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KAGOME Integrated Report 2025



KAGOME

Kagome Integrated Report 2025

Theme

Foster the ability to create value from agriculture to make the future a better place

Point

10 years of progress and a future with greater growth



Contents

Section 1

Kagome's Value Proposition

- 1 Kagome Philosophy

Section 2

Top Message

- 3 Top Message

Special Feature

Kagome's Past Decade, Where We Are Today, and the Next 10 Years

- 9 Kagome's Evolution by the Numbers
- 11 A Decade of Efforts Toward What Kagome Strives for by 2025 and Our Vision
- 15 Looking Ahead to the Next Decade
Linking Solutions to Social issues to Competitiveness and Sustainable Growth
- 16 Special Messages
—from Executive Officers
—from Stakeholders

Section 3

Kagome's Value Chain and Corporate Value Enhancement

- 19 The Power of People Harnessing Nature's Bounty
—Our Commitment and Technologies—
- 21 Kagome's Value Creation Process
- 23 Global Value Chain Creating Value from Agriculture
—Developing Plant Varieties and Cultivation
—Production (Primary Processing/Secondary Processing)
—Product Development and Creating Demand
- 29 General Business Conditions

- 31 CFO/CRO Message
- 33 Initiatives for Enhancing Corporation Value
- 35 MD&A
- 37 Financial (Consolidated) & Non-Financial Highlights
- 39 Business Strategies
—Domestic Processed Food Business
—International Business

Section 4

Management Structure Supporting Sustainability

- 43 Sustainability Governance
- 47 Strengthen Foundation for Value Creation—
Response to Materiality
—Sustainable Global Environment
—Product Safety and Security
—Respecting Diversity and Expanding Human Capital
—Respect for Human Rights
—Establishing a Sustainable Supply Chain

Section 5

Corporate Governance

- 67 Messages from External Directors
- 69 Corporate Governance
—Board of Directors and Audit and Supervisory Committee
—Internal Control (Risk Management + Internal Audit)
- 81 Directors

Section 6

Financial Performance/Company Information

- 83 10 Years of Financial and Non-Financial Data
- 85 Consolidated Financial Statements
- 88 Company Overview
- 89 Stock Information

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 medium- 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 Representative Director, President & CEO 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, 2024 to December 31, 2024. 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 126 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

Basis, Mindset and Attitude Behind Our Philosophy

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

Kagome will continue to take on the challenge of resolving social issues, looking to the next decade ahead

Under our third Mid-Term Management Plan focusing on sustainable growth, we have seen a significant improvement in our performance, with revenue reaching 306.8 billion yen and core operating income 27 billion yen in FY2024.

In FY2025, the plan's final year, we will draw up a growth strategy for the next decade, having reached the 300 billion yen mark in revenue. We will also continue to take on the challenge of resolving social issues as well as evolve and further solidify the Kagome Group's earnings base.

* 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.

Connecting the Past 10 Years with the Next 10 Years

In 2016, we defined what Kagome strives for by 2025—"To become a strong company capable of sustainable growth, using food as a means of resolving social issues"—and our vision of "Transform from a 'tomato company' to a 'vegetable company.'" Since then, we have implemented three mid-term management plans, from the first to the third. FY2025 marks the final year of our third Mid-term Management Plan and a culmination of our activities over the past decade. This also coincides with the formulation of our growth strategy for the next 10 years.

Over the past decade, the business environment surrounding Kagome has changed dramatically. The nearly four-year long COVID-19 pandemic significantly changed people's values and consumption behavior. This was followed by unprecedented cost increases triggered by rising geopolitical risks worldwide, causing the Japanese economy to shift from a long period of deflation to inflation. As the effects of climate change become more severe, sourcing the agricultural raw materials vital to our operations is becoming more difficult with each passing year.

Given this situation, we will take a careful look back at the accomplishments and challenges we have faced over the past decade as we have pursued sustainable growth. In turn, we will utilize this knowledge to build on the next 10 years.

Looking Back on Kagome's Performance During the Three Mid-Term Management Plans

The first and second mid-term management plans helped us overcome sluggish performance and improve our bottom line

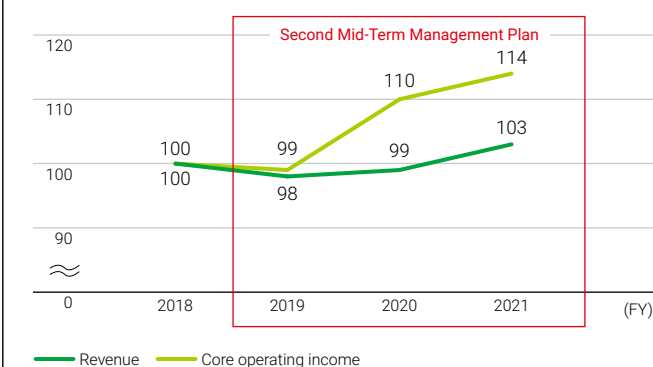
In FY2015, the year before the start of the first Mid-Term Management Plan, Kagome faced an extremely challenging business situation, with our operating margin (JGAAP) falling to 3.4%, due to the impact of elevated raw materials prices that had continued since 2013. To overcome this critical situation, we announced the implementation of new management reforms, and in FY2016 we embarked on a 10-year challenge to become a strong company capable of sustainable growth.

The initial blueprint for the past 10 years was to restore profit margins through extensive reforms of our earnings structure during the first Mid-Term Management Plan (2016–2018), and to put both revenue and core operating income on a growth trajectory during the second Mid-Term Management Plan (2019–2021), while sowing the seeds of growth. The goal was to achieve sustainable growth during the third Mid-Term Management Plan (2022–2025).

During the first Mid-Term Management Plan, the entire company worked to eliminate *muri, mura, and muda* (unreasonableness, inconsistency, and waste). As a result, we managed to improve our operating margin (JGAAP), which was 3.4% in FY2015, to 5.7% in FY2018.

During the second Mid-Term Management Plan, we worked to grow both revenue and core operating income, but the results were mixed. Graph 1 shows the revenue and core operating income (IFRS) for each fiscal year, with the year prior to the second Mid-Term Management Plan (2018) indexed to 100. During the second Mid-Term Management Plan, although core operating income recovered steadily, we were unable to put revenue on a growth trajectory. At that time, we keenly felt that Kagome lacked the power to sow the seeds of growth and acquire new revenue.

► Graph 1 Trend in Performance During the Second Mid-Term Management Plan (2018 indexed to 100)



Shifting the focus to growth in the third Mid-Term Management Plan

Reflecting on the second Mid-Term Management Plan, which left issues in terms of revenue growth, the third Mid-Term Management Plan divided Kagome's intended growth direction into two: organic growth (growth of existing businesses) and inorganic growth (growth through alliances and M&A). The Plan also clarifies the organizations and strategies for advancing each.

Top Message

Regarding organic growth in the Domestic Processed Food Business, our basic strategy was to strengthen relationships with customers through company-wide efforts to increase vegetable intake and promote fan-based marketing, while also focusing on increasing demand for vegetable beverages and tomato condiments to achieve stable growth. In addition, we set vegetable soup, plant-based food, and D2C (direct to consumer) as business expansion domains and strengthened our activities to acquire new revenue sources. In the International Business, we worked to expand our supply share among existing global food service customers by strengthening collaboration between overseas Group companies.

Our top priority in inorganic growth has been to explore business opportunities targeting the North American market, where the population continues to grow and a solid social infrastructure is already in place. To advance these efforts, we established the US Growth Strategy Department and a Business Development Office to explore a wide range of partnership opportunities.

Progress of the third Mid-Term Management Plan

Over the three-year period from 2022 to 2024, in the domain of organic growth, we faced unprecedented and significant cost increases in both our domestic and international business operations. In particular, the international market price of tomato paste, our main raw material, soared due to a combination of the sharp uptick in demand for eating out as the economy restarted after the COVID-19 pandemic and poor harvest conditions for tomatoes as a result of worsening climate change. Prices of other raw materials and energy also continued to move higher amid increasing geopolitical risks.

In response to these significantly higher costs, we implemented price revisions for our mainstay products in the Domestic Processed Food Business for three consecutive years starting from FY2022. In our International Business, we also engaged in detailed price negotiations with major customers and focused on revising prices to reflect our higher costs.

In addition to price revisions, in the Domestic Processed Food Business, we actively implemented measures to stimulate demand for vegetable beverages and tomato condiments, which were a basic strategy of the third Mid-Term Management Plan. We also made persistent efforts to expand sales of vegetable soups and other food products.

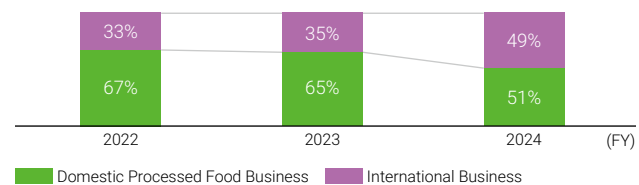
In the domain of inorganic growth, our newly established promotion organization led the way to create a list of various alliance and M&A opportunities. From that list, we made Ingomar Packing Company, LLC (below, "Ingomar") based in California, a consolidated subsidiary in January 2024, with the objective of accelerating the growth of our International Business and building a competitive tomato processing business.

Thanks to these activities, the Domestic Processed Food Business managed to restore the portion of its sales volume that had declined due to price revisions at a faster pace than expected, and core operating income, which had been declining, reversed course upward in 2023. In the International Business, both revenue and core operating income grew significantly driven by the strong tomato paste market conditions and the consolidation of Ingomar.

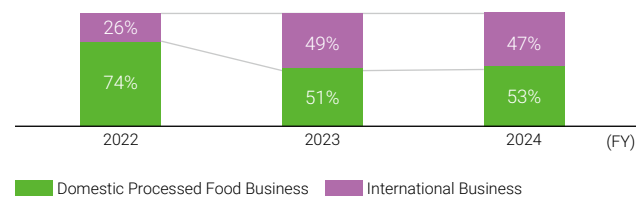
As a result, our performance in 2024 exceeded the targets of the third Mid-Term Management Plan, which were revenue of 300 billion yen and core operating income of 24 billion yen. As shown in Graph 2, the Kagome Group's business structure has seen an increase in the proportion of revenue and core operating income from the International Business, and core operating income in particular has undergone a major change, with the domestic and international segments now accounting for roughly half of the total each.

► Graph 2 Trend in Segment Composition

Ratio of Domestic and International Revenue



Ratio of Domestic and International Core Operating Income



Looking Back on Our Initiatives to Address Social Issues

In the three mid-term management plans since FY2016, we have worked to resolve three social issues: namely, "Longer, healthier lives" "Agricultural development and regional revitalization," and "Sustainable global environment." At the same time, we have continued to work to connect these efforts to sustainable growth. Below, I would like to look back on our efforts for each as well as summarize achievements and challenges.

Longer, healthier lives

Various studies conducted around the world have shown that eating lots of vegetables is beneficial for staying healthy every day.

Based on these findings, Japan's Ministry of Health, Labour and Welfare recommends consuming at least 350 grams of vegetables per day. However, actual intake has remained stuck at around 260 to 290 grams for a long period of time.

To address this issue, we launched the Let's Eat Vegetables Campaign in 2020. The campaign mainly seeks to popularize the use of VegeCheck®, a device developed to "visualize" estimated vegetable intake and raise awareness among many consumers of their vegetable deficiency. By continuing to install the VegeCheck® in retail stores and provide information to companies that promote health management, the cumulative number of measurements exceeded 13 million by the end of 2024. In lockstep, awareness of VegeCheck® has steadily risen. However, a survey by the Ministry of Health, Labour and Welfare shows that the vegetable intake of Japanese people continues to decline. We will continue to strengthen our efforts with the aim of promoting behavioral change in consumers' eating habits and producing results that will impact society, e.g., actually increasing people's vegetable intake.

Agricultural development and regional revitalization / Sustainable global environment

With regard to "Agricultural development and regional revitalization," we have been offering the Yasai Seikatsu 100 Seasonal Series of products since 2010. This lineup is based on the idea of "locally grown, nationally consumed," where we blend fruits grown in each region with the Yasai Seikatsu brand and distribute these products nationwide. Additionally, for producers of domestic tomatoes used to make juice, we are working to mechanize harvesting operations as a way to address the aging farm workforce and labor shortages. In order to maintain and expand production areas, Kagome employees known as field persons visit producers in-person to listen to their various needs and requests. This includes lending out harvesting machines developed by Kagome or providing guidance on cultivation methods suited to mechanized harvesting.

With regard to "Sustainable global environment," based on our Quality and Environmental Policy established in 2017, the entire Kagome Group, including overseas subsidiaries, encourages the installation of solar power generation systems and the use of biomass energy to reduce greenhouse gas emissions. Additionally, in 2020, we established the Kagome Policy on Plastics, with the goal of eliminating petroleum-based straws attached to our beverage cartons by 2030 and replacing more than 50% of PET beverage bottle resin with recycled or plant-based materials.

As described above, we have made steady progress in our efforts to resolve the three social issues. Going forward, we will further strengthen these efforts and augment our ability to ensure that these efforts lead to the Group's sustainable growth.

Priority Issues for FY2025

When FY2025 began, the business environment was characterized by falling international market prices for tomato paste. This is due to the higher volume of tomato paste processed following increased processing tomato production in FY2024, which eliminated the previous inventory shortage. While we had anticipated such fluctuations in the tomato paste market, the business environment in 2025 will be extremely challenging due to the impacts. Nevertheless, even in this environment, we aim to achieve the targets of our third Mid-Term Management Plan of 300 billion yen in revenue and 24 billion yen in core operating income for the second consecutive year. We hope to use these results to solidify our earnings base for the next decade.

The priority issue for the Domestic Processed Food Business in FY2025 is to restore profits and continue taking on challenges. Various costs outside of tomato paste are expected to continue rising. Given this, our goal is to exceed the core operating income achieved in FY2021, before costs began to rise, ensuring we restore profits.

To that end, in 2025 we will continue to focus on growing demand for our mainstay products. In the Beverages category, we will keep in place measures to maintain strong sales of tomato juice and also step up promotions of Yasai Seikatsu 100, which will mark its 30th anniversary in 2025. As for the food category, we will expand information dissemination about tomato ketchup, tomato condiments, and other products, focused on Kagome Napolitan Stadium 2025, an event that will determine the best Japanese ketchup spaghetti dishes in Japan. With regard to continuing to take on challenges, we will also expand business domains with a focus on almond milk, in addition to current activities. As a specific measure, we will begin full-scale marketing of almond milk brand Almond Breeze® from spring 2025.

Top Message

The priority issue for our International Business is accelerating growth overseas. We will turn around the decline in profits from primary processed tomatoes by expanding the volume of secondary processed tomatoes, which is less susceptible to tomato paste market conditions. Specifically, we will work to expand our customer base from global food service companies to local food service companies and to expand our flavored products beyond simply tomato. At the same time, for primary processed tomatoes, we will work to reduce earnings volatility by increasing the frequency of monitoring trading prices and implementing flexible pricing policies.

Regarding inorganic growth, we will continue to explore various possibilities that will help to strengthen our value chain in the medium- to long-term.

Aiming for Greater Growth over the Next Decade

Formulation of the 2035 Vision

We are currently formulating our 2035 Vision, which will guide the Kagome Group's actions for the next decade. Prior to this, we held a number of internal discussions about the need for a long-term vision in an era of rapid and unpredictable change, including the worsening of climate change and the rapid spread of AI. As a result, we came to the conclusion that the Kagome Group needs a long-term vision after all, because we engage in business with the idea of creating value from agriculture.

Agriculture operates on a yearly cycle. Kagome has been in business for 126 years, but in that time we have only grown tomatoes 126 times. Unlike industrial products, which can be produced a huge number of times in a year, in agriculture, simply introducing new plant varieties and cultivation techniques takes a considerable amount of time. For this reason, we felt that we needed a long-term vision to determine the direction we should take over a span of around 10 years and move forward step by step toward that direction under a consistent policy.

From this, we began formulating our 2035 Vision in November 2023, and after various discussions over the past year or so, we have come to see two directions that Kagome should strive for. First, we will further elevate our ability to develop solutions to address the challenges facing agriculture and the global environment. More specifically, we will contribute to the realization of sustainable agriculture by developing plant varieties and cultivation techniques that can address the worsening effects of climate change, thereby reducing environmental impacts and making us more cost competitive. The other direction is contributing to people's physical and mental well-being through food and agriculture. In addition to our current efforts to promote physical well-being

with vegetables, we would like to expand the scope of our activities to include mental well-being and contribute to the healthy daily living of all.

We presented these two directions internally in October 2024, and now, we are working on finalizing the details of each. Going forward, we will continue these discussions within the company and create a vision that incorporates the ideas of as many employees as possible.

Remain unchanged for the next 10 years

To realize our 2035 Vision, it is crucial that we continually challenge ourselves to explore new possibilities. At the same time, we need a "core idea" that brings consistency to each individual challenge. We believe that such a core idea can be summed up in the following three ideas that we have cultivated over the past 10 years.

The first is that we contribute to society by solving social issues, and through that, Kagome will also grow. Until now, we have been working to resolve three social issues. However, as mentioned above in "Looking back on our initiatives to address social issues," although we have made progress in various ways, we still lack the ability to translate these activities into sustainable growth for the company. Over the next decade, we need to maintain this mindset and aim to produce even more impactful results.

The second is creating value from agriculture and delivering it to customers. This is Kagome's DNA and has remained unchanged since our founder, Ichitaro Kanie, first attempted to cultivate tomatoes commercially in Japan. We believe that continuing to further evolve and refine our globally unique "agriculture-based value chain" will boost our competitiveness.

The third is our approach of pursuing growth in global markets, including Japan. As mentioned above, our actions over the past 10 years have today placed us third in the world in tomato processing volume. These same actions have also strengthened our organization with major Group companies now located in North America, Europe, Australia, and Japan. By strengthening collaboration within this global network and creating synergies, we will be able to accelerate our growth.

Strengthening the business base

For Kagome to achieve sustainable growth over the next decade, we must strengthen the business base underpinning this growth. Of particular importance is strengthening agricultural and health research and creating a company where people feel job satisfaction.

As climate change becomes more severe, it will become more difficult to access stable sources of agricultural raw materials. To change this situation on our own, we will need to strengthen agricultural research, which is at the very top of the value chain. Towards this goal, we have been establishing an agricultural



research system since FY2023. In October 2023, we established the Global Agricultural Research & Business Center, consolidating our agricultural research bases that were previously scattered both domestically and overseas. Then, in September 2024, we launched a corporate venture capital fund in Silicon Valley with a total investment of 50 million US dollars and a 10-year investment horizon. Going forward, we will promote open innovation with start-up companies that possess innovative agricultural technologies, while incorporating this knowledge within the Kagome Group to accelerate the development of new plant varieties and cultivation techniques that can be adapted to climate change.

Furthermore, contributing to our customers' well-being will remain at the heart of our value proposition. In the process of formulating the 2035 Vision, we are discussing expanding the scope of our contributions from physical to mental well-being. In line with this direction, we will also work to expand the scope of research into mental well-being.

With regard to becoming a company where employees feel job satisfaction, during the third Mid-Term Management Plan we have focused on introducing an engagement survey and spreading the idea of psychological safety. However, when asked whether these efforts have transformed our corporate culture into one where both the organization and individuals are highly motivated and continue to grow, the answer remains unclear. One of the causes of this lies in our current personnel system. Our personnel system is based on the assumption that employees will spend a long time at the company in becoming proficient. This has fallen behind the major changes in people's attitudes toward work, such as the idea of "work-life career," which involves comprehensively planning not only your job but also your life. It also does not take into account the increasing number of people who are building their careers by improving their skills at multiple companies rather than remaining with just one company. In order to change this situation and create "autonomous, self-reliant" teams that can produce innovation and continue to grow, we began a fundamental reform of our personnel system starting in FY2024. People will continue to be the driving

force behind Kagome's growth, and while we adhere to our fundamental philosophy of "valuing people," we want to expand the options for working styles to accommodate diverse views on work.

Message to Stakeholders

Over the past 10 years, Kagome has undergone significant changes. These include our business structure, attitude, and the way we are viewed by stakeholders. We believe that deepening engagement with our fan shareholders who have supported Kagome over the years, as well as with investors both in Japan and overseas, and receiving opinions from new perspectives in this process, will unlock greater growth for the Kagome Group.

We will continue to pursue the idea that creating value from agriculture will resolve social issues, which will in turn lead to the growth of the Kagome Group, as we continue to evolve our unique value chain from field to dining table. By doing so, we will achieve our performance targets for FY2025 and continue working hard to enhance our corporate value over the next decade. I ask for your continued support going forward.

Satoshi Yamaguchi
Representative Director, President & CEO

Special Feature

Kagome's Past Decade,
Where We Are Today,
and the Next 10 Years

Kagome's Evolution by the Numbers

We have implemented three mid-term management plans with the goal of achieving what Kagome strives for by 2025 and our vision, both established in 2016. The year 2025 represents the culmination of these plans and a time to make preparations for the next decade ahead. We will take this opportunity to look back on our corporate activities since 2016 and to further enhance our corporate value in the coming decade.

* All figures without a fiscal year denoted represent results for 2024.



Financial Indicators

Revenue

306.8 billion yen

Results for FY2016*1*2 202.5 billion yen

Core operating income margin

8.8%

Results for FY2016*1*3 5.4%

ROE

15.7%

Results for FY2016*1 6.4%

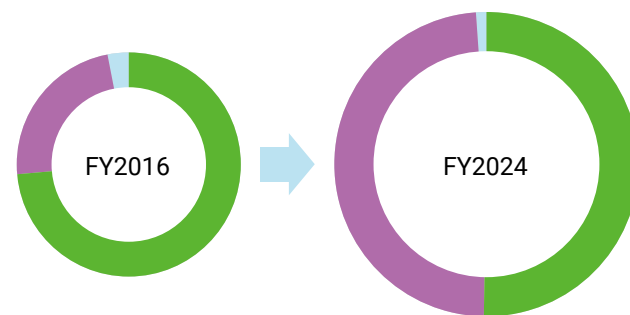


Business Expansion Overseas

Revenue Composition of the International Business Segment

48.7%

Results for FY2016*1*2 23.4%



Domestic Processed Food Business International Business
Others/Adjustments

Raw tomato processing capacity

Third worldwide*4



Health

Domestic supply of green and yellow vegetables

25.3%

Sources: VEGE-DAS (Kagome's vegetable supply volume calculation system), finalized values for FY2016 and estimated values for FY2023 from "Food Balance Sheet," Ministry of Agriculture, Forestry and Fisheries (MAFF)

Total number of VegeCheck® measurements

13 million*5

Began measurements in 2019



Environmental

GHG emissions reduction rate

14.7% reduction in Scope 1 and 2 emissions
16.7% reduction in Scope 3 emissions

* Compared to FY2020 (Scope 1 and 2 are preliminary figures for FY2024, Scope 3 is the actual figure for FY2023)

Scope 1 and 2 target: 42% or higher reduction by FY2030

Scope 3 target: 13% or higher reduction by FY2030

CDP Climate Change assessment

Selected for the **A** List, the highest assessment*6



Employees

Number of employees (consolidated)

3,184

Domestic Processed Food Business 1,516

International Business 953

Other 715

* Does not include temporary employees.

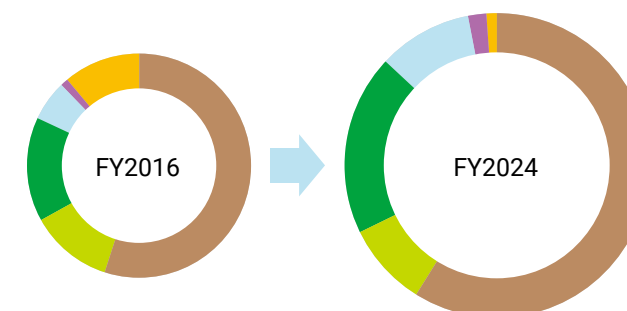
Psychological safety penetration rate score

73

Results for 2021*7 67



Governance



Individual investors and others Other domestic institutions Financial institutions
Foreign investors Financial instruments business operators Treasury shares

Ratio of individual investors and others (shareholdings)

59.0%

Results for FY2016 55.4%

*1 Results for FY2016 are based on Japanese Generally Accepted Accounting Principles (JGAAP) and results for FY2024 IFRS. *2 Net sales *3 Operating margin

*4 Combined total yearly processing capacity of the Kagome Group and Ingomar Packing Company in Tomato News "Top 50 global processors in 2022."

*5 As of December 2024 *6 CDP's 2024 Climate Change Questionnaire *7 Started measurements in 2021

A Decade of Efforts Toward What Kagome Strives for by 2025 and Our Vision

In 2016, we defined what Kagome strives for by 2025 as "To become a strong company capable of sustainable growth, using food as a means of resolving social issues" and our vision as "Transform from a 'tomato company' to a 'vegetable company'." In the decade since then, we have implemented three separate mid-term management plans to achieve both. Through our business activities, we have worked to find solutions to three social issues facing Japan and the world; namely, promoting longer, healthier lives, agricultural development and regional revitalization, and achieving a sustainable global environment. Our ultimate goal is to help resolve these important issues and achieve sustainable growth in the process.

Our quantitative targets for FY2025, the final year of the third Mid-Term Management Plan, are revenue of 300 billion yen, core operating income of 24 billion yen, and a core operating income margin of 8.0%. Although FY2025 performance is set to fall below FY2024, which received a boost from rising tomato paste prices, we expect to achieve the third Mid-Term Management Plan targets of 300 billion yen in revenue and 24 billion yen in core operating income for the second consecutive year.

In this special feature, we will take a closer look at the five major changes that have occurred over the past decade, our strengthened management capital, and future challenges.

Financial Indicators

Growing Revenue and Boosting Our Ability to Generate Profits

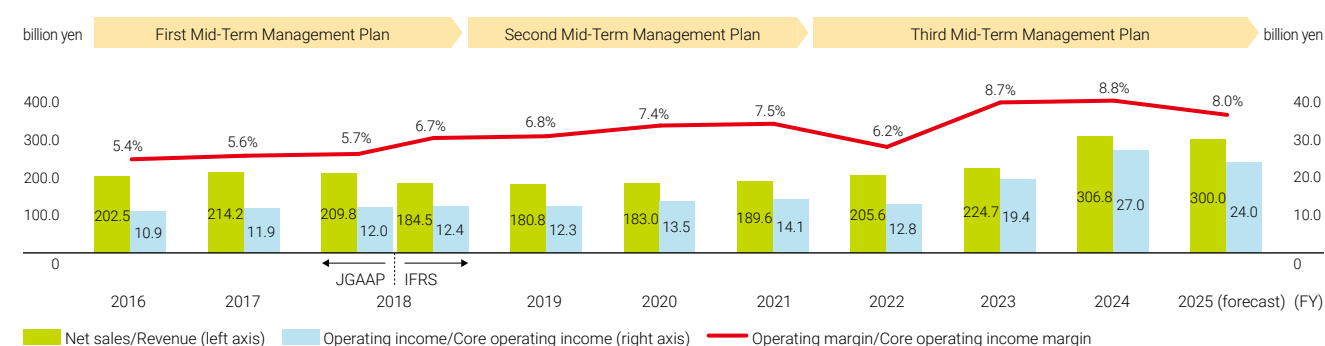
We plan to achieve the third Mid-Term Management Plan target of 300 billion yen in revenue in FY2025, thanks to factors including the consolidation of Ingomar in 2024 and organic growth. Regarding our bottom line, we plan to improve operating margin from 5.4% (JGAAP) in FY2016 to 8.0% (IFRS) in FY2025. During this period, a number of events affected our bottom line, e.g., the COVID-19 pandemic and rising raw materials prices. However, by implementing price revisions and earnings structure reforms in both our domestic and international businesses, we have been able to strengthen our ability to generate profits even in times of rising costs.

Main Initiatives over the Past 10 years (Measures for Growing Revenue and Boosting Our Ability to Generate Profits)

Top line growth	Cost reduction	Infrastructure improvements
<ul style="list-style-type: none"> Demand creation activities Price revisions Increasing value of products (Foods with Function Claims, etc.) Conversion of customers to fans 	<ul style="list-style-type: none"> Cost reduction activities Improvements in production efficiency at plants Elimination of unprofitable products Diversification of procurement partners Earnings structure reforms in the International Business and Agri-Business 	<ul style="list-style-type: none"> Streamlining of indirect work (establishment of Kagome Axis Co., Ltd.)* Streamlining of logistics (F-LINE Corp., etc.) Spinning off of Agri-Business (establishment of Kagome Agri Fresh Co., Ltd.) Improvement of revenue management with introduction of IFRS Improvement of capital efficiency using ROIC management P.34

* Kagome Axis Co., Ltd. integrated its shared service functions into Kagome Co., Ltd. in January 2025.

Trends in Net Sales/Revenue and Operating Income/Core Operating Income/Operating Margin/Core Operating Income Margin



Future challenges

- Stable profit growth, assuming the impact of fluctuations in the tomato paste prices
- Optimization of raw materials procurement and improvement in productivity across the entire Kagome Group
- Enhancement of corporate value by improving capital efficiency through portfolio reforms and ROIC management

Strengthened management capital

Financial capital

Manufactured capital



Business Expansion Overseas

Business Growth Overseas

Our operations overseas include our International Business segment*, which covers agricultural production, product development, processing and sales; our global consumer business, which sells vegetable beverages to consumers in Asia; and our Global Agricultural Research & Business Center, which handles research and development, seed sales, and AI farming service sales in various countries. In the International Business, revenue reached 149.3 billion yen and core operating income 13.9 billion yen in FY2024, with the segment's share of the Group's overall revenue increasing to 48.7% and core operating income to 51.4%. This growth is attributed to greater marketing toward global food service companies by Group companies, the results of earnings structure reforms, and the increase from Ingomar, which became a consolidated subsidiary in January 2024.

* Subsidiaries included in the International Business (as of 2024): Kagome Inc., Ingomar, HIT, Vegitalia, Kagome Australia, Taiwan Kagome, KF India (official company names are shown in the map of overseas subsidiaries below).

Main Initiatives over the Past 10 Years (Business Growth Measures Overseas)

Expansion of primary processing	Expansion of secondary processing	Venturing into B2C	Infrastructure improvements
<ul style="list-style-type: none"> Consolidation of Ingomar P.26-27 Earnings structure reforms at HIT Carrot cultivation at KAU 	<ul style="list-style-type: none"> Increased initiatives with global food service companies Capital investments for increasing supply capacity Venturing into new ingredients (carrot powder) at KAU Tapping into new markets (India) 	<ul style="list-style-type: none"> Restructuring of business in Asia Consolidation of PBI and divestment Taking on challenge of vegetable beverage export and sales in Asia 	<ul style="list-style-type: none"> Transition of International Business to internal company structure Expansion of Kagome Best Manufacturing Practice (KBMP) at overseas Group companies Strengthening of risk management structure with the addition of the Investment Committee, etc.

Main Business Locations Overseas (International Business, Global Consumer Business, and GARBiC)

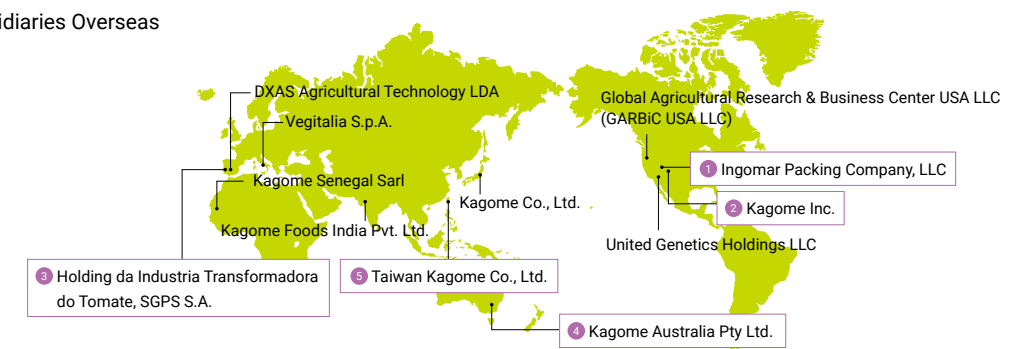
The Kagome Group has operations located around in the world in North America, Europe, Australia and Asia. These business locations are working together to expand our business. North America in particular has an entire value chain for processing tomatoes already in place, making it a focal point of our international business operations going forward.

Business and Sales of Main Group Companies in the International Business Segment

(Unit: billion yen)

Company name	Business		Sales	
	Primary processing	Secondary processing	FY2016 *JGAAP	FY2024 *IFRS
1 Ingomar	○		—	57.7
2 Kagome Inc.		○	20.0	50.6
3 HIT	○	○	8.4	22.6
4 KAU	○	○	6.2	13.0
5 Taiwan Kagome		○	2.3	6.0

Main Subsidiaries Overseas



Future challenges

- Improved competitiveness of the global value chain in tomato processing and creation of synergies
- Generation of stable profits by improving solution proposal capabilities in secondary processing for food service companies
- Development of competitive value chains in new markets such as India
- Preparations for financial risks such as foreign exchange and interest rates

Strengthened management capital

Manufactured capital

Social and relationship capital

A Decade of Efforts Toward What Kagome Strives for by 2025 and Our Vision



Health

Initiatives for Longer, Healthier Lives

With the vision of “Transform from a ‘tomato company’ to a ‘vegetable company,’” we have been working on developing products that allow people to easily and deliciously consume vegetables and their nutrients, pursuing functional research on vegetables, and providing information on health value. In addition to vegetables, we have expanded our range to include plant-based food made from plant-based ingredients.

1 Main Initiatives Promoting Vegetable Intake

In 2020, we launched the Let's Eat Vegetables Campaign. Since then, we have been working to erase vegetable intake deficiencies among Japanese people by promoting behavioral change in terms of vegetable intake and spreading awareness of the Na/K balance*.

VegeCheck®, a device that can easily measure estimated vegetable intake using the palm of the hand, has been set up at local governments and corporate events, retail store fronts, and other locations. To date, the devices have yielded over 13 million measurements. We have continued our initiatives for longer, healthier lives by promoting behavioral change in terms of vegetable intake, providing hands-on experiences such as growing and harvesting vegetables, releasing a variety of products, and proposing menu ideas.

* Popularization of a balanced diet with healthy intake of both sodium and potassium from fruit and vegetables.

Main Initiatives over the Past 10 Years (Vegetable Intake Promotion Measures)

Promotion of behavioral change in terms of vegetable intake	Fan-based marketing	Development and sales of products that support vegetable intake	Infrastructure improvements
<ul style="list-style-type: none">• Launch of health service business• Vegetable Intake Promotion Project• Provision of Let's Eat Vegetables app• Launch of VegeCheck® rentals	<ul style="list-style-type: none">• Expansion of fan community website &KAGOME• Establishment of Yasai Seikatsu Farm• Launch of dietary education activities that start with plant growing	<ul style="list-style-type: none">• Enhancement of value with Food with Function Claims• Creation of smoothie market• Expansion of vegetable soup sales	<ul style="list-style-type: none">• Establishment of Diet & Well-being Research Institute• Establishment of Na/K Promotion Association• Cooperation with industry, government and academia• Establishment of Dietitians' Labo

2 Venturing into Plant-Based Food

One of the growth strategies for our third Mid-Term Management Plan, which kicked off in 2022, is to take on the challenge of entering the new domain of plant-based food. Plant-based food refers to any food made from plant-based ingredients. This sector is gaining attention as a healthy and sustainable food.

In 2019, we launched plant-based food products, and in 2021 we signed a business partnership agreement with TWO Inc., a startup that develops plant-based food brands. Since then, we have jointly developed and launched plant-based eggs, plant-based cheese, and other products.

In the Beverages category, we entered into a licensing agreement with Blue Diamond Growers in September 2024, officially entering the almond milk market. Kagome will utilize its resources in product development, marketing, sales, and other areas to work toward creating new demand in Japan's almond milk market.

Main Initiatives over the Past 10 Years (Measures for Plant-Based Food Expansion)

Plant-based food (national brands)	Plant-based food (collaboration)	Plant-based milk
<ul style="list-style-type: none">• Launch of Vegetable Stock Seasoning containing umami ingredients derived from vegetables• Launch of retort food series made from vegetables and beans• Proposal of vegan menu items for food service companies	<ul style="list-style-type: none">• Capital participation in plant-based food startup TWO Inc. and launch of jointly developed products	<ul style="list-style-type: none">• Release and discontinuation of Hatakeumareno Yasashii Milk• Conclusion of licensing agreement for manufacturing and sales with Blue Diamond Growers

Future challenges

- Elimination of vegetable intake shortages by promoting further behavioral change in terms of vegetable intake and developing a variety of products and services
- Venturing into new domains such as soups and plant-based food

Strengthened management capital

Intellectual capital

Social and relationship capital



Environmental

Initiatives for a 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. Climate change is expected to become even more serious and, likewise, agriculture is expected to face even more challenging conditions. Aiming for the sustainability of agriculture even in such circumstances, we are working not only to reduce greenhouse gas emissions, but also to develop plant varieties that can adapt to climate change and cultivation techniques that can increase crop yields using less water and fertilizer.

Main Initiatives over the Past 10 Years (Environmental Measures)

Prevention of global warming P.55	Effective utilization of resources P.55	Water conservation P.56	Sustainable agriculture P.56
<ul style="list-style-type: none">• Implementation of the Kagome Group's medium- to long-term greenhouse gas reduction plan• Initiatives following the TCFD• Certification from the Science Based Targets initiative (SBTi)*	<ul style="list-style-type: none">• Reduction of food waste and loss• Implementation of the Kagome Policy on Plastics• Promotion of circular resource use through waste recycling	<ul style="list-style-type: none">• Promotion of water treatment and circular use• Implementation of water risk assessments covering our plants• Response to high-risk sites	<ul style="list-style-type: none">• Promotion of mechanized harvesting in domestic agriculture• Initiatives following the TNFD• Establishment of infrastructure for development of plant varieties and cultivation techniques that reduce environmental impacts

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

Future challenges

- Proper ongoing operation of the environmental management system based on the quality and environmental management systems
- Sustained efforts to achieve net-zero greenhouse gas emissions by 2050
- Development and commercialization of plant varieties and cultivation techniques aimed at sustainable agriculture
- Development and sales of products with low environmental impact

Strengthened management capital

Natural capital

Intellectual capital

Social and relationship capital



Employees

Initiatives for Human Capital

New value creation combining various forms of knowledge is essential to achieving sustainable growth. For this reason, we have focused on fostering a corporate culture and three measures that increase job satisfaction. The engagement survey score, which we use as an indicator to monitor job satisfaction levels, improved from 70 in 2021, when the survey began, to 72 in 2024. P.59-62

Main Initiatives over the Past 10 Years (Measures for Expansion of Human Capital)

Increase job satisfaction	Human resource development	Diverse workforce	Evolution in working styles
<ul style="list-style-type: none">• Monitoring by engagement survey• Measures for instilling psychological safety	<ul style="list-style-type: none">• Career development• Skills development• Organizational culture development	<ul style="list-style-type: none">• Establishment of a vision of “50% female representation in all positions by around 2040”• Increased rate of mid-career hiring• Revision of re-employment system• Diversity Committee activities	<ul style="list-style-type: none">• Introduction of regional card system• Introduction of telework system• Introduction of flex time system• Introduction of secondary job scheme• Expansion of assistance for transfers involving relocation

Future challenges

- Formulation, promotion and communication of human resource strategies linked to the next mid-term management plan
- Development and hiring of human resources to realize our ideal image, and creation of systems to encourage their active participation
- Creation of a culture and workplace that supports the active participation of diverse employees

Strengthened management capital

Human capital



Strengthen Corporate Governance: P.69-80

Looking Ahead to the Next Decade

Linking Solutions to Social issues to Competitiveness and Sustainable Growth

For 126 years since its founding, Kagome has maximized the value of agriculture and contributed to the well-being of its customers by delivering both delicious tastes and enjoyment with safe, secure, high-quality products. We will continue to maximize the management capital we have strengthened through our corporate activities to date. Our aim is to continue linking our efforts in addressing social issues to our competitiveness to enhance corporate value.

1 Core Approach

To ensure sustainable growth in a rapidly changing business environment, we require a core approach that will ensure consistency in responding to each individual change. This involves the following three points:

- 1 Achieve sustainable growth by resolving social issues
- 2 Create value from agriculture and deliver it to customers
- 3 Grow in global markets (including Japan)



Based on these three points, we are currently examining our growth strategy for the next 10 years.

2 Growth Strategy: Direction of Review Process

Predicting environmental changes over the next decade suggests that social issues will become even more serious as the global environment deteriorates, food shortages arise due to a growing world population, the agriculture population declines, and Japan's declining birthrate and aging population accelerate. However, technology is expected to continue evolving. In addition to growing existing business domains, we will develop solutions to resolve social issues by utilizing evolving technologies in the food and agriculture domains, and enhance our corporate value by challenging ourselves to create new value.

1 Develop solutions to the challenges facing agriculture and the global environment

We will expand our upstream investments in our global value chain that creates value from agriculture. This will help to further elevate the competitiveness of our entire value chain and each part of it. Our goal is to develop plant varieties and cultivation techniques that will make sustainable agriculture a reality. By achieving both low environmental impact and cost competitiveness, we will, in turn, contribute to industrial development. [P.23-28](#)



2 Contribute to physical and mental well-being with food and agriculture

We have continued our business activities with the aim of contributing to longer, healthier lives with vegetables. While Japan has yet to achieve its goal of eliminating the vegetable intake shortages, the value of "well-being" is expected to increase due to factors such as the country's aging population. In addition to our existing domains, we will expand our coverage to include not only physical well-being but also mental and social well-being, thereby contributing to our customers' total well-being.



Topics Project 2035

We are in the process of formulating Vision 2035 and the mid-term management plan starting in 2026 to achieve this vision, led primarily by executive officers who are set to lead the company into the future. These individuals are identifying material themes that Kagome should address by backcasting from predictions of the business environment 10 years into the future and holding intensive discussions. In addition to the two themes mentioned above, medium-to long-term human resources strategy and business portfolio are also considered material themes. We expect to announce Vision 2035 and the mid-term management plan starting from 2026 in February 2026, once they have been refined through discussions at Board of Directors meetings and dialogue with employees.



Dialogue between Project 2035 members and employees

Special Messages from Executive Officers

Don't waste a good crisis!

To adapt to an increasingly uncertain external business environment and given inevitable limitations of a standalone approach, our research departments have proactively pursued open research and development that creates new technologies and value through collaboration and combinations with other companies. Promoting progress on issues through collaboration and co-creation that transcends the boundaries of existing organizations has had a positive impact and changed the way our researchers think and approach their work. One of the many successful outcomes is VegeCheck®. Since our founding, we have also continued to research new plant varieties and cultivation techniques. The impact of recent climate change on tomato fields around the world is more serious than we have imagined. Our value-building process to create value from the field simply cannot be imitated by other companies, and its importance is increasing. To accelerate these activities, we established GARBIC in October 2023 to oversee agricultural research. Following this, we established a corporate venture capital (CVC) in September 2024 to accelerate collaboration with emerging companies and others possessing agricultural technologies around the world. I was assigned to head up GARBIC's US research office, where I am at the forefront of our efforts to transform climate change into a business opportunity.

Profile
Hiroyuki Ueda
Executive Officer
General Manager of the Global
Agricultural Research & Business
Center



Profile
Shoji Ubukata
Executive Officer
Director of the Product Development
Division



The endless possibilities of vegetables

The mission of our product development departments is twofold. On one hand, we need to develop great tasting, safe products for both people who like vegetables and those who don't, while on the other we must develop products and information that will contribute to improving our customers' well-being through sustained vegetable intake. Over the past decade, we have developed a variety of novel products, including tomato juice with function claims, such as lowering blood pressure and increasing good cholesterol, as well as plant-based foods and plant-based milk made entirely from plant-based ingredients.

The more we research vegetables, the more we discover. That is, vegetables still offer a good amount of inherent deliciousness, nutritional value, and functional value that cannot be achieved in processed foods. The possibilities are truly endless.

We will continue to provide opportunities for customers to experience the great taste and value of vegetables in a host of situations, thereby increasing contact points between customers and vegetables and developing products that help improve well-being.

Actively exploring inorganic growth opportunities

In our third Mid-Term Management Plan, we set out to proactively explore opportunities for inorganic growth, including M&A, to complement organic growth in our existing businesses. Toward that end, we established the new Business Development Division responsible for the comprehensive search, development, and nurturing of new businesses. This team is working to accumulate business development know-how and develop human resources. To date, the team has led the business partnership with TWO Inc., a plant-based food startup, and assisted in making Ingomar a consolidated subsidiary and establishing our CVC. In addition, with an eye to the next 10 years, the team engages in a wide range of activities. This includes identifying areas in which to strengthen our value chain, exploring new product areas, and verifying new services aimed at improving not only physical but also mental well-being. As the business environment surrounding companies changes at an accelerating rate, it has become difficult to solve customers' problems without outside assistance. In addition to resolving social issues while achieving sustainable growth, we also intend to help foster a culture that embraces challenges internally.

Profile
Akihiro Fujiseki
Executive Officer
Director of Business Development
Division



Special Messages from Stakeholders

We received comments from stakeholders about their expectations for the Kagome Group over the next decade.



Profile Local Government
Yasushi Niihori
 Hokota City, Ibaraki Prefecture
 Assistance Section Chief, Community
 Development Section

Expectations for Kagome's unique approach to resolving social issues by creating something from nothing

Since Kagome first visited Hokota City in 2020 to hold discussions with us, we have been constantly amazed by the various hypotheses and proposals the company has presented from various perspectives, incorporating a variety of insights into our own analysis. Until now, the city has been considering how to attract people to relocate to combat the city's declining population. As our collaboration with Kagome deepened, we have realized that in addition to the common keywords of "vegetables" and "well-being," it is also important to "foster civic pride" among young people, which has enabled city hall to usher in new reforms.

As we deepened our relationship with you, we learned that Kagome is a rare company with a consistent value chain from plant variety development to production, processing and sales. I believe that this broad range of work is similar to the work we do in government. Currently, as a government we don't have all the correct answers when it comes to local issues. We hope that Kagome's unique ability to create something from nothing will help resolve various social issues in the future.

For details about the Healthy Community Development Initiative Using Vegetables, promotion project with Hokota City, Ibaraki Prefecture, please visit the link below (available in Japanese only).
<https://www.kagome.co.jp/library/company/news/2024/img/2024051301.pdf>



Signing ceremony of the comprehensive collaboration agreement between Hokota City and Kagome



Kagome booth at a Hokota City event

Increasing points of agreement with companies from the perspective of building a foundation necessary for society

Children's cafeterias (kodomo shokudo) have the power to attract people because they relate to two topics of interest for many people: "children" and "food." Food is also important in terms of building connections in the community. Children's cafeterias serve even vegetables that children typically don't like, which also contributes to food education. Children's cafeterias share something in common with Kagome in that they both aim to resolve social issues with food.

We ask that our supporting companies provide support with a long-term perspective, rather than pursuing short-term results. One aspect of children's cafeteria initiatives is that the results are difficult to see, and companies are in an environment where they need to invest in initiatives directly related to their bottom line. We will continue to make efforts to produce evidence of our results, and hope to increase our points of agreement with companies from the perspective of building a foundation that is necessary for society. Recently, the idea of mutual aid capitalism has become more widespread. We look forward to Kagome further advancing its multi-stakeholder model of management and providing long-term support to children's cafeterias.



Profile NPO
Makoto Yuasa
 Certified Nonprofit Corporation
 Nationwide Children's Cafeteria
 Support Center, Musubie
 President and CEO

Interested in whether Kagome can build a global value chain and link it to profits

Kagome has expanded its business from vegetables and tomatoes to the domains of agriculture and well-being. As a result, the company is in a position to contribute to resolving various social issues facing Japan, including the aging population. Kagome has great potential to increase business performance while resolving social issues, and has established a unique position in fan-based marketing and creating fan shareholders. Looking ahead to the next decade, Kagome has set a firm goal of becoming a strong company that can grow sustainably. It is now working to build its own global value chain, so I am interested in how it will take shape and contribute to the company's bottom line.

In terms of engagement with investors, there are still some areas where Kagome is lagging, including the content of the information it disseminates, so I think there is room for improvement by holding more dialogue with investors who have a long-term perspective. I look forward to seeing Kagome grow as a company that is indispensable to society and as a global corporation.



Profile Investor
Naoki Koga
 Sumitomo Mitsui DS Asset
 Management Company, Limited
 Research Active Group, Investment
 Department
 Senior Portfolio Manager

Expectations for initiatives that can contribute to the sustainability of agriculture in Japan

For producers of processing tomatoes, Kagome is a manufacturer with a "face they can see." Kagome staff regularly visit the production areas, creating a sense of unity with contract farmers and keeping them one step ahead in terms of technology. All of Kagome's presidents have visited the production areas of processing tomatoes in Ibaraki Prefecture. This is something that other manufacturers simply don't do. I believe it has also led to increased production motivation among contract farmers.

Going forward, there will be climate change caused by global warming and a shortage of agricultural workers, both of which will become serious problems for farmers. The extreme heat is already causing a decline in processing tomato yields in some production areas. I expect Kagome to continue developing tomato varieties and cultivation techniques that can withstand the summer heat, as well as increase the number of products that use domestically grown vegetables. I would also like to see the company expand its efforts to contribute to the sustainability of agriculture in Japan by creating a system that enables the stable production of not only tomatoes, but also carrots and other domestically grown vegetables.



Profile Business Partner
Yoshihiko Sukada
 National Federation of Agricultural
 Cooperative Associations
 Ibaraki Prefecture Headquarters
 Deputy General Manager, Horticulture
 Department

Becoming an indispensable company

Our previous medium- to long-term visions were broken down into organizational goals for each department, creating a sense of siloed structure and making it difficult to get the entire company on the same page. I participated in Project 2050* because I thought that if we had a vision that took an even longer-term perspective than the medium- to long-term, it would be easier to work together toward the future, across department lines, with the same perspective on how Kagome will change in a dramatically changing world. Through this project, I realized that the value proposition, time frame, and stakeholders each department had in mind were far more different than I had imagined. Project members exchanged various ideas, drew diagrams and pictures, and carefully aligned their images of Kagome now and in the future. In the future, we will continue to challenge ourselves to expand the ways in which we provide Kagome's uniqueness of "agriculture" and "the bounty of nature." We are committed to becoming a company that is considered "indispensable" by our employees and many other stakeholders.

* For details about Project 2050, see [P.44](#)

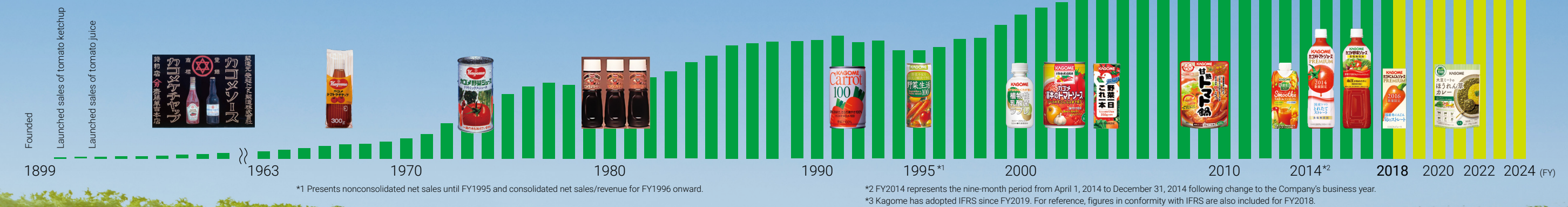


Profile Employees
Erina Tamaru
 Corporate Division
 IT and DX Strategy Management
 Department
 Business DX Group

The Power of People Harnessing Nature's Bounty

-Our Commitment and Technologies-

Kagome's founder Ichitaro Kanie was a farmer who cherished agricultural produce and had an insatiable spirit of inquiry. These traits have been passed on today 126 years after the company was founded as the foundation of Kagome's manufacturing spirit. We will continue to create value from agriculture as we aim to unlock greater growth through products and services that link the bounty of nature to people's happiness.



Kagome Began with Agriculture Value Creation from Agriculture

Successful cultivation of Western vegetables
The idea for processing came from unsold tomatoes

1875 to 1971
Kagome's Founder
Ichitaro Kanie

Ichitaro Kanie was born in 1875 to a farming family in what is now Tokai City, Aichi Prefecture. Committed to developing his family business and the local community, he took on the challenge of cultivating Western vegetables, which were still rare at the time but were seen as offering great potential for the future.

Through trial and error, Kanie succeeded in growing cabbage, lettuce, parsley, tomatoes, and other vegetables. Western restaurants and hotels bought his crops, but his tomatoes were not accepted because of their strong smell and sweet-and-sour taste. For this reason, they were left to rot in the fields without any buyers.

However, Kanie believed in the future potential of tomatoes. After talking with experts at the local agricultural experiment station, he learned that in the United States, tomatoes were not only eaten raw, but also processed. Then, using a bottle of imported tomato sauce as a sample, he created his own method of boiling and crushing raw tomatoes, then straining them to create his own tomato sauce (what we call tomato puree today). As a result, Kanie's first-ever product was tomato sauce, and in 1914, some 15 years after he cultivated his very first crop of tomatoes, Kanie started his own agricultural produce processing business.

Development of agricultural raw materials and cultivation techniques and expansion of the agri-business

From 1906
Contracted cultivation of raw tomatoes

Contracted cultivation at the end of the Taisho period

From 1963
Development of tomato varieties for raw materials and development of cultivation technology

Development of tomato varieties from cross-breeding

From 1972
Development of made-in-Japan tomato harvester

Kagome Tomato Harvester
* Jointly developed with an agricultural machinery manufacturer over a six-year period from 2009

Ichitaro Kanie was the first to utilize contracted cultivation, in which farmers are contracted to grow crops, a practice that Kagome still uses to this day. While working alongside farmers to improve quality and ensure a stable supply of raw materials, Kagome also develops tomato varieties that are easy to grow and suitable for processing, as well as cultivation technology that reduces farmer workload.

From 1993
Developed tomato variety for juicing with greater harvesting efficiency

Jointless variety of tomatoes

From 1999
Fresh vegetables business

Large tomato greenhouse

From 2014
Sales of vegetable seedlings and soil for consumer use

Soil for growing proprietary Kagome vegetable seedling varieties

2022
Development of AI-powered system for predicting fresh tomato yields

Iwaki Onahama Greenfarm, which is using this system

From 2022
Smart agri-services

DXAS (Portugal)

From 2024
Solutions to worldwide agricultural issues

Establishment of corporate venture capital in the United States

We began full-scale production and sales of fresh tomatoes in 1999. Since then, we have been working to stabilize the distribution volume and prices of fresh tomatoes. In 2014, Kagome also began selling tomato seedlings and soil for home gardening, providing food education and brand experience through vegetable cultivation.

We are focusing on AI-powered cultivation technology development, such as developing a yield prediction system for fresh tomatoes and a field management system for processing tomatoes together with partner companies. Additionally, we established a corporate venture capital (CVC) firm in the United States to promote open innovation to resolve agricultural challenges, such as adapting to climate change.

Evolution of processing techniques using nature's bounty /
Functionality research on vegetables and lactic acid bacteria and promoting behavior change in vegetable consumption

1910
Around the time Kagome was founded

First plant (tomato straining)

From around 1921
Mechanization of facilities

Japan's first automated tomato strainer

From around 1962
Development of plastic containers

Kagome Sauce and Kagome Tomato Ketchup in plastic containers

Ichitaro Kanie actively promoted mechanization and automation in the manufacturing process. At the time, tomato processing involved a battle against the heat. To reduce the burden on employees, he developed Japan's first automated tomato strainer. In terms of products, we responded to consumer demand by packaging our condiment products in plastic containers, and launched the world's first tomato ketchup in a tube container.

Around 1975
Advancements in concentration technology

Reverse osmosis concentrator for tomato juice

1992
Establishment of carrot juicing technology

Fresh Squeezer

2000
Development of technology to reduce the bitterness of carrot juice

Vegetable Refining Method

2022
Technological development expanding new possibilities of vegetables

Vegetable Soft-Boiling Method

We developed a reverse osmosis (RO) concentrator that dramatically improves the color and aroma of tomato juice concentrate, and continue to improve it as a core technology. Furthermore, we established the Fresh Squeeze Method, a way of juicing carrots that makes their juice easier to drink while retaining nutritional elements, the Vegetable Refining Method, which removes the bitterness that is particular to carrots, and a technology for blending a variety of ingredients. In recent years, we developed a method for soft-boiling vegetables that creates an egg-like texture using only vegetables, which we use in our plant-based foods.

Around 1990 to Present
Functionality research of vegetables and lactic acid bacteria

Lycopene crystals

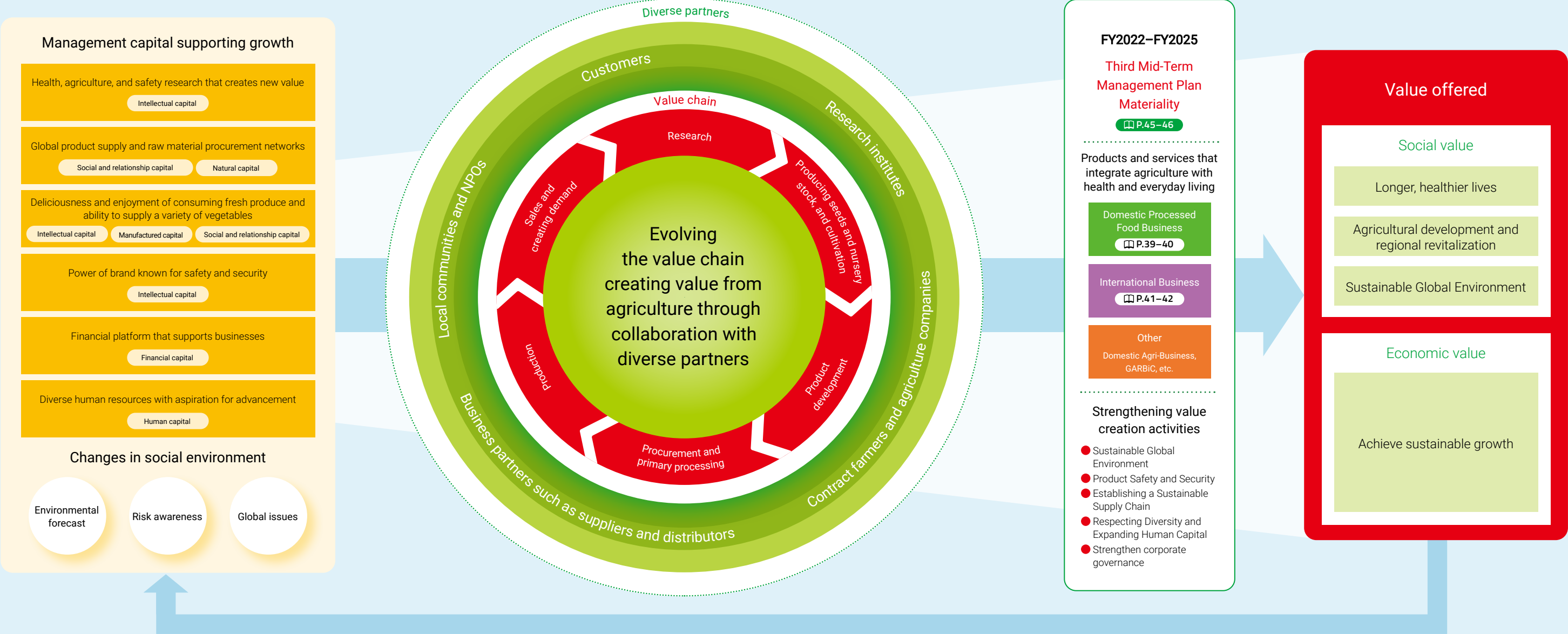
VegeCheck® measurement device for estimating vegetable intake

We are researching the functionality of vegetables and labre bacteria, which led to the launch of Foods with Function Claims. We are also promoting the dissemination of information and the development and popularization of equipment aimed at increasing vegetable intake.

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 Domestic Processed Food Business, International Business, as well as the Domestic Agri-Business included in the Other segment, GARBiC, 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.



Section 3 Kagome's Value Chain and Corporate Value Enhancement





1 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, and the reduction of cultivation area due to the aging of farmers. Kagome will realize sustainable agriculture by developing plant varieties that can cope with environmental changes and cultivation methods with low environmental impact.

Point 1

Strengthening of the Foundation for Plant Variety Development and Cultivation Technology Development

With the goal of elevating development capabilities toward realizing sustainable agriculture, we established GARBiC in October 2023, bringing together the plant variety development and cultivation technology development departments that were previously scattered domestically and overseas into one organization. Under the umbrella of this organization are the agricultural resource development team that had carried out research at laboratories in Japan, the agri-business R&D center in Portugal, and United Genetics, which develops, produces, and sells seeds. In 2024, we established a new US base for the organization, GARBiC USA, and a corporate venture capital (CVC) firm in California, where new agricultural technologies and services are being developed in a diverse and rapid manner. GARBiC, Ingomar, and contract farmers will work closely together to identify issues faced by processing tomato producers, as well as develop, implement, and commercialize corresponding varieties and cultivation technologies through collaboration within the Group, thereby creating consistent agriculture-driven value.

Agricultural R&D Infrastructure

Organization	Role	Technological development		Verification and implementation	Business
		Plant variety development	Cultivation technology development		
GARBiC	GARBiC USA	Technological development (plant varieties, advanced breeding, and cultivation) Investment in and cooperation with start-ups with agricultural technology (CVC) * Investments as of January 2025: 1	○	○	○
	Agri, Bio Resource and Technology Development	Technological development (plant varieties, advanced breeding, and cultivation)	○	○	○
	UG	Plant variety development and seedling sales	○	○	○
	DXAS	Provision of AI-powered operational services	○	○	○
Ingomar and contract farmers		Identification of issues and verification/implementation of technologies		○	○

Point 2

Establishment of Corporate Venture Capital

In order to accelerate technology exploration and business development as a source of medium- to long-term innovation in the agricultural sector, we established a corporate venture capital (fund name: SVG Ventures Sunrise Agri Fund) on September 20, 2024 in collaboration with SVG Ventures, a venture capital firm based in Los Gatos, located in Silicon Valley. We have committed to a total investment amount of 50 million US dollars and an investment horizon of 10 years.

In November 2024, we participated in Global Impact Summit 2024, an event held in California, aimed at agritech and foodtech start-ups, large corporations, and government agencies. As a speaker, Executive Officer Hiroyuki Ueda, who also heads up GARBiC, explained the purpose of establishing the CVC, which received an overwhelming response.

The purpose of this event was to share information from various environmental perspectives, including water resources and energy, and to promote collaboration among stakeholders. More than 400 people from around the world attended.



Ueda speaking at Global Impact Summit 2024

2 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.

Point 1

PMI at Ingomar (Primary Processing) in 2024

Ingomar became a consolidated subsidiary of Kagome in January 2024. Since then, the integration process has been progressing as planned. The main PMI* details are as shown in the table below. Kagome's quality control practices were introduced at Ingomar starting with the production of processing tomatoes in the summer of 2024, resulting in benefits such as reduced quality loss.

In agricultural research, we worked with Ingomar's raw materials team and contract farm technicians to understand the technical needs of tomato cultivation in California. Farmers there face a number of issues, including rising water prices and water withdrawal restrictions due to drought, soil diseases, drought- and salt-tolerant varieties, labor costs, the effects of heat waves, and environmental considerations. We have set priorities based on importance and feasibility and have begun working to resolve issues.

* PMI stands for post merger integration, a series of processes carried out after an M&A transaction is concluded to maximize the benefits of the integration.

Main Details of PMI

Agricultural research	<ul style="list-style-type: none"> Prioritization of issues based on importance and feasibility 1) Development of solutions for water resources 2) Research and studies aimed at improving soil health 	Group cooperation	<ul style="list-style-type: none"> Participation of CEO in Kagome Food International Company Management Meeting Exchanges of technician within the Group
Production efficiency Quality improvement	<ul style="list-style-type: none"> Quality improvement through the introduction of quality management standards (KBMP) P.58 Improvement of customer service quality and system establishment Start of big data analysis on processing tomato cultivation 	Improvement of management base	<ul style="list-style-type: none"> Unification of accounting period, accounting system, and accounting auditor J-SOX compliance Interest reduction by utilizing the credit strength of the Kagome Group

Message

Establishing a strong presence in tomato markets worldwide

I'm currently working in North America as Ingomar's first seconded expatriate employee from Japan. My main duties are PMI in manufacturing and quality. For the 2024 tomato season, we made progress in improving quality by introducing the common quality management standards (KBMP) used by our other overseas Group companies. This has enabled Ingomar to completely eliminate quality accidents during manufacturing and reduce the costs associated with quality loss. Additionally, in order to create medium- to long-term synergies, we are also working on visualizing data on the cultivation conditions and quality of our raw tomatoes, and conducting big data analysis. I will utilize my expertise in quality control and data analysis skills to contribute to the growth of the Kagome Group and Ingomar, and help us become a tomato company with a global presence.



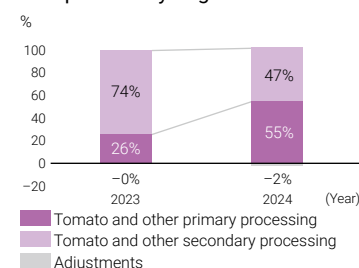
Profile
Kazuyuki Hashimoto
KFIC
Global Tomato Company

Point
2

Changes in the Structure of the International Business

In January 2024, we made Ingomar, which manufactures and sells primary processed tomato products, a consolidated subsidiary. Ingomar's revenue in FY2024 totaled 57.7 billion yen, and the revenue share of tomato and other primary processing in our International Business jumped by 29 points from FY2023 following the acquisition. As tomato and other primary processing is susceptible to fluctuations in tomato paste prices, the earnings structure of our International Business has become more volatile than before. In order to minimize this impact, we will continue to work on improving the production efficiency and quality of primary processed products, improving our competitiveness by strengthening customer relationships, and expanding sales of secondary processing products.

International Business Revenue
Composition by Segment

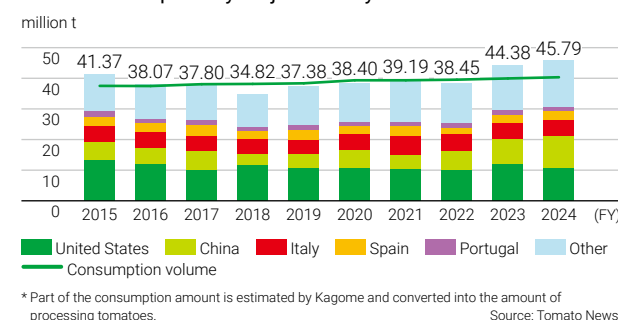


Topics Tomato Paste Market Conditions

Tomato paste market conditions

The market price of tomato paste fluctuates depending on the balance (inventory level) between the amount of processing tomatoes produced in each producing country and the amount of tomato paste consumed. The main producers of processing tomatoes are the United States, China and Europe. Since around 2022, droughts and water shortages caused by climate change have meant that there has not been enough processing tomatoes available, which has led to a decline in tomato paste production volume. On the other hand, consumption increased as the global economy, which had been sluggish due to the COVID-19 pandemic, reopened, and prices rose due to lower global inventories. Increased production of processing tomatoes in 2023 and 2024 is expected to alleviate the inventory shortage.

Trends in Processing Tomato Production Volume and Tomato Paste Consumption by Major Country



Tomato paste inventory situation in the United States

In the United States, a major producer of processing tomatoes and one of the Kagome Group's mainstay markets, tomato paste inventory levels have recovered and inventory shortages have been resolved following higher production volume in 2023 and 2024.

Point
3

Cost Reduction Initiatives at Domestic Processing Food (Secondary Processing) Plant

In the Domestic Processed Food Business, we are working to reduce costs by improving production efficiency and cutting costs in response to surging raw materials prices and rising energy costs.

At our plants, we are promoting "Production loss reduction activities" with the goal of halving the rate of waste generated in the manufacturing process by the end of 2025 compared to 2022. We have reviewed our processes and methods from scratch and reduced our waste rate by approximately 40% by the end of 2024. One example of this initiative is the introduction of air pigging system at our Ibaraki Plant. Until now, product remaining in the pipes at the end of production could not be recovered and had to be disposed of, but the new pigging system now makes it possible to recover them using compressed air. This project has also received a subsidy from the Ministry of Agriculture, Forestry and Fisheries as a food raw materials procurement stabilization measure project, as part of efforts to increase the efficiency of production lines and reduce food waste in an environmentally friendly manner.

Reducing losses reduces raw material and energy usage, and therefore GHG emissions, too. We will continue working to reduce our impacts on the environment.



Air pigging system at the Ibaraki Plant

3 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 B2B 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 B2C 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.

Point
1

Strengthening Solutions Capabilities in the B2B Business

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 processed products, such as 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.



Kagome Inc. production line

Point
2

Long-Established Brand Power

In Japan, we have captured a high market share thanks to our long-established brand power in vegetable beverages and tomato ketchup. In particular, Kagome Tomato Juice has been on the market for over 90 years, and in 2024 it achieved its highest revenue ever. In addition, the Yasai Seikatsu brand will mark its 30th anniversary since its launch in 2025. We will continue to develop products that focus on the great taste of whole foods so that our customers can continue to consume them as a long-term healthy habit.



Yasai Seikatsu 30th anniversary logo

Message

Aiming for an indispensable presence for customers in ASEAN

The mission of the Global Consumer Department is to increase awareness of Kagome's Yasai Seikatsu 100 brand globally and contribute to improving the well-being of consumers. I'm working to increase brand awareness in three countries: Singapore, Thailand and Malaysia. The ASEAN market still has a low awareness in terms of consumers' desire to eat vegetables and the visibility of Kagome's vegetable beverages remains low, too. That's why we use VegeCheck® to visualize vegetable intake deficiency and raise awareness of vegetables and vegetable beverages, as well as create delicious experiences through tastings, all in an effort to steadily and carefully communicate the value of these products to customers. We will continue to work hard to expand business, with the aim to have Kagome vegetable beverages occupy an indispensable presence for customers in ASEAN in the future.



Profile
Risa Morimoto
Marketing Division
Global Consumer Department

General Business Conditions

The Group's business is divided into two segments: Domestic Processed Food Business and International Business. The Domestic Processed Food Business is further divided into three categories: Beverages, Direct Marketing and Food-Other.

Starting from FY2024, following Ingomar becoming a consolidated subsidiary, we reviewed our segment management divisions and divided the International Business into two categories: tomato and other primary processing and tomato and other secondary processing. Additionally, the "Domestic Agri-Business" and the "seedling production and sales business," which had been included in the International Business, have been consolidated into "Others."

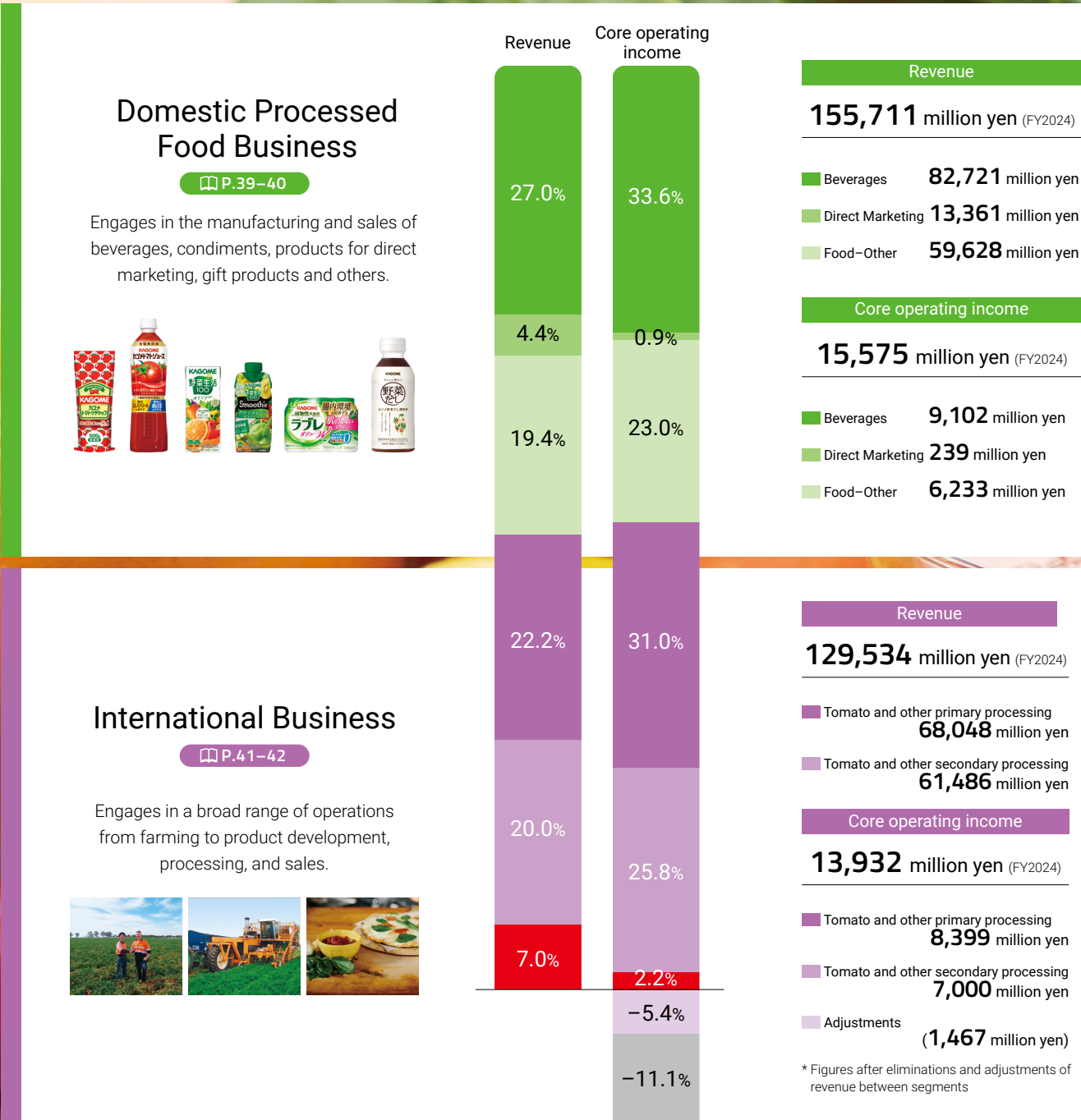
Segment composition (FY2024)

Domestic Processed Food Business (Beverages, Direct marketing, Food-Other), International Business (Tomato and other primary processing, Tomato and other secondary processing, Adjustments), Other Businesses, Adjustments (includes common consolidated costs related to Group head office functions otherwise not allocated to business segments)

Total revenue
306,869 million yen

Total core operating income
27,094 million yen

* 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 in FY2022 and FY2024. Figures for FY2021 and FY2023 were prepared retroactively and are presented based on this change.



CFO/CRO Message

We will maintain the stability
of our financial platform
and support growth with an
emphasis on capital efficiency

Profile

Takeshi Saeki

Director & Managing Executive Officer
CFO, CRO, Enterprise Risk Management Committee Executive
Director, and General Manager of Finance &
Accounting Department



1. Performance in FY2024

Our performance in FY2024 featured record highs in revenue and core operating income. In addition, the ratios of revenue and core operating income between the Domestic Processed Food Business and the International Business changed significantly, making 2024 a turning point for Kagome's future growth.

Revenue reached 306.8 billion yen, an increase of 82.1 billion yen, or 36.5%, year on year. The Domestic Processed Food Business achieved revenue of 155.7 billion yen, up 13.5 billion yen, or 9.5%, from the previous fiscal year. Although affected by surging raw materials prices for tomato paste and the weak yen, price revisions and measures to stimulate demand implemented since last year proved effective. The International Business achieved revenue of 149.3 billion yen, up 71.1 billion yen, or 91.0%, year on year. The increase from Ingomar, which became a consolidated subsidiary, contributed greatly to our performance. In addition, the main factors behind the increase in revenue were the increase in the selling price of tomato paste in the tomato and other primary processing business, and the strong sales to food service companies in the tomato and other secondary processing business.

Core operating income reached 27.0 billion yen, up 7.6 billion yen, or 39.1%, year on year. The Domestic Processed Food Business achieved core operating income of 15.5 billion yen, an increase of 4.1 billion yen, or 35.7%, from the previous fiscal year. The main factors behind this growth were price revisions in response to significant increases in the cost of main raw materials, the rapid recovery of sales volume after the price revisions, and active efforts to reduce costs. The International Business achieved core operating income of 13.9 billion yen, an increase of 3.0 billion yen, or 28.6%, over the previous year. The increase in core operating income was primarily attributed to revenue growth and progress in passing on higher raw materials costs to product prices. Net income attributable to shareholders of parent increased to 25.0 billion yen, up 14.5 billion yen, or 139.8%, compared to the previous fiscal year. The increase from core operating income was a result of recording a gain on the step acquisition of Ingomar of 9.3 billion yen. As a result, we were able to provide shareholder dividends in FY2024 that exceeded our initial expectations. Underpinned by this performance, ROIC* came in at 12.4%, down slightly by 0.8 points. This is because although our bottom line rose thanks to such factors as the consolidation of Ingomar, invested capital also increased significantly. I believe that the balance between invested capital and profits is being maintained at a healthy level.

* ROIC represents Kagome ROIC calculated by EBITDA ÷ invested capital.

2. Approach to Cash Flow and Financial Strategy

The Group intends to balance proactive investment for growth with substantial shareholder returns. At the same time, it is important to maintain a robust financial platform in order to support sustainable growth and withstand major changes. The trend in cash flows is as follows.

Type	FY2022	FY2023	FY2024
Cash flows from operating activities	4.6 billion yen	4.6 billion yen	31.6 billion yen
Cash flows from investing activities	−9.4 billion yen	−6.0 billion yen	−46.3 billion yen
Cash flows from financing activities	−5.5 billion yen	15.6 billion yen	−0.5 billion yen

● Cash flows from operating activities

Net cash provided by operating activities totaled 31.6 billion yen (net cash of 4.6 billion yen provided by operating activities a year earlier). The increase was owing to favorable profit trends as well as a 7.1 billion yen decrease in inventories.

● Cash flows from investing activities

Net cash used in investing activities totaled 46.3 billion yen (net cash of 6.0 billion yen used in investing activities a year earlier). The main reason for this was the expenditure of 36.0 billion yen for the acquisition of the additional equity stake in Ingomar.

● Cash flows from financing activities

Cash flows used in financing activities totaled 500 million yen (net cash of 15.6 billion yen gained in financing activities a year earlier). Although there was inflow of 23.1 billion yen from the disposal of treasury shares and other factors, the reason why net cash was used in financing activities as opposed to gained from them was mainly due to a decrease in short-term borrowings of 15.6 billion yen and dividend payments.

In terms of financial indicators for FY2024, the shareholders' equity ratio* was 51.3% and Kagome's credit rating is Single A. The shareholders' equity ratio temporarily fell below 50% due to borrowings incurred for the acquisition of Ingomar, but it has since

3. Disposal of Treasury Shares

In July 2024, Kagome disposed of treasury shares, raising 23.2 billion yen. The proceeds were used to repay 36.0 billion yen of short-term borrowings taken out to make Ingomar a consolidated subsidiary.

In our third Mid-Term Management Plan, we planned to invest 30 to 50 billion yen in business investments for inorganic growth, including M&A. This is based on maintaining a shareholders' equity ratio of 50% and taking into consideration cash flows from operating and financing activities. We believe that these goals have been

4. ROIC

As part of our initiatives for improving capital efficiency, we manage ROIC companywide, aiming to improve ROE.

For internal management, we do not use the common ROIC calculation method, but instead use EBITDA, which is core operating income plus depreciation, as the basis for calculating ROIC. We also created an ROIC tree and have each department set its

5. Risk Management Initiatives and Issues

One of the basic strategies during the period of the third Mid-Term Management Plan is "Strengthen the Group's management base and foster a culture for tackling challenges." We believe that risk management will be a pillar that supports this management base.

Recently, as the proportion of International Business has increased and the establishment of a global risk management system has become increasingly important, we have been working to strengthen governance, particularly with regard to our overseas subsidiaries.

recovered to 50% through financing provided by the sale of treasury shares. As a result, we believe our financial platform remains stable. In terms of capital efficiency, ROE was 15.7%, exceeding the target level of 9%. In terms of shareholder returns, we were able to increase our ordinary dividend by 6 yen, in addition to offering a commemorative dividend of 10 yen per share. We will steadily achieve our shareholder return policy of a "total return ratio of 40%" during the period of the third Mid-Term Management Plan.

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

Purpose	Indicator	Results for FY2022	Results for FY2023	Results for FY2024	Policy of Third Mid-Term Management Plan
Stability of the financial platform	Shareholders' equity ratio	52.8%	49.8%	51.3%	50% or higher
	Credit ratings	Single A	Single A	Single A	Single A
Growth with an emphasis on capital efficiency	ROE	7.7%	8.3%	15.7%	9% or higher
Stable return of profits	Total return ratio*	—			40% or higher

* Dividends per share totaled 41 yen in FY2023 and 57 yen in FY2024

largely achieved through the disposal of treasury shares implemented in FY2024. To enable further business investment in the future, we will strive to achieve growth with an emphasis on capital efficiency while maintaining a stable financial platform.

In addition, with regard to this disposal of treasury shares, 30% was allocated to institutional investors, of which 80% was allocated overseas. During the roadshow, we received a variety of opinions from institutional investors, which we will use in our future management.

own KPIs to visualize its contribution. At the management level, we are working to analyze and improve ROIC for each business segment in order to optimize resource allocation and achieve sustainable growth. Going forward, we will continue to use these two approaches to improve capital efficiency and maximize corporate value.

Kagome's 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 an effort to strengthen the management base.

Risk management [P.76-77](#)

Initiatives for Enhancing Corporation Value

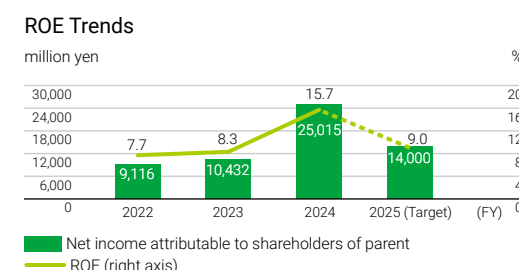
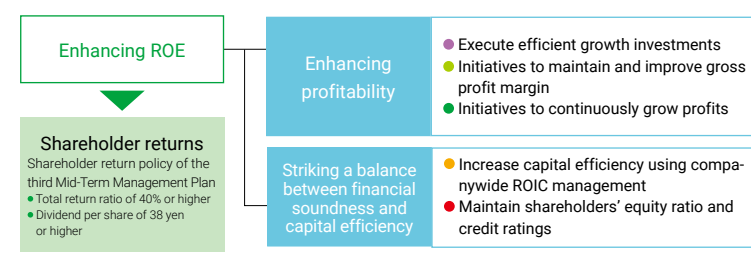
Based on our corporate philosophy (“appreciation,” “nature” and “corporate openness”), we will maximize corporate value by creating social and economic value through our business. In addition, we will focus on enhancing ROE and reducing capital costs over the medium- to long-term, with the aim of increasing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



→ Enhancing ROE

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.

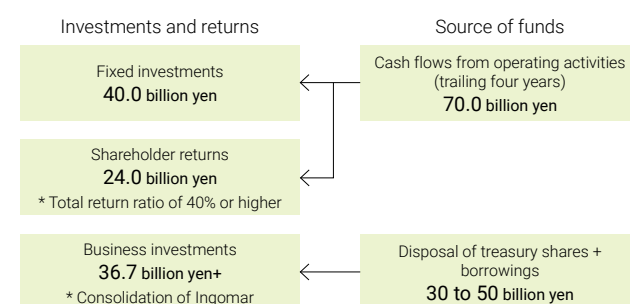


● Execution of Efficient Growth Investments and Shareholder Returns

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.

During our third Mid-Term Management Plan, we planned to invest around 40 billion yen in organic growth. Targeting medium- to long-term growth, we will actively make capital investments in our International Business, including Ingomar. Additionally, business investments for inorganic growth, including M&A, totaling between 30 and 50 billion yen are progressing as planned. Going forward, we will continue to invest in growth, both organically and inorganically. We also recognize that returning profits to shareholders is one of our most important management priorities. We have a total return ratio of 40% as our shareholder return policy for the four-year Mid-Term Management Plan covering 2022 to 2025. Based on this policy, we are acquiring treasury shares in addition to paying dividends, intending to further enhance shareholder returns and improve capital efficiency. Looking ahead, we will continue working toward sustainable growth by balancing growth investments with shareholder returns.

Capital Procurement, Capital Demand and Cash Flows During the Third Mid-Term Management Plan



Investment Criteria

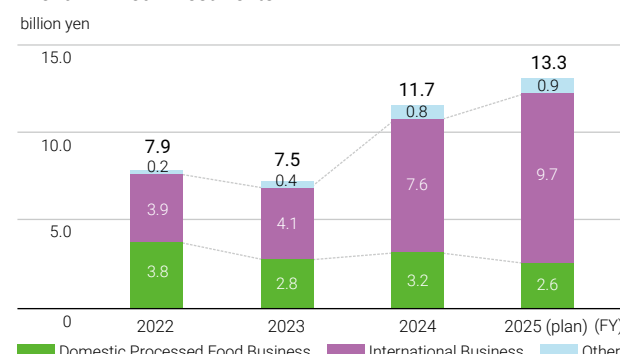
Target	Indicator	Basic requirements
Business investments	Internal Rate of Return (IRR)*1	10%+ *2
Capital investments	Payback Period (PBP)*3	4 years

*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

Trend in Fixed Investments



● 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 FY2023	Results for FY2024	FY2025 targets
Gross Profit Margin	35.5%	32.5%	32.5%
Domestic Processed Food Business	39.3%	37.4%	40.4%
International Business	24.7%	17.8%*	22.4%

* 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.

● 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 (Core operating income + Depreciation) ÷ Invested capital

Kagome ROIC for FY2024 was 12.4%, down 0.8 points from the previous fiscal year due to an increase in invested capital, despite a 0.4 point improvement in EBITDA margin. In FY2025, we expect Kagome ROIC to decline by 0.9 points to 11.5% due to lower EBITDA. The status of each business segment is presented below.

- Domestic Processed Food Business:** Decreased by 1.8 points owing to a decline in EBITDA caused by rising raw materials prices and increased logistics costs
- International Business:** Decreased by 1.7 points due to a decline in EBITDA caused by lower sales from the downturn in the tomato paste prices

(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	Results for FY2023	Results for FY2024	FY2025 targets
Kagome ROIC (%)	11.5	13.2	12.4	11.5
EBITDA Margin (%)	10.3	12.3	12.7	12.0
EBITDA (million yen)	21,091	27,726	39,096	36,000
Revenue (million yen)	205,618	224,730	306,869	300,000
Turnover of invested capital (days)	327	341	376	380
ROIC (%)	4.8	5.6	12.0	6.8

* Source: Bloomberg

Domestic Processed Food Business	International Business
FY2024: 17.3%	FY2024: 11.2%
FY2025: 15.5%	FY2025: 9.5%

Main KPIs and Departments in Charge

- Trade receivables turnover (Sales Division)
- Raw materials 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.

	FY2022	FY2023	FY2024	FY2025
Consolidated	52.8%	49.8%	51.3%	50% or higher
Rating	A	A	A	—

→ Summary of Operating Results for FY2024

In the fiscal year under review (January 1 to December 31, 2024), uncertainty of the future economic situation continued amid continued surges in raw materials prices worldwide, especially processed tomato products, while Japan saw consumers’ heightened awareness toward cutting costs caused by inflation. In the Domestic Processed Food Business, in response to rising prices of mainstay raw materials, we revised the shipping prices of some products, such as vegetable beverages and tomato condiments, while also taking proactive measures to stimulate demand and minimize the decline in demand. This enabled us to limit the decline in sales volume, resulting in increased revenue and profits. In the International Business, in addition to rising selling prices of tomato paste, there were strong sales to food service companies. Additionally, the acquisition of Ingomar as a consolidated subsidiary produced a net increase in revenue, resulting in increased revenue and profit.

As a result, revenue for the fiscal year under review increased by 36.5% year over year to 306,869 million yen, and core operating income* rose by 39.1% to 27,094 million yen. Operating income increased to 36,221 million yen, up 107.3% year on year, and net income attributable to shareholders of parent increased to 25,015 million yen, up 139.8%.

* 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

Segment	Revenue			Core operating income (loss)		
	FY2023	FY2024	Change	FY2023	FY2024	Change
Domestic Processed Food Business	142,173	155,711	+13,538	11,475	15,575	+4,100
Beverages	75,446	82,721	+7,275	7,508	9,102	+1,593
Direct marketing	13,130	13,361	+230	751	239	-511
Food-Other	53,596	59,628	+6,032	3,215	6,233	+3,018
International Business	78,175	149,303	+71,128	10,835	13,932	+3,097
Tomato and other primary processing	20,460	82,267	+61,806	5,007	8,399	+3,391
Tomato and other secondary processing	57,833	70,543	+12,710	6,518	7,000	+482
Adjustments	-118	-3,507	-3,388	-690	-1,467	-776
Other	19,564	21,861	+2,296	-133	605	+739
Adjustments	-15,182	-20,007	-4,824	-2,701	-3,019	-318
Total	224,730	306,869	+82,138	19,476	27,094	+7,618

* In the first quarter, the Company revised the management classification of its segments following the acquisition and consolidation of Ingomar. To breakdown the International Business further, we have newly disclosed the categories of "tomato and other primary processing" and "tomato and other secondary processing," and consolidated the "Domestic Agri-Business" and "seedling production and sales business," which was included in the International Business, into "Other." Furthermore, segment information for FY2023 has been prepared and presented based on the classification after this change.

Domestic Processed Food Business

Revenue: up 9.5% year on year to 155,711 million yen
Core operating income: up 35.7% year on year to 15,575 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. In addition, the launch of new products such as Yasai Seikatsu 100 Lemon Salad and measures to stimulate demand under the theme "Make morning an ally" had a certain effect, leading to revenue increasing 9.6% year on year to 82,721 million yen and core operating income rising 21.2% year on year to 9,102 million yen.

■ Direct marketing

Revenue increased 1.8% year on year to 13,361 million yen. This was because of an increase in the number of regular customers for Tsubuyori Yasai and strong sales of soups. However, higher advertising expenses and other factors caused core operating income to fall 68.2% year on year to 239 million yen.

■ Food-Other

In the Food-Other category, sales were strong, as we stepped up menu information dissemination and sales promotion activities for products such as "baked ketchup" in response to weaker demand for tomato ketchup after price revisions. In the category of institutional and industrial use, sales were also strong thanks to sustained strong growth in demand for eating out, even after price revisions. In the gifts and specialty items category, sales of products with long shelf lives for stockpiling were strong. As a result, revenue of the Food-Other category increased to 59,628 million yen, up 11.3% year on year, and core operating income jumped to 6,233 million yen, up 93.9%, because of higher revenue.

International Business

Revenue: up 91.0% year on year to 149,303 million yen
Core operating income: up 28.6% year on year to 13,932 million yen

■ Tomato and other primary processing

Tomato and other primary processing involves the manufacture and sale of tomato paste, diced tomatoes, and other products in the United States, Europe, and Australia. Tomato primary processed products continued to see surging market conditions driven by tight supply-demand worldwide. In the United States, we expanded our business footprint by making Ingomar a consolidated subsidiary with the goals of achieving further growth of our United States business, expanding the global network of our tomato processing business, and building a sustainable tomato processing business. Meanwhile, HIT in Europe and Kagome Australia Pty Ltd. in Australia both saw increased revenues due to higher selling prices. As a result, revenue of tomato and other primary processing increased to 82,267 million yen, up 4.0 times year on year, and core operating income totaled 8,399 million yen, up 67.7% from the previous fiscal year.

■ Tomato and other secondary processing

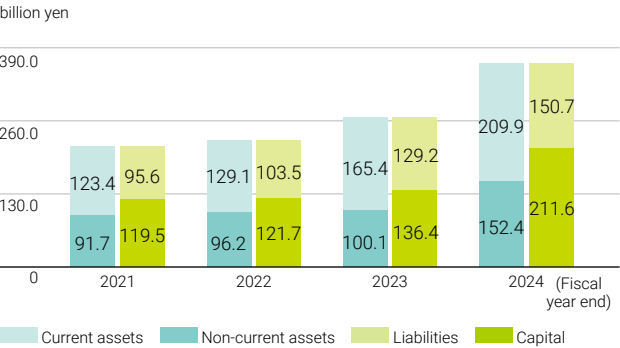
The tomato and other secondary processing category involves the manufacture and sale of pizza sauce, barbeque sauce, tomato ketchup and other products primarily for food service companies in the United States, Europe, Australia, Taiwan and India. We revised the prices of some secondary processed products following higher costs worldwide including raw materials and energy. Thanks to strong sales to food service companies in each region, including by Kagome Inc. in the United States, revenue from the tomato and other secondary processing category increased 22.0% year on year to 70,543 million yen and core operating income rose 7.4% to 7,000 million yen.

→ Summary of Financial Condition

As of the end of the fiscal year under review, consolidated total assets increased by 96,766 million yen compared to the end of FY2023. Current assets increased by 44,506 million yen due to increases in inventories, trade and other receivables as a result of Ingomar becoming a consolidated subsidiary. Non-current assets increased by 52,259 million yen owing to an increase in intangible assets and property, plant and equipment following the acquisition of Ingomar.

Liabilities increased by 21,561 million yen as a result of increases in trade and other payables, long-term debt, and deferred tax liabilities as a result of the Ingomar's consolidation. Capital increased by 75,205 million yen owing to the impacts of an increase in non-controlling interests, such as disposal of treasury shares, and net income attributable to shareholders of parent, which offset the decrease due to dividends of surplus.

Trend in Consolidated Balance Sheets



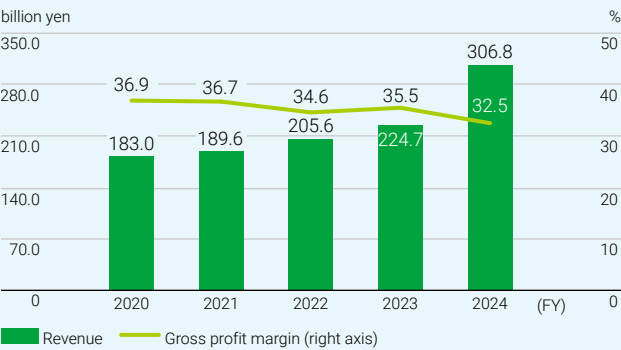
→ Summary of Cash Flows

Cash and cash equivalents at the end of FY2024 were 21,273 million yen, a decrease of 14,736 million yen compared to the end of the previous fiscal year. Cash flows from operating activities totaled 31,692 million yen (net cash of 4,617 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 33,665 million yen, depreciation and amortization of 12,000 million yen, and a decline in inventories of 7,198 million yen (net cash provided by operating activities) along with a gain on valuation of the existing investment stake related to the step acquisition of Ingomar of 9,323 million yen (net cash used in operating activities). Cash flows used in investing activities totaled 46,325 million yen (net cash of 6,056 million yen used in investing activities a year earlier). This was mainly attributed to expenditures of 36,046 million yen for the additional acquisition of Ingomar's shares and expenditures of 10,943 million yen for the acquisition of property, plant and equipment and intangible assets. Cash flows used in financing activities totaled 571 million yen (net cash of 15,626 million yen gained in financing activities a year earlier).

Item	Dec. 2023	Dec. 2024
Shareholders' equity ratio (%)	49.8	51.3
Shareholders' equity ratio based on market value (%)	101.8	76.9
Ratio of interest-bearing debt to cash flow (year)	14.4	2.4
Interest coverage ratio (times)	3.3	10.3

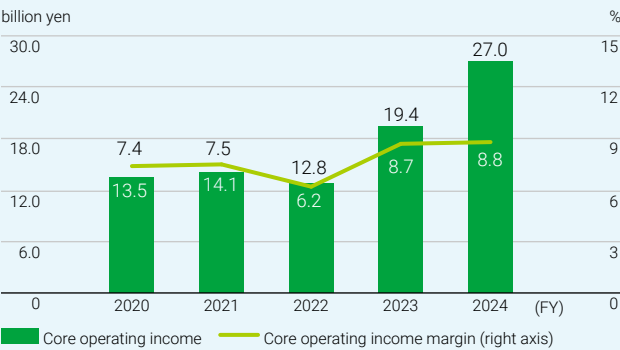
Financial (Consolidated) & Non-Financial Highlights

Revenue / Gross profit margin



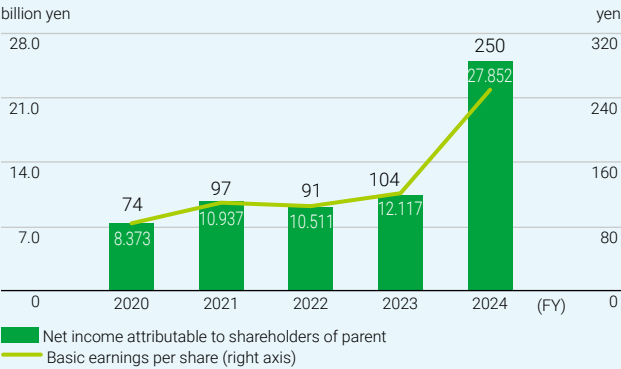
POINT Revenue in FY2024 totaled 306.8 billion yen, marking a record high. The gross profit margin was 32.5%.

Core operating income / Core operating income margin



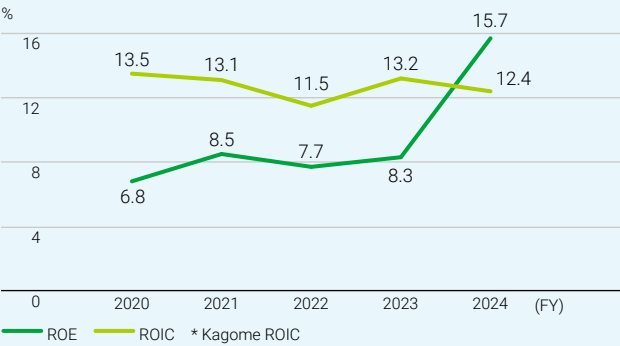
POINT Core operating income in FY2024 totaled 27.0 billion yen, marking a record high. The core operating income margin was 8.8%.

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



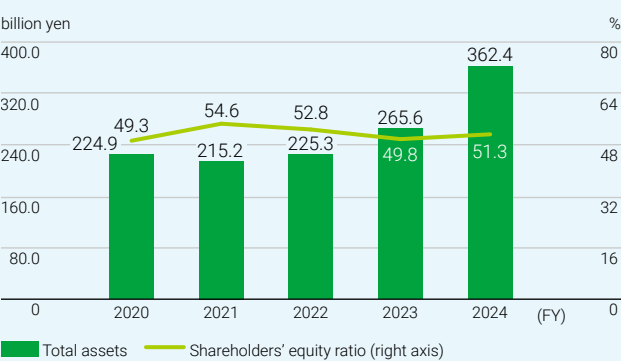
POINT Net income attributable to shareholders of parent and EPS in FY2024 reached record highs at 25.0 billion yen and 278.52 yen, respectively. In FY2024, the amount includes a one-time gain of 9.3 billion yen from the remeasurement of our previously held investment stake at fair value as of the acquisition date following the consolidation of Ingomar.

ROE / ROIC*



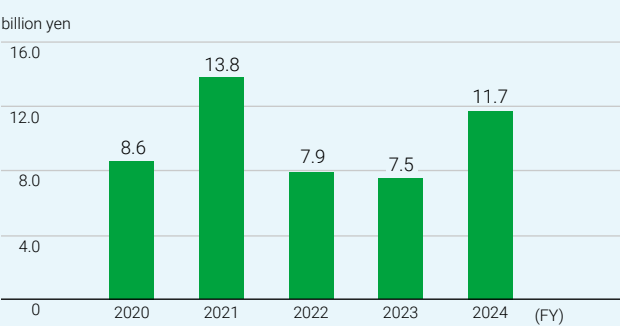
POINT ROE in FY2020 was 6.8% due to the recognition of an impairment loss on fixed assets at HIT, our subsidiary located in Portugal. In FY2024, the amount includes a one-time gain of 9.3 billion yen from the remeasurement of our previously held investment stake at fair value as of the acquisition date following the consolidation of Ingomar.

Total assets / Shareholders' equity ratio



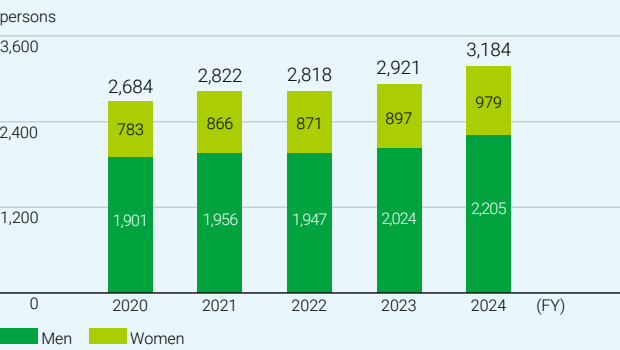
POINT The shareholders' equity ratio was slightly below the target of more than 50% in FY2020 and FY2023 due to a temporary increase in borrowings.

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.

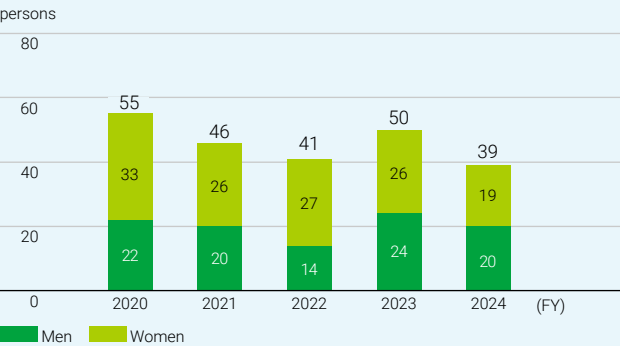
Number of employees (consolidated)



POINT The number of employees (consolidated) in FY2024 increased from the previous fiscal year to 3,184 following the acquisition of Ingomar as a consolidated subsidiary and other factors.

* Coverage is the Kagome Group.

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 FY2024 (non-consolidated) was 39, a decrease over the previous fiscal year.

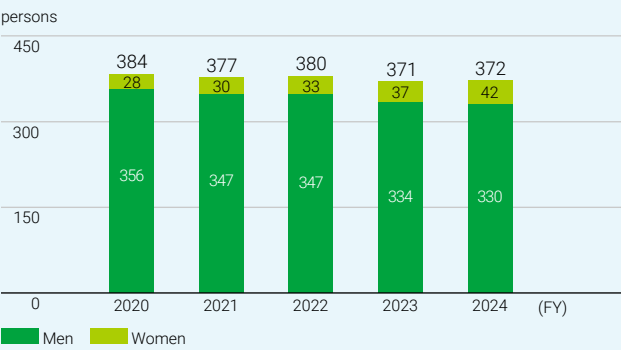
Water used



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.

* Data for FY2024 is preliminary as of February. Any updates to the figures will be published on our sustainability website.
* Coverage includes domestic Group companies and International Business subsidiaries (excluding Ingomar).

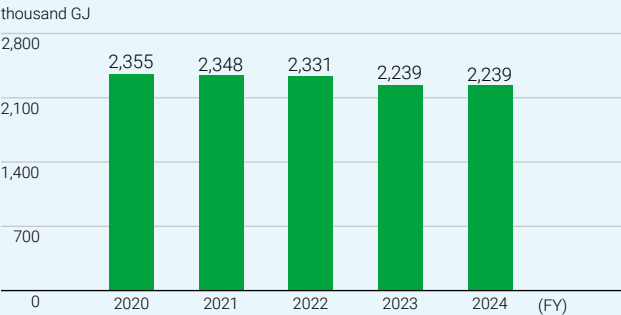
Number of employees in managerial positions (managers and above) (Japan)



POINT The number of employees in managerial positions (in Japan) was 372 in FY2024, an increase of one from the previous fiscal year.

* Coverage is Kagome Co., Ltd. (non-consolidated) and Kagome Axis Co., Ltd.

Energy used



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.

* Data for FY2024 is preliminary as of February. Any updates to the figures will be published on our sustainability website.
* Coverage includes domestic Group companies and International Business subsidiaries (excluding Ingomar).

Greenhouse gas emissions (GHG; Scope 1 and Scope 2)



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.

* Data for FY2024 is preliminary as of February. Data represents figures before third-party verification. Figures after verification will be published on our sustainability website.
* Coverage includes domestic Group companies and International Business subsidiaries (excluding Ingomar).

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.



SWOT Analysis

Strengths

- Overseas network and quality assurance capabilities in the procurement of raw materials
- Brand power cultivated over its 125-year history
- Functional research and product development capability utilizing the power of raw materials
- Diverse sales channels and product proposal capabilities tailored to customer

Weakness

- Flexible value chain adaptable to environmental changes
- Resource diversification in order to maintain offerings of wide range of categories
- Competitiveness in commodity markets
- Penetration among young people

Opportunities

- Growing consumer awareness of health, natural materials, and the environment
- Diversification of consumer purchasing behavior and brand selection criteria
- Sharing of new information with consumers and expanded purchase points
- Emergence of new service domains, including experiences

Threats

- Continued rise in raw materials prices
- Diversification of health-related products and services causes a decline in our relative position in existing domains
- Innovation in various fields leads to competition from other industries
- Shrinking domestic market caused by declining and aging population

FY2024 in Review (Results and Issues)

Results

Following on from the previous fiscal year, we revised product shipping prices in response to rising raw materials prices, and implemented measures to stimulate demand for both vegetable beverages and condiments so that the new prices would be accepted by consumers.

In vegetable beverages, we stepped up the communication of functional information about tomato juice, which continues to sell well, and in terms of the Yasai Seikatsu brand, we successfully implemented a campaign with the theme “make morning an ally,” which led to sales growth.

In condiments, we stepped up promotions for baked ketchup and machichuka rice omelets in order to increase the use of tomato ketchup on dining tables, which led to a significant increase in sales, including for institutional and industrial use.

Performance Trends (FY2024)

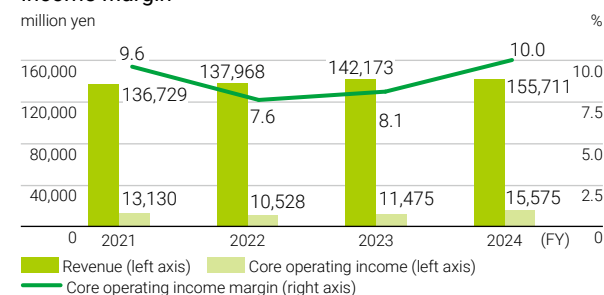


Issues

As a category leader, one of our key responsibilities is to revitalize the entire market. We will strengthen our efforts to ensure that customers feel that they are receiving value that goes beyond the price and to create new demand. In particular, an issue for the organization is to identify problems that customers have on a daily basis or potential problems that they are unaware of.

Additionally, we will continue to refine the value of our current business domains while exploring new ones.

Revenue, Core Operating Income, and Core Operating Income Margin



* Kagome changed its reporting segments in FY2022 and FY2024. Figures for FY2021 and FY2023 were prepared retroactively and are presented based on this change.

Strategy for FY2025

We will work to strengthen the foundation for robust growth in the Domestic Processed Food Business.

In vegetable beverages, we will further enhance our information strategy to grow sales of tomato juice, which continues to perform well. Meanwhile, the Yasai Seikatsu brand will celebrate its 30th anniversary in 2025. For those who used our products back then, we will roll out measures to encourage them to “start Yasai Seikatsu again” 30 years later, as an expression of gratitude for helping to grow the brand to this point.

Furthermore, we will begin full-scale efforts to establish plant-based milk in Japan. Our partner in plant-based milk, Blue Diamond Growers, is involved in every process from raw materials procurement to the final product, including providing cultivation guidance to farmers, and it shares the same passion for manufacturing as Kagome. In addition to conveying the passion of producers, we will be making a variety of proposals in a multifaceted way to help Japanese customers empathize with everyday healthy eating styles in the United States.

In food products, as we approach the 100th anniversary of the start of the Showa period in 2025, our consumer use business and institutional and industrial use business will work closely together through Kagome Napolitan Stadium to develop demand for tomato ketchup and aim to maximize sales from both businesses.

We will do our best to ensure that each of our beverages, food products, and institutional and industrial products contributes to sales growth under the Kagome brand and to revitalize all categories.

ありがとう 野菜生活100 30 YEARS



Message

Stepping up initiatives for an evolved form of “farm to life”

I would like to expand domains where we deliver value to our customers from “farm to table” to “farm to life.” I would like to explore ways to be of service to customers in helping them live healthier throughout their lives, beyond just providing products.

For example, we distribute vegetable seedlings to many people. Together with customers, we will experience and share the process of growing the vegetable seedlings, harvesting, and even cooking them. We also visit places where customers hang out to help them learn more about the appeal of vegetables. Through this series of activities, we hope that people will get to know and love Kagome even more.

We will strengthen these fan-based marketing efforts in conjunction with activities to enhance the appeal of individual products, as well as activities that promote the value of vegetables.

FY2025 is the final year of our third Mid-Term Management Plan. We will continue to grow our Domestic Processed Food Business through various activities, such as the 30th anniversary of the Yasai Seikatsu brand, initiatives to establish almond milk in the Japan market, and Kagome Napolitan Stadium.

Profile
Keiichi Inagaki
Executive Officer
Director of Marketing Division



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 B2B category in the United States, Europe, and Australia.



SWOT Analysis

Strengths

- Ability to propose 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

Weakness

- Earnings volatility caused by fluctuations in tomato paste prices
- High level of dependence on specific high-volume customers
- Lack of brand recognition in B2C

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

Threat

- Deterioration in profits caused by downturn 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

FY2024 in Review (Results and Issues)

Results

In January 2024, we acquired an additional 50% stake in Ingomar, the world's fourth largest primary processor of tomatoes, making it a consolidated subsidiary. As a result, the Kagome Group's primary processing capacity for fresh tomatoes has risen significantly from fourteenth in the world to third. In tomato and other primary processing, revenue and profits increased following Ingomar's consolidation, as well as the impact of soaring prices for tomato paste driven by tight supply and demand around the world. In tomato and other secondary processing, each Group company implemented price revisions, and revenue and profits increased underpinned by robust demand for eating out, mainly in the United States.

Performance Trends (FY2024)

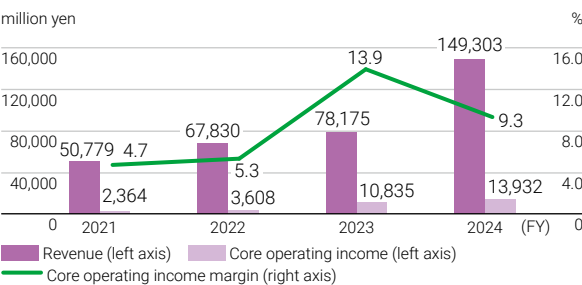
Revenue
149,303 million yen
Up 91.0% YoY

Core operating income
13,932 million yen
Up 28.6% YoY

Issues

As a result of Ingomar becoming a consolidated subsidiary, the proportion of consolidated revenue from tomato and other primary processing increased significantly from 9% in FY2023 to 27% in FY2024. Performance volatility has been growing because market conditions fluctuate significantly due to the supply and demand of tomato paste. However, by taking advantage of our value chain in the United States, from seed development and sales to secondary processing, we will increase the stability of our business and work to further grow our tomato processing business in the United States.

Revenue, Core Operating Income, and Core Operating Income Margin



* Includes intersegment revenue with the domestic business.

* Kagome changed its reporting segments in FY2022 and FY2024. Figures for FY2021 and FY2023 were prepared retroactively and are presented based on this change.

Strategy for FY2025

With inflation persisting worldwide, tomato paste prices declined in 2023 and 2024 due to increased global production. Therefore, in FY2025, we will work to minimize the impact of market conditions through collaboration within the Group and strengthen our ability to generate sustainable and stable profits in order to achieve our next stage of growth. In primary processing, we will bolster our competitiveness by improving quality, improving productivity, reducing costs, and strengthening relationships with customers. In secondary processing, we will make efforts to enhance our ability to propose solutions to food service companies and grow sales volumes. For existing customers who operate food service businesses globally, we will expand our product lineup by offering more flavors and container variations. At the same time, we will also work to acquire new customers from local food service companies operating in each geographic area.

In FY2024, we began collecting information on contract farmers' processing tomato cultivation and primary processing production activities and analyzing the big data. Our goal is to use this data to improve production efficiency and to reduce the rate of defective products. We will also build a supply chain that will help increase productivity, including organizational and personnel structures. Furthermore, we will work to convert Ingomar's tomato processing technology into explicit knowledge and improve the tomato processing technology of the entire Kagome Group, including other tomato primary processing centers at HIT and KAU.



Developing menu ideas at Kagome Inc.



Processing big data from Ingomar's plant

Message

Accelerating growth using global optimization

As of October 2023, the International Business Division was incorporated as Kagome Food International Company. Through the monthly Company Management Meetings attended by the CEOs of overseas local subsidiaries, we have been working to make agile decisions quickly and effectively, as well as strengthen collaboration, improve governance, and manage our global organization and human resources. We jointly formulated a vision for quantitative growth in the growth driver of food services, and improved engagement within the Kagome Group by making information visible via a portal site and conducting risk surveys to prevent fraud. With regard to human resource management, one of our most important issues, we implemented personnel exchanges between our overseas subsidiaries, a completely new endeavor. We will continue to strengthen our organizational and personnel structures, including by seconding personnel from Japan, to ensure that we can execute our sustainable growth strategy in our International Business. We will also promote sustainability activities such as reducing greenhouse gas and carbon dioxide emissions.

Profile
Norito Ebata

Managing Executive Officer
President of Kagome Food International Company and
General Manager of Global Tomato Company



Kagome’s Approach to Sustainability



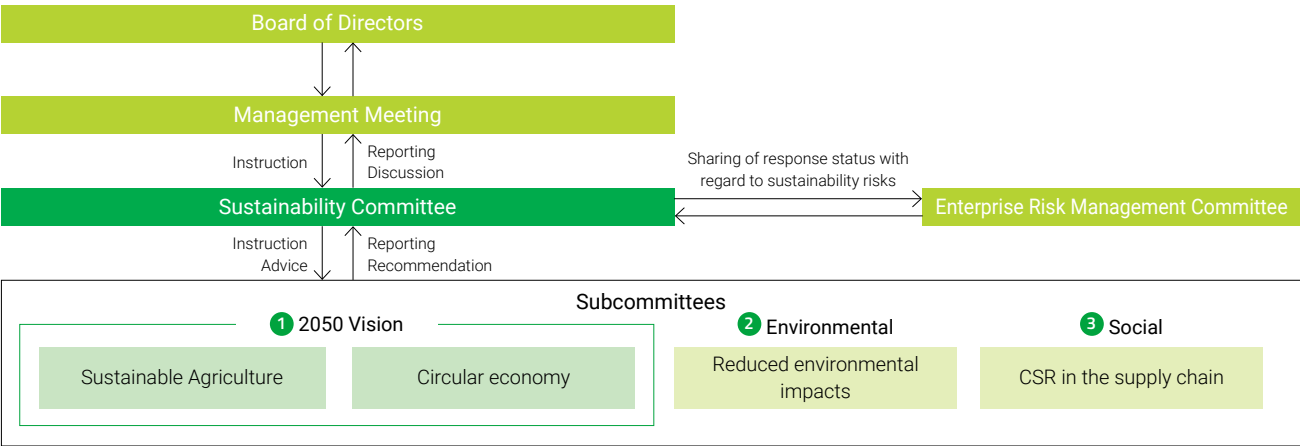
Basic Policy on Sustainability

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 FY2024

In FY2024, the Sustainability Committee met a total of four 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.

	Agenda
First meeting (March 13)	• 2050 Vision Formulation Project: discussion in preparation for the final report to management
Second meeting (June 7)	• Human rights due diligence: identification of human rights themes
Third meeting (September 11)	• Top management required for climate-related financial information disclosure (talk by an expert) • TCFD Update Project: interim report • Environmental management review (including the impact of Ingomar’s consolidation on reducing GHG emissions)
Fourth meeting (December 11 and 17)	• Corporate information disclosure on natural capital (talk by an expert) • Report on the results of the TNFD trial and completion of the TCFD Update Project • Completion report of Project 2050 and sharing of circular economy issues • 2024 CSR Procurement Activity Report and 2025 Activity Plan • Setting of FLAG targets • Reporting of Scope 3 reduction efforts

Highlights of Sustainability Committee (and Subcommittee) Activities

Project 2050 Subcommittee

We launched the 2050 Vision Formulation Project as a subcommittee under the Sustainability Committee to incorporate the aspirations of young employees into the next long-term vision, which is mainly formulated by management. The project will answer such questions as “what kind of society Kagome wants to achieve in 2050” and “what Kagome will work on to realize that society.” Project members were recruited from employees in their 20s to 40s, who showed enthusiasm and passion from among the large number of applicants. These members met in a total of 11 workshops between October 2023 and March 2024 to develop a vision through scenario planning and understanding what makes Kagome unique. During the project period, project members reported on progress twice to the Sustainability Committee, where lively discussions took place. The 2050 Vision, which was developed based on advice from committee board members, was finally submitted to the Management Meeting in April 2024. In turn, management provided feedback that they would incorporate the aspirations of young employees into the next long-term vision.



Workshop involving project members

Environment Subcommittee

We worked on revamping our TCFD disclosures as a key theme for the Environment Subcommittee in 2024. At the Management Meeting held in February 2024, approval was granted to proceed with this as a company-wide project. As a result, a total of three workshops were held involving representatives from all 11 departments. During the workshops, participants talked about identifying risks and opportunities posed by climate change and formulating countermeasures. At the Sustainability Committee meeting in September, an expert gave a talk on climate-related financial disclosure, after which the Environment Subcommittee reported on the progress of the TCFD Project. The discussion mainly involved the financial impacts that the company is disclosing for the first time. The committee also received a report on the results of the TNFD trial and the contents of the initial disclosure, and confirmed initiatives for next fiscal year and beyond. **TCFD** [P.47–50](#)

Social Subcommittee (CSR in the supply chain)

Following the formulation of the Kagome Group Human Rights Policy in 2023, the Social Subcommittee, consisting of representatives from procurement, legal, and sustainability departments, is working on human rights due diligence. At the Sustainability Committee meeting in June 2024, the subcommittee presented a proposal for human rights themes that should be prioritized, identified from country risks and potential human rights risks examined in workshops held by related departments. Lively discussions were held during the meeting on the reasons for selecting the target countries and their appropriateness. The subcommittee also presented future challenges regarding CSR procurement activities, which were a new theme starting from FY2024. **Human Rights** [P.64](#)

Message

Companywide efforts to comply with the TCFD recommendations

Since 2019, Kagome has been conducting scenario analyses based on the TCFD recommendations and disclosing the results. This time, the company launched a new TCFD Update Project to revamp the content, and I was in charge of the secretariat. In this project, we invited people from a wide range of departments, such as the planning and development and agri-business, who had not taken part in the previous project, to participate. Emphasis was placed on advancing discussions while sharing an understanding across the entire company. As a company with roots in agriculture, Kagome is already feeling the impact that extreme weather caused by global warming has on the industry. This made it possible for the significance of this project, which examines measures to deal with the highly uncertain future of climate change, to be easily understood within the company. As a result of all departments taking ownership and using a proactive approach, the project was able to evaluate risks and opportunities across the entire value chain and identify specific countermeasures. We will continue to work towards our goal of becoming a strong company capable of sustainable growth, using food as a means of resolving social issues.

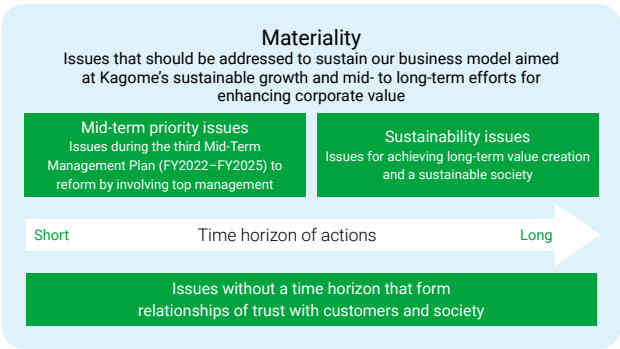


Profile
Naoko Nakamura
Corporate Planning Department
Sustainability Group

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. However, the business environment is changing daily, and we plan to review our materiality in 2025, the final year of our third Mid-Term Management Plan. We will once again identify materiality by updating the long list of social issues that is the starting point for the current materiality, identifying those issues that are highly relevant to our next long-term vision and existing businesses, and prioritizing them based on the opinions of employees, including management, and the trends of stakeholders. We will set specific measures and KPIs for the identified materiality and reflect these issues in our next mid-term management plan.

2018	Identification and sorting of social issues
2019	Identification of materiality using a third-party assessment from external stakeholders
2021	Review of materiality (reorganized materiality issues from 17 to 7) <ul style="list-style-type: none">• 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

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	 	Domestic Processed Food Business: P.39–40
	 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		Developing Plant Varieties and Cultivation: P.25
	 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	 	Environment: P.47–56
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.57–58
	 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	 	Supply Chain: P.65–66
	 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	 	Human Resources: P.59–63
	 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		Corporate Governance: P.69–80

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 FY2024, based on our business plan, we sought to enhance brand protection by expanding rights for our mainstay product brands in Japan and stepping up applications overseas. For example, in Japan, we expanded the scope of our rights for flagship mixed vegetable juice, Yasai Ichinichi Kore Ippai, by registering standard characters in addition to the shape and logo. Overseas, in addition to filing applications for various brand logos following the increase in export destinations, we also handle customs registrations as border control measures against counterfeit goods and engage in dispute resolution against Chinese counterfeit applications. These actions support the accelerating growth of our International Business.

Going forward, we will continue to provide legal support for the growth and development of the Kagome brand.



2 Intellectual property activities for safeguarding and utilizing technologies

We conduct regular research and development for resolving social issues through food, while also working to maximize our results by protecting and utilizing our intellectual properties. Mainly in the fields of agriculture, health, and processed foods and beverages, Kagome engages in intellectual property activities linked to the strategies of each business department.

In FY2024, we obtained patent rights related to a tomato cultivation app, the functionality of tomato pulp, and VegeCheck®.

Our patented technology is used in the tomato cultivation support app, which we developed based on the knowledge and ideas of researchers to allow even beginners to grow tomatoes with confidence. Based on research results regarding the functionality of tomato-derived dietary fiber, we have obtained a food use patent for its function of suppressing the rise in blood sugar level. Additionally, based on the results of this research, we are now labeling functional claims for our core vegetable beverages. To prevent imitation by other companies, our VegeCheck® device for measuring estimated vegetable intake is also protected by our patented technology.

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.



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.



Relevant SDGs

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

Initiatives to Address the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD)

For the Kagome Group, which uses the bounty of nature as its raw materials, protecting the natural environment is essential for the continuity of its business.

We recognize that climate change and the loss of natural capital are major issues that will affect the sustainable growth of its businesses. In response to climate change, we conducted TCFD scenario analysis targeting some departments in 2019 to shed light on risks and opportunities in our businesses. In April 2022, we announced our support for the TCFD recommendations and launched a company-wide TCFD Update Project at the end of 2023 to re-analyze and re-identify the impact of climate change on the Kagome Group’s entire value chain.

Also, in response to natural capital, we began complying with the TNFD recommendations from the end of 2023 following their publication in September 2023. As this was the first year of the TNFD, we are focusing on tomatoes, the most important product in our business activities, and using the LEAP approach to assess nature-related risks and opportunities having an impact on natural capital and our dependencies on ecosystem services.

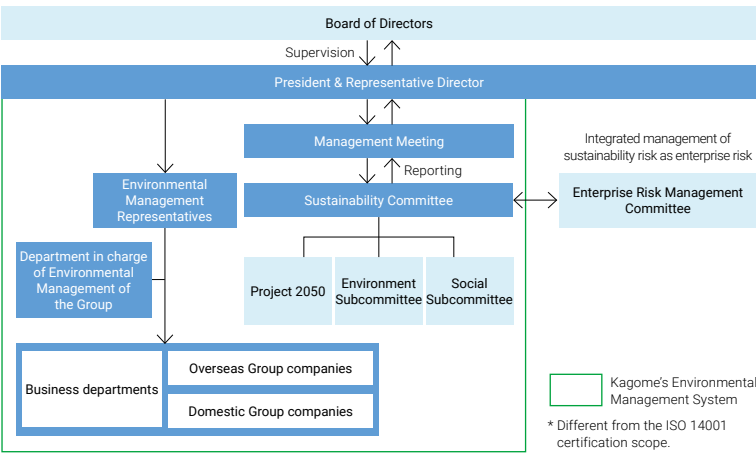
Recognizing that climate change and natural capital are intricately related, we are working to integrate the disclosure of climate-related financial information based on the TCFD and nature-related financial information based on the TNFD.

Moving forward, the Kagome Group will continue to expand its information disclosure based on the TCFD and TNFD and, by addressing issues related to climate change and natural capital, will contribute to the realization of a sustainable society and sustainable agriculture.

Governance

The Kagome Group recognizes that an interruption in the procurement of raw materials is the greatest risk facing its business operations. We aim to strengthen our resilience as a Group in response to the impacts of climate change and nature-related issues on raw materials procurement, and to enhance our corporate value under the governance structure shown in the diagram at right.

The Board of Directors supervises the Management Meeting and Sustainability Committee. The Management Meeting receives reports from the Sustainability Committee and deliberates and implements the Group’s management policies and strategies. Additionally, we have established a governance system for the Group through collaboration between the Sustainability Committee and environmental management system, which is based on ISO 14001.



- Sustainability Committee**
- Chair

Director & Executive Officer in charge of Sustainability
- Members

Division directors and general managers of related departments involved in resolving social issues and addressing ESG issues, sustainability information dissemination department
- Purpose

- Review Kagome's approaches for achieving a sustainable society (resolution of social issues) and sustainable growth of the company from a long-term perspective and reflect these findings in management strategies
 - Monitor sustainability issues identified to address our own materiality and carry out instructions and provide advice to departments responsible for implementation

Strategy

Scenario analysis on climate change (TCFD)

Identification of risks and opportunities

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 in 2022 as a 1.5°C target*1. To align with this goal, we modified our TCFD scenario analysis from the previous 2°C and 4°C scenarios to the 1.5°C and 4°C scenarios to identify the risks and opportunities that climate change poses to our businesses.

*1 A science-based greenhouse gas emission reduction target to limit global warming to 1.5°C above pre-industrial levels.

List of Risks and Opportunities Related to Climate Change

Categories		No.	Climate change risks and opportunities	Level of impact	Time frame of occurrence
Transition risks		1	Increase in tax payments from the introduction of carbon taxes	Small	Short to medium term
		2	Higher procurement costs for purchased products, services and transportation due to carbon taxes	Large	Short to medium term
		3	Increased investment in new technologies and equipment to reduce GHG emissions	Small	Short to medium term
		4	Increased costs of complying with container and packaging regulations	Small	Short to medium term
		5	Higher costs due to soaring electricity and energy prices	Medium	Short to long term
Physical risks	Acute	6	Increase in extreme weather events (estimated damages caused by flooding at production plants and loss of profits due to production plants being unable to operate as a result of heavy rains and floods)	Medium	Short to medium term
		7	Changes in rainfall patterns (droughts causing water prices to soar)	Small	Short to medium term
	Chronic	8	Changes in rainfall patterns (higher production costs due to lower groundwater levels)	Small	Short to medium term
		9	Higher procurement costs due to reduced tomato yields caused by rising temperatures	Large	Short to long term
		10	Higher temperatures reduce agricultural productivity, increasing procurement costs	Large	Short to long term
Opportunities		1	Lower costs through more efficient transportation	Small	Short to medium term
		2	Lower costs through resource efficiency in containers and packaging	Small	Short to medium term
		3	Lower costs through reduction in fertilizer and water usage, and increased sales through development and external sales	Small	Short to medium term
		4	Higher sales through development and sales of sustainable and low-carbon products	Small	Short to long term
		5	Greater sales opportunities due to diversification of business activities	Large	Short to long term

* The time frame for the analysis is the maximum four years of the mid-term management plan for the short term, up to 2035 for the medium term, or the end year of the next long-term vision, and up to 2050 for the long term.

* We reference each IPCC SSP scenario according to the range of average temperature rise for the TCFD's physical risks and the IEA's NZE scenario for transition risks.

* The level of impact is roughly defined as "small" when below 2 billion yen, "medium" when between 2 and 5 billion yen, and "large" when over 5 billion yen.

Sustainable Global Environment

Financial impacts due to risks and opportunities and response

Of the identified risks and opportunities, we calculated the financial impact of items with a large impact and items that could be calculated. In addition, the project considered countermeasures for each value chain in response to risks and opportunities identified using the TCFD framework, dividing them into “climate change (GHG and carbon taxes),” “sustainable agriculture,” “water,” and “sustainable products and diversification of business activities.”

1 Climate change (GHG and carbon taxes) Response strategy for climate change-related risks and opportunities (mitigation)

We recognize the introduction of carbon taxes and rising energy costs as transition risks related to climate change. We referenced the climate change scenarios presented in the International Energy Agency's (IEA) World Energy Outlook (WEO) and predicted the impacts based on carbon tax payments, energy demand and prices. The increase in payment costs due to carbon taxes is expected to be approximately 1.8 billion yen under net zero emissions (NZE: 1.5°C scenario) and approximately 1.6 billion yen under the stated policies scenario (STEPS: 4°C scenario).

We have obtained certification from the SBT initiative and will continue to work on reducing greenhouse gas emissions by improving energy efficiency in our production plants and utilizing renewable energy sources. We will also step up cooperation with suppliers, aiming to improve transportation efficiency and reduce greenhouse gas emissions in the procurement of raw materials, including containers and packaging.

Recognition of Risks and Opportunities

Carbon taxes and fluctuations in energy prices
(Transition risk no. 1, 2, 3, 4 and 5, and opportunity no. 1)

Financial Impacts

Higher payment costs due to carbon taxes		Higher procurement costs due to carbon taxes	
1.5°C	4°C	1.5°C	4°C
2030	2030	2030	2030
1.8 billion yen	1.6 billion yen	22.2 billion yen	19.0 billion yen

Response

	2025	Milestones 2030	2035
Action 1 Conserve energy and introduce new forms of energy	Upgrade to FIT high efficiency boilers Upgrade to KIU high efficiency boilers	Expand introduction of exhaust gas re-use technologies at farms Introduce additional biomass energy at plants in Japan	Consider introduction of hydrogen fuel
Action 2 Switch to electricity generated from renewable energy	Introduce solar power PPA* model at Italgro Introduce PPA at Nasu Plant	Expand introduction of solar power generation at plants in Japan	
Action 3 Engage suppliers	Promote GHG emission reduction activities through collaboration with suppliers and improved transportation efficiency		

* Power Purchase Agreement

2 Sustainable agriculture Response strategy for climate change-related risks and opportunities (adaptation)

There is concern that rising temperatures and other climate changes may have a strong impact on tomato yields. In June 2017, sustained high temperatures in California caused real damages, with tomato yields decreasing by 16.1% compared to average years (USDA).

Based on tomato yield data from California, which is the primary producing region of tomatoes for the Group, we analyzed the predicted changes in yield under each scenario in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC). Based on an analysis of the state's minimum June temperatures, it was estimated that Kagome Japan's procurement costs would increase by 7.1 billion yen in 2050 under SSP1-1.9 (1.5°C scenario) and 14.7 billion yen under SSP5-8.5 (4°C scenario). If tomato yields decrease, the unit price of fresh tomatoes and the selling price of processed tomato products (raw materials) will actually increase, resulting in no net decrease in profits for the entire Group because of the increased profits of overseas subsidiaries. Our upstream value chain will ensure that we maintain stable earnings. To secure a stable supply of tomatoes as a raw material, we will implement strategies to respond to climate change, including improving varieties to be more resistant to high temperatures (cultivation technology and variety development), developing drought-resistant varieties, introducing water-saving and fertilizer-reducing cultivation technology, and conducting research into the development of new production areas.

Recognition of Risks and Opportunities

Impacts of rising temperatures on crops
(Physical risk no. 8 and 9, and opportunities no. 3, 4 and 5)

Financial Impacts

Higher costs due to changes in tomato yields caused by rising temperatures			
1.5°C		4°C	
2035	2050	2035	2050
6.1 billion yen	7.1 billion yen	7.1 billion yen	14.7 billion yen

Calculation formula: Increase in procurement amount = "Procurement amount" x "Yield reduction rate caused by high temperatures based on USDA data on tomato yields in California in 2017" x "IPCC temperature increase projection"

Response

	2025	Milestones 2030	2035
Action 1 Develop cultivation technology and varieties for maintaining tomato quality		Improvement of varieties to be more resistant to high temperatures (cultivation technology and variety development): 1 or more cases Development of drought-resistant varieties and introduction of water-saving and fertilizer-reducing cultivation technology: 1 or more cases	
Action 2 Maintain and expand procurement volume		Risk assessments and consideration of new production areas	

3 Water Response strategy for climate change-related risks and opportunities (adaptation)

When typhoons, torrential rainfall, and floods occur, it becomes difficult to procure raw materials, including tomatoes. In April 2017, record rains caused tomato yields to decline due to cracking and disease at our plant in Australia, forcing the plant to suspend operations. On the other hand, 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. Droughts can increase water costs and potentially reduce raw material yields. In fact, during past droughts, water prices have risen by 400%, exposing the company to risk of water shortages.

To protect water resources in the regions where we operate, six domestic plants and seven overseas plants of the Kagome Group have formulated water management plans, and are taking sustainable measures suited to each region by managing the amounts of water intake and discharge, the amount of water recycled, and the quality of discharged water. In addition, we conducted water risk assessments on six domestic plants and seven overseas plants. At priority overseas bases with high water risks, the Kagome Group engaged each overseas plant and local relevant parties to implement various measures tailored to each plant and region.

Furthermore, we have already taken measures to reduce risk at our domestic plants in the event of flooding or drought. These include installing a waterproof wall at the Kozakai Plant. We will now expand these efforts throughout the entire Group.

Recognition of Risks and Opportunities

Impacts due to flooding or drought
(Physical risks no. 6 and 7, and opportunity no. 3)

Response

	2025	Milestones 2030	2035
Action 1 Reduce water intake rate of domestic plants		9% reduction in intensity (vs. 2021)	14% reduction in intensity (vs. 2021)
Action 2 Reduce water intake rate of overseas plants (Portugal)		Introduction of food service line circulating cooling tower: add one 20% reduction in intensity (vs. 2020)	

* Hazard countermeasures completed at all domestic plants in 2022

4 Sustainable products and diversification of business activities Response strategy for climate change-related opportunities

Responding in the right way to the risks posed by climate change will create business opportunities for the Kagome Group. For example, an increase in extreme weather and natural disasters will boost demand for vegetable products that can be stored for long periods for disasters, while growing interest in climate change will spur demand for sustainable options such as products that are as environmentally friendly as possible.

As one example, we estimated the impact on sales of preserved vegetable products for disasters that can be stored for a long period (shelf life of five and a half years), if the number of disasters increases due to climate change. Based on the average annual sales amount of our preserved vegetable products for disasters and the frequency of flooding according to the scenarios in the Ministry of Land, Infrastructure, Transport and Tourism's *Flood Control Planning Based on Climate Change*, we estimated the financial impact (increase in revenue) to be 700 million yen under the 1.5°C (2°C) scenario and 1 billion yen under the 4°C scenario.

Additionally, to diversify its business activities, Kagome has established a corporate venture capital (CVC) fund to invest in and collaborate with leading start-ups in possession of innovative agricultural technologies from around the world. Through the efforts of this fund, we aim to develop and implement new varieties and cultivation technology that are adaptable to climate change, as well as to develop new businesses through open innovation with target companies.

Recognition of Risks and Opportunities

Development and sales of sustainable products, diversification of business activities
(Transition risk no. 4, physical risk no. 10, and opportunities no. 2, 3, 4 and 5)

Financial Impacts

Increased revenue of vegetable products that can be stored for long periods for disasters, etc.	
1.5°C (2°C)	4°C
2035	2035
0.7 billion yen	1.0 billion yen

Calculation formula: Average net sales of rolling stock products (2020–2023) x Increase rate of flood frequency

Response

	2025	Milestones 2030	2035
Action 1 Develop sustainable products • Environmentally friendly containers and packaging • Products that can be stored for long periods • Research into the functionality of vegetables and expansion of beverages rich in carotenoids		Beverage PET bottle recycling/plant-based materials: 50% or more Paper carton beverages: zero use of straws made from petroleum-derived materials Expansion of vegetable products that can be stored for long periods for disasters, etc. Research on vegetable functionality, understanding of effects, product development	
Action 2 Diversify business activities		Establishment of CVC fund for advanced agriculture technology (total investment amount of 50 million US dollars)	

Sustainable Global Environment

LEAP approach for nature-related data (TNFD)

The Kagome Group assessed its dependencies and impacts on nature, as well as nature-related risks and opportunities, using the LEAP approach of the TNFD framework, focusing on “tomato-related businesses,” which account for a large portion of the Group’s sales.

Analysis Using the LEAP Approach (Overall Summary)

Scoping
(selection of key domains)

Identified all of our tomato-related businesses as targets for analysis

- Fresh produce business: Domestic greenhouse farms (directly-owned or contracted)
- Processing business: Domestic production plants (food product manufacturing and farms), overseas production plants (food product manufacturing and farms), domestic contract processing, and overseas suppliers (including tier two)

Locate
(discover proximity with nature)

Using mainly BRF*1 and in some cases also ENCORE*2, confirmed the proximity between our businesses and nature. Identified priority areas

- A total of 270 locations were identified, including 14 in the fresh produce business and 256 in the processing business
- Based on the BRF evaluation of the locations, as well as their importance based on the amount of tomato purchases and the amount of tomato-related product production, Japanese farms, along with farms and production plants in Portugal, the United States, and Australia were identified as priority areas

Evaluate
(analyze dependencies and impacts)

Analyzed the nature dependencies and impacts of farms and production plants in identified priority areas

- Conducted detailed analysis of dependencies and impacts on priority areas and indicators with very high risk as determined by the BRF
- In addition to dependencies on water and physical risks investigated by the TCFD, also analyzed the impacts on soil and water quality (eutrophication), changes in land, river and ocean use, deforestation, protected areas, and conservation areas
- Although tomatoes are less dependent on pollination, analyzed the impact of tomato cultivation on other crops

Assess
(identify risks and opportunities)

Identified risks and opportunities based on the results of Locate and Evaluate

- Identified risks and opportunities based on the results of Locate and Evaluate, while also referring to the food and agriculture sector guidance and the results of TCFD
- In identifying risks and opportunities, also conducted analysis using scenarios created along two axes: deterioration of ecosystem services and consistency between market and non-market principles

Prepare
(examine and disclose response)

Created a holistic view of strategy to address high priority risks and opportunities

- Created an overall picture of the response strategy, taking into account information such as the food and agriculture sector guidance and IPBES*3, as well as TCFD response measures
- Compiled a series of activities and disclosed them in our integrated report

*1 BRF: Biodiversity Risk Filter. An online tool created by the World Wildlife Fund (WWF) to screen and prioritize biodiversity-related risks.

*2 ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. An online tool created by the international finance industry group Natural Capital Finance Alliance (NCFA) that helps companies understand their dependencies on and impacts on nature.

*3 IPBES: The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

1 Locate : Discover proximity with nature

We evaluated the connection between the Kagome Group’s tomato-related businesses and nature mainly using BRF, a global data-based assessment tool, and in some cases ENCORE. As a result, 43 locations were selected as priority area candidates based on their natural conditions.

Target of analysis (270 locations)

- Fresh produce business (14 locations): Domestic greenhouse farms (directly-owned or contracted)
- Processing business (256 locations): Domestic production plants (food product manufacturing and farms), overseas production plants (food product manufacturing and farms), domestic contract processing, and overseas suppliers (including tier two)

Priority Area Candidates Identified with Analysis Tools

	Domestic greenhouse farms	Domestic plants (food product manufacturing)	Domestic farms	Overseas plants (food product manufacturing)	Overseas farms	Domestic contract processing	Overseas suppliers
Type	Fresh produce business	Processing business	Processing business	Processing business	Processing business	Processing business	Processing business
Candidates for priority areas	12 locations	None	5 locations	8 locations	5 countries	None	13 locations

Based on the priority area candidates in the location evaluation and the importance of the locations according to factors such as the amount of tomato purchases and the amount of tomato-related product production, the priority areas were identified as follows.

- Farms in Japan
- Farms and plants in the three countries of Portugal, the United States and Australia

Priority Areas

Country	Type	Location details
Japan	Farms	12 small farms and five commercial farms
Portugal	Farms	Six cities: Beja, Evora, Leiria, Lisboa, Santarem, Setubal
	Plants	Two plants: FIT and Italagro
United States	Farms	One state: California
	Plants	Two plants: Ingomar and KIU
Australia	Farms	Two states: New South Wales and Victoria
	Plants	One plant: KAU

2 Evaluate : Analyze dependencies and impacts

We conducted a detailed analysis on the dependencies and impacts of the priority areas and the indicators with very high risk as determined in the BRF analysis.

As a result of the analysis, in addition to dependencies on water supply and physical risks investigated by the TCFD, issues such as soil and water quality (eutrophication), changes to nature and deforestation due to the expansion of agricultural land and use of rivers, and impacts on protected and conservation areas were identified. Although tomatoes are less dependent on pollination, we identified other impacts on the surrounding ecosystem, such as the impacts of pesticides in tomato cultivation.

Specific analysis tools used

FAO GLoSIS, International Herbicide-Resistant Weed Database, Global Land Analysis and Discovery, Protected Planet, BirdLife International Data Zone, IBAT, Aqueduct, BRF, and ENCORE

Identification of the Dependencies and Impacts in Priority Areas

Japan
Each location (farms)
• **Dependencies:** good quality water and soil
• **Impacts:** deforestation, impacts on protected and conservation areas, impacts on local pollinators

United States
California (farms and production plants)
• **Dependencies:** good quality water and soil
• **Impacts:** changes to nature due to agricultural land expansion and river use, deforestation, impacts on protected and conservation areas, and impacts on local pollinators

Portugal
Six cities: Beja, Evora, Leiria, Lisboa, Santarem, Setubal (farms and production plants)
• **Dependencies:** water supply as well as good quality water and soil
• **Impacts:** changes to nature due to agricultural land expansion and river use, deforestation, impacts on protected and conservation areas, and impacts on local pollinators

Australia
New South Wales and Victoria (farms and production plants)
• **Dependencies:** water supply as well as good quality water and soil
• **Impacts:** changes to nature due to agricultural land expansion and river use, impacts on protected and conservation areas, and impacts on important biodiversity areas

3 Assess : Identify risks and opportunities

We organized risks and opportunities based on the results of Locate and Evaluate, while also referring to the food and agriculture sector guidance and the findings of the TCFD. We also conducted an analysis using scenarios based on two axes: deterioration of ecosystem services and consistency between market and non-market principles.

List of Nature-Related Risks and Opportunities

Large category	Middle category	No.	Nature-related risks and opportunities
Transition risks	Policy and law	1	Pesticide regulations lead to reduced tomato yields and increased procurement costs
		2	Higher GHG emission reduction costs due to land use change from forest to tomato fields
		3	Loss of business opportunities after failing to engage with indigenous peoples and local communities
		4	Higher procurement costs due to compliance with packaging regulations, such as the replacement of virgin food product packaging with recycled food product packaging
	Technology	5	Increased investment in modern technologies and equipment to address the biodiversity crisis
	Markets	6	Decline in the agricultural workforce leads to the degradation of cultivated land, and a decline in awareness and response to biodiversity
	Reputation	7	Damage to brand image due to impacts on biodiversity caused by tomato cultivation
Physical risks	Acute	8	Lower production volume resulting from pests and diseases
	Chronic	9	Excessive fertilization reduces soil health and reduces tomato yields
		10	Decreasing biodiversity in rivers and other areas due to eutrophication
Opportunities	Products and services	1	Higher sales through upcycling and commercialization of plant residues (e.g. tomato stems)
	Markets	2	Improved brand value driven by tomatoes produced through sustainable farming with reduced pesticide risk
	Reputation	3	Improved brand image after dealing with native and invasive species Utilizing Kagome tomato varieties to prevent the spread of invasive soil pests and supporting the planting of native species to increase pollinators

51 KAGOME INTEGRATED REPORT 2025

KAGOME INTEGRATED REPORT 2025 52

Section 4 Management Structure Supporting Sustainability

Sustainable Global Environment

4 Prepare : Examine and disclose response

Linking the risks and opportunities identified in Assess, we organized our response together with specific details, focusing on the activities currently being implemented.

Furthermore, the results of Locate and Evaluate did not show any significant discrepancies with the knowledge gained from many years of tomato-related initiatives. In light of these results, we reaffirmed the importance of our past activities and will continue to advance them. Additionally, we plan to further consider identifying risks and opportunities by region and developing responses.

Response strategy: In light of the four crises threatening biodiversity in Japan (causes of declining biodiversity), we will expand our activities to conserve and restore nature not only in Japan but also in the surrounding areas of farms in each country in which the Group does business.

Action: We will conserve and restore nature in and around the farms we are involved with in tomato cultivation, as well as in the plants where tomatoes are processed and turned into products and their surrounding areas.

No.	Risks and opportunities linked to	Nature-related response	Examples of activities (at present)
1	Risk no. 4 Opportunity no. 1	Promote efforts to achieve sustainable operations throughout the supply chain in the procurement of raw materials and packaging, and in reducing plastic packaging and food waste	<ul style="list-style-type: none">• Offering of FSC® certified paper containers for beverages• Initiatives in plant-based foods• Initiatives to eliminate the use of plastic straws provided with containers and the use of new petroleum-based plastics• Reduction of plastic usage and switch to recycled or plant-based materials
2	Risk no. 1, 2, 5, 7, 8, 9 and 10 Opportunity no. 2 and 3	Develop, establish and operate optimal tomato cultivation systems (reduce water, fertilizer and pesticide usage, improve tomato varieties, and develop recycling-oriented agriculture)	<ul style="list-style-type: none">• Development of cultivation technology with low environmental impact• Increased development of plant varieties and cultivation technology globally
3	Risk no. 3, 6 and 7 Opportunity no. 3	Support local governments and communities, main-stream biodiversity, support agricultural workers, plant native species, and support conservation activities	<ul style="list-style-type: none">• Activities for development and support of agriculture• Training and mainstreaming activities for biodiversity
4	Linked to all risks and opportunities	<ul style="list-style-type: none">• Planned implementation of biodiversity action plans• Expanded acquisition of third-party certification	<ul style="list-style-type: none">• Acquisition of certifications and involvement in initiatives/organizations

Risk Management

The Kagome Group defines risk as “uncertainties that negatively affect business operations.”

Kagome established the Enterprise Risk Management Committee, chaired by the president and whose secretariat is headed by the CRO, as 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. Additionally, the committee oversees risk management activities to prevent and respond to actualized risks from an integrated perspective based on management strategies.

We also recognize climate change risks and nature-related risks as important issues and will integrate and manage them within our enterprise risk management system. The Sustainability Committee and Management Meeting will monitor the progress of risk management and decide on next steps.

Indicators and Targets (Target Year: FY2030)

We aim to improve resilience by utilizing and reflecting the targets and measures in the next mid-term management plan and Kagome Environmental Management Plan (FY2026–2028), which are scheduled to be formulated in FY2025.

Mitigation

- Reduce Scope 1 and 2 greenhouse gas emissions by 42% or more (compared to 2020)
- Reduce Scope 3 greenhouse gas emissions by 13% or more (compared to 2020)
- Recycle PET beverage bottles/Increase the content of plant-based materials to 50% or more
- Eliminate the use of petroleum-derived straws in paper beverage packs

Adaptation

- Improvement of varieties to be more resistant to high temperatures (cultivation technology and variety development): 1 or more cases
- Development of drought-resistant varieties and introduction of water-saving and fertilizer-reducing cultivation technology: 1 or more cases
- Reduce the intensity of water usage at domestic plants by 9% or more (compared to 2021)

* Scope 1: Direct emissions of greenhouse gases from businesses (burning of fuels and 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)

(Reference) Kagome Group's Scope 1 and 2 GHG Emissions (t-CO₂e)

		2020	2021	2022	2023
Kagome Co., Ltd. and Group companies in Japan	Scope1	45,295	43,773	41,419	41,739
	Scope2	25,234	22,713	18,810	16,087
	Scope1+2	70,529	66,486	60,229	57,826
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) (in Portugal)	Scope1	24,647	27,080	25,639	27,563
	Scope2	4,505	540	0	0
	Scope1+2	29,152	27,620	25,639	27,563
Kagome Australia Pty Ltd. (in Australia)	Scope1	18,923	19,046	18,551	14,045
	Scope2	11,167	9,491	10,262	7,844
	Scope1+2	30,090	28,537	28,813	21,889
Kagome Inc. (in United States)	Scope1	4,701	5,390	4,925	4,875
	Scope2	4,927	5,518	5,600	5,456
	Scope1+2	9,627	10,908	10,525	10,331
Vegitalia S.p.A. (in Italy)	Scope1	607	794	952	1,164
	Scope2	1,069	1,187	1,140	1,551
	Scope1+2	1,676	1,981	2,092	2,715
Taiwan Kagome Co., Ltd. (in Taiwan)	Scope1	777	969	1,010	1,256
	Scope2	1,672	1,845	1,901	1,963
	Scope1+2	2,450	2,815	2,911	3,219
Total	Scope1	94,949	97,052	92,496	90,642
	Scope2	48,574	41,294	37,713	32,901
	Scope1+2	143,524	138,346	130,208	123,543

(Reference) Kagome Group's Scope 3 GHG Emissions

	2020	2021	2022	2023	
	Emissions (t-CO ₂ e)				Ratio (%)
(1) Purchased goods and services	1,078,720	1,141,154	1,101,317	854,064	78.0
(2) Capital goods	27,333	43,735	25,177	23,551	2.2
(3) Fuel- and energy-related activities not included in Scope 1 or Scope 2	27,904	26,151	26,302	29,837	2.7
(4) Upstream transportation and distribution	52,974	51,038	50,293	46,646	4.3
(5) Waste generated in operations	5,031	12,848	11,328	13,495	1.2
(6) Business travel	349	367	367	383	0.0
(7) Employee commuting	1,196	1,257	1,253	1,307	0.1
(8) Upstream leased assets	606	563	533	449	0.0
(9) Downstream transportation and distribution	65,706	74,946	72,521	69,477	6.3
(10) Processing of sold products	37,002	42,670	41,827	40,203	3.7
(11) Use of sold products	-	-	-	-	-
(12) End-of-life treatment of sold products	16,381	17,640	16,109	15,782	1.4
(13) Downstream leased assets	2,038	262	119	54	0.0
(14) Franchises	-	-	-	-	-
(15) Investments	-	-	-	-	-
Total	1,315,239	1,412,630	1,347,148	1,095,248	100

* The main reason for the decrease is a partial change in the intensity of Category 1. We plan to recalculate GHG emissions for the base year of 2020 in the future.
* Category 11 is not included in the calculation, and categories 14 and 15 are not applicable because the Company does not engage in franchise or investment businesses.
* Data for 2024 will be updated on our corporate website.
* Emissions data, including that for Ingomar, will be disclosed on our sustainability website in FY2025.

Quality and Environmental Policy

We are devoting the same enthusiasm we have put into our manufacturing into environmental conservation activities. Given this, we established the Quality and Environmental Policy that integrates our management intent to achieve a sustainable society.

- 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.

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.

Demand response through the use of storage battery systems

The use of electricity generated from renewable energy sources is gaining traction around the world as a way to combat global warming.

As the adoption of solar power generation continues to expand as a major source of renewable energy, Kagome has also been actively introducing solar power solutions since 2021.

On the other hand, as solar power generation has become more widespread, there has been a tendency for electricity to be oversupplied during the daytime, requiring electricity users to adjust demand.

Therefore, we introduced a storage battery system at the Fujimi Plant, which focuses on communicating its environmental commitment, in September 2024 to further expand solar power generation. At the same time, we have been preparing for demand adjustments (the solar power generation rate at this plant has increased to approximately 30% of total electricity demand). Additionally, we have been working with new power suppliers to conduct demonstrations of demand response (DR) at our Ibaraki and Nasu plants. From 2025 onwards, we will work to realize DR and establish virtual power plants (VPPs*) that utilize storage batteries, thereby contributing further to the reduction of greenhouse gas emissions.

* VPP: Optimizing the balance of power supply and demand by using IT technology to control small-scale energy resources such as solar power generation and storage batteries.

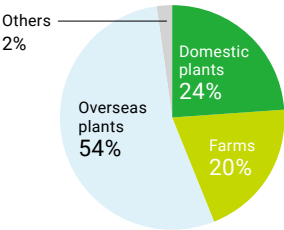
To learn more about our efforts to prevent global warming, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/02.html>

Effective Utilization of Resources

In support of SDG 12, Kagome has set targets and is working to reduce food loss and waste. Additionally, as part of our efforts to reduce our environmental impact, we established the Kagome Policy on Plastics in 2020 to advance efforts toward reduction of plastic usage.

To learn more about our efforts for the effective utilization of resources, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/03.html>

Breakdown of Kagome Group's Greenhouse Gas Emissions (FY2024)



* Ingomar is not included in FY2024 data. Emissions data, including Ingomar, will be disclosed on our sustainability website in FY2025.



Storage battery system at the Fujimi Plant

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.

Response to water risk

Example of Ingomar in the United States

• Providing recycled water from tomatoes to the local community

The areas surrounding Ingomar, a consolidated subsidiary of Kagome, are experiencing groundwater depletion and water supply restrictions during droughts. Starting in August 2022, Ingomar began collecting and treating evaporated condensed water that was previously discarded when condensing tomatoes, and reusing it as botanical water derived from plants.

In 2022, Ingomar provided 1.2 million liters of this water to the Central California Irrigation District (CCID), and in 2023 the company received permission from the California Department of Public Health (CDPH) to sell this plant-derived water.



To learn more about our water conservation efforts, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/04.html>

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.

To learn more about the Kagome's initiatives for sustainable agriculture, visit the link below.
<https://www.kagome.co.jp/company/sustainability/global-environment/05.html>

Reducing the risks of pesticides with natural predators

In response to the global movement to reduce the risks posed by pesticides, Kagome has adopted IPM* cultivation methods and is working to establish technology that utilizes natural insect predators to reduce tomato pests and pesticide use.

* IPM stands for integrated pest management, which does not rely on chemical pesticides alone.



A Syrphinae, a natural predator of aphids (pests)

Native plant restoration and biodiversity education

At Kagome Yasai Seikatsu Farm Fujimi, we are working to restore the local flora by planting approximately 10,000 native plants on the land there. The farm also allows visitors to learn about living things and biodiversity, such as a scavenger hunt about creatures on the farm and a demonstration garden of native plants.



Elementary school students taking part in a scavenger hunt

In 2024, Kagome was selected for the first time as an A List Company, the highest rating in CDP Climate Change, a corporate survey on climate change initiatives by CDP, an environmental non-profit organization influential internationally.



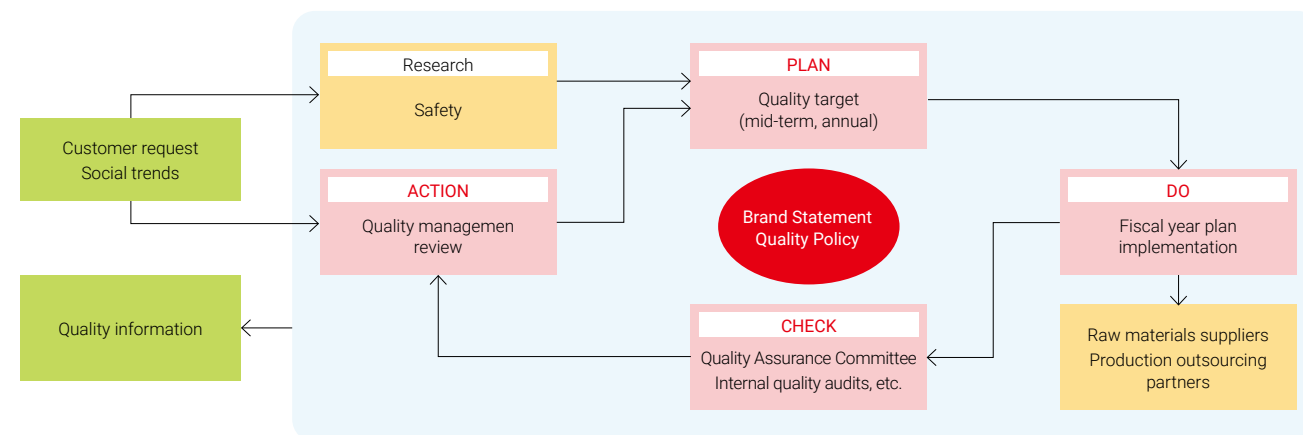
Product Safety and Security

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.

Establishment of Kagome Quality Day

We have designated September 1st as Kagome Quality Day to learn from past failures and reaffirm our commitment to Quality First. To ensure that customers continue to place trust in the Kagome brand, we are promoting efforts to have all employees of the Kagome Group reaffirm their commitment to and recognize the importance of quality.

Quality Management and Quality Assurance System Shared with Overseas Group Companies

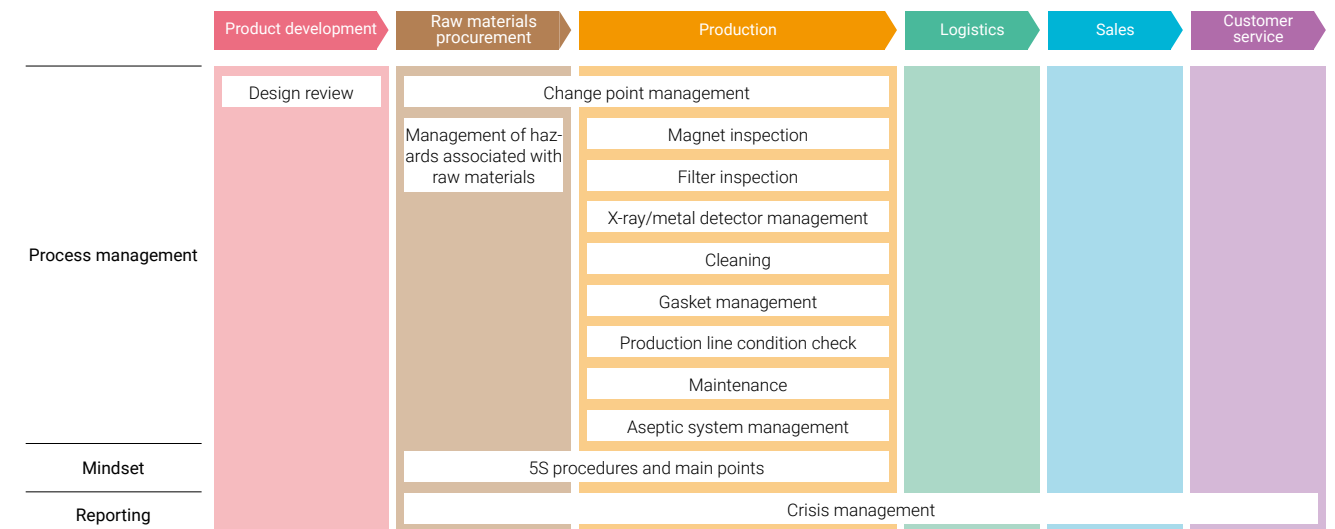
In 2016, we established the Global Quality Assurance Department (located in Tokyo) within the International Business Division. This department formulated Group-wide quality management standards known as KBMP for overseas Group companies, and it continues working to roll out these standards to overseas 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)



Entrenchment of Global Quality Assurance Activities

We are working to further strengthen our quality assurance foundation by sharing the good practices and examples of past failures 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 such matters as quality, production, 5S, safety, and sustainability initiatives. In these workshops, we not only aim to improve the quality mindset of each Group company, but also to determine how to proceed with common initiatives such as improving manufacturing efficiency, energy conservation, and environmental conservation activities as Groupwide issues. In 2024, the meeting was held in November in Portugal, where HIT is located. Participants came from seven countries, including Ingomar in the United States, which joined the Kagome Group in January 2024. Through active exchange of opinions on topics such as quality assurance, manufacturing facilities, environmental conservation, and product development, each company was able to set its own future action plans.



Global Quality Assurance Meeting held November 5 to 7, 2024 in Portugal

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.

Relevant SDGs



Increasing Job Satisfaction and Creating Innovation

The creation of new value through the combination of diverse knowledge requires the autonomous growth of each individual who works 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

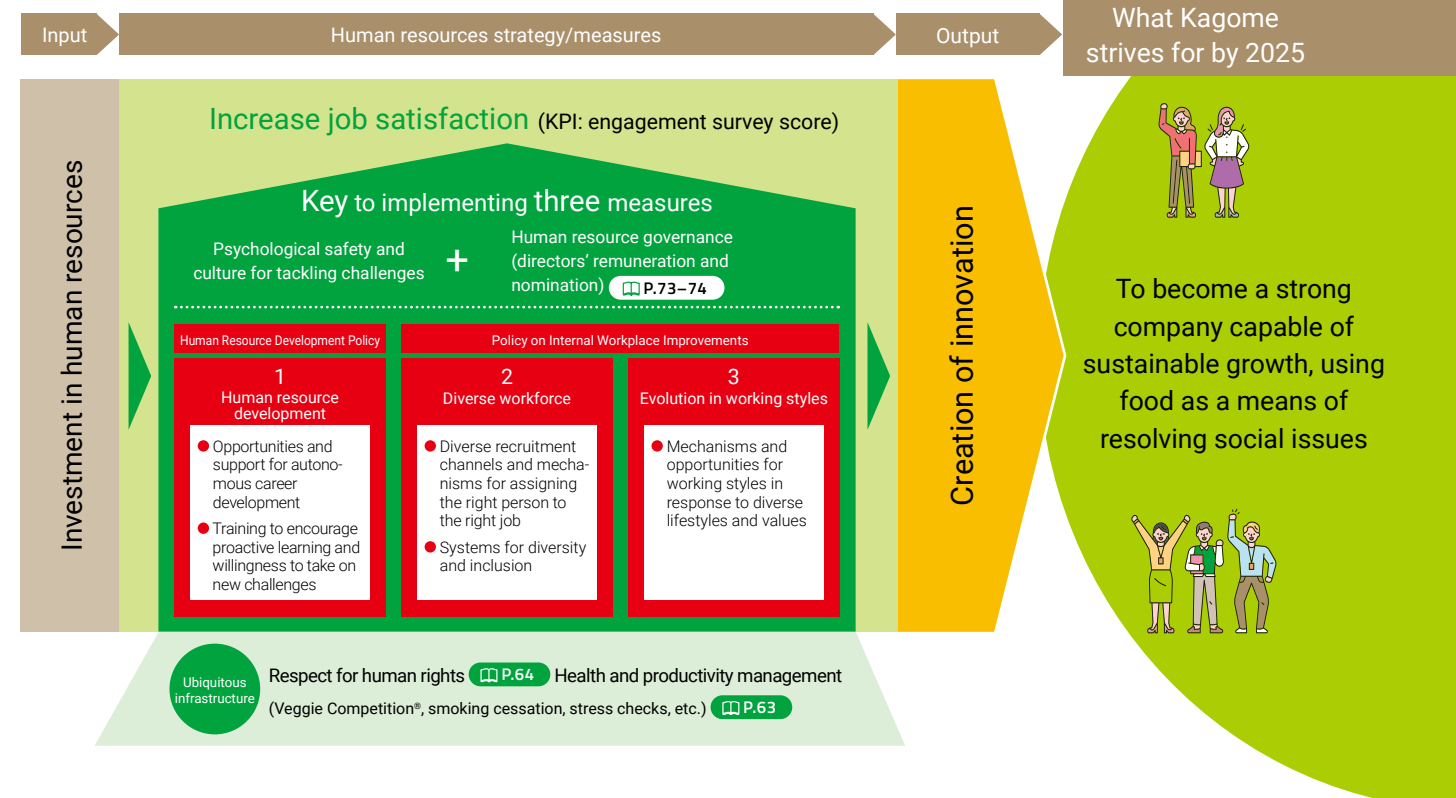
Since 2021, we have conducted an engagement survey (Wevox: a tool for measuring and supporting employee engagement provided by Atræ, Inc.) targeting all employees to monitor job satisfaction.

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. Since starting the survey, the overall score has been increasing slightly. To further improve our score and achieve our targets, we will not only implement measures from a company-wide perspective, but also develop strategic initiatives in cooperation with each department. Currently, there are variations in overall scores among departments (maximum difference: 12 points as of the 2023 survey), and we are deploying measures in line with the characteristics of each department and the actual situation to reduce this difference

□ P.62

Human Resources Strategy Aimed at What Kagome Strives for by 2025



Instilling psychological safety

Kagome focuses on instilling psychological safety from the perspectives of creating innovation through diversity and inclusion and addressing risk management. As part of these activities, in 2024, as a measure to instill psychological safety, the Diversity Committee, a bottom-up organization made up of volunteers from each workplace, held a presentation and talk session with an external guest on the topic of enjoying challenges and tips for working happily and in your own way. Other activities included a Thank You Badge Campaign to convey small expressions of gratitude, a dialogue program for better team building to support workplace relations through engagement, and a Circle Time, where the president met with employees to exchange frank opinions. In addition, we are expanding training and evaluation measures for managerial positions to accelerate efforts to improve psychological safety in each organization. □ P.62

Measures to Improve Psychological Safety

Target	Activities in 2024	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 managerial positions	Management training for all managerial positions	Training is provided on the topics of improving psychological safety and promoting organizational and human resources development
	360-degree feedback	Feedback on management behavior is provided annually by superiors, colleagues, and subordinates for all managers.
	Evaluation system for organization and human resource development processes	A system to show evaluation criteria for the initiatives of managerial positions in creating an organizational culture
For all employees	Diversity Day 2024	A presentation and talk session held by an external guest on the topic of instilling psychological safety
	Circle Event for promoting the active roles of employees with disabilities	A game-style workshop held to improve psychological safety and promote the active participation of employees with disabilities
	Circle Time	Hosted by the president as a place for flat dialogue between top management and employees
	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

Thank You Badge Campaign

We held the Thank You Badge Campaign in May and November with the aim of improving psychological safety by expressing gratitude. The campaign involved sending two types of thank you badges online, labeled “Thank You” and “WoW.” In May, approximately 900 employees sent thank you badges, with 70% of the badges being sent to another organizations than their own.



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 even in environments of intense change and innovates in many areas, by becoming a diverse group of human resources in terms of careers and abilities and by realizing 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.

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).

► Strengthen Foundation for Value Creation—Response to Materiality

Respecting Diversity and Expanding Human Capital

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, 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.

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. Additionally, we have an autonomous learning program system that allows employees to develop their skills and careers more independently than ever before. We will continue to 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.

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 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 Human Resources and General Affairs Division Director is a member of the Human Resources Development Committee and the Remuneration and Nomination Advisory Committee, and is mainly responsible for making recommendations.

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, 2024	Expanded support for job transfers involving relocation and single-person transfers



Indicators and Targets

Strategy	Indicator		2021 Results	2022 Results	2023 Results	2024 Results	Target
Job satisfaction	Engagement survey score		70	70	72	72	76 Engagement score within the top 20% of peer companies
	Psychological safety penetration rate score* ¹		67	71	72	73	—
Human resource development	Number of career interviews* ² (persons)		610	645	561	316	—
	Growth opportunities score* ³		67	67	68	68	—
Diverse workforce	Ratio of women in new general career track hires out of university		58.0%	71.0%	54.5%	61.5%	60% or higher
	Percentage of women in managerial positions		7.4%	8.4%	9.6%	11.1%	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	1.0 (estimate)	1.0 or higher compared to men
	Breakdown of general career track positions		30.8%	27.9%	29.8%	29.1%	—
	Percentage of men taking childcare leave General career track/ Technical track	General career track	62.0%	75.6%	65.6%	94.3%	42% or higher (average for 2019 to 2021)
		Technical track	64.3%	84.6%	81.8%	100.0%	—
	Gender pay gap* ⁴ (The percentage of women's pay to men's)	Total workers	66.2%	65.4%	68.3%	69.6%	—
		Permanent employees	68.6%	67.3%	70.5%	71.5%	—
		Part-time and fixed-term contract employees	87.8%	87.6%	86.6%	89.3%	—
	Evolution in working styles	Paid leave utilization rate* ⁵		85.0%	86.4%	83.4%	81.7% (estimate)
Total working hours (hours/year)		1,867	1,896	1,895	1,894	—	

*1 Score on in-house survey on psychological safety

*2 Changed from format up to FY2023 in which the company makes inquiries to employees to one that is mainly based on employee requests from FY2024.

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

*4 For supplementary explanations on appended matters and pay gap, see our website. (Japanese only)

<https://www.kagome.co.jp/company/sustainability/data/>

*5 Annual paid leave utilization rate is calculated from April to March of the following year. Results for 2024 are estimated as of December 2024.

Message

We will swiftly implement a human resource strategy that will ensure growth over the next decade

Since 2016, we have been making efforts toward work style reforms and expansion of work options in response to diversifying values. As part of work style reforms, we have promoted work efficiency, including digital transformation, or DX. As a result, the average total working hours across the Group fell to the 1,800 hour range. In addition, we have promoted telecommuting and flextime, and introduced regional cards that allow employees to choose the region in which they work for a limited period of time. These programs increase flexibility in work styles by expanding the options available to employees, resulting in significant improvements in both efforts. In our third Mid-Term Management Plan, which began in 2022, we began efforts, which are still underway, to improve job satisfaction. This has included introducing engagement surveys and promoting psychological safety.

We anticipate that employee values and views on work will become even more diverse in the future. To realize our new Mid-term Management Plan starting in 2026 and Vision 2035, we need human resources to take on the challenge of creating new value. It is also important that each individual is highly motivated and develops their own career path while respecting each other. To that end, we will formulate and swiftly implement a human resource strategy for the next decade that will cover all areas of human resource management within the Kagome Group, including fundamental revisions to our personnel system that we are now exploring.

Profile
Joji Kawahara
Executive Officer
Human Resources and General Affairs
Division Director



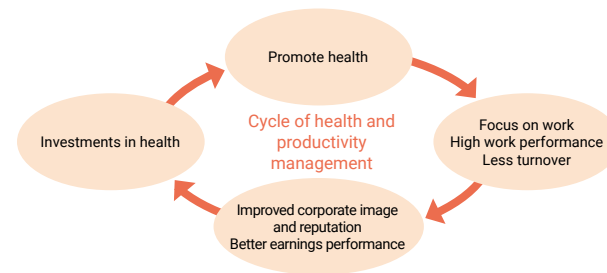
► Strengthen Foundation for Value Creation—Response to Materiality

Respecting Diversity and Expanding Human Capital

Kagome's Health and Productivity Management Elevating Brand Value

Health and productivity management involves thinking about employee health management from a management perspective, implementing it strategically, and creating competitive advantages.

We believe that investing in the health of our employees will rejuvenate the organization, increasing employee vitality and productivity, and ultimately leading to enhanced corporate value.



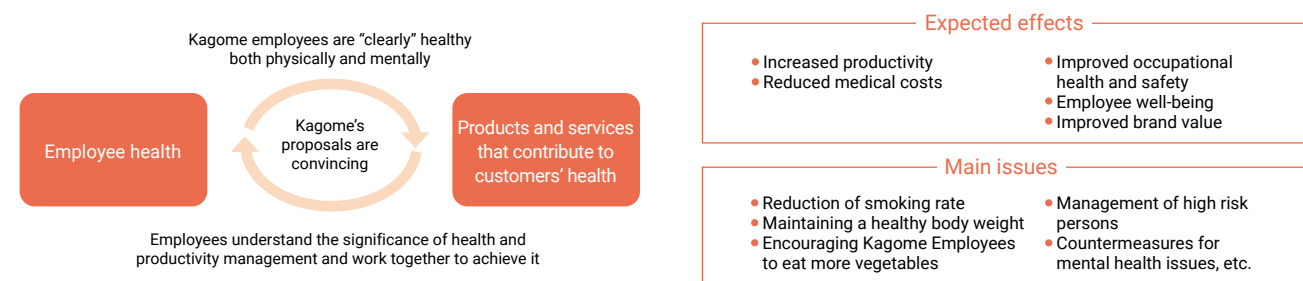
The Importance of Kagome's Health and Productivity Management Initiatives

As Kagome develops its products and services that improve the well-being of its customers, the physical and mental well-being of each employee makes our business more convincing and also helps to bolster brand value.

Our ability to utilize resources such as vegetable beverages and other products, the health services business, research outcomes, and the "Let's Eat Vegetables" campaign, as well as affinity with the corporate culture of valuing people, which has long been a management concern, represent the unique value proposition of Kagome's health and productivity management that is simply not found at other companies.

Kagome's Health and Productivity Management

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. 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. We are also taking various other steps to address employee health-related issues.



Certified Health and Productivity Management Organization 2024 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 2024, we were recognized under the Certified Health and Productivity Management Organization (large enterprise category; White 500) 2024 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 350 g 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

► Strengthen Foundation for Value Creation—Response to Materiality

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.



Relevant SDGs



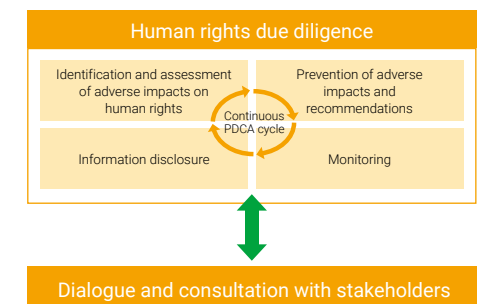
Approach to Human Rights

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.

To learn more about the Kagome Group Human Rights Policy, visit the link below.
<https://www.kagome.co.jp/company/sustainability/humancapital/06/>

Human rights due diligence

In FY2024, we conducted a human rights risk assessment covering each country where we operate and each area from where we procure raw materials in order to identify any adverse impacts on human rights. Additionally, with the support of external experts, we held workshops to deepen our understanding of global trends in business and human rights and to identify potential human rights risks related to our business activities. After holistically assessing these results, we identified two human rights themes as priority issues: issues of foreign workers in Japan and issues of workers at overseas suppliers and business locations. Going forward, based on the identified themes, we plan to continue to work toward minimizing human rights risks, taking into consideration the magnitude of the impact on our business activities and the feasibility of engaging in direct dialogue with rights holders.



Procure Materials in an Environmentally and Socially Responsible and Sustainable Manner

To fulfill our social responsibilities in supply chains, we established the Kagome CSR Procurement Policy and the Kagome Supplier CSR Actions Guidelines. These stipulate matters that must be observed in consideration of the environment and human rights, and we explain these documents to all suppliers to ensure that they are aware of them. We also use supplier self-check sheets and conduct on-site visits to encourage supplier understanding and awareness, and to identify risk locations and take steps to make improvements.

In FY2023, we asked our production contractors, greenhouse farms, and overseas raw material suppliers to conduct self-checks on compliance with the Supplier CSR Actions Guidelines. Based on the results, we provide feedback to each supplier and take steps toward improvement. In FY2024, the scope of the self-checks were expanded to include suppliers of raw materials for processed tomato products in Japan, which are upstream in the supply chain. In conjunction with implementing human rights due diligence, we are working to achieve responsible procurement.

To learn more about the Kagome CSR Procurement Policy and the Kagome Supplier CSR Actions Guidelines, visit the link below.
<https://www.kagome.co.jp/english/csr/supplier/>
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.

To learn more about our in-house activities to raise awareness, visit the link below.
<https://www.kagome.co.jp/company/sustainability/humancapital/06/>

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.

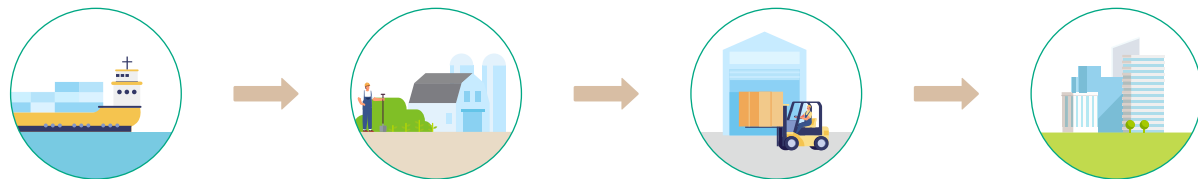


Relevant SDGs



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 exported 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 characteristic, and the complexity of control within the supply chain poses a structural challenge.

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

More than 1,000 products 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 D2C, 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.*

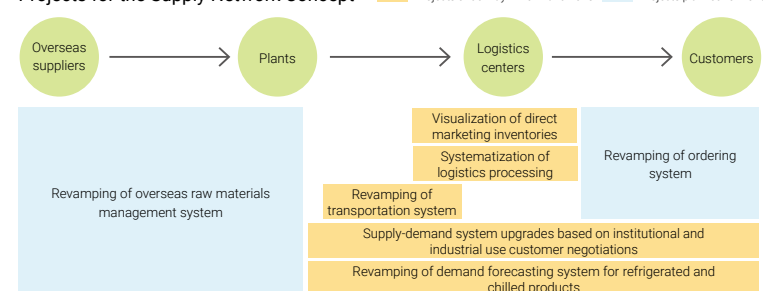
* **F-LINE Corp.** : A joint logistics company jointly established by five food manufacturers in April 2019 with the aim of realizing an efficient and stable logistics system. F-LINE Corp. is working together with food manufacturers in order to solve various issues in food logistics.

CASE

Working towards information synchronization and optimization throughout the entire supply chain, from upstream to downstream

Raising the efficiency of logistics, a source of higher costs worldwide, has become a major management issue. Kagome is working to crystallize a supply network concept that will enable it to select the optimal procurement-production-sales supply chain network for stable supply through data synchronization and optimization across the entire supply chain.

Projects for the Supply Network Concept



Kagome's Most Recent Initiatives in the Supply Chain

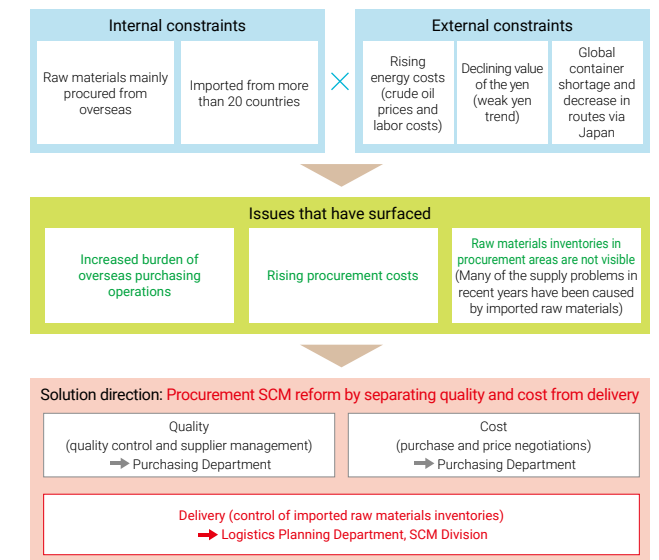
1 Initiatives for overseas supply chains: Procurement SCM Reform Project

Many of the raw materials procured for our Domestic Processed Food Business are imported from agricultural producing regions outside of Japan. Procuring a wide variety of raw materials from production areas around the world has enabled us to meet the diverse needs of the domestic market and consumers.

However, due to recent changes in the business environment, labor costs and all other costs are on the rise globally, making it difficult to maintain our strengths in terms of raw materials procurement network from around the world and diverse raw materials mix.

In response to these environmental changes, we launched the Procurement SCM Reform Project in the spring of 2024, and as part of this, the Logistics Planning Department began implementing and promoting SCM control operations for imported raw materials in October 2024.

Ultimately, through the supply network concept described previously, we aim to gradually operate an advanced information system for SCM control operations for imported raw materials.



2 Initiatives for domestic supply chains: Driver appreciation event

The 2024 Problem* has become a concern for many companies in Japan's logistics industry, and the extent and depth of its impact has been covered widely in the media. Kagome would not be able to ensure a stable supply of products without the support of various logistics companies.

Although a manufacturing company, Kagome is actively working to improve the environment for the logistics companies involved in its value chain. One example is the Driver Appreciation Project held in spring 2024. In cooperation with our logistics partner, F-LINE Corp., we held events at each production plant to directly express our gratitude to truck drivers. At these events, we handed out message cards and our products directly to the drivers, and also conducted a "real-life feedback survey" with the drivers. We will use this valuable "real feedback" to improve the logistics environment at our production plants, which represent our primary domestic logistics bases.

* The Act on the Arrangement of Related Acts to Promote Work Style Reform imposed an upper limit on working hours of drivers in April 2024. This makes it difficult to transport products in the same way as before.



Message

Building Supply Chains for Raw Materials

To ensure a stable supply of products (manufacturing), the Logistics Planning Department began inventory controls in October 2024 with the goals of optimizing inventories and stable supply of imported raw materials.

Inventory controls cannot be achieved by the Logistics Planning Department alone. Therefore, as part of the Procurement SCM Reform Project, we have begun to strengthen cooperation both inside and outside the company, with suppliers, contracted logistics companies, procurement departments, and production plants, and to open up information that had not previously been shared. By sharing information, we can visualize it in real time and avoid supply risks at an early stage. We will continue to advance this project and improve our business infrastructure, while also constantly updating ourselves on external factors, such as changes in sales trends and the state of maritime logistics, in order to work toward optimal raw materials supply.



Profile
Kazuki Matsumoto
Logistics Planning Department

Messages from External Directors

Playing a Role in the Company's Future Growth in the Final Year of Kagome's Mid-Term Management Plan



Profile
Kumi Arakane
External Director

FY2025 marks the end of Kagome's current mid-term management plan. I understand that Kagome's long-term vision of transforming from a tomato company to a vegetable company is an expression of its intention to tackle the challenge of growing in larger markets and providing more value.

However, Kagome has not yet reached the point of applying this to its business and clearly outlining a growth strategy that leverages its strengths. My honest impression is that the company has been searching for a growth direction through repeated trial and error.

Yet, the addition of Ingomar, a tomato primary processing company with a major global presence, to the Kagome Group strengthens the Group's influence in the global tomato processing industry, providing a good opportunity to once again think deeply about Kagome's strengths and raison d'être.

In aiming to become a company that can grow sustainably, Kagome needs a business strategy that capitalizes on its strengths. 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'm convinced that the role that Kagome can play will continue to grow. I have high expectations for the direction and growth strategy of the 2035 Vision that will support Kagome's future.

During the time of former President Terada from FY2014 to FY2019, Kagome continued to transform in order to become a lean organization that could generate stable profits in any environment by eliminating redundancies and waste as much as possible. Under the leadership of current President Yamaguchi, who took the reins in 2020, Kagome faced the COVID-19 pandemic and unprecedented cost increases. Yet, the entire company has come together to secure profits by leveraging its well-honed management structure and the brand power it has cultivated over the years. At the same time, the company has expanded its tomato and other primary processing business in the United States through a major M&A deal, and accelerated research and development in the agriculture domain, such as the development and cultivation of new varieties of processing tomatoes and vegetables. In addition, Kagome has been exploring the possibility of starting a number of new businesses.

Looking back over the past decade since 2014, I believe that strengthening the driving force behind medium- to long-term business growth is a management issue that has emerged. The company is focusing particularly on two areas. First is creating a system to further grow the Domestic Processed Food Business. Second is strengthening its human capital foundation to continue exploring and challenging new possibilities for global growth by leveraging Kagome's wide range of knowledge related to vegetables and agriculture, particularly its strength of tomatoes.

I will use my five years of experience as an External Director and Audit and Supervisory Committee Member to fully incorporate the perspectives of multiple stakeholders, including customers, employees, shareholders, suppliers and investors, and support the formulation and execution of Kagome's strategies and tactics through to 2035.



Profile
Tatsuya Endo
External Director (Audit and Supervisory Committee Member)

In the five years since I joined Kagome's Board of Directors as an External Director, the role of the Board of Directors and the role that independent external directors must play have become clearer. Through repeated discussions, including with experts, about what should be discussed at board meetings and what is expected of external directors there, a consensus has been reached between external directors and the executive side. As a result, I feel that we have created an environment in which the Board of Directors can allocate sufficient time to important agenda items that directly contribute to enhancing corporate value and hold high-quality discussions from multiple perspectives. For example, when it comes to major M&A deals overseas, external directors were able to eliminate information gaps by visiting the site and listening to talks by experts, and in discussions with related

departments, we were able to thoroughly debate and consider the significance of the target business in terms of the direction Kagome is aiming for and its relationship to capital policy. In addition, with regard to agenda setting, an important role of independent external directors, priorities are discussed at the Board of Directors meetings by incorporating proposals from investors and experts in addition to those from Directors and related departments. Following an open discussion between only the external directors and related departments, a meeting is planned to be held to further deepen the discussion among all Directors, including the executive side. Going forward, I aim to further deepen discussions with the executive side and contribute to enhancing corporate value by being more conscious of stakeholder perspectives.



Profile
Asako Yamagami
External Director (Audit and Supervisory Committee Member)

New External Director



Profile
Shigeru Kumekawa
External Director

Kagome aims to be a "strong company" capable of sustainable growth, using food as a means of resolving social issues. Kagome has the advantage of being able to seamlessly handle the entire process from plant variety development and cultivation to production (processing), product development, and sales. In addition, the company has a corporate culture that takes sustainability and CSR initiatives seriously.

The business environment surrounding Kagome is constantly changing, due to recent factors such as climate change and the global market environment. This makes it essential for the company to have management strategies and governance that can anticipate change.

In terms of future growth, under the vision of transforming from a tomato company to a vegetable company, Kagome is strengthening engagement with domestic customers through fan-based marketing, which has been its

traditional strength. It is also essential for Kagome to expand its business with global food service companies and processed food manufacturers in the International Business through product development based on market needs and a stable supply chain. In addition, it is also extremely important to promote diversity and inclusion, including organizational management and human resources strategies that harness diverse global human resources and generate innovation.

I will utilize my knowledge of global business, including many years of working abroad, and my experience in organizational management to deepen interactions with Kagome's diverse stakeholders and contribute to the sustainable growth of the Company and the enhancement of its corporate value.

Corporate Governance

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

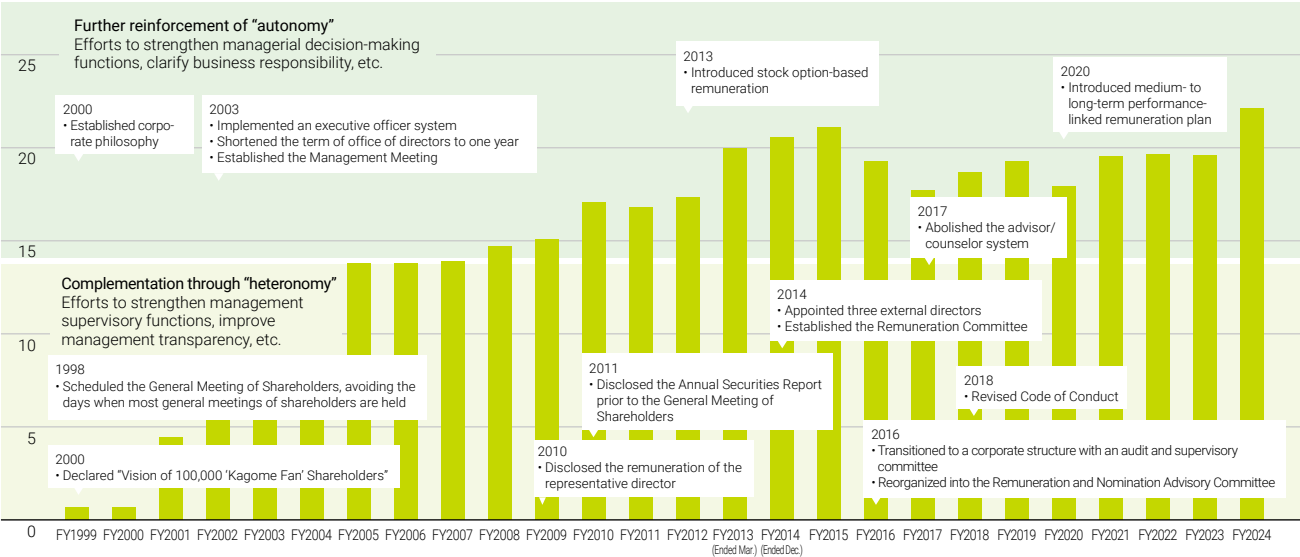
a basis by designing its own concept of corporate governance adapted to the present day, while incorporating diverse outside viewpoints by working to attract more “Kagome Fan Shareholders” and leveraging the function of external directors among other things.

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:
10,000 persons



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.

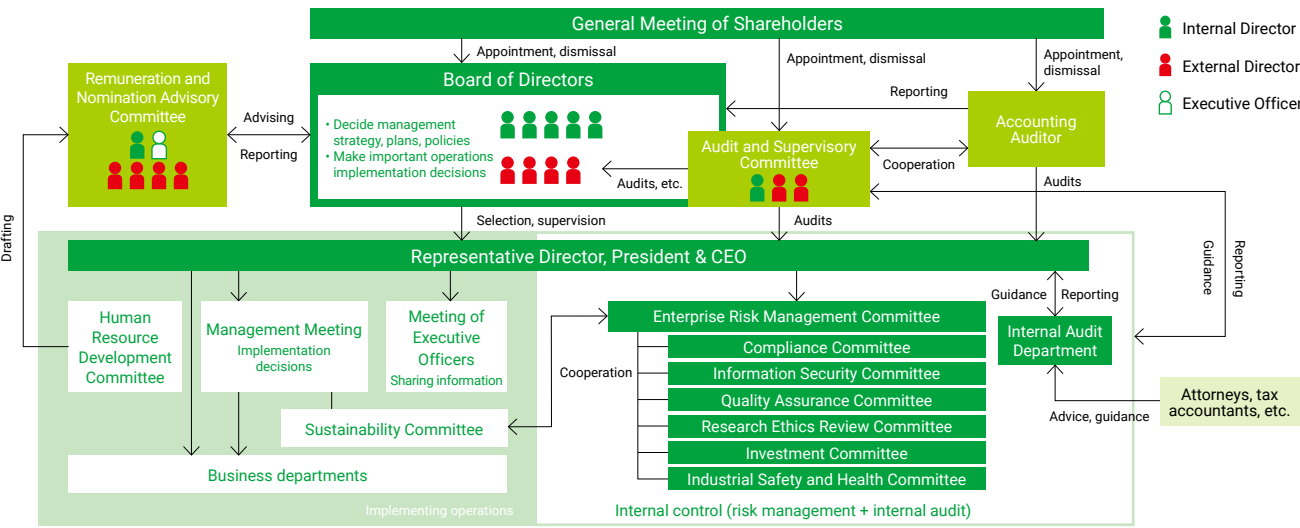
The Audit and Supervisory Committee has set a policy of having one or more standing Audit and Supervisory Committee members, and uses internal control systems to audit the legality and appropriateness of the operations implemented by the directors.

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 expedited 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 Representative Director, President & CEO		○		○	○	○	○	○			○	
Yoshihisa Hairo Director & Managing Executive Officer		○			○		○			○		○
Harunobu Okuya Director & Managing Executive Officer		○			○	○				○		○
Takeshi Saeki Director & Managing Executive Officer		○	○	○								○
Kumi Arakane External Director	External Independent	○		○		○		○	○	○		
Shigeru Kumekawa External Director	External Independent	○							○		○	○
Hitoshi Takano Director (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			○	○							○

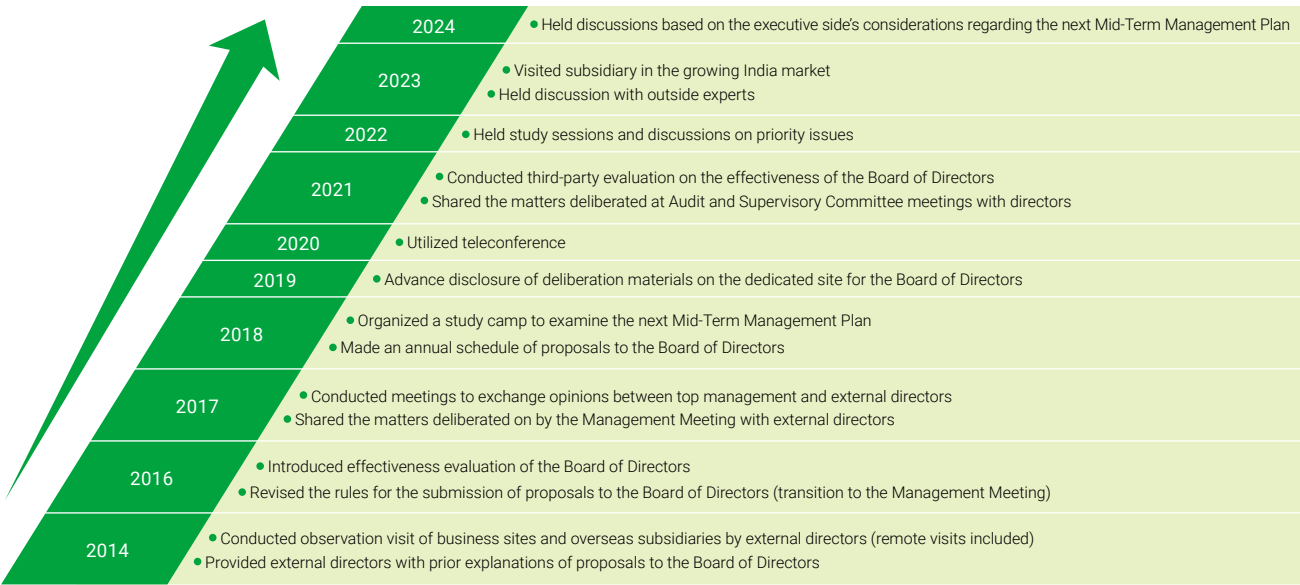
For more details on the standards for judging the independence of external officers and the categories, items and definitions of director's skills, please refer to our website. <https://www.kagome.co.jp/english/company/ir/data/others/>

Board of Directors and Audit and Supervisory Committee

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 FY2024 is described below.

1 Methods of evaluation

 Conducted questionnaire	We conducted a questionnaire targeting all directors and engaged a third party to analyze the results. <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 CommitteeQuestionnaire for the Audit and Supervisory CommitteeQuestionnaire for the Enterprise Risk Management Committee
 Conducted interviews	All directors were interviewed individually by a third party.
 Deliberations by the Board of Directors taking the above into account	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.

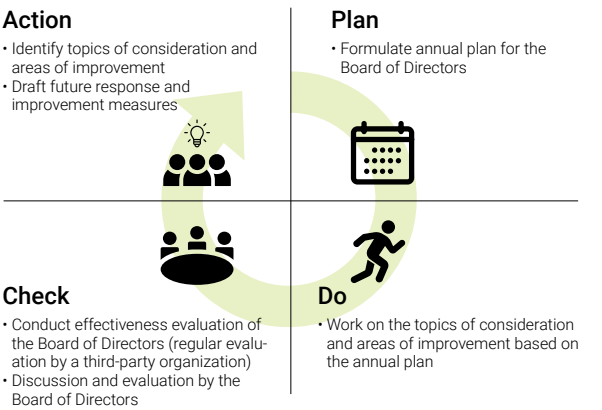
2 Evaluation results

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

As the initiatives towards what Kagome strives for by 2025 enter their final year, the Company's Board of Directors will define a new vision with long-term thinking that takes into account impacts on the environment and society. In order to enhance business sustainability and corporate value, the Company will continue to hold discussions on portfolio management and human capital management, which are the basis for strengthening and allocating management resources with an eye to the future of the entire Group, as well as appropriately monitor and supervise the execution of the third Mid-Term Management Plan and annual policies. Regarding the nature of discussions at Board of Directors meetings, the Company will continue to work to improve the quality of discussions going forward. This will be based on the good example of the acquisition of an additional equity stake in a United States tomato processing company in January 2024, in which all Directors had thorough discussions about the significance of the acquisition, its consistency with medium- to long-term strategies, synergy creation plans, risks, and other issues. In addition, with regard to the Remuneration and Nomination Advisory Committee, while it was commendable to a certain extent for deepening discussions regarding director succession, there was also the opinion that it is necessary to

continue to improve the medium- to long-term succession plan, including for overseas Group companies. Regarding the Audit and Supervisory Committee, supervision and audits are carried out appropriately in cooperation with the internal audit department and Accounting Auditor. However, there was an opinion that in order to respond to the rapid changes in business structure and to strengthen the Group's governance system, including overseas subsidiaries, it is necessary for the committee to exercise its supervisory function more proactively and aggressively. The Company's Board of Directors recognizes these points as issues and will implement progressive measures to address each of them in order to further improve its effectiveness.

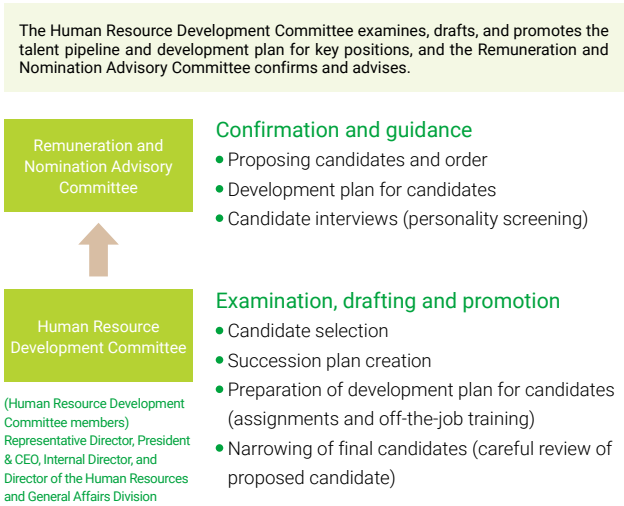


Succession plan

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.

Our development of management and executive candidates uses 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.



Message

Through the activities of the Audit and Supervisory Committee, we will contribute to Kagome's sustainable growth and enhanced corporate value

Kagome's Audit and Supervisory Committee is made up of two independent external directors and one internal director who have knowledge of corporate management, finance, accounting, legal affairs, and other fields. The committee strictly audits the execution of duties by Directors through regular meetings and close information exchanges. In addition, the committee works with the Accounting Auditor to ensure the effectiveness of accounting audits by submitting annual accounting audit plans, receiving reports on audit results, and attending accounting audits as necessary. Furthermore, in cooperation with the Internal Audit Department, the committee audits the effectiveness and efficiency of the internal control system and also conducts audits of domestic and overseas subsidiaries. In FY2024, the audit focused on the following key audit items: 1) progress on the issues set out in the 2024–2025 Mid-Term Management Plan, 2) initiatives addressing companywide and fundamental issues such as logistics and sustainability, 3) expanding human capital and promoting diversity and inclusion, and 4) strengthening Group governance. The Audit and Supervisory Committee, Accounting Auditor, and the Internal Audit Department share and coordinate information at monthly meetings, including on the status of audits and information about social conditions related to governance. We will continue to work to improve the effectiveness of the Audit and Supervisory Committee and live up to the trust of stakeholders.

Profile
Hitoshi Takano
Director & Audit and Supervisory Committee Member



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 2024	Deliberation: consideration of executive bonuses for FY2023, grade ratings for new directors, and Remuneration and Nomination Advisory Committee structure Reporting: finalization of BIP trust for FY2021 portion
Second meeting	Deliberation: estimation of executive bonuses for FY2024 Reporting: personnel reshuffle of executive officers and Human Resources Development Committee structure
Third meeting	Deliberation: overseas CEO remuneration, directors' remuneration for FY2024, and performance-linked compensation scheme for FY2024
Fourth meeting	Reporting: estimation of executive bonuses for FY2024 based on progress report
Fifth meeting	Deliberation: director succession plan Reporting: internal agenda related to officers
Sixth meeting	Reporting: update on selection of external directors
Seventh meeting	Deliberation: selection of new external directors Reporting: personnel reshuffle of directors as of October 1, 2024 and executive bonus factor as of June 2024
Eighth meeting	Deliberation: personnel reshuffle of CEOs of overseas subsidiaries Reporting: personnel reshuffle of directors as of October 1, 2024 and setting of grades and remuneration for the reshuffle
Ninth meeting	Deliberation: consideration of Internal Director candidates Reporting: personnel reshuffle of directors as of January 1, 2025, setting of grades and remuneration for the reshuffle, and introduction of management skill licensing program
Tenth meeting	Deliberation: selection of Internal Director candidates and Directors' skill matrix for FY2025 Reporting: market research of directors' remuneration based on FY2023 results
Eleventh meeting	Deliberation: personnel reshuffle of directors, Board of Directors' skills matrix for FY2025, Remuneration and Nomination Advisory Committee schedule for FY2025
First meeting of 2025	Deliberation: consideration of executive bonuses for FY2024, and Remuneration and Nomination Advisory Committee structure Reporting: finalization of BIP trust for FY2022 portion
Second meeting	Deliberation: grade ratings for new directors, BIP trust grants and benefits for retiring directors, and estimation of executive bonuses for FY2025 Reporting: personnel reshuffle of executive officers
Third meeting	Deliberation: directors' remuneration and overseas CEO remuneration for FY2025

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	Trust-type share remuneration	
Directors (excluding Audit and Supervisory Committee members)	262	131	88	—	42	7
External Director	21	21	—	—	—	2
Directors (Audit and Supervisory Committee members)	54	54	—	—	—	4
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 remuneration
Satoshi Yamaguchi, Representative Director, President & CEO	119	43	48	—	28

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

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." Core operating income, consolidated revenue, and net income attributable to shareholders of parent are adjusted figures that exclude the one-time effects of M&A gains and losses and system changes.

(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 FY2024 was 158%.

(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 112% for FY2024.

(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 FY2024 was 175%.

*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:

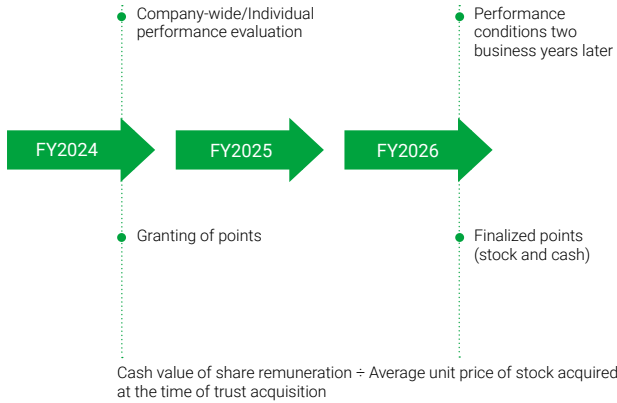
■ Cash bonus = Total amount of performance-linked remuneration for single fiscal year × Percentage of total amount of performance-linked remuneration accounted for by cash bonus

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 share 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 share remuneration is calculated using the formula shown below:

■ Cash value of share remuneration = Total amount of performance-linked remuneration for single fiscal year × Percentage of share 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 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.

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.

To learn more about our response to the Corporate Governance Code, please refer to our website. <https://www.kagome.co.jp/english/company/ir/data/others/>

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 220,000. We will continue to appropriately reflect the valuable opinions and needs of our shareholders in all our corporate activities.

Internal Control (Risk Management + Internal Audit)

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.

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. It 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.

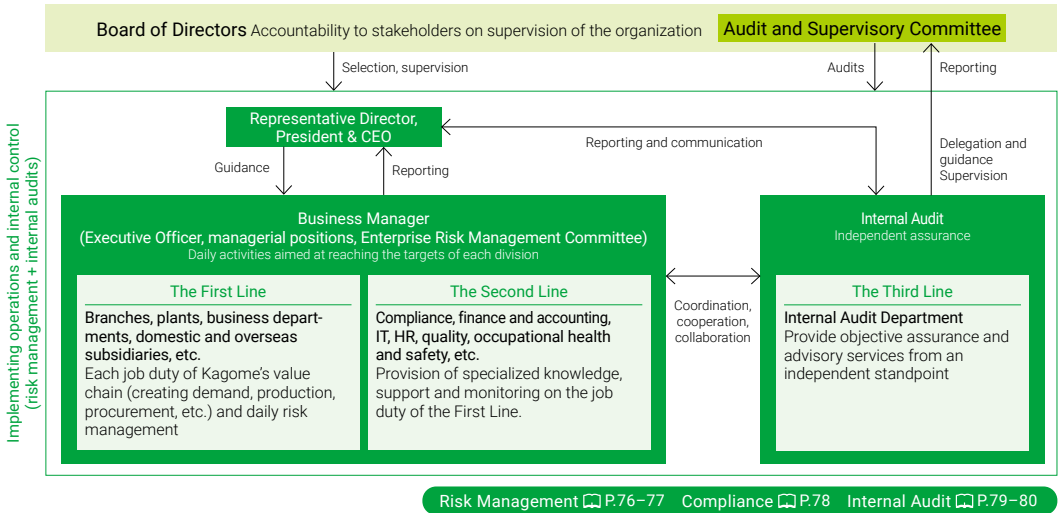
The Second Line is specialized organizations in charge of compliance, finance and accounting, IT, human resources, quality, and occupational health and safety. These organizations determine the basic policies and procedures for risk management activities in their respective risk areas and provide daily support and monitoring to first line organizations. Additionally, the Enterprise Risk Management Committee implements systematic risk management for the entire company.

The Enterprise Risk Management Committee, chaired by the President, oversees risk management activities for the Group as a whole. 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.

Please see page 79 for information about the Third Line's Internal Audit Department.

To learn more about our compliance and internal control, refer to our website. <https://www.kagome.co.jp/english/company/ir/esg/governance/>

Three Lines Model



Risk management

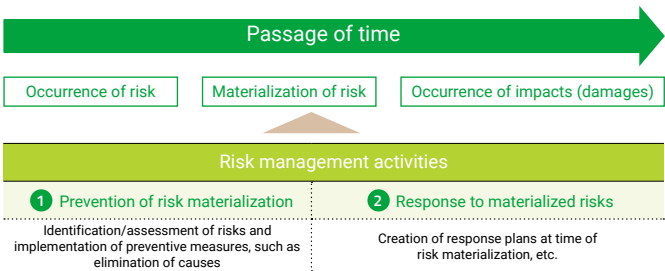
Kagome Group Risk Management Policy

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 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.

● 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 Meetings and the Enterprise Risk Management Committee designate strategic risks, decide on priority risk themes, point out areas for improvement, and manage the PDCA cycle of risk management activities. In addition, they report to the Board of Directors.

● 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 Implement	Check Check progress	Action Review response to risk
Priority risk themes of the Company	● Strategy risks	Management Meeting			Management Meeting
	● Social and environmental risks	Each organization (PDCA for risk management)			
	● Operational risks	Management Meeting			Management Meeting Enterprise Risk Management Committee
Risks other than those above	● Operational risks	Each organization (PDCA for risk management)			

ii) Priority risk themes for the Company in FY2025

We recognize the following risks as 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 resultsDeterioration in performance and loss of revenue opportunities due to failures or delays in new businesses and/or M&ADeterioration 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 areasShortage of human resources in specialized domains (DX, finance and accounting, etc.)Shortage of human resource development programsFalling 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 CommitteeDisabling 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 suspension of business operations, loss and/or tampering 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, and logistics)	<ul style="list-style-type: none">Sudden spikes in demand or shortages of seedlings or other raw materialsStalled production and/or shipments due to system failures at automated warehouses or in logisticsInstability of product supply due to decreased transport capacity caused by stricter labor management in the logistics industry, etc.Sudden increases in prices and shortages of raw materials due to natural disasters, conflicts, etc., either in Japan or overseas
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 companiesNegative 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 partnersSerious violations of laws, regulations, or customs in the countries where we operate

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. Cases 11 P.80

Compliance

Establishment 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 established 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 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 FY2024, the Kagome Compliance Hotline was used 25 times, and each case was resolved.

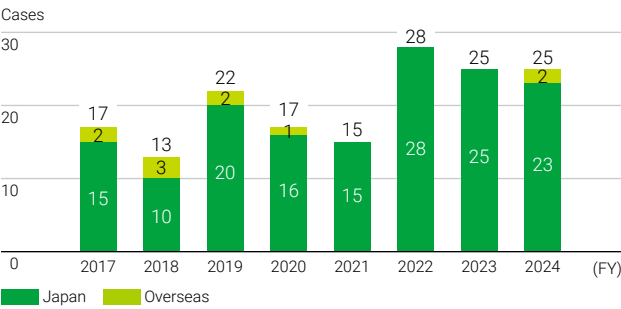
Kagome fully recognizes the importance of compliance in relation to Group companies located overseas as well. An overseas internal reporting system was introduced, and the scope of this system has been gradually expanded to include the Group companies located in the U.S. and Australia.

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 FY2024, 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.

Internal audit

The Internal Audit Department is currently reorganizing its existing internal audit system and rolling it out in accordance with the Global Internal Audit Standards published by the Institute of Internal Auditors (IIA) in January 2024. Our activities for 2024 to 2025 will be aligned with domains I to V of the new standards as follows:

Domain I Purpose of internal auditing	<ul style="list-style-type: none">The purpose of the organization is to “provide assurance and advisory services on the daily operations (governance, risk management, and control) of each organization within the Group and contribute to the achievement of management targets.” We are involved in a wide range of areas, from defensive (compliance, etc.) to proactive (achieving organizational goals).
Domain II Ethics and professionalism	<ul style="list-style-type: none">The Internal Audit Department is made up of six members with work experience in the First Line (research, production procurement, sales, etc.) and Second Line (risk management, quality assurance, IT, etc.).Approximately 60 competency assessment and training systems have been established within the Internal Audit Department. We have established a system for providing basic training on the Global Internal Audit Standards as well as internal control evaluations and internal audit practices.Each internal auditor voluntarily attempts to obtain qualifications such as Certified Internal Auditor (CIA) and Certified Fraud Examiner (CFE). Currently, there are several employees who have obtained these qualifications. Qualified employees put what they have learned into practice and continue to refine themselves both inside and outside the company.
Domain III Governance over the internal audit department	<ul style="list-style-type: none">The Internal Audit Department’s independence is ensured by two reporting lines: the President and the Audit and Supervisory Committee. <div>Corporate Governance Organizational Chart P.70</div> <div>Three Lines Model P.75</div> <ul style="list-style-type: none">The Internal Audit Department also serves as the Audit and Supervisory Committee’s secretariat, provides support for the operation of the Audit and Supervisory Committee.
Domain IV Managing the internal audit department	<ul style="list-style-type: none">In 2023, we created an Assurance Map that will provide an overview of the risk categories (44 categories) created by the Enterprise Risk Management Committee and clearly indicate the areas covered by assurance providers, including the Internal Audit Department. This map is updated annually and reflected in the audit plan after approval by the Board of Directors.We will increase the completeness of internal audits and design audit activities to become “trusted advisors” capable of conducting audits that benefit management. Audits at the organizational level also target proactive areas such as “business strategy,” “governance,” and “human resources,” and we create multiple “risk scenarios” for each audit target to dig deeper into significant risks.
Domain V Performing internal audit services	<p>Assurance</p> <ul style="list-style-type: none">We conduct internal control evaluations every year in accordance with the Financial Instruments and Exchange Act and prepare an internal control report.We conduct audits to check 44 risk categories targeting domestic and overseas consolidated subsidiaries and individual organizations. The program is implemented for 10 to 15 organizations per year, including overseas bases, branches, and plants, and the entire organization is tested every three to five years. <div></div> <div>Internal audit at Kagome Foods India Pvt. Ltd.</div> <div>Internal audit at Hibikinada Greenfarm Co., Ltd.</div> <ul style="list-style-type: none">We conduct cross-organizational audits targeting the Group’s priority risks. Audits are conducted every year on two to three themes, such as “governance,” “diversity,” and “information management.”Every year, we conduct an internal control self-check targeting all employees to monitor changes in their awareness and behavior. The results of this check are also used in the audit plan for the same fiscal year. <hr/> <p>Advisory</p> <ul style="list-style-type: none">We receive 30 to 40 consultations and requests from organizations each year, and provide analytical, advisory and training services to each one.We send out messages about internal control on social media around four times a year to raise awareness among all employees and spread best practices across the company.We work with the Enterprise Risk Management Committee and departments in charge to support improvements to companywide issues identified in the previous and current years.

Advisory operations of the Internal Audit Department

The Internal Audit Department not only evaluates the internal controls of each organization and proposes improvements, but also disseminates best practices via in-house social media. In order to raise employees’ understanding and awareness of the importance of internal control, we endeavor to present easy-to-understand case studies, including illustrations.

Part of an in-house social media posting by the Internal Audit Department. Introduces the BCP best practice of the Kozakai Plant to the entire company

About Kozakai Plant’s response to flood damage in June 2023 and review of its actions

A

Good morning, B.
I was reading past audit reports for study purposes, and I was impressed by the **example of flood prevention measures at the Kozakai Plant**. In 2023, there was a series of extreme weather events across Japan, particularly sudden torrential rains. Kagome’s facilities were also affected. However, I was impressed by how quickly the Kozakai Plant responded to the flooding, while also following the emergency manual properly.

The part of the audit report that A was reading was called a “**blue case**.” The Internal Audit Department recognized this as a **good practice that should be rolled out throughout the company**.
At Kagome, the audit report **not only highlights areas for improvement but also good practices**. This is because we want many people to know about these good practices, and **for these good practices to be copied and spread to other departments so that the entire company can improve**.

B
(fourth year with Internal Audit Department)

The situation at Kozakai Plant

The Kozakai Plant is located in a relatively low-lying area, and there was a long-standing recognition of the risk of flooding if the nearby river (Sana River) overflowed, resulting in damages to production facilities. On the other hand, as our only tomato ketchup production plant, a system was needed to ensure production would continue even in the event of a disaster. As a result, as a BCP measure, from 2021 to 2022, we invested a total of 657 million yen in flood prevention measures at the plant, constructing watertight walls and drainage facilities (see photo at right).


Overview of response to flooding

On June 2, 2023, torrential rainfall caused by a linear precipitation band hit the Tokai region. The plant implemented the following measures in accordance with the pre-determined plan (see figure below).

Hours	Contents
9:20	Emergency response headquarters established Appointed record keeper to start monitoring water levels and local government information (this is key!)
11:15	Decided to stop opening raw materials
11:33	Started closing the watertight walls
14:30	Ordered employees to return home (leaving only a skeleton crew) Closed the watertight walls in sequence
18:10	Suspended production on all lines
19:30	Completed closure of all watertight walls

Effects and findings from the countermeasures

Although some accidents occurred, overall **the BCP and flood prevention equipment functioned extremely effectively, and damage to production facilities and products was avoided**.
In addition, when responding to this flood, a “**record keeper**” was appointed within the emergency response headquarters to **keep detailed records of actions and decision-making in real time**. This enabled the Kozakai Plant to verify whether the BCP that had been formulated was functioning effectively, and also identified 28 additional issues.
In addition to responding to the current incident, the Kozakai Plant is also **using this as an opportunity to verify our BCP in order to further improve its effectiveness** in the future.



Directors (As of March 31, 2025)



1 Satoshi Yamaguchi

(Date of birth: December 29, 1960)

Representative Director, President & CEO
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 Representative Director, President & CEO (to present)

2 Yoshihisa Hairo

(Date of birth: October 6, 1967)

Director & Managing Executive Officer
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
2025 Director & Managing Executive Officer (to present)

3 Harunobu Okuya

(Date of birth: March 17, 1968)

Director & Managing Executive Officer
Director of Corporate Division and General Manager, Corporate Planning 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
2022 Executive Officer
2024 Director & Executive Officer
2024 Director of Corporate Division and General Manager, Corporate Planning Department (to present)
2025 Director & Managing Executive Officer (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)

4 Takeshi Saeki

(Date of birth: December 1, 1962)

Director & Managing Executive Officer, CFO, CRO, Enterprise Risk Management Committee Executive Director, and General Manager, Finance & Accounting Department

1986 Joined KYOCERA Corporation
1991 Seconded to YASHICA Kyocera GmbH (Germany)
2003 Joined the Company
2013 CFO, Tomato Business Company
2017 General Manager, Finance & Accounting Department
2020 Executive Officer
2021 CFO, CRO and Executive Director, Enterprise Risk Management Committee (to present)
2023 Managing Executive Officer
2024 General Manager, Finance & Accounting Department (to present)
2025 Director & Managing Executive Officer (to present)

5 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)

6 Shigeru Kumekawa

(Date of birth: August 18, 1963)

External Director
Independent Remuneration and Nomination Advisory Committee Member

1986 Joined Sony Corporation
2006 General Manager, Display & Home AV Marketing Department, Sony Marketing Inc.
2010 Corporate Vice President, National Account Sales Division, Sony Marketing Inc.
2012 Corporate Vice President, Marketing Division, Sony Marketing Inc.
2014 Chairman & President, CJSC Sony Electronics (Moscow)
2016 President, Sony Europe Limited
2018 Senior Vice President, Sony Corporation
2019 President and Representative Director, Sony Marketing Inc.
2022 Deputy Global Sales & Marketing Officer, Sony Corporation (concurrent position)
2024 Chairman and Representative Director, Sony Marketing Inc. (to present)
2025 External Director of the Company (to present)

7 Hitoshi Takano

(Date of birth: June 5, 1964)

Director & Audit and Supervisory Committee Member

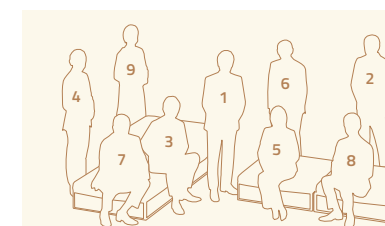
1988 Joined the Company
2005 Unit Director, Vegetable Beverage Business Unit
2008 Executive Officer
2008 Unit Director, Beverage Business Unit
2009 General Manager, Product Planning Department, Consumer Business Division
2010 General Manager, Business Administration Department, Asia Business Company
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)

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)



10 Years of Financial and Non-Financial Data

Accounting Period (Fiscal Year)	2015	2016	2017	2018		2018	2019	2020	2021	2022	2023	2024
	JGAAP					IFRS						
Profit and Loss (Unit: million yen)												
Net sales / Revenue	195,619	202,534	214,210	209,865		184,595	180,849	183,041	189,652	205,618	224,730	306,869
Gross profit	85,314	90,927	96,472	94,649		66,298	65,181	67,572	69,531	71,136	79,794	99,732
Gross profit margin (%)	43.6	44.9	45.0	45.1		35.9	36.0	36.9	36.7	34.6	35.5	32.5
Research and development expenses	3,240	3,219	3,346	3,557		3,555	3,525	3,557	3,796	4,090	4,296	5,094
Advertising expenses	4,671	5,086	5,977	6,109		6,110	5,150	6,872	7,509	7,424	7,288	8,462
Core operating income	—	—	—	—		12,400	12,304	13,599	14,138	12,808	19,476	27,094
Core operating income margin (%)	—	—	—	—		6.7	6.8	7.4	7.5	6.2	8.7	8.8
Operating income	6,723	10,946	11,968	12,000		12,228	14,079	10,682	14,010	12,757	17,472	36,221
Operating margin (%)	3.4	5.4	5.6	5.7		6.6	7.8	5.8	7.4	6.2	7.8	11.8
Net income attributable to shareholders of parent / Net income attributable to owners of parent	3,441	6,764	10,100	11,527		8,998	10,198	7,425	9,763	9,116	10,432	25,015
Net income margin attributable to shareholders of parent / Net income margin attributable to owners of parent (%)	1.8	3.3	4.7	5.5		4.9	5.6	4.1	5.1	4.4	4.6	8.2
Financial Condition (Unit: million yen)												
Total assets	208,885	219,804	195,737	193,612		199,826	201,179	224,913	215,208	225,372	265,648	362,415
Total net assets	126,344	97,991	105,853	104,843		103,363	111,386	112,651	119,542	121,792	136,435	211,640
Interest-bearing debt	37,419	74,538	37,168	37,302		39,625	38,020	55,295	36,520	44,851	66,622	74,805
Cash Flows (Unit: million yen)												
Cash flows from operating activities	12,039	18,824	16,598	10,130		10,722	12,224	20,442	14,796	4,635	4,617	31,692
Cash flows from investing activities	−11,023	−18,576	17,271	−299		−299	−9,267	−3,398	−14,162	−9,457	−6,056	−46,325
Cash flows from financing activities	1,555	6,904	−40,761	−1,083		−1,675	−5,068	12,104	−27,652	−5,512	15,626	−571
Free cash flow	−4,011	10,442	21,588	1,574		10,423	2,956	17,043	634	−4,821	−1,438	−14,633
Per Share Information (Unit: yen)												
Net income per share / Basic earnings per share	34.64	68.30	114.03	130.03		101.50	114.89	83.73	109.37	105.11	121.17	278.52
Net assets per share / Equity attributable to shareholders of the parent per share	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	1,983.20
Annual dividend per share	22.0	24.5	30.0	40.0		40.0	35.0	36.0	37.0	38.0	41.0	57.0
Key Management Indicators (Unit: %)												
Shareholders' equity ratio / Equity attributable to shareholders of the parent to total assets	57.2	42.1	52.1	52.5		50.2	53.9	49.3	54.6	52.8	49.8	51.3
Return on equity / Ratio of equity attributable to shareholders of the parent (ROE)	2.9	6.4	10.4	11.3		9.0	9.8	6.8	8.5	7.7	8.3	15.7
Return on assets / Ratio of core operating income to total assets (ROA)	3.4	5.3	6.1	6.2		6.2	6.1	6.4	6.4	5.8	7.9	8.6
Dividend payout ratio	63.5	35.9	26.3	30.8		39.4	30.5	43.0	33.8	36.2	33.8	20.5
Dividend on net assets ratio / Dividend on equity attributable to shareholders of the parent (DOE)	1.8	2.2	2.7	3.5		3.5	3.0	2.9	2.9	2.8	2.8	3.2
Share price at fiscal year end	2,116	2,923	4,185	2,881		2,881	2,618	3,640	2,992	3,055	3,139	2,974
Non-Financial Information												
Number of employees*1 (persons)	2,569	2,621	2,456	2,504		2,504	2,599	2,684	2,822	2,818	2,921	3,184
Men	2,016	2,054	1,902	1,918		1,918	1,869	1,901	1,956	1,947	2,024	2,205
Women	553	567	554	586		586	730	783	866	871	897	979
Energy used*2 (thousand GJ)	1,336	1,380	1,376	1,334		1,334	1,204	2,355	2,348	2,331	2,239	2,239
Water used*2 (thousand tons)	3,828	3,628	3,442	3,247		3,247	3,137	7,517	7,868	7,685	7,758	7,289
Greenhouse gas (GHG) emissions*2 *3 (tons)	63,968	66,499	66,599	64,839		64,839	57,878	143,524	138,346	130,208	123,543	122,439

*1 Coverage is the Kagome Group.
*2 Coverage is domestic Group companies up to FY2019, and domestic Group companies + International Business subsidiaries (excluding Ingomar) from FY2020.
*3 For data for FY2020 and later, CO₂ emissions have been changed to GHG emissions (Scope 1 and 2). Data for FY2024 is preliminary as of February 2025. Data represents figures before third-party verification. Figures after verification will be published on our sustainability website. Data prior to 2019 is CO₂ emissions data. The electricity conversion coefficient for calculating CO₂ emissions is a fixed coefficient developed internally: 0.421 kg-CO₂ /kWh

Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: million yen)		
	Previous fiscal year (December 31, 2023)	Fiscal year under review (December 31, 2024)
Assets		
Current assets:		
Cash and cash equivalents	36,010	21,273
Trade and other receivables	48,426	59,432
Inventories	75,198	119,047
Income taxes receivable	206	2,506
Other financial assets	3,074	4,555
Other current assets	2,534	3,142
Total current assets	165,451	209,958
Non-current assets:		
Property, plant and equipment	60,756	82,589
Intangible assets	3,023	37,817
Other financial assets	20,323	22,320
Investments accounted for using the equity method	11,300	5,635
Other non-current assets	3,671	4,057
Deferred tax assets	1,121	36
Total non-current assets	100,197	152,456
Total assets	265,648	362,415
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Trade and other payables	36,750	44,412
Borrowings	49,876	51,176
Current portion of bonds	997	—
Income taxes payable	2,783	3,003
Other financial liabilities	903	1,015
Other current liabilities	9,118	9,605
Total current liabilities	100,430	109,213
Non-current liabilities:		
Long-term debt	13,911	21,543
Other financial liabilities	2,739	2,837
Retirement benefit liability	5,662	5,432
Provisions	1,496	1,495
Other non-current liabilities	1,261	1,557
Deferred tax liabilities	3,711	8,694
Total non-current liabilities	28,783	41,560
Total liabilities	129,213	150,774
Net Assets:		
Common stock	19,985	19,985
Capital surplus	22,756	23,287
Treasury shares	−22,398	−653
Other components of equity	13,904	23,395
Retained earnings	98,017	119,725
Interests attributable to shareholders of parent	132,265	185,740
Non-controlling interests	4,170	25,900
Total net assets	136,435	211,640
Total liabilities and net assets	265,648	362,415

Consolidated Statements of Income

(Unit: million yen)		
	Previous fiscal year From January 1, 2023 To December 31, 2023	Fiscal year under review From January 1, 2024 To December 31, 2024
Revenue	224,730	306,869
Cost of sales	144,935	207,137
Gross profit	79,794	99,732
Selling, general and administrative expenses	62,536	72,907
Equity gains (losses) of affiliated companies	2,217	270
Core operating income*	19,476	27,094
Other income	634	10,073
Other expenses	2,637	946
Operating income	17,472	36,221
Finance income	959	1,095
Finance costs	1,942	3,652
Profit before income taxes	16,489	33,665
Income taxes	4,676	6,489
Net income	11,812	27,175
Net income attributable to		
Shareholders of parent	10,432	25,015
Non-controlling interests	1,380	2,159
Total	11,812	27,175
Amounts per share of common stock		
Net income (yen)	121.17	278.52
Diluted net income (yen)	120.98	278.19

* 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.

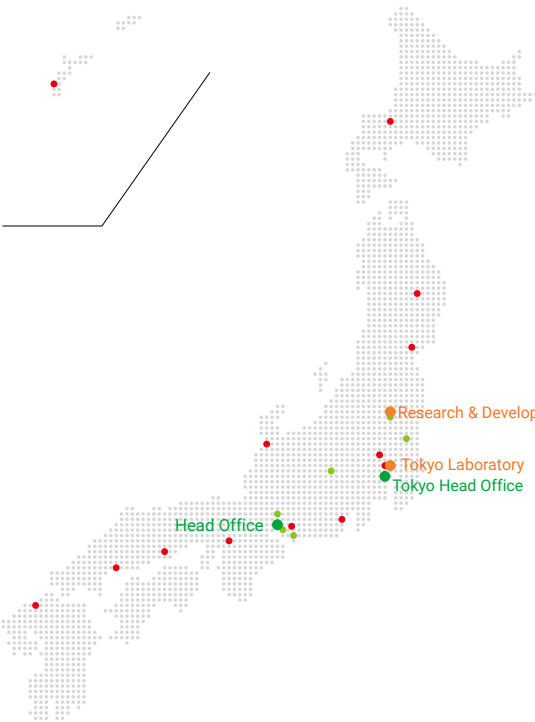
Consolidated Statements of Comprehensive Income

(Unit: million yen)		
	Previous fiscal year From January 1, 2023 To December 31, 2023	Fiscal year under review From January 1, 2024 To December 31, 2024
Net income	11,812	27,175
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	49	200
Net gains and losses from financial assets measured at FVTOCI	813	643
Share of other comprehensive income of investments accounted for using equity method, net of tax	5	5
Total	868	849
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges	4,557	1,016
Cash flow hedges costs	1,216	4,936
Exchange differences on translation of foreign operations	1,977	7,956
Share of other comprehensive income of investments accounted for using equity method, net of tax	9	43
Total	7,761	13,953
Other comprehensive income	8,629	14,802
Comprehensive income	20,442	41,978
Comprehensive income attributable to		
Shareholders of parent	18,919	38,246
Non-controlling interests	1,522	3,731
Total	20,442	41,978

Consolidated Statements of Cash Flows

	(Unit: million yen)	
	Previous fiscal year From January 1, 2023 To December 31, 2023	Fiscal year under review From January 1, 2024 To December 31, 2024
Cash flows from operating activities		
Profit before income taxes	16,489	33,665
Depreciation and amortization	8,249	12,000
Impairment losses	2,236	—
Interest and dividend income	−623	−772
Interest expenses	1,673	2,984
Gain on step acquisitions	—	−9,323
Share of (profit) loss of investments accounted for using the equity method	−2,217	−270
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	28	107
(Increase) decrease in trade and other receivables	−2,127	−1,640
(Increase) decrease in inventories	−14,780	7,198
Increase (decrease) in trade and other payables	1,014	−973
Other	−680	−321
Subtotal	9,261	42,653
Interest and dividends received	1,009	805
Interest paid	−1,381	−3,080
Income taxes paid	−4,271	−8,686
Cash flows from operating activities	4,617	31,692
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets, including investment property	−6,426	−10,943
Proceeds from sales of property, plant and equipment, including investment property	297	413
Purchase of investments in subsidiaries with changes in consolidation scope	—	−36,046
Purchase of other financial assets	−309	−215
Gain on available-for-sale financial assets	446	443
Other	−64	22
Cash flows from investing activities	−6,056	−46,325
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	9,209	−15,632
Proceeds from long-term borrowings	10,387	8,587
Repayments of long-term borrowings	−865	−5,574
Proceeds from issuance of bonds	984	—
Redemption of bonds	—	−1,000
Repayments of lease obligations	−736	−904
Dividends paid	−3,277	−3,533
Dividends paid to non-controlling interests	−72	−4,916
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	—	−1,713
Net (increase) decrease in treasury shares	−2	23,129
Income by settlement in derivatives	—	985
Cash flows from financing activities	15,626	−571
Net increase (decrease) in cash and cash equivalents	14,187	−15,205
Cash and cash equivalents at the beginning of period	21,390	36,010
Foreign translation adjustment on cash and cash equivalents	433	468
Cash and cash equivalents at end of period	36,010	21,273

Trade name:	Kagome Co., Ltd.	Common stock:	19,985 million yen
Founded:	1899	Number of employees:	3,184 (consolidated)
Incorporated:	1949	Business locations:	Head Office, Tokyo Head Office, 8 branches, 5 business offices, 6 plants, Research & Development Division, and Tokyo Laboratory
Head Office:	3-14-15, Nishiki, Naka-ku, Nagoya, Aichi Tel. +81-52-951-3571 (Main)	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
Tokyo Head Office:	Nihonbashi-hamacho F-Tower, 3-21-1 Nihonbashi-hamacho, Chuo-ku, Tokyo Tel. +81-3-5623-8501 (Main)	Securities code:	2811



● Branches and business offices		
Hokkaido Branch	Shizuoka Business Office	Kyusyu Branch
Tohoku Branch		Okinawa Business Office
Kita-Tohoku Business Office	Hokuriku Business Office	
Tokyo Branch	Osaka Branch	
Kanshinetsu Branch	Chu-Shikoku Branch	
Nagoya Branch	Okayama Business Office	
● 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, Associates and Business Locations

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

Stock Information As of December 31, 2024

Status of Shares

Number of shares outstanding:
93,886,944 shares

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

Number of shares per unit:
100 shares

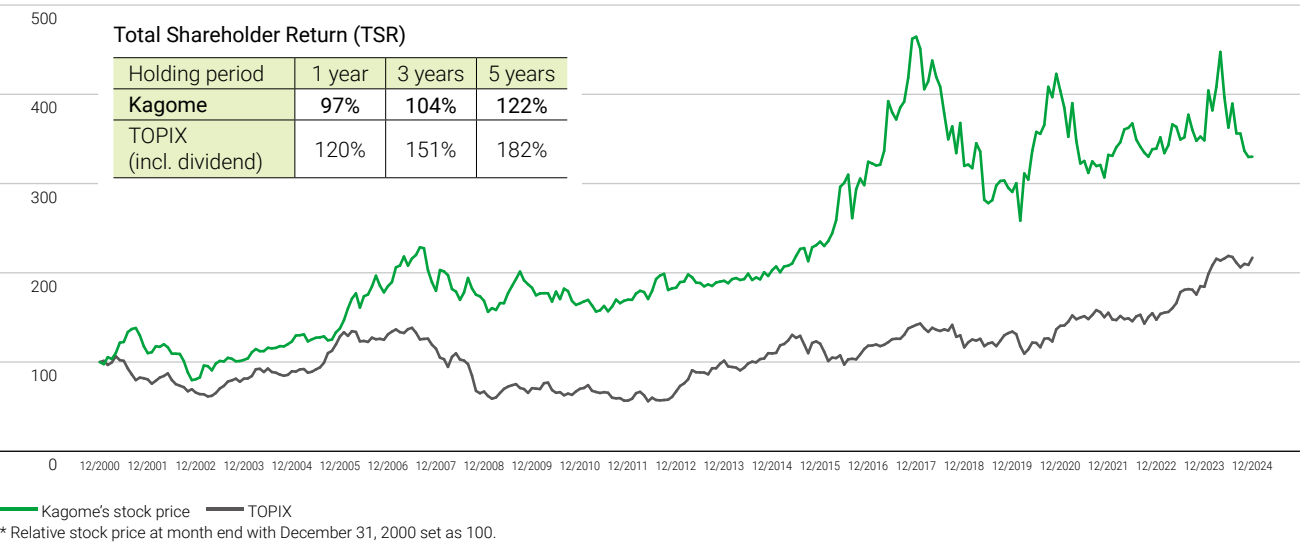
Number of shareholders:
221,213 persons

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)	12,634	13.47
Dynapac Co., Ltd.	4,379	4.67
Custody Bank of Japan, Ltd. (account in trust)	3,649	3.89
Toshichika Kanie	1,412	1.50
STATE STREET BANK AND TRUST COMPANY 505001	1,089	1.16
STATE STREET BANK WEST CLIENT-TREATY 505234	1,042	1.11
Kagome Employee Stock Ownership Plan	1,004	1.07
Kagome Business Association	960	1.02
JP MORGAN CHASE BANK 385781	939	1.00
JPMorgan Securities Japan Co., Ltd.	881	0.94
Total	27,996	29.83

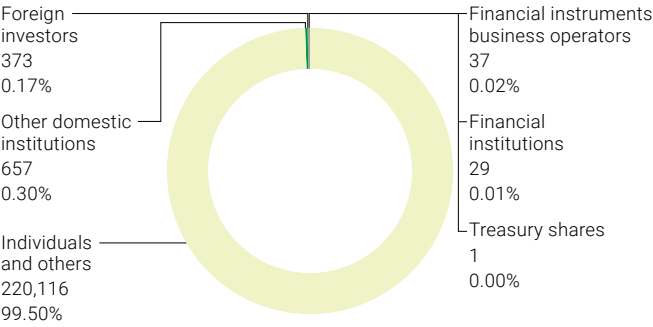
* Shareholding ratio is calculated excluding 129,000 treasury shares. Note that treasury shares do not include the 100,000 shares of the Company's stock owned by The Master Trust Bank of Japan, Ltd. (account in trust) established at the introduction of the director remuneration Board Incentive Plan trust.

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

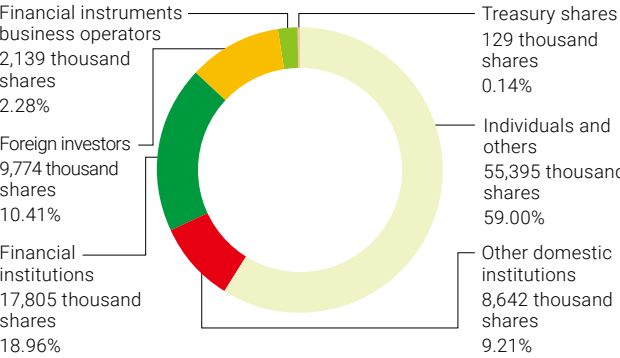


Status of Share Distribution

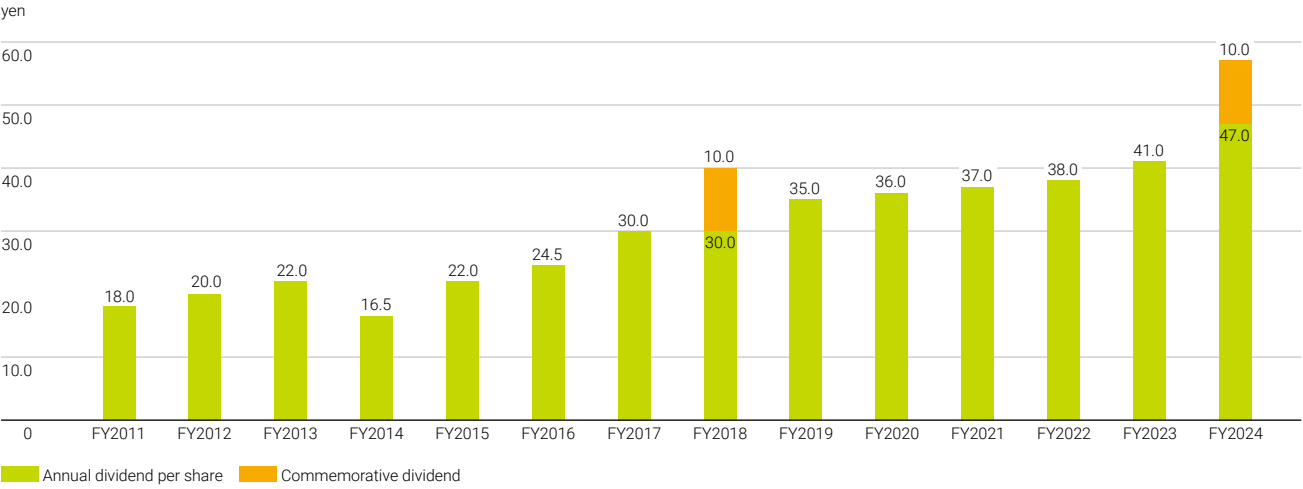
Distribution by Shareholder Type



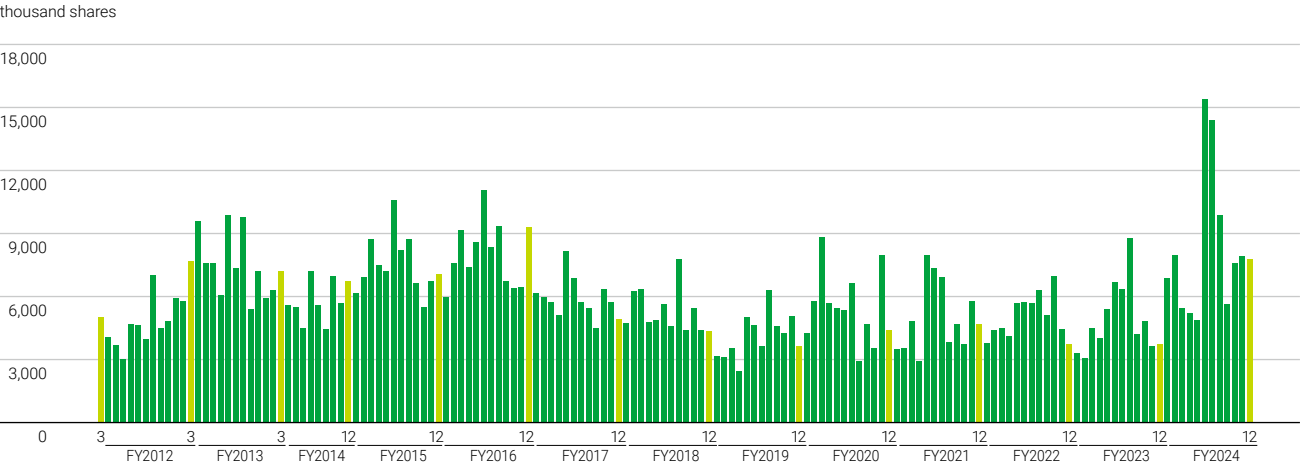
Distribution by Number of Shares



Annual Dividend per Share



Changes in Trading Volume



Trends in the Number of Shareholders

