

March 4, 2026 Small Meeting

Question and Answer Session

Harunobu Okuya, Representative Director, President & CEO

Takeshi Saeki, Director & Managing Executive Officer, CFO and CRO

<Sell Side>

Q1

You mentioned that Kagome's head office will take the lead in total optimization initiatives for the International Business. What areas should be strengthened going forward?

A1 (Okuya)

We are looking to strengthen our planning and execution capabilities for determining the direction of the Kagome Group's International Business. We believe it is essential to effectively drive forward the areas where the head office must exercise control.

A1 (Saeki)

To strengthen our planning capabilities and other functions, the reliability of our financial data is a must. To this end, we have invested resources to establish a robust framework, including the dispatch of expatriates from the Finance & Accounting Department to our major overseas subsidiaries. Furthermore, these expatriates report directly to the Finance & Accounting Department, and their performance evaluations are conducted by the department itself, ensuring the reliability of our financial data.

Q2

The International Business operates under a company structure. As the head office builds a global supply chain, could you explain how the organization will evolve in terms of strategy and execution?

A2 (Okuya)

It is crucial for the department responsible for the strategy of the International Business to shift its perspective. Rather than focusing solely on optimizing subsidiaries as in the past, the question is whether we can adopt a group-wide perspective to determine what level Kagome Food International Company* (KFIC) should achieve to meet the ROE target of 9% or higher.

Rather than simply aiming to boost the ROE of each subsidiary, we need to evolve our systems so that the head office can proactively determine the well-balanced, optimal allocation of resources, identifying areas where we should pursue greater growth and those where we need not invest more resources than necessary.

On the other hand, conflicts of interest and differences in perspective often arise between the head office and subsidiaries. Therefore, to steer the company effectively toward the targets set by the head office, it is crucial to adopt a new mindset and ensure that the right people are in place to get the job done and achieve these targets.

More than simply reviewing the organizational structure itself, we place a high priority on the strategy department adopting a perspective focused on what the head office should achieve and transforming the organization into one capable of driving the growth of our International Business.

*Kagome Food International Company: The name of the company organization responsible for Kagome's International Business. Formerly this was known as the International Business Division.

Q3

What is your vision for Kagome's global supply chain?

I understand that in North America, you have an integrated value chain, spanning from upstream to downstream, and that in Europe, an integrated value chain has also begun to take shape with the acquisition of distributor Silbury in January 2026. With that in mind, what do you consider to be the "missing pieces" at this stage that are necessary to complete your global supply chain moving forward.

A3 (Okuya)

To complete our global supply chain, it is essential that we establish a system capable of optimally determining what to supply from which region—particularly for our global food service business—and implementing those decisions. In addition to establishing an optimal supply system that considers exchange rates and tax systems, sharing the knowledge we have gained in the United States, Europe, and Australia, such as recipes and processing technologies, to provide consistent value to our customers will be a major competitive advantage moving forward.

We recognize that further enhancing this "optimal supply mechanism" and our "solution capabilities through knowledge sharing" represent the missing pieces at this stage and are areas we need to strengthen moving forward.

Q4

What led you to redefine ROE as your top key performance indicator? Could you explain the background and the reasons behind this shift in perspective?

A4 (Okuya)

We have long regarded ROE as a key performance indicator, but this time we have made that position

clearer to external stakeholders.

This is my personal commitment to our external stakeholders, and I wanted to raise awareness of capital efficiency within the company.

In the past, sales and production departments often prioritized top-line growth and securing supply, with discussions on capital efficiency taking a back seat. Going forward, each department will set clear targets for improving ROE, establish mechanisms to link these targets to frontline KPIs, and shift toward actions that will actually boost ROE.

A4 (Saeki)

In addition, there is the issue that our stock price does not fully reflect the growth in earnings per share. Furthermore, as we pursue strategic investments and M&A, there is a growing need to pay even greater attention to our financial structure and capital efficiency. For these reasons, we have explicitly identified ROE as our top priority to clearly demonstrate our capital efficiency to the market and drive sustainable enhancement of corporate value.

Q5

During the briefing, it was mentioned that “the first half of 2026 will be an important time for crystallizing the Mid-Term Management Plan.” What initiatives will you be focusing on over the next six months?

A5 (Okuya)

The most critical task is to define the specifics of our strategy and translate them into a concrete action plan. In particular, we aim to develop our plans regarding the strengthening of our revenue base, the growth of our International Business, the commercialization of new value domains, and strategic investments to a level where we can clearly communicate them to external stakeholders.

Another important initiative is aligning our employees' mindsets. While we have established our Mission, Vision, and Values as the guiding principles for the entire Kagome Group, there is still a gap between these principles and how each business site and Group company takes ownership of them. To bridge this gap and create an environment where everyone is moving in the same direction, I am currently traveling across the country to engage in direct dialogue with employees and get everyone on the same page.

Q6

What actions are you taking to foster a sense of unity as “Team Kagome” to achieve consolidated core operating income targets. What is the status of the platform you have established to facilitate discussions among the heads of overseas subsidiaries? I believe the growth of your International Business will have a significant impact on future M&A activities

and consolidated performance. At what stage is this platform currently? How do you plan to strengthen it going forward?

A6 (Okuya)

Our International Business was restructured into a separate company in 2023. Following this, a sense of collaboration within KFIC and a shared management mindset as part of the Kagome Group are beginning to take shape. The key priority for the next phase is to ensure a strong connection between KFIC and the Group's other divisions and subsidiaries.

I attend the monthly CEO meetings, which include the heads of the subsidiaries in our International Business, at least once every quarter, and I always convey the following message.

- The Kagome Group's current standing, including consolidated financial results and stock price, etc.
- Economic value and non-economic value: the two value pillars we must enhance simultaneously
- The perspective that each CEO wears two hats: as the "head of their respective subsidiary" and as a "member of the management team for the International Business"

We will clarify the roles and contributions of KFIC and each CEO to move toward integrated management across the entire consolidated Group.

Q7

In addition to improving the quality of financial data, what new roles will be expected of the Finance & Accounting Department to support future business growth and the expansion of consolidated earnings? Do you think it will be necessary to strengthen its strategic functions?

A7 (Saeki)

We recognize that, to improve our consolidated performance going forward, "financial data quality" alone is insufficient; rather, the Finance & Accounting Department must play a more strategic role linked to managerial accounting and productivity improvements. Many of our overseas subsidiaries engage in manufacturing and sales. Therefore, operations must be managed with a focus on whether assets are being utilized efficiently, how to improve productivity, and whether the cost structure is appropriate. In this area, we need a system in which the head office's Finance & Accounting Department collaborates with the accounting departments at overseas subsidiaries, KFIC, and technical departments to promote the advancement of managerial accounting that directly contributes to profit generation.

Through functions such as improving the quality of financial data, enhancing managerial accounting to

boost productivity, and establishing systems for comparative analysis that include overseas subsidiaries, we aim for the Finance & Accounting Department to become more deeply involved in business operations and play a role in contributing to profit generation.

Q8

What is the rationale for maintaining a primary processing business that exhibits volatility in profitability?

A8 (Okuya)

The core of our business is “processed agricultural products,” and we believe that by being involved from the raw materials stage, we can maximize the value we ultimately provide.

Our International Business is primarily B2B. A key characteristic is that a significant portion of the value added to our products stems from upstream factors such as raw materials quality, stable supply, and processing technology. While this approach does make our earnings more susceptible to fluctuations, we strategically view our primary processing operations as essential because we believe that building value from the raw materials stage enhances the competitiveness of our B2B business and ultimately leads to enhanced corporate value in the long term.

Q9

While tomato paste is generally regarded as a commodity, the Kagome Group believes that maintaining a primary processing business is a key differentiator. Could you explain why?

A9 (Okuya)

Tomato paste is often regarded as a commodity because there is little variation in its taste or basic quality. However, we believe that having primary processing operations is the very source of our competitive advantage. For example, while the agricultural sector is considered to have a significant environmental impact, including greenhouse gas emissions, by handling primary processing in-house, we can identify exactly which processes generate what amount of environmental impacts and implement reduction measures while introducing new technologies. We view this as a differentiating factor, one that companies sourcing tomato paste from manufacturers cannot achieve, and consider it a key strength of our business.

Q10

You mentioned that a stable supply is a key source of the Kagome Group’s competitiveness. On the other hand, in China, the production volume of processing tomatoes fluctuates significantly from year to year. Can supply volume truly be a source of competitiveness in the global market? Could you please share your thoughts on this again?

A10 (Okuya)

If the short-term mindset is that “cheap is good” or “it doesn't matter if supply drops to zero next year,” then even regions where production volumes fluctuate significantly from year to year can still be strong competitors.

At the same time, we place great importance on establishing a system that ensures a stable supply over the long term. While processing tomatoes are a crop subject to significant fluctuations between bumper and poor harvests, we believe that our ability to consistently supply the required quantity and quality regardless of the year is a key value for our customers and a source of the Kagome Group's competitive strength.

Q11

The core operating income margin for your Domestic Processed Food Business in fiscal 2025 was approximately 10%. Is there any room for improvement?

A11 (Okuya)

Domestically, the population continues to decline and manufacturing costs continue to rise. Even in this environment, we will steadfastly pursue cost-reduction initiatives while leveraging the Kagome Group's strengths to maintain and improve our current core operating income margin.

Q12

Can you explain how the strengths of the domestic and international value chains positively influence each other?

A12 (Okuya)

Not everything aligns perfectly because the business structures differ—B2C domestically and B2B internationally. However, we believe that our domestic expertise, such as proposals for convenience stores, can be applied in the U.S. as well. Our experience with the value chain of our overseas operations and menu proposals for food service customers has the potential to benefit our domestic business. In fact, our domestic and international teams began collaborating on menu development in 2025.

Furthermore, in countries like India, where the tomato processing industry is still in its infancy, I firmly believe there will be opportunities to leverage the experience we have gained domestically in areas such as capital investment and engagement with farmers.

Q13

I understand that the tomato processing industry in India is still in its infancy. When do you expect it to enter a growth phase?

A.13 (Okuya)

While it is currently impossible to pinpoint exactly when India's processing tomato market will enter a full-fledged growth phase, we feel that this turning point is approaching. In India, demand for dining out and home meal replacements is growing rapidly. For example, the number of outlets operated by a certain American global pizza chain has expanded to its second-largest in the world, trailing only its home market of the United States. We believe it is important for Kagome to first solidify its business foundation by focusing on the food service sector, particularly quick-service restaurants.

In the long term, we are preparing for the "core growth phase," during which the current practice of cooking fresh tomatoes at home will shift toward processed products as lifestyles and work styles evolve, leading to market expansion.

A.13 (Saeki)

Given India's large population and the rapid growth of its food service industry, we believe there is significant potential for expanding our B2B model. However, to establish a primary processing operation, a stable supply of raw tomatoes is essential, and we are currently exploring ways to build a procurement network directly from farms.

<Buy Side>

Q1

Can you outline the key initiatives to prioritize in the short term, the structural reforms to be implemented in the medium term, and, from a long-term perspective, any initiatives that could serve as new pillars of growth beyond the current trajectory? Can you provide specifics about the themes to be addressed for each time horizon?

A1 (Okuya)

Our short-term (one-year) initiative is to strengthen the revenue base of our existing businesses. In our Domestic Processed Food Business, we will work to solidify our revenue base while stimulating demand, despite ongoing fluctuations in demand following price revisions and rising costs of raw materials and supplies. In our International Business, key themes include cost reduction and intensifying efforts to increase sales volume of secondary processed products.

In the medium term (three years), we will focus on laying the groundwork for international growth and on strategic investments and structural reforms—both organic and inorganic—aimed at achieving our ROE target of 9% or higher.

In the long term (10 years), we view this period as an opportunity to cultivate new value domains,

such as expanding our food and agriculture well-being services and pioneering an Earth-positive tomato business, and to establish future pillars of growth.

Q2

I imagine monetizing the well-being domain presents certain challenges. How confident are you in this venture at present? Also, could you share your perspective on the hurdles involved in establishing this domain as a viable business?

A2 (Okuya)

As a company that delivers health value from agriculture, we believe that well-being is a particularly well-suited area for us. We need to determine over the course of our Mid-Term Management Plan how best to leverage the tangible and intangible strengths we have cultivated over many years, as well as the scale and timing of commercialization. While this is a challenging venture, we will continue to explore options so that we can present concrete plans at some point in the future.

Q3

I believe that implementing ROIC management is key to ensuring a balanced approach to investment. Regarding the introduction of such, could you share the time horizon you have in mind for its implementation? Short or medium?

A3 (Saeki)

We plan to introduce the framework during fiscal 2026 and proceed with preparations so that it can be implemented as a department-level KPI when formulating the fiscal 2027 budget. We have already made progress in laying the groundwork, such as visualizing inventory reduction and asset turnover using the ROIC tree. Going forward, we will break down the indicators needed to achieve the ROE target of 9% or higher to the departmental level.

Q4

I would like to ask about the ROE target of 9%. Is this 9% level appropriate for Kagome?

A4 (Saeki)

We have determined that the ROE target of 9% is not merely an aspirational goal, but a level that is appropriate for us to consistently exceed the cost of shareholders' equity (generally 5 to 6%) and earn the recognition of our investors. Furthermore, this target includes the utilization of our 50-billion-yen strategic investment allocation.

We have set a target of reaching ROE of 12% or higher by 2035, so we view 9% as a milestone on the way to achieving even greater results.

Q5

Can you explain the Kagome Group's competitive advantages in the secondary processing business within the International Business?

A5 (Okuya)

Our competitive advantage lies in the value chain and solution-providing capabilities we have established in the United States. Over many years, we have built a robust value chain in the United States that spans primary to secondary processing. This ensures stable raw materials procurement, consistent quality, and reliable supply capacity. Particularly in the quick-service restaurant sector, or fast food, our strength lies not only in supplying products but also in our ability to resolve customer challenges by taking things a step further to offer menu item proposals and operational improvements.

Our long-term goal is to roll out this successful model across all regions and evolve it into a globally unified secondary processing business.

Q6

Kagome's ROE has declined from fiscal 2021 through to fiscal 2025. What are the reasons for this?

Also, could you explain your strategy for achieving ROE of 9% by fiscal 2028?

A6 (Okuya)

The decline in ROE beginning in fiscal 2021 was primarily due to a significant increase in inventories and fixed assets following the consolidation of Ingomar as a subsidiary in fiscal 2024. Going forward, we will leverage the foundation we have established for our International Business to implement cost-reduction measures and other initiatives, thereby improving ROE.

A6 (Saeki)

We project that organic growth alone will not be sufficient to reach ROE of 9% in 2028, causing it to remain in the 8% range. We plan to bridge this gap through improved profit margins, enhanced working capital efficiency, and inorganic growth driven by strategic investments of 50 billion yen.

Q7

What kind of investments do you envision using the 50-billion-yen strategic allocation outlined in the new Mid-Term Management Plan?

A7 (Saeki)

We will pursue appropriate M&A and investments in new value domains, such as strengthening our secondary processing business in the United States and Europe as part of our International Business, expanding our food and agriculture well-being services and pioneering an Earth-positive tomato

business.

The 50-billion-yen strategic investment allocation is not a fixed limit that must be fully utilized; rather, we intend to respond flexibly to opportunities that contribute to growth, even if this exceeds 50 billion yen.

Q8

Regarding the tomato and other secondary processing category in the International Business segment, you are projecting a core operating income margin of 7.5% for fiscal 2026 and 9% for fiscal 2028. Can you explain the assumptions and background behind these projections?

A8 (Okuya)

As a strategy to improve profitability by fiscal 2028, we are focusing on two key areas: improving manufacturing efficiency as well as developing and expanding our lineup of high-value-added products.

The former will improve profitability by reducing costs, enhancing productivity through manufacturing process improvements, and optimizing equipment utilization, while the latter will do so by strengthening sales and marketing capabilities to identify customer issues, translate them into solution proposals, and develop high-value-added products.

Q9

What is the current status of and future plans for your business in India?

A9 (Okuya)

India's tomato processing industry is still in its infancy, and while it is currently impossible to pinpoint exactly when it will enter a phase of full-scale growth, we feel that a turning point is approaching. Demand for dining out and home meal replacements is growing rapidly in India, as evidenced by the fact that the number of outlets operated by a certain global pizza chain has risen to its second-largest in the world, trailing only its home market of the United States. We believe it is important for Kagome to first solidify its business foundation by focusing on the food service sector, particularly quick-service restaurants.

In the long term, we are preparing for the "core growth phase" in which the current practice of cooking fresh tomatoes at home will shift toward processed products as lifestyles and work styles evolve, leading to market expansion.

Q10

Your Mid-Term Management Plan typically focuses on “what to do.” If applicable, can you share what you “will not” be doing?

A10 (Okuya)

As part of our Mid-Term Management Plan, we have decided not to enter “disconnected” domains that are far removed from our core strengths and assets. While it is necessary to take on new business domains to drive growth, our policy is not to venture into fields with which we have little connection, particularly in terms of asset efficiency.

A10 (Saeki)

The same applies to M&A. We will not engage in M&A with organizations that do not take governance, compliance, and accurate financial reporting seriously. Since integration with a partner whose values differ significantly from ours is unlikely to succeed, our policy is to work exclusively with companies that share our perspective or understand our approach.

Q11

Regarding Ingomar, profitability is expected to decline in fiscal 2026 due to worsening market conditions for tomato paste, and core operating income margin for the primary processing category as a whole is also projected to fall. However, the core operating income margin is expected to improve by fiscal 2028. Could you please explain the assumptions underlying this forecast, such as market outlook and cost improvements?

A.11 (Okuya)

We believe that the market for tomato paste will continue to decline in fiscal 2026. For tomato paste produced and processed in fiscal 2027 and beyond, we have formulated our Mid-Term Management Plan based on the assumption that prices will remain largely flat starting in fiscal 2026. Looking ahead to fiscal 2028, we plan to improve core operating income margin not through market fluctuations, but through initiatives such as reducing production costs and increasing the sugar content of processing tomatoes.

Q12

I understand that when the selling price of tomato paste falls, profits from primary processing decrease, but profits from secondary processing increase due to lower procurement costs. Could you explain the current situation?

A12 (Okuya)

Since primary processing is linked to the supply and demand for tomato paste, profits are squeezed when market conditions deteriorate. In secondary processing, products such as pizza sauce that use tomato paste as a raw material may be partially affected by market conditions due to price reduction

pressure from customers.

Kagome Inc. in the United States also handles non-tomato-based products, such as oil sauces and Asian-style sauces, which helps mitigate the impact of market conditions on tomato paste to some extent.

Q13

I feel that sell-side analysts tend to evaluate companies on a shorter time horizon than buy-side analysts. Based on this meeting, could you tell me what you feel are the key expectations for management?

A13 (Okuya)

While sell-side analysts appreciate our business policy, I strongly sensed an expectation that we need to clearly demonstrate short-term results. I understand the message that market evaluation depends not only on integrity but also on being backed by concrete short-term financial results.

A13 (Saeki)

From the sell-side, I sense a very high level of interest in financial indicators, including ROE. With the expansion of our International Business and ongoing large-scale investments, I felt it was necessary to demonstrate our approach to financial structure more clearly than ever before.

Q14

How do you characterize Kagome's decision-making process? How do you believe this influences the company, both positively and negatively?

A14 (Okuya)

Our decision-making process has long been rooted in a culture that prioritizes consensus and values integrity. However, as we enter an era that demands transformation, we recognize that there will be times when we must move forward even if not everyone agrees, and we believe striking the right balance is crucial.