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For Immediate Release

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Securities Code: 2811

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Notice Concerning Determination of Details of Demerger (Simplified Absorption-type Demerger)

Under the policy described in “KAGOME Determines Policy to Demerge Domestic Agriculture Business by Establishing Kagome Agri-Fresh Co., Ltd. for Demerging” dated July 29, 2020, KAGOME CO., LTD. (the “Company”) hereby announces that it resolved at a meeting of the Board of Directors held today to conclude an absorption-type demerger agreement (the “Agreement”) that sets forth the transfer of its domestic agriculture business through a demerger (absorption-type demerger) to Kagome Agri-Fresh Co., Ltd. (“KAF”). Details are as follows.

Since it is a simplified absorption-type demerger to a wholly owned subsidiary, some items and details have been partially omitted in the disclosure.

1. Objectives of the demerger

As announced in “KAGOME Determines Policy to Demerge Domestic Agriculture Business by Establishing Kagome Agri-Fresh Co., Ltd. for Demerging” as of July 29, 2020, the Company established KAF on October 1, 2020 for the purpose of further enhancing the value of its domestic agriculture business, and the business is scheduled to be transferred to KAF through a demerger. This allows the Company to expedite decision-making process regarding strategies and other matters for the domestic agriculture business, promote concentration and efficient use of business resources and establish a strong corporate governance system, among other initiatives.

2. Outline of the demerger

(1) Schedule of the demerger

Board resolution for approval of absorption-type demerger agreement	November 20, 2020 *1
Conclusion of absorption-type demerger agreement	November 20, 2020 *1

Effective date of demerger January 1, 2021 (planned)

*1: By reason of clerical procedures, the date has been changed from the original plan (October 23, 2020).

*2: The demerger will be executed without obtaining approval by resolution at a general meeting of shareholders of the Company in accordance with Article 784, Paragraph 2 of the Companies Act.

(2) Method of the demerger

It is an absorption-type demerger (simplified absorption-type demerger) in which the Company is the demerging company and KAF is the succeeding company.

(3) Share allotment relating to the demerger

As the Company owns all shares of KAF, there will be no allotment or issuance of shares, etc. associated with the demerger.

(4) Treatment of share acquisition rights and bonds with share acquisition rights arising from the demerger

Not applicable.

(5) Increase or decrease in capital stock as result of the demerger

There will be no increase or decrease in capital stock of the Company as a result of the demerger.

(6) Rights and obligations assumed by the succeeding company

KAF will succeed the assets, liabilities, contracts and other rights and obligations concerned with the domestic agriculture business as of the effective date of demerger within the scope provided for in the absorption-type demerger agreement.

(7) Outlook for the performance of liabilities

The Company foresees no problems to the fulfilment of its liabilities to be assumed by the Company on and after the effective date of the demerger.

3. Overview of the companies participating in the demerger

	Demerging company	Succeeding company
(1) Name	KAGOME CO., LTD.	Kagome Agri-Fresh Co., Ltd.
(2) Location	3-14-15 Nishiki, Naka-ku, Nagoya-shi, Aichi Prefecture	3-21-1 Nihonbashi-hamacho, Chuo-ku, Tokyo
(3) Name and title of	Representative Director &	Representative Director &

representative	President Satoshi Yamaguchi	President Shinsuke Habutsu
(4) Business activities	Production and sales of food seasonings, beverages and other food products	Sourcing, producing and selling fruit and vegetables
(5) Capital stock	19,985 million yen	50 million yen
(6) Established	August 1, 1949	October 1, 2020
(7) Number of outstanding shares	94,366,944 shares	5,000 shares
(8) Accounting period	December 31	December 31
(9) Major shareholders and their shareholding ratios	1. Japan Trustee Services Bank, Ltd.: 9.33% 2. Dynapac Co., Ltd.: 4.97% 3. The Master Trust Bank of Japan, Ltd.: 4.74% (as of June 30, 2020)	KAGOME CO., LTD.: 100% (as of November 20, 2020)
(10) Financial position and operating results of the immediately preceding fiscal year	Demerging company	Succeeding company
Accounting period	Fiscal year ended December 31, 2019 On a consolidated basis: International Accounting Standards	Not applicable because the Company was established on October 1, 2020
Total capital stock	111,386 million yen	
Total assets	201,179 million yen	
Equity attributable to owners of the parent per share	1,219.47 yen	
Revenue	180,849 million yen	
Core operating income	12,304 million yen	
Operating income	14,079 million yen	
Net income attributable to shareholders of the parent	10,198 million yen	
Net income per share	114.89 yen	

4. Outline of the business divisions to be succeeded

(1) Details of the business to be succeeded

- (i) Fresh tomatoes business
- (ii) Baby leaf business
- (iii) Household gardening materials business
- (iv) Agri-support business

(2) Operating results of the businesses to be succeeded

Revenue: 8.4 billion yen (fiscal year ended December 31, 2019)

(3) Items of assets and liabilities to be succeeded and their book values

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	100 million yen	Current liabilities	—
Non-current assets	—	Non-current liabilities	—
Total	100 million yen	Total	—

(Note) As the above figures are calculated based on the balance sheet as of October 31, 2020, the actual values to be succeeded will be based on any increase or decrease to the book values above up to the day prior to the effective date of the demerger.

5. Status of the company after the demerger

	Demerging company	Succeeding company
(1) Name	KAGOME CO., LTD.	Kagome Agri-Fresh Co., Ltd.
(2) Location	3-14-15 Nishiki, Naka-ku, Nagoya-shi, Aichi Prefecture	3-21-1 Nihonbashi-hamacho, Chuo-ku, Tokyo
(3) Name and title of representative	Representative Director & President Satoshi Yamaguchi	Representative Director & President Shinsuke Habutsu
(4) Business activities	Production and sales of food seasonings, beverages and other food products	Sourcing, producing and selling fruit and vegetables

(5) Capital stock	19,985 million yen	375 million yen
(6) Accounting period	End of December	End of December

Note: Apart from the demerger, the Company plans to increase the capital stock of KAF as funds to start a business. As a result, the capital stock of KAF (the succeeding company) will increase to 375 million yen.

6. Future prospect

As the planned demerger will be implemented between the Company and a wholly owned consolidated subsidiary, its impact on the Company's consolidated financial results will be insignificant.

(Reference) Consolidated operating results forecast for the current fiscal year (announced on July 29, 2020) and actual results for the previous fiscal year

Unit: million
yen

	Revenue	Core operating income	Operating income	Net income attributable to shareholders of the parent
Financial results forecast for current fiscal year (full year) (fiscal year ending December 31, 2020)	181,400	12,400	12,900	8,700
Actual results for the previous fiscal year (full year) (fiscal year ended December 31, 2019)	180,849	12,304	14,079	10,198