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KAGOME Integrated Report 2024



KAGOME

KAGOME INTEGRATED REPORT

2024

Kagome Integrated Report 2024

Theme

Value chain creating value from agriculture and
the human resources underpinning it

Point

Strengths of our unique worldwide value chain
Taking on new challenges to
realize sustainable agriculture

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Editorial Policy

Since the release of its Environmental Report for FY1999, the Kagome Group has continuously reported to our stakeholders on our efforts toward making a social contribution through our businesses by means of the Sustainability Report (CSR report) and Kagome Story (company brochure). This Integrated Report is issued to create new opportunities for discussion by informing our stakeholders, in particular shareholders and investors, about Kagome's mid- to long-term efforts for enhancing corporate value. For details of the financial data and CSR activities not included in this report, please refer to our website.

The company's executive management including the President & Representative Director actively participate in the preparation of this report and its contents are discussed and approved by the Board of Directors.



Kagome website
<https://www.kagome.co.jp/english/>

Units of Amounts in This Report

In this report, amounts are expressed in hundreds of millions of yen rounded down to the nearest one hundred million yen and amounts expressed in millions of yen rounded down to the nearest million yen. In addition, percentages are shown after rounding.

Reporting Period and Boundary

This report covers the period from January 1, 2023 to December 31, 2023. However, some portions contain matters related to activities outside this defined period. The boundary of this document covers the activities of Kagome Co., Ltd. and its consolidated subsidiaries but there are items that only pertain to Kagome Co., Ltd.

Referenced Guidelines

This report was prepared with reference to the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade and Industry (METI). Moreover, our CSR activities are reported on our website, and highlights are included in the ESG section of this report.

[Notes Regarding Forecasts]

The information in this report includes forward-looking statements. These statements are made on the basis of assumptions and judgments based on information available at the time of publication, hence they may contain risks and uncertainties. Accordingly, please be advised that the actual results may differ from such statements due to various changes.

Achieve a sustainable society and Kagome's growth by resolving social issues through food

For 125 years since our founding, Kagome has been contributing to consumers' health and vibrant eating habits with its strength in harnessing the delicious taste and nutrition of nature's bounty that are vegetables and fruits.

We are enhancing corporate value through activities that address social issues head on while sharing our corporate philosophy as a steadfast sense of value with all employees. In the future, we will continue to contribute to finding solutions to social issues in Japan and the world through our business activities, including promoting longer, healthier lives, agricultural development and regional revitalization, and achieving a sustainable global environment.

Kagome's Ideal Image

What Kagome strives for by 2025

To become a strong company capable of sustainable growth, using food as a means of resolving social issues

Social issues to address

Longer, healthier lives

Agricultural development and regional revitalization

Sustainable global environment

Vision

Transform from a "tomato company" to a "vegetable company"

Code of Conduct

Mutual support

Respect for human rights

Fairness

Corporate Philosophy

An inherited management spirit that pervades through the changing times

Appreciation

We are thankful for nature's bounty and for human relationships. We respect natural ecosystems and value human sensibility.

Nature

Through nature's bounty, we endeavor to create rich value that is ahead of the times and to contribute to consumers' health and wellbeing.

Corporate Openness

We aim to be an open company that engages in fair and transparent corporate activities and respects each person's individuality and abilities.

Brand Statement

Our promise to society and our customers

Nature

To strive for healthier food that makes the most of the antioxidants and immunological capabilities of nature's bounty.

True

To produce healthy, great tasting foods without relying on unnatural additives and technologies.

Flavor

Create new demand for delicious food, paying attention to the needs of our bodies and our planet.

Top Message

Further Evolving Our Value Chain Created from Agriculture to Enhance Corporate Value

Having passed the half-way point of the third Mid-Term Management Plan, Kagome is now heading toward a new stage of growth.

We will create new value and achieve sustainable growth by further evolving the value chain we have forged since our founding and by harnessing the power of our people.

Working to Evolve Our Value Chain for Competitiveness and Sustainability

New challenges confronting our value chain and agriculture

The year 2023 marked the 90th anniversary since the release of Kagome Tomato Juice.

This brand of tomato juice has long been loved by consumers in Japan and 2023 was no exception as the shipment volume reached a highwater mark not seen since 2007. Looking at the underlying trend behind this, there has been an increase in new tomato juice customers who are highly interested in beauty.

It gives me great delight that new customers continue to support the Kagome Tomato Juice brand even 90 years after its first release. This feels like our many efforts to continuously develop varieties of tomatoes, devise cultivation methods, and improve manufacturing processes have paid off. In this manner, Kagome has continued to hone its ability to create value from agriculture and deliver this to customers by carefully evolving our value chain since our founding from field to dining table. Our history is steeped in our brand statement of “True to Nature, the Flavor of Kagome” and our approach to manufacturing that focuses on the concept of “fields are the primary production plant.”

At the same time, in recent years, our value chain created from agriculture—one of Kagome’s strengths—faces risks in terms of the procurement of raw materials. This is because

the progression of climate change has brought about more heat waves and droughts, which have already greatly impacted agricultural production. In actuality, tomatoes, carrots, apples and other produce used as the main raw materials of Kagome’s products have already been impacted in various ways in terms of yield and quality.

In this way, in an era where it is becoming difficult to procure natural farm-produced ingredients in a stable manner, Kagome must confront the challenges of agriculture caused by climate change in order to achieve sustainable growth. We need to solve these issues one by one and evolve Kagome’s value chain into something even stronger that is both competitive and sustainable.

Increasing agricultural research and consolidation of Ingomar

Starting in 2023, we kicked off concrete actions to evolve our value chain and make it stronger.

The first step has been to step up agricultural research, which is located at the most upstream of the value chain and includes developing plant varieties and cultivation technologies. In October 2023, we established the Global Agri Research & Business Center, consolidating the development departments of plant varieties and cultivation technologies that had been located both in Japan and overseas. The center features



Satoshi Yamaguchi
President & Representative Director

Top Message

the Agri, Bio Resource and Technology Development Department, the United Genetics Group, a seed development and sales company, and DXAS Agricultural Technology LDA (below, "DXAS"), a company that supports farming using AI. This puts into place a structure that enables everything from laboratory-level research and development to trial cultivation in actual fields all under the same roof. Furthermore, in April 2024, we will establish a subsidiary of the Global Agri Research & Business Center in California, where cutting-edge agricultural technologies are concentrated. Looking ahead, we will concentrate our research resources on this organization, deepen the coordination of each function, and speed up the development of agricultural technology.

The second step was the consolidation of Ingomar Packing Company, LLC ("Ingomar") of the United States. We began exploring this acquisition in earnest from 2023 and announced the move publicly on January 26, 2024.

Progress of the Third Mid-Term Management Plan and Initiatives Heading Toward 2025

Overcoming challenges and refining our ability to adapt to changes in the first two years

The year 2023 also marked the halfway point in the third Mid-Term Management Plan.

This plan covers a four-year period from 2022 to 2025. In the first two years, there was positive news that the three-year-old COVID-19 pandemic was coming to an end, but on the other hand, events occurred that significantly impacted management, such as the war in Ukraine and the increased frequency of natural disasters.

Kagome was also affected by these factors, and faced unprecedented price hikes for various natural farm-produced ingredients, including tomatoes. In particular, in 2023, prices for tomato paste, which is a main ingredient, rose significantly, and the entire Group worked together to prevent a weakening in earnings that would have resulted. In the International Business, which is centered on the BtoB category, we negotiated price revision with all customers in a systematic manner. In the domestic business, in February 2023, we revised the prices of almost all foods for consumer use and beverages and institutional and industrial use products, as well as focused on activities to restore the temporary drop in demand caused by price revisions. Furthermore, as the manufacturer, we made it our mission to reduce costs and increase productivity.

Ingomar, a California-based tomato primary processing company, is the second largest tomato processor in the U.S. and the fourth largest in the world in terms of tomato throughput. Since it was established with the investments of tomato farmers, Ingomar is characterized by its strong ties to the field.

Going forward, we will plant new varieties and install cultivation technologies researched and developed by the Global Agri Research & Business Center on Ingomar's tomato raw materials procurement base, and create a system for large-scale verification for commercial use. We intend to expand the knowledge gained from this arrangement to the world and use it to solve the problems facing agriculture.

With the establishment of the Global Agri Research & Business Center and discussions to acquire Ingomar, 2023 was a turning point year for us to evolve our value chain to make it stronger as well as competitive and sustainable.

As a result of implementing each of these measures with a sense of urgency, we were able to overcome this difficult situation and post increased revenue and profits for the entire Group in 2023. I believe that the main reason for this performance was that the entire organization was able to demonstrate its ability to respond to change in a coordinated and autonomous manner in response to rapid changes in the operating environment. Through our experience of the first two years of the third Mid-Term Management Plan, I feel that our organizational capabilities to overcome severe operating environments are steadily increasing.

Accelerating the growth of the International Business

In 2023, the International Business saw a significant increase in revenue, with its core operating income accounting for more than half of the Groupwide total. This breakthrough in the International Business was driven by the fact that we were able to overcome higher market prices due to tight inventories of tomato paste through flexible price revisions, and that we made progress in our efforts to supply global food service companies following the recovery in demand for eating out.

However, I believe that this increase in revenue would not have been possible without the earnings structure reforms that we

have been promoting since the period of the previous Mid-Term Management Plan. Kagome Inc., our subsidiary in the United States, has been focusing on its core competencies of customers and products, while Holding da Industria Transformadora do Tomate, SGPS S.A. (below, HIT), our subsidiary in Portugal, has been working to improve profitability by optimizing the scale of its primary tomato processing operations.

As a result of these activities, we got on track to complete our earnings structure reforms, and we were able to make the most of the tailwind brought about by the change in the operating environment in the form of a recovery in demand for eating out.

In light of this situation, I intend to further accelerate the growth of our International Business in the final two years of the third Medium-Term Management Plan, beginning in 2024. As one of the measures to achieve this, in October 2023, we converted the International Business Division to a company system within Kagome Food International Company. In conjunction with this, authority was transferred to the company president, and a Management Meeting was established with the CEOs of overseas subsidiaries as members to deepen cooperation within the company. In this way, we will increase the speed of decision-making to respond quickly to changes in the market and strengthen our ability to respond to the needs of global food service companies.

What's more, our acquisition of Ingomar as a consolidated subsidiary will be a very positive factor in accelerating the growth of our International Business. As a result of this consolidation, Kagome will have a complete value chain in the United States, including seed development and sales (United Genetics Group), primary processing (Ingomar), and secondary processing (Kagome Inc.). This will enable us to raise the growth potential of our tomato processing business in the United States to another level.

Focusing on restoring profitability of the domestic business

In 2023, in the domestic business, we focused on completing price revisions to offset rising cost of sales caused by soaring

prices of natural farm-produced ingredients and restoring the temporary decline in demand. As a result, revenue increased, but core operating income declined because it was not enough to cover all of the increases in cost of sales.

By category, sales of institutional and industrial use products, which captured demand for eating out and inbound tourism demand, grew steadily. In addition, the sales value of vegetable beverages, which were greatly affected by price revisions, exceeded the previous year's level in the fourth quarter of 2023 (October to December), as our measures to spur demand throughout the year paid off.

Nevertheless, raw materials prices in the domestic business are expected to rise substantially in 2024 as well. To address this situation, in the final two years of the third Mid-Term Management Plan, we will continue to thoroughly work on "restoring profits." In February 2024, we revised the prices of all our mainstay products for the second consecutive year. At the same time, we will employ a wide range of activities to convey the value of vegetables and plant-based food products to customers to stimulate demand. For vegetable beverages in particular, as a category leader, we will develop sales promotions focusing on breakfast in order to reverse the trend of shrinking market size. In addition, we will strengthen the dissemination of information not only on lycopene in tomatoes but also on beta-carotene, a functional pigment in carrots.

The Let's Eat Vegetables Campaign, which kicked off in 2020, will mark its fifth year in 2024. By increasing opportunities for consumers to experience VegeCheck® at retail stores and local government events, the running total number of measurements has increased to seven million (as of January 31, 2024). In many cases, recognizing one's own vegetable intake through these measurements has led consumers to purchase vegetable beverages. We will continue this activity as one that will help grow the top line of vegetable beverages.

In addition, we will promote the development of infrastructure in our supply chain to achieve further cost reductions. More than 90% of the natural farm-produced ingredients used in our domestic business are procured from outside of Japan. Therefore, while there are various variables, it is important to make adjustments in a timely manner and ensure stable



Top Message

procurement. In order to address this issue, over several years starting in 2023, we will revamp our entire supply chain IT system so that we can manage data in a comprehensive manner, including our internal procurement, SCM, and sales departments, as well as our business partners. As a result, we will significantly reduce loss by optimizing the amount of raw materials procured, product production, and inventories, which will help to restore profits.

Reaching our targets for 2025

In conjunction with the announcement of our financial results in February 2024, we updated our quantitative targets for FY2025, the final year of the third Mid-Term Management Plan. Based on the summary of the previous Mid-Term Management Plan, in which we were unable to achieve sustainable growth despite our ability to generate profits, we have set new targets of consolidated revenue of 300 billion yen and consolidated core operating income of 24 billion yen as the final step of the third Mid-Term Management Plan, which emphasizes growth. This will be the first time Kagome has achieved this scale of revenue, and we aim to achieve it by mobilizing the strengths of the Group.

Achieving Sustainable Growth over the Medium to Long Term with the Power of Our People

Building an environment where all employees can realize their potential

It is none other than our people who will be responsible for accelerating the growth of the International Business, restoring profits in the domestic businesses, and exploring and developing new businesses, as I have mentioned. Without each and

Toward this end, in addition to activities aimed at accelerating the growth of the International Business and restoring profits in the domestic business, we will need to strengthen the series of processes to “explore new seeds of growth and develop them into businesses.” We set up the Business Development Office in October 2020 as the starting point for this process, and it has been pursuing the possibility of new businesses through open innovation. From these activities, collaborations with plant-based food startup TWO Inc. and Shiseido Company, Limited, which is expanding its business in the inner beauty category, were born.

In the future, we would like to focus on fostering such collaborations and expand the scope of open innovation by utilizing the subsidiary of the Global Agri Research & Business Center in the United States.

In parallel with these growth activities, we will instill ROIC management within the company and enhance capital efficiency by boldly and flexibly reviewing our business portfolio, production bases, and product mix. Our goal for FY2025 is to achieve an ROE of 9% or higher.

every one of us having a strong desire to solve problems in agriculture and food, and without the enthusiasm to see these through, Kagome’s sustainable growth will not be possible. Therefore, I believe that it is our responsibility as a company to create an environment in which all of our people can fully realize their potential.

Our top priority is to support the health of our people. Physical and mental health is a prerequisite for a prosperous life, and the activities of the organization are also enhanced by it. In addition, our health also makes our business offerings more persuasive because we provide products and services that contribute to the health of our customers.

For this reason, we have made “strengthening health and productivity management” a priority issue. We support the healthy daily living of our employees from both high-risk approaches and population approaches, such as Kagome’s unique program utilizing VegeCheck®. In 2023, we were selected as a Health and Productivity Management Outstanding Organization White 500 (Large Enterprise Category) in recognition of our extensive activities.

The other is to create an organizational culture with “psychological safety.” Psychological safety is felt when everyone is able to express their honest opinions and simple questions without hesitation. Various studies have shown that in such organizations and teams, the engagement and performance of the members are high.

I believe that an organizational culture with “psychological safety” is indispensable as a working environment in which our people can fully realize their potential. It may seem easy to achieve a state where employees can express their honest opinions without hesitation, but in reality, it is not because this requires the understanding and efforts of everyone in the organization.

Since assuming the position of President in 2020, I have repeated a cycle of disseminating messages about “psychological safety” at every opportunity in the company newsletter and other means, and we have conducted training as part of diversity activities, and monitored the level of penetration within the company every year to lead to the next measure. As a result, I feel that the behavior of many of our people is

changing. In addition, the scores on the engagement survey introduced in 2021 have been steadily improving.

In recent years, the importance of “psychological safety” has been attracting attention from the perspective of risk management, too. We will continue working to create an organizational culture with “psychological safety” as a priority issue of management.

Formulating strategies looking to the next 10 years of growth

In November 2023, we began formulating the 2035 Plan, a set of management strategies covering the next medium- to long-term period. The 2035 Plan clarifies where Kagome should contribute to the realization of the society we want to achieve in 2035, and the corporate image that Kagome aims for, and sets out management strategies and priority themes to be addressed to achieve this. We have been moving toward what Kagome strives for by 2025, and the 2035 Plan is a guideline that will serve as a guidepost for us covering the next 10 years starting in 2026. Currently, with executive officers who will be responsible for the next generation of management as core members, we are formulating the plan while reflecting the voices of many employees.

One of the key themes that will be included in the 2035 Plan is the formulation and implementation of a medium- to long-term human resources strategy. The changes in society leading up to 2035 will be incomparably greater than in the past, and Kagome’s business portfolio and business areas may change dramatically to accommodate them. This is because, in the midst of these drastic changes, it is very important to show what kind of requirements are needed for human resources to support the growth of the Kagome Group and how to provide for them.

Message to Stakeholders

In 2023, the Kagome Group was able to overcome an unprecedented increase in raw materials prices by working together as one. The fact that we were able to respond to this rapid change in the environment is proof that we have gained the organizational strength aimed for as a “strong company.” While further building on this strength, we will continue to achieve the targets of the third Mid-Term Management Plan, which ends in FY2025, and formulate management strategies for the next 10 years by wholeheartedly confronting each issue. To this end, we will further evolve our value chain that creates value from

agriculture, one of Kagome’s strengths, and enhance our corporate value in response to the expectations of all stakeholders. I ask for your continued support going forward.

President & Representative Director

Satoshi Yamaguchi



We will strike a balance between growth investment and shareholder returns to support our sustainable growth despite the changing operating environment.



Takeshi Saeki

Managing Executive Officer,
CFO, CRO, and
Enterprise Risk Management Committee Executive Director

Q1 Can you provide an overview of Kagome's performance in FY2023?

Revenue was up 9.3% year on year. Revenue increased across all business segments. This was because in the International Business in particular, demand recovered centered on processed tomato products, we made progress with passing on higher costs to selling prices, and we increased the amount of foreign currency conversions to yen amid yen weakness.

Core operating income was up 52.1% year on year. In the Domestic Processed Food Business, we narrowed the initially forecast loss from the previous fiscal year by actively working on cost reductions, in addition to price revisions, to offset the substantial increase in costs due to soaring raw materials and energy prices. Additionally, the core operating income of the International Business greatly increased, similar to revenue.

Net income attributable to shareholders of parent increased 14.4% compared to the previous fiscal year. Factors causing a decline in net income attributable to owners of parent from core operating income were the impairment losses on fixed assets in the Domestic Agri-Business. The Domestic Agri-Business is

structured in a way that selling prices are greatly affected by market conditions. The main reason for recording impairment losses was because we determined that it is unclear whether we can fully reflect future cost increases in selling prices.

The operating environment has experienced sudden changes, and yet, we were able to record higher revenue and profits for FY2023 and provide dividends to shareholders in excess of our initial target.

Underpinned by this performance, ROIC* also improved 1.7 points to 13.2%. This was mainly attributable to a substantial increase in profits. In terms of our invested capital, inventories increased markedly by 17.6 billion yen compared to the previous fiscal year. This was due to higher raw materials prices. In response to higher raw materials prices, we hiked selling prices and made efforts toward cost reduction, which has enabled us to maintain a sound cycle of invested capital and profits. [P.26](#)

* Kagome ROIC: EBITDA ÷ Invested capital

Q2 Can you provide a review of the first half of the third Mid-Term Management Plan in terms of financial strategy?

The basic policy of the Group's financial strategy is to strike a balance between growth investment and shareholder returns. It is important to maintain a stable financial platform in order to support sustainable growth and withstand major changes.

In FY2022 and FY2023, the first half of the third Mid-Term Management Plan, we were able to exceed the plan's initial targets in terms of both revenue and core operating income, despite major changes in the operating environment. This was due to the fact that the International Business grew at a faster pace than expected. On the other hand, in the Domestic Processed Food Business, we revised selling prices in response to the rapid increase in the cost of raw materials and other expenses. Initially, sales volume declined as a result, but in the fourth quarter of 2023, sales volume generally recovered to the previous year's level.

Cash flows for the same period are shown on the right.

Type	FY2022–FY2023
Cash flows from operating activities	9.2 billion yen
Cash flows from investing activities	-15.5 billion yen
Cash flows from financing activities	10.1 billion yen

● Cash flows from operating activities

Net cash provided by operating activities totaled 9.2 billion yen. Although profits were steady, the main reason for this was a decrease in cash of 22.3 billion yen over the two years due to an increase in inventories.

● Cash flows from investing activities

Net cash used in investing activities amounted to 15.5 billion yen. This was mainly due to the fact that we refrained from making

non-essential and non-urgent capital investments in response to the weakening operating cash flow situation.

● Cash flows from financing activities

Net cash provided by financing activities was 10.1 billion yen. This was mainly due to borrowing to meet the demand for funds in FY2024 and onward.

In terms of financial indicators, shareholders' equity ratio* was 49.8% and Kagome's credit rating is Single A. Although the shareholders' equity ratio was slightly lower than the target of the third

Mid-Term Management Plan, we believe that our financial platform remains stable. As for capital efficiency, ROE was 8.3%. This was due to a temporary loss resulting from impairment of fixed assets in the Domestic Agri-Business. Excluding this loss, we achieved our target level of 9%. In terms of shareholder returns, we were able to increase the dividend by 3 yen per share from the previous fiscal year.

* Shareholders' equity ratio: Ratio of equity attributable to shareholders of the parent

Purpose	Indicator	Results for FY2022	Results for FY2023	Policy of Third Mid-Term Management Plan
Stability of the financial platform	Shareholders' equity ratio	52.8%	49.8%	50% or higher
	Credit ratings	Single A	Single A	Single A
Growth with an emphasis on capital efficiency	ROE	7.7%	8.3%	9% or higher
Stable return of profits	Total return ratio*		–	40% or higher

* Dividends per share totaled 38 yen in FY2022 and 41 yen in FY2023

Q3 What are Kagome's financial goals in the second half of the third Mid-Term Management Plan?

In FY2024 and FY2025, the second half of the third Mid-Term Management Plan, we will target revenue of 300 billion yen and core operating income of 24 billion yen based on the basic policy of restoring profits in the domestic business and accelerating growth in the International Business. This greatly exceeds the initial target set back in FY2022.

In particular, with regard to inorganic growth, in January 2024, we acquired an additional stake in Ingomar, an equity-method affiliate, making it a consolidated subsidiary. We expect that this will result in an increase of approximately 50 billion yen in revenue. This additional stake of approximately 36 billion yen represents the largest business investment ever made by Kagome. The funds required for this investment will be temporarily procured through

borrowings. As a result, the shareholders' equity ratio will fall below 50%. However, we plan to repay the borrowings by the end of the third Mid-Term Management Plan period through profits from Ingomar and the disposal of treasury stock, which will restore the shareholders' equity ratio to over 50% again.

Based on these factors, our financial indicators for FY2025 are expected to exceed the basic policy. We will maintain the stability of our financial platform and strive for growth with an emphasis on capital efficiency. In FY2024, we plan to pay a dividend of 52 yen per share, including a commemorative dividend of 10 yen per share. We will maintain a total return ratio of 40% or more during the period of the third Mid-Term Management Plan, while returning profits from our business growth.

Q4 What is the significance of ROIC management?

As part of our initiatives for improving capital efficiency, we manage ROIC companywide, aiming to improve ROE in order to maximize corporate value. [P.26](#)

In our financial structure, we need to achieve ROIC of 11 to 12% in order to achieve ROE of 9% or more. From this perspective, we have set ROIC targets for each business

segment and have established a system to set KPIs and implement the PDCA cycle to achieve them.

Going forward, we will continue to evolve the PDCA cycle and link it to the awareness and actions of each and every employee in order to increase capital efficiency and maximize corporate value.

Q5 What is your approach to risk management?

One of the actions being taken during the period of the third Mid-Term Management Plan is "Strengthen the Group's management foundation and foster a culture for tackling challenges." We believe that risk management will be a pillar that supports this management foundation. [P.77](#)

Kagome's risk management initiatives are structured so that each person, from executive management to individual employees,

can take ownership and work on everything from the company's priority risk issues to the risk issues of each organization.

In order to achieve the quantitative targets set out above, we believe that it is important to accurately understand the various risks arising from changes in the operating environment from each standpoint and take appropriate actions.

Aiming to Create Value from Agriculture

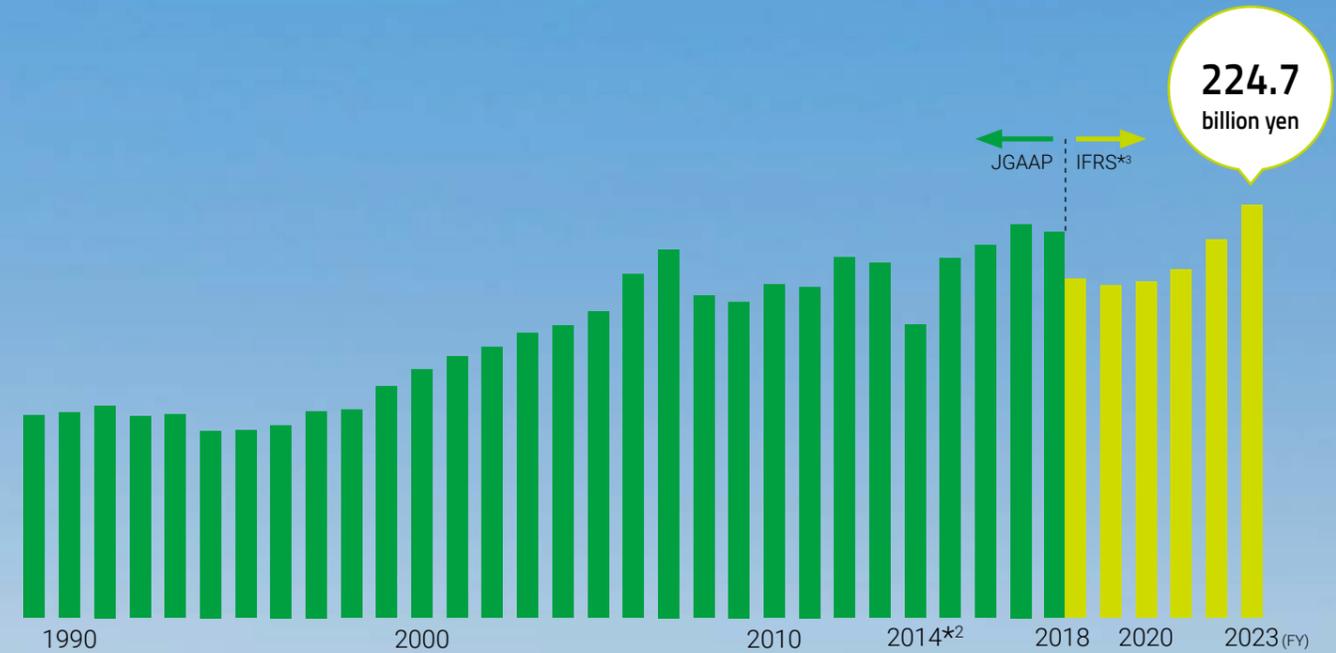
For 125 years since its founding in 1899, the Kagome Group has delivered products and services utilizing the bounty of nature to support the healthy and vibrant lives of customers.

Just as our founder, Ichitaro Kanie, pioneered the tomato processing industry as a farmer with the desire to make the most of his crops, we will continue to take on the challenge of creating value from agriculture and thereby aim for greater growth.

→ Trend in Kagome's Net Sales/Revenue*1



*1 Presents nonconsolidated net sales until 1995 and consolidated net sales/revenue for 1996 onward.



*2 FY2014 represents the nine-month period from April 1, 2014 to December 31, 2014 following change to the Company's business year.

*3 Kagome has adopted IFRS since FY2019. For reference, figures in conformity with IFRS are also included for FY2018.

1899 to 1962

Processor and Manufacturer of Agricultural Produce

Contributing to the spread of Western cuisine and the improvement of tomato cultivation technology through the launch of processed tomato products

In 1899, Ichitaro Kanie began cultivating Western vegetables in Japan. In 1903, the company began producing tomato sauce, and in 1908, tomato ketchup and Worcestershire sauce. At that time, the company's trademark was called "Kagome Mark" because it looked like the "mesh of a basket (*kago no me* in Japanese)" for harvesting tomatoes. With the modernization of lifestyles in Japan, Western food was becoming popular in ordinary households, and in response to the growing demand for its products, in 1919 Ichitaro Kanie decided to specialize in the agricultural production and processing business. For the procurement of natural farm-produced ingredients, the company introduced a contract cultivation system to maintain quality and ensure a stable income for farmers, laying the foundation for the procurement method of raw materials that continues to this day.

- 1899 Founded
- 1903 Began producing tomato sauce (currently, tomato purée)
- 1908 Began producing tomato ketchup and Worcestershire sauce
- 1914 Established Aichi Tomato Manufacturing Co., Ltd.
- 1933 Launched sales of tomato juice



1963 to 1980

Improvement of Tomato Varieties as a Focal Point

Making tomato ketchup more available and accessible in Japan

In the 1960s, in response to intensifying competition in Japan's tomato juice market and government measures for the liberalization of imports of tomato products, the company began to rationalize each stage of its business, from raw ingredient procurement to manufacturing. In 1963, the company established a test farm (later integrated into the Research & Development Division) to develop high-quality, more easily cultivable and high-yielding tomato varieties, laying the foundation for its research of breeding and cultivation technology. In 1966, anticipating customer needs, the company launched the world's first tomato ketchup in a plastic container. In response to growing demand, the company established its first overseas base in Taiwan in 1967 to secure tomato raw materials.

- 1963 Changed name to Kagome Co., Ltd.
- 1966 Launched sales of tomato ketchup in a plastic container
- 1967 Established Taiwan Kagome Co., Ltd.
- 1980 Launched sales of Jojuku Sauce



1981 to 1991

Advancements in Processing Techniques

Expanding the market with processing technology allowing consumers to enjoy the flavor of freshly picked tomatoes

In order to deliver the same quality and flavor throughout the year, the company mainly researched a method of concentrating tomato juice without the use of heat, and in 1982 it rolled out a reverse osmosis (RO) concentrator at its plants in Japan. This made it possible to produce concentrated reduced juice that retains the flavor of freshly picked tomatoes. In addition, in order to improve the quality of overseas raw materials, a commodity whose procurement volume was rapidly increasing at the time, the company introduced production lines with aseptic filling systems for tomato paste in Taiwan, Turkey, the United States, and other countries. This made it possible for the company to procure low-cost, high-quality raw materials from its overseas bases.

- 1983 Launched drinks sold in paper containers using RO concentration technology
- Changed brand mark to **KAGOME**
- 1988 Established Kagome USA, Inc.



1992 to 2006

Greater Added Value of Vegetable Beverages

Offering a wide variety of easy-to-drink vegetable beverages that would become a new way of vegetable consumption

In 1992, the company launched the Carrot 100 series. The creamy consistency and robust flavor of carrots was extremely well received by consumers. In 1995, the company launched a mixed vegetable and fruit juice called Yasai Seikatsu 100. After that, the company expanded the lineup based on vegetable colors such as green, purple, red, and yellow. In 1998, the company started a direct marketing service called Kenko Chokusobin. In 2004, the company launched Yasai Ichinichi Kore Ippon. Utilizing research on the functionality of vegetables in consumer communication, the company expanded knowledge about the functionality of vegetable pigments such as lycopene and beta-carotene, and promoted the benefits of consuming vegetables through juice.

- 1992 Launched sales of Carrot 100 Series
- 1995 Launched sales of Yasai Seikatsu 100
- 2000 Drafted corporate philosophy
- 2003 Established Vegitalia S.p.A. (Italy)
- 2006 Launched sales of plant-based lactic acid Labre



2007 to 2015

Expansion of Global Presence

Contributing to the local tomato industry and providing a stable supply of raw materials by expanding bases around the world

Following Taiwan and the United States, the company established overseas bases in Australia and Portugal, and promoted the introduction of products to the main customers of global food service companies, and entered local markets. At the same time, by bolstering the production of raw materials for Japan through these bases, the company was able to ensure access to stable procurement of safe and secure raw materials.

- 2010 Established Kagome Australia Pty Ltd. (Australia)
- 2011 Kagome Co., Ltd., Calbee, Inc. and ROHTO Pharmaceutical Co., Ltd. jointly established Michinoku Mirai Fund to support children orphaned in the Great East Japan Earthquake to study at the university level
- 2012 Acquired Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) in Portugal
- 2014 Launched sales of Kagome Tomato Juice Premium
- Launched sales of Yasai Seikatsu 100 Smoothie



2016 to Present

Towards Sustainable Growth

Supporting people's health and vibrant diet with a variety of products that utilize the bounty of nature

In 2016, the company launched Kagome Tomato Juice as a Food with Function Claims. The company's other Foods with Function Claims include vegetable juices and lactic acid bacteria drinks. In the same year, the company established What Kagome Strives for by 2025 and a long-term vision, aiming to achieve sustainable growth by resolving social issues. In 2021, the company began tapping into the plant-based food market in collaboration with other companies. In 2022, the company established DXAS Agricultural Technology LDA, a joint venture with NEC Corporation, and started an AI-powered farm management advice and automatic irrigation control service overseas.

- 2016 Established Kagome Axis Co., Ltd.
- Established Kagome Foods India Pvt. Ltd.
- 2017 Established Kagome Senegal Sarl
- 2019 Established Kagome Yasai Seikatsu Farm Fujimi
- 2022 Launched sales of products jointly developed with TWO Inc.



Kagome's Value Creation Process

We take consistent action as an organization by positioning our corporate philosophy as Kagome's unwavering values and brand statement as our promise to society and our customers at the foundation of our management. By predicting environmental changes and utilizing management capital that supports our growth, we are developing our value chain founded in agriculture through collaboration with various partners.

Today, we are providing products and services that integrate agriculture with health and everyday living via our three segments of Domestic Processed Food Business, Domestic Agri-Business, and International Business, as well as the value creation activities that support these businesses. We strive to address the three social issues of longer, healthier lives, agricultural development and regional revitalization, and sustainable global environment through our businesses, and become a strong company capable of continuous growth to create social and economic values.



Management capital supporting growth

- Health, agriculture, and safety research that creates new value
Intellectual capital
- Expansive domestic and global procurement network
Social and relationship capital **Natural capital**
- Ability to provide a diverse variety of vegetables
Intellectual capital **Manufactured capital**
Social and relationship capital
- Power of brand known for safety and security
Intellectual capital
- Financial platform that supports businesses
Financial capital
- Diverse human resources with aspiration for advancement
Human capital

Changes in social environment

- Environmental forecast
- Risk awareness
- Global issues



FY2022-FY2025
Third Mid-Term Management Plan Materiality

Products and services that integrate agriculture with health and everyday living

- Domestic Processed Food Business (P.37-38)
- Domestic Agri-Business (P.39-40)
- International Business (P.41-42)

Strengthening value creation activities

- Sustainable global environment
- Product safety and security
- Establishing a sustainable supply chain
- Respecting diversity and expanding human capital
- Strengthen corporate governance

Value offered

Social value

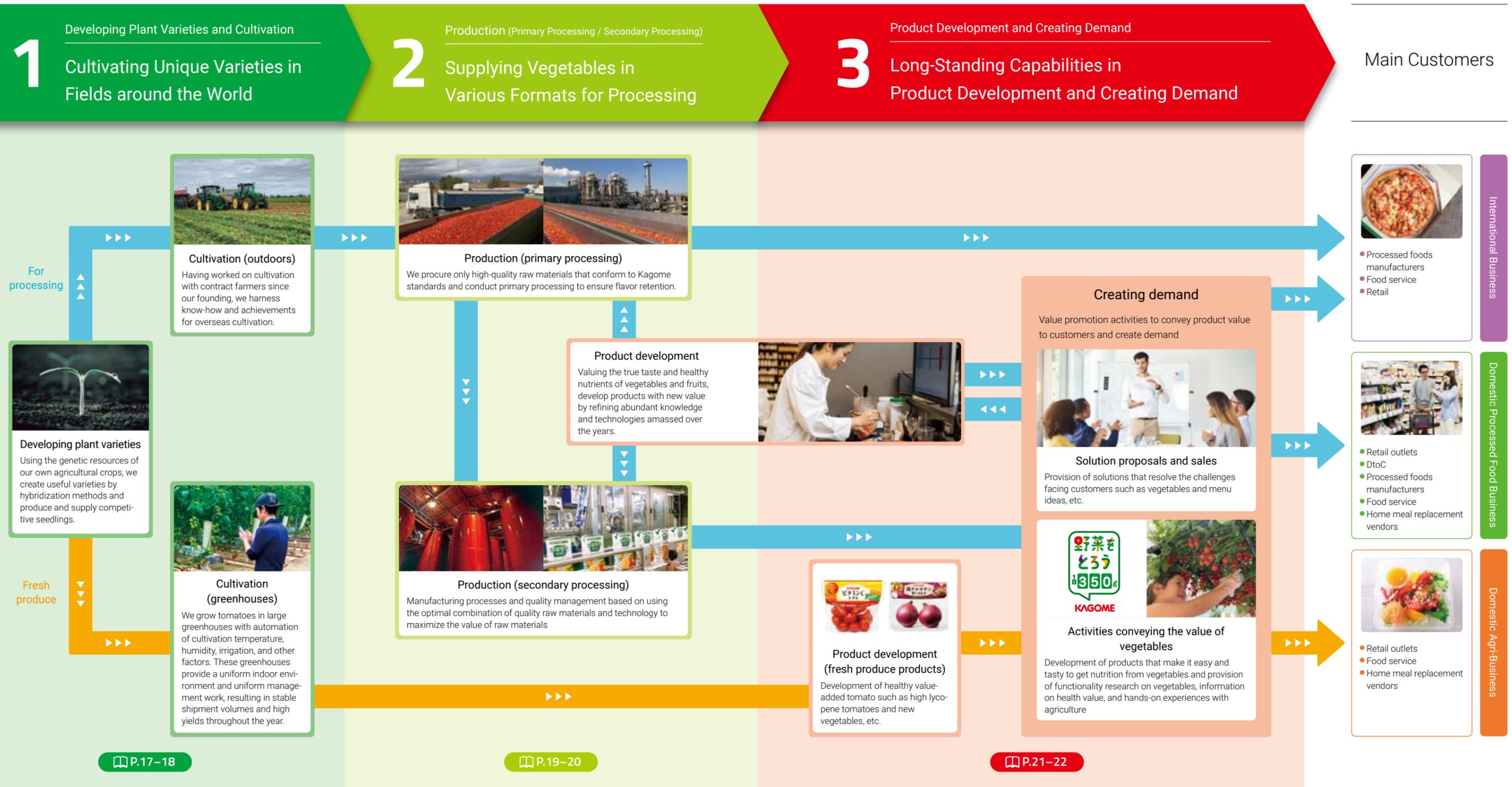
- Longer, healthier lives
- Agricultural development and regional revitalization
- Sustainable global environment

Economic value

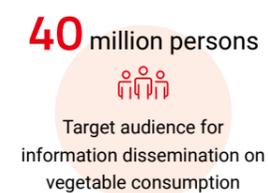
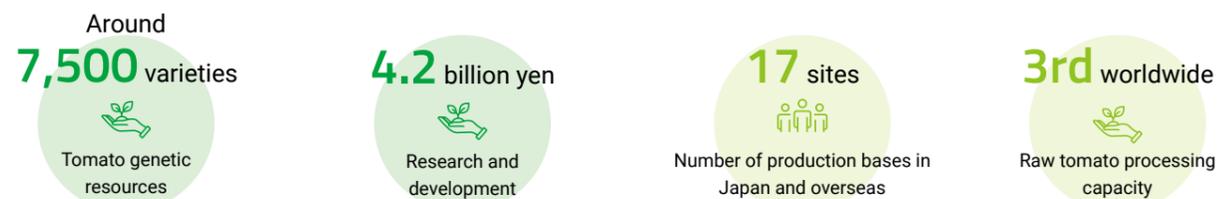
- Achieve sustainable growth



Global Value Chain Creating Value from Agriculture



Non-Financial Value Producing Sustainable Financial Value



Financial Indicators (FY2023)



Source: Intage SRI+
Unit: market share by value (%)
Sales settings: supermarkets, convenience stores, drug stores, home improvement stores

Period: January to December 2023
Target area: nationwide in Japan

* Kagome ROIC: EBITDA ÷ Invested capital

Natural capital Human capital Financial capital Intellectual capital

Developing Plant Varieties and Cultivation

Since its founding, Kagome has been involved in the development of agricultural resources, i.e., through the development of new varieties and cultivation technologies, based on the belief that “fields are the primary production plant.” In recent years, the environment surrounding agriculture has changed dramatically worldwide. Agriculture faces many challenges, including extreme weather caused by climate change, the reduction of cultivation area due to the aging of farmers, and the tightening of environmental regulations, especially in Europe. Kagome will realize sustainable agriculture and develop new pillars of business by developing plant varieties that can cope with environmental changes and cultivation methods with low environmental impact.

Kagome's Uniqueness - Example

1

Bases for Developing Plant Varieties Around the World

We store and maintain a database of countless genetic resources, including seeds of approximately 7,500 varieties of tomatoes. Utilizing these resources, we are developing tomato varieties by crossing varieties without the use of genetic modification technology. Since it takes more than five years to develop plant varieties, we anticipate market needs several years in advance, identify taste and traits, and resistance to diseases and pests that match these needs.

To bolster the development of new plant varieties and cultivation technology, we established the Global Agri-Research & Business Center in October 2023. Under the umbrella of this organization is agricultural resource development that has been carried out by research laboratories in Japan, the agri-business R&D center in Portugal, and United Genetics, which develops, produces, and sells seeds in six countries around the world. We will promote the development of new plant varieties and cultivation technology in an integrated manner worldwide.



Head Office of United Genetics Holdings LLC (U.S.A.)

TOPICS Difference between Fresh Tomatoes and Processing Tomatoes

There are two types of tomatoes: fresh tomatoes that are eaten raw in salads, and tomatoes that are processed and used in tomato juice and tomato ketchup. The cultivation method and varieties are different for raw consumption and processing.

► Fresh tomatoes

In Japan, tomatoes with pink flesh suitable for raw consumption have been cultivated since the Meiji period, and many varieties have been created through improvement. Today, tomatoes with a variety of characteristics, not only size and taste, but also a large amount of nutritional components such as lycopene and GABA, are sold. Varieties with red flesh are also sold as fresh tomatoes. These are usually cultivated in greenhouses on supports.



► Processing tomatoes

The main feature of processing tomatoes is their bright red color and a high lycopene content. Lycopene is one of the carotenoids. In addition, their skin is hard and pulp dense, making them difficult to crush so that they can withstand containerized transportation. Since they are grown in locations with lots of exposure to sunlight and are grown on top of the soil without the use of supports, processing tomatoes can be planted on a large scale without much effort by producers.



Kagome's Uniqueness - Example

2

Agricultural Professional Supporting Agricultural Producers as a Field-Person

Based on the belief that “good raw materials come from good fields,” Kagome engages in contracted cultivation in order to procure safe agricultural products that offer peace of mind. Contracted cultivation refers to signing a contract with the farmer to purchase all their crops that meet the quality standards before planting. After that, agricultural professionals known as field-persons visit the fields of contract farmers and provide correct advice according to the growth conditions of the crops, including their own detailed cultivation guidance. By engaging in contracted cultivation, farmers can concentrate on producing high-quality raw materials without worrying about waste or being exposed to fluctuations in market prices.



Kagome's Uniqueness - Example

3

Development of Cultivation Technology with Low Environmental Impact

In recent years, droughts have occurred around the world, causing significant impacts on the cultivation of agricultural produce. As such, addressing water shortages has become an urgent issue standing in the way of sustainable agriculture.

DXAS Agricultural Technology LDA, a joint venture between Kagome and NEC Corporation that utilizes AI to support the farming of processing tomatoes, provides a service with NEC's agricultural ICT platform “CropScope” that combines AI farming advice and automatic irrigation control functions for pulse drip irrigation to reduce the amount of water used and increase the yield of processing tomatoes. In real world testing conducted between April and August 2023 in northern Italy, where CropScope had yet to be introduced, we were able to increase tomato yields by about 23% with about 19% less irrigation compared to plots without CropScope. As a result, we confirmed that good results can be obtained even in cultivation environments such as northern Italy, where the climate and soil quality are different from those in areas where CropScope has been previously introduced.



The field in North Italy (pulse drip irrigation area)



AI localizes water usage tailored to the conditions of the field

Message from a Person in Charge



Realizing Competitive Agriculture in Australia

Kagome Australia Pty Ltd. is the only company in Australia that engages in the large-scale processing of tomatoes, and it also grows carrots, garlic and wheat in addition to tomatoes. Our field team prides itself on our important responsibility to supply customers with safe, secure and high-quality products from Australia. Agriculture in Australia faces the important challenges of securing agricultural human resources, promoting advanced agriculture, and dealing with weather risks. Kagome Australia Pty Ltd. is promoting efficient agriculture that automates labor-intensive planting work and uses satellites to check growth conditions. Weather risk, though, is our most difficult challenge. Although we have been affected by the weather many times in the past, I'm convinced that we can realize stable and competitive agriculture by making improvements with the support of the Kagome Group.



Chris Taylor
General Manager Field Operations
Kagome Australia Pty Ltd.

Production (Primary Processing / Secondary Processing)

The process of producing products using crops harvested in the field as raw materials mainly involves primary processing and secondary processing.

Primary processing is the processing of raw agricultural produce into a manageable form, with the main products being vegetable pastes and purées. Secondary processing is the process of adding other ingredients such as seasonings and vegetables to the primary processed agricultural produce, resulting in various products such as tomato ketchup, pizza sauce, and vegetable beverages.

Kagome operates 17 manufacturing plants around the world. Our plants for primary processed products are located near the production areas of agricultural produce. After harvesting, the agricultural produce is transported to the plant for processing as quickly as possible. We manufacture secondary processed products in Japan, the United States, Portugal, Australia, Taiwan, and India. These products are sold locally and in neighboring countries.

In order to ensure the stable production of products with both safety and peace of mind, we have introduced a common quality management standard (KBMP*) at overseas Group companies that improves the quality assurance level and productivity of the entire Group. [P.53-54](#)

* KBMP stands for Kagome Best Manufacturing Practice, a common quality management standard for overseas Group companies.

Kagome's Uniqueness - Example 1

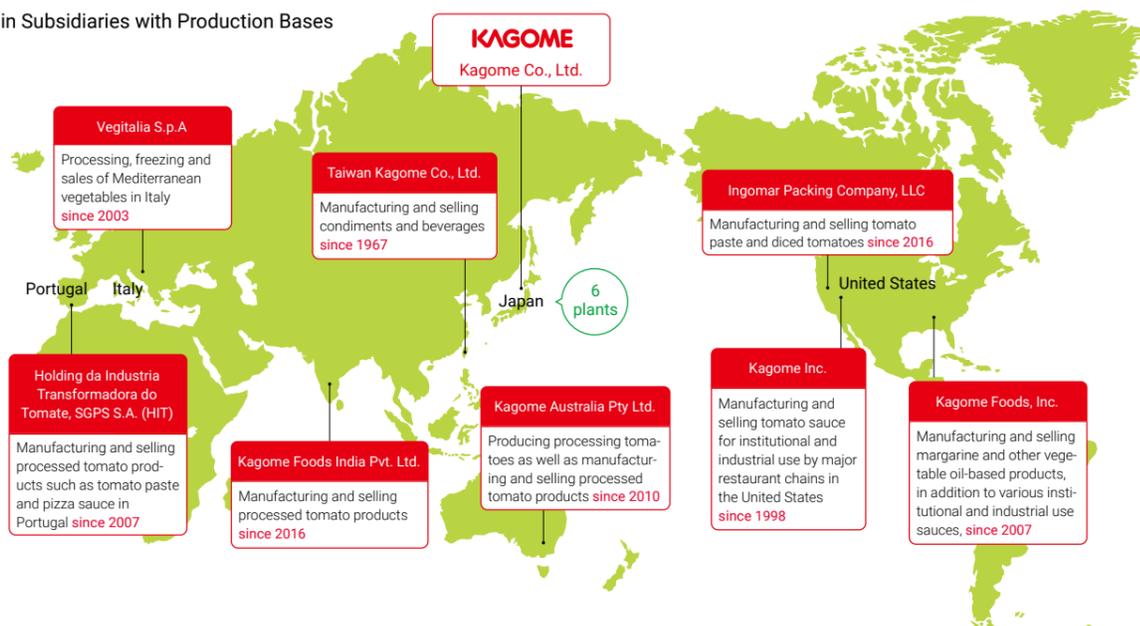
Producing Safe Products Offering Peace of Mind at 17 Bases Around the World

We have 17 production bases around the world, with 11 overseas and six in Japan. These can be divided into two categories: first, production bases for the primary processing of vegetables such as tomatoes, carrots, and paprika, and second, production bases for secondary processing of tomato sauce, pizza sauce, and vegetable drinks. In terms of the primary processing of tomatoes, Kagome's production capacity is the third largest in the world.

Pizza sauce and other secondary processed products are mainly sold to food service companies locally and in neighboring countries.

In the procurement of raw materials, we have built an expansive procurement network in Japan and overseas, which includes procurement within the Group, in order to ensure the stable delivery of products with both safety and peace of mind in each country.

Main Subsidiaries with Production Bases



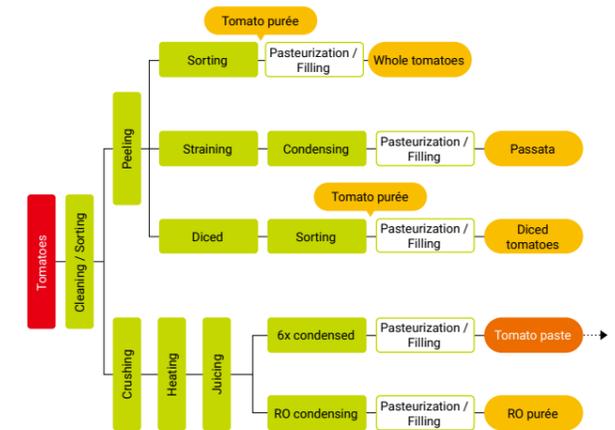
Kagome's Uniqueness - Example 2

Providing Products Tailored to Customer Needs Combining Growing Area, Processing Techniques and Container Formats (Primary Processing)

The taste of agricultural produce varies depending on the production area and variety, such as sweetness, sourness, and umami. Taking advantage of the characteristics of each production area, we select the manufacturing method that is suitable for the application, and then proceed to processing. As for the manufacturing method, the viscosity, properties, brightness, flavor, and other traits of a product will change depending on the temperature at which it is concentrated. Kagome is developing processing technologies that take advantage of the goodness of the ingredients. This includes a patented manufacturing method (utilizing RO concentration technology) that can preserve the fresh aroma and bright and vivid red color of tomatoes by minimizing heating, and the "fresh squeeze method" that gently and slowly grinds carrots without applying heat. We offer containers in a variety of formats, from large-capacity drums to small-capacity containers such as bag-in-box*, to meet the needs of customers.

* Bag-in-box refers to a combination made from a plastic inner container and an outer container consisting mainly of cardboard case.

Tomato Primary Processing



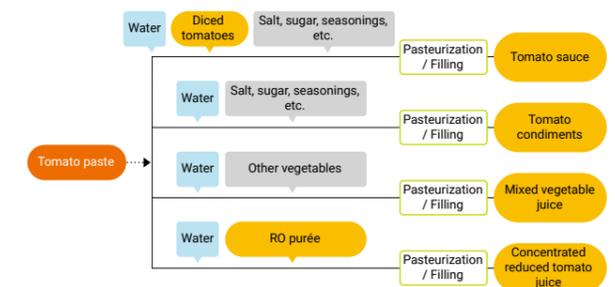
Kagome's Uniqueness - Example 3

Providing a Wide Range of Products That Maximize the Value of Vegetables (Secondary Processing)

Secondary processing refers to the process of producing a product by adding ingredients such as seasonings and vegetables to a paste or other products produced by primary processing. For example, tomato ketchup is tomato paste seasoned with sugar, brewed vinegar, salt, onions, and spices. Vegetable juices are made by mixing multiple types of vegetable concentrates.

We manufacture a wide range of products that make the most of the taste of vegetables according to diverse eating situations and the food culture of the country where they are sold.

Tomato Secondary Processing



Message from a Person in Charge



Developing the Market for Processed Tomato Products in India

In India, while large amount of raw tomatoes is used in curry dishes, secondary processed tomatoes are not often used. We are gradually expanding the market by fostering understanding of the advantages offered by Kagome's processed tomato products—i.e., reduction in cooking time and labor, and the ability to provide stable quality dishes at any time even by unskilled chefs—to hotels, restaurants, and catering businesses. The first hurdle we need to overcome is increasing our negotiating capabilities in terms of sales. In order to convey the value of our products, we are increasing opportunities for our qualified chefs to visit our customers' kitchens along with our sales representatives to provide demonstrations. We will also improve the sales skills of the entire organization to continuously acquire new customers. In India, things do not necessarily go as planned, and therefore, we are engaging in business with multiple scenarios in mind. The ability to dynamically scale our business despite facing many challenges makes doing business in India rewarding.



Koichi Fukawa
Kagome Foods India Pvt. Ltd.

Product Development and Creating Demand

Since our founding, we have valued the original taste and nutrients of vegetables and fruits, creating products that make use of all natural ingredients. We are refining our knowledge of processing techniques and formulations amassed through previous product development and utilizing this in the development of new products.

In the International Business and BtoB business in Japan, we focus on proposing solutions such as product and menu development to address the various concerns and meet the needs of our customers. In the BtoC business, we provide products and services that spur demand for vegetables in Japan and Asia and solve the shortage of vegetable consumption by diversifying the delivery formats of vegetables and diversifying the markets where we supply our products.

Kagome's Uniqueness - Example

1

Product Development Capabilities Using Natural Ingredients

Valuing the original taste and nutrients of vegetables and fruits, we develop products with high-quality processing free from the use of additives whenever possible. We use the optimal combination of vegetables and fruits, as well as vegetable ingredients developed independently from tomatoes and carrots, to create the desired taste and properties. Vegetables and fruits have slightly different tastes depending on the production area, so we have built a system to adjust the blend so that they always have the same taste.

Example 1 Yasai Ichinichi Kore Ippon Triple Care

This product, launched in September 2023, is a Food with Function Claims that focuses on three functions of blood sugar, blood pressure, and triglycerides. It is characterized by the fact that it achieves three functions with only vegetable ingredients. In addition, it contains a 350 g portion of 30 types of vegetables, making it easy to supplement vegetable intake with a great taste.



Example 2 Carrot Powder

Kagome Australia Pty Ltd. processes by-products (discarded products) from carrot processing into powder form and sells it. By reducing waste, we aim to improve profitability and reduce food loss and waste.



Kagome's Uniqueness - Example

2

Strengthening Solution Proposal Capabilities in the BtoB Business Through Cooperation Between Group Companies

Food service companies are one of the Kagome Group's main customers. Food service companies have operations around the world, and the number of restaurants in India and other countries is expected to increase in the future. Our strength lies in our ability to supply stable and high-quality products globally because we have production bases for secondary processing of tomato sauce, pizza sauce, and other products located in the United States, Portugal, Australia, Taiwan, India, and other countries. By further strengthening cooperation among the Group, including sharing knowledge and know-how on product development, we aim to increase revenue from global food service companies.

In addition, labor shortages have become a serious problem facing the restaurant industry in Japan. By proposing solutions such as pureed vegetables, frozen grilled vegetables, and highly processed vegetables such as sautéed onions, each of which eliminates the need to cook raw vegetables, we are able to resolve the challenges facing customers.



Kagome Inc. production line



Frozen vegetable products that can make cooking easier

Kagome's Uniqueness - Example

3

BtoC Business Creating Demand by Conveying the Value of Vegetables and Plant-Based Products to Customers

Our BtoC business mainly covers Japan and Asia. With the aim of eliminating the shortage of vegetable consumption and contributing to longer, healthier lives, we engage in activities for creating demand through products such as vegetable soups and vegetable beverages that boost vegetable intake, promotions such as the Let's Eat Vegetables Campaign, and hands-on services such as health seminars and VegeCheck®.

In Japan, we have captured a high market share thanks to our established brand power.

- Tomato ketchup **58.3%**
- Tomato juice **63.4%**
- Mixed vegetable juice **47.1%**
- Mixed vegetable and fruit juice **67.9%**



Source: Intage SRI+
Period: January to December 2023
Unit: market share by value (%)
Target area: nationwide in Japan
Sales settings: supermarkets, convenience stores, drug stores, home improvement stores



VegeCheck®
A device that measures estimated vegetable intake volume simply by holding the palm of your hand over a sensor for about 30 seconds

Initiatives in Asia

Currently, we export and sell vegetable beverages as well as build sales channels and pursue activities for creating demand in seven regions in Asia. Since the market environment for vegetable beverages varies greatly from region to region, we tailor our marketing to each location and build a foundation for sales expansion by utilizing local distributors and cross-border e-commerce channels. In Asia, we have confirmed that stores with VegeCheck® machines enjoy a sales promotion effect that increases sales. Looking ahead, we will continue to implement measures to encourage vegetable beverage purchases by providing in-store experiences.

TOPICS Establishment of Diet & Well-being Research Institute for Researching Behavioral Change in Vegetable Consumption

In order to realize the well-being of people not only in Japan but also around the world, Kagome established the Diet & Well-being Research Institute in October 2023 to examine the potential of vegetables and plant-based foods from various angles. The center focuses mainly on research covering the following three areas.

- 1 **Behavioral Change Research:** Research on the creation of mechanisms that lead to longer, healthier lives and behavioral change in vegetable consumption, research on behavioral change related to vegetable intake in collaboration with external research institutes, etc.
- 2 **Functionality Research:** Acquisition of evidence on the nutritional and functional value of products, services, and ingredients in Japan and overseas, and evidence that vegetable consumption in our diets contributes to longer, healthier lives, etc.
- 3 **Business Contributions:** Support for our business with the Na / K Promotion Association, strengthening of evidence for the commercialization of Foods with Function Claims, support for business in Japan and overseas through behavioral change content, dissemination and spread of information on vegetables and joint research with overseas research institutes, etc.

Message from a Person in Charge



Aiming to Help Improve Customer QOL by Normalizing Vegetable Beverages in Asia

In Asian markets, drinking vegetable beverages is not as well established as in Japan, although this varies slightly depending on the country and region. Given this, our mission is to help improve the health and QOL of our customers by spreading the habit of consuming vegetables in juice form.

In Hong Kong, where I work, we are developing our business in collaboration with Nissin Foods (H.K.) Co., Ltd., which owns the Demae Itcho brand which is extremely well known locally. As a result of our cooperation so far, the recognition rate and purchase rate of Kagome vegetable beverages are high, and the Kagome brand has become quite well known. However, there is still room to increase the amount of vegetable beverages consumed per drinker. To this end, we aim to further expand our business by utilizing all of our assets, including Kagome's various evidence on vegetable nutrition and VegeCheck®, to help customers understand the healthy value of our products.



Hiroshi Shimotsuma
Global Consumer Business Department

General Business Conditions

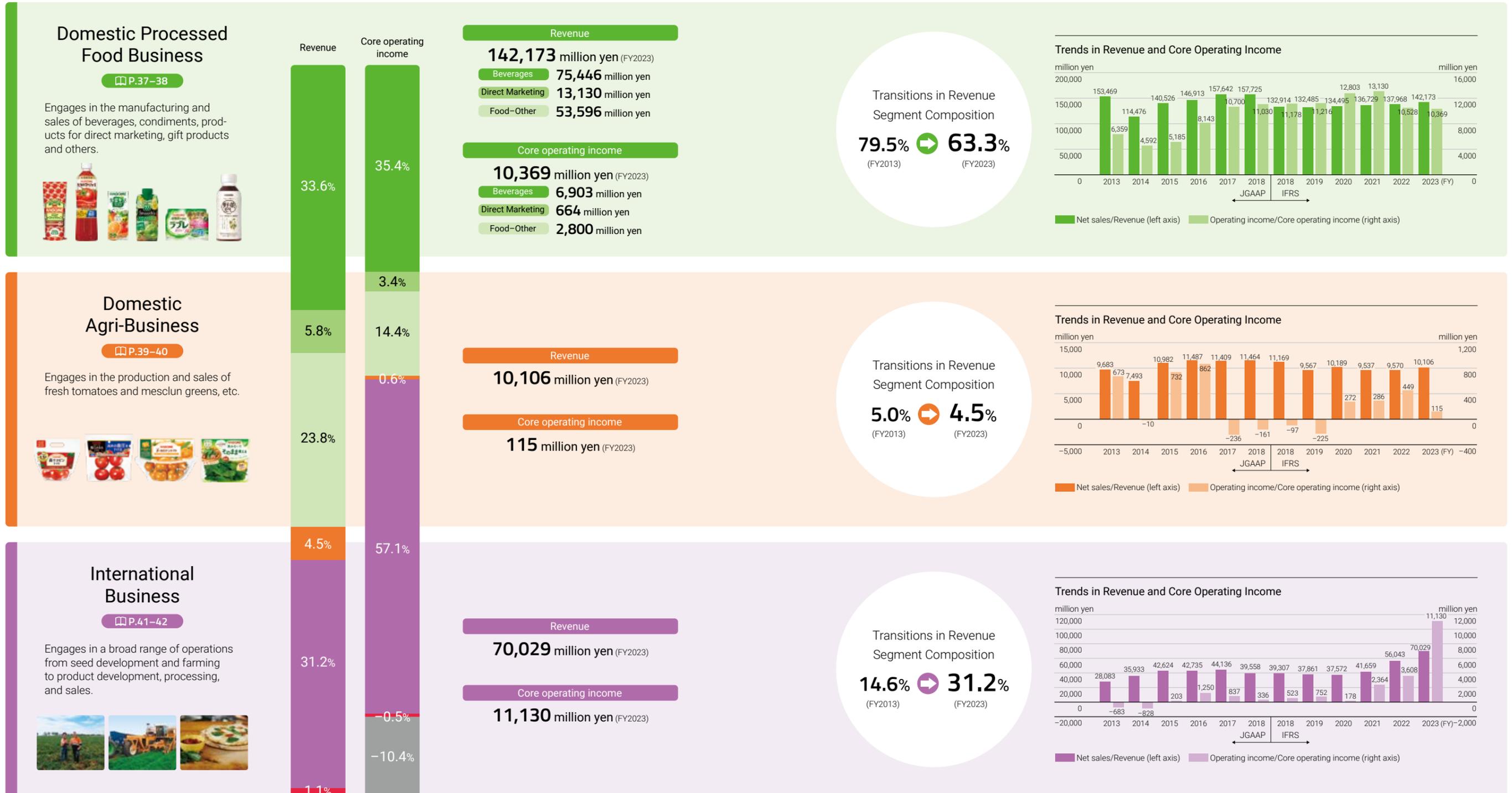
Our business is broadly divided into three segments: Domestic Processed Food Business, Domestic Agri-Business, and International Business. The Domestic Processed Food Business is further divided into three sub-segments: Beverages, Direct Marketing and Food-Other. In FY2023, the International Business experienced robust growth increasing its share of both revenue and core operating income significantly.

Total revenue
224,730 million yen

Total core operating income
19,476 million yen

Segment Composition (FY2023)

■ Domestic Processed Food Business (Beverages, Direct Marketing, Food-Other)
■ Domestic Agri-Business
■ International Business
■ Other Businesses
■ Adjustments (includes common consolidated costs related to Group head office functions otherwise not allocated to business segments)



* Figures after eliminations and adjustments of revenue between segments
 * FY2014 represents the nine-month period from April 1, 2014 to December 31, 2014 following change to the Company's business year.
 * Kagome has adopted IFRS since FY2019. For reference, figures in conformity with IFRS are also included for FY2018.
 * Kagome changed its reporting segments from FY2022. Figures for FY2021 are presented assuming that these changes were applied retroactively.

Initiatives for Enhancing Corporate Value

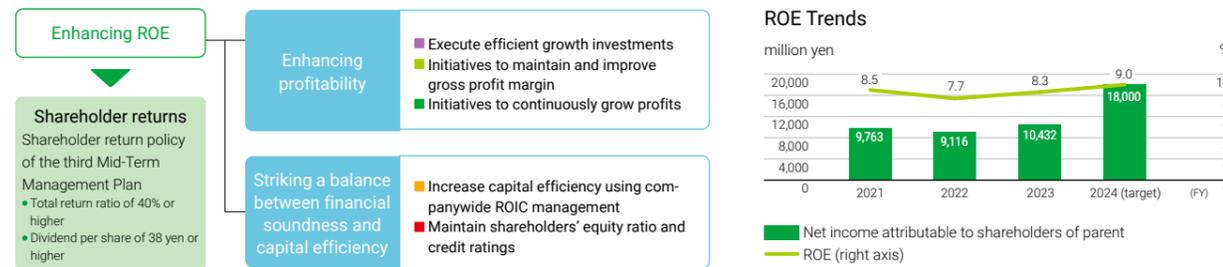
Based on our corporate philosophy (“appreciation,” “nature” and “corporate openness”), we will maximize corporate value by creating social and economic value through our business. In addition, we will focus on enhancing ROE and reducing capital costs over the medium- to long-term, with the aim of increasing corporate value in a sustainable manner.



→ Enhancing ROE (FY2025 Target: 9% or Higher)

We have set ROE as the most important indicator for enhancing corporate value.

Based on the pillars of enhancing profitability and striking a balance between financial soundness and capital efficiency, we aim to achieve an ROE of 9% or more in FY2025, the final year of the third Mid-Term Management Plan. Going forward, we will continue to increase ROE and enhance corporate value by providing stable shareholder returns.



■ Execute Efficient Growth Investments

The Investment Committee, comprised of members of specialized departments such as Corporate Planning, Legal Affairs, and Finance and Accounting, deliberates on investments in facilities and businesses proposed by each department based on profitability and risk assessments, with the Management Meetings and the Board of Directors providing final approval.

Even after investments are made, the Investment Committee continuously monitors each to confirm effectiveness.

Investment Criteria

Target	Indicator	Basic requirements
Business investments	Internal Rate of Return (IRR) ^{*1}	10%+ ^{*2}
Capital investments	Payback Period (PBP) ^{*3}	4 years

^{*1} Internal Rate of Return: The discount rate where the amount obtained by subtracting the initial investment from the current value of free cash flow gained from a business plan becomes zero

^{*2} Plus denotes the respective country risk for each country or region.

^{*3} Payback Period: The period taken to recover the invested amount

Investment monitoring system

- Covers 5-year period post-execution
- Reported annually to the Board of Directors/Management Meeting

Investment Plan (Cumulative) for the Third Mid-Term Management Plan Period



■ Initiatives to Maintain and Improve Gross Profit Margin

In order to enhance profitability in a sustainable manner, we are working to maintain and improve gross profit margin in addition to growing sales.

Specifically, we are constantly making cost reductions at production sites, such as reducing raw material costs, improving labor productivity, and automating production lines, according to the characteristics of each business. Also, we are maintaining and improving gross profit margin by allowing the flexibility to revise prices when costs rise.

To transform the business structure of the Group, which engages in manufacturing under the concept “fields are the primary production plant,” and to ensure a stable gross profit margin over the medium- to long-term, we are promoting initiatives to transform the cost structure of our entire global value chain. This includes expanding the procurement network for high-quality agricultural raw materials, developing plant varieties that are adaptable to water shortages and climate change, and establishing cultivation technologies.

	Results for FY2022	Results for FY2023	FY2024 Targets
Gross Profit Margin	34.6%	35.5%	29.3%
Domestic Processed Food Business	39.8%	39.3%	37.4%
Domestic Agri-Business	20.9%	17.7%	18.1%
International Business	19.9%	24.7%	17.8%*

* Temporarily at a low level due to the increase in cost of sales in the market value of Ingomar’s inventories following the application of accounting standards for business combinations.

■ Initiatives to Continuously Grow Profits

In order to achieve its profit target for FY2025, Kagome has adopted a provision management process based on future forecasts.

Through monthly monitoring conducted by the Board of Directors and the Meeting of Executive Officers, management and frontline operations are working together to continuously increase profits.

To achieve our profit targets, we have adopted a provision management process that allows us to flexibly revise our strategies by identifying deviations from profit targets at an early stage based on annual provision forecasts before actual results are finalized. Through this process, we are able to achieve our target profits by expanding sales and reducing costs in each business.



■ Increase Capital Efficiency Using Companywide ROIC Management

In order to measure the appropriateness and efficiency of invested capital in addition to earning profits, we introduced management based on Kagome ROIC* in FY2021. Kagome ROIC aims to measure the efficiency of invested capital in relation to acquired EBITDA and to clarify issues that need to be improved by breaking down balance sheet items into individual elements.

* Kagome ROIC: EBITDA ÷ invested capital

In FY2023, ROIC exceeded our target by 5.7 points to 13.2% due to a significant increase in EBITDA from our International Business. In FY2024, we expect ROIC to decline by 4.6 points to 8.6%. The status of each business segment is presented below.

- Domestic Processed Food Business:** Decline 4.7 points due to a decrease in EBITDA and increase in invested capital
- Domestic Agri-Business:** Decline 6.1 points due to a decrease in EBITDA
- International Business:** Decline 5.5 points due mainly to an increase in invested capital following the consolidation of Ingomar

(ROIC Tree implementation)

At Kagome, the ROIC tree is used as a control driver to increase capital efficiency. By implementing the ROIC tree, the balance sheet indicators that are broken down from ROIC can be incorporated into the KPIs of each department, and action plans based on this can be set by each company/department, while the PDCA cycle can be self-driven to improve indicators. In addition, we are making improvements where each company/department is aware of efficiency and implementing initiatives including creating an optimal supply chain structure.

	Results for FY2022	FY2023 Targets	Results for FY2023	FY2024 Targets
ROIC (%)	11.5	7.5	13.2	8.6
EBITDA Margin (%)	10.3	7.0	12.3	9.0
EBITDA (million yen)	21,091	14,900	27,726	26,100
Revenue (million yen)	205,618	213,000	224,730	289,000
Turnover of invested capital (days)	327	338	341	385

Business Segment	FY2023	FY2024
Domestic Processed Food Business	13.7%	9.0%
Domestic Agri-Business	22.4%	16.3%
International Business	15.3%	9.8%

Main KPIs and Departments in Charge
Trade receivables turnover (Sales Division)
Raw ingredients inventory (Purchasing Department)
In-house processed material inventory (Production Department)
Product inventory days (SCM Division)
ROIC of each overseas subsidiary (Kagome Food International Company)

■ Maintain Shareholders’ Equity Ratio and Credit Ratings

Shareholders’ equity ratio

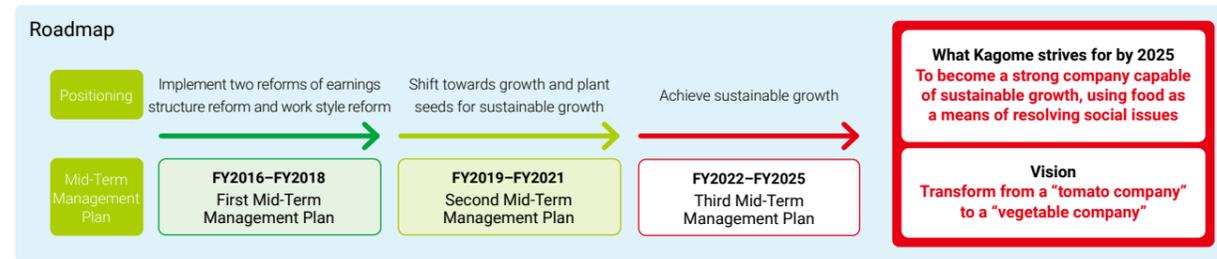
Based on the premise of a stable financial platform, we will continue to improve ROE.

We will maintain a shareholders’ equity ratio of 50% or more and aim for a credit rating of Single A or higher.

	FY2021	FY2022	FY2023	FY2024
Consolidated	54.6%	52.8%	49.8%	50% or higher
Rating	A	A	A	—

Progress of the Third Mid-Term Management Plan

In 2016, we defined our vision and what Kagome strives for by 2025. Since then, we have been managing the company under three separate medium-term management plans to achieve both. The third Mid-Term Management Plan, spanning from 2022 to 2025, represents an important four-year period with a view to the completion of the 10-year period and the growth of the next 10 years.



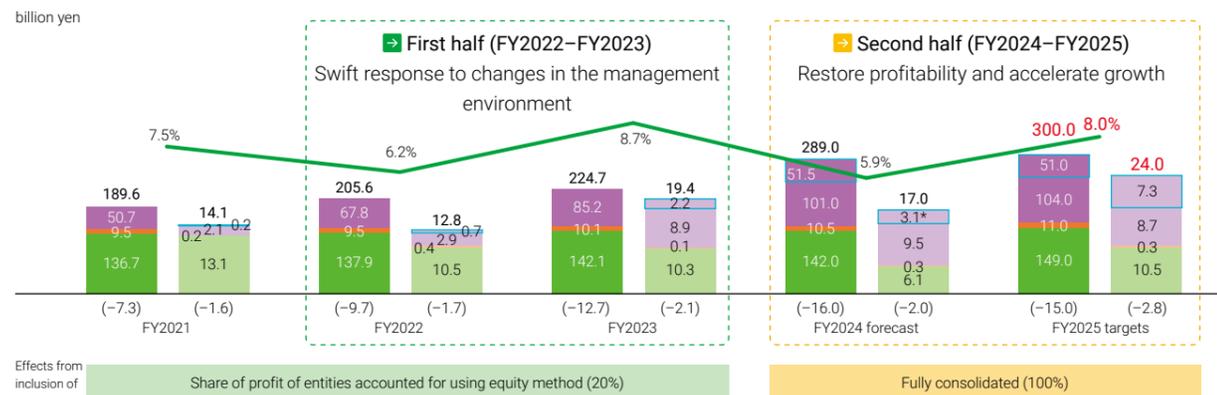
The basic strategy of the third Mid-Term Management Plan is to achieve sustainable growth by taking four actions that are organically connected.

In the first two years of the third Mid-Term Management Plan, 2022 and 2023, Kagome's business environment changed significantly due to soaring raw materials prices caused by heightened geopolitical risks such as the war in Ukraine, the depreciation of the yen, and a decline in yields of agricultural raw materials resulting from the effects of climate change. In the domestic business, we were able to get sales volume on track toward recovery by revising prices for almost all of our products and implementing measures to spur demand. In the International Business, in addition to the results of our previous earnings structure reforms, we were able to significantly boost both revenue and core operating income thanks to price revisions in line with high market prices for processed tomato products and a recovery in demand for eating out. In 2024 and 2025, representing the second half of the plan, we will work to restore the profitability of the domestic business and accelerate the growth of the International Business in an environment where raw materials prices are expected to rise still further.

Basic Strategy of the Third Mid-Term Management Plan



Quantitative Trends of the Third Mid-Term Management Plan (Results/Plan)



Revenue: Domestic Processed Food Business, Domestic Agri-Business, International Business, Ingomar portion
 Core operating income: Domestic Processed Food Business, Domestic Agri-Business, International Business, Ingomar portion
 Core operating income margin
 Figures in parentheses indicate other businesses and adjustments

First Half of the Third Mid-Term Management Plan (FY2022-FY2023)

Swift response to changes in the management environment

Initiatives in the first half	Risks and opportunities (risks denoted with △ and opportunities with ○)	Future challenges
<ul style="list-style-type: none"> In response to soaring raw materials prices, implemented flexible price revisions and measures to spur demand in both the domestic and international businesses. Grew sales revenue and core operating income in the International Business in response to changes in the market conditions for processing tomatoes. Revised raw materials procurement strategy with a focus on tomatoes Took on the challenges in the plant-based domain and established and launched DXAS for sustainable agriculture using AI Established a promotion system for sustainability and risk management. 	<ul style="list-style-type: none"> Increasing severity of worldwide environmental issues (○△) Increasing global population and declining domestic population (○△) Changing markets for food & health post-coronavirus (○△) Diversifying customer contact points through digitalization (○) Rising prices of foods, such as natural farm-produced ingredients, water and natural resources (△) Labor shortages (○△) Response to supply chain issues (△) 	<ul style="list-style-type: none"> Swift response to further increases in raw materials prices Implement measures to spur demand that stop weaker demand caused by price revisions Further accelerate growth of the International Business Accelerate business expansion in regions with growing populations Commit resources to sustainable agriculture that mitigates environmental impacts Strengthen human capital and develop supply chain ahead of medium- to long-term growth

Second Half of the Third Mid-Term Management Plan (FY2024-FY2025)

Restore profitability and accelerate growth

Raw materials prices are expected to remain high throughout 2024 as well. We will continue to focus on activities to earn revenue and promote our basic strategy of "taking four actions that are organically connected."

Moreover, looking ahead to 2026 and beyond, we will continue to address medium- to long-term issues in agriculture, which is one of the characteristics of our business model.

Specific initiatives

Domestic Business: Initiatives to restore profitability	International Business: Accelerate growth	Strengthen management base
<ul style="list-style-type: none"> Implement cost reductions, cost savings, price revisions, and measures to spur demand in response to further increases in raw material prices Strengthen marketing measures in categories that can benefit vegetable intake through VegeCheck® and the "Let's Eat Vegetables Campaign." Expand plant-based domain 	<ul style="list-style-type: none"> Speed up decision-making with the establishment of Kagome Food International Company and bolster cooperation between Group companies Initiate price revisions in response to soaring raw materials prices Provide a stable supply of processed tomato products and strengthen cost competitiveness Increase sales to food service companies using capabilities in development and sales Accelerate business expansion in regions with growing populations, such as the United States and India 	<ul style="list-style-type: none"> Strengthen procurement base <ul style="list-style-type: none"> Step up development of plant varieties and cultivation technology with low environmental impacts through the Global Agri Research & Business Center Further expand procurement base Supply chain <ul style="list-style-type: none"> Crystalize supply network concept P.63 Strengthening human capital P.55-58

Medium- to long-term issues

In response to extreme weather caused by global warming and growing populations overseas, the stable production of natural farm-produced ingredients worldwide is an important medium- to long-term issue. In particular, the global supply-demand balance of tomatoes has been tight in recent years, and there is a high probability that it will also be affected by climate change over the long term. Therefore, in October 2023 we established the Global Agri Research & Business Center, which will play a central role in the exploration and development of agriculture-related businesses and agriculture-related technologies, in order to concentrate human capital and other resources in the upstream development and breeding of new plant varieties and the development of cultivation technologies such as agritech, with the goal of securing raw materials over the medium- to long-term and establishing sustainable agriculture.

Message from a Person in Charge

Don't waste a good crisis!

Shortages of food, farmland, and agricultural population resulting from population growth and climate change, and the resulting changes in consumer awareness have increased the value in realization of sustainable agriculture, which requires innovations in the agriculture domain. In addition, cutting-edge technologies such as AI, big data, and molecular biology are being put to practical use, and at the same time, investment in climate-friendly technologies is growing. Regarding this change in the environment as a "good crisis (opportunity)", we will further develop value through developing plant varieties and cultivation technology, along with their combinations, that we have continued since our founding, not only organically but also by acquiring technologies from outside the company. Through co-creation with the farmers contracted by the Group's subsidiaries, mainly in the U.S., we aim to become a "low-environmental-impact tomato and vegetable platformer" that produces vegetables and sells technologies by promoting technology development and new business creation that translate globally.



Hiroyuki Ueda
General Manager of the Global Agri Research and Business Center



Unlocking Greater Growth for the International Business by Building a Sustainable Tomato Processing Business

Acquisition of Ingomar in the United States: the world's fourth largest producer of primary processed tomatoes*

On January 26, 2024, we acquired an additional 50% stake in Ingomar, the world's fourth largest (and second largest in the U.S.) primary processor of tomatoes. As a result, Kagome's stake in Ingomar increased from 20% to 70%, making it a consolidated subsidiary.

In addition to bolstering our global network in the tomato processing business, we aim to build a sustainable tomato processing business and further grow our International Business by stepping up our efforts in the agriculture domain.

* Results for FY2022 (Source: Tomato News, May 9, 2023)

1 About Ingomar

For about four decades since its founding in 1983, Ingomar has been manufacturing and selling primary processed tomato products such as tomato paste and diced tomatoes in California, the world's largest producer of processing tomatoes.

In 2008, Kagome began procuring primary processed tomatoes from Ingomar. Since then, Kagome has positioned Ingomar as one of its main suppliers and uses its primary processed tomato products as raw materials for tomato sauce, pizza sauce, tomato ketchup, and other products manufactured in Japan, the United States, Taiwan, Australia, and other countries. In 2016, with the aim of procuring primary processed tomato products and providing a stable supply to customers, Kagome acquired a 20% stake in Ingomar through its subsidiary, Kagome Inc., making Ingomar an equity-method affiliate. We also concluded a business and capital partnership agreement with Ingomar to strengthen the relationship.

On January 26, 2024, we acquired an additional 50% equity stake and made Ingomar a consolidated subsidiary. With an acquisition cost of approximately 36 billion yen, this latest investment in Ingomar represents Kagome's largest ever investment to date.



Ingomar's tomato processing plant

Ingomar's strengths

- Stable and solid procurement base for processing tomatoes since Ingomar's shareholders are farmers who grow processing tomatoes
- Good efficiencies with a processing base in the production area
- Cost competitiveness in global markets
- Stable quality and supply verified during our business relationship spanning around four decades

2 Accelerate the growth of the entire International Business by strengthening our global network in the tomato processing business

Having a primary processing function in the world's largest growing area of processing tomatoes will strengthen our global network underpinning the growth of transactions with global food service companies and food manufacturers. Ingomar will join Kagome Food International Company, an in-house organization newly established by Kagome in October 2023, in an effort to further collaboration with Kagome Group companies.



Fresh processing tomatoes arriving at the plant

3 Raise our competitive advantages by bolstering our efforts in the agriculture domain to build a sustainable tomato processing business

In collaboration with Ingomar, its grower shareholders, and contract farmers, we will work on the development of cultivation technologies in particular, with the goal to mitigate environmental impacts, stabilize yields, and boost cultivation efficiency. In the development of technologies, we will capitalize on the fact that California is the world's largest producer of processing tomatoes and home to the most advanced technologies in agriculture to dynamically promote open innovation with local research institutions and agriculture companies.

The developed technology will be deployed to Ingomar's suppliers of processing tomatoes as well as to Group companies outside the U.S. In this way, Kagome will strengthen its tomato processing business in each region, which in turn will enhance the competitive advantages and sustainability of our tomato processing business from a global perspective.



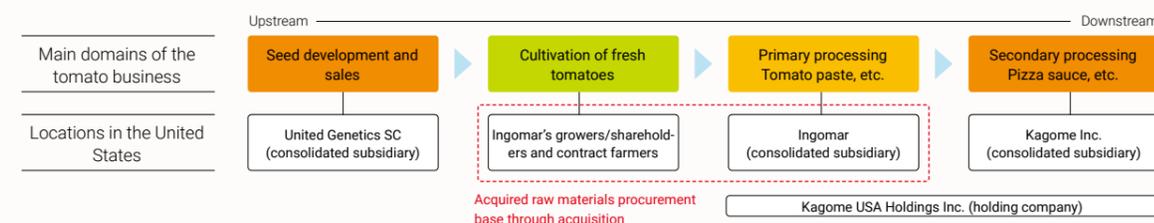
Processing tomatoes being harvested

2 What Kagome Stands to Gain from the Consolidation

1 Further grow our presence in the United States by strengthening the value chain of our tomato processing business locally

In addition to incorporating the functions of primary processing into the seed development and sales and secondary processing of our existing tomato business in the United States, we will step up our involvement in processing tomato cultivation, which is one of Ingomar's unique traits and strengths. By maintaining a complete value chain within the same region, we will enhance the stability and sustainability of our business operations and further grow our tomato processing business in the United States.

Kagome Group's Global Tomato Business Locations



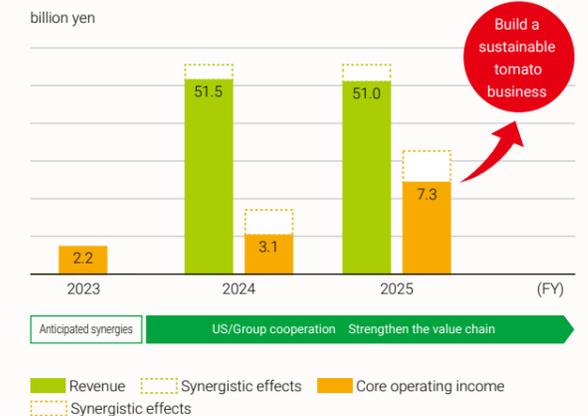
3 Future Outlook

The effects of this investment on Kagome's revenue and core operating income are shown in the figure on the right. Revenue and core operating income are expected to reach 51.5 billion yen and 3.1 billion yen in FY2024 and by 51.0 billion yen and 7.3 billion yen in FY2025. Synergistic effects will also be added to this.

In the short term, we will create synergies by investing the Kagome Group's network and know-how to improve production efficiency, reduce costs, and increase product variations through collaboration with other Group subsidiaries.

In the medium- to long-term, we will grow both revenue and core operating income by building a sustainable tomato processing business with a competitive advantage, which is the main objective of this investment.

Outlook of Investment Effects



→ Summary of Operating Results for FY2023

In the fiscal year under review (January 1 to December 31, 2023), Kagome continued to face a severe management environment amid surging raw materials prices worldwide, while Japan continued to face an uncertain situation because of consumers' heightened awareness toward cutting costs caused by inflation.

In the Domestic Processed Food Business, revenue increased despite a drop in demand due to revisions to the wholesale prices of some products, and core operating income* declined due to soaring raw materials prices. The International Business recorded higher profit on higher revenue from rising selling prices of tomato paste and strong sales to food service companies. In addition, in the Domestic Agri-Business, we recorded impairment losses on fixed assets of 2,236 million yen as a result of comprehensively taking into account uncertainties in the fresh tomatoes market and rising costs associated with soaring energy prices.

As a result, revenue for the fiscal year under review increased by 9.3% year over year to 224,730 million yen, and core operating income increased by 52.1% to 19,476 million yen. Operating income increased to 17,472 million yen, up 37.0% year on year, and net income attributable to shareholders of parent increased to 10,432 million yen, up 14.4%.

* Core operating income is the profit index which measures recurring business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of profit (loss) of entities accounted for using the equity method.

Performance Summary for Each Segment

(Unit: million yen)

Segment	Revenue			Core operating income (loss)		
	FY2022	FY2023	Change	FY2022	FY2023	Change
Domestic Processed Food Business	137,968	142,173	+4,204	10,528	10,369	-159
Beverages	75,907	75,446	-461	6,798	6,903	+105
Direct marketing	13,578	13,130	-448	1,528	664	-863
Food-Other	48,481	53,596	+5,114	2,202	2,800	+598
Domestic Agri-Business	9,582	10,110	+527	449	115	-333
International Business	67,830	85,208	+17,377	3,608	11,130	+7,521
Other	2,221	2,481	+260	-91	-106	-15
Adjustments	-11,984	-15,242	-3,258	-1,686	-2,032	-346
Total	205,618	224,730	+19,112	12,808	19,476	+6,667

* Kagome changed its reporting segments from FY2022.

Domestic Processed Food Business

Revenue: Up 3.0% YoY 142,173 million yen Core operating income: Down 1.5% YoY 10,369 million yen

Beverages

Tomato juice recorded strong sales amid the acquisition of new users from beauty-minded consumers, in addition to the health-conscious users concerned about blood pressure and cholesterol. Yasai Seikatsu 100 series saw sales decline due to dampened demand for buying in bulk caused by price revisions and increased opportunities for people to go out. As a result, revenue of the beverage category decreased 0.6% year over year to 75,446 million yen, while core operating income increased 1.6% to 6,903 million yen thanks to declining sales promotion expenses, despite soaring raw materials prices.

Direct marketing

Revenue of the direct marketing category, which engages in the Kenko Chokusobin service, declined 3.3% year over year to 13,130 million yen, as the number of regular customers of vegetable beverages fell below the previous year. Core operating income declined to 664 million yen, down 56.5% year on year, owing to lower revenue and higher contact center operating costs.

Food-Other

Within the food category, revenue increased in the consumer food category compared to the previous fiscal year, as we stepped up menu information dissemination and sales promotion activities for products such as baked ketchup and Rice Omelet Stadium® in response to weaker demand caused by price revisions. In the institutional and industrial-use category, revenue also increased thanks to rising food service demand, even after price revisions. In the gifts and specialty items category, revenue declined as a result of lower sales of contract manufactured products. As a result, revenue of the food-other category increased 10.5% year over year to 53,596 million yen, while core operating income increased 27.2% to 2,800 million yen thanks to higher sales, despite soaring raw materials prices.

Domestic Agri-Business

In the fiscal year under review, revenue of the Domestic Agri-Business increased to 10,110 million yen, up 5.5% year on year, as the volume of fresh tomatoes increased. However, due to a drop in selling prices caused by market prices in the summer falling below last year's prices, and higher energy and fertilizer prices, core operating income declined 74.2% year over year to 115 million yen.

International Business

Our International Business encompasses the development of seeds, agricultural production, product development, processing and sales. Kagome Inc. (United States) recorded an increase in revenue amid rising selling prices and brisk sales to food service companies. Additionally, profits were up amid increased profits at Ingomar Packing Company, LLC, an equity-method affiliate of Kagome Inc. Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) recorded an increase in revenue and profits on rising selling prices for tomato paste, its mainstay product. Kagome Australia Pty Ltd. posted a decrease in revenue attributed to lower sales volume of tomato paste, despite brisk sales to food service companies. On the other hand, core operating income increased due to a rebound from losses caused by flood damages that occurred in October 2022 and process defects that occurred in the first quarter of the previous year. Accordingly, revenue of the International Business increased to 85,208 million yen, up 25.6% year on year, and core operating income increased to 11,130 million yen, up 3.1x compared to the previous fiscal year.

→ Summary of Financial Condition

As of the end of the fiscal year under review, consolidated total assets increased by 40,276 million yen compared to the end of FY2022. Current assets increased by 36,289 million yen, mainly attributable to an increase in inventories due mainly to soaring raw materials prices as well as an increase in cash and cash equivalents due to an increase in interest-bearing debt. Non-current assets increased by 3,987 million yen mainly due to an increase in other financial assets resulting from the higher market value of derivative assets due to the depreciation of the yen.

Liabilities increased by 25,633 million yen mainly attributed to an increase in borrowings (including long-term borrowings) resulting from capital procurement and increased working capital costs.

Capital increased by 14,643 million yen. There was a decrease owing to dividend payments, which were offset by an increase resulting from net income attributable to shareholders of parent and from yen weakness against other major currencies.

Trend in Consolidated Balance Sheets



→ Summary of Cash Flows

Cash and cash equivalents for the fiscal year under review on a consolidated basis were 36,010 million yen, an increase of 14,620 million yen compared to the end of the previous fiscal year. Net cash provided by operating activities totaled 4,617 million yen (net cash of 4,635 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 16,489 million yen and depreciation and amortization of 8,249 million yen (net cash provided by operating activities) along with an increase in inventories of 14,780 million yen and cash used in the payment of income taxes of 4,271 million yen (net cash used in operating activities). Net cash used in investing activities totaled 6,056 million yen (net cash of 9,457 million yen used in investing activities a year earlier). The main factors were expenditure of 6,426 million yen (compared to expenditure of 9,878 million yen in the previous fiscal year) from the acquisition of property, plant and equipment, and intangible assets (including investment real estate). Net cash gained in financing activities totaled 15,626 million yen (net cash of 5,512 million yen used in financing activities a year earlier). The main factors were expenditures of 3,277 million yen for the payment of dividends, while there was income of 10,387 million yen owing to proceeds from long-term borrowings and an increase in short-term borrowings of 9,209 million yen.

Item	Dec. 2022	Dec. 2023
Shareholders' equity ratio (%)	52.8	49.8
Shareholders' equity ratio based on market value (%)	116.7	101.8
Ratio of interest-bearing debt to cash flow (%)	9.7	14.4
Interest coverage ratio (times)	8.8	3.3

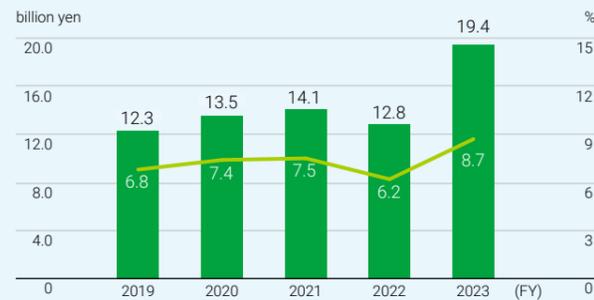
Financial (Consolidated) & Non-Financial Highlights

Revenue / Gross profit margin



POINT Revenue in FY2023 totaled 224.7 billion yen, marking a record high since Kagome adopted IFRS. The gross profit margin was 35.5%.

Core operating income / Core operating income margin



POINT Core operating income in FY2023 totaled 19.4 billion yen, marking a record high since Kagome adopted IFRS. The core operating income margin was 8.7%.

Net income attributable to shareholders of parent / Basic earnings per share



POINT Net income attributable to shareholders of parent and EPS in FY2023 reached record highs since Kagome's adoption of IFRS at 10.4 billion yen and 121.17 yen, respectively.

ROE / ROIC*



POINT ROE in FY2020 was 6.8% due to the recognition of an impairment loss on fixed assets at HIT, our subsidiary located in Portugal.

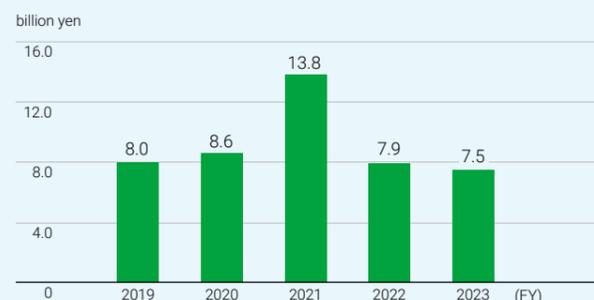
*Kagome ROIC

Total assets / Shareholders' equity ratio



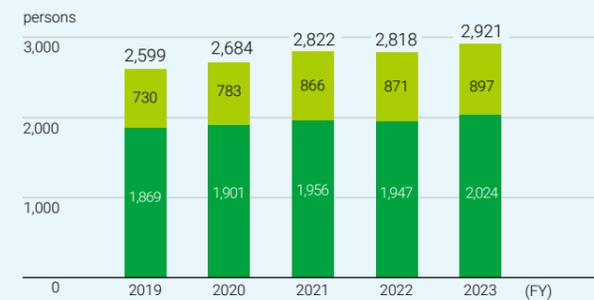
POINT The shareholders' equity ratio was slightly below the target of more than 50% in FY2020 and FY2023 due to a temporary increase in borrowings.

Capital investments for fixed assets



POINT In FY2021, capital investments totaled 13.8 billion after we invested 5.2 billion yen in the renewal of the Fujimi Plant.

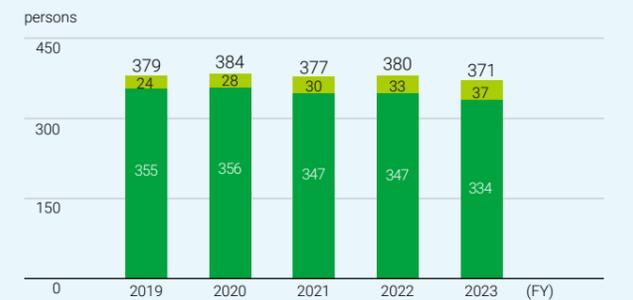
Number of employees (consolidated)



POINT The number of employees (consolidated basis) totaled 2,921 in FY2023, a slight increase from the previous year.

* Coverage is the Kagome Group.

Number of employees in managerial positions (managers and above) (Japan)



POINT The number of employees in managerial positions (in Japan) was 371, a decrease of nine from the previous year.

* Coverage is Kagome Co., Ltd. and Kagome Axis Co., Ltd.

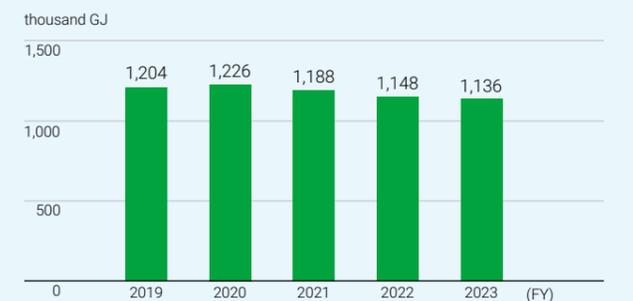
Number of new hires (Kagome Co., Ltd.)



POINT In our action plan under the Act on Promotion of Women's Participation and Advancement in the Workplace, we have set a target to achieve a 60% or higher ratio of women in new general career track hires out of university. The number of new hires in 2023 (non-consolidated) was 50, an increase over the previous year.

* Coverage is Kagome Co., Ltd.

Energy used (Japan)



POINT As a result of energy conservation at our plants achieved from energy-saving investments and promotion of energy-saving activities, we were able to reduce the amount of energy used.

* Coverage is Kagome Co., Ltd. and Group companies in Japan.

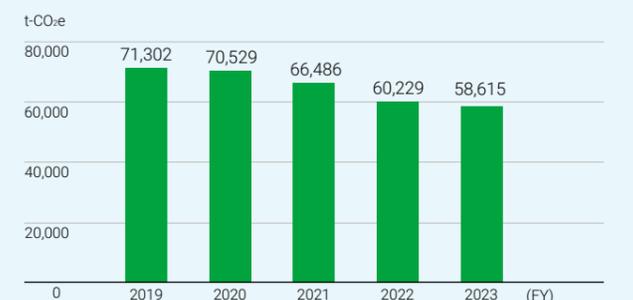
Water used (Japan)



POINT The decrease in production volume at our plants had a significant impact, resulting in a decrease in water used. We will continue to advance water reduction activities such as reviewing cleaning methods.

* Coverage is Kagome Co., Ltd. and Group companies in Japan.

Greenhouse gas emissions (GHG) (Japan)



POINT In addition to energy conservation at our plants, we were able to reduce GHG emissions by promoting the switch to electricity derived from renewable energy sources.

* From this report, CO₂ emissions have been changed to GHG emissions (Scope 1 and 2). Figures for previous fiscal years are also presented based on these changes. Data for FY2023 represents figures before third-party verification. Figures after verification will be published on our sustainability website.

* Coverage is Kagome Co., Ltd. and Group companies in Japan.

10 Years of Financial and Non-Financial Data

Accounting Period (Fiscal Year)	2014*1	2015	2016	2017	2018	2018	2019	2020	2021	2022	2023	
	JGAAP					IFRS						
Profit and Loss (Unit: million yen)												
Net sales / Revenue	159,360	195,619	202,534	214,210	209,865	184,595	180,849	183,041	189,652	205,618	224,730	
Gross profit	67,615	85,314	90,927	96,472	94,649	66,298	65,181	67,572	69,531	71,136	79,794	
Gross profit margin (%)	42.4	43.6	44.9	45.0	45.1	35.9	36.0	36.9	36.7	34.6	35.5	
Research and development expenses	2,566	3,240	3,219	3,346	3,557	3,555	3,525	3,557	3,796	4,090	4,296	
Advertising expenses	5,319	4,671	5,086	5,977	6,109	6,110	5,150	6,872	7,509	7,424	7,288	
Core operating income	–	–	–	–	–	12,400	12,304	13,599	14,138	12,808	19,476	
Core operating income margin (%)	–	–	–	–	–	6.7	6.8	7.4	7.5	6.2	8.7	
Operating Income	4,328	6,723	10,946	11,968	12,000	12,228	14,079	10,682	14,010	12,757	17,472	
Operating margin (%)	2.7	3.4	5.4	5.6	5.7	6.6	7.8	5.8	7.4	6.2	7.8	
Net income attributable to shareholders of parent / Net income attributable to owners of parent	4,366	3,441	6,764	10,100	11,527	8,998	10,198	7,425	9,763	9,116	10,432	
Net income margin attributable to shareholders of parent / Net income margin attributable to owners of parent (%)	2.7	1.8	3.3	4.7	5.5	4.9	5.6	4.1	5.1	4.4	4.6	
Financial Condition (Unit: million yen)												
Total assets	203,413	208,885	219,804	195,737	193,612	199,826	201,179	224,913	215,208	225,372	265,648	
Total net assets	124,566	126,344	97,991	105,853	104,843	103,363	111,386	112,651	119,542	121,792	136,435	
Interest-bearing debt	35,904	37,419	74,538	37,168	37,302	39,625	38,020	55,295	36,520	44,851	66,622	
Cash Flows (Unit: million yen)												
Cash flows from operating activities	1,753	12,039	18,824	16,598	10,130	10,722	12,224	20,442	14,796	4,635	4,617	
Cash flows from investing activities	-7,110	-11,023	-18,576	17,271	-299	-299	-9,267	-3,398	-14,162	-9,457	-6,056	
Cash flows from financing activities	1,793	1,555	6,904	-40,761	-1,083	-1,675	-5,068	12,104	-27,652	-5,512	15,626	
Free cash flow	-4,269	-4,011	10,442	21,588	1,574	10,423	2,956	17,043	634	-4,821	-1,438	
Per Share Information (Unit: yen)												
Net income per share / Basic earnings per share	44.01	34.64	68.30	114.03	130.03	101.50	114.89	83.73	109.37	105.11	121.17	
Net assets per share / Equity attributable to shareholders of the parent per share	1,204.77	1,201.96	1,043.89	1,150.50	1,146.85	1,130.27	1,219.47	1,242.19	1,328.36	1,383.50	1,535.90	
Annual dividend per share	16.5	22.0	24.5	30.0	40.0	40.0	35.0	36.0	37.0	38.0	41.0	
Key Management Indicators (Unit: %)												
Shareholders' equity ratio / Equity attributable to shareholders of the parent to total assets	58.8	57.2	42.1	52.1	52.5	50.2	53.9	49.3	54.6	52.8	49.8	
Return on equity / Ratio of equity attributable to shareholders of the parent (ROE)	3.8	2.9	6.4	10.4	11.3	9.0	9.8	6.8	8.5	7.7	8.3	
Return on assets / Ratio of core operating income to total assets (ROA)	2.6	3.4	5.3	6.1	6.2	6.2	6.1	6.4	6.4	5.8	7.9	
Dividend payout ratio	37.5	63.5	35.9	26.3	30.8	39.4	30.5	43.0	33.8	36.2	33.8	
Dividend on net assets ratio / Dividend on equity attributable to shareholders of the parent (DOE)	1.4	1.8	2.2	2.7	3.5	3.5	3.0	2.9	2.9	2.8	2.8	
Share price at fiscal year end	1,828	2,116	2,923	4,185	2,881	2,881	2,618	3,640	2,992	3,055	3,139	
Non-Financial Information												
Number of employees*2 (persons)	2,368	2,569	2,621	2,456	2,504	2,504	2,599	2,684	2,822	2,818	2,921	
Men	1,832	2,016	2,054	1,902	1,918	1,918	1,869	1,901	1,956	1,947	2,024	
Women	536	553	567	554	586	586	730	783	866	871	897	
Energy used*3 (thousand GJ)	1,329	1,336	1,380	1,376	1,334	1,334	1,204	1,226	1,188	1,148	1,136	
Water used*3 (thousand tons)	3,850	3,828	3,628	3,442	3,247	3,247	3,137	3,131	3,087	3,101	2,952	
Greenhouse gas (GHG) emissions*3*4 (t)	64,693	63,968	66,499	66,599	64,839	64,839	71,302	70,529	66,486	60,229	58,615	

*1 FY2014 represents the nine-month period from April 1, 2014 to December 31, 2014 following change to the Company's business year.

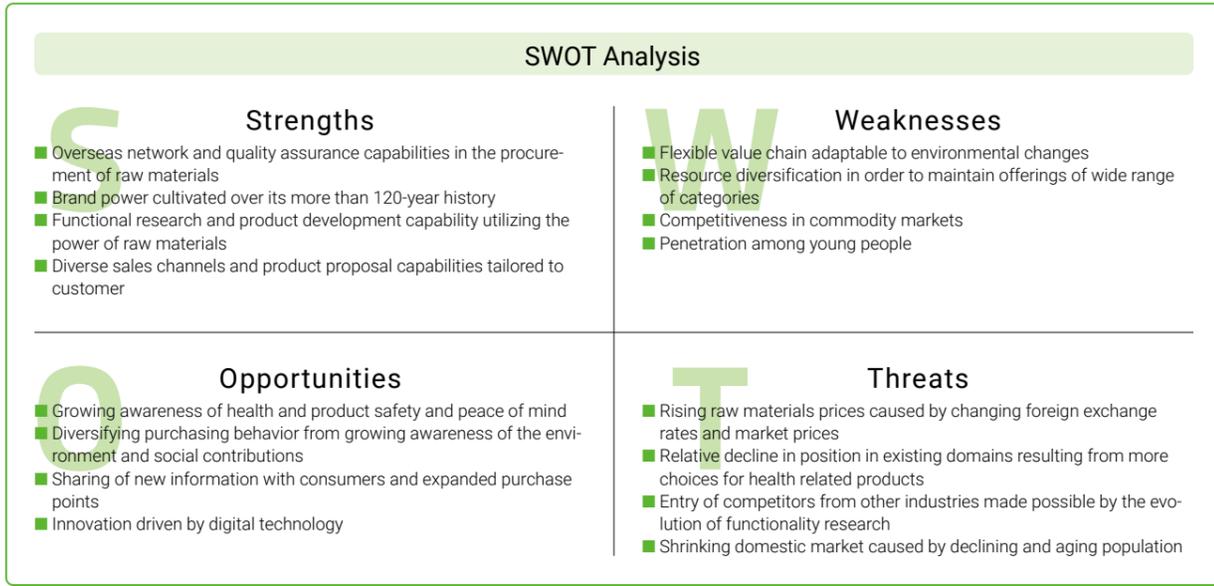
*2 Coverage is the Kagome Group.

*3 Coverage is Kagome Co., Ltd. and Group companies in Japan.

*4 From this report, CO₂ emissions have been changed to GHG emissions (Scope 1 and 2). Data from 2019 onwards is presented based on these changes. Data for FY2023 represents figures before third-party verification. Figures after verification will be published on our sustainability website. Data prior to 2018 is CO₂ emissions data. The electricity conversion coefficient for calculating CO₂ emissions is a fixed coefficient developed internally: 0.421 kg-CO₂ /kWh

Domestic Processed Food Business

The Domestic Processed Food Business offers a variety of vegetable beverages and food products using tomatoes, carrots, and a wide range of other vegetables. We deliver products that can be consumed by all ages, from children to the elderly, for use in various situations in everyday life to help people live longer, healthier lives through increased vegetable consumption.



FY2023 in Review (Results and Issues)

Results

In the vegetable beverages market, our market share has reached a record high thanks to the aggressive introduction of new products and the deployment of activities creating demand, despite slow growth in the market. In terms of food products, as a result of holding Kagome Rice Omelet Stadium® 2023, a national competition to determine the best tasting rice omelets in Japan, and spurring demand for Western food and tomato menus, the rate at which tomatoes are being used on dining tables in Japan has reached a record high. As a result, revenue increased.

Performance trends (FY2023)

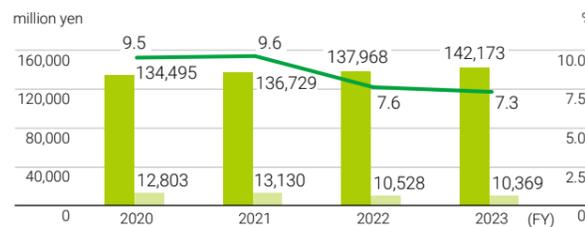


Issues

We recognize that invigorating the vegetable beverages market is our greatest responsibility as a category leader. In order to ensure that new prices are accepted by consumers, we will actively implement measures to spur demand, including advertising. In addition, we will promote the idea of Na/K balance*, change the behavior of consumers in vegetable consumption using VegeCheck®, and increase the number of Kagome fans by stepping up food education activities.

* Na/K balance: A balance of sodium and potassium intake from foods.

Revenue, core operating income, and core operating income margin



■ Revenue (left axis) ■ Core operating income (left axis)
 — Core operating income margin (right axis)

* Kagome changed its reporting segments from FY2022. Figures for FY2021 were prepared retroactively and are presented based on this change.

Strategy for FY2024

We will do our utmost to maintain and expand the number of users in order to restore demand for vegetable beverages. In particular, we will refocus on acquiring new customers who have never experienced drinking vegetable beverages before. In FY2023, we implemented a communication program called GoVivid that recognizes the vibrant colors of vegetables as one of the unique values of vegetable beverages. As a result, we have acquired new consumers of vegetable beverages and seen signs that they are making this choice habitual. In FY2024, we will further expand and accelerate these activities.



In terms of food products, as a new proposal to make the dining table tastier and more enjoyable with Kagome Tomato Ketchup, we will set ourselves apart by further strengthening the appeal of "baked ketchup," a new cooking method that allows consumers to enjoy a deeper, richer taste just by frying tomato ketchup in oil. We are also promoting opportunities for the greater consumption of Western and tomato menu ideas.

In the institutional and industrial use category, in parallel with structural reforms such as reviewing unprofitable products, we will work to expand frozen vegetable ingredients such as various vegetable purées and sautéed onions, which have high added value and are growing rapidly.

In FY2024, the prices of natural farm-produced ingredients, including tomatoes, our main raw material, will continue to rise. We will sustain efforts to maximize sales and profits by minimizing the decline in sales volume due to the impact of price revisions and implementing measures to spur demand to entrench new prices.



Message from the Director of Marketing Division

Evolving Fan-Based Marketing from the Farm

I view farms as very important. In addition to being a place to create value as "fields are the primary production plant," I view farms as a place to create value together with customers and share inspirational experiences, such as the Kagome Yasai Seikatsu Farm, an interactive vegetable theme park, and the Kagome Kitchen Farm, which promotes the joy of living with vegetables at each sales office. I am wondering if it is possible not only to connect the farm and table but also connect this value to the domain of life. We still have a long way to go, but I would like to instill this idea and use it as a force for the advancement of fan-based marketing. In addition, in order to achieve sustainable growth as a company, we will enhance marketing personnel, collaboration outside the organization, and participation in new businesses. Through these series of actions, we will strengthen companywide marketing and foster an organizational culture that takes on challenges.



Keiichi Inagaki
 Executive Officer, Director of Marketing Division and General Manager of Digital Marketing Department

Domestic Agri-Business

Through the Domestic Agri-Business, we engage in business activities to transform into a “vegetable company” with a focus on the production and sales of fresh vegetables including fresh tomatoes and mesclun greens. We aim to elevate the value chain of fresh produce from production to consumption, while also acquiring stable revenue and contributing to solutions to the social issues of agricultural development and helping people live longer, healthier lives.



SWOT Analysis

Strengths

- Established a national brand for fresh tomatoes
- Advanced tomato breed development abilities, procurement capabilities and marketing capabilities
- Year-round supply capabilities and delivery capabilities empowered by our own marketing and logistics networks
- Human resources with specialized skills (knowledge and techniques) in the agriculture business

Weaknesses

- Earnings volatility due to market conditions unique to fresh tomatoes
- Declining cost competitiveness in commodity markets for fresh tomatoes
- Lagging behind with production automation in labor-intensive commercial horticulture
- Lack of production base, including varieties, cultivation areas and distribution, for vegetables other than tomatoes and mesclun greens

Opportunities

- Advancements in smart agriculture driven by robotics, AI and IoT and with the technical development of environmental control devices powered by AI
- Increased sales channels for fresh vegetables and rising health consciousness
- Rising interest in ESG investment and the SDGs in agriculture
- Existence of latent consumers and companies with an interest in gardening

Threats

- Response to tougher competition by increasing large greenhouses
- Response to further cost increases including personnel, energy, materials, and logistics
- Response to decline in suitable cultivation land and to emergence of new pests due to climate change

FY2023 in Review (Results and Issues)

Results

Revenue rose owing to an increase in the throughput of fresh tomatoes and the implementation of aggressive measures to spur demand. Core operating income decreased due to a decline in selling prices caused by a deterioration in the supply-demand balance during a period of surplus, as well as higher energy and fertilizer prices.

As a major initiative, we actively developed promotions to spur demand for beauty in addition to conventional health promotions. As a result, we were able to steadily increase the sales mix of high value-added products such as high lycopene tomatoes and high GABA tomatoes. High GABA tomatoes can now be sold year-round by combining winter-spring and summer-autumn crops.

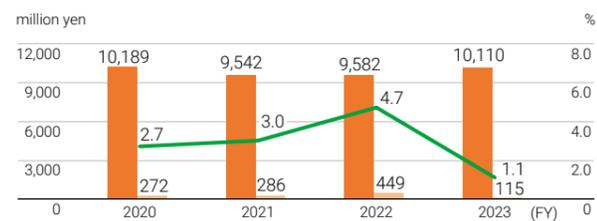
Performance trends (FY2023)



Issues

One issue is bolstering profitability in response to the deterioration in the external environment, such as production cost tightness due to rising material, energy, and labor costs, and fluctuations in procurement volume of fresh tomatoes due to weather conditions. We will work to optimize the balance between supply and demand by changing product capacity and restructuring production bases nationwide in Japan. Also, we will enhance our menu proposals to convenience stores and other establishments that use high lycopene tomatoes in sandwiches and side dishes.

Revenue, core operating income, and core operating income margin



Revenue (left axis) Core operating income (left axis) Core operating income margin (right axis)

* Includes intersegment revenue within the domestic business.
* Kagome changed its reporting segments from FY2022. Figures for FY2021 were prepared retroactively and are presented based on this change.

Strategy for FY2024

For mainstay fresh tomatoes, we aim to establish the unique position of “healthy value-added tomato.” We will bolster our product lineup by expanding sales of high beta-carotene tomatoes and vitamin C tomatoes, which are mini-products, centered on high lycopene tomatoes, which have expanded the customer base with the acquisition of beauty demand. In terms of the bottom line, we will work to lower costs and improve efficiency throughout the supply chain, from production to sales, in order to generate profits in a sustainable manner by quickly responding to changes in the external environment, such as the rapid increase in materials costs.



Large glass greenhouse for growing fresh tomatoes

We will expand our use of AI (deep learning function using artificial intelligence) not only for yield forecasting, but also in areas such as environmental control (temperature, humidity, CO₂ concentration, etc.) of tomato greenhouses and sales measures, which will help to improve profitability.

We will actively promote more trials of washed mesclun greens as a healthy and convenient ingredient and the sale of them in conjunction with fresh tomatoes. Including fresh vegetables (purple onions, etc.), which we are newly working on, we will invigorate the fruit and vegetable sales floor using the theme of “color” and promote initiatives to enrich people’s daily dining table.

In home gardening, which sells tomato seedlings to general households at home improvement stores, we will propose sales floor solutions throughout the year by creating a series of popular “thin-skinned tomato seedlings” and increasing the number of vegetable seedlings other than tomatoes. In addition to developing new products and contact points, such as direct marketing and proposals for companies, we will work to further tap into gardening demand using digital tools.

In terms of the environment, we will promote efforts to explore and verify new technologies that are friendly to the global environment, such as energy conservation and reduction of greenhouse gas emissions.

Message from the President of Kagome Agri-Fresh Co., Ltd.

Upgrading the Value Chain, from the Production of Fresh Vegetables to Consumption

We will promote value creation aiming to “build a progressive and sustainable agribusiness model that aggressively revamps Japan’s agriculture industry.” In addition to addressing the diversifying health needs and lifestyles of consumers, we will also work to mitigate environmental impacts at each stage of production, distribution, and consumption. To this end, we will make the most of our internal and external management resources, further enhance our capabilities in variety development, technology, procurement, and sales, and upgrade the value chain from the production of fresh vegetables to consumption, which is the source of our competitiveness.

To create value over the medium- to long-term, we believe that human resources are the most important of our management resources. In addition to a high level of expertise in the agriculture business, we will focus on developing human resources with the ability to continue to transform themselves over a long-term time horizon with the changing times. We will strategically engage in human resources management, including the recruitment of highly specialized human resources, the development of a training system, and the creation and activation of job rotations and collaboration opportunities. This will lead to the effective use of management resources, the establishment of uniqueness as an indispensable agriculture business, the improvement of customer satisfaction by providing high value-added products and services, and the resolution of social issues with an eye toward the future.

The current business environment makes it difficult to predict economic fluctuations and market changes. Nevertheless, we will meet the expectations of society through the sustainable growth of our business.

Shinsuke Habutsu
President and CEO,
Kagome Agri-Fresh Co., Ltd.



International Business

The International Business engages in agricultural production, processing and sales, among other businesses. In processing, we largely classify our operations into primary processing, which manufactures tomato paste and other products, and secondary processing, which manufactures tomato sauce and pizza sauce using tomato paste. Our main customers in the International Business are condiment makers and food service companies, with the business focused on the BtoB category in the United States, Europe, and Australia.



SWOT Analysis

Strengths

- Ability to propose menu item solutions to food service companies
- Ability to supply tomato raw materials in a stable manner using Group companies operating around the world
- Quality capability in rolling out a common global quality management standard at our Group companies and promotion of solutions to ESG issues

Weaknesses

- Earnings volatility caused by fluctuations in tomato paste prices
- High level of dependence on specific high-volume customers
- Lack of brand recognition in BtoC

Opportunities

- Growth potential of food service market centered on the United States and India, etc.
- Growing needs for productivity improvement technologies for processing the raw material of tomatoes
- Growing needs for solutions from food service companies caused by surging cost of sales and operating costs

Threats

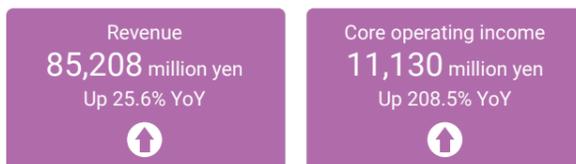
- Deterioration in profits caused by drop in tomato paste prices
- Impacts on business activities caused by weather risks such as extreme weather events, etc.
- Supply shortage of raw materials and products due to supply chain disruptions
- Difficulty securing employees for operations in each country and surging labor costs

FY2023 in Review (Results and Issues)

Results

Kagome Inc., which operates mainly in the United States, recorded brisk sales to food service companies against the backdrop of strong demand for eating out in the United States. In addition, primary tomato processing, including HIT in Portugal, also contributed significantly to the increase in revenue, partly due to the high market price of tomato paste around the world. Kagome Australia Pty Ltd. experienced a downturn in production volume of tomato paste due to the impacts of flood damage suffered in October 2022, despite brisk sales to food service companies. Core operating income increased owing to price revisions at each company and the impact of yen depreciation, despite soaring raw materials and energy prices.

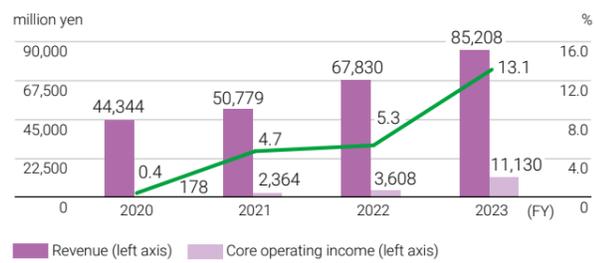
Performance trends (FY2023)



Issues

In response to global inflation, we will increase productivity and reduce fixed costs, as well as implement price revisions to secure profits. Raw materials prices and personnel expenses are rising in both primary and secondary processing, and we will continue to pass higher costs on to product prices. In the medium- to long-term, securing processing tomatoes and primary processed products, which are affected by climate change, is an issue, which will require us to strengthen the supply chain.

Revenue, core operating income, and core operating income margin



* Includes intersegment revenue with the domestic business.
* Kagome changed its reporting segments from FY2022. Figures for FY2021 were prepared retroactively and are presented based on this change.

Strategy for FY2024

In the International Business, in light of the global expansion of food service companies, our main customers, and supply chain risks, we have shifted the International Business Division to a company structure (Kagome Food International Company) in October 2023 in order to accelerate business expansion by strengthening cooperation among Group companies more than ever before. This structure will see us implement mainly three initiatives. First, we will strengthen cooperation in the value chain. In addition to production procurement and quality assurance upstream in the value chain, we will also strengthen cooperation downstream such as marketing and solution sales activities, and enhance our ability to make proposals to global food service companies whose markets are expanding in each country, which will lead to sales growth. Second, we will rebuild our governance system. Under the leadership of the Company Management Meetings, we will increase the speed of decision-making and address issues such as risk management and improvement of operational productivity. Third, we will develop global human resources. Acquiring and developing human resources who can play an active role in our overseas operations is an urgent issue for the growth of the International Business. By adopting a company structure, we aim to develop global human resources throughout the International Business. This will involve optimizing the organization and personnel structure throughout the company and establishing training programs.



Meeting of CEOs organized by Kagome Food International Company



Tasting processed tomato products of Group companies at a global meeting for promoting cooperation

Message from the President of Kagome Food International Company

Accelerating Growth Using Global Optimization

Kagome Food International Company has established a new meeting body for CEOs of overseas subsidiaries to flexibly make decisions from the perspective of global optimization and to execute them promptly. The aim is to accelerate growth by leveraging the stable foundation achieved through earnings structure reforms of individual companies completed in the first half of the third Mid-Term Management Plan. In the secondary processing domain, a growth driver, we will identify and share growth opportunities and customer needs in each market in a timely manner, and develop and deploy new products and solutions using a collaborative system. At the same time, we will invest in the development of the agriculture and raw materials base and organizational infrastructure that supports our activities in each market while enabling efficient production. As the proportion of the overseas business in Kagome's management increases, it is essential to advance global management. The most important foundation to make this possible is human resources. We will build a system that realizes sustainable growth by bringing together the collective strengths of a global team that shares our corporate philosophy and Action Guidelines.



Norito Ebata

Executive Officer, President of Kagome Food International Company and General Manager of Global Tomato Business Department.

Sustainability Governance

Kagome's Approach to Sustainability



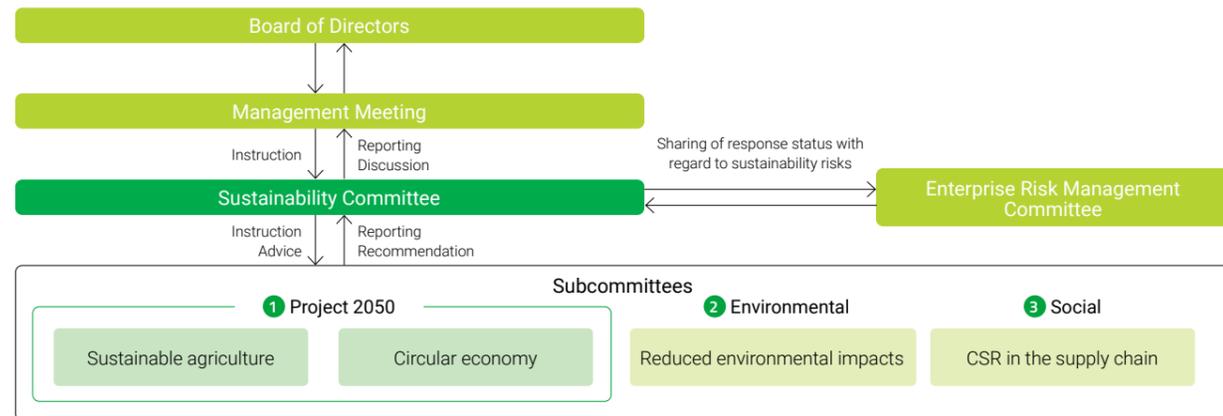
Basic Policy on Sustainability

Since its founding, the Kagome Group has proposed novel approaches to foods and services harnessing the bounty of nature, following its commitment toward manufacturing embodied by the belief that fields are the primary production plant.

To pass this approach to business on to the future, we will put into practice our corporate philosophy of "appreciation," "nature" and "corporate openness." At the same time, we will work to resolve social issues with the cooperation of stakeholders to achieve the Group's sustainable growth and realize a sustainable society.

► Sustainability Promotion System

In October 2022, Kagome established the Sustainability Committee in order to more powerfully advance companywide the sustainability initiatives implemented previously by relevant departments. The Committee discusses long-term preparations and actions in response to sustainability issues based on the matters discussed by its subcommittees. In turn, these findings are reported to and discussed by the Management Meeting and Board of Directors to be reflected in specific management strategies.



► Sustainability Committee discussions during FY2023

In FY2023, the Sustainability Committee met a total of three times. From a long-term perspective, the committee examined the realization of a sustainable society (resolution of social issues) and the sustainable growth of the company.

	Details of discussions
First meeting (April 6)	<ul style="list-style-type: none"> Kagome's approach to sustainability and promotion system Formulation of Human Rights Policy and future actions Details of the 2050 Vision
Second meeting (June 29)	<ul style="list-style-type: none"> Overview of the Environment Subcommittee and updates on measures to reduce Scope 1 and 2 greenhouse gas emissions Amendments to the draft Human Rights Policy
Third meeting (December 13)	<ul style="list-style-type: none"> Interim Report on the 2050 Vision Formulation Project Understanding Business and Human Rights (lecture by expert) Human rights due diligence implementation plan and establishment of human rights page Overview of the Environment Subcommittee and draft proposals for responding to changes in the internal and external environment Response to TCFD/TNFD

Highlights of Sustainability Committee (and Subcommittee) Activities

► Launch of the 2050 Vision Formulation Project

We launched the 2050 Vision Formulation Project as a subcommittee under the Sustainability Committee to clearly present "what kind of society we want to achieve in 2050 (social image)" and "what we will work on to realize that society (corporate image)" as a guideline for long-term initiatives over 10 years. Project members were selected from employees in their 20s to 40s through an internal recruitment process. The project holds workshops to formulate the vision while planning scenarios and better understanding the company's strengths. The Sustainability Committee discussed the framework of the project in advance and held an interim session with the project members in December 2023.



Workshop involving project members

► Advancing human rights issues

The Supply Chain CSR Subcommittee, comprised of representatives from the purchasing, legal, and sustainability departments, took the lead in advancing human rights initiatives. **P.61-62** The Sustainability Committee mainly discusses the contents of the Kagome Group Human Rights Policy and the human rights issues that the company should address.

SUSTAINABILITY TOPICS

1 Establishment of sustainability website

In July 2023, we launched a new Sustainability website within our corporate website. It describes the Kagome Group's activities toward the realization of sustainability, including the seven important issues (materiality) to achieve sustainable growth and enhancement of corporate value, as well as initiatives for food education and mutual support. To further deepen stakeholder understanding of the Kagome Group, we will actively disseminate our sustainability activities through this website.

 Sustainability website (Japanese only)
<https://www.kagome.co.jp/company/sustainability/>



2 Selected for inclusion in the FTSE Blossom Japan Index for the first time

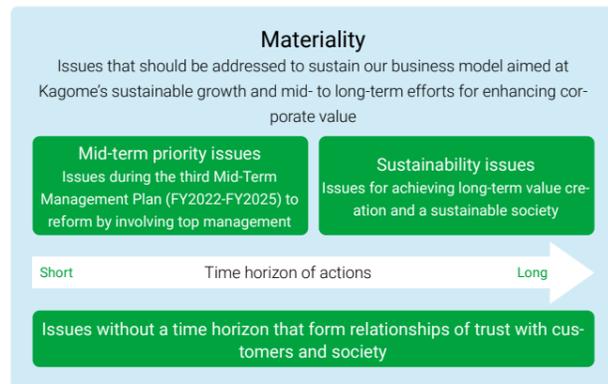
Kagome is now a component of all ESG indexes of Japanese stocks adopted by the GPIF

Kagome was selected for inclusion in the FTSE Blossom Japan Index for the first time. The FTSE Blossom Japan Index, designed by global index provider FTSE Russell to measure the performance of companies with strong ESG practices, is widely used to create and evaluate sustainable investment funds and other financial products. FTSE Russell's assessment covers areas such as corporate governance, health and safety, anti-corruption and climate change. Companies included in the FTSE Blossom Japan Index meet a range of ESG criteria set by FTSE Russell. As a result of this inclusion, Kagome is now included in all ESG indexes targeting Japanese stocks adopted by Japan's Government Pension Investment Fund (GPIF), the world's largest public pension fund.

Kagome's Approach to Materiality

Kagome positions materiality as issues to address in sustaining its business model for sustainable growth and mid- to long-term efforts for enhancing corporate value. These issues include mid-term priority issues, sustainability issues and issues without a specific time horizon. Three of the seven materiality items identified are social issues that we seek to address through our businesses while the remaining four issues involve strengthening Kagome's value creation activities.

P.46 By addressing these materiality items, we will aim to become a strong company capable of sustainable growth.



Process of Identifying Materiality

Kagome identified its materiality in 2019 and since then the company has reflected these important issues in management. Nevertheless, the management environment is changing almost daily. Therefore, in 2021 we revised our materiality taking into account assessments by external stakeholders and the Board of Directors after considering these changes in the external environment during the review of the third Mid-Term Management Plan. The new issues have been addressed through the Sustainability Committee and reflected in specific management strategies. After the current Mid-Term Management Plan ends in 2026, materiality issues will again be examined mainly by the subcommittees of the Sustainability Committee and revised as necessary.

2018	Identification and sorting of social issues
2019	Identification of materiality using a third-party assessment from external stakeholders
2021	Review of materiality (Narrowed materiality from 17 issues to 7) • Interviews of external stakeholders • Validity evaluation by the Board of Directors
2023 onward	Promotion of issues through the Sustainability Committee
Up to 2025	Review of materiality for the next Mid-Term Management Plan

TOPICS Intellectual Property Activities

1 Intellectual property activities safeguarding our brands

In order to protect and develop the brand that we have built since our founding, Kagome's Brand Council, which consists of the representatives from the corporate planning, legal, advertising, and public relations departments, has formulated policies, regulations, and manuals on the proper use of the corporate brand, and is working to ensure its proper use based on these policies.

In 2023, the KAGOME Building, which was created as a symbol of corporate branding through spatial design, received the Good Design Award (Japan Institute of Design Promotion). The exterior of the lower part of the building and the interior of the kitchen space called Kagome Kitchen Farm® Nagoya on the first floor are based on a "mesh of a basket (*kago no me* in Japanese)" for harvesting tomatoes, which is the origin of the company name Kagome. We also applied for and acquired design rights* for the interior of the kitchen.



* These design rights are shared with Takenaka Corporation.

2 Intellectual property activities for safeguarding and utilizing technologies

In the fields of agriculture, health, and processed foods and beverages, Kagome engages in intellectual property activities in cooperation with the strategies of each business department. In 2023, we obtained patent rights related to Na/Katkali Map®, vegetables containing SGS (sulforaphane glucosinolate), and vegetable soup stock.

The Na/Katkali Map® provides the sodium and potassium content in foods in a quick glance. Through patent rights* and other licenses related to this map, we recommend a balanced diet to consumers. Through the improvement of our technological capabilities, we will contribute to the enhancement of corporate value, sustainable growth, and the development of the food industry.

* These rights are shared with Tohoku University.



Seven Materiality Issues and Main Initiatives

	Materiality	What we strive for (KPIs, etc.)	Main initiatives	Relevant SDGs	Related pages
Three social issues	Longer, healthier lives	We will promote vegetable consumption through various products and information and contribute to a healthy dietary habit and lifestyle of consumers.	Develop value and disseminate information that links to behavioral change towards a diet with vegetable consumption Develop and spread products that contribute to vegetable consumption Expand health expectations domain we can be of help with	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 17 PARTNERSHIPS FOR THE GOALS	Domestic Processed Food Business: P.37-38
	Agricultural development and regional revitalization	We aim to establish sustainable agriculture through agriculture business, developing plant varieties and technological development.	Promote local agricultural business through development of vegetable growing regions and processing Develop technologies and services that improve agricultural productivity and sustainability Disseminate the appeal of domestic agricultural products through our business activities	2 ZERO HUNGER	Domestic Agri-Business: P.39-40
	Sustainable global environment	We will reduce environmental impact in our business activities from stages of procurement to products. We will achieve carbon neutrality by 2050.	Initiatives for achieving carbon neutrality by 2050 Initiatives to reduce food loss and waste Conserve water and biodiversity Procure low environmental impact raw materials and other materials and develop similar products	6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND	Environment: P.47-52
Strengthening activities for value creation	Product safety and security	Achieve Quality First, Profit Second* * Kagome's philosophy of equally valuing the provision of safe and secure quality products to consumers and the creation of profits	Improve quality and communicate with customers to promote trust in the brand		Quality: P.53-54
	Establishing a Sustainable Supply Chain	We will establish a stable procurement base and logistics system adaptive to changes in the environment.	Procure materials in an environmentally and socially responsible and sustainable manner Establish a logistics system capable of consistent product delivery to customers	8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Supply Chain: P.63-64
	Respecting diversity and expanding human capital	We will link diversity to innovative creation and sustainable growth.	Establish an environment conducive to innovation through promoting diversity and inclusion Promoting health and productivity management	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 AFFORDABLE AND CLEAN ENERGY	Human Resources: P.55-60
	Strengthen corporate governance	We will establish corporate governance that adapts to the times with our own commitment through further strengthening of "autonomy" complemented by "heteronomy."	Strengthen corporate governance system Ensure appropriate information disclosure and assurance of transparency Formulate an intellectual property strategy and risk management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Corporate Governance: P.69-76

Sustainable Global Environment

As part of its corporate responsibility to reap the benefits of nature's bounty and deliver new food and services to customers, the Kagome Group is promoting initiatives for a sustainable global environment, including the prevention of global warming, effective use of resources, water conservation, and sustainable agriculture.



Quality and Environmental Policy

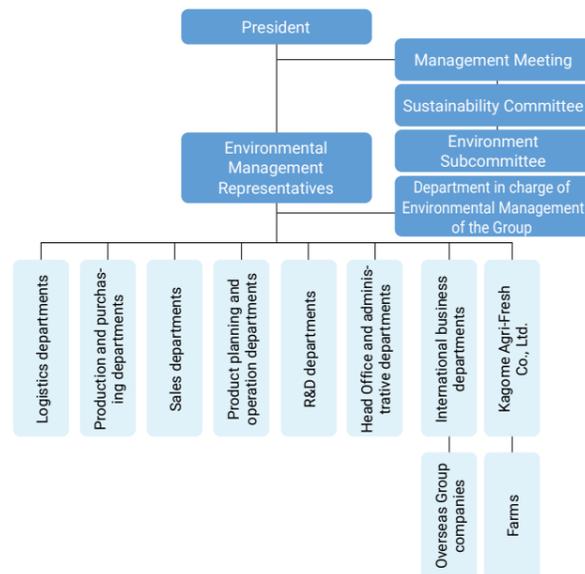
As a company that has contributed to people's health by harnessing nature's bounty, Kagome creates products based on the philosophy that "fields are the primary production plant," by putting efforts into developing safe, high quality raw materials, starting from vegetable seeds and soil creation, as the foundation of our business. To continue reaping the benefits of nature's bounty, we need to engage in sustainable agricultural management in a rich natural environment. Balancing conservation of the global environment with manufacturing that makes use of nature is essential for the Kagome Group's business activities to continue to grow into the future.

Given the shared philosophy and relevance between quality (manufacturing) and environment, we consolidated the previously standalone Quality Policy and Environmental Policy into the Quality and Environmental Policy in October 2017. We are devoting the same enthusiasm we have put into our manufacturing into environmental conservation activities. Our management intent to achieve a sustainable society is integrated into the Quality and Environmental Policy.

1. We contribute to the longevity and good health of people, which is important to us by providing the flavor and health value of vegetables.
2. We grow safe agricultural raw materials consistently from seeds and fields by collaborating with our partners in Japan and abroad.
3. We protect water, soil and air that nurture vegetables, maintain agriculture that fosters rich nature for the future, and effectively use the benefits acquired.
4. We deliver safe, environmentally-friendly products by complying with laws, regulations and in-house standards and continuing to improve our systems and activities.
5. We apply customers' feedback to our corporate activities while communicating the reliability of our products and services.

Kagome's Environmental Management System

At all domestic Kagome Group companies, we have established and implement the Kagome Environmental Management System (KEMS). This system clearly defines responsibilities for all departments and business sites nationwide, with the President at the top, based on the Quality and Environmental Policy. Specifically, we have developed the Kagome Environmental Management Plan based on the Quality and Environmental Policy, and set annual goals. Individual departments and business sites promote environmental preservation activities to achieve targets for each fiscal year. Results of the activities are checked and reviewed to update the medium- to long-term action plan and targets as well as set targets for the following fiscal year.



See our website for details of the KEMS and the Kagome Environmental Management Plan.
https://www.kagome.co.jp/english/csr/environment/env_management/

Response to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

As its response to climate change, in 2019 Kagome conducted scenario analysis following the TCFD's recommendations to identify risks and opportunities involving our business operations. We have also been reviewing our indicators and targets. In 2022, we announced our endorsement of the TCFD's recommendations and participated in the TCFD Consortium.

Governance

The Kagome Group recognizes that an interruption in the procurement of raw materials is the greatest risk facing its business operations. Extreme weather due to global warming drastically affect the growing regions of raw materials. In 2021, we made a revision to our mid- to long-term greenhouse gas reduction targets formulated in 2018, in order to avoid this risk and speed up the reduction of greenhouse gas emissions.

Under KEMS in accordance with ISO 14001, the President & Representative Director is responsible for all of the company's environmental activities, including climate change response. The President evaluates the effectiveness of the environmental management system through biannual management reviews, following the company's environmental policy, and maintains responsibility and authority to order improvements.

Strategy

The emergence of climate change represents a major risk for Kagome as a company that utilizes agricultural produce as raw materials. At the same time, however, it can also be an opportunity for harnessing our long-standing technologies.

Examples of Kagome Group's Risk Countermeasures and Opportunities

	Risks	Countermeasures and opportunities
Short-term and mid-term	<ul style="list-style-type: none"> ● Extreme weather and changing weather patterns ● Declining production yield caused by water stress 	<ul style="list-style-type: none"> ● Acquisition and sales of vegetable varieties that can withstand climate change ● Development and usage of tomato cultivation system that can produce tomatoes with the fewest amount of water
Long-term	<ul style="list-style-type: none"> ● Rising carbon prices ● Changing consumer behaviors ● Loss of biodiversity 	<ul style="list-style-type: none"> ● Initiatives to achieve greenhouse gas reduction targets ● Active development of environmentally friendly products and certified products ● Proposals and promotion of agriculture in symbiosis with living organisms

For details, see our website.
<https://www.kagome.co.jp/english/csr/environment/activity/tcfd/>

The risks and opportunities of climate change represent the risks and opportunities of Kagome's business operations. As such, they have been included in our business plan together with other risks.

Risk management

Kagome has established the Enterprise Risk Management Committee, chaired by the President & Representative Director, as a body for supervising the company's risk management activities. The body helps to speed up the decision making process in terms of our risk response policy and issues based on priority selection and evaluation. Identified risks and opportunities concerning climate change are incorporated into the Environmental Management Plan as issues to be addressed by the entire company.

Indicators and targets

With the aim of achieving net zero emissions of greenhouse gases by 2050, the Kagome Group has established a greenhouse gas emission reduction target for 2030, which received certification from the Science Based Targets (SBT) initiative*.

* An international initiative that certifies the greenhouse gas emissions reduction targets of a business are consistent with the level set in the Paris Agreement

Item	Targets (compared to 2020)	FY2020 results (tons)
Scope 1 and Scope 2	Reduce greenhouse gas emissions by 42% by FY2030	143,524
Scope 3	Reduce greenhouse gas emissions by 13% by FY2030	1,315,239

Scope 1: Direct emissions of greenhouse gases from businesses (burning of fuels, industrial processes)
 Scope 2: Indirect emissions from the use of electricity, heat, steam supplied by another company
 Scope 3: Indirect emissions outside of Scope 1 and Scope 2 (emissions of other companies related to the business' activities)

We believe that it is essential to disclose highly reliable data on greenhouse gas emissions. We have obtained third-party verification of our greenhouse gas emissions (Scope 1, 2, and 3) and received a verification report. Regarding greenhouse gas emissions in 2022 (January 1 to December 31), the validity of the calculation method and data on greenhouse gas emissions from the Kagome Group's production plants (Scope 1 and 2) in Japan and overseas and the Kagome Group (Scope 3) in Japan were verified in accordance with ISO14064-3:2019, and we obtained a verification report from Japan Management Association, which is an evaluation body.

(FY2023 results will be published on the CSR website after third-party verification is completed.)

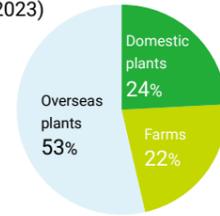
For details, see our website. (Japanese only)
<https://www.kagome.co.jp/library/pdf/company/sustainability/data/02.pdf>

▶ Prevention of Global Warming

The Kagome Group procures safe raw materials and engages in manufacturing that makes use of the bounty of nature. For this reason, we recognize that an interruption in the procurement of raw materials is the greatest risk facing its business operations. Extreme weather such as large typhoons and storms resulting from global warming cause great damage to raw materials production areas. In order to avoid this risk and continue our business activities into the future, we are taking the lead in implementing the Paris Agreement* and are actively working to reduce greenhouse gas emissions.

* Paris Agreement: An international agreement on climate change mitigation adopted at COP21 on December 12, 2015.

Breakdown of Kagome Group's Greenhouse Gas Emissions (FY2023)



Use of renewable energy

The Kagome Group is advancing initiatives to reduce its greenhouse gas emissions with solar power generation and biomass energy.

• Use of solar power

Domestic: Kozakai Plant (2021), Ibaraki Plant (2021), and Fujimi Plant (2021)

Overseas: Kagome Inc. (United States; 2017), Kagome Australia Pty Ltd. (Australia; 2019), and Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) (Portugal; 2023)

* Number of parentheses indicates the year solar power generation was introduced.

• Purchase and use of electricity generated from renewable energy sources

Domestic: Kozakai Plant (2022), Ueno Plant (2023), Fujimi Plant (2023), and Hibikinada Greenfarm Co., Ltd. (2013)

Overseas: Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) (Portugal; 2021)

* Number of parentheses indicates the year renewables was introduced.



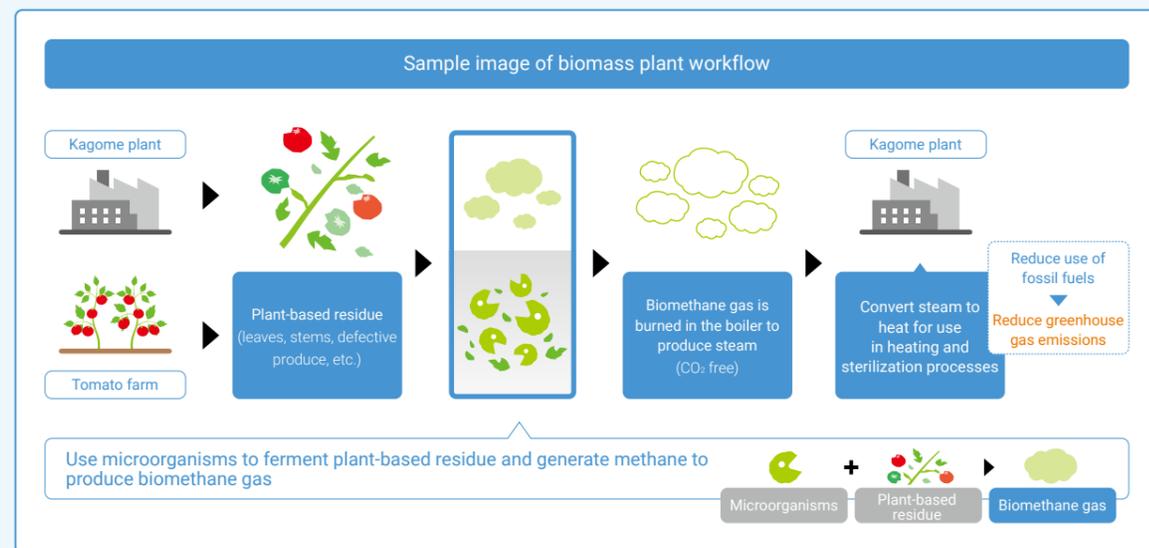
Kozakai Plant (Aichi Prefecture)



Fujimi Plant (Nagano Prefecture)

TOPICS Use of Biomass Energy

Since January 2023, Fujimi Plant (Nagano Prefecture), which produces beverages such as Kagome Tomato Juice and Yasai Seikatsu 100, and processes raw vegetables for beverages, has been using vegetable residues generated at the plant and tomatoes that cannot be shipped from the Yatsugatake Mirai Farm, located next to the plant, as renewable energy. By reducing the use of fossil fuels, we will reduce our greenhouse gas emissions.



▶ Effective Utilization of Resources

Kagome agrees with SDG 12 "By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses," and with this goal in mind, we will improve the accuracy of production volume, eliminate the occurrence of defective products, develop products with long use-by dates, display the years and months of use-by dates, and utilize food banks, in an effort to reduce food loss and waste. As part of our efforts to reduce our environmental impact, we are also working to reduce the amount of plastics we use.

In 2020, we established the Kagome Policy on Plastics with the goal of reducing the impacts plastics have on the environment. As a specific target, Kagome will eliminate its use of straws made from petroleum-derived materials for its paper beverage packs and shift to recyclable materials (plant-based or paper materials) by 2030. Kagome will also use recycled or plant-based materials for at least 50% of its beverage PET bottles by 2030.

In addition, Kagome will continue to promote recycling at plants and environmental clean-up activities at all domestic business sites.

Kagome Policy on Plastics

Policy on Plastics (Summary)	
1	Eliminate the excessive use of plastics and reduce overall use of plastics
2	Replace plastic with recycled materials and plant-based materials Paper carton: zero use of straws made from petroleum-derived materials by 2030 PET bottles: use of at least 50% recycled/plant-based materials by 2030
3	Sustain zero emissions at plants
4	Continuously implement environmental clean-up activities at domestic business sites

Phasing out straws included with all four "Plant-based lactic acid Labre"

With the aim of reducing the amount of plastic we use, in May 2023 the Kagome Group began gradually phasing out the straws included with Plant-based lactic acid Labre (all four products). In 2020, we established the Kagome Policy on Plastics with the goal of reducing the impacts plastics have on the environment, and since then we have been using plastics that are more considerate of the environment. As a company whose business is made possible by the bounty of nature, we will continue to promote environmentally friendly activities, such as reducing the amount of new plastics we use that are made from petroleum.



Current product and straw-less product
Also changed the shape of the aluminum lid on top of products

Plant-based lactic acid Labre series

Message from a Person in Charge

Aiming for Products That Are People and Planet Friendly

Given that about half of our customers do not use straws, we have been looking to phase out straws in order to achieve the goals stated in the Kagome Policy on Plastics. We also wanted to make the lid as easy to open as possible, not just phase out the straw. In order to make it the easiest to open for women in their 40s to 60s, who are the main customers, we went through a lot of trial and error, adjusting the tab of the lid to the size of a woman's thumb, and with the cooperation of the relevant departments, we made our new design a reality. We have also received feedback from customers who say, "It's a good design because it helps reduce waste." We hope that more people will continue to become customers by evolving our products into something that is not only friendly to people but also the planet.



Satoshi Ban
Beverage Marketing and Sales Promotion Department

▶ Water Conservation

The Kagome Group consumes water in the cultivation of crops used as raw materials for its products and consumes a large amount of water during the processing stage. Japan is said to be relatively rich in water, but there are areas in the world where water shortages are serious. The Kagome Group is promoting the sustainable use of water in each region to protect water resources in the regions where we operate.

Kagome Group Water Policy

1. The Kagome Group and its major suppliers understand water-related risks.
2. The Kagome Group and its major suppliers strive to reduce water intake and use water efficiently to protect local water resources.
3. The Kagome Group and its major suppliers clean used water before returning it to the local communities.
4. Factories in areas where water-related risks are high take measures for water that are appropriate for the local areas.

Response to high-risk sites

Since we use water to grow crops, which are the raw materials for our products, and we also consume a lot of water in the processing stage, we need to reduce the amount of water used and mitigate the burden on the environment. For this reason, we conduct water risk assessments at six domestic plants and seven overseas. In these water risk assessments, watershed risk and operational risk are evaluated using a five-point scale (1 to 5) and converted into a two-dimensional matrix to identify priority sites. For the six domestic plants, our assessment using Aqueduct's Baseline Water Stress* did not show that water-related risks were high. Therefore, we focused on overseas plants to assess the risks.

Kagome has been selected as an A list company with the highest rating in CDP Water Security, a corporate survey on water resource management by CDP, an environmental non-profit organization influential internationally.



* Baseline Water Stress: A global tool for water risk assessment developed by the World Resources Institute (WRI).

• Watershed risk

We investigated water resource risks, reputational risks related to water volume, regulatory risks related to water volume, drought risks, flood risks, water quality risks, and reputational risks related to water quality using the applicable indices of Aqueduct and Water Risk Filter*, which can assess water risks using the same criteria for our sites around the world.

* Water Risk Filter: A global tool for water risk assessment developed by WWF (World Wide Fund for Nature) and DEG (German Investment Corporation).

• Operational risks

We collect information such as annual water withdrawal by water source, annual wastewater discharge by discharge destination, and annual sales, assess it relatively, and confirm its validity using an external consultant.

• Identification of priority sites

HIT in Portugal and Kagome Australia Pty Ltd. in Australia were identified as a sites with high water risk. For HIT, this was due to high risks related to local water resources and water quality and to the high amount of water intake and wastewater among all of Kagome's subsidiaries. For Kagome Australia Pty Ltd., this was because of the adverse impact on procurement caused by drought and flood damage locally.

Response to Water Risk ①

HIT in Portugal

HIT has the largest amount of water withdrawal among Kagome's plants, so reducing water used is particularly important. In 2022, HIT installed a tank and a collection line to collect steam-derived hot water after use in concentrators and sterilizers, store it in the tank, and reuse it as boiler water. In May 2023, HIT installed a cooling tower to start reusing cooling water. Going forward, the company aims to reduce water intake by further expanding this cooling tower.



Response to Water Risk ②

Kagome Australia Pty Ltd. in Australia

Kagome Australia Pty Ltd. is attempting to mitigate risks by avoiding the cultivation of tomatoes during periods when the risk of heavy rain is high. Moreover, whenever there is a lot of precipitation, the harvester cannot operate in fields of clay soil, so in 2022 the company conducted a test using a sandy field with good drainage. Since there is also a risk of drought, the company is also striving to reuse water by storing the water used at the plant in the winter behind a dam and providing it to neighboring farmers in the spring.



▶ Sustainable Agriculture

Since its founding, Kagome conducts business utilizing nature's bounty brought to us by agriculture. In order for our business activities to continue into the future, Kagome has formulated the Kagome Group Biodiversity Policy in striving to conserve biodiversity in various situations within our business.

Kagome Group Biodiversity Policy

Conservation activities in the supply chain	Collaboration with internal and external partners
1. Maintenance and utilization of genetic resources	8. Penetration internally and externally
2. Reduction of agriculture's environmental impacts	9. Dialogue with outside parties
3. Ecosystem conservation around farmland	10. Information disclosure
4. Reduction of procurement's environmental impacts	11. Social contributions
5. Considerations during transportation	12. Response to fundamental issues
6. Reduction of plants' environmental impacts	
7. Considerations for products and services	

Development of AI farming advice and automated irrigation control for pulse drip irrigation

Pulse drip irrigation* is generally known as a cultivation method that reduces water consumption. Yet, it has not become widespread because of its complex management and heavy workload for producers. DXAS Agricultural Technology LDA, a joint venture established by Kagome Co., Ltd. and NEC Corporation, is contributing to sustainable agriculture, having launched a service in April 2023 that combines AI farming advice for pulse drip irrigation with an automated irrigation control function that reduces workload. It is now getting the word out about this solution to the processing tomato market.



Linking with irrigation facilities to automatically and remotely control water and fertilizer application

* A cultivation method that maintains the optimal soil moisture content for crops by giving the amount of water and fertilizer required frequently and little by little.

Biodiversity conservation in vegetable cultivation

In July 2020, we established a farm in symbiosis with living organisms on a 1.2-hectare field adjacent to Kagome Yasai Seikatsu Farm Fujimi, and opened it to the public. This farm features mechanisms that make it easier for various living organisms to thrive around the field, as well as mechanisms to attract creatures that are useful for agriculture, such as natural enemies of pests. This allows the farm to engage in agriculture that makes use of the power of living things. At the farm, we conduct biodiversity monitoring surveys, and based on the results, we will make improvements or add to each mechanism to establish agriculture in symbiosis with living organisms.



Providing an environment where living organisms can thrive around the field (rock piles and bamboo tubes)

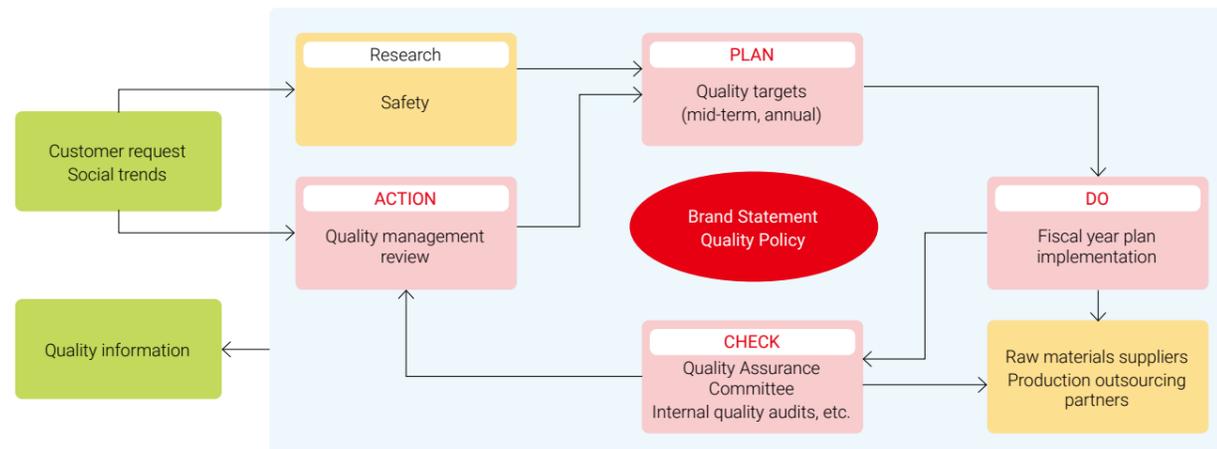
Product Safety and Security

Based on the belief that fields are the primary production plant, we strive to provide safe and high quality products starting with initiatives on vegetable seeds and soil creation. We have established a quality assurance system to guarantee this fundamental quality while also rolling out the system at overseas Group companies.



▶ Kagome's Quality Management System (KQMS)

Kagome believes in Quality First, Profit Second. This means that we equally value the provision of safe and secure quality products to consumers and the creation of profits. In conjunction with this, we are always making company-wide efforts to improve quality. As a system to guarantee quality, we have established our own proprietary quality management system called Kagome Quality Management System (KQMS) in compliance with ISO 9001 standards. Our quality activities span from design and development to procurement, production, logistics, and sales.



▶ Safety Management from Field to Product

Initiatives for food defense

In order to prevent intentional mixing of contaminants or chemicals in Japan, we conduct risk assessments on food defense and implement controls based on the results. In addition to installing security cameras, upgrading locking systems and promoting communication among employees at its own plants, Kagome also requests the plants of production outsourcing partners to comply with its management guidelines.

Initiatives in response to radioactive materials

For domestically produced raw materials used in our products, we check the status of monitoring of radioactive materials by the government and conduct voluntary inspections as necessary to confirm safety.

Initiatives to address residual pesticides

We analyze raw materials for residual pesticides in order to confirm their safety. We have acquired ISO 17025 certification, which certifies our ability as a testing and analysis institution, as we strive to further enhance the precision of our analysis.

Initiatives for fostering a food safety culture

We are working to foster a food safety culture so that each and every one of us can take the right action in accordance with the rules set forth in KQMS. At our manufacturing plants, we conduct assessments and reviews to flag potential food safety issues.

▶ Quality Management and Quality Assurance System for Overseas Group Companies

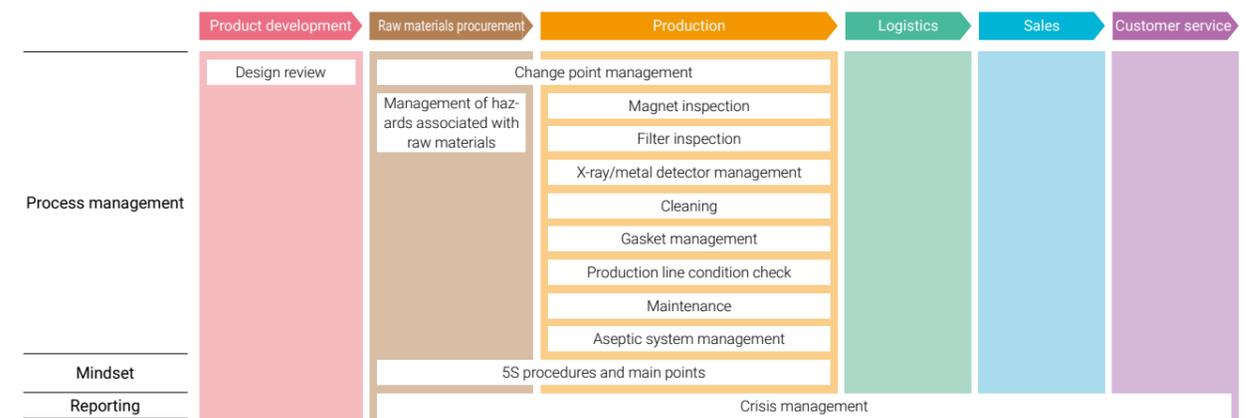
In 2016, we established the Global Quality Assurance Department (located in Tokyo) within the International Business Division. This department formulated Group-wide quality management standards known as Kagome Best Manufacturing Practice (KBMP) for overseas Group companies, and it continues working to roll out these standards to overseas Group companies. In addition to quality assurance, it is working to increase the quality assurance level and boost productivity of the entire Group by identifying, sharing cross-functionally, and utilizing the outcomes of environmental themes and technical themes, such as cost reductions being pursued at each Group company. The department is also actively working to reduce greenhouse gas emissions and conserve water resources in our overseas businesses.

▶ Roll-Out of a Common Global Quality Management Standard (KBMP) at Overseas Group Companies and Audit-Based Verification and Improvement

The main focus of the KBMP roll-out is not simply to impose our approach in Japan on other regions, but rather to share examples of improvements at overseas Group companies through the Global Quality Assurance Meeting and to foster mutual awareness toward improving quality. In the early days of KBMP introduction, we rolled out our approach and technologies related to foreign contaminants to overseas Group companies and worked to improve the level of quality control. Next, we developed activities to prevent quality accidents attributed to product design and common rules for response manuals based on quality incident scenarios. The entrenchment of KBMP has improved quality of the entire Kagome Group in each process, from design to sales.

KBMP is incorporated not only in existing manufacturing facilities but also in new plants and newly introduced manufacturing equipment from the design stage.

Coverage of Common Quality Management Standard for Overseas Group Companies (KBMP)



▶ Detailed Global Quality Assurance Activities

We are working to further strengthen our quality assurance foundation by sharing the good practices of each Group company. The Groupwide Quality Assurance Meeting is held once every two years. In November 2022, face-to-face meetings resumed for the first time in three years. Senior management and quality assurance and manufacturing managers from Group companies gather to share case studies and discuss quality, production, 5S, safety, and sustainability initiatives. This meeting not only improves quality mindsets through friendly competition involving Group companies, but also helps to align perspectives on issues and targets such as production and the environment.

In October 2023, as part of the activities of a subcommittee, we invited the head of quality and manufacturing of HIT in Portugal to Vegitalia S.p.A., Italy, where we held a discussion while visiting our manufacturing site in Italy. In addition to understanding process management and proposals for improvement from both sides, the meeting helped to deepen discussions on measures to improve employees' mindset toward quality.



Global Quality Assurance Meeting (preventive training) held in Tokyo in November 2022



Quality networking session at a manufacturing plant held in Italy in October 2023

Respecting Diversity and Expanding Human Capital

New value creation combining various forms of knowledge is essential to achieving sustainable growth. We are focusing on three measures to increase job satisfaction and ways to foster a sound corporate culture, which will lead to the creation of innovation.

Joji Kawahara
Chief Human Resources Officer (CHO) & Executive Officer



▶ Increasing Job Satisfaction and Creating Innovation

New value creation combining various forms of knowledge is essential to achieving sustainable growth. This requires the autonomous growth of each and every one of us working at Kagome. “Job satisfaction” provides the energy that encourages this autonomous growth.

We will focus on creating a culture of taking on challenges with three personnel measures to improve the job satisfaction of each and every worker, which will lead to the creation of innovation.

Monitoring of job satisfaction

Since 2021, we have conducted an engagement survey (Wevox: a tool for measuring and supporting employee engagement provided by Atrac, Inc.) targeting all employees to monitor job satisfaction.

Our target is to achieve an engagement survey score within the top 20% of peer companies by 2025.

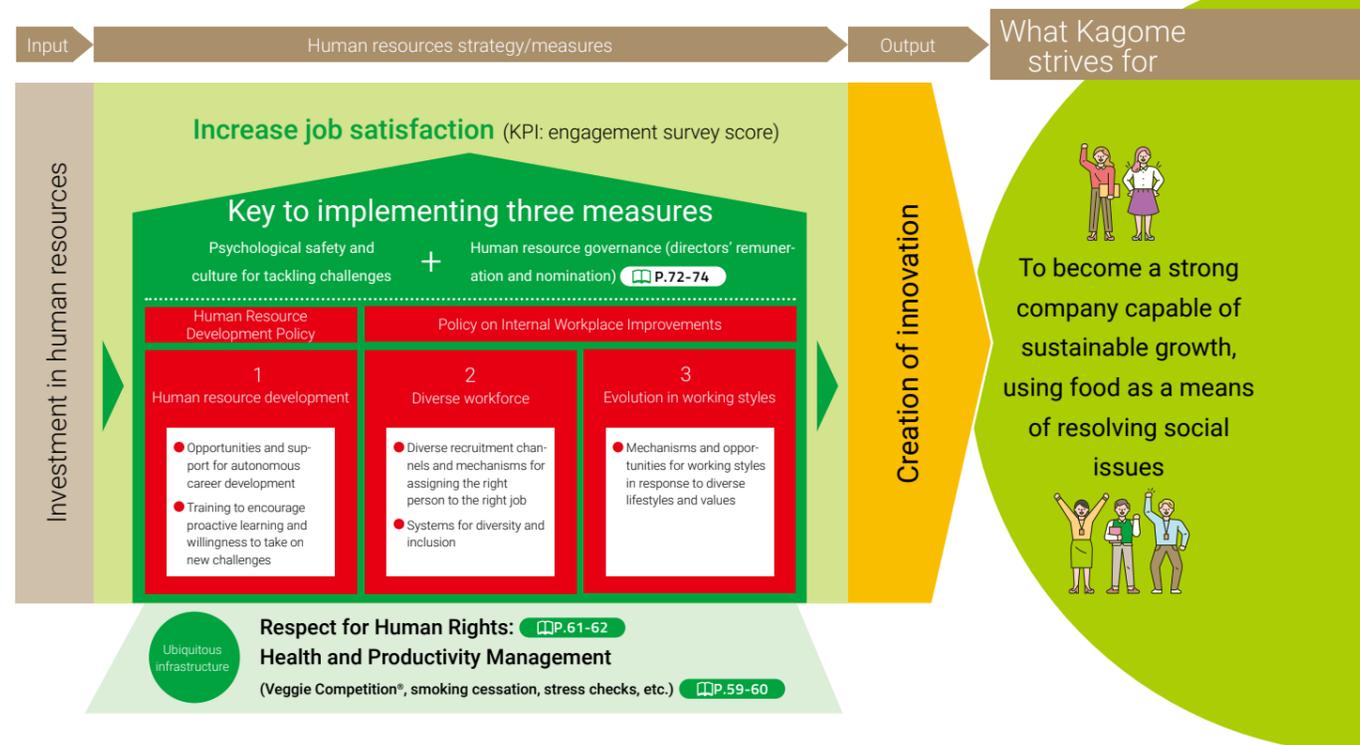
We analyze the results of the survey annually by item and department to identify themes for increasing job satisfaction and implement countermeasures. Currently, there are variations in overall scores among departments (maximum difference: 12 points as of the 2022 survey), and we are deploying measures in line with the characteristics of each department and the actual situation to reduce this difference.

Trend in Engagement Survey Score

	2021 Results	2022 Results	2023 Results	2025 targets
Total score	70*1	70	72	76*2

*1 Average score of peer companies using Wevox at the time of setting the target (2021) was 69.
*2 Top 20 percentile of peer companies using Wevox at the time of setting the target (2021)

Kagome’s Human Resources Strategy Aimed at Its Vision



Instilling psychological safety

In 2023, as a measure to instill psychological safety, we organized a lecture and talk session led by an external expert on the theme of “Learning from cases changing the radius of five meters: building a psychologically safe team” led by the Diversity Committee, a Thank You Badge Campaign to convey a small forms of gratitude on a daily basis, a dialogue program for better team building and Circle Time in which the President and a Senior Managing Executive Officer took turns exchanging opinions with participants.

Trend in Psychological Safety Penetration Score

	2021 Results	2022 Results	2023 Results
Psychological safety	67	71	72

* Psychological safety score on an internal survey

Measures to Improve Psychological Safety

Target	Activities in 2023	Contents
For organizations	Dialogue program for better team building	Organizational development program to instill psychological safety in the workplace and in teams through dialogue
For officers	Training for officers	Study sessions on psychological safety
For managerial positions	Selective management training	Establishment of elective courses for managers to learn autonomously in line with their own organizational development and human resource development issues
	360-degree feedback	Feedback on management behavior is provided annually by superiors, colleagues, and subordinates for all managers.
For all employees	Diversity Day 2023	A lecture and talk session were held by external experts on the theme of building psychologically safe teams
	Circle Time	As a place for flat dialogue between top management and employees, the President and Senior Managing Executive Officer take turns hosting
	Thank You Badge Campaign	A campaign in which all employees participate in conveying messages of gratitude to each other inside and outside the organization through internal social media

▶ Three Measures ① Human Resource Development

Through human resource development, Kagome aims to become a group of human resources that can develop the diverse strengths of individuals and utilize them as a team to bring about innovation and contribute to social issues. With human resource development, we aim to create a strong Kagome that continues to create value quickly and innovates in many areas by becoming a diverse group of human resources in terms of careers and abilities and realize an organizational culture that achieves results as a team.

In order to become a group of human resources that contributes to social issues, we clearly present the roles and job duties expected of each employee as grade requirements for role grades and evaluation items for job behavior, and provide challenging work tasks and educational opportunities that will lead to growth in anticipation of each higher grade.

In order for individuals to discover and develop their diverse strengths and to enable each individual to work with a higher degree of autonomy, we provide a variety of opportunities for raising awareness and education from three perspectives (career development, skill development, and organizational culture development). Recently, we have been focusing on creating an organization that can utilize the diverse strengths of individuals as a team, help improve job satisfaction and psychological safety, and achieve results as a team.

In addition, toward the realization of our vision of “from a tomato company to a vegetable company,” we are implementing unique initiatives, including Vegetable Maestro Certification and Vegetable Teacher to train and develop employees who can convey the appeal of vegetables as evangelists.

In addition, we continue to work on the development of digital human resources. We intend to improve digital skills through training and experience solving problems using IT in an open manner, and to increase the number of human resources who can apply these skills to work and business to 20% of all employees by 2025.

In this manner, we aim to achieve a state in which each and every one of us can achieve growth based on the company’s requests and based on our own individuality (identity).

TOPICS Reskilling—Practical Learning on Corporate Governance—

We held a total of 14 self-directed learning programs over a four-month period, in which employees are responsible for planning and managing the program themselves. This was planned and implemented by one employee who felt a sense of urgency about his own lack of knowledge on corporate governance and appealed to the entire company. In addition to one external lecturer, six employee lecturers in charge of specialized fields explained the integrated report as a reference book, and the group work of the participants is combined to provide practical learning. Although there was a fee for participation, about 270 employees from a wide range of backgrounds who sympathized with the need for reskilling participated. In the survey conducted after the event, we received such comments as, “I was able to see management and finance as my own for the first time,” and “I began to think about things from a companywide perspective, not just the work at hand.”



Hiroyuki Shibui of the Corporate Planning Department, who came up with the idea (front row, center), pictured with members of the award-winning group in the final presentation

▶ Three Measures 2 Diverse Workforce

The Kagome Group believes that it is important for employees to embrace each other's diverse values and to maximize their abilities without discrimination based on nationality, ethnicity, race, creed, ideology, religion, gender identity, sexual orientation, disability, age, or social status.

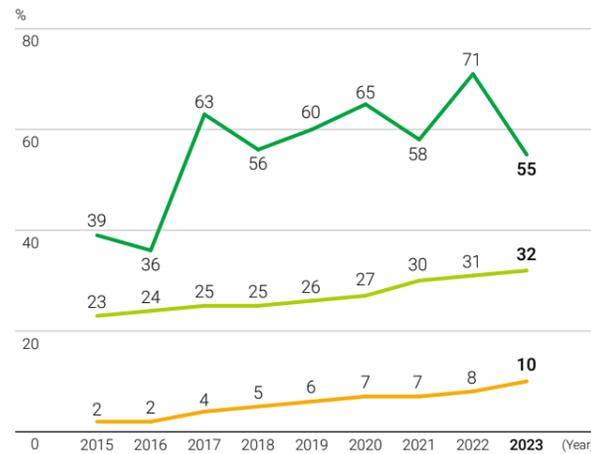
In addition, we are working to promote diversity and inclusion as one of our management strategies to become a strong company that can grow in a sustainable manner. We place emphasis on ensuring psychological safety in our organizations, and strive to create innovation by utilizing the diverse thinking and experiences of each and every employee.

In terms of women's empowerment, Kagome has set a target of increasing the percentage of female employees in all positions from employee to executive officer to 50% by around 2040 as a long-term vision.

As for recruitment, we will secure a diverse workforce by combining diverse recruiting channels and departments for assignment. We widely open the door to mid-career recruitment to strengthen our foundation of human resources for becoming a vegetable company. We will develop core human resources by increasing the allocation of mid-career hiring to around 20 to 30% of total hires.

Also, we will create opportunities for our people to utilize their skill sets based on their own unique experiences and knowledge. In April 2023, as a way to create a workplace where seniors can actively participate, we changed the contract formats available in our reemployment system and now employees can extend their contract up to the age of 70. Seniors over the age of 65 are also active in many of our workplaces.

Trend in the Percentage of Women in General Career Track Positions, Our Workforce, and Managerial Positions (Kagome Co., Ltd.)



— Percentage of women in general career track positions
 — Percentage of women in our workforce
 — Percentage of women in managerial positions
 * Data for employee positions as of April 1 of each year

Supplementary note: In 2023, women accounted for 32% of our workforce. Since we are working to achieve a target of women accounting for 60% of new graduates hired for general career track positions, the percentage of young women in our workforce is high. On the other hand, as the age group increased, the percentage of women at the time of recruitment decreased, resulting in a pyramid-shaped age structure. As a result, the percentage of women in managerial positions, which is mainly composed of persons in their 40s and 50s, is currently at a low level.

Number of Mid-Career Hires and Trend in the Percentage of Mid-Career Hires to Total Recruitment (General Career Track Positions) (Kagome Co., Ltd. and Kagome Agri Fresh Co., Ltd.)



■ Number of mid-career hires (persons)
 — Percentage of mid-career hires (right axis)
 * Persons hired between January and December of each year (2023 includes three career employees of Kagome Agri Fresh Co., Ltd.)

▶ Three Measures 3 Evolution in Working Styles

Developing Employee-friendly Systems

We are developing systems that enable even more diverse working styles by easing restrictions placed on where and when work is performed based on employees' changing values and needs when it comes to their job (childcare or family care obligations or households where both spouses are working).

Expanding Elective Working Styles

We are looking to provide opportunities for employees to work beyond the boundary of their own organization through the secondary job scheme and cross-boundary learning* in order to connect diverse experiences and opportunities to innovation. We will expand career development opportunities that go beyond one's current line of work.

* Cross-boundary learning: Gaining new perspectives by leaving your usual company or workplace and experiencing work in a completely different environment.

Environmental Improvements for Evolution in Working Styles

FY introduced	System
2019	Flex time system
	Telecommuting system
	Secondary job scheme
2020	Elimination of core time in flex time system
2021	Utilization of family care leave in hourly increments
	Telecommuting stipend
2023	Expanded assistance for transfers involving relocation

▶ Governance System

We established the Human Resources Development Committee, which is comprised of internal executive management, and the Remuneration and Nomination Advisory Committee, which is also composed of internal executive management as well as external directors, as specialized meeting bodies that involve deliberation and decision-making by executive management related to human capital. These meeting bodies carefully examine and verify the development of human resources and working environment that enable our diverse workforce to play an active role, and the appropriate compensation of management personnel.

The Human Resources Development Committee, chaired by the President & Representative Director, is a deliberative and decision-making body comprised of executive management related to human resources and organizations. It meets frequently at least once a month to deliberate on a wide range of matters, i.e., transfers, assignments, promotions, mid-career recruitment, and organizational restructuring, from positions in charge to officers.

The Remuneration and Nomination Advisory Committee is an advisory body to the Board of Directors for strengthening the independence, objectivity, and accountability of the functions of the Board of Directors related to the remuneration of directors and executive officers and the nomination of directors. It regularly conducts deliberations on officer personnel and compensation. In addition, the Remuneration and Nomination Advisory Committee is systematically working to develop and produce the next generation of executive management who will lead Kagome's sustainable management and growth as an important management-led issue.

Starting with the Human Resources Development Committee's deliberations on human resources strategies and a wide range of areas related to human resources and organizations, the Human Resources Development Committee makes decisions, the Management Meetings further deliberate and make decisions, and the Board of Directors makes decisions after deliberations by the Remuneration and Nomination Advisory Committee. Depending on the importance of the content and the degree of impact both inside and outside the company, deliberations are held in stages to ensure appropriate governance.

The Chief Human Resources Officer (CHO) is a member of the Human Resources Development Committee and the Remuneration and Nomination Advisory Committee, and is mainly responsible for making recommendations.



▶ Indicators and Targets

Strategy	Indicator	2021 Results	2022 Results	2023 Results	Target	
Job satisfaction	Engagement survey score	70	70	72	76 Engagement score within the top 20% of peer companies by 2025	
	Psychological safety penetration rate score*1	67	71	72	—	
Human resource development	Number of career interviews (persons)	610	645	561	—	
	Growth opportunities score*2	67	67	68	—	
Diverse workforce	Ratio of women in new general career track hires out of university	58.0%	71.0%	54.5%	60% or higher	
	Percentage of women in managerial positions	7.4%	8.4%	9.6%	12% by 2026	
	Situation of women remaining on the job within 10 years of joining the company (compared to men)	1.0	1.0	1.0 (estimate)	1.0 or higher compared to men	
	Breakdown of general career track positions	30.8%	27.9%	29.8%	—	
	Percentage of men taking childcare leave General career track/Technical track	General career track	62.0%	75.6%	65.6%	42% or higher (Average for 2019 to 2021)
		Technical track	64.3%	84.6%	81.8%	—
Gender pay gap*3 (The percentage of women's pay to men's)	Total workers	66.2%	65.4%	68.3%	—	
	Permanent employees	68.6%	67.3%	70.5%	—	
	Part-time and fixed-term contract employees	87.8%	87.6%	86.6%	—	
Evolution in working styles	Paid leave utilization rate	84.7%	86.4%	81.7% (estimate)	—	
	Total working hours (hours/year)	1,867	1,896	1,895	—	

*1 Score on in-house survey on psychological safety

*2 Score of questions concerning "growth opportunities" within the engagement survey

*3 For supplementary explanations on appended matters and pay gap, see our website. (Japanese only)
https://www.kagome.co.jp/library/pdf/company/sustainability/data/2310esg_data_book.pdf



Initiatives to Strengthen Human Resources

Kagome's Health and Productivity Management Elevating Brand Value

Kagome has identified longer, healthier lives through food as one of the social issues it should help resolve. Toward this end, we are developing products and services that contribute to the health of customers. Therefore, the health of employees provides greater persuasiveness to Kagome's business, which in turn leads to an increase in Kagome's brand value.

Kagome's Unique Initiatives for the Promotion of Health and Productivity Management

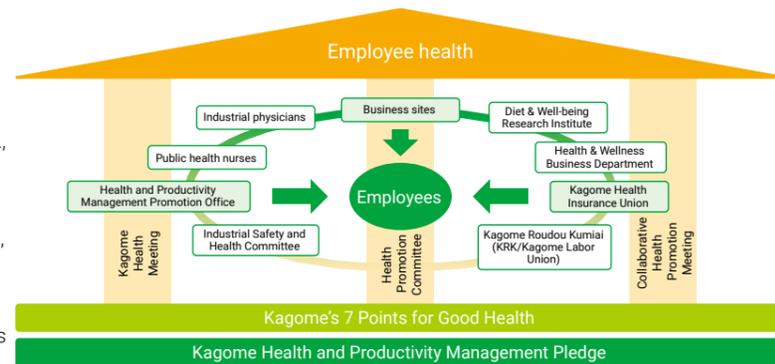
In promoting health and productivity management, we are able to make the most of our collaborations in terms of products such as vegetable beverages, the Diet & Well-being Research Institute, the Health & Wellness Business Department, and the Let's Eat Vegetables campaign, which represents a major strength that other companies simply do not have. In addition, we have a culture that values people, and health and productivity management is considered to be the very essence of Kagome's corporate culture.

We aim for a state in which our employees can be said to be "clearly" healthy both physically and mentally. This will lead to an improvement in the company's performance and expand the range of our products and services that contribute to the health advancement of customers. At the same time, we believe that the physical and mental health of all employees working at Kagome will lead to improved job satisfaction.

Framework for Promoting Health and Productivity Management

As shown in the organizational chart on the right, based on the Kagome Health and Productivity Management Pledge established by Kagome's management, the Health and Productivity Management Promotion Office of Kagome Axis Co., Ltd., the Kagome Health Insurance Union, and each business site work together as part of a trinity.

The three pillars of the Kagome Health Meeting, the Collaborative Health Promotion Meeting, and the Health Promotion Committee work together with industrial health staff to identify health issues and consider and implement health measures.



Certified Health and Productivity Management Organization 2023 Large Enterprise Category; White 500

In 2017, we established Kagome's 7 Points for Good Health, and made the Kagome Health and Productivity Management Pledge. In March 2023, we were recognized under the Certified Health and Productivity Management Organization (large enterprise category; White 500) 2023 program administered by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi. In December 2023, we were given the highest rank by the Development Bank of Japan (DBJ) under its DBJ Employees' Health Management Rating. Going forward, we will continue to promote health and productivity management measures in accordance with the purpose of the Health & Productivity Management Organization Certification System to further improve the health and job satisfaction of our people and contribute to the health of our customers.



Kagome Health and Productivity Management Pledge

The health of employees links directly to feelings of job satisfaction, through improving their sense of pride and engagement at Kagome. With Kagome's 7 Points for Good Health at our core, we will contribute to the health of our customers through food while promoting health and productivity management.

Kagome's 7 Points for Good Health

- Point 1** Nutritional balance, eat 350g of vegetables a day
- Point 2** Feel fresh and cleansed every day, drink Labre
- Point 3** Sleep well, greet people, and enjoy a fun lifestyle
- Point 4** Take appropriate exercise, walk 8,000 steps a day
- Point 5** Develop habits of brushing teeth, gargling and washing hands
- Point 6** Don't drink too much alcohol, and avoid smoking
- Point 7** Take regular health checkups and manage your own health

Targets

The targets for health checkups, stress checks, and smoking rate and the situation of each fiscal year are presented below. We will work on various measures to achieve our goals and promote health and productivity management.

Situation regarding Health Checkups (%)

FY	2018	2019	2020	2021	2022	2023	2025 (Target)
Percentage of employees taking health checkups	100	100	100	100	100	100	100
Percentage of employees receiving specific health guidance	58.2	72.0	84.8	88.7	86.9	85.7	100

Situation regarding Stress Checks (%)

FY	2018	2019	2020	2021	2022	2023	2025 (Target)
Examination rate	92.0	95.7	93.3	92.0	93.7	94.1	-
Rate of high stress employees	6.3	7.4	7.6	8.3	7.9	7.0	Consistently at 8.0

Smoking Rate (%)

FY	2018	2019	2020	2021	2022	2023	2025 (Target)
Smoking rate	23.1	20.8	19.5	16.1	15.1	14.3	12.0

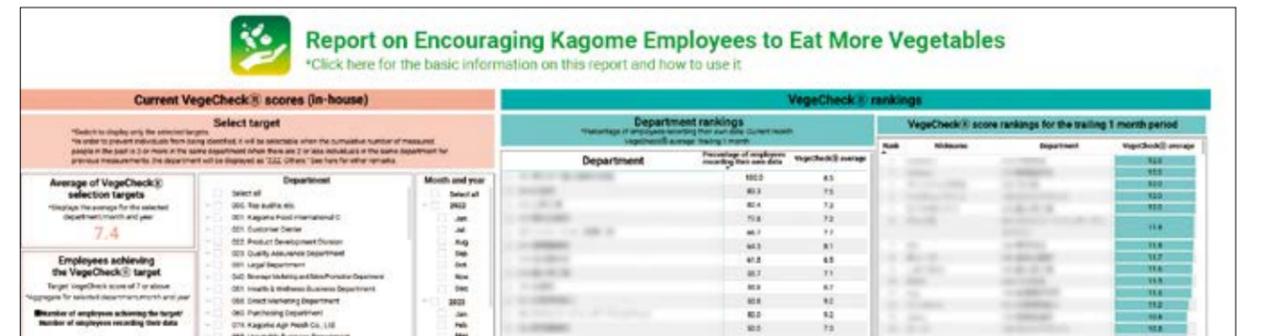
Encouraging employees to eat more vegetables

We recommend that employees consume 350 g of vegetables every day for their physical and mental health. As an indicator for this target, we ask employees to regularly measure their own VegeCheck score* to encourage them to change their behavior toward vegetable consumption. In 2023, we launched an in-house website where the measured employee VegeCheck scores are consolidated and automatically aggregated in an internal database using a dedicated app, where employees can check the percentage of measurements by organization and changes in VegeCheck score. At the same time, we hold the Team Veggie Competition® every year to raise awareness of our own vegetable consumption and increase it. During the competition, the daily amount of vegetables is entered into the dedicated app, and each team competes against one another for highest vegetable intake.



Team Veggie Competition app

* A measurement using VegeCheck® that can estimate a person's vegetable intake in 30 seconds



Visualization site for the initiative to encourage Kagome employees to eat more vegetables

Message from a Person in Charge

Contributing to Health and Productivity Management through Kagome's Own Unique Measures

Kagome employees can drink the company's own vegetable beverages in the office every day. We also regularly run in-house campaigns to raise awareness among our employees with regard to their vegetable intake and increasing it. About 90% of the target employees participate in this campaign, and vegetable intake is steadily increasing. It has been five years since we pledged to promote health and productivity management, and our efforts have evolved with each passing year. We actively engage in health and productivity management, conducting thorough measures in response to high-risk employees found in health checkup results, banning smoking during working hours, closing onsite smoking areas companywide, and hosting walking campaigns aimed at maintaining appropriate body weight. Looking ahead, we will continue contributing to health and productivity management through various measures that capitalize on Kagome's uniqueness.



Kyoko Akiyama
Health and Productivity Management Promotion Office
Kagome Axis Co., Ltd.

Respect for Human Rights

We established the Kagome Group Human Rights Policy based on international norms on human rights, and we are now working to share its approach and activities within the Group and to address human rights risks in business.



▶ Approach to Human Rights

We believe that respecting the fundamental human rights of the people involved in our business activities and the people in the countries and regions in which we operate is the responsibility of the Kagome Group as we put our corporate philosophy into practice. We have established the Kagome Group Human Rights Policy as a guideline for fulfilling this responsibility to respect human rights, and we will advance activities in accordance with this policy. This policy has been approved by the Management Meeting and reported to the Board of Directors.

Kagome Group Human Rights Policy

Basic Approach

This policy complements the Kagome Code of Conduct. We support and respect the following international norms.

- International Bill of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
ILO Declaration of Multinational Enterprises
- OECD Guidelines for Multinational Enterprises
- Children's Rights and Business Principles

We comply with applicable laws and regulations in all countries and regions where we operate, using the United Nations Guiding Principles on Business and Human Rights as a framework for conducting human rights due diligence. In the event that there is a conflict between internationally recognized human rights and local laws and regulations, we will seek ways to respect principles on international human rights.

Applicable Scope

This policy applies to all officers and employees of the Kagome Group. In fulfilling our responsibility to respect human rights in our business activities, we will ensure that all business partners involved in the Kagome Group's products and services understand and support this policy, encourage them to respect human rights, and work together to promote respect for human rights.

Respect for the Human Rights of Stakeholders

We recognize that there is a possibility that human rights may be directly or indirectly affected in all of our business activities, and we respect the human rights of stakeholders involved in the Kagome Group's business activities.

• Work environment

We will create a work environment where employees can continue to work in a safe, hygienic and healthy manner.

• Payment of appropriate wages and management of working hours

In accordance with laws and regulations, we will pay appropriate wages and manage working hours.

• Respect for fundamental labor rights

We respect fundamental labor rights, including freedom of association and collective bargaining.

• Prohibition of forced labor and child labor

We do not engage in any form of modern slavery, including forced labor, child labor, and human trafficking.

• Prohibition of discrimination and harassment

We will eliminate all forms of discrimination on the basis of nationality, ethnicity, race, creed, ideology, religion, gender, gender identity, sexual orientation, disability, age, social status, etc., and will not engage in harassment that harms the dignity of individuals.

• Appropriate handling of personal information and respect for privacy

We comply with laws and regulations regarding the protection of personal information, strive to handle personal information appropriately, and respect privacy.

Human Rights Due Diligence

Through the implementation of human rights due diligence, we identify the negative impacts on human rights that we have in society and work to prevent or mitigate them.

Remedy

We strive to detect and prevent adverse impacts on human rights at an early stage by operating a compliance contact and reporting hotline. In the event that it becomes clear that our business activities have directly caused or contributed to adverse human rights impacts, we work to remedy the situation through appropriate procedures.

Dialogue and Consultations

In the process of implementing this policy, we utilize independent external human rights expertise and faithfully engage in dialogue and consultation with stakeholders.

Education and Training

In order to ensure that this policy is incorporated into all business activities and effectively implemented, we provide appropriate education and training to officers and employees.

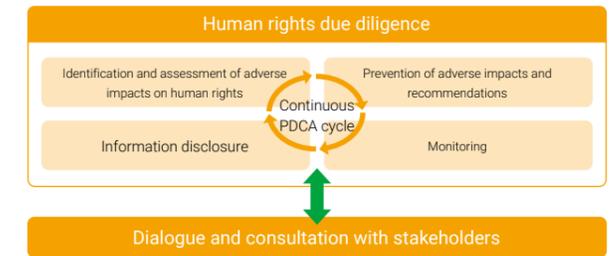
Information Disclosure

We regularly report on our efforts to respect human rights and the status of human rights due diligence through modes of communication such as our website and integrated report.

Human rights due diligence

We regard the United Nations Guiding Principles on Business and Human Rights as a framework for implementation of human rights due diligence. Following the Kagome Group Human Rights Policy, we identify and assess adverse impacts of our business activities on human rights, and are working to take appropriate measures, monitor, and disclose information based on the results of these assessments.

In order to realize sustainable business activities that respect human rights, we will build a system that can continuously promote these processes through dialogue and consultation with internal and external stakeholders.



▶ Kagome CSR Procurement Policy

We established the Kagome CSR Procurement Policy not just for the procurement of safe and secure raw materials, but also for contributing to the realization of a sustainable society together with procurement partners. This policy requires that we ensure fair, equitable, and transparent transactions and promote procurement activities that take into account compliance with laws and ethics, human rights, labor, and the environment.

For details about the Kagome CSR Procurement Policy, see our website.
<https://www.kagome.co.jp/english/csr/supplier/>

▶ Kagome Supplier CSR Actions Guidelines

We established the Kagome Supplier CSR Actions Guidelines, which contains detailed guidelines for our procurement partners inside and outside of Japan based on the belief that supplier cooperation is vital to implementing the Kagome CSR Procurement Policy. The guidelines are broken down into sections considered highly relevant internationally, including respect for human rights, appropriate labor environment, and consideration toward the environment. We are now working to ensure compliance with these guidelines by making them known to suppliers through briefings and other means, along with self-checks using a dedicated questionnaire or field audits, each intended to deepen their understanding and implementation in an effort to further enhance the effectiveness of our CSR procurement activities.

For details about the Kagome Supplier CSR Actions Guidelines, see our website.
https://www.kagome.co.jp/english/csr/supplier/pdf/kagome_supplier_csr_actions_guidelines.pdf

▶ In-House Activities to Raise Awareness

In order to deepen understanding of the Kagome Group Human Rights Policy and respect for human rights, we have taken such actions as holding lectures on the theme of "Business and Human Rights" for employees and organizing study sessions with external human rights experts for executives and members of the Sustainability Committee. By continuously implementing these measures, we are promoting actions to disseminate the Kagome Group Human Rights Policy and reduce human rights risks. Most recently, we have implemented the following measures.

FY2023

- Made the Kagome Group Human Rights Policy known to all officers and employees
- Held in-house lectures on the themes of "Business and Human Rights" and "Kagome Group Human Rights Policy" (two times)
- Held study session led by an external human rights expert for the Sustainability Committee (one time)

Message from a Person in Charge

Continuously Assessing and Addressing Human Rights Risks

Until now, respect for human rights has formed a part of our Code of Conduct. In order to respond to international human rights trends, however, we have formulated a new human rights policy.

The importance of a company's responsibility to respect human rights is increasing against the backdrop of changes in laws and guidelines related to human rights. For Kagome, which has a broad value chain, respecting the human rights of all stakeholders involved in its business activities is an indispensable element for business continuity and enhancing corporate value.

In the future, we will continue to assess and respond to human rights risks in our business by utilizing internal and external networks, and in conjunction with our environmental initiatives, we will strive to broadly optimize the entire value chain.



Ryoichi Ishii
Sustainability Group
Corporate Planning
Department

Establishing a Sustainable Supply Chain

We are working to optimize the entire supply chain in order to respond to risks such as climate change, water shortages, labor shortages and soaring raw materials prices so that we can continuously deliver products to our customers.



Logistics Environment Unique to Kagome Seamlessly Connecting the Supply Chain

For Kagome, which delivers products made from the bounty of nature, it is essential for business continuity to maintain the flow of goods, from the transport of raw materials from fields around the world to the customer's table. Below is an illustration of Kagome's unique supply chain.



Procurement bases

Receive agricultural produce from around the world

The Kagome Group has procurement bases around the world. Raw materials sent from overseas procurement bases arrive in Japan after a long journey and are transported to domestic plants. After the products manufactured in the plant are shipped out, they are delivered to customers through the involvement of many people, including distribution warehouses, wholesalers, and retail stores. The length of this supply chain is a major feature.



Plants

Close to production areas, far from consumption areas

We have constructed our domestic plants near the production areas of processing tomatoes. These locations are based on Kagome's idea of manufacturing, which is that "fields are the primary production plant." In logistics, the distance between highway interchanges and major highways makes the transportation distance from our plants to consumption areas longer than that of other food manufacturers.



Logistics centers

Handling over 1,000 products in multiple temperature zones

Kagome sells more than 1,000 products that fall under three temperature ranges: room temperature for condiments and PET bottled beverages, refrigeration for home-packed beverages and lactic acid bacteria beverages, and freezing for institutional and industrial use products. Each temperature zone requires a storage location, transport method, and personnel, and management is also complicated. Developing a wide range of items is Kagome's strength, and at the same time, its management in logistics is widespread.



Customers

Diverse sales channels

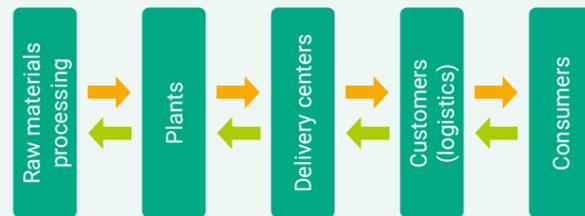
Diversified sales channels are also one of Kagome's unique traits. In direct marketing, or DtoC, products are distributed without going through wholesalers and retail stores. The SCM Division plans and constantly updates the optimal logistics route according to the delivery destination. Products are then delivered through F-LINE Corp.*

* F-LINE Corp.: A joint logistics company jointly established by five food manufacturers in April 2019 with the aim of realizing an efficient and stable logistics system. F-LINE Corp. is working together with food manufacturers in order to solve various issues in food logistics.

CASE Crystalizing the Supply Network Concept

Streamlining and optimizing procurement, production, packing and delivery

Raising the efficiency of logistics, a source of higher costs, has become a major management issue. In addition to transportation and delivery from plants to customers, we will work to realize the "Supply Network Concept," which will enable us to centrally visualize inventories from upstream to downstream, including raw materials suppliers, and improve the efficiency and optimization of transport and delivery.



Addressing the 2024 Problem* of Logistics in Japan

* From April 2024, the upper limit on overtime work (960 hours per year, excluding holidays) for drivers will take effect due to the enforcement of the Act on the Arrangement of Related Acts to Promote Work Style Reform. This could result in a shortage of drivers, making it difficult to transport goods as before.

1 Cooperation with plants Listening to the voices of frontline operations to make careful adjustments

Kagome's Logistics Planning Department, with the cooperation of plants and F-LINE Corp., is working to solve problems such as higher costs, driver shortages, and reducing waiting times. For example, at our Ueno Plant, we have expanded the amount of items stored onsite by reviewing work routes and storage locations, and by introducing additional steel pallets (shelves that can be used for storage while they are placed on pallets). In addition to reducing storage costs at external warehouses, we have also been able to harmonize the number of trucks used from plants to external warehouses, which has established a stable transport network. Despite the physical constraints of plants, we continue to make improvements through the creative ingenuity of each site, and move forward with the aim of becoming the shipper of choice.



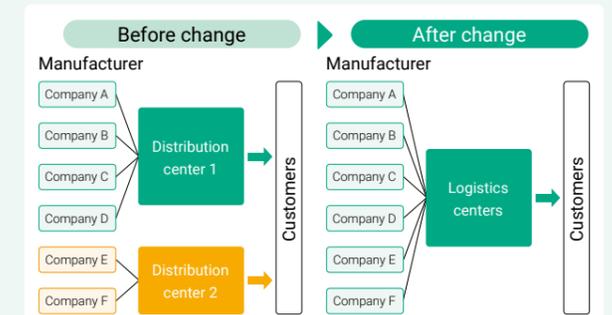
Utilizing space more effectively by switching from laid flat to steel pallets (Ueno Plant)

2 Cooperation with sales Seeking the understanding and cooperation of buyers

One of the issues that needs to be addressed in order to optimize the way drivers work is the elimination of long wait hours during deliveries and ancillary work. This requires the understanding and cooperation of the customer, who is the buyer of products. In response to this, the Demand Chain Management Department compiled a list of delivery destinations that pose issues based on improvement requests from F-LINE Corp. We share this information with the sales departments and ask the target customers to cooperate in making improvements. In particular, in order to maintain a stable system for transporting products in 2024 and beyond, it is essential to shorten the working hours of drivers. Our sales representatives are carefully explaining that it is necessary to work together to solve problems in order to comply with laws and regulations.

3 Initiatives of F-LINE Corp. Re-establishing joint transport services in Hokkaido

In Hokkaido, consumption areas are dispersed across a wide area and the delivery distance from the distribution center to each community is long. This requires more efficient logistics than other regions. To address this situation, food manufacturers, including Kagome, have been collaborating and conducting joint transport services since 2016. In October 2023, with the aim of further improvement, we consolidated our two distribution centers into one. By having a single distribution base, loading efficiency per delivery vehicle will increase and the number of deliveries can be reduced by about 21%. As a result, we expect that greenhouse gas emissions will be reduced by about 16%, which will also create environmental benefits.



Message from a Person in Charge

Aiming to Become the Shipper of Choice and Achieve Sustainable Logistics

The Logistics Planning Department designs our logistics infrastructure for the stable delivery of products from upstream to downstream in the supply chain. This is the fourth year that initiatives in collaboration with the production division have been rolled out to all plants, creating new operational improvements such as improving workability, freeing up storage space, and building a BCP system.

In 2024, we will reach a major turning point in terms of logistics because of the imposition of an upper limit on the working hours of drivers due to the Act on the Arrangement of Related Acts to Promote Work Style Reform, which will prevent us from transporting goods as we have done so previously (2024 problem of logistics). So far, we have been working to create a sustainable system, such as duplicating transport routes through modal shifts and joint transport services with food manufacturers. However, there are many issues that cannot be solved by logistics departments alone. The entire company will work together to confront this logistics crisis and aim to be the shipper of choice for transportation companies. In addition, we view the "2024 problem" as an opportunity to solve the problems of the past, and use it as a stepping stone to achieving greater efficiency and the realization of sustainable logistics.



Ritsu Mizuno
Logistics Planning Department

Hidemi Sato
External Director

Kumi Arakane
External Director

Tatsuya Endo
External Director & Audit and
Supervisory Committee Member

Asako Yamagami
External Director & Audit and
Supervisory Committee Member



DIALOGUE
Roundtable Talk of
External Directors

Further Elucidating the Path Kagome Must Take to Become a “Strong Company Capable of Sustainable Growth.”

Kagome aims to become a “strong company capable of sustainable growth.” Various perspectives are indispensable in order to make the path toward this vision clearer and incorporate it into concrete actions. External directors with diverse expertise and experience sat down to discuss the challenges that Kagome must tackle in order to achieve sustainable growth from an external perspective.

Q. As an External Director, what do you think Kagome needs to do to become a “strong company capable of sustainable growth”?

■ **Yamagami** Kagome is a very good company that promotes vegetable consumption and aims to contribute to longer, healthier lives, and the business itself is directly linked to the resolution of social issues listed in the Company’s

materiality, and it also takes into account the work comfort and job satisfaction of employees. On the other hand, as an External Director **I need to monitor the management of Kagome not only for being a good company, but also from the perspective of return on investment in Kagome and point out any shortcomings in returns.** This is because profit growth is a major premise behind the Company’s ability to continue to provide value to society.

■ **Sato** When with the Company for a long time, we often get the idea of protecting the work that is an extension of what we have been doing. Therefore, as an External Director, it is a very important role to propose and support discontinuous and completely different perspectives.

■ **Arakane** I feel that Kagome wants to foster further awareness of the cost of capital and capital efficiency. It may be related to the fact that

Kagome engages in business in the indispensable field of food and it has products with the top market share in Japan. I feel that there is an underlying awareness that if Kagome sincerely works on what is needed and useful to society, it can survive as a company. However, the environment surrounding Kagome is changing drastically, and since food and health are also major social issues, many companies are developing their businesses using various approaches. In order to become a “strong company capable of sustainable growth,” Kagome will need to develop a business strategy that leverages its strengths, and in order to do so, **each business division must raise awareness of capital efficiency, including where to invest and how much revenue to generate that will lead to growth. In order to concretely incorporate the goal of becoming “a strong company capable of**

sustainable growth” into a business strategy that enhances profitability over the medium to long term. I believe that it is our responsibility as External Directors to convey a multi-faceted perspective, and make recommendations to management.

Q. In FY2023, Kagome’s performance was at record highs thanks to growth in the International Business. As External Director, what are your thoughts on the future growth potential and challenges faced by Kagome’s International Business?

■ **Endo** In November 2023, I had the opportunity to visit Kagome Food India Pvt. Ltd. (KFI). KFI is involved in the value chain beginning from the cultivation of processing tomatoes, and it sells the pizza sauce it

produces to major pizza franchises, building a value chain similar to Kagome’s successful one. **Having the chance to directly observe Kagome’s business in India, which is expected to grow in the future, I gained a first-hand understanding of the growth potential of the Company’s International Business.**

■ **Sato** Different countries and regions have different food cultures and face different issues. In India, the color tone of processing tomatoes poses an issue, so through United Genetics India Pvt Ltd., which engages in the seed business, Kagome is improving tomato varieties to ensure they have the standard red color no matter where they may be grown around the world. I believe **there is ample room for growth of the International Business by providing solutions tailored to the diet or issues of each individual region.**

Roundtable Talk of External Directors

■ **Arakane** Each country and regions has its own market characteristics and challenges. As such, there are situations where subsidiaries can provide value on their own, and still many others where value can be realized by utilizing the knowledge and resources of the Kagome Group. In October 2023, the International Business Division was reorganized into Kagome Foods International Company. **By making it an in-house company, the Company is promoting the delegation of authority and accelerating global strategy.** Also, by working closely together within this new in-house company, we hope that the global business strategy of the entire Kagome Group will further progress, rather than on an individual company basis.

■ **Yamagami** Through visits to overseas bases, I had the opportunity to hear firsthand about how the International Business has grown to what it is today, as well as the knowledge we have cultivated as a result. Within the Kagome Group, it seems that the sharing of such knowledge has not always been adequate. The knowledge of Kagome Food International Company is valuable information for mutual growth in cooperation with domestic businesses, and for the Kagome Group to

consider strategies with an eye on overseas markets. From this perspective, it is also important for Kagome Food International Company to be open to the Group in terms of the exchange of human resources and knowledge, so that the Kagome Group as a whole is motivated by the knowledge of global business strategy cultivated there, while taking advantage of its independence.

Q. Kagome has cited “foster a culture for tackling challenges” as a way of strengthening the Group’s foundation. How do you view Kagome in terms of organization and people?

■ **Endo** Since President Yamaguchi was appointed, Kagome has been working to reform its organizational culture with a sense of urgency that the Company must transform our organization into one that ensures psychological safety and allows people to speak openly, and I have experienced that the effects of these efforts are steadily emerging. I think **this is because the President continues to send the message that innovation cannot occur unless the Company breaks down rigid organizations and hierarchical relationships and makes the most of each individual’s abilities toward a common goal throughout the Company.**

■ **Sato** I have the impression that Kagome is a flat organization with a high level of cooperation among employees. Within the Company, a culture of calling people by Mr. or Ms. rather than their job titles, has developed. It is necessary to understand the meaning of psychological safety correctly, and I believe that President Yamaguchi’s focus on instilling psychological safety is **fostering an**

organizational culture in which anything can be proposed, and even if a plan fails, it can be used as a source of inspiration.



■ **Yamagami** I also feel that the awareness of psychological safety is beginning to permeate among employees. By ensuring psychological safety, the Company will foster a culture in which each employee takes advantage of their diverse ideas and experiences to take on challenges. In order to lead to the creation of innovation, it is important to continue to **provide opportunities for raising awareness, especially among managerial positions, while incorporating external knowledge, so that they can understand the purpose of ensuring psychological safety and change their behavior to achieve it. Looking ahead, I think it will be important to incorporate the creation of an organizational culture into an element of evaluation.**

■ **Endo** I think that developing human resources in line with the promotion of management strategies and building an evaluation system that can incorporate the progress of company-wide strategies into the evaluation of individual employees is a very time-consuming and difficult topic. **Kagome’s human resources**

strategy still faces many challenges, but I think the Company is on the right track and making steady progress.

■ **Arakane** Kagome’s employees engaging in existing businesses in Japan have acquired management skills while honing their expertise, and I feel that their frontline capabilities are high. On the other hand, as the social environment changes drastically, the Company will have to think about a new form of Kagome in Japan. **It is essential not only to develop and expand existing businesses, but also for Kagome to think about the direction in which the world is headed, and to change the behavior of every employee to take on challenges that have never been done before, and to create innovations that promote business model reform along with portfolio modifications.**

■ **Endo** In order to accelerate the growth of the International Business in the future, Kagome will need appropriate skills and leadership in both management and frontline operations. Since there is a big difference from the domestic market and in the skills required in different countries and regions, Kagome will need to continue discussing what kind of human resources are in short supply, how to develop them, and how to produce results.



Q. Kagome’s vision is to transform from a “tomato company” to a “vegetable company.” What expectations do you have for Kagome as it evolves into a vegetable company? What challenges does it face?

■ **Sato** Prior to 2016, when Kagome set forth its long-term vision of transforming from a “tomato company” to a “vegetable company” by 2025, Kagome had an image of its business domain centered on tomatoes, such as tomato ketchup and tomato juice, but now that it is becoming a “vegetable company,” the scope of its business domains has expanded. **I believe that a good combination of the ever-expanding business domains and Kagome’s characteristics (which includes not only product development, but also all processes from upstream to downstream, from breeding and developing plant varieties to cultivation, processing, and activities to convey the value of vegetables) will lead to future growth.**

■ **Endo** Kagome aims to be a company that contributes to longer, healthier lives. While a daily vegetable consumption of 350 g is recommended, the current average intake of people living in Japan is less than 300g. In order to contribute to this, Kagome continues to raise awareness broadly among consumers about how consuming vegetables can help improve health through the Let’s Eat Vegetables campaign and VegeCheck®. In the course of these activities, **the Company is trying to create clear evaluation criteria for “vegetable companies” as a standard-bearer to deepen the public’s understanding of vegetable consumption. At the moment, I have the impression that these activities are still confined to Japan, but I feel that**



the entire Group can lead itself to growth by playing a role in promoting vegetable consumption overseas after identifying the characteristics of each country and region.

■ **Arakane** I understand that Kagome’s vision of becoming a “vegetable company” is an expression of its intention to grow in larger markets and provide more value. However, I feel that the Company has not been able to draw up a growth strategy that leverages Kagome’s strengths, and incorporate this into business. **The Company is currently at the stage where it is searching for a direction of growth through repeated trial and error. By concretely drawing up and realizing a convincing business portfolio as a “vegetable company,” Kagome will evolve into a “vegetable company” that achieves growth. In addition, as there is a need to resolve global issues such as climate change and food issues caused by population problems, I believe that the role that Kagome, as an expert in vegetables, can play will continue to grow.**

Kagome's Management

Basic Policy of Corporate Governance

In accordance with its corporate philosophy of "appreciation," "nature" and "corporate openness," we aim to achieve sustainable growth and improve the mid- to long-term value of the Company. We acknowledge corporate governance to be a critical management issue toward these objectives.

Kagome considers further strengthening of "autonomy" complemented by "heteronomy" to be the fundamentals of our corporate governance. This will ensure objectivity and transparency, forming a

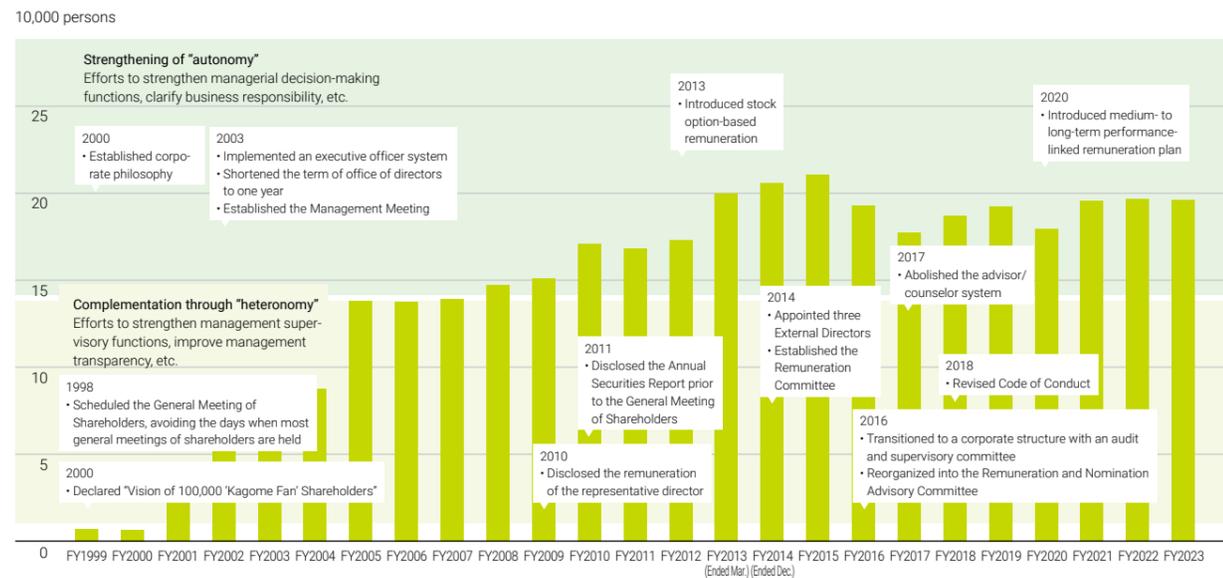
basis by designing its own concept of corporate governance adapted to the present day, while incorporating diverse outside viewpoints by working to attract more "Kagome Fan Shareholders" and leveraging the function of external directors among other things.

We aim to deliver a high degree of accountability and achieve "corporate openness" in interactions with stakeholders, while employing unique attributes and originality.

History of Corporate Governance and Historical Trends in the Number of Shareholders

The history of our corporate governance is a culmination of our efforts to achieve "corporate openness" as part of our corporate philosophy that can be traced back to the aspirations of our company's founder. We have been continuously evolving up until the present through the public offering of our shares and the separation of capital from management, etc. in the past.

Number of shareholders:



Corporate Governance System

Since transitioning to a corporate structure with an audit and supervisory committee in 2016, we have separated executive functions from supervisory functions to accelerate managerial decision-making and help clarify business responsibility. The Company has specified that the Board's primary duties are determining the Company's management strategies and policies and monitoring the implementation of such strategies and policies. The Board enhances the advisory and supervisory functions and increases the effectiveness of such functions by electing one third or more external directors, who satisfy the Standards for Judging the Independence of Independent External Directors, as the members of the Board.

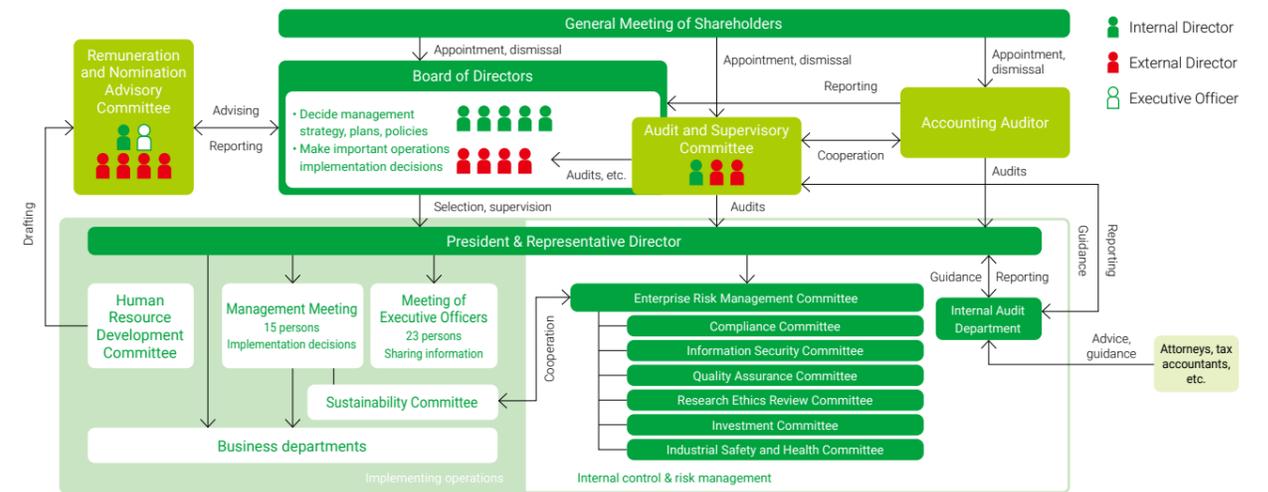
The Audit and Supervisory Committee has set a policy of having one or more standing Audit and Supervisory Committee members, and uses internal control systems to audit the legality and appropriateness of the operations implemented by the directors.

The nomination and remuneration of directors are deliberated by the Remuneration and Nomination Advisory Committee; more

than half of whose members are independent external directors. The results of the deliberations are advised to the Board of Directors, which then determines the nomination and remuneration of the directors, thereby enhancing fairness and appropriateness.

Under our executive officer system, we are using set criteria to delegate implementation responsibilities and authority to our departments regarding the execution of business. In addition, we have established the Meeting of Executive Officers in order to convey and make known Board resolutions and reported matters as well as to facilitate communication and coordination among the executive officers. Furthermore, the Management Meeting has been established under the leadership of the president to ensure that business is executed in an agile manner and through mutual coordination. Deliberations at the Management Meeting enable appropriate risk taking and also produce clear allocations of responsibilities, while enabling us to make decisions in an expedient manner.

Corporate Governance Organizational Chart



Kagome's policy on appointing directors

We consider a size that is appropriate for holding high quality discussions, while ensuring diversity and balance in terms of knowledge, abilities and experience in the composition of the Board. Such a size achieves a medium- to long-term increase in corporate value by maximizing the advisory and monitoring functions of the Board of Directors. Additionally, the Board selects candidates, taking into account the internal and external compositions, independence, specific experiences, areas of expertise, genders, nationalities, etc. according to the business environment, after deliberations of the Remuneration and Nomination Advisory Committee. One third or more of the members of the Board of Directors elected are independent external directors.

The Board of Directors currently consists of nine members, including six directors (excluding directors who are Audit and Supervisory Committee members) and three directors who are Audit and Supervisory Committee members, of which four are independent external directors. Our external directors come from a variety of backgrounds and have extensive experience and knowledge that contribute to the diversity management and business globalization included in our medium- to long-term vision and the achievement of longer, healthier lives through food. As a long-term vision, we have set the goal of increasing the percentage of women in the workforce, including executives, to 50% by around 2040, and we will aim to achieve the same for the Board of Directors at an early stage.

Board of Directors Skill Matrix

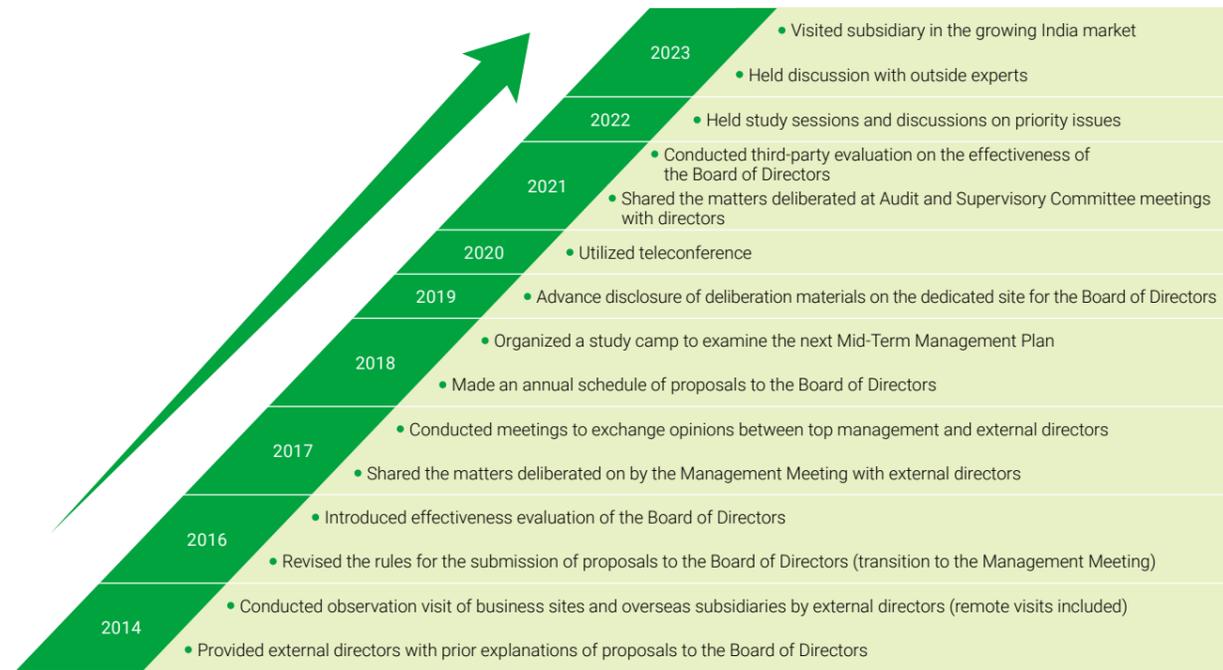
Name	Attributes	Management skills for advancing corporate management					Functions and skills to advance Kagome's business and Mid-Term Management Plan and enhance performance						
		Corporate management	Finance, accounting	Legal and risk management	Human resource development and diversity	Sustainability management	Agriculture, food and nutrition	Research and technology	Marketing and brand management	Production, procurement and quality	Sales and supply chain management	Global business	
Satoshi Yamaguchi President & Representative Director		○		○	○	○	○	○			○		
Hirohisa Kobayashi Director & Managing Executive Officer		○			○			○			○	○	
Yoshihisa Hairo Director & Executive Officer		○							○			○	
Harunobu Okuya Director & Executive Officer		○				○						○	
Hidemi Sato External Director	External Independent						○	○					
Kumi Arakane External Director	External Independent	○		○		○		○	○				
Hitoshi Takano Directors (Audit and Supervisory Committee Member)		○						○			○	○	
Tatsuya Endo External Director (Audit and Supervisory Committee Member)	External Independent		○	○								○	
Asako Yamagami External Director (Audit and Supervisory Committee Member)	External Independent			○	○							○	

For more details on the standards for judging the independence of external officers and the categories, items and definitions of director's skills, please refer to our website. <https://www.kagome.co.jp/english/company/ir/data/others/>

Evaluation of the Effectiveness of the Board of Directors

Continuous efforts to enhance the Board of Directors (fiscal year when initiatives commenced)

Kagome has been continuously working to revitalize the Board of Directors.



Results of evaluation of the effectiveness of the Board of Directors

The Company has evaluated the effectiveness of the Board of Directors annually since FY2016. An overview of the results in FY2023 is described below.

1 Methods of evaluation

<p>Conducted questionnaire</p>	<p>We conducted a questionnaire targeting all directors and analyzed the results.</p> <ul style="list-style-type: none"> Questionnaire for Directors Design, operation, proposals, and quality of discussions of the Board of Directors, corporate governance system, comprehensive evaluation, individual themes (strategy, business portfolio, Group governance, ESG, SDGs, etc.) Questionnaire for the Remuneration and Nomination Advisory Committee Questionnaire for the Audit and Supervisory Committee Questionnaire for the Enterprise Risk Management Committee
<p>Deliberations by the Board of Directors taking the above into account</p>	<p>With reference to the summary of survey and interview results, we set up opportunities for deliberation and opinion exchange involving all directors to conduct evaluation on effectiveness of the Board of Directors, identification of issues, assignment of priority for each issue, and discussion of countermeasures.</p>

2 Evaluation results

Based on the above, the Board of Directors also deemed that it has properly met all evaluation items, and agreed that the effectiveness is sufficiently ensured.

3 Topics to consider for further improvement in effectiveness

In previous effectiveness evaluations, "consideration of enhancing corporate value from a long-term perspective" has been recognized as an issue. The Board of Directors has promoted the exchange of opinions from a medium- to long-term perspective in the agenda items related to sustainability and International Business, and outside of the Board of Directors meetings, lectures from outside experts on agriculture and demographics were held along with related discussions. As a result of sharing knowledge and information as a basis for discussion and considering future business directions, the International Business Division was converted into a company in October 2023. Along with this, a new global organization was established to unify agriculture-related business and agriculture-related technology exploration and development. Specific strategies and business activities with a medium- to long-term perspective will continue to be discussed, and the Board of Directors will continue to appropriately monitor and supervise the quick and reliable implementation of strategies and the strengthening of differentiation and uniqueness of business activities.

Regarding the Remuneration and Nomination Advisory Committee, there was an opinion that further improvement of the medium- to long-term succession plan including overseas Group companies and a diverse human resources strategy are urgently needed. Regarding the Audit and Supervisory Committee, there was an opinion that the group governance system including overseas offices should be strengthened and its authority should be more actively and aggressively exercised. The Board of Directors recognizes these issues and will proceed with initiatives to address them.

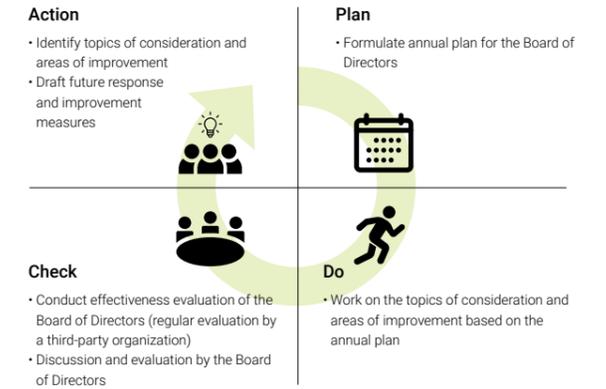
We will seek to further improve effectiveness in light of the results of the latest evaluation.

Succession Plan

The development of management personnel and the realization of highly transparent appointments are important matters required by Japan's Corporate Governance Code. Recognizing that the development of next-generation executive candidates is an important management issue for sustainable value creation through growth, we have established and are promoting a selection and training process.

In the development of management and executive candidates, we use a combination of "education" (off-the-job training and on-the-job training) and "selection" to measure actions to be demonstrated in a hierarchical manner for executives and general managers.

The Human Resource Development Committee, which is an internal decision-making body, conducts the selection, development plan, and review of candidates, while the Remuneration and Nomination Advisory Committee discusses and reviews appointment of officers and management before submitting them to the Board of Directors, thereby enhancing transparency and objectivity.



The Human Resource Development Committee examines, drafts, and promotes the pipeline and development plan for key positions, and the Remuneration and Nomination Advisory Committee confirms and advises.



Directors' Remuneration

The Company's directors' remuneration plan is designed and managed according to the basic policy that it be a remuneration plan suited to a global corporation aimed at the realization of the mid-term management plan and that the results provided to the company and roles expected through the job duties of individual directors are important and that they are evaluated appropriately. Specifically, remuneration comprises basic remuneration and performance-linked remuneration. The proportions of each of the above are determined based on the positions of the directors.

Main Deliberations and Reporting of the Remuneration and Nomination Advisory Committee

Main deliberations and reporting	
First meeting of 2023	<p>Deliberation: consideration of executive bonuses for FY2022, Executive Officer succession plan, committee structure, Board of Directors' skills matrix</p> <p>Reporting: finalization of BIP trust for FY2020 portion</p>
Second meeting of 2023	<p>Deliberation: FY2023 directors' remuneration, overseas CEO remuneration, director succession plan, election of directors who are audit and supervisory committee members</p>
Third meeting of 2023	<p>Deliberation: personnel reshuffle of directors of October 2023, director succession plan</p>
Fourth meeting of 2023	<p>Deliberation: director succession plan, grade rating and remuneration following the personnel reshuffle of directors of October 2023</p>
Fifth meeting of 2023	<p>Deliberation: director succession plan</p>
Sixth meeting of 2023	<p>Deliberation: director succession plan, Board of Directors' skills matrix, special implementation of executive officer terms</p>
Seventh meeting of 2023	<p>Deliberation: personnel reshuffle of directors, Board of Directors' skills matrix, revision of directors' remuneration table, Remuneration and Nomination Advisory Committee schedule for 2024</p> <p>Reporting: FY2022 market survey of remuneration</p>
First meeting of 2024	<p>Deliberation: consideration of executive bonuses for FY2023, grade ratings for new directors, committee structure</p> <p>Reporting: finalization of BIP trust for FY2021 portion</p>
Second meeting of 2024	<p>Reporting: reshuffle of executive officers and outlook for executive bonuses in FY2024</p>
Third meeting of 2024	<p>Deliberation: directors' remuneration and overseas CEO remuneration for FY2024</p>

Directors' Remuneration

Directors' Remuneration

Category of directors	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type (million yen)				Number of eligible directors (persons)
		Basic remuneration	Bonus	Stock options	Share-based remuneration	
Directors (excluding Audit and Supervisory Committee members)	257	134	97	—	25	7
External Director	24	24	—	—	—	3
Directors (Audit and Supervisory Committee members, etc.)	52	52	—	—	—	3
External Director	22	22	—	—	—	2

Total amount of remuneration, etc. of individual directors*

Category of directors	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by type (million yen)			
		Basic remuneration	Bonus	Stock options	Share-based remuneration
Satoshi Yamaguchi, President & Representative Director	110	43	52	—	14

* Only remuneration, etc. of persons whose total amount of remuneration, etc. is 100 million yen or more is stated.

Breakdown of remuneration by position

Position	Fixed-amount remuneration	Performance-linked remuneration		Total	Distribution of evaluation	
		Short-term cash bonus	Share-based remuneration		Company-wide business performance	Individual performance
President & Representative Director	50%	33%	17%	100%	100%	0%
Director & Senior Managing Executive Officer	60%	28%	12%	100%	80%	20%
Director & Managing Executive Officer	65%	25%	10%	100%	80%	20%
Director & Audit and Supervisory Committee member	100%	0%	0%	100%	—	—
External Director	100%	0%	0%	100%	—	—

Amount of fixed remuneration by position (excluding Director & Audit and Supervisory Committee member and External Director)

Position	Fixed-amount remuneration (million yen)
President & Representative Director	43
Director & Senior Managing Executive Officer (set according to job grade)	30 to 32
Director & Managing Executive Officer (set according to job grade)	24 to 26

Calculation method of performance-linked remuneration

The performance-linked remuneration of each director is calculated using the formula shown below:

- Standard bonus amount = Total basic remuneration of each position/job grade × Total percentage of performance-linked remuneration
- Total amount of performance-linked remuneration = Standard bonus amount × (Company performance pay coefficient 1*1 [core operating income vs. budget] × Position weighting + Company performance pay coefficient 2*1 [year-on-year consolidated revenue] × Position weighting + Company performance pay coefficient 3*1 [net income attributable to shareholders of parent vs. budget] × Position weighting + Individual performance pay coefficient*2 × Position weighting)

*1 The "Company performance pay coefficient" is determined through a "company performance evaluation" which evaluates the rate of achievement of company performance indicators. The Company has set three indicators as company performance indicators: (1) "Amount of core operating income vs. budget;" (2) "Amount of year-on-year consolidated revenue," and (3) "Amount of net income attributable to shareholders of parent vs. budget."

(1) Amount of core operating income vs. budget

Following our voluntary adoption of International Financial Reporting Standards in FY2019, we have set "feasibility of core operating income" (degree of achievement) compared to the initial budget as one of the Company's performance indicators, which serves as an important measure of consolidated management related to company performance evaluation. Specifically, the achievement rate of the results versus the initial budget is set as the coefficient. The achievement rate of the results versus the budget for FY2023 was 263%.

(2) Amount of year-on-year consolidated revenue

We have chosen year-on-year consolidated revenue amount as the second management indicator, which serves as a measure for evaluation in achieving the sustainable growth we aim for. Specifically, the achievement rate of the results versus previous fiscal year's actual results is set as the coefficient. The achievement rate of the results versus previous year's actual results was 109% for FY2023.

(3) Amount of net income attributable to shareholders of parent vs. budget

We set "Net income attributable to shareholders of parent," the ultimate bottom line, as a third management indicator so that we can continually create value for shareholders and achieve a higher level of contributions. Specifically, the achievement rate of the results versus the initial budget is set as the coefficient. The achievement rate of the results versus the budget for FY2023 was 254%.

*2 The "individual performance pay coefficient" is determined through an "individual performance evaluation" which evaluates achievement and contribution against the individual performance indicators of each director. Individual performance indicators measure degree of contribution to solving company-wide issues and departmental issues and are set for each director in the form of Key Performance Indicators (KPIs).

The contents and progress of KPIs are disclosed and disseminated throughout the Company in a way that enhances their transparency and receptivity.

Short-term performance-linked remuneration: Cash bonus

The cash bonus for a single fiscal year, which is short-term performance-linked remuneration, is calculated using the formula shown below:

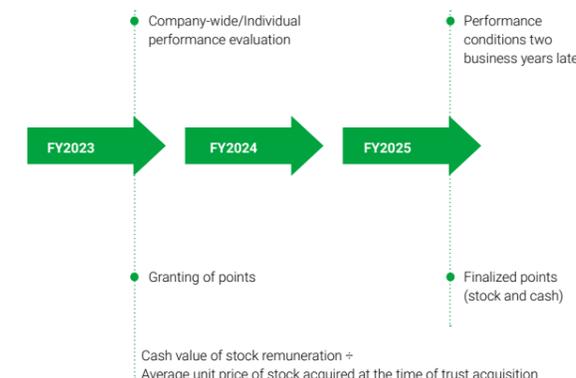
- Cash bonus = Total amount of performance-linked remuneration for single fiscal year × Percentage of total amount of performance-linked remuneration accounted for by cash bonus

Medium- to long-term performance-linked remuneration: BIP trust

Furthermore, we introduced a BIP trust in FY2020 as a medium- to long-term performance-linked remuneration that is highly transparent and highly correlated to shareholder value. In the BIP trust, points are allocated by applying the average unit price of share acquisition at the time of trust acquisition to the cash amount equivalent to stock remuneration determined based on the performance evaluation in a single fiscal year. This mechanism involves granting stock and providing cash decided according to the degree of achievement of the company-wide performance indicator (ratio of consolidated core operating income to consolidated revenue) in two years' time where one point is converted to one share. Since stocks, instead of rights, will be granted directly to directors in the BIP trust, this will increase directors' motivation to create value for shareholders. We also expect the plan and its implementation to be easy to understand and transparent.

The cash value of the stock remuneration is calculated using the formula shown below:

- Cash value of stock remuneration = Total amount of performance-linked remuneration for single fiscal year × Percentage of stock remuneration in total amount of performance-linked remuneration



Approach to repayment of directors' remuneration

On April 1, 2022, we instituted a Clawback & Malus clause that enables the Company to require all or a portion of the cash bonus and stock options to be repaid, and stop payment of stock options before they are paid out, in the event of a serious accounting error or fraud, serious breach against the delegation contract, or an act that significantly violates the psychological safety that the Company emphasizes. The targets are cash bonuses and share-based remuneration (performance-linked bonuses) of Directors and Executive Officers (persons who have the role and treatment as "directors" responsible for the management of the Company).

The details of the disposal shall be deliberated by the Remuneration and Nomination Advisory Committee on a case-by-case basis followed by reporting to the Board of Directors.

In principle, remuneration paid in the fiscal year in which the applicable event was discovered plus remuneration that trace back to three business years prior are subject to repayment. When requesting repayment, the repayment will be made from cash bonus and stock options for fiscal years starting from FY2022.

Strengthening group governance

In order to enhance the Group's finance and accounting governance, we established a Group-wide accounting, tax and financial management policy in 2019. We are dispatching finance and accounting personnel directly from the head office to major Group companies in order to ensure compliance with these policies.

Domain	Name	Main points
Accounting	Kagome Group Financial Reporting Standards (K-FRS)	<ul style="list-style-type: none"> Conformity with IFRS
Tax	Kagome Group Tax Policy	<ul style="list-style-type: none"> Compliance with laws and regulations of each country and each region Prohibition of tax evasion and excessive tax avoidance
Finance	Kagome Financial Management Basic Policy	<ul style="list-style-type: none"> Reduction of risk assets and maximization of capital and asset efficiency Risk management and prohibition of speculative financial transactions
	Kagome (Subsidiaries) Financial Management Basic Policy	<ul style="list-style-type: none"> Same as above No holdings of financial products such as derivatives, in principle

Cross-shareholdings

Our basic policy is to dispose of or reduce, as promptly as possible, the holding of shares considered insignificant. Each year, our company reviews the significance, economic rationality and other factors of cross-shareholding and determines whether or not to continue each holding and the number of shares to be held. The examination of economic rationality sets the value for each holding as of the end of the most recent fiscal year as the standard to calculate the percentage at which the holding contributed to the profit of the Company in such fiscal year. When such percentage is below a figure equivalent to approximately twice the average ROA of the Company for the past five years on a non-consolidated basis, such shares are subject to review for sale. Also reviewed are shares whose market price has declined 30% or more from the book value and shares of a company with whom the Company has transactions amounting to less than 100 million yen per year. Each year, the Board of Directors meet to deliberate on whether or not to sell shares of suppliers and clients that fall below these standards, determine the shares for sale, and sell some of its cross-shareholdings.

For details on our response to the Corporate Governance Code, please refer to our website. <https://www.kagome.co.jp/english/company/ir/data/others/>

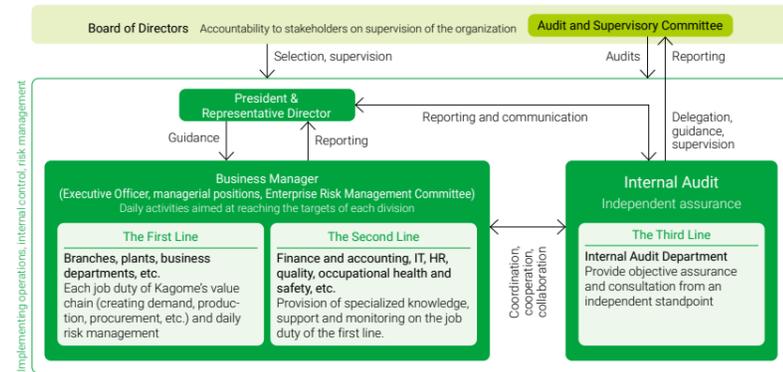
Internal Control

Initiatives based on the Three Lines Model

The Kagome Group conducts measures across the entire Group following the Three Lines Model as a global standard for internal control aimed at expanding its businesses in Japan and overseas to realize its Mid-Term

Management Plan. This initiative aims to utilize a mutual check within the organization by separating and allocating functions appropriately to individual departments without overlap and enable optimal response for the entire company by clarifying the responsibility of each job function.

Three Lines Model



The First Line is responsible for creating demand, production, procurement, primary processing, cultivation, research and development, and developing plant varieties, etc. in Kagome's value chain, namely the frontline of the field. The First Line conducts risk management in daily business activities by assessing the various risks in the execution of job duties at each business site, and implementing an appropriate controlling mechanism for these activities (segregation of duties, rules, documentation, etc.). It also incorporates necessary management systems, such as FSSC 22000 for quality and ISO 14001 for environment, for daily implementation on the first line at each business site.

The Second Line is a specialized organization that oversees finance and accounting, IT, HR, quality, occupational health and safety, etc. and provides daily support while monitoring the duties of the First Line. The Finance & Accounting Department, Information Systems Department, Human Resources Department, Quality Assurance Department, etc. have been established as the departments in charge of the Second Line. Additionally, the Enterprise Risk Management Supervisory Committee implements systematic risk management for the entire company.

The Third Line comprises of the Internal Audit Department, which provides objective assurance (organizational diagnosis through audits) and consulting services from a standpoint that is independent of the First and Second Lines. The Internal Audit Department serves as an organization that adds value to the achievement of Kagome's organizational targets, and needs to have an

organizational independence. As such, it has a double reporting line to the president and the Audit and Supervisory Committee. It promotes improvements within the Group by providing audit reports that present various points of improvements within the organization to the departments under audit, the management, and Audit and Supervisory Committee. The assurance includes internal audits conducted in response to internal risks and activities under the Internal Control Report System stipulated by the Financial Instruments and Exchange Act (J-SOX). In addition, it provides consulting services based on its specialized knowledge upon request from the First or Second Line. It provides advice and training in response to inquiries and requests from dozens of business managers annually.

Internal Control of the Kagome Group as a whole not only depends on the top management, but also requires practice of ethical behaviors from each and every employee in all three lines on a regular basis. For this reason, the Internal Audit Department disseminates information for promoting the internal awareness of all employees throughout the year, as well as annual internal control self-assessment targeting all employees in monitoring changes in awareness and behavior of Kagome's employees. The results of this check are also used in the audit plan for the same fiscal year.

For details on our compliance and internal control, refer to our website. <https://www.kagome.co.jp/english/csr/management/>

Our Responsibility to Shareholders and Investors

Information disclosure

Kagome discloses information to shareholders and investors in a fair, simple and timely manner. We attach great importance to opportunities for two-way communication with shareholders and investors through IR events such as the General Meeting of Shareholders, financial results briefing, Talks with the President, and production plant tours, among others.

General Meeting of Shareholders

We encourage all shareholders to participate in its General Meeting of Shareholders. This is achieved by disclosing on the Company's website and sending out as early as possible the content of the convocation notice and documents accompanying the convocation notice. On the actual day of the meeting, we provide visual presentations of the Chair's explanations and videos in an effort to make the reports easy to understand. Furthermore, we stream the meeting live online so that shareholders who are unable to

attend may listen in. After the meeting, we promptly disclose details on Q&A sessions and results of questionnaires. In this manner, we are working to enhance and expand communication with shareholders.

Management oversight

Kagome recognizes that management oversight is enhanced through feedback on corporate activities and business performance from the perspective of numerous shareholders. As such, in 2001, we began working to attract 100,000 Kagome Fan shareholders. This initiative drove shareholder numbers past the 100,000 mark on September 30, 2005. Today, the number of shareholders stands at around 200,000. We will continue to appropriately reflect the valuable opinions and needs of our shareholders in all our corporate activities.

Compliance

Revision of Code of Conduct

In recent years, the world is seeing more severe issues in all aspects of society while Japan has been experiencing a continuous super aged society and frequent natural disasters. In light of these, we revised our Code of Conduct with a view to realizing a sustainable society for Kagome's survival, looking to the environment that requires a "mutual support" spirit and framework.

The new Code of Conduct consists of three pillars: "mutual support," "respect for human rights" and "fairness," and it is considered pivotal for the daily activities of Kagome Group employees, indicating how they should behave as corporate citizens as Kagome set its sights on becoming a "strong company capable of sustainable growth, using food as a means of resolving social issues" by 2025. We will seek to raise awareness of the revised Code of Conduct and maintain high ethical standards as we fulfill our social responsibilities in compliance with laws, regulations, international rules and the spirit of our Code of Conduct.

Compliance promotion system

The Kagome Group has established a Compliance Committee, under the supervision of the Enterprise Risk Management Committee chaired by Kagome's President. The Compliance Committee, which is chaired by the Executive Officer with responsibility for overseeing compliance, undertakes the verification of compliance promotion and monitoring status. The results of the Compliance Committee's deliberations are reported to the members of the Management Meeting via the Enterprise Risk Management Committee. The Legal Department, which functions as the committee's secretariat, plays the central role in day-to-day compliance operations. Kagome established the Kagome Compliance Hotline at an outside law firm, which is accessible to all domestic Group employees, and through which reports can be made and guidance given with regard to illegal or suspicious activities (including harassment and corruptions such as bribery) in the workplace.

Kagome takes steps to protect the privacy of employees who make reports to ensure that these employees do not suffer any adverse consequences. We quickly conduct investigations based on the information received and take appropriate countermeasures. In such cases, respecting the principle that whistleblowers and other related parties cannot be identified, we share information internally so as to prevent similar incidents from occurring in the future. In FY2023, the Kagome Compliance Hotline was used 25 times, and each case was resolved.

Kagome fully recognizes the importance of compliance in relation to Group companies located overseas. An overseas internal reporting system was introduced, and the scope of this system has been gradually expanded to include the Group companies located in the U.S. and Australia.

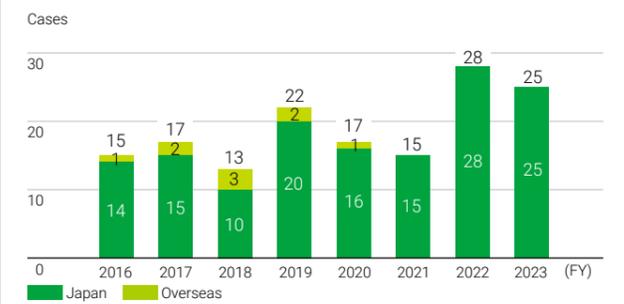
We will continue to strive to prevent and rapidly identify infringements through the appropriate operation of these systems.

In the event of compliance-violation, we will endeavor to accurately gather the facts and investigate the root cause, and take the facts seriously and carry out strict actions to thoroughly prevent recurrence as well as appropriately discipline the employees involved in the violation.

In FY2023, there was no case leading to legal measures, such as bribery or corruption.

Kagome Compliance Hotline

Number of Consultations and Reports Received



Initiatives to maintain rigorous compliance

Having formulated the Kagome Group Compliance Implementation Rules, the Kagome Group in Japan implements thorough compliance throughout the Group. At domestic Group companies, the Legal Department, which serves as the secretariat of the aforementioned Compliance Committee, leads these efforts. Compliance implementation activities involve not only the preliminary checks in compliance-related cases and the dissemination of compliance-related information, including bribery prevention and consideration of human rights, but also in-house compliance training conducted on an ongoing basis using group training and e-learning for new employees and new managers that incorporate awareness raising, case studies, and group discussions.

In recent years, as an initiative for anti-corruption, which has become an important worldwide issue as indicated in the SDGs, we evaluated the bribery risks of overseas subsidiaries, and formulated the Kagome Group Corruption Prevention Policy to complement the Code of Conduct. In addition, in response to the expansion of business areas such as smart agriculture, we are conducting reviews on the export control system in order to achieve an appropriate import & export control from a security perspective in terms of international peace and security maintenance. We strive to prevent corruption by conducting regular audits on the status of compliance and operation, with the monitoring results reported to the Board of Directors.

Tax compliance

In all the countries and regions where it conducts its business operations, the Kagome Group observes and adheres to tax laws, maintains good relationships with tax authorities, and contributes to society by paying the appropriate taxes. We also respond in a timely and appropriate manner with regard to annual revisions to taxation systems and changes in international taxation rules, including tax treaties, conventions and OECD guidelines. Internally, we carry out regular e-learning and other training with regard to tax compliance, in order to heighten employees' awareness regarding observance of tax laws. With regard to transfer pricing taxation, we have established transfer pricing management regulations. For international transactions between companies belonging to the Group, we analyze the functions, assets and risks associated with each party in the transaction based on the arm's length price principle, and calculate appropriate profit allocations and transfer prices based on their respective contributions.

Basic Policy on Risk Management

Kagome aims to become a “strong company capable of sustainable growth, using food as a means of resolving social issues” and a company that can fulfill the expectations of all stakeholders. Toward this end, we believe it is important for each and every person who works at Kagome to not only abide by laws and regulations, but also fulfill their social responsibilities with a high level of ethical values. In addition to acting ethically based on our Corporate Philosophy and Code of Conduct, it is important for employees to respond appropriately to various risks surrounding the Company based on our Corporate Philosophy and Code of Conduct.

Specifically, strategy risks, social and environmental risks, and operational risks involving the execution of important business operations are assessed and examined by the management institutions such as the Management Meeting and Board of Directors. Operational risks involving the execution of other business operations are addressed by each organization following the Kagome Group Risk Management Policy. Furthermore, the Regulations on Official Authority require that all levels of managerial positions implement and supervise risk management within the scope of operations of their own respective departments. The Company defines risk as “uncertainties that negatively affect business operations.”

Kagome Group Risk Management Policy

We stand committed to fulfilling our social responsibilities by becoming “strong company capable of sustainable growth, using food as a means of resolving social issues,” under our vision of “transforming from a tomato company into a vegetable company.” Toward this end, we identify and assess various risks that could occur in the constantly changing external environment or in our own operations, and respond accordingly.

Additionally, we are working to enhance our ability to deal with risks, having established a system that enables us to prevent damages from spreading as well as minimize damages and losses in the event that a serious incident were to occur.

Risk Management Structure

Kagome has established a risk management system based on the approach of the Three Lines Model.

i) Enterprise Risk Management Committee

The Enterprise Risk Management Committee, chaired by the President, oversees risk management activities for the Group as a whole with the CRO serving as director of the committee’s administrative office. The committee, which is in charge of the First and Second Lines, monitors the initiatives of each line to implement the PDCA cycle for companywide risk management activities, using integrated perspectives based on management strategies.

ii) First and Second Lines

The First Line entails identifying and assessing risks related to one’s own work and creating action plans to define the response. At Kagome, persons in charge of specific operations at our plants, branches, domestic and overseas subsidiaries, and the departments therein form the First Line.

The Second Line involves creation of basic policy and procedures for risk management activities related to risk domains it is responsible for. It also checks that risk management activities of the First Line are carried out appropriately through monitoring of and advice provided to the First Line. At Kagome, departments responsible for sales and production, such as the Sales Promotion Department and Production Department, and corporate head office departments, such as the Finance & Accounting Department, form the Second Line. Additionally, the CRO is responsible for overseeing the entire Second Line.

Risks identified and assessed by the First Line are organized and integrated from the standpoint of Group-wide management, and reported to management institutions including the Board of Directors by the Second Line.

The First and Second Lines work together to identify and assess risks and implement the PDCA cycle of risk management activities for the Company as a whole.

iii) Third Line

The Internal Audit Department, which serves as the Third Line, provides objective assurances for the risk management activities of the First and Second Lines from an independent standing.

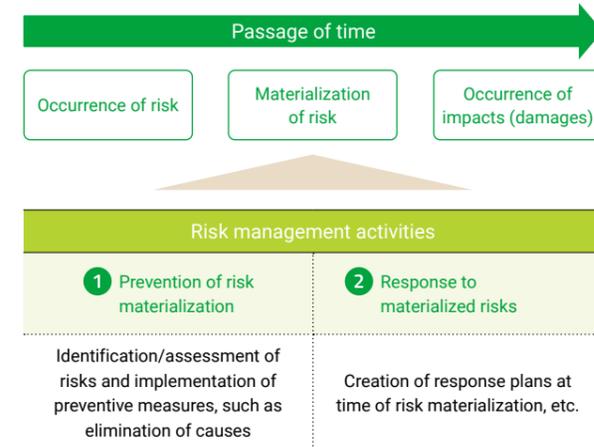
The Internal Audit Department, while maintaining its independence, conducts effective and efficient audits by cooperating mainly with the Enterprise Risk Management Committee to share management strategies and the basic policy on risk management activities carried out by the First and Second Lines based on these strategies.

In addition, findings by the Internal Audit Department are shared with the Enterprise Risk Management Committee as well as the audited departments. The Enterprise Risk Management Committee organizes the positioning of shared audit findings as issues in risk management activities for the entire Group. The Internal Audit Department adds integrated risks or revises assessments for the Group as a whole, and provides advice on improvement activities to the target departments.

For details, see our website.
<https://www.kagome.co.jp/english/company/ir/data/others/>

Risk Management Activities

The primary focus of our risk management activities is the prevention of risk materialization and response to risks that have already materialized. In case of both our initiatives for prevention of risk materialization and response to risks that have already materialized, specific activities entail risk management based on management plans and business targets using the PDCA cycle.



1 Prevention of risk materialization

i) Basic framework

The Company organizes risks concerning corporate activities into the following three categories in order to conduct appropriate management based on the nature and content of risks.

• Strategy risks

Risks designated by the Company as being recognized to have serious impacts based on mid- to long-term management strategies

• Social and environmental risks

Risks generally recognized as force majeure if materialized among those risks caused by external factors such as socioeconomic environment or natural disasters

• Operational risks

All other risks excluding strategy risks and social and environmental risks

Based on the above three categories of risks, those risks recognized individually are separated into the following two risks depending on the impact they have on corporate management.

• Risks covered in priority risk themes of the Company

Risks from among strategy risks, social and environmental risks, and operational risks that are assessed to have a large impact on corporate management. The Management Meeting or Enterprise Risk Management Committee implements risk management activities for these risks using the PDCA cycle, and it also reports to the Board of Directors.

• Risks covered in risk themes of each organization

Risks other than priority risk themes of the Company. As risk owner, each organization implements risk management activities for these risks using the PDCA cycle.

		Plan: determine a plan and response	Do: execute	Check: monitor and evaluate progress and response status	Action: rectify and improve risk response
Priority risk themes of the Company	Strategy risks	Management Meeting: designate strategy risks and determine priority risk themes	Each organization: implement risk response	Management Meeting: check reports from each organization Each organization: report on progress to Management Meeting	Management Meeting: point out areas of improvement to each organization Each organization: reflect findings in activities
	Social and environmental risks	Each organization: determine a plan and response			
	Operational risks	Management Meeting: determine priority risk themes Each organization: determine a plan and response -> appears in the KPI target sheet of risk owners	Each organization: implement risk response	Management Meeting and Enterprise Risk Management Committee: check reports from each organization Each organization: self-evaluate themes and formulate future plans	Management meeting and Enterprise Risk Management Committee: point out areas of improvement to each organization Each organization: reflect findings in KPI target sheet
Risk themes of each organization	Operational risks	Each organization: determine a plan and response -> appears in the KPI target sheet of risk owners	Each organization: implement risk response	Each organization: manage and evaluate progress	Each organization: rectify and improve

Policies for Handling Risk

ii) Priority risk themes for the Company in FY2024

We recognize the following risks covered in priority risk themes for the Company, which are subject to priority risk management activities. In order to achieve appropriate management based on the nature and content of risks, we classify and disclose risks into three categories: strategy risks (1 to 3), social and environmental risks (4 to 7), and operational risks (8 to 12).

Priority risk themes	Contents
1 Management strategies	<ul style="list-style-type: none"> Deterioration of profits due to gap between budget and actual results Deterioration in performance and loss of revenue opportunities due to failures or delays in new businesses and/or M&A Deterioration in profitability and impact on financial condition due to decline in the value of owned assets
2 Human resources strategy	<ul style="list-style-type: none"> Shortage of human resources for growth domains, new businesses, and expansion of overseas business areas Shortage of human resources in specialized domains (DX, finance and accounting, etc.) Falling short of targets on diversity and inclusion
3 Establishment of appropriate governance structure	<ul style="list-style-type: none"> Deficiencies in effectiveness of the Board of Directors and Audit & Supervisory Committee Disabling of internal control caused by management
4 Consumers and public relations	<ul style="list-style-type: none"> Litigation, boycotts, and damage to brand image due to inappropriate advertising or failure to address customer needs
5 Social situation and customer needs	<ul style="list-style-type: none"> Economic recession or decline in demand in Japan or decline in sales due to delays in addressing consumer needs
6 Financial markets	<ul style="list-style-type: none"> Rising capital procurement costs or deteriorating liquidity caused by fluctuations in foreign exchange rates or interest rates
7 Natural disasters and force majeure	<ul style="list-style-type: none"> Suspension of plant operations and other business activities due to disasters such as earthquakes, infectious diseases, conflicts, etc. (BCP) Stalled raw materials procurement caused by extreme weather
8 Information management and cybersecurity	<ul style="list-style-type: none"> Unauthorized server access due to cyberattack or loss of personal information or confidential information due to inappropriate management
9 Health and safety	<ul style="list-style-type: none"> Negative health effects on employees incurred due to occupational accident in the workplace or long working hours or infectious disease, etc.
10 Safety of products and services	<ul style="list-style-type: none"> Possibility of shipment of defective products, negative health effects, and liability costs due to foreign contaminants, labeling errors, inadequate quality inspections, contamination of different varieties of seeds, inadequate quality inspections of non-food products, etc.
11 Supply chain (procurement, production, transport/logistics)	<ul style="list-style-type: none"> Sudden spikes in demand or shortages of seedlings or other raw materials Stalled production and/or shipments due to system failures at automated warehouses or in logistics Instability of product supply due to decreased transport capacity caused by stricter labor management in the logistics industry, etc.
12 Regulations and violations of laws/rules	<ul style="list-style-type: none"> Serious violations of laws or rules (Companies Act, tax law, Financial Instruments and Exchange Act, Tokyo Stock Exchange rules, etc.) Violations of food safety related regulations, illicit activities of individuals, and scandals involving affiliated companies Negative evaluations from shareholders and investors because of delayed response to environmental issues (GHG emissions reduction, water resource issues, plastics issues, etc.) Decline in social trust due to the occurrence of human rights issues (forced labor, harassment, etc.) at the Company and/or business partners in the supply chain

2 Response to materialized risks

i) Basic framework

In order to respond effectively and efficiently to risk materialization events, the Company classifies these events based on the assessment of their impact and develops a business continuity plan and other response plans according to risk materialization.

ii) Business continuity plan (BCP)

The Company has prepared a business continuity plan based on the scenarios in several individual contingencies anticipated in the future.

A business continuity plan is generally prepared for each business segment. However, since the value chains of multiple business segments overlap or are approximated, the Company has created a business continuity plan for each important product and function.

Along with important products, Kagome's business continuity plan consists of four important functions: procurement, supply chain management (SCM), finance and accounting, and public relations. Procurement and supply chain management are essential functions for conducting production activities as a food manufacturer. In addition, finance and accounting is the basic function for the survival of the Company, the maintenance of the supply chain, the livelihood of employees, and the other production activities of the Company as a business. Public relations is a function considered important in light of "Corporate openness," forming part of the Company's corporate philosophy. Accountability to internal and external stakeholders is absolutely necessary, especially in emergencies, and public relations is considered an essential function for this purpose.

Through the business continuity plan, Kagome's business activities will continue even in the event of a contingency, or Kagome will promptly recover from the cessation of business operations to preserve corporate value.

iii) Other initiatives to address the materialization of risks

Currently, we are developing a plan for responding to the materialization of individual risks, including a business continuity plan, and are systematically organizing these individual response plans in accordance with the Business Continuity Guidelines published by the Cabinet Office and creating an integrated response plan. In the process of these efforts, we ensure the proactive involvement of stakeholders within the Kagome Group and obtain support from external experts as appropriate. In addition, the Company has established a PDCA cycle that regularly reviews response plans through tabletop training and simulations (dry runs) in an effort to improve our ability to respond to risks that materialize.

[Examples] initiatives to address the materialization of risks

We are preparing a business continuity plan in case a risk event materializes. In doing so, it is important to make sure that the plan is efficient and effective to ensure the plan is reasonable. To this end, we believe it is important to establish a PDCA cycle: preparing a business continuity plan → conducting training → verifying the results of the training → reflecting the results in the business continuity plan.

Based on this idea, in 2023, we carried out tabletop training using the prepared plan for the purpose of confirming the effectiveness of the business continuity plan for important products and four functions (procurement, supply chain management, finance and accounting, and public relations) created in the previous year. We also examined effective training methods.

Specifically, the training drill was conducted based on the scenario of a Nankai Trough earthquake, which is said to have a high probability of occurring and will have wide-ranging and long-lasting effects. Training drills were not limited to the initial response in the event of a disaster; they were conducted to verify whether the business continuity plan would function in each phase, assuming the situation would change in three phases: immediately after the earthquake, three days after the earthquake (when the initial response has been completed to a certain extent), and seven days after the earthquake (social infrastructure begins to recover and detailed damage information is gathered).

The results obtained through the training drill will be reflected in each business plan to improve its sophistication, and will also be utilized in future training plans, with the aim of improving our ability to respond when risks do emerge.



Tabletop training at the Tokyo Head Office



Tabletop training at the Kozakai Plant



1 Satoshi Yamaguchi

(Date of birth: December 29, 1960)

President & Representative Director
Remuneration and Nomination Advisory
Committee Member

- 1983 Joined the Company
- 2003 General Manager, Institutional & Industrial Business Unit
- 2010 Executive Officer
- 2010 Director, Institutional & Industrial Business Division
- 2015 Director, Innovation Division
- 2018 Director, Vegetable Business Division
- 2019 Director & Managing Executive Officer
- 2020 President & Representative Director (to present)

2 Hirohisa Kobayashi

(Date of birth: July 16, 1961)

Director & Managing Executive Officer
Domestic Processed Food Business Officer

- 1984 Joined the Company
- 2005 General Manager, Taiwan Kagome Co., Ltd.
- 2006 General Manager, Probiotics Business Unit (responsible for marketing)
- 2009 General Manager, Consumer Sales Department, Osaka Branch
- 2014 Executive Officer
- 2014 Director, Consumer Business Division
- 2015 Managing Executive Officer
- 2015 Director, Marketing Division
- 2018 Director, Sales Division
- 2019 Director & Managing Executive Officer (to present)
- 2023 Domestic Processed Food Business Officer (to present)

3 Yoshihisa Hairo

(Date of birth: October 6, 1967)

Director & Executive Officer and Director,
Production & Purchasing Division

- 1990 Joined the Company
- 2013 Director of Kagome Australia Pty Ltd.
- 2016 General Manager, Global Quality Assurance Department, International Business Division of the Company
- 2019 General Manager, Purchasing Department, Production & Purchasing Division
- 2020 Director, Production & Purchasing Division (to present)
- 2021 Executive Officer
- 2024 Director & Executive Officer (to present)

4 Harunobu Okuya

(Date of birth: March 17, 1968)

Director & Executive Officer, General Manager,
Corporate Planning Department, and General
Manager, US Growth Strategy Department

- 1990 Joined the Company
- 2013 General Manager, Planning & Coordination Department, Asia Business Company
- 2014 CFO and General Manager, Planning & Coordination Department, Asia Business Company
- 2015 General Manager, Planning & Coordination Department, Global Consumer Business Department
- 2016 General Manager, Planning & Management Department, International Business Division
- 2021 General Manager, Corporate Planning Department and General Manager, US Growth Strategy Department (to present)
- 2022 Executive Officer
- 2024 Director & Executive Officer (to present)

5 Hidemi Sato

(Date of birth: February 17, 1959)

External Director
Independent Remuneration and Nomination
Advisory Committee Member

- 1981 Joined Mitsubishi Electric Corporation
- 1996 Completed Doctoral Program at Graduate School of Ochanomizu University, earned a doctorate (Doctor of Philosophy in Food Science)
- 1997 Part-time lecturer at Fukushima University, The Open University of Japan, Nippon Veterinary and Animal Science University (currently Nippon Veterinary and Life Science University)
- 1999 Part-time lecturer at Meiji University College
- 2015 Visiting professor at Nippon Veterinary and Life Science University (to present)
- 2017 External Director of the Company (to present)

6 Kumi Arakane

(Date of birth: July 4, 1956)

External Director
Independent Remuneration and Nomination
Advisory Committee Member

- 1981 Joined KOBAYASHI KOSÉ COMPANY LIMITED (currently, KOSÉ Corporation)
- 1997 Obtained a doctorate (Doctor of Pharmacy) from the University of Tokyo
- 2002 Senior Chief Researcher, R&D Headquarters Advanced Cosmetic Research Laboratories of KOSÉ Corporation
- 2004 General Manager, Product Development Dept., Marketing Headquarters of KOSÉ Corporation
- 2006 Executive Officer, Deputy Director-General of Marketing Headquarters and General Manager of Product Development Dept. of KOSÉ Corporation
- 2010 Executive Officer, General Manager, R&D Laboratories of KOSÉ Corporation
- 2011 Executive Officer, General Manager, Quality Assurance Dept. of KOSÉ Corporation
- 2011 Director, KOSÉ Corporation (in charge of Quality Assurance Dept., Customer Service Center, Purchasing Dept., and Product Designing Dept.)
- 2017 Audit & Supervisory Board Member, KOSÉ Corporation
- 2019 Outside Audit & Supervisory Board member, Kubota Corporation
- 2020 External Director of the Company (to present)
- 2020 Outside Director, Toda Corporation (to present)
- 2021 Outside Director, Kubota Corporation (to present)

7 Hitoshi Takano

(Date of birth: June 5, 1964)

Director & Audit and Supervisory Committee
Member

- 1988 Joined the Company
- 2005 Unit Director, Vegetable Beverage Business Unit
- 2008 Executive Officer
- 2008 Unit Director, Beverage Business Unit
- 2009 General Manager, Product Planning Department, Consumer Business Division
- 2010 General Manager, Business Administration Department, Asia Business Company
- 2014 Director, Direct Marketing Division
- 2016 Nagoya Branch Manager
- 2017 Director, Corporate Planning Division
- 2018 Director, SCM Division
- 2023 Assistant to President and Responsible for Special Assignment Projects
- 2024 Director, Audit and Supervisory Committee Member (to present)

8 Tatsuya Endo

(Date of birth: August 18, 1959)

External Director, Audit and Supervisory
Committee Member
Independent Remuneration and Nomination
Advisory Committee Member

- 1985 Joined Arthur Andersen & Co., Tokyo Office
- 1990 Certified as tax accountant
- 1998 Partner at Arthur Andersen & Co., Tokyo Office
- 2002 Partner at Asahi KPMG Tax Corporation (currently, KPMG Tax Corporation)
- 2016 Deputy Senior Partner at KPMG Tax Corporation
- 2020 Representative of Tatsuya Endo Tax Accountant Office (to present)
- 2020 External Director, Audit and Supervisory Committee Member of the Company (to present)

9 Asako Yamagami

(Date of birth: January 1, 1970)

External Director, Audit and Supervisory
Committee Member
Independent Remuneration and Nomination
Advisory Committee Member

- 1999 Registered as attorney-at-law. Joined Taiyo Law Office (currently, Paul Hastings LLP)
- 2005 Seconded to The Walt Disney Company (Japan) Ltd.
- 2006 Joined IBM Japan, Ltd.
- 2012 Contracted attorney, Office of International Affairs, Japan Federation of Bar Associations
- 2012 Joined Natori Law Office (currently, ITN Partners) as Partner (to present)
- 2015 Outside Director, Audit & Supervisory Committee Member, Musashi Seimitsu Industry Co., Ltd.
- 2016 Director, Office of International Affairs, Japan Federation of Bar Associations
- 2020 External Director, Audit and Supervisory Committee Member of the Company (to present)
- 2020 External Director, Audit and Supervisory Committee Member, Nikon Corporation (to present)
- 2021 Outside Director, NEC Capital Solutions, Limited (to present)

Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: million yen)

	Previous fiscal year (December 31, 2022)	Fiscal year under review (December 31, 2023)
Assets		
Current assets:		
Cash and cash equivalents	21,390	36,010
Trade and other receivables	45,487	48,426
Inventories	57,565	75,198
Income taxes receivable	410	206
Other financial assets	1,697	3,074
Other current assets	2,611	2,534
Total current assets	129,162	165,451
Non-current assets:		
Property, plant and equipment	61,779	60,756
Intangible assets	3,220	3,023
Other financial assets	16,203	20,323
Investments accounted for using the equity method	9,141	11,300
Other non-current assets	3,626	3,671
Deferred tax assets	2,237	1,121
Total non-current assets	96,209	100,197
Total assets	225,372	265,648
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Trade and other payables	35,486	36,750
Borrowings	34,604	49,876
Current portion of bonds	—	997
Income taxes payable	1,923	2,783
Other financial liabilities	849	903
Other current liabilities	7,449	9,118
Total current liabilities	80,313	100,430
Non-current liabilities:		
Long-term debt	8,346	13,911
Other financial liabilities	3,520	2,739
Retirement benefit liability	5,590	5,662
Provisions	1,155	1,496
Other non-current liabilities	1,084	1,261
Deferred tax liabilities	3,567	3,711
Total non-current liabilities	23,266	28,783
Total liabilities	103,580	129,213
Net Assets:		
Common stock	19,985	19,985
Capital surplus	22,836	22,756
Treasury stock	-22,543	-22,398
Other components of equity	8,084	13,904
Retained earnings	90,708	98,017
Interests attributable to shareholders of parent	119,071	132,265
Non-controlling interests	2,720	4,170
Total net assets	121,792	136,435
Total liabilities and net assets	225,372	265,648

Consolidated Statements of Income

(Unit: million yen)

	Previous fiscal year From January 1, 2022 To December 31, 2022	Fiscal year under review From January 1, 2023 To December 31, 2023
Revenue	205,618	224,730
Cost of sales	134,481	144,935
Gross profit	71,136	79,794
Selling, general and administrative expenses	59,232	62,536
Equity gains (losses) of affiliated companies	904	2,217
Core operating income*	12,808	19,476
Other income	713	634
Other expenses	765	2,637
Operating income	12,757	17,472
Finance income	903	959
Finance costs	1,103	1,942
Profit before income taxes	12,557	16,489
Income taxes	2,790	4,676
Net income	9,766	11,812
Net income attributable to		
Shareholders of parent	9,116	10,432
Non-controlling interests	650	1,380
Total	9,766	11,812
Amounts per share of common stock		
Net income (yen)	105.11	121.17
Diluted net income (yen)	104.91	120.98

* Core Operating Income is profit deducting cost of sales and selling, general, and administrative expenses from sales revenue plus equity gains (losses) of affiliated companies. Although not an indicator defined under IFRS, Kagome's Board of Directors evaluates the performance of business segment based on core operating income. Because it is considered useful information as an indicator measuring constant business performance of the Company, Kagome has voluntarily included this indicator in the Consolidated Statements of Income.

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Previous fiscal year From January 1, 2022 To December 31, 2022	Fiscal year under review From January 1, 2023 To December 31, 2023
Net income	9,766	11,812
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	399	49
Net gains and losses from financial assets measured at FVTOCI	806	813
Share of other comprehensive income of investments accounted for using equity method, net of tax	-1	5
Total	1,205	868
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges	2,278	4,557
Cash flow hedges costs	-1,067	1,216
Exchange differences on translation of foreign operations	2,737	1,977
Share of other comprehensive income of investments accounted for using equity method, net of tax	12	9
Total	3,960	7,761
Other comprehensive income	5,165	8,629
Comprehensive income	14,932	20,442
Comprehensive income attributable to		
Shareholders of parent	14,139	18,919
Non-controlling interests	792	1,522
Total	14,932	20,442

Consolidated Statements of Cash Flows

(Unit: million yen)

	Previous fiscal year From January 1, 2022 To December 31, 2022	Fiscal year under review From January 1, 2023 To December 31, 2023
Cash flows from operating activities		
Profit before income taxes	12,557	16,489
Depreciation and amortization	8,282	8,249
Impairment losses	—	2,236
Interest and dividend income	-438	-623
Interest expenses	554	1,673
Share of (profit) loss of investments accounted for using the equity method	-904	-2,217
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	97	28
(Increase) decrease in trade and other receivables	-2,771	-2,127
(Increase) decrease in inventories	-7,575	-14,780
Increase (decrease) in trade and other payables	638	1,014
Other	-1,462	-680
Subtotal	8,978	9,261
Interest and dividends received	446	1,009
Interest paid	-529	-1,381
Income taxes paid	-4,260	-4,271
Cash flows from operating activities	4,635	4,617
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets, including investment property	-9,878	-6,426
Proceeds from sales of property, plant and equipment, including investment property	259	297
Purchase of other financial assets	-536	-309
Gain on available-for-sale financial assets	563	446
Other	134	-64
Cash flows from investing activities	-9,457	-6,056
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,319	9,209
Proceeds from long-term borrowings	1,044	10,387
Repayments of long-term borrowings	-1,036	-865
Proceeds from issuance of bonds	—	984
Repayments of lease obligations	-743	-736
Dividends paid	-3,278	-3,277
Dividends paid to non-controlling interests	-72	-72
Capital contribution from non-controlling interests	100	—
Payments for the purchase of a subsidiary's equity from non-controlling interests	-58	—
Net (increase) decrease in treasury stock	-7,786	-2
Cash flows from financing activities	-5,512	15,626
Net increase (decrease) in cash and cash equivalents	-10,334	14,187
Cash and cash equivalents at the beginning of period	31,231	21,390
Foreign translation adjustment on cash and cash equivalents	493	433
Cash and cash equivalents at end of period	21,390	36,010

Company Overview (As of March 31, 2024)

Trade name: Kagome Co., Ltd.

Founded: 1899

Incorporated: 1949

Head Office: 3-14-15, Nishiki, Naka-ku, Nagoya, Aichi
Tel. +81-52-951-3571 (Main)

Tokyo Head Office: Nihonbashi-hamacho F-Tower, 3-21-1
Nihonbashi-hamacho, Chuo-ku, Tokyo
Tel. +81-3-5623-8501 (Main)

Common stock: 19,985 million yen

Number of employees: 2,921 (consolidated)

Business locations: Head Office, Tokyo Head Office, 8
branches, 5 business offices, 6 plants,
Research & Development Division, and
Tokyo Laboratory

Description of business: Production and sales of food seasonings,
preserved foods, beverages, and other
food products; purchasing, production,
and sales of seedlings, fruits, and
vegetables



● Branches and business offices

- | | | |
|-----------------------------|--------------------------|-------------------------|
| Hokkaido Branch | Nagoya Branch | Okayama Business Office |
| Tohoku Branch | Shizuoka Business Office | Kyusyu Branch |
| Kita-Tohoku Business Office | Hokuriku Business Office | Okinawa Business Office |
| Tokyo Branch | Osaka Branch | |
| Kanshinetsu Branch | Chu-Shikoku Branch | |

● Plants

- | | | |
|---------------|--------------|---------------|
| Ueno Plant | Fujimi Plant | Ibaraki Plant |
| Kozakai Plant | Nasu Plant | Komaki Plant |

Main Group Companies

Domestic Subsidiaries and Associates

- Kagome Agri Fresh Co., Ltd. (Chuo-ku, Tokyo)
- Hibikinada Greenfarm Co., Ltd. (Kitakyushu City, Fukuoka)
- Iwaki Onahama Greenfarm Co., Ltd. (Iwaki City, Fukushima)
- Kagome Axis Co., Ltd. (Nagoya City, Aichi)
- F-LINE Corp. (Chuo-ku, Tokyo)

Overseas Subsidiaries and Associates

- Kagome Inc. (California, U.S.A.)
- Ingomar Packing Company, LLC (California, U.S.A.)
- United Genetics Holdings LLC (Delaware, U.S.A.)
- Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) (Palmela City, Portugal)
- DXAS Agricultural Technology LDA (Lisbon, Portugal)
- Vegetalia S.p.A. (Calabria, Italy)
- Kagome Australia Pty Ltd. (Victoria, Australia)
- Taiwan Kagome Co., Ltd. (Tainan City, Taiwan)

Stock Information As of December 31, 2023

Status of Shares

Number of shares outstanding:
94,366,944 shares

Total number of authorized shares:
279,150,000 shares

Number of shares per unit:
100 shares

Number of shareholders:
196,268

Major Shareholders

Names of Major Shareholders	Capital Contribution to the Company	
	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (account in trust)	13,461	14.26
Dynapac Co., Ltd.	4,379	4.64
Custody Bank of Japan, Ltd. (account in trust)	3,781	4.00
Toshichika Kanie	1,412	1.49
STATE STREET BANK WEST CLIENT-TREATY 505234	1,035	1.09
Kagome Employee Stock Ownership Plan	989	1.04
Eikichi Kanie	982	1.04
Kagome Business Association	934	0.99
Shinichi Sano	836	0.88
Takishi Sano	587	0.62
Total	28,400	30.09

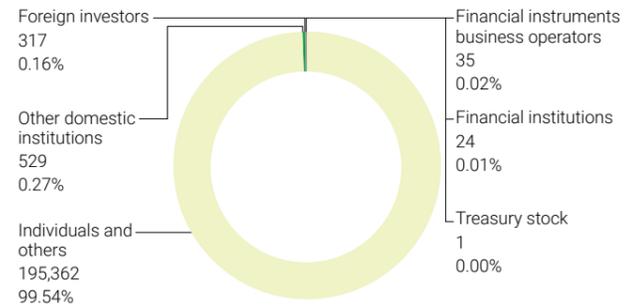
* Shareholding ratio is calculated excluding treasury stock (8,122,000 shares). Note that treasury stock does not include the 128,000 shares of the Company's stock owned by The Master Trust Bank of Japan, Ltd. (account in trust) established in the introduction of director remuneration Board Incentive Plan trust.

Trends of the Company's Stock Price and Tokyo Stock Price Index (TOPIX)

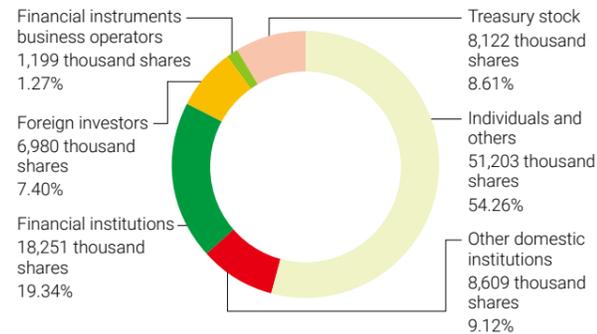


Status of Share Distribution

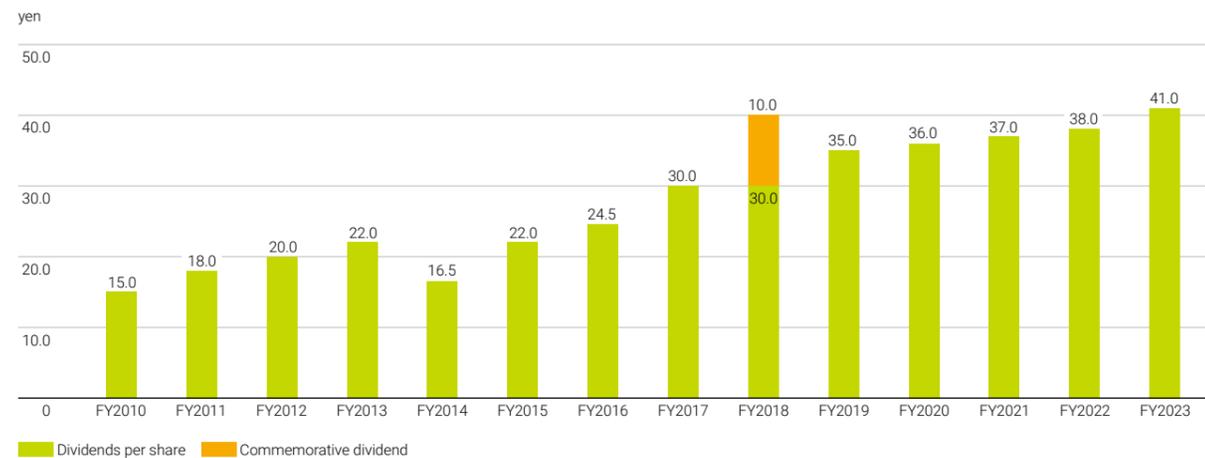
Distribution by Shareholder Type



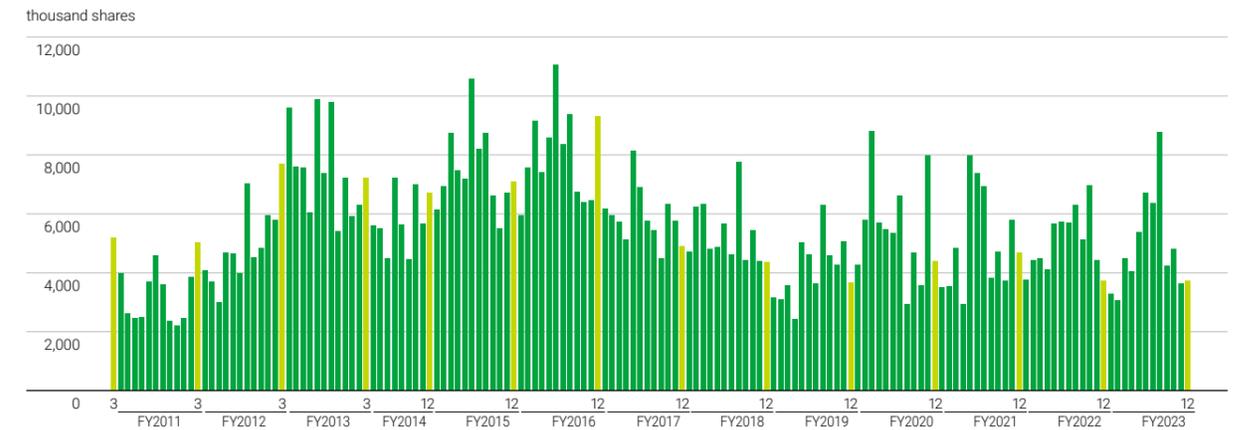
Distribution by Number of Shares



Annual Dividend per Share



Changes in Trading Volume



Trends in the Number of Shareholders

