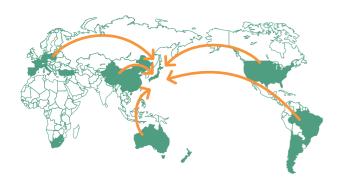
Kagome's Response to the COVID-19 Pandemic

The COVID-19 pandemic is having a severe impact on societies and economies around the world. In a post-coronavirus world, we expect to see the adoption of new values and lifestyle changes. Below, we introduce the role and benefits of the Kagome BCP as well as discuss what new measures we will incorporate to overcome the difficulties of the current environment and continue contributing to society through food. (Created based on information available through May 31, 2020)





Production

Raw materials procurement

- Diversified production sites for major ingredients such as tomatoes and carrots to stabilize procurement
- Created global procurement network
- Consolidated tomato primary processing centers in Europe, Australia, etc.

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- Increasing concerns related to raw materials procurement due to a stop in the flow of people and things
- Rise of food nationalism, including export restrictions on food products
- Conduct flexible procurement based on demand/supply status
- Rapidly secure main raw materials and other materials
- Evaluate a structure for procuring mainstay tomato raw materials from all areas

- Provided safe and secure products based on the concept of "Quality First"
- Consolidated production centers, expanded production capacity, improved production efficiency
- Optimized mix of in-house and outsourced manufacturing
- Risk of being unable to maintain stable production and supply structure
- Risk of production stoppage due to infection breakouts at production facilities
- Risk of difficulty in securing workers
- Burden attributable to rapid demand fluctuations
- Reinforce infection prevention measures to continue production activities
- Ensure social distancing
- Accelerate labor reductions and automation
- Proactive employment of local human resources
- Build production structure to supply increased production.

Logistics and sales

- Used new logistics company F-LINE Corp. to construct an efficient logistics structure
- Created demand by selling Yasai Seikatsu 100 Smoothie and seasonal limited-time only series
- Developed new sales channels including EC and direct marketing
- Difficulty of supply and demand adjustments attributable to rapid demand fluctuations
- Decline in business negotiation opportunities due to stay-at-home requests
- Risk of new product sales not progressing as planned
- Flexible demand/supply adjustments based on future environment predictions
- Develop sales tools to replace visitation-based sales
- Carefully select new products to launch and expand routes through EC and direct marketing

Consumers

- Conducted campaigns that generate demand for vegetables
- Engaged in various food education
- Engaged in communication with Kagome Fan Shareholders who make up consumers
- Postponement of various campaigns
- Rapid decrease in food service demand
- Decrease in opportunities for communication with consumers

Provide products that contribute to improved health and immune system

Strengthen menu proposals to meet eat-at-home demand

Offer virtual plant tours, etc. to create new opportunities for communication with consumers

A review of Kagome initiatives

Future risks due to the impact of the novel coronavirus

Kagome's response

KAGOME INTEGRATED REPORT 2020 7

Establishment of the COVID-19 Task Force

- Organization overseen by the president
- Regular meetings are held once per week
- Departments share status updates and rapid decisions are made on response matters
- Manages responses based on guidance from government and local municipalities

Structure of the Task Force

President & Representative Director

Internal directors. Executive Officers. Division Directors, PR General Manager, etc.

Joint Risk Management Meeting

Basic Policy of the Task Force

- We prevent infections and critical infection among Kagome Group employees and business partners
- As a food manufacturer, we constantly check the status of our entire supply chain to prioritize the supply of the lifeline products we provide.

Main topics of the past responses

Shift to telecommuting

In response to the nationwide emergency declaration, we have adopted telecommuting for all Japanese offices. Since FY2014, Kagome has been implementing work style reforms as we aimed to be a company with a pleasant and rewarding workplace. As part of this initiative, we have adopted various systems, including shifts, flex-time, and telecommuting to increase employee work style freedom and promote autonomous productivity improvements. Through simultaneous efforts to establish the infrastructure needed to support these reforms, we were successful in shifting to our first-ever companywide telecommuting without any major problems.





Rating trends

Stable

Stable

A Tokyo Head Office with no employees (April 2020)

Rating

Creating a stable financial platform

Contributing

to society

Thus far, we have recorded a relatively high level of equity to total assets and maintain an A (stable) credit rating from outside institutions. To prepare to potential strains on the capital procurement environment due to the ongoing COVID-19 pandemic, we executed credit agreements for approximately 20.0 billion yen. The increase in financing expenses resulting from these loans will not have a significant impact on our Kagome Group consolidated earnings.

Embracing the basic policy of fulfilling our responsibility as a food manufacturer to provide lifeline products, we place maximum importance on ensuring the health and safety of workers directly involved in food supply as we work to maintain stable production.

To support the municipalities and medical professionals battling the COVID-19 pandemic, we work with various local municipalities and medical associations to donate vegetable

Rating and Investment Information, Inc. (R&I) Japan Credit Rating Agency, Ltd. (JCR)

Status of external ratings

Rating agency

Changes in balance sheet (Unit: billion yen) 31/12/2019 31/12/2019 201.1 209.6 Assets 27.2 41.8 Cash and cash equivalents Liabilities 89.7 102.9 29.1 Borrowings 45.9 Capital 111.3 106.7

beverages free of charge. Through May 30, 2020, we have donated approximately 52,000 products to organizations such as the Tokyo Medical Association, Kanagawa Prefecture, Wakayama Prefecture, and Osaka Prefecture. We hope to continue delivering vegetable beverages to the people battling on the front lines of this pandemic.



Plant employees working while engaged in



Vegetable juice donated to medical institutions

Future initiatives amid the COVID-19 pandemic

(1) Impact on FY2020 Q1 earnings

[Japan]

- Sales of condiments and other consumer products increasing on acceleration of stay-at-home consumption
- Sales from convenience stores in business districts decreased, sales of certain beverages and products for institutional and industrial use decreased due to a slump in food service demand

[Overseas]

- Decreased sales from businesses related to food service industry due to expanding lockdowns, including restrictions on food service industry
- (2) Future initiatives in light of changes in external environment

Changes in external environment

- Food-related changes in consumer values and behavior
- Dining-out demand, increased demand for food delivery and internet supermarkets
- New values and consumer trends centering
- Rise of food nationalism

2 Lifestyle changes

- Decline in movement and travel
- Normalization of telecommuting and business not involving face-to-face meetings
- Diversification of communication

Future initiatives

- Strengthen menu proposals to meet eat-at-home demand
- Expand EC and direct marketing sales routes
- Provide products that contribute to improved health and immune system
- Create new opportunities for communication
- Identify and select businesses and resources based on predictions for a post-COVID society