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For immediate release

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Notice of Additional Acquisition of Equity Stake in (and Conversion into a Consolidated Subsidiary of)
Ingomar Packing Company, LLC and Other Relevant Matters

Kagome Co., Ltd. (hereinafter, the “Company” or “Kagome”) hereby announces that it has resolved at the Board of Directors’ meeting held today to acquire additional equity stake in US-based Ingomar Packing Company, LLC (hereinafter, “Ingomar”), an equity-method associate of the Kagome Group, via Kagome USA Holdings Inc. (hereinafter, “KUH”), a wholly owned subsidiary of the Company.

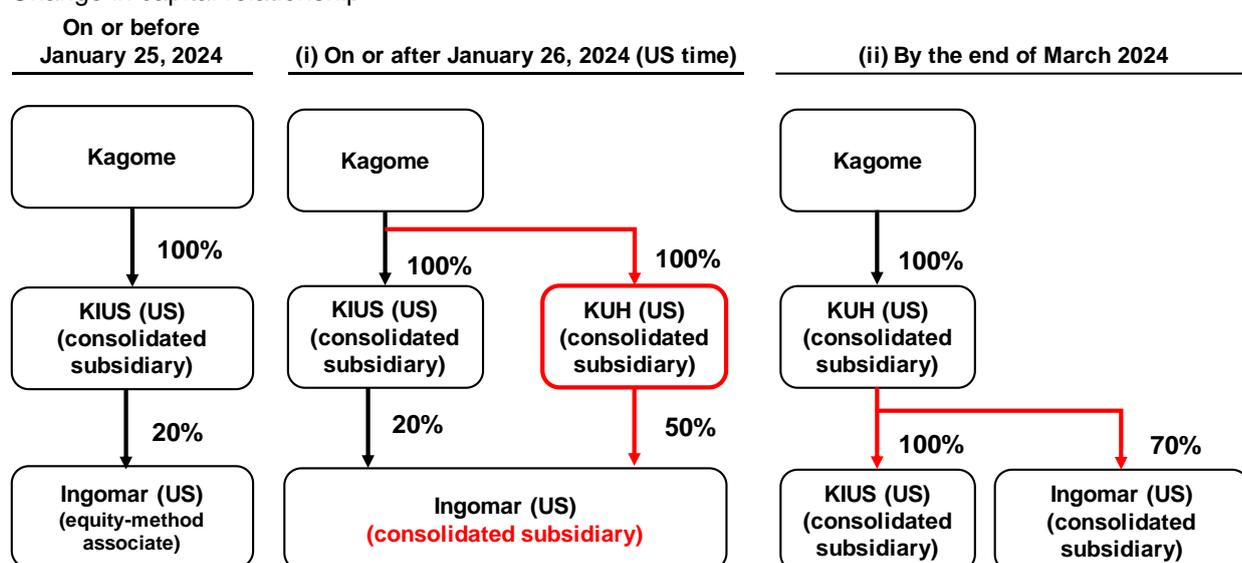
Following the abovementioned transaction, Ingomar and KUH each will fall into a specified subsidiary (as defined in Article 19, paragraph 10 of the Cabinet Office Order on Disclosure of Corporate Affairs) as the amount of their share capital represents ten hundredths or greater of share capital of the Company.

At the same time, today, the Company has also decided to submit a shelf registration statement for disposal of treasury shares.

1. Overview of the transaction

- (i) The Company acquires an additional 50% equity stake in Ingomar through a capital contribution to KUH, a wholly owned subsidiary of the Company, on January 26, 2024 (US time). Together with the 20% equity stake already acquired in 2016 via Kagome Inc. (hereinafter, “KIUS”), a wholly owned subsidiary of the Company, this additional acquisition will result in Ingomar becoming a consolidated subsidiary of the Kagome Group.
- (ii) The Company will contribute all shares of KIUS it holds in kind to KUH by the end of March 2024. The Company will also transfer the 20% equity stake in Ingomar held by KIUS to KUH. This will result in KUH becoming a parent company of both KIUS and Ingomar. In the future, KUH is expected to serve not only as a holding company of KIUS and Ingomar but as a control base overseeing the business, funding, and governance of the Kagome Group in the US.

Change in capital relationship



2. Background, objectives, and other matters of the acquisition of additional equity stake in Ingomar

(1) About Ingomar

Since its foundation in 1983, Ingomar has produced and sold primary processed tomato products, including tomato paste and diced tomatoes in California, the US, the world's largest producer of processing tomatoes, for about 40 years.

With the annual volume of processing tomatoes reaching 1.55 million metric tons, the company is ranked 2nd in the US and 4th in the world. *2022 actual (Source: Tomato News, May 9, 2023)

One of Ingomar's strengths lies in the fact that it has a stable and solid procurement base for processing tomatoes because its founding members, who are still the major shareholders, are processing tomato farmers. The other strengths are its high operational efficiency enabled by locating its processing bases in the tomato-producing region, cost competitiveness in the global market, and stability of product quality and supply that has been proven by Kagome through the business with the company over years.

(2) Relationship with the Kagome Group

The Kagome Group started procuring primary processed tomato products from Ingomar in 2008. Since then, positioning Ingomar as one of the Group's main suppliers, the Group has used its processed tomato products as raw ingredients for its secondary processed tomato products, including tomato sauce, pizza sauce, and tomato ketchup, in countries and regions such as Japan, the US, Taiwan, and Australia.

In 2016, for the purpose of procuring primary processed tomato products and ensuring stable supply to customers, the Company acquired a 20% equity stake in Ingomar via KIUS, a subsidiary of the Company that produces and sells secondary processed tomato products, converting Ingomar into an equity-method associate of the Company with Ingomar to strengthen its relationship.

(3) Background

(i) Accelerating growth overseas

In its global tomato processing business, the Kagome Group possesses the functions of *seed development and sales, cultivation for processing tomatoes, primary processing, and secondary processing*, and its strength lies in its ability to create value-added that meets customer needs in each of the above functions. The Group's International Business leverages this strength to sell processed tomato products and others in the US, Portugal, Australia, Taiwan, and India, where our business bases are located, primarily to food service and food manufacturing companies that operate regionally or globally. As a result of reinforcing these activities, the presence of International Business is increasing year by year as the Company expects it to mark a third consecutive year of increases in both revenue and profits for FY2023. To further expand this growth, the Company intends to strengthen cooperation among overseas group companies by setting the management policy of International Business for 2024 as "Accelerating growth overseas."

(ii) Addressing changes in environment surrounding the tomato processing business

The tomato processing business is expected to continue to enjoy solid demand due to the increase in the world population, economic growth, and other factors, but on the other hand, it is facing an increase in climate change, geopolitical and other risks. In particular, the cultivation of processing tomatoes, like other agricultural products, faces a variety of challenges such as reducing environmental impact, stabilizing and improving yield, and lowering cultivation costs, in addition to coping with climate change (drought, etc.). The Kagome Group considers these as urgent issues to be addressed to realize sustainable growth of the tomato processing business and the Kagome Group as a whole.

(4) Objectives

(i) To further grow the US business by strengthening the value chain for the US tomato processing business

Kagome will strengthen its involvement in the cultivation of processing tomatoes, which is one of Ingomar's unique characteristics, while incorporating the *primary processing* function into the current US tomato processing business (*seed development and sales* and *secondary processing*). By owning a complete value chain within the same region, Kagome will increase the stability and sustainability of its business and further grow its US tomato processing business.

- (ii) To accelerate overall growth of International Business by strengthening the global network of tomato processing business

Possessing a *primary processing* function in the world's largest processing tomato-growing region will lead to strengthening the Company's global network that support the expansion of business with the global food service providers and food manufacturers. Ingomar will join an intragroup organization named Kagome Food International Company, which was established by the Company in October 2023, seeking to collaborate with overseas companies that fall under this organization.

In addition, Ingomar's primary tomato processing technology and knowledge will be deployed throughout the Kagome Group to enhance the competitiveness of the Group's tomato processing business and accelerate the globalization of the Kagome Group, including through personnel exchange.

- (iii) To build a competitive and sustainable tomato processing business by strengthening initiatives in the agricultural area

In collaboration with Ingomar and its investors, processing tomato farmers, the Kagome Group will work on the development of cultivation technology among others, aiming to reduce environmental impact, stabilize yield, and improve cultivation efficiency. In developing the technology, the Group will take advantage of the US, California's position as the world's largest processing-tomato growing region and a center of cutting-edge technologies in the agricultural industry to actively pursue open innovation with local research institutes and agricultural companies. In addition to deploying the developed technology to Ingomar's suppliers of processing tomatoes, Kagome also aims to deploy the technology to group companies outside of the United States. This will strengthen the tomato processing business in each region and, by extension, enhance the competitive advantage and sustainability of the tomato processing business from a global perspective.

3. Overview of Ingomar, KUH, and KIUS

[Company profile of Ingomar]

(1) Name	Ingomar Packing Company, LLC			
(2) Location	Los Banos, California, the United States			
(3) Name and job title of representative	Greg Pruett, CEO			
(4) Description of business	Production and sale of processed tomato products (tomato paste and diced tomatoes)			
(5) Total amount of investment	USD27,832 thousand			
(6) Date of establishment	Originally established as a general partnership in 1983, and then converted into an LLC (limited liability partnership) effective June 29, 2005			
(7) Shareholders (shareholding ratios)	Silver Creek Partners, LP (29.22%), Vaquero Farms, Inc. (27.52%), KIUS (20.00%), other four farming businesses including Vaught-Bennett Holding			
(8) Relationship with the Company	Capital	An equity-method associate of the Company, with its 20% equity stake held by KIUS, a subsidiary of the Company		
	Personnel	The Company's officers and employees concurrently serving as the officers of Ingomar		
	Business transaction	Selling processed tomato products to the Company and its subsidiaries		
(9) Consolidated financial position and operating results for the past three years	(Thousands of US dollars, [Millions of yen])			
	Fiscal years ended	June 30, 2021	June 30, 2022	June 30, 2023
Net assets		93,780 [13,879]	112,460 [16,644]	115,513 [17,095]
Total assets		160,241 [23,715]	185,960 [27,522]	202,610 [29,986]
Revenue		205,884 [30,470]	240,021 [35,523]	310,523 [45,957]
Operating income		5,767 [853]	16,068 [2,378]	55,030 [8,144]
Net income attributable to shareholders		4,941 [731]	20,679 [3,060]	53,053 [7,851]

*1 The financial results above are based on the US-GAAP.

*2 The figures in square bracket ([]) are those denominated in Japanese yen as reference amounts translated at an exchange rate of JPY148/USD.

*3 Ingomar elects to apply pass-through taxation (tax system where the company's profits are not taxed directly to the company but "passed through" to the shareholders who have received the shares of the profits) for paying corporate income tax in the US.

[Company profile of KUH]

(1) Name	Kagome USA Holdings Inc.	
(2) Location	Wilmington, Delaware, the Unites States	
(3) Name and job title of representative	Norito Ebata, President (President of Kagome Food International Company; Executive Officer, General Manager of Global Tomato Division of the Company)	
(4) Description of business	A holding company	
(5) Share capital	USD0 * Planning to increase its share capital through this transaction	
(6) Date of establishment	December 22, 2023	
(7) Major shareholder (shareholding ratio)	Kagome Co., Ltd. (100%)	
(8) Relationship with the Company	Capital	A wholly owned subsidiary of the Company
	Personnel	The Company's officers and employees concurrently serving as the officers of KUH
	Business transaction	Not applicable

[Company profile of KIUS]

(1) Name	KAGOME INC.	
(2) Location	Los Banos, California, the United States	
(3) Name and job title of representative	Luis De Oliveira, CEO	
(4) Description of business	Production and sale of tomato condiments (tomato sauce, etc.) for the food service industry	
(5) Share capital	USD15 million	
(6) Date of establishment	January 9, 1998	
(7) Major shareholder (shareholding ratio)	Kagome Co., Ltd. (100%)	
(8) Relationship with the Company	Capital	A wholly owned subsidiary of the Company
	Personnel	The Company's officers and employees concurrently serving as the officers of KIUS
	Business transaction	<ul style="list-style-type: none"> • Selling raw ingredients and others to the Company • Leasing machines from the Company • Receiving guarantees for bank borrowings from the Company

(9) Financial position and operating results for the past three years

(Thousands of US dollars, [Millions of yen])

Fiscal years ended	December 31, 2021	December 31, 2022	December 31, 2023
Net assets	114,693 [16,974]	125,742 [18,609]	143,039 [21,169]
Total assets	163,321 [24,171]	173,575 [25,689]	232,142 [34,357]
Revenue	121,748 [18,018]	136,122 [20,146]	169,738 [25,121]
Core operating income	7,183 [1,063]	12,598 [1,864]	38,408 [5,684]
Operating income	7,295 [1,079]	12,840 [1,900]	39,000 [5,772]
Net income	5,883 [870]	11,049 [1,635]	32,297 [4,779]

*1 The financial results above are based on the IFRS.

*2 The financial results above include equity gains (losses) of affiliated companies corresponding to the 20% equity stake in Ingomar.

*3 The figures in square bracket ([]) are those denominated in Japanese yen as reference amounts translated at an exchange rate of JPY148/USD.

4. Overview of the shareholders from whom the Company is acquiring equity stake in Ingomar

The shareholders from whom the Company is acquiring equity stake in Ingomar are California, US-based four farming businesses that produce and sell raw tomatoes and other agricultural crops.

(1) Name	Silver Creek Partners, LP, Vaquero Farms, Inc., Vaught-Bennett Holdings, J-Bar Holding Company	
(2) Location	California, the United States	
(3) Name and job title of representative	Greg Pruett, Representative of Silver Creek Partners, LP and Vaquero Farms, Inc. John Bennett, Representative of Vaught-Bennett Holdings and J-Bar Holding Company	
(4) Description of business	Production and sale of agricultural crops, including raw tomatoes	
(5) Relationship with the Company	Capital	Shareholders of Ingomar, an equity-method associate of the Company
	Personnel	Greg Pruett concurrently serving as Representative of Ingomar, an equity-method associate of the Company
	Business transaction	Selling raw tomatoes to Ingomar, an equity-method associate of the Company

5. Equity stake in Ingomar being acquired, acquisition cost, and shareholding ratios before and after the acquisition

(1) Shareholding ratio before the acquisition	20%
(2) Equity stake being acquired	50%
(3) Acquisition cost	USD243,341 thousand [JPY36.0 billion]
(4) Shareholding ratio after the acquisition	70%

* The figures in square bracket ([]) are those denominated in Japanese yen as reference amounts translated at an exchange rate of JPY148/USD.

* In addition to the above, investment related costs (including due diligence costs and legal fees) are roughly estimated at USD2 million.

* For the warranties of the stake transfer agreement, 10% of the acquisition cost will be deposited in an escrow account over a fixed time period.

6. Timetable

(1) Date of resolution by the Board of Directors	January 26, 2024
(2) Date of execution of the stake transfer agreement with Ingomar	January 26, 2024 (US time)
(3) Date of acquisition of 50% equity stake in Ingomar by KUH	January 26, 2024 (US time)
(4) Date of contribution in kind of KIUS's shares to KUH	From February to March 2024 (planned)
(5) Date of transfer of 20% equity stake in Ingomar from KIUS to KUH	From February to March 2024 (planned)

* The Company has already confirmed that there are no issues in regard to the acquisition of additional equity stake in Ingomar under the US antitrust law (under the Hart-Scott-Rodino Act).

7. Financing method

(1) Bridge loan

The Company has borrowed the entire amount of the acquisition cost of 50% equity stake in Ingomar of USD243,341 thousand as a bridge loan denominated in Japanese yen from financial institutions (total amount borrowed: 36,046 million yen).

(2) Conversion to permanent financing

Under the financial strategy with a basic policy of stabilizing the financial platform and growing with an emphasis on capital efficiency, during the period covered by the third Mid-Term Management Plan (from 2022 to 2025), the Kagome Group is moving forward with business investments to achieve an inorganic growth through M&A and other means by borrowing money or effectively using its treasury shares within the extent where its equity ratio is maintained at 50% or higher.

Based on such approach, in the course of converting the bridge loan to permanent financing, the Company is planning to partially dispose of approximately 8 million treasury shares (approximately 9% of the total issued shares) it holds to finance the partial repayment of the bridge loan. For that purpose, today, the Company has submitted a shelf registration statement for common stock (with the upper limit of 25.0 billion yen).

The specific timeframe and scale of the financing will be announced as soon as determined within the next one year, which is the borrowing period of the bridge loan, after consideration based on the Group's financial standing and stock price trends.

(3) Overview of the shelf registration

- | | |
|---------------------------------------|------------------------------------|
| a. Type of securities for offering: | Common stock |
| b. Scheduled period of issuance: | One year |
| c. Scheduled amount to be issued: | JPY25.0 billion (upper limit) |
| d. Use of funds to be procured: | To partially repay the bridge loan |
| e. Tentative conditions for offering: | TBD |
| f. Underwriting securities company: | TBD |

8. Outlook

The impact of the investment on the consolidated earnings forecasts for the fiscal year ended December 31, 2023 is immaterial. In addition, the additional acquisition of the equity stake in Ingomar has no impact on the incorporation of earnings from Ingomar for the fiscal year ended December 31, 2023. The impact of the investment on the Company's consolidated operating results for the fiscal year ending December 31, 2024 is currently under careful review. For the estimated impact as of today, please refer to the "Supplemental Information."

The earnings forecasts for the fiscal year ending December 31, 2024, including the impact of the investment, is scheduled to be announced in "Consolidated Summary Report <under IFRS> for the fiscal year ended December 31, 2023" to be disclosed on February 1, 2024.

Reference: Consolidated earnings forecasts for the fiscal year ending December 31, 2023 (announced on October 27, 2023) and consolidated results for the previous fiscal year

	(Millions of yen)			
	Revenue	Core operating income	Operating income	Net income attributable to shareholders of parent
Earnings forecasts for the fiscal year ending December 31, 2023	222,000	16,000	16,000	9,000
Operating results for the previous fiscal year ended December 31, 2022	205,618	12,808	12,757	9,116

9. Others

For details, also refer to "Supplemental Information" published today.

- (1) Overview of Ingomar Packing Company, LLC
- (2) Summary of the Investment
- (3) Medium- to Long-term Outlook and Positioning of the Investment
- (4) Financing
- (5) Impact on Consolidated Operating Results
- (6) Governance and PMI
- (7) Q&A

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