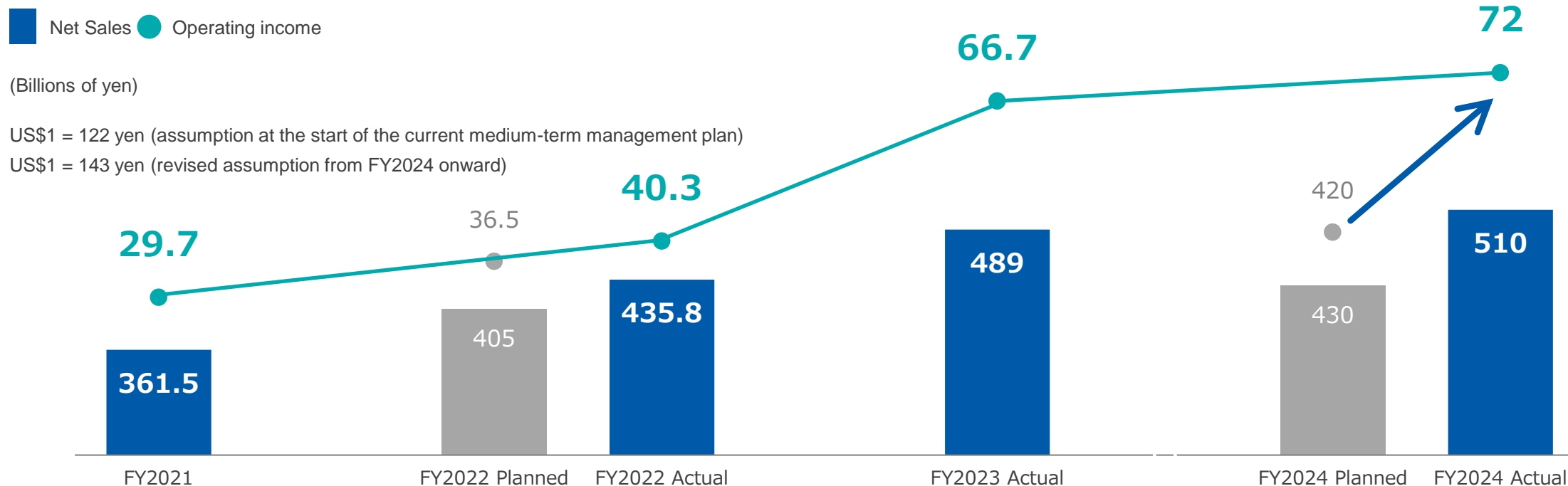
# **Current Medium-Term Management Plan**

FY2022-FY2024

# Numerical Targets and Progress of the Current Medium-Term Management Plan

Net sales and operating income in the final fiscal year are expected to reach 510 billion yen and 72 billion yen, respectively, significantly exceeding the initial plan

Contributing factors include multiple price revisions in response to rising costs and the depreciation of the yen (a 1-yen fluctuation from the assumed rate of 143 yen per US dollar in the final fiscal year is estimated to impact net sales by approximately 1.5 billion yen and operating income by approximately 360 million yen)



As of November 8, 2024  
(assumes \$1 = ¥143)

# Environment During the Current Medium-Term Management Plans and Issues for the New Medium-Term Management Plan

## Internal Environment

### Cash in

#### Performance

(response to rising costs)

#### Exchange Rates

(weaker-than-expected yen)

### Cash out

**Delays in capital investment execution due to major changes in the external environment**

#### Strengthening shareholder returns

- Dividend increases: 10 yen in FY2022, 70 yen in FY2023
- Acquisition of treasury shares: Acquired in FY2024 (23.9 billion yen)

## External Environment

**Ongoing global inflation**

**Global warming  
Extreme weather**

**Exchange rate  
volatility risks**

**Geopolitical risks**

**Labor shortages**

**Logistics issues**

## Issues to be addressed by the new medium-term management plan

**“Balance between investment in the future and shareholder returns”**

**“Mitigate risks and capture new growth opportunities”**



02

# **New Medium-Term Management Plan – Core Policies**

FY2025-FY2027

# Positioning of the New Medium-Term Management Plan

Management Philosophy

**A fair and self-reliant management style that rewards employees**

Slogan

**“Bringing smiles to everyone through food”**

Vision

**Bring smiles to our stakeholders by enhancing our corporate value**

New Medium-Term Management  
Plan: Basic Policy

**Increase value in  
customer markets**

Sustainably grow each business

**Increase value in  
capital markets**

Respond to stakeholders



Vision

**Bring smiles to our stakeholders by enhancing our corporate value**

Sustainability (promote ESG and DX initiatives)

**Ongoing, unwavering efforts to enhance corporate value**

**Maximize management resources to enhance earnings power and capital efficiency**

Consumers  
Business  
Partners

- Develop competitive products
- Solve food-related issues
- Expand business domains and regional coverage

Employees

- Provide comfortable working environments, job satisfaction
- Improve employee satisfaction
- Promote health management

Shareholders

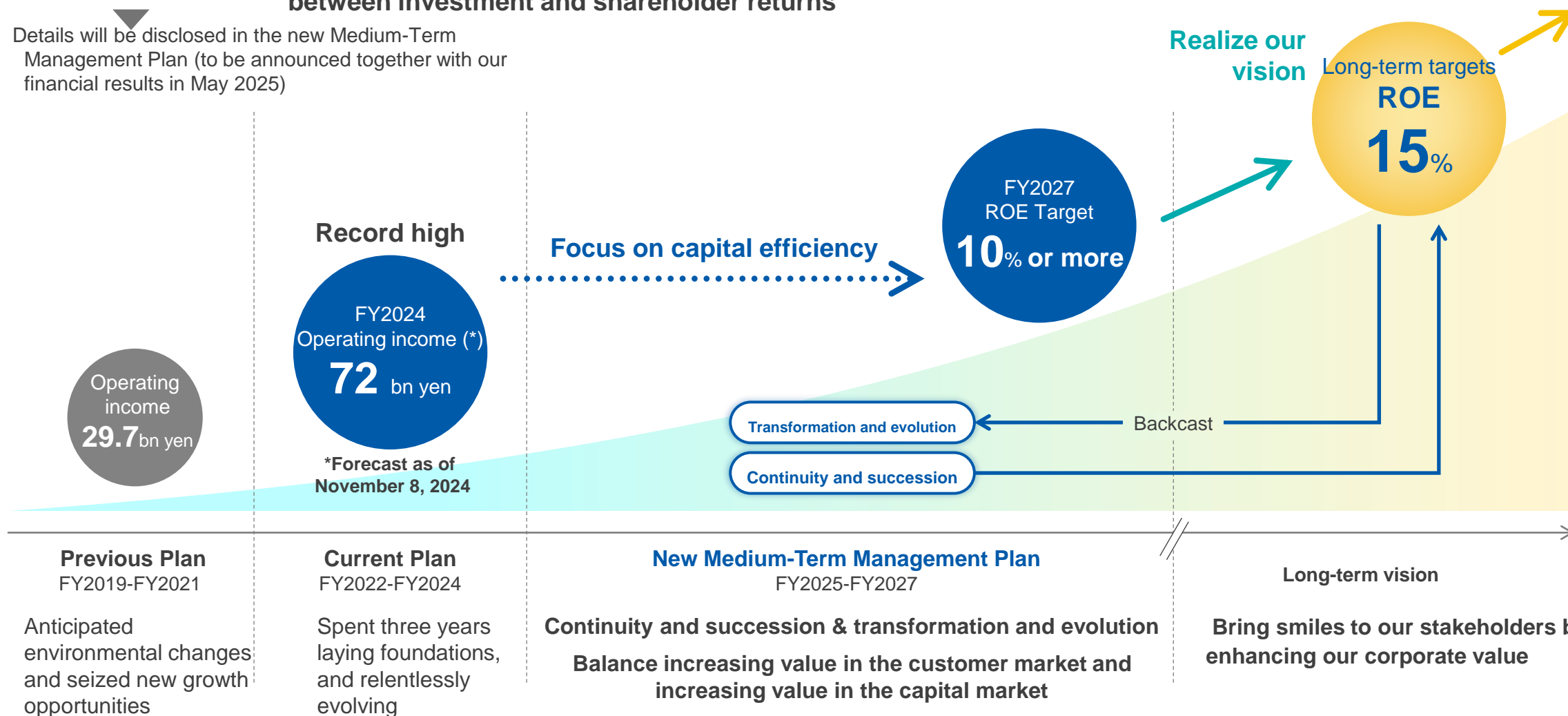
- Ensure sustainable ROE growth
- Implement capital strategies
- Strengthen shareholder returns

# Strategic Direction Toward Realizing the TS Group Vision

## New Medium-Term Management Plan

Details will be disclosed in the new Medium-Term Management Plan (to be announced together with our financial results in May 2025)

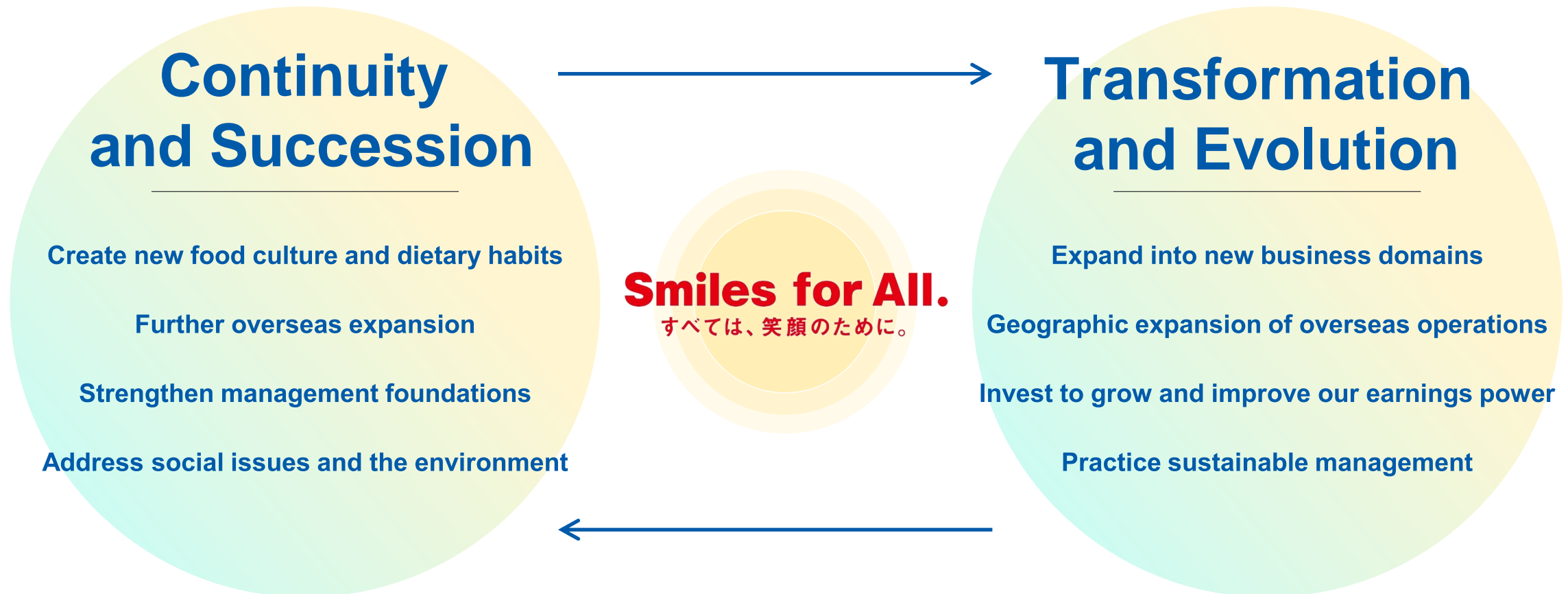
“Investment lead period” to make capital investments in growth domains to realize the TS Group Vision  
Emphasize capital efficiency (ROE of 10% or more), in addition to profit growth, while maintaining a balance between investment and shareholder returns



# Basic Strategies in the New Medium-Term Management Plan

**Continuity and succession:** Continue the basic policies of the current plan while addressing unresolved issues

**Transformation and evolution:** Aim to improve corporate value by implementing the reforms necessary to achieve our vision and enhance our corporate value





# 03

## **New Medium-Term Management Plan - Initiatives**

- 1. Increase value in customer markets
- 2. Increase value in capital markets

## Aim to be a company trusted and needed by stakeholders

Increase value in

**Customer  
markets**

Sustainably grow each business

### New Medium-Term Management Plan

FY2025-FY2027

Specific details will be disclosed at a briefing in May

**Continuity and Succession  
&  
Transformation and Evolution**

**Handle  
markets**


Increase value in

**Capital  
markets**

Respond to stakeholders

### New Medium-Term Management Plan Policy Briefing

Actions aimed at **realizing  
management conscious of capital  
cost and share price**

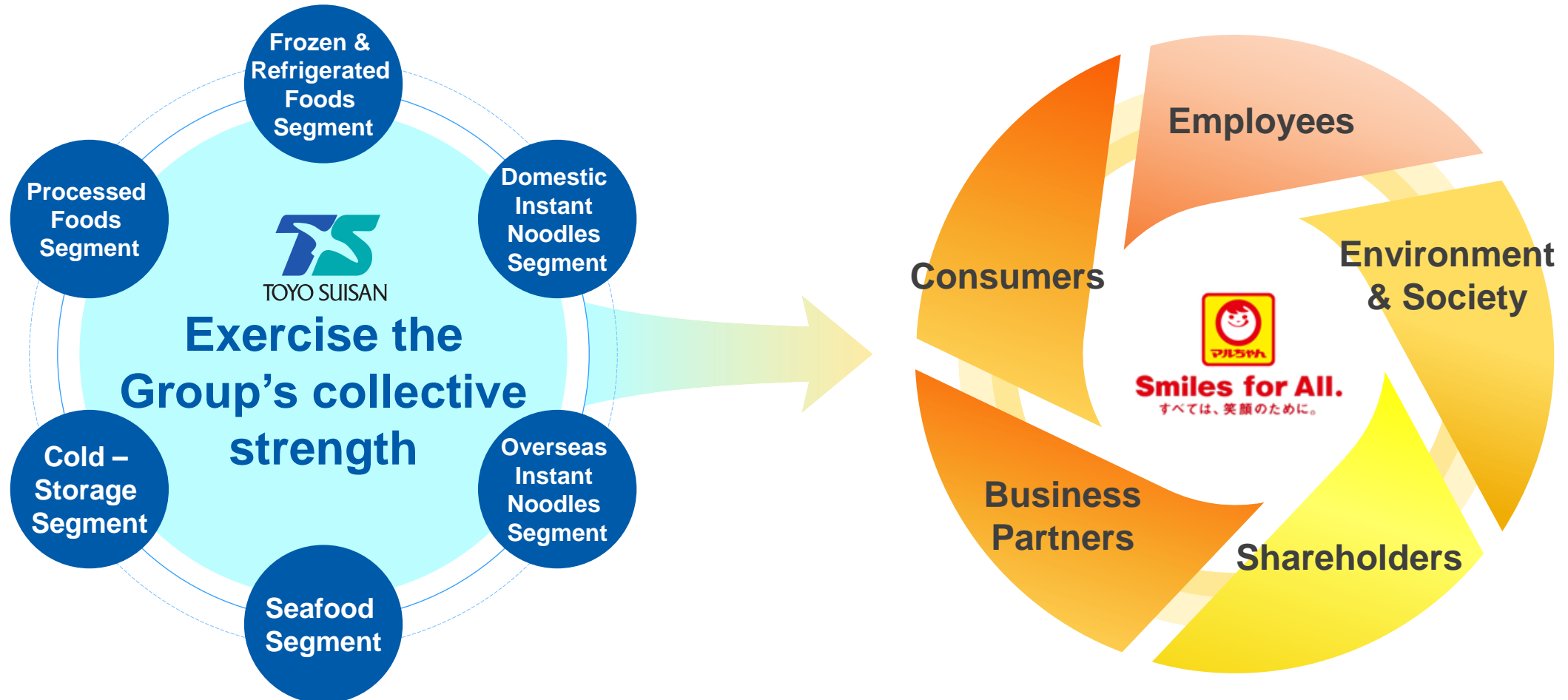


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## **Increase Value in Customer Markets**

# Increase Value in Customer Markets

**Aim to leverage each segment's strengths and the Group's collective strength to enhance both financial value (sales and profit) and non-financial value (brand strength)**





# Investment During Current Medium-Term Management Plan: Plants due to start operating in FY2025 (1)

Freeze-dried soup plant



Chilled noodle plant





# Investment During Current Medium-Term Management Plan: Plants due to start operating in FY2025 (2)

## Maruchan, Inc. (California)




Maruchan Texas, Inc.



Maruchan Virginia, Inc.

Maruchan, Inc.





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## **Increase Value in Capital Markets**

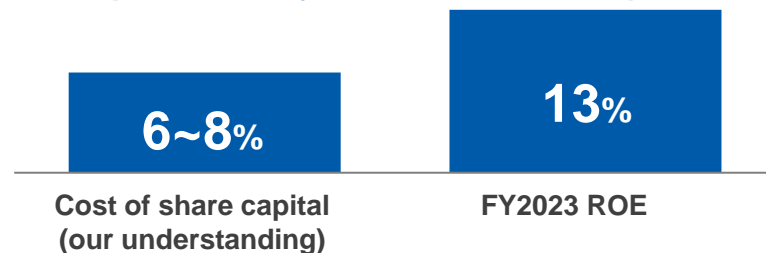
# Increase value in capital markets

(Initiatives to realize management that is conscious of capital costs and share price performance)

## Current situation

Our cost of share capital is in the range of 6–8%  
Our PBR has remained at approximately 2x.

Capital efficiency: ROE/cost of share capital



## Policies

**Aim for 15% ROE in the future**

**Ensure sustainable profit growth through execution of business strategies**

**Improve capital efficiency through financial strategies**

**Reduce cost of share capital**

## Initiatives

### Sustainable profit growth

- Strengthen profitability of existing businesses
- Pursue opportunities in new business domains
- Invest giving consideration to ROIC

### Improve capital efficiency

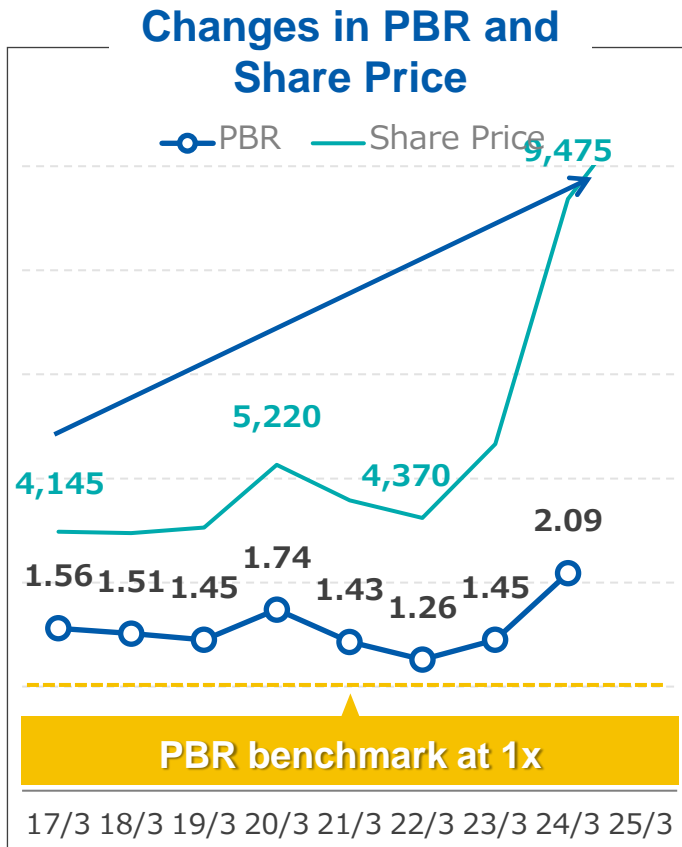
- Target a total return ratio of 70%
  - Dividend payout ratio exceeding 30%
  - Acquire treasury shares

### Reduce capital costs

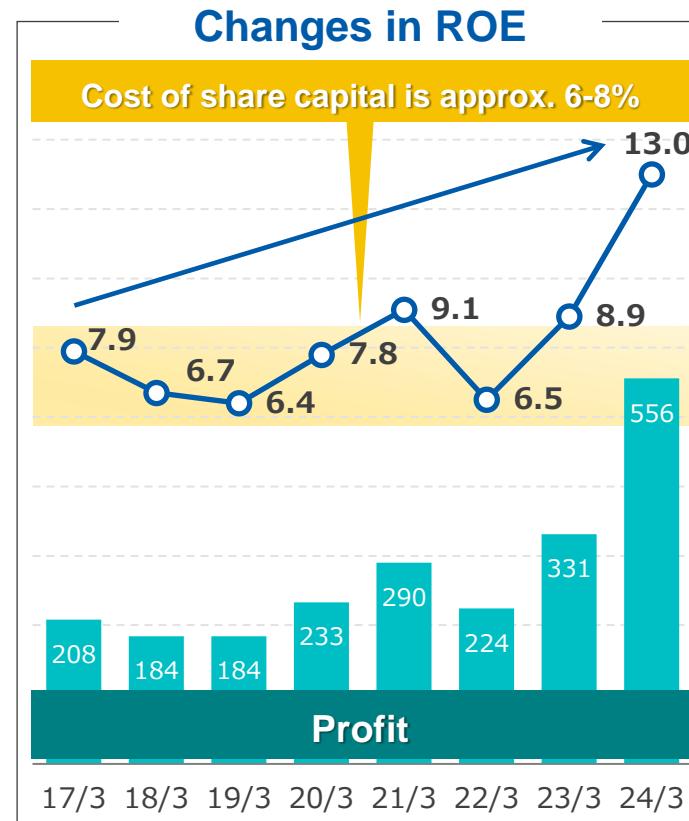
- Mitigate performance volatility (adopt average rate for the period)
- Strengthen governance
- Non-financial disclosures (Integrated Report)

# Current Situation

- PBR: PBR has reached approximately 2x, driven by increased net profit and a rise in share price during the current medium-term management plan period
- ROE: Our estimated cost of capital is 6–8% (based on CAPM or 5–7% based on forecasted PER)  
Profit has increased as a result of measures to address rising costs both domestically and internationally. ROE remains above our cost of capital
- PER: The average PER for the food industry in the Prime Market is around 18x, although this is below our historical average



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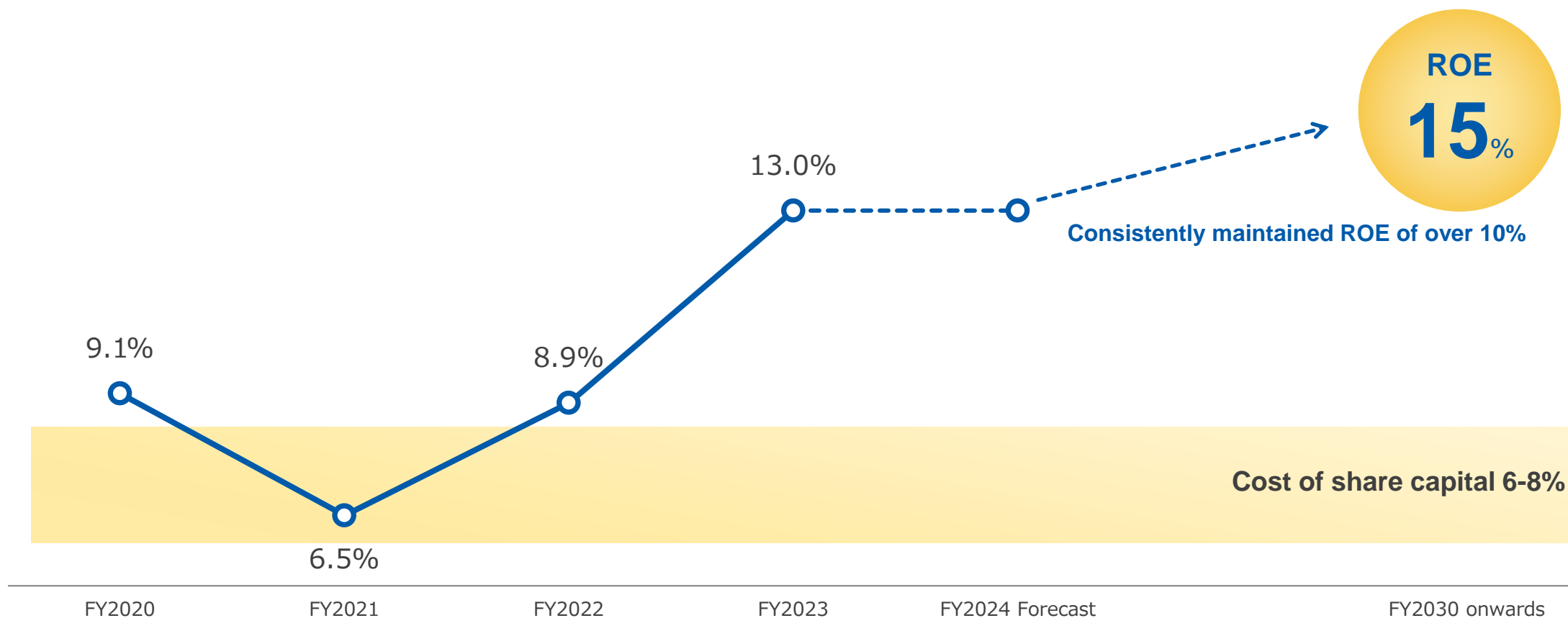
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# ROE

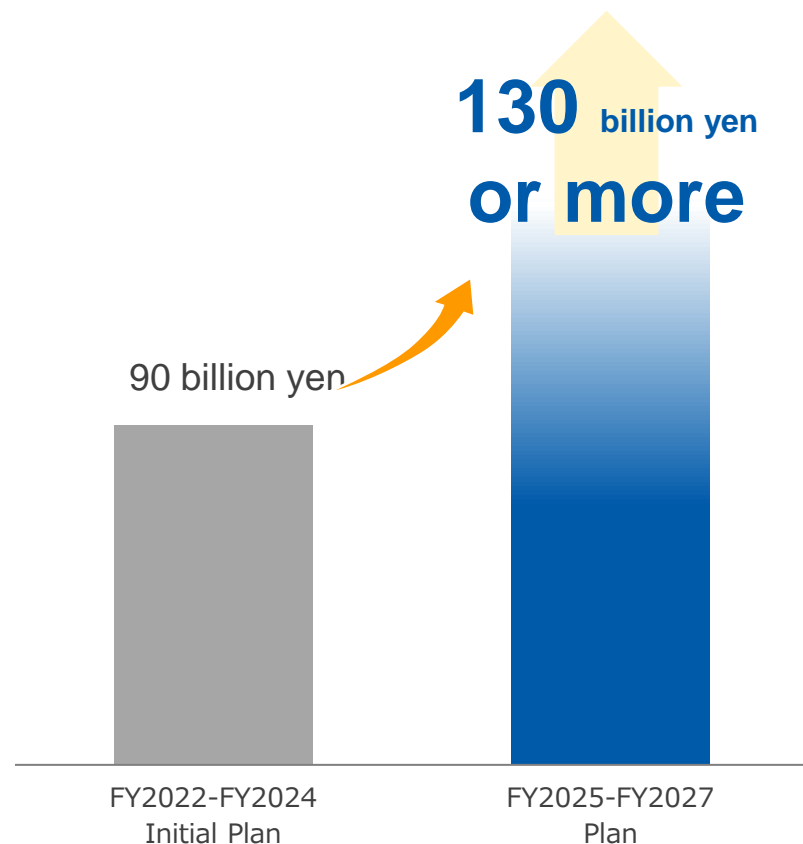
Our cost of share capital is in the range of 6–8%. Since FY2022, ROE has consistently exceeded the cost of capital

Under the new medium-term management plan, we will aim to achieve a long-term ROE target of 15% while continuing to invest in growth



# Investment

We plan to invest over 130 billion yen in capital expenditure during the next medium-term management plan period. Approx. 40 billion yen will be allocated to growth investments, including the expansion of our California plant and construction of a new plant in Mexico, and approx. 20 billion yen will be allocated to expanding into new business domains. Investment decisions will be made with a focus on ROIC

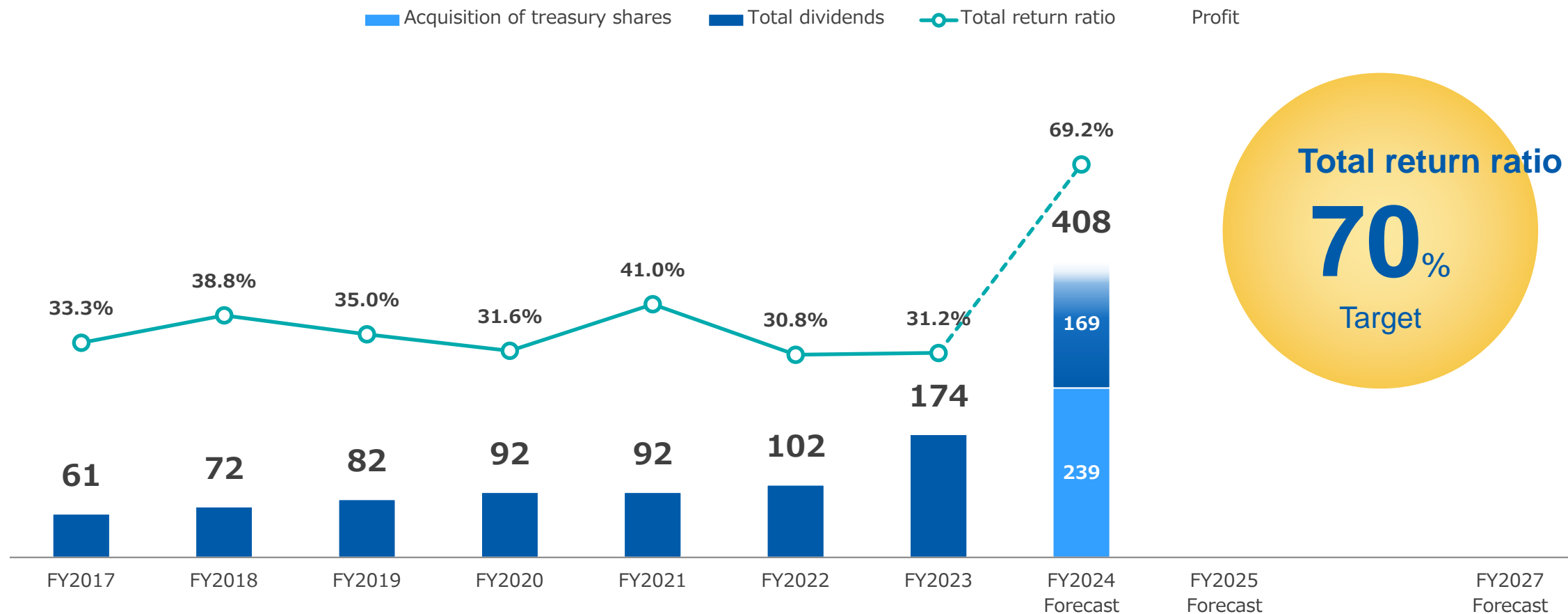


Growth investment	California plant expansion (phase II and III)
	Expansion of freeze-dried food plant (phase II)
	Build a new plant in Mexico
Expansion of business domains	Strengthen frozen & refrigerated food segment
Reallocation of production systems	Reorganize instant and fresh noodle production plants
Climate change	Switch to natural refrigerant
Operational improvements	Upgrade core systems
Investments in upgrades	Approx. 30 billion yen (approx. 10 billion yen per year)

# Shareholder Returns (1): Total shareholder return policy

To enhance shareholder returns and improve capital efficiency, we plan to acquire treasury shares in addition to providing dividends

We will aim for a total shareholder return ratio of around 70% during the next medium-term management plan period

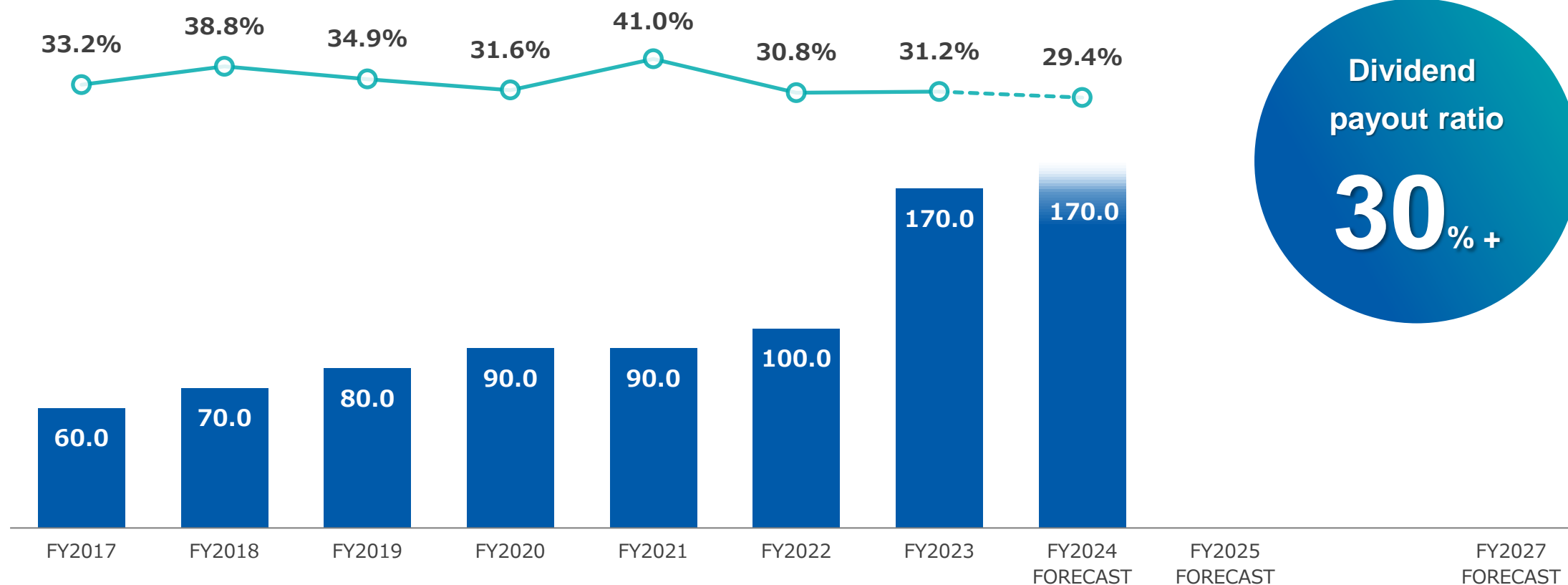


\*Forecast as of November 8, 2024  
(assumes \$1 = ¥143)



## Shareholder Returns (2): Dividend per share

We will maintain a dividend payout ratio exceeding 30% throughout the next medium-term management plan period



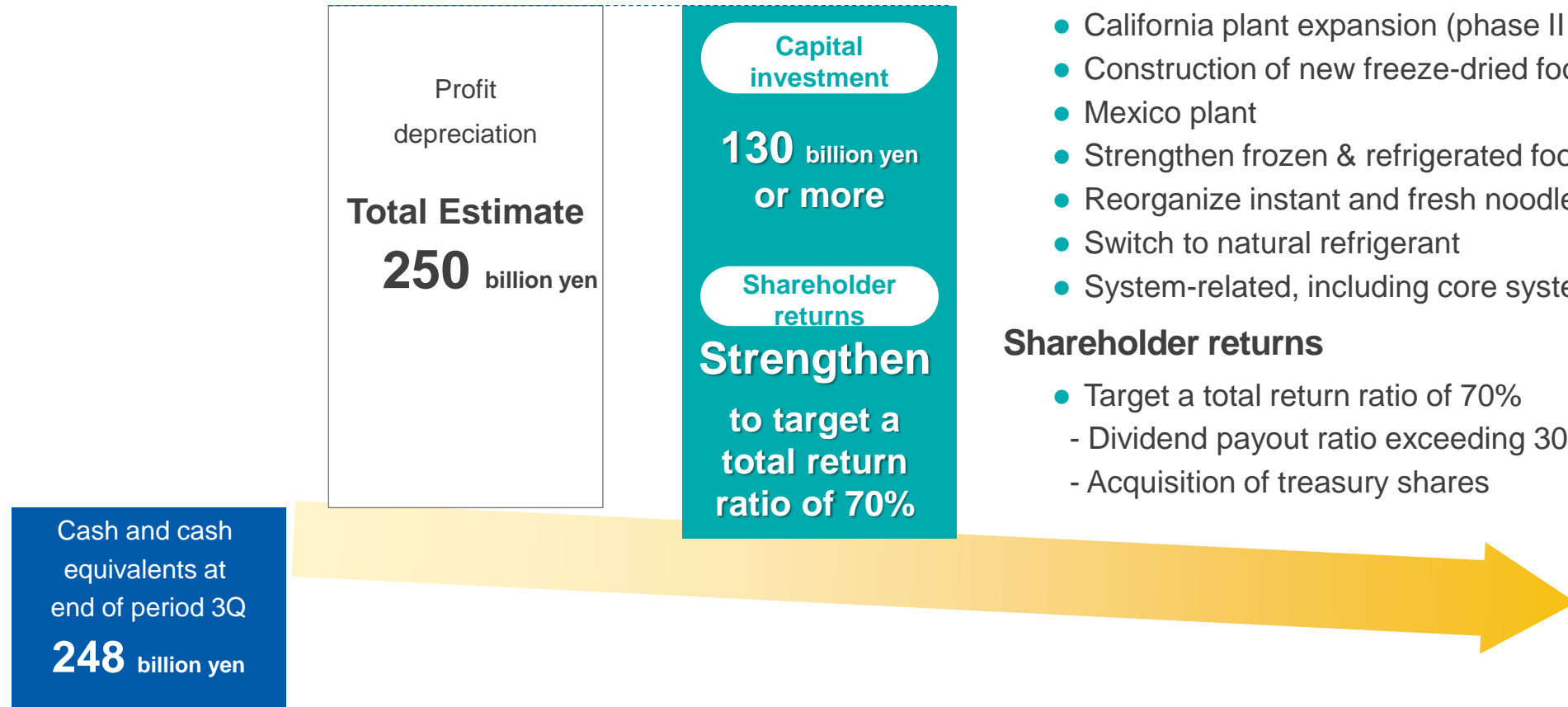
\*Forecast as of November 8, 2024  
(assumes \$1 = ¥143)



# Capital Allocation

During the next medium-term management plan period, we will pursue both more aggressive investments and shareholder returns, while maintaining our current level of cash and cash equivalents.

## Capital allocation plan over the next 3 years



## Major capital investments

- California plant expansion (phase II and III)
- Construction of new freeze-dried food plant (phase II)
- Mexico plant
- Strengthen frozen & refrigerated food segment
- Reorganize instant and fresh noodle production plants
- Switch to natural refrigerant
- System-related, including core system updates

## Shareholder returns

- Target a total return ratio of 70%
  - Dividend payout ratio exceeding 30%
  - Acquisition of treasury shares

FY2024 Q3 Results

\*Excluding foreign exchange effects

# Summary

## Core Policies Under the New Medium-Term Management Plan

### Growth investment

- We aim to achieve sustainable growth in business performance and enhance corporate value in customer markets through increased production capacity for instant noodles in North America and strengthened focus on freeze-dried and frozen foods in Japan
- We will make new investment decisions with a focus on ROIC

### Capital costs

- Our estimated cost of capital is 6–8% (based on CAPM or 5–7% based on forecasted PER)
- We aim to lower our capital costs by adopting average exchange rates during the plan period for yen conversion of overseas sales, reducing quarterly volatility, strengthening governance (in terms of personnel, skills, and compensation), and expanding disclosure in integrated reporting

### ROE

- We will continue to maintain an ROE of 10%, exceeding our cost of share capital at 6–8% throughout the new medium-term management plan period, with a long-term target of achieving 15% ROE

### Profit attributable to owners of parent

- This plan period will serve as a strategic pre-investment phase for accelerating growth beyond 2030
- EPS is expected to be improved through the acquisition of treasury shares

### Shareholder returns

- We plan to maintain a dividend payout ratio exceeding 30% and to acquire treasury shares. We aim to achieve a total shareholder return ratio of around 70%, enhancing shareholder returns and capital efficiency

### Capital allocation

- Cash inflows during the new medium-term management plan period are expected to exceed those of the current plan
- Cash outflows during the same period will be allocated to over 130 billion yen in proactive investments and shareholder returns, with no planned increase in cash and deposits

The plans, forecasts, and other statements contained in this document, other than historical facts, are all forward-looking statements and include various uncertainties.

Please be aware that actual results may differ from these forecasts due to various factors.

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