

# Briefing Materials for FY2022/2Q



Kagome Co., Ltd.

Securities Code: 2811

**Figures in these materials**

- Amounts are rounded down to the nearest 0.1 billion yen. Part of amounts for core operating income are rounded down to the nearest 10 million yen.
- Percentages are rounded to one decimal place.

- 1. Summary of Business Results for FY2022/2Q**
- 2. Second-Half Outlook and Strategies**
- 3. Initiatives for Medium- to Long-Term Growth**

# 1. Summary of Business Results for FY2022/2Q

# FY2022/2Q Consolidated Results



Revenue: Up 4.2% year on year driven by the international business including the effects of yen depreciation.

Core operating income: Down 24.5% year on year due to soaring raw materials prices worldwide and increased promotions in the domestic business.

Unit: billion yen	Result		YoY		FY2021/1H Result
		Margin		Change	
Revenue	95.7	-	+3.8	+4.2%	91.9
Core operating income	5.3	5.6%	-1.7	-24.5%	7.1
Operating income	5.5	5.8%	-1.3	-20.1%	6.9
Net income*	3.5	3.7%	-1.1	-24.9%	4.7
ROE	3.0%		-1.2pt		4.2%
ROA	2.5%		-0.8pt		3.3%
EPS (yen)	40.75		-12.30		53.05

\* Net Income Attributable to Shareholders of Parent

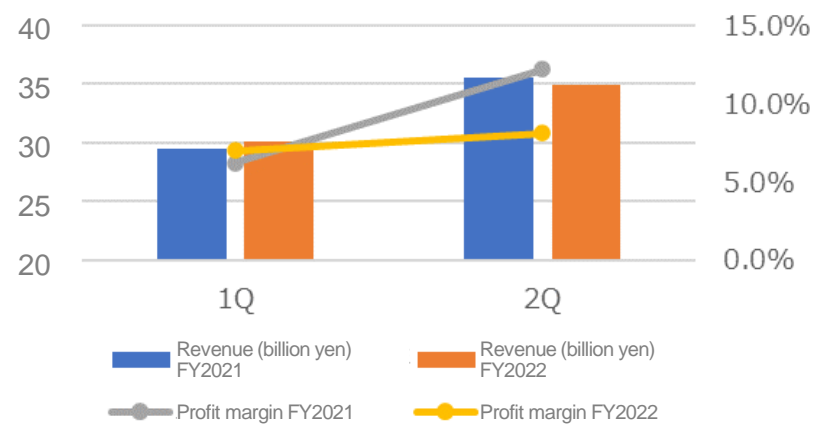
# FY2022/2Q Results by Segment

- Domestic:** Revenue in beverages declined on diminished stay-at-home demand seen in the previous 2Q, but revenue in food and others increased driven by the recovery in food service demand, while core operating income was down excluding the agriculture business due to rising cost of sales and increased promotions.
- International:** Substantial increase in revenue in the US food service business and European tomato primary processing business buoyed by the effects of exchange rates from the weak yen. Income declined on rising cost of sales in each country.

Unit: billion yen	Revenue			FY2021/1H Result	Core operating income			FY2021/1H Result
	FY2022	YoY	Change		FY2022	YoY	Change	
Beverages	36.5	-0.6	-1.8%	37.1	3.23	-0.80	-20.0%	4.04
Direct marketing	6.0	+0.0	1.3%	6.0	0.39	-0.07	-16.4%	0.46
Food - Other	22.4	+0.6	3.2%	21.7	1.28	-0.36	-22.3%	1.65
Domestic Processed Food Business total	65.0	+0.0	0.1%	64.9	4.91	-1.25	-20.4%	6.16
Domestic Agri-Business	4.9	+0.0	0.1%	4.9	0.20	+0.10	102.6%	0.10
International Business	29.9	+4.7	18.9%	25.2	1.15	-0.43	-27.3%	1.59
Others/Adjustments	-4.2	-0.9	—	-3.2	-0.90	-0.15	—	-0.74
<b>Total</b>	<b>95.7</b>	<b>+3.8</b>	<b>4.2%</b>	<b>91.9</b>	<b>5.37</b>	<b>-1.74</b>	<b>-24.5%</b>	<b>7.11</b>

# Results and Topics by Segment

## Domestic Processed Food Business



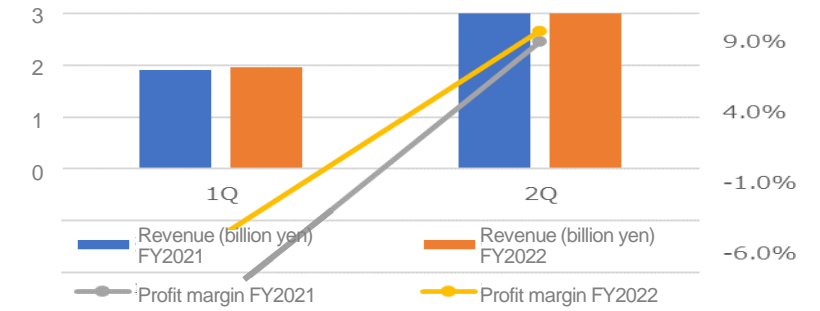
### Revenue rose, but income fell

Revenue 65.0 billion yen (up 0.1% YoY)

Core operating income 4.91 billion yen (down 20.4% YoY)

- Revenue decreased in beverages, but increased in direct marketing and food - other
- Income fell in all categories due to rising sales costs and increased promotions
  - (Beverages) Sales of large container products declined due to diminished stay-at-home demand and revenue declined due to weaker sales at convenience stores
  - Acquired trial purchases from promotions of new product Hatakeumareno Yasashii Milk
  - (Direct marketing) Stepped up advertising and increased the number of regular, but lower spending per customer resulted in sales roughly unchanged year on year
  - (Food - Other) Products for consumer use: Waning stay-at-home demand caused sales after price revisions to decline year on year, leading revenue lower
  - Products for institutional and industrial use: Revenue increased on the recovery in food service demand, and trended strongly even after price revisions

## Domestic Agri-Business



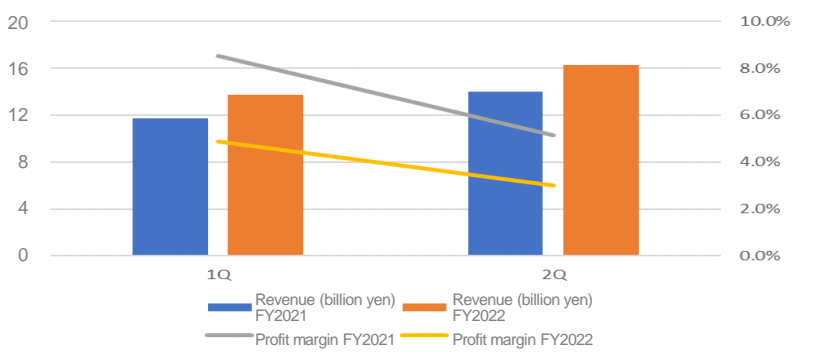
### Both revenue and income rose

Revenue 4.9 billion yen (up 0.1% YoY)

Core operating income 0.2 billion yen (up 102.6% YoY)

- Volume of fresh tomatoes declined due to poor weather, etc., but revenue increased on improving market conditions
- Income increased thanks to market conditions and ongoing earnings structure reforms following the business split\*
  - \* Spun off agriculture business to Kagome Agri-Fresh Co., Ltd. in FY2021

## International Business



### Revenue rose, but income fell

Revenue 29.9 billion yen (up 18.9% YoY)

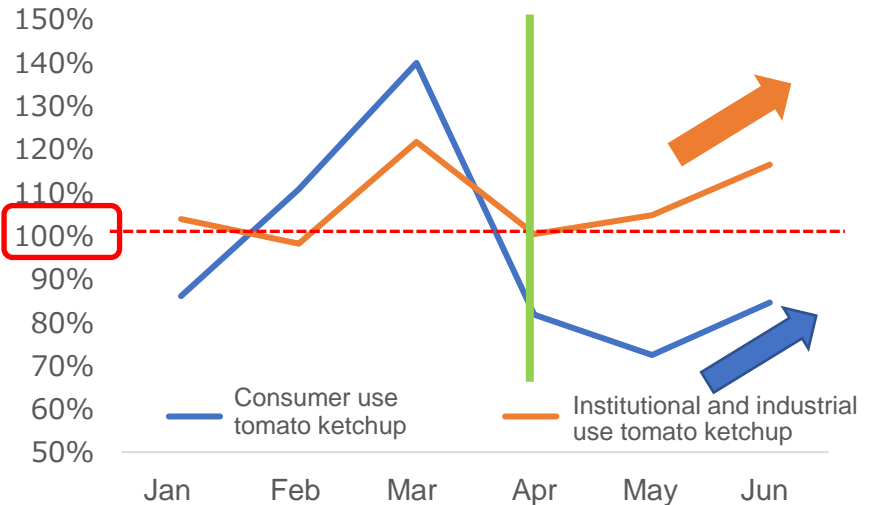
Core operating income 1.15 billion yen (down 27.3% YoY)

- Revenue rose 1.9 billion yen (up 7.8% YoY) even excluding the effects of foreign exchange rates
- U.S.: Revenue rose on higher food service demand, but income fell due to the ongoing increase in cost of sales and logistics costs
- Europe: Revenue rose on higher tomato paste prices and income increased slightly attributable to rising energy prices
- Australia: Revenue declined due to change in shipping period and income declined caused by temporary losses on quality defects
- Seedlings: Both revenue and income declined as a result of lower sales of seedlings in Europe and depreciation of the Turkish lira

# April 2022 Price Revisions

Tomato ketchup for consumer use saw a large recoil from rush-in demand ahead of price revisions, but the at-home consumption rate is recovering and we continue to implement measures to spur on demand.

## 2022 Tomato Ketchup Sales YoY



\*Source: Kagome shipments of tomato ketchup revenue year on year

- Sales of products for consumer use are recovering despite the major recoil from special demand ahead of price revisions
- Sales of products for institutional and industrial use are strong even after price revisions

## At-Home Consumption Rate YoY

(Frequency rate of meals with tomato ketchup eaten at home YoY)

	Jan	Feb	Mar	Apr	May	Jun
At-home consumption rate	107%	99%	97%	103%	102%	105%

Source: Food MAP 3-meal total/nationwide/all age groups/consumption per 1,000 meals at home

- The at-home consumption rate of tomato ketchup increased even after price revisions
- This is believed to be due to consumption of products as consumers stocked up ahead of the price revisions

## In-Store Prices

(Average selling price of Kagome Tomato Ketchup 500 g [excluding tax; shown in yen])

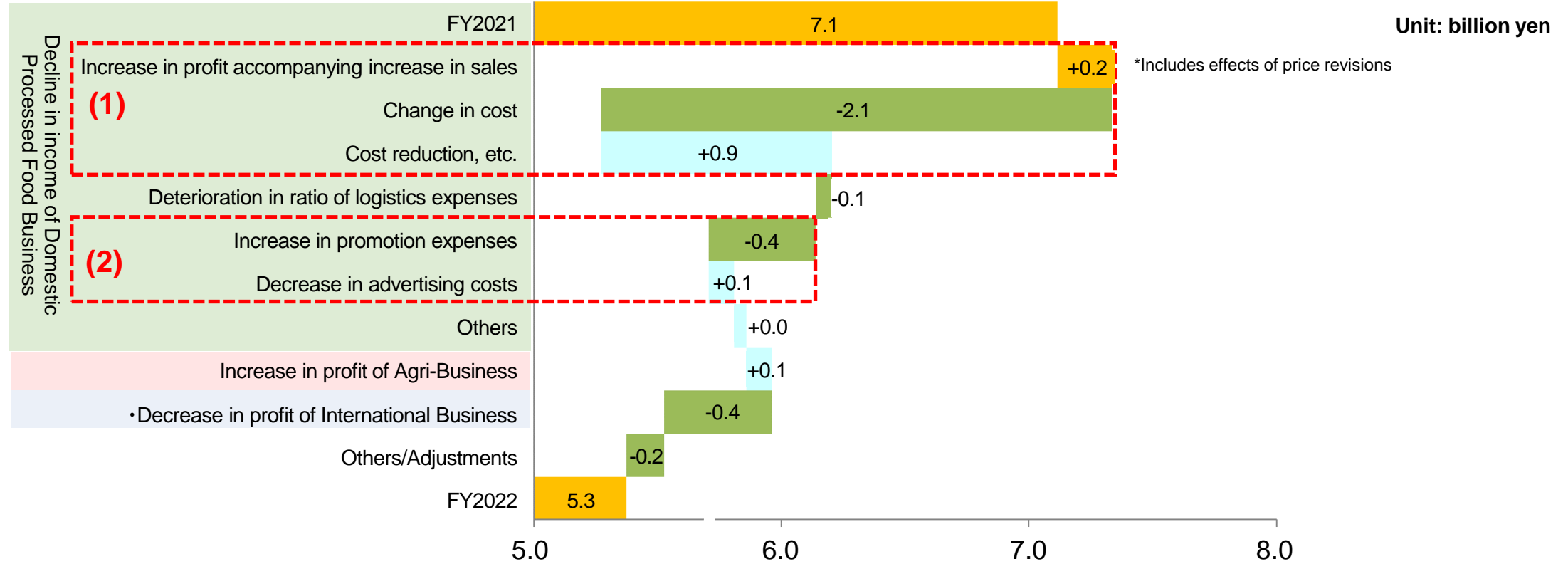
	Jan	Feb	Mar	Apr	May	Jun
Average selling price	165.7	162.3	160.6	170.4	175.1	174.7

Source: Intage SRI+ Data/SM total/area: nationwide in Japan

- In-store prices are rising after the price revisions, and new prices are taking hold

# Factors Contributing to Core Operating Income Changes

FY2022/2Q core operating income declined by 1.7 billion yen compared to FY2021/2Q.



## Main Factors Contributing to Changes

- (1) Overall operating income declined by 1.0 billion yen amid the increase in raw material and energy prices even when including the effects of price revisions and reduced cost of sales, etc.
- (2) Stepped up promotions in beverages and foods, reduced advertising costs



# Factors Contributing to Quarterly Operating Income and Net Income Changes



Operating income and net income both declined on lower core operating income.

Unit: billion yen	FY2022	FY2021	Change
Core operating income	5.37	7.11	-1.74
Other income	0.34	0.22	+0.12
Other expenses	0.17	0.39	-0.22
Operating income	5.54	6.94	-1.40
Profit before income taxes	5.43	6.98	-1.55
Income taxes	1.63	2.01	-0.38
Effective tax rate	30.1%	28.9%	+1.2pt
Profit attributable to non-controlling interests	0.23	0.22	+0.01
Net income	3.56	4.73	-1.17

Net income attributable to owners of the parent

## Main Factors Contributing to Changes

Other income/expenses: increased income by 0.34 billion yen (sale of unused real estate in Taiwan and recoil from loss on disposal of non-current assets in previous year, etc.)

# Changes to Statement of Financial Condition

Total assets declined 1.3 billion yen compared to the previous fiscal year end (down 10.2 billion yen when excluding foreign exchange effects).

This was mainly attributable to a decrease in cash and cash equivalents due to the purchase of treasury stock.

## Assets/Liabilities and Equity

213.9 billion yen (down 1.3 billion yen from previous fiscal year end)

Equity attributable to owners of the parent to total assets:  
54.7% (+0.1pt)

### Quarterly Consolidated Statement of Financial Condition (As of June 30, 2022)

Unit: billion yen

**Total assets 213.9 (down 1.3)**

- Current assets 116.6 (down 6.8)
- Non-current assets 97.2 (+5.5)

\* Excludes forex effects  
(down 10.2)

**Liabilities 94.4 (down 1.2)**

\* Excludes forex effects  
(down 5.0)

**Equity 119.4 (down 0)**

## Details of Changes from the Previous Fiscal Year End (Unit: billion yen)

### ■ Current assets 116.6 (down 6.8)

Cash and cash equivalents: down 13.4  
(acquisition of treasury stock and payment of dividends, etc.)  
Inventories: +2.9, other financial assets: +1.4  
Trade and other receivables: +1.2, etc.

### ■ Non-current assets 97.2 (+5.5)

Other financial assets: +2.6, Property, plant and equipment: +2.5, etc.

### ■ Liabilities 94.4 (down 1.2)

Trade and other payables: down 0.9

### ■ Equity 119.4 (down 0)

Retained earnings: +0.3  
(quarterly income: +3.5, dividends paid: down 3.2)  
Treasury stock: down 6.8, Other components of equity: +5.9, etc.

\* Parentheses indicate change compared to previous fiscal year end

# Changes in Cash Flow

Free cash flows: declined year on year due to diminished cash flows from operating activities.  
Cash flows from financing activities: increased owing to recoil from borrowings in the previous fiscal year in preparation for tightness of financing conditions due to COVID-19.

Unit: billion yen	2022*	2021*	Change
Cash flows from operating activities (A)	4.7	8.9	-4.2
Cash flows from investing activities (B)	-5.7	-5.8	+0.1
Free cash flow (A+B)	-0.9	3.1	-4.1
Cash flows from financing activities	-13.1	-30.8	+17.7

\* Each as of 1H

## ■ Key Components of FY2022 cash flows

### Cash flows from operating activities

Profit before income taxes: +5.4 billion yen, Depreciation: +4.0 billion yen,  
Income taxes: down 1.7 billion yen, etc.

### Cash flows from investing activities

Expenditure from acquisition of property, plant and equipment: down 5.4 billion yen  
(Main investments: new head office building, new product manufacturing facilities, etc.), etc.

### Cash flows from financing activities

Acquisition of treasury stock: down 6.8 billion yen, Payment of dividends: down 3.2 billion yen, Repayment of borrowings: down 2.6 billion yen, etc.

## 2. Second-Half Outlook and Strategies

# Revised FY2022 Results Forecasts

Consolidated revenue: revised upward by 3.0 billion yen from 199.0 to 202.0

Consolidated core operating income: revised downward by 2.6 billion yen from 13.3 to 10.7

Unit: billion yen		Revised FY2022 forecast			FY2022 initial forecast	FY2021 result	FY2022/2H estimate		FY2021/2H result
			Vs. initial forecast	Vs. previous year				Vs. previous year	
<b>Domestic Processed Food Business</b>	Revenue	<b>137.2</b>	-4.8	0.4	142.0	136.7	<b>72.1</b>	0.3	71.7
	Core operating income	<b>9.7</b>	-2.5	-3.4	12.2	13.1	<b>4.7</b>	-2.1	6.9
<b>Domestic Agri-Business</b>	Revenue	<b>9.8</b>	-0.2	0.2	10.0	9.5	<b>4.8</b>	0.2	4.5
	Core operating income	<b>0.4</b>	0.1	0.1	0.3	0.2	<b>0.1</b>	0.0	0.1
<b>International Business</b>	Revenue	<b>63.5</b>	9.7	12.7	53.8	50.7	<b>33.5</b>	7.9	25.5
	Core operating income	<b>2.4</b>	0.0	0.0	2.4	2.3	<b>1.2</b>	0.4	0.7
<b>Others/Adjustments</b>	Revenue	<b>-8.5</b>	-1.7	-1.1	-6.8	-7.3	<b>-4.2</b>	-0.1	-4.1
	Core operating income	<b>-1.8</b>	-0.1	-0.1	-1.7	-1.6	<b>-0.8</b>	-0.0	-0.8
<b>Total</b>	Revenue	<b>202.0</b>	3.0	12.3	199.0	189.6	<b>106.2</b>	8.4	97.7
	Core operating income	<b>10.7</b>	-2.6	-3.4	13.3	14.1	<b>5.3</b>	-1.6	7.0

Revenue: Domestic Processed Food Business revenue revised downward by 4.8 billion yen as beverages and direct marketing revenue is expected to fall below the forecast, offsetting an increase in institutional and industrial use revenue.  
International Business revenue revised upward by 9.7 billion yen (3.1 billion yen excluding forex effects), with revenue expected to rise in the US and Europe.

Core operating income: Revised downward by 2.6 billion yen due to higher-than-forecast cost of sales coupled with a decrease in income associated with revenue of the domestic business falling short of the forecast.

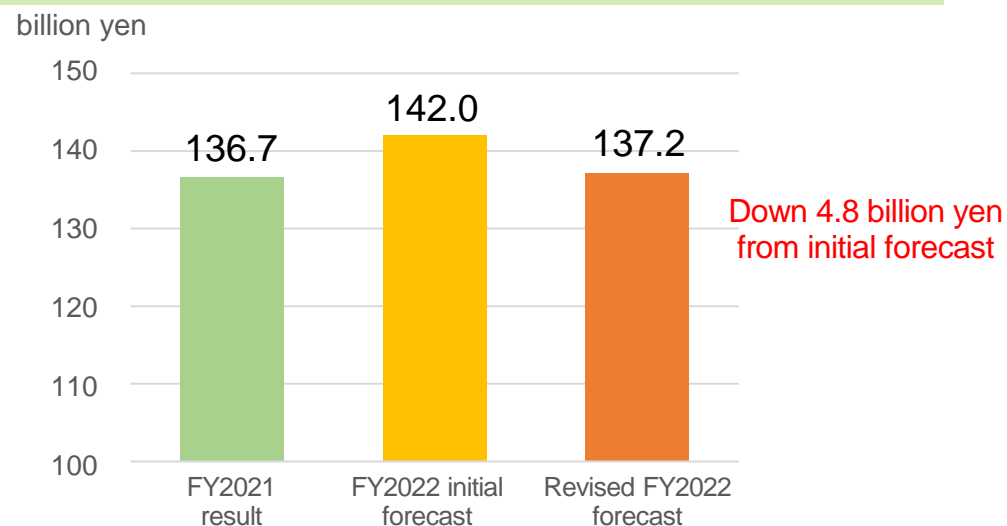
# Revised FY2022 Results Forecasts (Domestic Processed Food Business)

Core operating income was revised downward due to rising cost of sales and lower than expected sales versus the initial forecast.

The price of raw materials to be used in FY2023 is expected to rise even further, and we are now considering how to address this situation.

## [Domestic Processed Food Business Factors Contributing to Change from Initial Forecast]

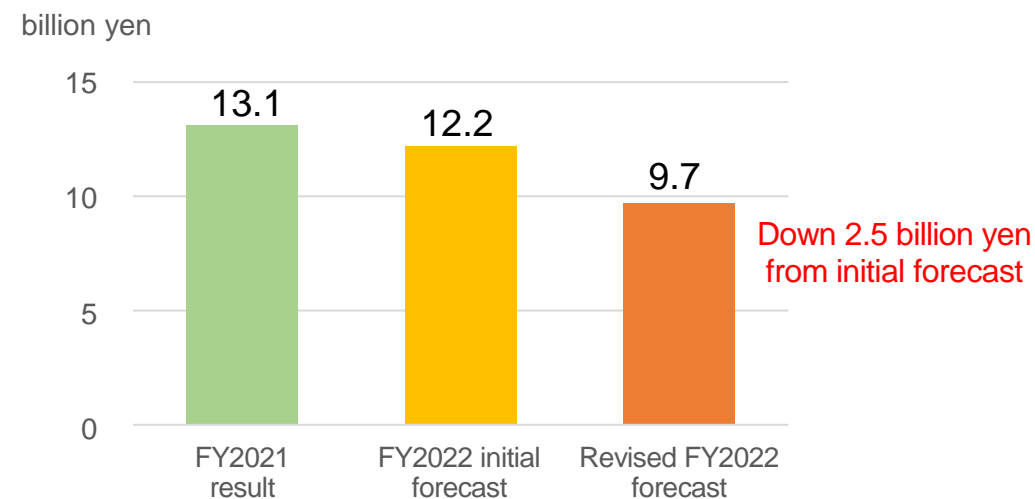
### Revenue



#### Down 4.8 billion yen from initial forecast

Institutional and industrial use revenue strong, but sales growth of vegetable beverages and direct marketing expected to fall below forecast

### Core Operating Income



#### Down 2.5 billion yen from initial forecast

Reduced income on divergence in sales from initial forecast: down 1.9 billion yen  
 Cost of sale increases beyond initial expectations: down 1.9 billion yen  
 Control SG&A: +1.2 billion yen, etc.

# Second-Half Strategies - Beverages

Vegetable beverages: Spread the message about the fundamental value of vegetable drinks that provide an easy and delicious way to consume vegetables outside of meals.

Hatakeumareno Yasashii Milk: Continue to acquire trial purchases by increasing brand visibility and spreading information.

## Vegetable Beverages



Newspaper ad about Vegetable Day

- Step up marketing of the basic value of vegetable beverages through Vegetable Day, in-store events, and campaigns, etc.
- Conduct large campaign in autumn with the message of “add vegetables to complement any meal!”

## Hatakeumareno Yasashii Milk



- Still low brand awareness, but has received strong scores from consumers for taste
- Growing awareness with TV commercials, samplings, and campaigns, etc., and will acquire trial purchases through spreading information, which we hope translates into habitualization

# Second-Half Strategies – Foods and Others

Consumer use: Focus on spurring on demand for tomato ketchup, etc. after price revisions.  
 Institutional and industrial use: Reinforce menu proposals using vegetable ingredients by steadily capturing the recovery in food service demand.

## Consumer Use



### New products



Released  
July 14



To be released  
Aug 23

- Step up information dissemination of ways to prepare delicious menu ideas using tomato ketchup, such as “baked ketchup,” and identification of topics
- Promote at-home consumption to quickly restore sales after price revisions
- Launch new products such as salsa and menu-specific sauces

## Institutional and Industrial Use



Online exhibition: Vegetable Solutions 2022



- Held online exhibition (July and August)
- Strengthen proposal capabilities using direct communication with users using social media
- Propose vegetable ingredients, such as strong-selling frozen grilled vegetables, etc.



# Second-Half Strategies – International Business

Implemented price revisions for both primary and secondary processed foods to address rising costs. Increase sales to food service, which is seeing strong sales.

## Sales to Food Service



Pizza sauce for food service applications (sample image)



Dipping sauce for food service (sample image)

- Strong recovery of food service demand in the US, Europe and Australia
- Group companies are seeing strong sales of products for food service, such as pizza and hamburger chains, etc., and initiatives in this area will be increased

## Operation of Powder Line in Australia

- Completed line for processing by-products (waste) from tomato and carrot processing into powder
- Increase profitability and reduce product loss by reducing waste



Carrot powder

## Start of Operation at New Plant in Taiwan

- Response to growing demand from local food service companies (30% increase in production capacity)
- Expand into Southeast Asian markets (quadruple production capacity of Halal-certified products)



Taiwan Kagome's new plant

## **3. Initiatives for Medium- to Long-Term Growth**

# Establishment of New JV by Kagome & NEC

Plan to establish DXAS Agricultural Technology with NEC in Portugal as JV.  
The new company will contribute to sustainable agriculture around the world by promoting farming management that is environmentally friendly and highly profitable.

## ■ Overview of new company

<b>Company name</b>	DXAS Agricultural Technology
<b>Description of Business</b>	Sales of farming management recommendation services and field visualization services using AI, etc.
<b>Capital and equity ratio</b>	0.3 billion yen (Kagome 66.6% / NEC: 33.4%)

### 1. Farming management recommendation services using AI



AI utilizing know-how of experienced farmers promotes farm management that is environmentally friendly and highly profitable

### 2. Field visualization services

Visualizes the status of vast fields to mitigate risks by quickly identifying abnormalities



### Sustainable agriculture

Compliance with environmental regulations and response to climate change

### Low input High output

Not dependent on experience or intuition

### Increased production efficiency

Stable operation of factories using sophisticated yield management

# Development and Sales of Plant-Based Foods/Beverages

Interest in sustainable foods continues to increase, and the plant-based food market is expected to grow. Given this, Kagome continues to develop new products using its technologies in vegetable processing and collaboration.

## Released 2 foods Plant-Based Rice Omelet as first jointly developed product with TWO

- Released rice omelet using Ever Egg, a plant-based egg jointly developed by Kagome and TWO
- Features fluffy and creamy texture by using carrot and navy beans
- Inquiries received from retailers and others. Garnering attention not just as meat substitute, but also for various uses in other products.



## Developing plant-based foods & beverages for national brands

- Added popular curry product to our plant-based food series that is simple, delicious and easy to incorporate into lifestyles, expanding lineup to 11 products
- Sales of Hatakeumareno Yasashii Milk released in March have exceeded the plan



To be released on Sept. 13



Hatakeumareno Yasashii Milk  
132% higher than plan\*

\*Results for 200 ml

# Sustainability Initiatives (For Sustainable Environment)

Kagome is promoting initiatives for a sustainable environment as a company that delivers nature's bounty to customers in the form of products.

## Carbon Zero

- Kagome Group aims to achieve net-zero greenhouse gas emissions by 2050 and toward this end we established reduction targets for 2030
- Obtained **SBTi certification** for targets



## Water Conservation

- Reducing water usage at domestic plants in line with targets
- Selected for the **highest A List** in the CDP Water Security List 2021, a survey of companies on water resource management conducted by CDP



## Initiatives for Plastics

- By 2030, Kagome will eliminate the use of petroleum-derived plastic straws to zero and use recycled material or plant-based material to replace 50% or more of resin used in its beverage plastic bottles
- In mid-September, Kagome will switch the plastic bottle for 720 ml\* tomato juice to a **new smart eco bottle made from 100% recycled material and featuring an more convenient design**

\*Kagome Tomato Juice Sodium-Free and Kagome Tomato Juice Low Sodium



### Key points of smart eco bottle

1. Made from 100% recycled material
2. Easy to hold, easy-to-peel label, and easy to crush

## Kagome's goals remain the same despite the dramatic changes in business environment



What Kagome  
strives  
for by 2025

**“Become a strong company capable of sustainable growth,  
using food as a means of resolving social issues”**

2025  
Vision

**Transform from a “tomato company”  
to a “vegetable company”**

2025 Vision's  
KGI

**Revenue: 212.0 billion yen  
Core operating income: 15.0 billion yen**

# Reference

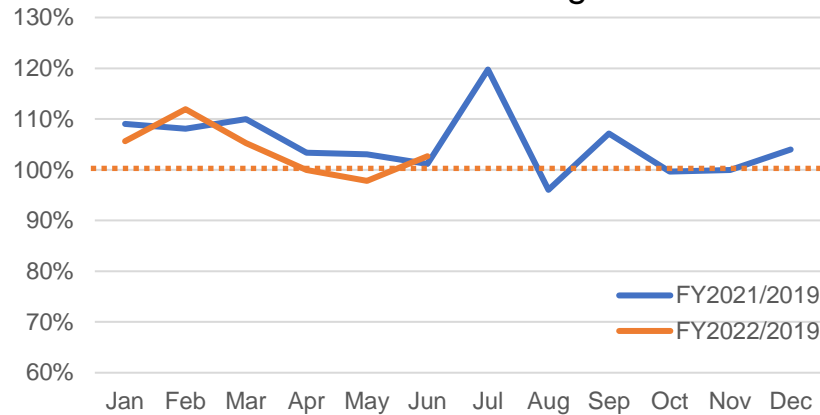
# Monthly Revenue Compared with Pre-Pandemic (2019)



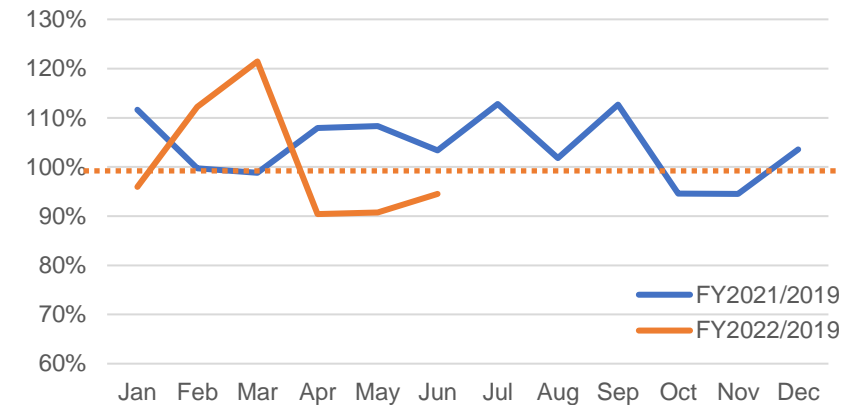
Revenue in the domestic beverages category and domestic food for consumer use firmly exceeded 100% compared to 2019 despite a slowdown in home cooking demand.

Revenue in the domestic institutional and industrial use category recovered close to 2019 levels and in the U.S. category revenue trended favorably, exceeding 2019.

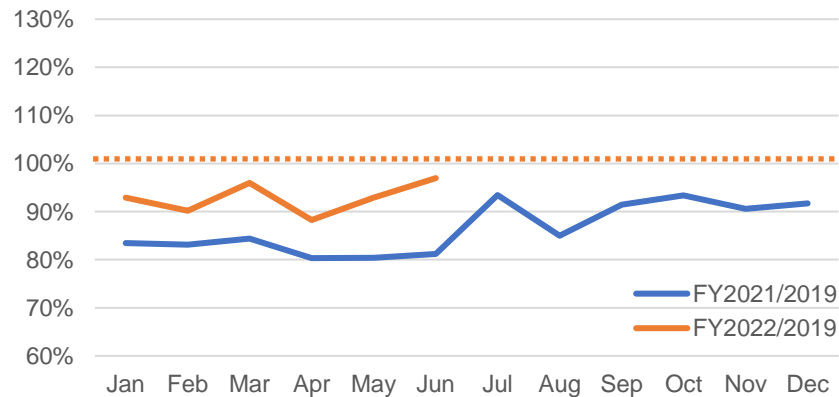
Domestic: Beverages



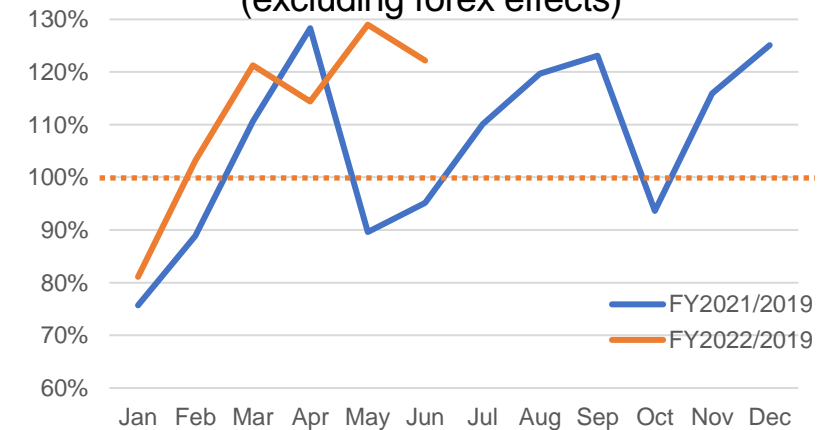
Domestic: Foods for consumer use



Domestic: Products for institutional and industrial use



U.S.: Products for institutional and industrial use (excluding forex effects)





# Topics in Domestic Processed Food Business Beverages



Revenue declined on weaker sales through convenience stores and lower sales of Yasai Seikatsu 100 Series in large containers.  
Income declined due to soaring raw material prices and increased promotion expenses.

Year-on-year comparison of revenue from beverages (excluding lactic acid drinks) by sales channel and container size

Sales channel	1Q	2Q	1H total
Convenience store	89%	92%	90%
Mass retailer	97%	96%	97%
EC	123%	111%	117%
Total	98%	97%	98%

(1)

Container size	1Q	2Q	1H total
Personal-size container	98%	97%	97%
Large container	99%	98%	99%
Total	98%	97%	98%

(2)

## Sales by sales channel and by container size

- Convenience stores: sales fell year on year despite a recovery in demand from offices
- Large containers: sales declined amid weaker household demand for Yasai Seikatsu 100 Series

## Revenue by core brand

### Tomato juice 5.6 billion yen (104% YoY)

- Continued to acquire new users looking for diet and beauty effects

### Yasai Ichinichi Kore Ippon 6.3 billion yen (100% YoY)

- Sales largely unchanged amid increased heavy use

### Yasai Seikatsu 100 Series 19.5 billion yen (94% YoY)

- Weaker sales of personal-size containers at convenience stores
- Decline in sales of large containers amid diminished household demand, which had increased during the pandemic



## Promotion expenses, advertising costs

Promotion expenses increased on promotions for Hatakeumareno Yasashii Milk and advertising costs declined

Promotion expenses rose 0.31 billion yen year on year

Advertising costs down 0.24 billion yen year on year

# Topics in Domestic Processed Food Business Direct Marketing

Maintained revenue on par with previous year underpinned by growing use of the direct marketing channel and rising health consciousness.  
Income declined amid soaring raw material prices and increased advertising costs, etc.



お店では買えない特別なカゴメです。



## Direct marketing business

- Entered direct marketing business in 1998
- Handling high value-added products based on the concept of special Kagome products which cannot be purchased in-store
- Manufacturing and selling mainly vegetable beverages, supplements and soups through the Kenko Chokusobin direct marketing service

## Revenue by core product

### Vegetable beverages 3.9 billion yen (99% YoY)

- Mainstay Tsubuyori Yasai posted strong results at 101% year on year

### Supplements 1.1 billion yen (111% YoY)

- Revenue growth attributed to growing visibility from advertising that resulted in acquisition of regular customers

### Soups 0.5 billion yen (102% YoY)

## Advertising costs, etc.

Proactive advertising campaigns in 1Q, but cutback in 2Q  
Advertising costs rose 0.17 billion yen year on year (up 0.21 billion yen in 1Q and down 0.03 billion yen in 2Q)



# Topics in Domestic Processed Food Business Food and Others.

Revenue from products for consumer use declined amid the recoil after price revisions despite rush-in demand ahead of price revisions.  
 Revenue from products for institutional and industrial use recovered but income declined on the impacts of soaring raw material prices.



## Products for consumer use

Revenue of 8.7 billion yen (97% compared with 2021 level and 101% compared with 2019 level)

- Maintained level above 2019 despite falling year on year due to restrained buying after price revisions

## Revenue by core product

Tomato ketchup: 4.3 billion yen (96% compared with 2021 level and 100% compared with 2019 level)

- Declined on sales value basis amid restrained buying after price revisions

## Products for institutional and industrial use

Revenue of 10.0 billion yen (113% compared with 2021 level and 93% compared with 2019 level)

- Recovered substantially from 2021 amid recovery in food service demand
- June alone recovered back to 97% year on year compared to 2019 level, closing in on the pre-pandemic level

## Promotion expenses and advertising costs

Promotion expenses increased amid the recovery from the pandemic and advertising costs were on par with the previous year

Promotion expenses rose 0.18 billion yen and advertising costs declined 0.03 billion yen

# Topics in Domestic Agri-Business

Revenue increased amid stronger market conditions for fresh tomatoes than in the previous year. Income rose on ongoing structural reforms from business split and other market condition impacts.



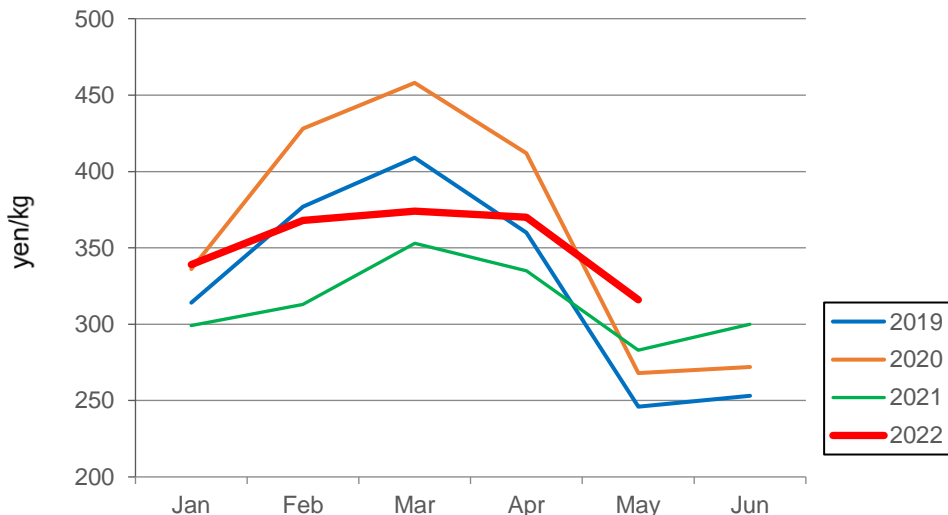
## Trends in fresh tomato sales

- Revenue increased on stronger market conditions for fresh tomatoes than the previous year as procurement volume declined due to shortage of sunlight

## Revenue by core product

- Fresh tomatoes: 4.0 billion yen (99% YoY)  
Of this, high value added high lycopene tomatoes: 1.8 billion yen (109% YoY)
- Mesclun greens: 0.4 billion yen (106% YoY)

## Trend in Market Price of Fresh Tomatoes



Created from market statistics published on Tokyo Central Wholesale Market's website

## Status of fresh tomato market

(2022)

- Remaining at higher levels than the previous year amid lower distribution volume caused by a shortage of sunlight and lower temperatures in the winter

(2021)

- Lowest level in the last five years during Jan.-April period because of excess supply thanks to higher than average yield attributed to favorable weather conditions from the start of the year

# Topics in International Business

Revenue increased significantly on the recovery in food service demand and foreign exchange effects, but income declined owing to soaring prices of raw materials and energy, in-process defects in Australia, and lower sales in the seedlings business in Europe, etc.

Unit: billion yen	Revenue			FY2021/ 1H result	Core operating income			FY2021/ 1H result
	FY2022	Vs. previous year	Vs. previous year (excludes forex effect)		FY2022	Vs. previous year	Vs. previous year (excludes forex effect)	
Kagome Inc. (United States)	13.7	+3.2	+1.4	10.5	0.55	-0.04	-0.10	0.60
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT)	6.4	+1.4	+1.2	4.9	0.29	0.01	0.00	0.28
Kagome Australia Pty Ltd.	4.0	-0.4	-0.7	4.4	0.11	-0.22	-0.23	0.34
United Genetics Holdings LLC	2.5	-0.1	-0.4	2.6	0.19	-0.24	-0.26	0.44
Taiwan Kagome Co., Ltd.	2.3	+0.3	+0.1	1.9	0.31	0.07	0.04	0.23
Others	0.8	+0.2	+0.2	0.5	-0.31	-0.00	0.00	-0.31
<b>International Business total</b>	<b>29.9</b>	<b>+4.7</b>	<b>+1.9</b>	<b>25.2</b>	<b>1.15</b>	<b>-0.43</b>	<b>-0.55</b>	<b>1.59</b>



## Summary by company (local currency basis)

Kagome Inc.: Revenue increased after capturing recovering food service demand, but income declined on soaring raw material prices and logistics costs

Portugal HIT: Both revenue and income increased driven by rising tomato paste prices

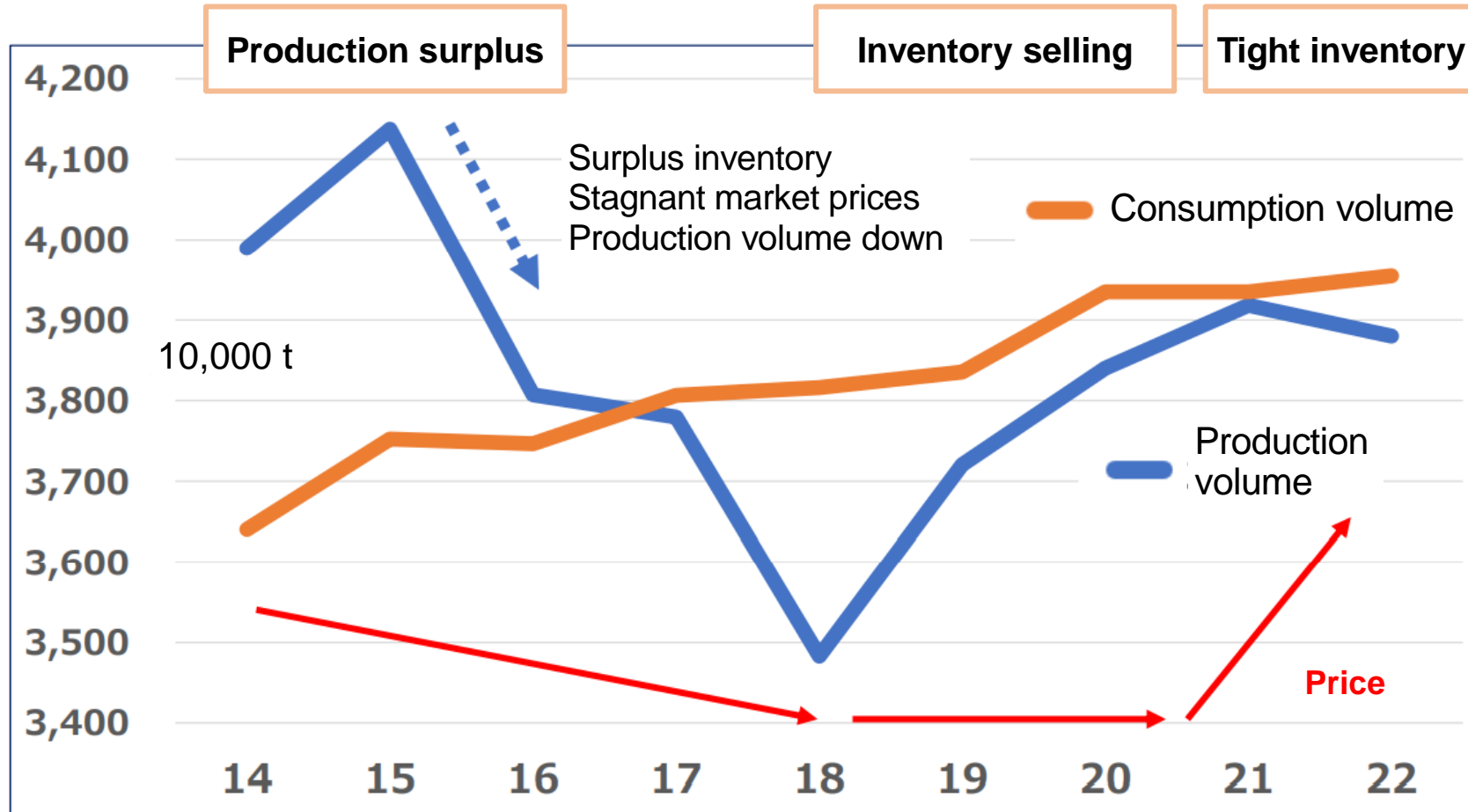
Kagome Australia Pty Ltd.: Revenue declined due to changes in shipping period for a major customer and income declined owing to in-process defects and soaring tomato raw material costs

UG: Both revenue and income declined attributable to weaker seedling sales and rising costs at European subsidiary due to geopolitical risks

Taiwan Kagome: Strong results of the institutional and industrial use business led to an increase in revenue and income even after price revisions in October 2021

# Worldwide Production and Consumption Volumes of Processed Tomatoes (2014 to 2022)

Prices were stagnant due to surplus inventories up to around 2020, but prices are rising again recently as inventories are sold off and due to rising costs.



Prepared by Kagome based on Tomato News (March 25, 2022 and April 20, 2022, etc.)