

Question and Answer Session

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Q1

You have now set ROE of 9% or higher by 2028 as the most important indicator for enhancing corporate value. Given that you have continued to fall short of your ROE target, what is the reason behind this decision to make it the most important indicator? Furthermore, it will be difficult to achieve this target if you continue on the current path. M&A and raising the total payout ratio are likely necessary. How committed are you to achieving the ROE target?

A1 (Okuya)

While we have shifted from prioritizing sales growth to expanding and increasing profits and margins, based on the business situation and environment, we understand that increasing the capital entrusted to us by the capital markets is our universal mission as a company. In line with our Long-Term Vision for 2035, Mid-Term Management Plan, and improved capital efficiency—our future growth story—we have once again clearly presented ROE as our most important indicator, taking into account the current stock price situation.

As you point out, it will be difficult to achieve our ROE target through current organic growth alone. We will steadily increase ROE by incorporating M&A into our growth plan, focusing on capital efficiency, and optimizing our business portfolio and resource allocation.

Q2

In the current Mid-Term Management Plan, the “Global Tomato Strategy” is considered a growth driver, but currently, the tomato paste market is falling, sales volume is below last year's level, and you are lagging in terms of adding value to products, resulting in sluggish profits. What are the current challenges and processes for making improvements in the future?

A2 (Okuya)

Until around 2020, the International Business had low profit levels relative to sales, so our subsidiaries that operate tomato processing businesses around the world were working to optimize their operations in their respective regions.

Given that these efforts have resulted in increased profit levels, we will continue to prioritize the following points in our management going forward.

1. Clarify the division of roles globally and locally

- For global food service companies, the Kagome head office will lead total optimization efforts
- For local food service companies, each subsidiary will lead optimization efforts

2. Group-wide deployment of best practices in manufacturing and loss reduction

For global food service companies, in order for the Kagome head office to take the lead, we will first strengthen corporate head office functions and improve our ability to promote strategies globally. Specifically, it is important for the head office to properly evaluate operations in each region, which has different market environments and is

at a different stage of business, identify growth areas, allocate resources, and also formulate plans, including for M&A deals.

M&A in particular will be a key factor in future growth. For this reason, I will be directly involved in promoting it for the time being.

Q3

You mentioned that the first half of 2026 is extremely important for advancing the Mid-Term Management Plan. What points should investors pay particular attention to?

A3 (Okuya)

The first is that we will clearly lay out our course for M&A, and the second is the formulation of a plan broken down into concrete actions to achieve ROE of 9%.

Although the information we can provide is limited, we believe it is important to break down the strategies that sit at the core of our Mid-Term Management Plan into specific details rather than general terms.

Q4

What are your assumptions regarding the tomato paste market during the new Mid-Term Management Plan?

A4 (Okuya)

Global tomato paste inventory levels are still high, and we expect there is still room for the market price of tomato paste produced and processed in 2026 to fall by several percentage points. However, production volume is also expected to decrease, and we anticipate that inventory levels will level out. For 2027 and beyond, we have formulated our Mid-Term Management Plan assuming that inventories will remain at 2026 levels or will not fluctuate significantly around those levels.

Q5

Regarding the International Business, can you absorb the negative impact of the decline in the tomato paste market by adding value to tomato paste or through global collaboration? How should we think about this?

A5 (Okuya)

Ultimately, market conditions are not something we can control. Therefore, the most important thing during this Mid-Term Management Plan is to lower costs, raise quality levels, and reduce losses, as well as to add value by using digital transformation in agricultural research to increase the sugar content of tomatoes for processing. In other words, it all comes down to increasing our profit-generating capabilities in areas that we can manage and control.

Q6

Do you think that your initiatives to mitigate the negative impact of the decline in the tomato paste market are an area that you have strengthened through 2025? And, do you think that you can further strengthen these initiatives over the next three years?

A6 (Okuya)

We began strengthening these initiatives to reduce losses and utilize digital transformation in manufacturing in fiscal 2024, when we made Ingomar a consolidated subsidiary. Please understand that this was something that took some effort at the end of the previous Mid-Term Management Plan period.

For Ingomar, 2025 was a full year of management by the Kagome Group, including policy formulation. In 2025, we accumulated data from fields and manufacturing plants and made progress in identifying areas for improvement in the manufacturing process. Going forward, our new Mid-Term Management Plan will involve digging deeper into this area and rolling it out to Group companies that also engage in primary processing.

Additionally, in the domain of agricultural research, we established Global Agricultural Research & Business Center USA LLC, an agricultural research base, in the United States in 2024. We are also exploring new technologies through corporate venture capital (CVC), but the domain of agricultural research takes several years to develop, meaning we will not see immediate results. Nevertheless, we will continue to make steady progress.

Q7

I understand that the key to core operating income growth under the new Mid-Term Management Plan is whether or not you can steadily increase core operating income from tomato and other secondary processing in the International Business. What is the likelihood of success of the measures you are working on, such as efforts to lower costs, increase added value, and increase sales volume?

A7 (Okuya)

The element we have the most control over is cost reduction. We aim to reduce to zero the temporary losses caused by process defects and other issues that occurred in 2025 in the International Business. We will then work to improve manufacturing efficiency. While a detailed assessment is required to calculate the specific effects of improvements, we recognize that there is considerable room for improvement.

To increase sales volume, we are strengthening our organization, including increasing the number of staff in our sales and marketing departments. We are also steadily working to increase added value, such as by increasing the sugar content of tomatoes for processing.

Secondary processing is a growth driver for the Kagome Group. We believe it is important to identify which assets and capabilities are lacking and what is needed for continued growth. As I mentioned earlier, we will lay out a solid path for these areas in the first half of 2026.

Q8

You stated that you will proceed with building infrastructure in India as a growth domain for the International Business. What is your strategy? Do you need supplementation to further your regional expansion, or do you need supplementation in terms of functions, including human resources?

A8 (Okuya)

Currently, India is a base for secondary processing only. A major issue is the stable procurement of tomato paste, the raw material. For this reason, we are actively involved in primary processing as well, and are working to build a seamless value chain up to secondary processing, which will complement our functions.

We have the experience and know-how to start up the tomato processing industry in the region from scratch, based on our establishment of Taiwan Kagome in 1967. We would like to utilize this experience and know-how to contribute to our business expansion in India, a key growth domain.

Q9

The cash allocation figure for the Mid-Term Management Plan shows that cash flow from operating activities is expected to total 73 billion yen over three years. Since it totaled approximately 27 billion yen in fiscal 2025, this assumes that cash flow from operating activities will not grow during the period of the new Mid-Term Management Plan. Should we view this as conservative, or are you concerned about risks such as volatility in the tomato paste market in the latter half of the Mid-Term Management Plan? Can you explain your assumptions around cash flow from operating activities?

A9 (Saeki)

The figure of 73 billion yen in cash flow from operating activities for the period of the Mid-Term Management Plan is calculated based on three years of core operating income. Therefore, it is based on the cash flow generated from current organic businesses. Naturally, we are not satisfied with this cash flow, and a major challenge for us is how much we can increase it.

Q10 I understand that tomato juice has posted record high shipment volumes for four consecutive years. Should we view this as a temporary trend or as a mainstay product that has taken root among consumers?

A10 (Okuya)

We don't see this as a temporary trend, but the result of regular consumption. Tomato juice revenue in 2025 was approximately double that of 2021. We believe that the four years of consecutive growth are due to a broadening base of customers who appreciate the health benefits, such as the fact that it lowers blood pressure, and are choosing our product. There has also been an increase in the number of customers who purchase it on a regular basis.

Q11

There have been several times in the past when tomato juice became a trend. What differences do you see in the way it is growing this time around compared to the past?

A11 (Okuya)

In the past, we created a trend through marketing influences such as television commercials. We feel that the growth of the past few years has been driven by the recognition of the health and commercial value of tomato juice. We believe that this is linked to consumer behavior, with people drinking it regularly for its functions such as lowering blood pressure and its skin-beautifying effects.

Q12

In February 2026, you revised the prices of your beverages due to soaring prices of agricultural raw materials. After the price revisions, I anticipate that sales volumes of Yasai Seikatsu and Yasai Ichinichi Kore Ippon will decrease. What are the prospects for the future?

A12 (Okuya)

We understand that immediately after a price revision, sales volume declines due to temporary restraint in purchases. This trend is not limited to beverages. It is essentially the same for all products. To avoid this decline

in sales volume, our main focus this year will be to thoroughly engage in marketing activities to stimulate demand.

Specifically, we will renew Yasai Seikatsu 100 Original by increasing the vegetable content from the previous 70% to 88% while maintaining its fruity, easy-to-drink flavor (the changeover will be gradual from mid-March 2026). In addition to increasing the value of the product itself, we will work to restore demand by bolstering our product lineup and better communicating functional value.

Q13

I understand that your ROE targets of 9% or higher by 2028 and 12% or higher by 2035 are quite challenging. I believe that overseas M&A will be an important factor in achieving these targets. Do you have any idea as to how high you would like to increase the ratio of overseas sales in the future?

A13 (Okuya)

Regarding M&A, we will consider resources necessary for future growth, such as the well-being business, not only overseas but also domestically. We will thoroughly explore specific domains and themes in the first half of 2026.

Regarding the future sales ratio of the International Business, we have the following thoughts:

First, we expect organic growth in the International Business to be around 5% per year, and in our domestic business to be around 1 to 2% per year. Therefore, the sales ratio of the International Business will indeed increase in the future. However, we do not intend to aim for an overseas sales ratio of 80% or so. We believe that it is important to maintain a good balance between domestic and international operations.

Q14

My question is about human resources who will help grow your overseas business. There is a need to develop human resources who can drive the growth of your overseas business to unlock overseas growth. In terms of efforts to achieve this, whether in the short term or the medium to long term, are you considering increasing the number of personnel dispatched from Japan or actively hiring mid-career personnel?

A14 (Okuya)

Our greatest strength in developing Japanese human resources for the International Business can be found in the fields of production, technology, and quality. It is relatively easy to overcome language barriers on the production floor, and we have many human resources who can play an active role overseas, making use of the manufacturing, technology, and quality assurance knowledge they have cultivated in Japan.

On the other hand, to accelerate future overseas growth, it will be important to have human resources who can manage, who can develop sales and marketing strategies, and who can generate and interpret figures. For this reason, we are currently strengthening our organization by assigning personnel from the head office to each base to take on the roles of corporate planning and finance and accounting. In addition, we are expanding the scope of our training by supporting the improvement of language skills and implementing a program to dispatch several young employees to overseas bases for short periods as trainees.

However, we are currently not fully equipped with a system to systematically develop the human resources necessary for the growth of our overseas business. We recognize that this is an issue that must be addressed immediately.