

A History of Creating Value

The history of the KAMEDA SEIKA Group began when we started to make *mizuame* – a thick, clear and sticky starch syrup – with an ambition to “deliver enjoyment and delight to people’s lives” during the food shortages in Japan immediately after World War II. With a mission to provide deliciousness and enjoyment through safe and reliable products, we aim to be a brand that is loved and trusted by people all over the world. In light of all the changes in the operating environment for food companies, we will continue to strive for sustainable growth and improved corporate value.

Social Background

KAMEDA SEIKA's Path

Business Portfolio Changes

Net Sales

(Millions of yen)



- Rapid economic growth
- Baby boom
- Mass consumer society
- Oil crisis

1946-1980s

Rapid post-founding growth into Japan's leading rice cracker company, forming the foundation of the business

Founded in 1946 as a consignment processing plant for *mizuame* starch syrup. Following incorporation in 1957, the Company grew rapidly by establishing a pioneering mass-production system for rice crackers, creating a nationwide sales network and developing technologies with the opening of a research center to become number one in sales in Japan's rice cracker market in 1975. In 1984, it became the first company in the rice cracker industry to publicly list its stock. By leveraging its strengths, including product development tailored to contemporary conditions and a powerful distribution network, KAMEDA SEIKA solidified its position as the leading company in the industry.

Domestic Rice Cracker

- 1946 Established the KAMEDA Farmers' Association consignment processing plant
- 1950 Reorganized into the KAMEDA Agricultural Products Cooperative Association
- 1957 Reorganized into KAMEDA SEIKA CO., LTD. Formulated Mission Statement, Management Philosophy and Basic Management Policy
- 1960 Opened research center
- 1966 Kaki-no-Tane with Peanuts released
- 1975 Reached No. 1 in net sales in the Japanese domestic rice cracker market
- 1976 Happy Turn released
- 1984 Listed on the Niigata Stock Exchange
- 1989 Capital and business alliance with SESMARK FOODS, INC. (currently TH FOODS, INC.)



- Rising awareness of food safety
- Burst of Japan's economic bubble
- Diversifying consumer needs
- Aging society

1990-2000s

Aggressive overseas expansion aimed at becoming a "Global Food Company"

In the 1990s, business performance weakened due to the recession that followed the bursting of Japan's bubble economy and a market slump caused by a domestic rice shortage. The Company implemented structural reforms and began entering overseas markets to achieve sustainable growth. Starting in 1989 through a capital and business alliance with SESMARK FOODS, INC. (currently TH FOODS, INC.) of the United States, overseas expansion accelerated with the establishment of a joint venture in Vietnam and Group companies in China and the United States.

Domestic Rice Cracker Overseas

- 1992 Niigata Yusou Co., Ltd. and Ajicul Foods Co., Ltd. (currently Ajicul Co., Ltd.) became Group companies
- 1993 Eunoss Road Niigata KK (currently N.A.S. Co., Ltd.) became a Group company
- 1996 Invested in HAIHA-KAMEDA JOINT VENTURE CO., LTD. (dissolved in 1998)
- 2000 Listed on the Second Section of the Tokyo Stock Exchange
- 2003 Established Qingdao Kameda Foods Co., Ltd.
- 2004 Toyosu Co., Ltd. became a Group company
- 2005 Nisshin Seika Co., Ltd. became a Group company
- 2005 Established Kameda Transport Co., Ltd.
- Established Tianjin Kameda Food Co., Ltd. (all equity transferred in 2012)
- 2008 Established KAMEDA USA, INC.



- Rising health awareness
- Adoption of the SDGs
- COVID-19 pandemic
- Heightening of geopolitical risks

2010 onward

Transition from a rice cracker and snack manufacturer into a food company providing value through "Better For You" foods

Mary's Gone Crackers, Inc. was a pioneer of the "Better For You" philosophy in the United States, and adding it to the Group has enabled further expansion overseas. Meanwhile, KAMEDA SEIKA has been working to expand its business into foods other than rice crackers, based on its many years of research into rice. In its medium-term business plan formulated in FY2018, the Company stated that it would make a full-scale expansion from the rice cracker and snack industry into the food industry and has been conducting initiatives for sustainable growth. It has also worked proactively to strengthen corporate governance, building a mechanism for ensuring management transparency, fairness, planning and speed.

Domestic Rice Cracker Overseas Food

- 2012 Changed listing to the First Section of the Tokyo Stock Exchange
- Mary's Gone Crackers, Inc. became a Group company
- 2013 Onisi Foods Co., Ltd. became a Group company
- Established THIEN HA KAMEDA, JSC.
- 2015 Formulated Mission and Vision
- 2017 Established Daawat KAMEDA (India) Private Limited
- 2018 Established LYLY KAMEDA CO., LTD.
- 2019 Maisen Co., Ltd. and Maisen Fine Foods Co., Ltd. became Group companies
- 2020 Established Singha Kameda (Thailand) Co., Ltd.
- 2021 TAINAI Co., Ltd. became a Group company
- THIEN HA KAMEDA, JSC. became a consolidated subsidiary



FY2021 Net Sales

¥85,163

million

Note: Consolidated net sales from FY2001. From FY2021, figures are presented after applying the Accounting Standard for Revenue Recognition.

Creating Value by Combining Our Many Strengths

Loved by many customers, KAMEDA Kaki-no-Tane and Happy Turn are bestsellers for KAMEDA SEIKA. Behind the success of these products is a history of innovation and challenges as we have worked to deliver deliciousness and delight to as many people as possible.

Kaki-no-tane itself was actually invented around 1924. KAMEDA SEIKA began selling kaki-no-tane by weight in 1950, and then offering it in packages around 1960. We launched Kaki-no-Tane with Peanuts in 1966, and have since created new markets by expanding our product lineup and sales channels in ways such as selling products customized for department stores, offering limited regional editions of products and expanding overseas. Similar products periodically appear, but we have differentiated our brands through continuous innovation. Currently, KAMEDA Kaki-no-Tane has a market share of 72.2%* in the kaki-no-tane category.

We will continue to innovate and take on challenges to create products that are loved by customers.

* Source: SRI+® (Nationwide Retail Store Panel Survey) by INTAGE Inc., cumulative sales by brand from April 2021 to March 2022



▲ 1966
Kaki-no-Tane with Peanuts released



▲ 1977
Released Fresh Pack, the first kaki-no-tane six-pack



▲ 1989
Became the first rice cracker manufacturer to prevent peanuts from oxidizing by filling individual packages with nitrogen



▲ 1994
Differentiated brands by using a blue ribbon on packages to counter falling prices brought on by the appearance of similar products



▲ 2016
The first TANEBITS shop themed around KAMEDA Kaki-no-Tane opened



▲ 2017
Released KARIKARI, a version of KAMEDA Kaki-no-Tane, in India
KAMEDA Kaki-no-Tane certified as a "Japanese Space Food" by the Japan Aerospace Exploration Agency (JAXA)



▲ 2010
Released a version of KAMEDA Kaki-no-Tane in China



▲ 2020
Changed the ratio of kaki-no-tane to peanuts (by weight) from 6:4 to 7:3 as per a national referendum

KAMEDA Kaki-no-Tane

Happy Turn

1960 1970 1980 1990 2000 2010

Happy Turn released in 1976 while Japan was in a recession after the first oil crisis, and the product name expressed our hope of a return to happiness for our customers.

Given concerns about difficulty selling conventional products during a recession, KAMEDA SEIKA developed rice crackers that were sweet instead of the standard soy sauce and salt flavoring. Products were individually wrapped like candy in plastic to prevent the powdered coating from coming off.

We will continue to deliver even greater delight to customers by growing Happy Turn, which has earned customer affection, beyond the rice cracker category.



◀ 1976
Happy Turn released under the tagline of "delicious and invigorating European-style rice crackers"



◀ 2005
Developed a manufacturing method for adding grooves on powder-coated products that would hold the powder



▲ 2007
Developed a manufacturing method that creates a rougher surface that retains the coating to complement the process for adding grooves to hold the powder



▲ 2009
Upgraded manufacturing method to increase the width of grooves to hold the powder



▲ 2015
Improved the particle size of sugar and salt in powdered coatings to intensify sweet and salty flavors, and increased the size of the grooves that hold the powder



▲ 2012
First Happy Turn's shop themed around Happy Turn opened



▲ 2019
Developed a manufacturing method for sprinkling seasonings to create a rich, delicious taste

Message from the Chairman & CEO



**From the Leading Rice Cracker
Manufacturer to a Unique
“Global Food Company”**

Lekh Raj Juneja
Chairman & CEO

Meaning of the KAMEDA SEIKA Brand

I am humbled to have been entrusted with the management of KAMEDA SEIKA. I have been involved in the management of several businesses both in Japan and overseas. They were all excellent companies to work for, but the great appeal of being a part of KAMEDA SEIKA is that I can make people smile just by presenting my business card. Our products, which arose from an ambition to deliver enjoyment and delight to people's lives during the food shortages in Japan immediately after World War II are now widely loved around the world. For many years, I would take KAMEDA Kaki-no-Tane as a souvenir whenever I traveled overseas, so I too feel a strong attachment to the brand.

KAMEDA SEIKA's aim of evolving from Japan's leading rice cracker manufacturer into a unique "Global Food Company" loved by people around the world will entail taking on a variety of challenges while utilizing the strengths it has developed. In order to revolutionize our products and processes in pursuit of value for customers, I consider it my mission to change mindsets and make the entire KAMEDA SEIKA Group a place where employees who are full of vitality can enjoy work they find fulfilling and rewarding, and feel glad to have joined the company. I believe this will also bring a smile to the faces of our stakeholders.

Corporate Culture Reform Based on Respect

In June 2022, I became Chairman & CEO and started a dialogue with employees by sending a video message together with President & COO Takagi to all Group companies in Japan and overseas. Since then, we have been conducting the "Top Caravan" initiative with the objective of visiting all work sites and

engaging in direct dialogue. Many employees are committed to their work, and not only have they offered numerous opinions and ideas, but I also felt their love for the Company.

As we work to become a "Global Food Company," I want us to value the idea of respect. With our business expansion to date, the nationalities of our employees have become more diverse, and the KAMEDA SEIKA Group is made up of people with various backgrounds. Turning that diversity into a strength requires creating a culture of mutual respect. In that sense, I feel that my own background, including my non-Japanese origin and experience in different industries, has strong significance.

I want all employees to be willing to take on challenges and act without fear of failure, and to respect each other. We must avoid the scenario where we have discussions that do not lead to either moving forward or taking on challenges. Taking on challenges and acting with positive intent are the forces that drive a company.

The issue with our current human resource development system is that the new ideas of young employees are not being fully utilized in business. To flexibly leverage the creativity that is unique to the young as a growth engine for creating innovative products, we must first create a workplace where people who respect each other can act as freethinking individuals. Similarly, one person cannot manage an entire company alone. I intend to proceed together with employees and improve day by day as I learn from them. With an appreciation for the senior management and employees who wrote the previous chapters of KAMEDA SEIKA's history and made it a company loved by many, I will share our unique story with the world.

Aligning Our Approach to Value Creation

The KAMEDA SEIKA Group has set the goal of becoming a "Global Food Company" while "Evolving from a rice cracker and snack manufacturer into a 'Better For You' food company." Under our medium-term business plan Changing Gears 2023, we will establish the domestic rice cracker business, overseas business, and food business as the three pillars, and we aim to balance sales from the overseas and food businesses with those of the domestic rice cracker business.

"Better For You" is a concept that means "Contribution to a healthy lifestyle through the selection, eating and enjoyment of things that are delicious and good for the body." For our key management theme, we have singled out creating high-value-added products unique to KAMEDA SEIKA and promoting innovation for that purpose.

KAMEDA SEIKA is synonymous with food, and the Japanese character for "food" is written in a way that can mean "Make a person better." Making someone better does not only relate to physical health; it also includes factors linked to concepts that date back to our founding, such as well-being and the happiness that comes from eating. We believe that we can achieve our goal by creating better products that enable us to evolve into a "Better For You" food company.

In our core domestic rice cracker business, we will enhance the uniqueness of KAMEDA SEIKA by conducting two kinds of innovation – upgrading and updating. (▶▶▶ For more details, see "Domestic Rice Cracker Business" on page 29)

As the number of rice cracker manufacturers has been decreasing each year, KAMEDA SEIKA now has around a 40% share of the domestic rice cracker market with well-known,

long-selling products such as KAMEDA Kaki-no-Tane, Happy Turn and Potapota Yaki. However, we do not think it is best simply to maintain the status quo. I consider it the mission of KAMEDA SEIKA to deliver enjoyment and delight to our customers by continuously refining value (upgrading) and creating new value in rice crackers (updating). We will further expand our business by rolling out these two kinds of innovation in our overseas and food businesses.

By focusing on the creation of high-value-added products, we intend to innovate the development process with new ideas that maximize the potential of rice, rice crackers and KAMEDA SEIKA itself to create rice crackers for the future.

Through our core competence in rice-related know-how and processing technologies, we aim to become a “Global Food Company” that delivers enjoyment and delight to people around the world. I believe that this, in turn, will lead to the sustained growth of KAMEDA SEIKA as well as the happiness of people worldwide.

Of course, KAMEDA SEIKA has a long history of rice-related research and development. In addition to our processing technologies for rice crackers, Alpha Rice, plant-based foods and rice flour bread, our wide variety of technological innovations include research on plant origin lactic acid bacteria and functional materials. We take pride in being the only

company that has investigated rice to this extent, and believe it is one of our strengths. (▶QR For more details, see “Special Feature: The Rice Research Center’s Role in Expanding the Potential of Rice” on page 21)

Our business expansion to North America and Asia has also largely relied on the transfer of rice cracker processing technologies, and we are lucky to have partners in many countries, where we have already started creating value. Our vision going forward is for such technologies to be developed not just in Japan but globally, and established as core competencies. With the overseas rollout of rice crackers and the expansion of our food business, including plant origin lactic acid bacteria, plant-based foods and rice flour bread, we intend to deliver products with value to customers in the vast global market. We will make effective use of partnerships rather than focusing solely on self-growth as we work to expand our business.

By removing the barriers between the domestic and overseas markets and developing products from a global perspective in a shift from “Made in Japan” to “Made with Japan,” we will generate innovation that helps resolve social issues both inside and outside Japan. To achieve this goal, there are many aspects of our business that we must strengthen, including accumulating more know-how and securing intellectual property rights. Onisi Foods Co., Ltd., which handles long-life preserved foods and has become a mainstay of the KAMEDA SEIKA Group, and all our other domestic and overseas Group companies are aligned with this approach to value creation, and share the goal of becoming a food company that serves the entire global population of 8 billion people. I will stand at the forefront to lead this initiative.

Aiming to Become a “Global Food Company”

Revolutionary Change
of Customer Value

Evolving from a rice cracker and snack manufacturer
into a “Better For You” food company

“Better For You” KAMEDA

Healthy crackers & foods

Choose, eat and enjoy tasty and healthy foods!
We will contribute to healthy lifestyles!!

“Better For You” Foods

Utilizing the whole range of nutrients in raw ingredients to
provide delicious and healthy foods – Using the nutrients
inherent in the ingredients to make you healthy from within –

U.S. & European-style “Better For You”

Non-GMO, Organic, Gluten-Free,
Whole Grain and Vegan

Achieving Sustainability for KAMEDA SEIKA

Under the new management structure, we will pursue business on a wider stage by making the most of our ingredients, expertise and manufacturing technologies. This new stage covers not only the areas of deliciousness and health, but also hypoallergenic products, globalization and eco-friendliness.

We have selected four keywords for making the KAMEDA SEIKA Group more sustainable – originality, novelty, sustainability and profitability. Based on these keywords, we will consider what customers want from our products and what we can do to better satisfy them, and reflect our conclusions in management. In addition to providing safe and reliable food, we strive to create value that incorporates the KAMEDA SEIKA Group's approach of offering products that customers will support, to firmly secure both our top and bottom lines.

To meet the demands of society as a food company, we will work for sustainability in the food supply chain by conserving energy in manufacturing processes, reducing greenhouse gas emissions by improving logistics, and reducing the amount of plastic used by switching to ECO-packages, among other measures. As Chairman & CEO, I will lead and promote sustainability initiatives throughout the Group.

As the first step, we looked at the "key issues for sustainability" identified in the previous fiscal year and revised them into "materiality." Going forward, we will set targets and KPIs for materiality and work toward resolution. (▶▶ For more details, see "Identification of Materiality (Material Issues)" on page 18)



To Our Stakeholders

To become a "Global Food Company," in addition to pursuing originality, we must innovate if we are to continue providing customers with high-value-added products. To do so, consistently looking ahead will be crucial. By anticipating global changes over an extended timeframe of 30 or 50 years to create new markets and products, we hope to contribute to society and people's happiness through food. I believe that is the very reason KAMEDA SEIKA exists.

KAMEDA SEIKA's corporate brand represents the accumulation of the trust we have earned and proof of our reliability and dependability. I believe that by establishing and further evolving the three pillars under the new management structure set forth in our medium-term business plan we will add greater luster to the brand. We will continue to meet the expectations of all our stakeholders – including customers, shareholders, employees, business partners and local communities – as we work to play a part on the world stage as a "Global Food Company," thus helping to better ensure the continued existence of KAMEDA SEIKA. We look forward to your ongoing support.

Message from the President & COO



**Moving Forward by Providing
New Value with the Youth
and Determination Expected
of a New President**

Masanori Takagi
President & COO

On Becoming President

I was born and raised in Kameda-machi, Nakakambara-gun (currently Konan-ku, Niigata-shi) in Niigata Prefecture, where KAMEDA SEIKA was founded. Since I was a child, KAMEDA SEIKA has been a familiar presence in my life, and my relatives and other adults in the neighborhood who worked for the Company seemed happy and satisfied. I even wrote in my elementary school graduation essay that my dream for the future was to work at KAMEDA SEIKA. I feel great joy and pride to have joined the company I dreamed of working for since I was a child. First, I acquired 17 years of experience at a factory in Niigata, including as a plant manager. After that, I was also responsible for major non-production departments including sales, personnel and business reform. My experience in various business processes, including production, sales and administration, and dealing directly with the opinions of employees on the front line and the needs of our customers, have formed the basis of my approach to management.

Thanks to the efforts of our predecessors, KAMEDA SEIKA became number one in sales of rice crackers in Japan in 1975. Through its ingenuity in meeting contemporary needs, the Company has expanded both outside Japan and into the food business domain, and the KAMEDA SEIKA Group has established manufacturing and sales bases around the world. Changes in the external environment are likely to become harder to predict going forward, and amid expectations not just for sustainable business growth but also for further improvement in corporate value, we will

need the strength of an organization capable of dealing with all kinds of changes.

Based on my experience in production, sales and administration, I will use my youth and determination to lead reforms across our organization. I realize corporate reform is the role expected of me and an issue to be addressed in the Company's new management structure.

To carry out medium-term business plan Changing Gears 2023 and realize our goal of becoming a "Global Food Company," I aim to create an organization whose members are united in feeling fulfillment, delight and joy.

Adaptability to External Changes Opens a Path to the Future

In retrospect, FY2021 was a year when the management environment changed at an unprecedented speed. From a macro perspective, geopolitical risks increased, and in the rice cracker industry, new trends emerged during the year. Product supply shortages have surfaced and food companies have announced a series of price increases as all costs, including for raw materials, crude oil and fuel, have risen.

KAMEDA SEIKA is no exception. However, as the tight balance of supply and demand for wheat and rising demand for rice crackers outside Japan draw attention to the advantages of rice, I believe that we can find ways out of this difficult situation. For instance, demand is stable in the domestic rice cracker business, and major opportunities are unfolding overseas, including rising

demand for products based on Japanese rice cracker manufacturing technology. We also anticipate an increase in the number of products that use rice flour, so I feel confident that fields where the KAMEDA SEIKA Group is active will continue to expand.

In addition to addressing the business risks brought about by these changes in our operating environment, implementing comprehensive risk countermeasures as we globalize our business will be important for sustainable growth. We create risk maps to confirm levels of importance and respond with both thorough preventative measures and controls in the event a risk materializes.

(▶📄 For more details, see "Risk Management" on page 54)

In FY2021, we focused on taking various measures to minimize the impact of the above factors given the current business environment.

In the domestic rice cracker business, a competitor suspended their operations in February 2022 following a fire, and there was a risk of reduced overall inventory on store shelves. There were also concerns of a loss of some sales outlets as retailers opted for products in other categories such as snacks and biscuits. However, we were able to retain those outlets by focusing all staff on production of current mainstay products and postponing new product launches. The market is now settling down, but all costs continue to rise. To provide new value to customers while taking measures to absorb these costs, all of us at KAMEDA SEIKA will work together to redefine the value we provide by taking our customers' perspective to improve the equity of our products and brands.

The implementation of these initiatives will enable us to reconfigure our businesses into a corporate structure that can adapt to changes in the external environment.

We intend to further expand the overseas business as a growth drive through new product launches at Mary's Gone Crackers, Inc. in the United States, the expansion of business at Singha Kameda (Thailand) Co., Ltd. in Thailand, and making THIEN HA KAMEDA, JSC. in Vietnam a consolidated subsidiary, among other measures. In the food business, in addition to the launch of Group-wide brands for plant-based foods and rice flour bread, our investment in areas with potential for future growth is steadily showing results, as rice flour bread attracts greater attention due to factors including soaring prices for imported wheat and an increase in the number of people with allergies.

Enhancing Profitability with Measures to Advance the Value We Provide

Our strengths and advantages arise from our pursuit of sustainability throughout the entire supply chain to create enjoyment, delight, health, deliciousness and excitement from the blessings of nature. For example, our rice processing technologies – created through the knowledge and know-how of rice and rice crackers we have cultivated over many years of research and development – have established our competitive edge as the leading domestic rice cracker company. We are also creating new value by transferring those technologies to our overseas and food



businesses. (▶📄 For more details, see “Special Feature: The Rice Research Center’s Role in Expanding the Potential of Rice” on page 21)

We achieved mechanization and mass production ahead of other companies, and the unique know-how we have gained through these manufacturing processes enables us

to safely and reliably create consistent deliciousness, and has become the backbone supporting our sustainable growth. We have established an efficient sales system and structured broadly diverse, multichannel distribution through which Group companies provide products for different channels and price ranges.

We will further secure our earnings base by making it adaptable to changes in our operating environment. To do so, we are working to enhance our ability to generate earnings over the medium to long term through multiple cross-organizational projects for improving corporate value. Rather than being content with the status quo, we will implement reforms in areas such as improving product competitiveness, creating a more efficient sales system, strengthening product supply capabilities, realizing global procurement and introducing a new system for improving business efficiency.

Moreover, in addition to further refining our strengths, we must consider alliances and open innovation for further growth going forward, without being constrained by our position as a leading company. I intend to conduct lively exchanges with other food manufacturers and companies in other industries, and to lay the groundwork for our employees to move freely across divisions and play an active role in generating collaborations that transcend corporate boundaries.

In conjunction with this strengthening of our business foundation, we will demonstrate our approach to sustainability management and take realistic measures to promote such management.

The KAMEDA SEIKA Group's goal is to become a "Global Food Company," and we are working to evolve from a rice cracker and snack manufacturer into a "Better For You" food company. In addition to providing the enjoyment and delight of snacks, we will develop products

in touch with customer needs by incorporating new "Better For You" value that contributes to mental and physical health. I intend to do more to communicate KAMEDA SEIKA's appeal to the world by imbuing each product we deliver to customers with this message and our story.

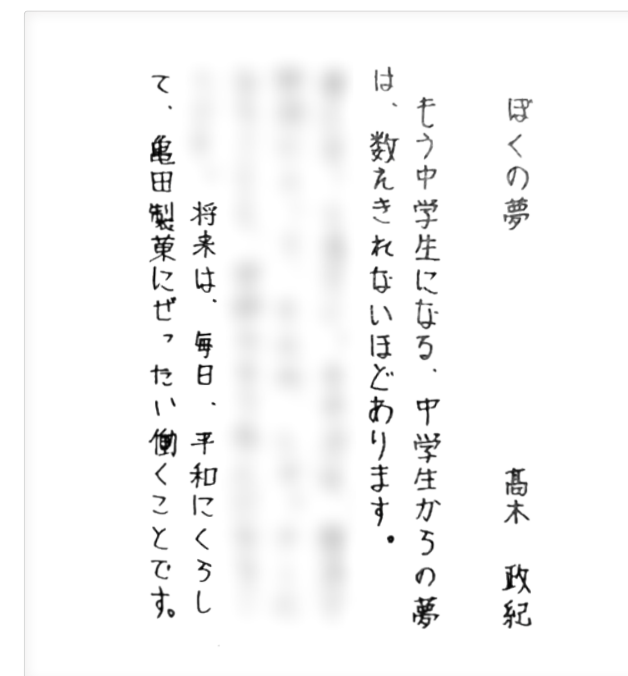
Moving Forward into the Future with Our Employees

Human resources with diverse kinds of expertise who play an active role will be indispensable for KAMEDA SEIKA to achieve its goals. We will establish systems and an environment that allows individuals to change jobs and take on challenges according to their career plans and lifestyles. This will include those who want to become specialists, those who want to become generalists, those who want to be active globally, and those who want to be active in Japan.

We will also accelerate human resource development by delegating decision-making authority over each level to people at our workplaces. Flexible talent management will be essential going forward. Rather than taking a top-down approach, we will go beyond our previous human resource development to create an environment that encourages employees to feel happy and fulfilled, to be unafraid of challenges and to view failure as a source of growth. When we mobilize the knowledge and experience of our capable employees, KAMEDA SEIKA will be able to grow into a

company that can further leverage its strengths. (▶ For more details, see "Society" on page 37)

KAMEDA SEIKA will continue working to further improve its corporate value. Rather than settling for the status quo, we seek to offer our own unique value and continue to grow as a company that society and all our stakeholders can count on. We look forward to your continued support.



Excerpt from elementary school graduation essay, "My Dream"

My Dream

*I am going to be a junior high school student soon and I have many dreams for the future.
(Text missing)*

My dream for the future is to work at KAMEDA SEIKA and live every day in peace.

Masanori Takagi

Message from the Senior Chairman



Expectations for the New Management Team

Passing Along Our Philosophy and Building a New Foundation for Growth

Michiyasu Tanaka

Director, Senior Chairman

In this section, I will look back at the course of KAMEDA SEIKA's management and discusses my expectations for its new structure and the Group's future potential.

A Consistent Commitment to Our Management Philosophy

I was appointed president 16 years ago in 2006. In the beginning, various factors resulted in an array of issues that, in terms of my leadership, I found very challenging. With a deep understanding of the heavy responsibilities involved in managing a company with a long history, I led structural reforms

with unflinching determination because KAMEDA SEIKA would have had no future if we had not changed. I was constantly thinking about what needed to be done and making the right decisions as we streamlined operations and executed aggressive strategies with the support of employees, outside officers and other stakeholders.

Since becoming president, as a manager I have been committed to KAMEDA SEIKA's Management Philosophy. The

two tenets of "respond to the needs of all those involved with the Company" and "ensure the Company flourishes forever" demonstrate a management commitment to stakeholders and sustainable growth that has remained unchanged to this day. As such, I want the new management team to continue passing on this philosophy.

The various reforms we have implemented have created a foundation for growth, but I would say we are only halfway

through the process of reforming our organizational culture. I have always wanted to create a company where employees can work confidently and with peace of mind, but we have not yet achieved that goal.

KAMEDA SEIKA is headquartered in Niigata Prefecture and employs many people from that area. Our employees are tenacious, with a strong sense of ownership and loyalty, but they also know that there are times when modesty is a virtue. I look forward to adding a spirit of taking on challenges to the advantages of this employee mindset and transforming it into our organizational culture as KAMEDA SEIKA becomes more diverse.

There is still work to be done, but as I pass the responsibility for growth to new leadership, I am proud that KAMEDA SEIKA has recovered its corporate strength to the point where it can fulfill its social responsibilities. We have worked with employees to build a solid foundation for the next generation to ensure KAMEDA SEIKA can fulfill its full potential. We will complement our position as Japan's top seller of rice crackers since 1975 in ways such as expanding overseas and building our food business.

Transition to a New Management Structure

Given the dramatic changes in our operating environment, we decided to modernize our management organization by transitioning to a new structure with the vision of achieving further meaningful progress. We reached this conclusion after intense and multifaceted consideration and discussion of who would be the right people for the job.

From the beginning, we designed the mechanism for making decisions around the premise that a forceful top-down approach

entails risks because some 30% of decisions a president makes are wrong. We also took on the challenge of implementing new approaches to governance that are uniquely suited to KAMEDA SEIKA. This involved appointing a majority of outside directors to the Board of Directors, and by delegating authority to the Management Meeting and the Board of Directors to ensure a clearly defined parliamentary-style system.

I believe that the new management team will fully utilize the abilities of its members and also function effectively as a collective to bring out the full potential of KAMEDA SEIKA. Our rapidly changing operating environment makes predicting the future even more difficult. We must therefore remain committed to our Management Philosophy so that we can generate further growth, and to initiatives that ensure effective management. As senior chairman, I will pass on the knowledge and experience I have acquired as a manager, provide guidance as the new management team takes on challenges, and support reform through ongoing corporate governance initiatives.

Message for the Future

The domestic rice cracker business is exposed to the risk of slowing growth due to population decline. However, my belief in KAMEDA SEIKA's potential for growth led to my decision to create new core businesses through the expansion of the overseas and food businesses. We have experienced both ups and downs in expanding overseas, but successful collaboration with companies in the countries we serve has created a synergistic network for cross-border transactions.

In the food business, our strategy is to complement our existing plant origin lactic acid bacteria business with a business model centered on rice-based products ranging from long-life preserved foods to rice flour bread and plant-based food. We intend to both expand the scale of future core businesses and help resolve social issues.

Rice is generally at the core of our businesses. It has enormous untapped potential and possibilities for growth, and we expect our capabilities in addressing allergies to capture attention worldwide. We need to engage in intelligent risk-taking and change our mindset in order to actualize this potential. The entire company must work together to take on these challenges.

Our corporate brand has been proof of the trust and credibility we have earned since day one. We will certainly empower the future by effectively passing on our Management Philosophy, affirming our pride in our corporate brand, and continuing to take on challenges with faith in KAMEDA SEIKA's future.

I hope that KAMEDA SEIKA will continue to grow as a very effective global company that is "relatively small, but full of zest," and that customers and other stakeholders of all generations continue to love.

Value Creation Process

Business Environment

- Changes in global demographics
- Worsening global environmental issues and increase in natural disasters
- Rising awareness of safety, reliability and health
- Diversification of food
- Heightening of geopolitical risks
- Possibility of food shortages due to population increase

Input

Financial Capital

Financial standing capable of stable cash generation (Equity ratio: 61.3%)

Manufacturing Capital

Domestic and overseas manufacturing bases (8 companies in Japan, 7 overseas)
In-house logistics functions (2 companies in Japan)

Intellectual Capital

Knowledge and know-how relating to rice crackers and rice
Product development and production/processing technologies
Patents for plant origin lactic acid bacteria and rice proteins

Human Capital

Diverse human resources (Number of employees: 3,776 (consolidated); ratio of female managers: 13.1%)

Quality control system for safe and reliable products
Free and open corporate culture

Social and Relationship Capital

Long-selling brands
Relationships of trust with customers
Partnerships with suppliers and business partners
Industry-academia-government collaboration
Relationships with local communities

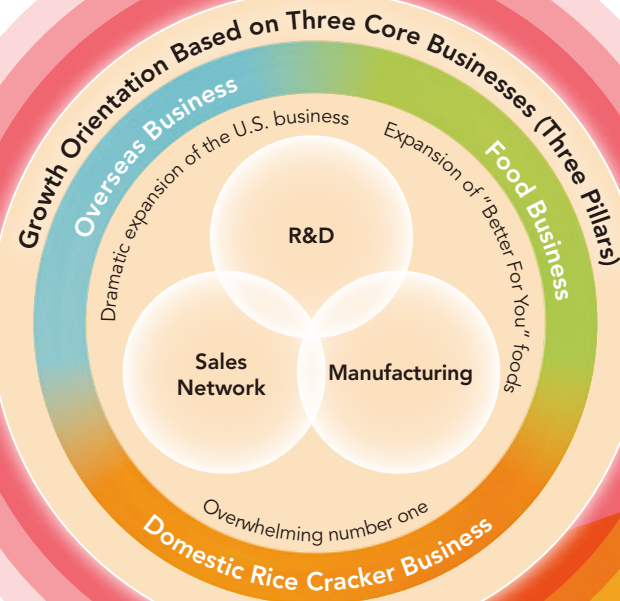
Natural Capital

Raw materials from nature's blessings (rice, peanuts, etc.)
Energy and water resources

"Global Food Company"

Sustainable Business Development and Improved Corporate Value

Management Philosophy



Output

Rice crackers—a traditional Japanese food

Product lineup for all ages

Hypoallergenic products

Gluten-free and organic products

Long-life preserved foods

28-allergen-free rice flour bread/brown-rice bread

Plant-based foods (Meat analogues)

Rice-derived plant origin lactic acid bacteria

ECO-packages

Outcomes

Harmony with local communities

Provision of safe and reliable food

Creation of "barrier-free" foods

Contribution to enriched, healthy lives

Development of a rice-based food culture

Reduction of environmental impact from manufacturing

Contribution to a circular economy

Active participation of diverse human resources

Materiality

Creating new eating habits and health through "Better For You" foods

Environmentally friendly manufacturing

Sustainable procurement

Human capital management

Governance and diversity suited to KAMEDA SEIKA

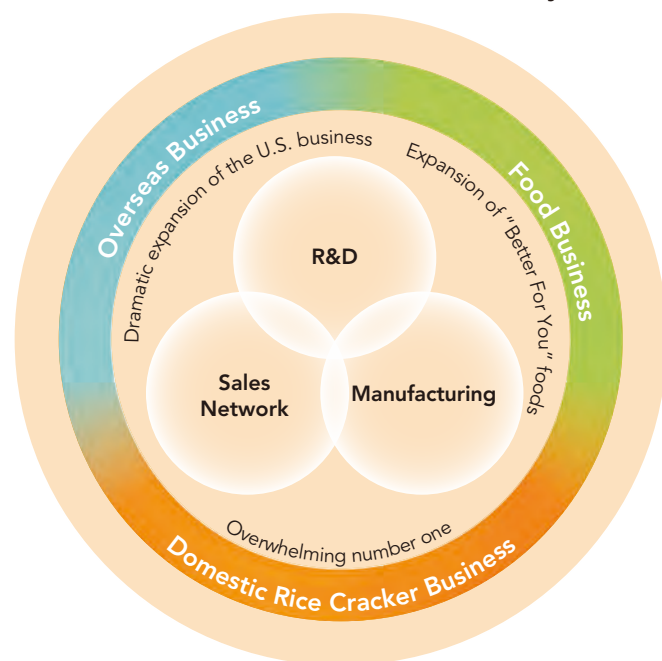
Harmony with local communities

Note: As of March 31, 2022

For more details, see "Identification of Materiality (Material Issues)" on page 18.

Mechanism for Creating Value: **Through evolution into a “Better For You” food company, we aim to deepen relationships of trust with our customers, and create both economic and social value.**

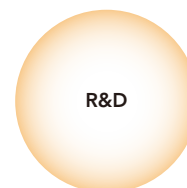
Direction of Growth Based on Three Core Businesses (Three Pillars): Business Model Analysis



A Distinctive Global Company

By further refining the three strengths it has cultivated since its founding—its R&D, manufacturing, and sales network—KAMEDA SEIKA will bolster the earnings base of the domestic rice cracker business and proactively invest the cash accumulated through these refinements in the overseas and food businesses, which it views as growth businesses, with the aim of sustainable growth.

The Company will firmly establish the direction of each of its three core businesses (three pillars): becoming the overwhelming number one in the domestic rice cracker business; dramatic expansion of the U.S. business in the overseas business; and expansion of “Better For You” foods in the food business. By balancing the sales of the domestic rice cracker business with those of the overseas and food businesses by FY2030, KAMEDA SEIKA will transform into a distinctive global company that is resilient to change.



Utilize the technologies and know-how cultivated through many years of research into rice to develop products from the perspective of health.
Establish highly competitive technologies and expand research areas into grains other than rice for full-scale development of the food business.

- Rice and rice cracker research, knowledge, and know-how
- Development of products originating from rice (Low protein cooked rice, plant origin lactic acid bacteria, Alpha Rice, rice flour bread and brown-rice bread)
- Rice processing technology (Seasoning, texture, blending, homogenization, etc.)
- Research of ingredients other than rice and development of products using these ingredients



Achieved mechanization and mass production of rice cracker manufacturing, which was formerly a cottage industry. Solidified our competitive advantage by leveraging our unique manufacturing technologies that utilize the know-how we have cultivated over 75 years since our founding as a rice cracker manufacturer.

- Ability to create products attuned to the times
- Mass production technology for rice crackers and an efficient production system for 12 main brands
- Safe, reliable and high-quality products
- High barriers to entry (complex and detailed manufacturing processes)
- Knowledge of rice, and application of rice cracker manufacturing technologies (Group synergy)



Established a domestic sales network at an early stage. Utilize our logistics subsidiaries to maintain a stable supply network. Provide rice crackers to customers worldwide by developing an overseas network.

- Support in various sales channels through Group companies
- Flexible supply system that uses Group logistics subsidiaries
- Cross-border network infrastructure outside Japan
- Partnerships in Japan and overseas

Identification of Materiality (Material Issues)

In FY2021, the KAMEDA SEIKA Group identified “key issues for sustainability” from the perspective of risks to its activities posed by the external environment.

In FY2022, we conducted a materiality assessment for overall management. The process involved identifying possible issues through in-house workshops and conducting an evaluation of the level of importance by inside and outside officers and external stakeholders. As the final step, the results of the materiality assessment were organized into six categories and 19 specific issues.

The Sustainability Promotion Task Force will take the lead in setting targets and KPIs, and then promoting initiatives.

Cooperating External Stakeholders

AEON Co., Ltd.
SEVEN-ELEVEN JAPAN CO., LTD.
J-OIL MILLS, INC.
Kikkoman Corporation
FUJI OIL CO., LTD.
Daishi Hokuetsu Financial Group, Inc.
Niigata University
Asset Management One Co., Ltd.
Sumitomo Mitsui DS Asset Management Company, Limited
Kamakura Investment Management Co., Ltd.
Naomi Yamazaki, Institutional Investors Collective Engagement Forum
Maki Morita, Consumer Affairs Consultant
Sustainable Restaurant Association Japan
Taro Tamura, Institute for Human Diversity Japan

Identification Process

Step
1

Identification of Issues through In-house Workshops

To identify possible issues to be included in materiality, we held workshops with 33 key persons, including heads of relevant Company divisions.

Focusing on medium- to long-term business risks and growth opportunities, participants at the workshops discussed social issues and initiatives that will be important over that timeframe from the perspective of maintaining and enhancing the Group’s uniqueness and competitive advantages.



Workshop held at the headquarters in Niigata Prefecture

Step
2

Sorting and Aggregation of Possible Materiality

After sorting and grouping the issues identified at the workshops with reference to the categories of “key issues for sustainability” specified in FY2021, we aggregated them into 47 possible materiality.

Step
3

Evaluation of Level of Importance by Officers and External Stakeholders

Having aggregated and compiled 47 possible materiality, we narrowed the list down to items that are important for the Group’s medium- to long-term growth. To evaluate their level of importance, we conducted a questionnaire survey of inside and outside officers and external stakeholders (see the list on the left).

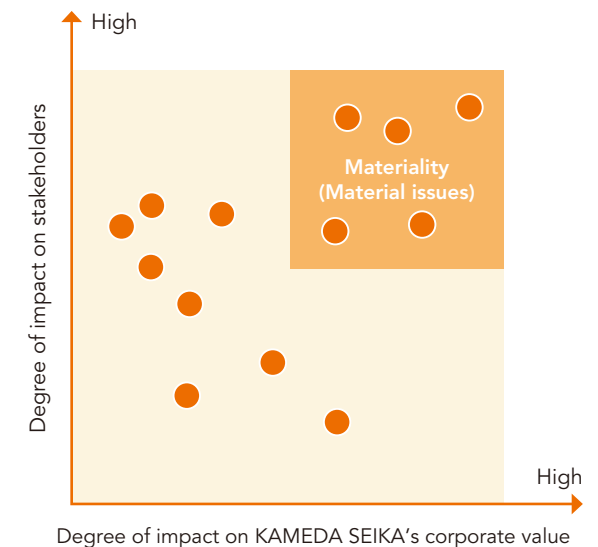
Evaluations were plotted in a graph on two axes: degree of impact on KAMEDA SEIKA’s corporate value (horizontal axis) and degree of impact on stakeholders (vertical axis).

Step
4

Management Team Review and Approval

After evaluating the importance of the items on the narrowed-down list of proposed materiality, their appropriateness was deliberated and approved at the Management Meeting, the results of which were reported at the Board of Directors meeting held in November 2022.

Evaluation of Importance Level



Materiality for the KAMEDA SEIKA Group

Category	Important Social/Environmental Issue to Be Addressed by the Group	Reason for Selection
Creating new eating habits and health through “Better For You” foods  <ul style="list-style-type: none"> ▶Pages 4-5 A History of Creating Value ▶Pages 6-9/10-13 Messages from the CEO and COO ▶Page 21 Special Feature: The Rice Research Center's Role in Expanding the Potential of Rice ▶Pages 26-33 Medium-term Business Plan/ Business Strategy 	Providing safe and reliable food	We believe that providing safe and reliable food is one of the most important responsibilities of a food manufacturer.
	Providing food that offers enjoyment, delight, health, deliciousness and excitement	The KAMEDA SEIKA Group's founding philosophy was based on the ambition to deliver enjoyment and delight to people's lives through food. By providing food that also offers health, deliciousness and excitement, we believe we can evolve toward our goal of becoming a “Better For You” food company.
	Developing a rice-based food culture	As a Group whose business originates from rice, we believe that contributing to the development of not just rice crackers but a rice-based food culture will enhance our presence and create corporate value.
	Addressing diverse food-related values	We believe that by addressing issues such as allergies, religious dietary restrictions and diverse food cultures around the world, we can achieve our goal of creating “barrier-free” foods that anyone can eat with peace of mind.
Environmentally friendly manufacturing  <ul style="list-style-type: none"> ▶Page 20 Aiming for Supply Chain Sustainability ▶Pages 35-36 Environment 	Reducing environmental impact of business activities	We recognize that minimizing the impact of our business activities on the global environment and contributing to the creation of a decarbonized and circular economy are important issues that we should prioritize.
	Conserving environmental resources	We believe that conservation activities such as efficiently using water and other environmental resources and preventing air pollution are essential for sustainable business activities.
	Reducing food loss	As a company that handles food, and while remembering to appreciate nature's blessings and producers, we recognize the importance of minimizing waste of raw materials and food in the supply chain from both business and environmental perspectives.
	Adapting to a plastic-free society	As a manufacturer of consumer goods, we recognize that reducing the amount of plastic we use is a key issue that should be addressed as a priority.
Sustainable procurement  <ul style="list-style-type: none"> ▶Page 20 Aiming for Supply Chain Sustainability ▶Page 41 Supply Chain Management 	Respecting human rights at suppliers	We believe that respecting the human rights of all people involved in the Group's business activities is a social responsibility we must fulfill.
	Achieving and enhancing stable procurement	As the emergence of geopolitical risks, climate change and other factors increase procurement risks, we recognize our mission as a manufacturer to control risks and deliver safe, reliable products to our customers.
	Addressing future food shortages	We believe that addressing changes in crop yields and the global shortage of protein-rich foods caused by climate change, demographic shifts and other factors is essential for sustainable business activities.
Human capital management  <ul style="list-style-type: none"> ▶Pages 6-9/10-13 Messages from the CEO and COO ▶Pages 37-41 Society ▶Page 38 Message from the Officer in Charge of Diversity 	Managing employees' physical and mental health	We believe that by ensuring that our employees are healthy both physically and mentally, we can maximize the potential of every employee, which will lead to improvement in our corporate value over the medium to long term.
	Diversity, equity and inclusion	We believe that mutual understanding and fair evaluation of different values, ways of thinking and diverse personalities will enable all employees to demonstrate their abilities and create a robust, competitive organization.
	Developing human resources who support the business foundation	We recognize that mechanisms and systems for developing the human resources we require are indispensable for strengthening our business foundation, and that maintaining them is an important management issue.
Governance suited to KAMEDA SEIKA  <ul style="list-style-type: none"> ▶Pages 42-43 Directors, Audit & Supervisory Board Members and Executive Officers ▶Pages 48-52 Corporate Governance ▶Pages 54-55 Risk Management 	Strengthening corporate governance	We believe that establishing and strengthening an effective corporate governance system is essential for achieving our ideal form of corporate management – sustainable development of the business and enhancement of corporate value.
	Conducting thorough risk management	To stabilize management, we recognize that it is necessary to identify risks that may have a critical impact on management, determine priorities and take countermeasures.
Harmony with local communities  <ul style="list-style-type: none"> ▶Page 41 Harmony with Local Communities 	Increasing local employment	As a company that originated in Niigata Prefecture and is expanding globally, we believe that mutual development with local communities will strengthen trust and create a virtuous cycle.
	Cooperating with local agriculture	We believe that by cooperating closely with local farmers, we will contribute to the development of the agricultural industry, improve supply chain management and reduce procurement risks.
	Proposing fun, delicious and healthy dietary education	We believe that proposing fun, delicious and healthy dietary education will help to improve our corporate value in various ways, including by establishing a food culture and making inroads among future buyers, as well as cultivating a sense of familiarity through a deeper understanding of the KAMEDA SEIKA Group.

Aiming for Supply Chain Sustainability: Creating Enjoyment, Delight, Health, Deliciousness and Excitement from Nature's Blessings

Nature's blessings

Potential of ingredients

R&D

Procurement

Manufacturing/Logistics

Sales/Consumption

Creating enjoyment, delight, health, deliciousness and excitement
Delivering enjoyment and delight to people's lives



Strengths

- Rice Research Center
- Functionality, production technology, sensory evaluation
- Rice processing technologies (seasoning, texture, blending, homogenization, etc.)
- Industry-academia-government collaboration

Initiatives for Sustainability

- Issue** Addressing diverse food-related values
- Measures**
- Development of "Better For You" foods
 - Enhanced new product development system
 - Research on the potential of rice, including plant origin lactic acid bacteria, rice proteins and rice peptides, etc.
- Issue** Development of a rice-based food culture
- Measures**
- Acceleration of global expansion
 - Expansion of business area with rice flour bread
 - Implementation of dietary education by holding on-site classes
- Issue** Addressing future food shortages
- Measures**
- Initiatives for plant-based foods (meat analogues)
 - Expansion of long-life preserved foods



Strengths

- Group procurement of raw materials and other items
- Procurement management (written assurances of compliance with applicable raw material standards)
- Global procurement system
- Strong relationships with suppliers

Initiatives for Sustainability

- Issue** Respecting human rights at suppliers
- Measures**
- Compliance with procurement policy among business partners
 - Identification of human rights risks related to raw materials
 - Promotion of use of RSPO-certified palm oil
- Issue** Achieving and enhancing stable procurement
- Measures**
- Diversification of procurement sources
 - Identification of environmental risks in production areas
 - Establishment of good relationships with business partners



Strengths

- Mechanization and mass production of rice cracker making, which was formerly a cottage industry
- Manufacturing technologies that ensure safety, reliability and consistent deliciousness
- Thorough quality control (FSSC 22000)
- Logistics subsidiaries
- Global production system

Initiatives for Sustainability

- Issue** Reducing environmental impact from business activities
- Measures**
- Introduction of eco-friendly production equipment
 - Environmentally friendly logistics (modal shift, joint delivery, improved truck load factor, etc.)
 - Introduction of renewable energy at core plants
- Issue** Conservation of environmental resources
- Measures**
- Reduction of single-use plastics (promotion of a shift to ECO-packages)
 - Promotion of use of FSC-certified cardboard
 - Reduction of water consumption (introduction of dry milling technology)
- Issue** Reduction of food loss
- Measures**
- Extension of shelf life
 - Promotion of eco-feed activities
 - Effective utilization of food waste (provision as raw materials for roadbed materials, etc.)



Strengths

- Number one share of the domestic rice cracker market (35.2% in FY2021*)
- Support in various sales channels
- Efficient sales system
- Partnerships in Japan and overseas

* Source: SRI+® survey by INTAGE Inc.

Initiatives for Sustainability

- Issue** Providing safe and reliable food
- Measures**
- Obtain certification under the FSSC 22000 international standard for food safety management systems
 - Quality control system for both tangible and intangible aspects
 - Establishment of a customer service office (feedback system)
- Issue** Providing food that offers enjoyment, delight, health, deliciousness and excitement
- Measures**
- Expansion of a lineup of "Better For You" foods
 - Providing products in harmony with local culinary cultures
 - Proposing solutions to social issues through food
- Issue** Adapting to a plastic-free society
- Measures**
- Promotion of a shift to ECO-packages
 - Study of eco-friendly packaging materials

Special Feature: The Rice Research Center's Role in Expanding the Potential of Rice

What Is the Rice Research Center?

Since KAMEDA SEIKA first opened a laboratory in 1960, we have been conducting research on rice, the main ingredient of rice crackers. This has included establishing rice cracker manufacturing technologies and developing functional materials such as plant origin lactic acid bacteria. We will continue to pursue the potential of rice by engaging in industry-academia-government collaborations and conducting a variety of research on deliciousness, functionality, new materials, production technology and other topics.

By exploring the infinite possibilities of rice, we stay one step ahead of customer needs to create new value in food.

Three Research Teams Pursuing the Potential of Diversifying from Rice

The Rice Research Center specializes in three fields and conducts research and development on the deliciousness of rice and ways to further enhance its possibilities.



Research and Development of Functional Materials

The Rice Research Center is researching the functionality of rice-derived plant origin lactic acid bacteria K-1 and K-2, rice proteins and rice peptides. It is also pursuing further potential functionality for each of these research subjects through joint research with numerous universities including Niigata University, Kyoto University, the University of Tokyo and Shinshu University.

Highlight

Rice-Derived Plant Origin Lactic Acid Bacteria

K-1, which helps regulate intestinal action and has a skin moisturizing effect, and K-2, which has an antiallergic effect against atopic dermatitis and pollen allergies and an antiviral effect against influenza, were discovered through many years of research on rice. They are highly heat resistant because they have been inactivated, and can be incorporated into various foods, including applications in *ajiru** and nutritional supplements. We have also discovered that rice-derived plant origin lactic acid bacteria have the function of breaking down rice protein, and developed Yume Gohan, a low-protein cooked rice product with protein reduced from 1/5th to 1/35th the amount in regular rice.

* A juice made from a variety of green, leafy vegetables, consumed as a health food



Development of Products with Growth Potential

The Rice Research Center is collaborating with Group companies to develop products that will be future pillars of our business, such as rice flour bread and plant-based foods (meat analogues). Initiatives to improve safety, reliability and deliciousness and further expand our business include developing new rice flour bread products (new flavors and types) and plant-based food recipes for use in business proposals.

Highlight

Rice Flour Bread

As the number of people in Japan with food allergies grows year by year, the need for hypoallergenic products is increasing. Rice flour bread is also attracting attention as rising prices for imported wheat has led to demand for alternatives. TAINAI Co., Ltd. uses 100% domestic rice as the raw material for manufacturing rice flour bread in factories that are kept free of the 28 allergens specified by Japanese regulations, so that everyone can eat the same delicious products with peace of mind.



Research on Rice Cracker Manufacturing

The Rice Research Center is collaborating with the Production Division on research on ways to reduce the labor force through technological innovation as well as on analysis of rice crackers and rice. It also plays a role in ensuring safety, reliability and deliciousness as the Group expands overseas. Considerations include the suitability of local rice for manufacturing rice crackers and an analysis of capability to consistently produce high-quality products.

Highlight

Commitment to Safety, Reliability and Deliciousness

We have developed products based on the know-how and manufacturing technologies that we have cultivated through many years of research on rice crackers and rice. Top brands such as KAMEDA Kaki-no-Tane and Happy Turn have been repeatedly updated to meet customers' changing tastes. The Rice Research Center visualizes deliciousness through an analysis of texture as well as sweetness, saltiness, umami and other tastes for use as a basis for making decisions about brand renewals.

Creating new enjoyment, delight, health, deliciousness and excitement through research and development