

Briefing Materials for FY2023



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 Financial Results for FY2023**
- 2. Progress of Third Mid-Term Management Plan**
- 3. Consolidation of Ingomar**
- 4. FY2024 Earnings Forecast**
- 5. Sustainability Initiatives**

Reference: FY2023 Topics

1. Summary of Financial Results for FY2023

FY2023 Consolidated Results

- Revenue: Rose in both the Domestic and International businesses after price revisions.
- Core operating income: Increased on growth of the International Business, despite soaring raw materials prices.

Unit: billion yen	FY2023 Result		YoY		vs. Revised Plan		FY2022 Result	FY2023 Revised Plan
		Margin		Change		Change		
Revenue	224.7	-	+19.1	+9.3%	+2.7	+1.2%	205.6	222.0
Core operating income	19.4	8.7%	+6.6	+52.1%	+3.4	+21.7%	12.8	16.0
Operating income	17.4	7.8%	+4.7	+37.0%	+1.4	+9.2%	12.7	16.0
Net income*	10.4	4.6%	+1.3	+14.4%	+1.4	+15.9%	9.1	9.0
ROE	8.3%		+0.6pt		—		7.7%	-
ROA	7.9%		+2.1pt		—		5.8%	-
EPS (yen)	121.17		+16.06	15.3%	+16.63	15.9%	105.11	104.54

* Net income attributable to shareholders of parent

The revised forecast represents the earnings forecast from the FY2023/3Q Consolidated Summary Report.

FY2023 Results by Segment

- Domestic Processed Food Business: Revenue increased in Food-Other, but declined in Beverages and Direct Marketing.
- Domestic Agri-Business: Revenue increased on higher sales volume, but income declined due to higher costs.
- International Business: Revenue and income both increased owing to strong sales to food service companies in the US and the effects of price revisions.

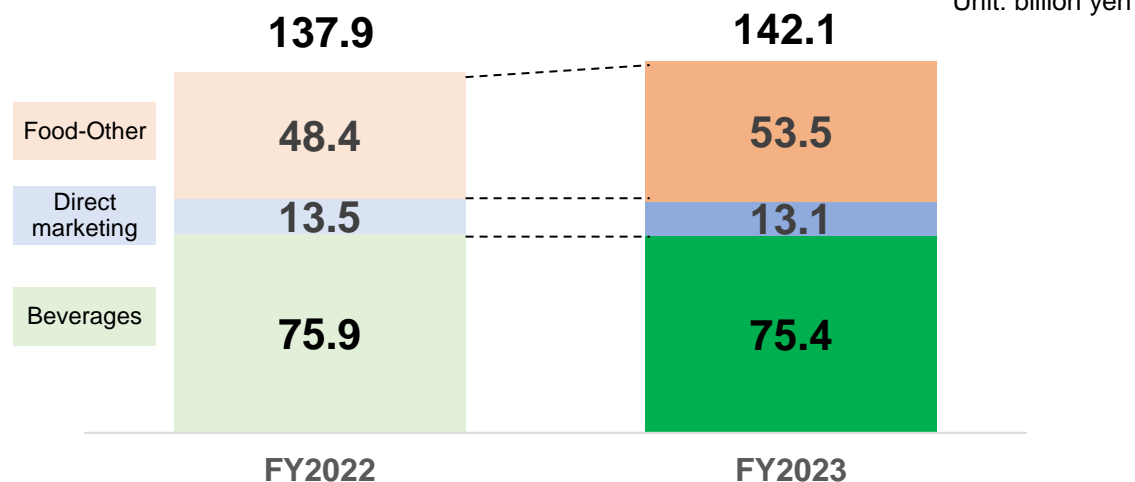
Unit: billion yen	Revenue			FY2022 Result	Core operating income			FY2022 Result
	FY2023	YoY	Change		FY2023	YoY	Change	
Beverages	75.4	-0.4	-0.6%	75.9	6.90	+0.10	+1.6%	6.79
Direct marketing	13.1	-0.4	-3.3%	13.5	0.66	-0.86	-56.5%	1.52
Food-Other	53.5	+5.1	+10.6%	48.4	2.80	+0.59	+27.2%	2.20
(1) Domestic Processed Food Business total	142.1	+4.2	+3.0%	137.9	10.36	-0.15	-1.5%	10.52
(2) Domestic Agri-Business	10.1	+0.5	+5.5%	9.5	0.11	-0.33	-74.3%	0.44
(3) International Business	85.2	+17.3	+25.6%	67.8	11.13	+7.52	+208.6%	3.60
Others/Adjustments	-12.7	-2.9	—	-9.7	-2.13	-0.36	—	-1.77
Total	224.7	+19.1	+9.3%	205.6	19.47	+6.67	+52.1%	12.80

FY2023 Domestic Processed Food Business

- Beverages saw revenue decline despite a recovery in sales volume, while Food-Other posted an increase in revenue as demand remained resilient following price revisions.
- Overall income was down due to surging raw materials costs.

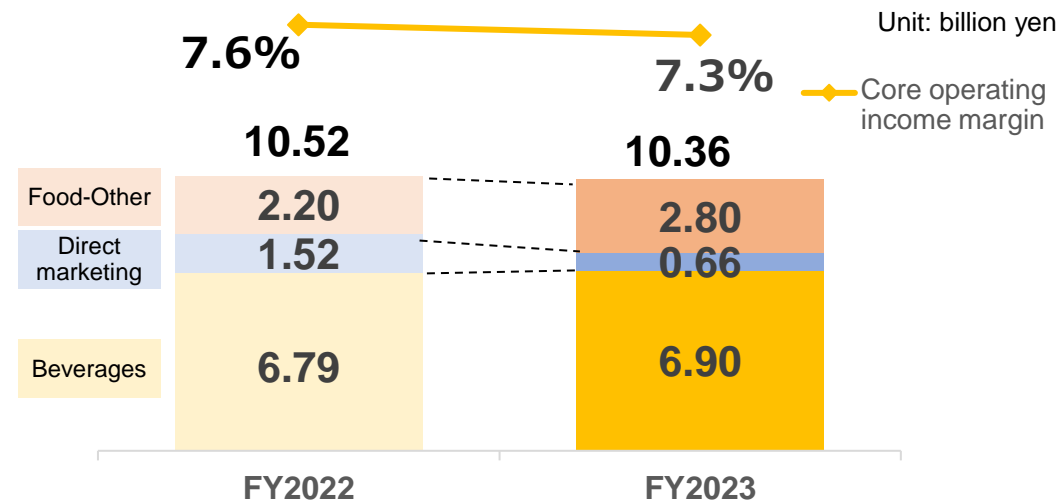
Revenue

Unit: billion yen



Core operating income

Unit: billion yen



Revenue rose when totaling all categories

- Beverages: Revenue gradually recovered after price revisions despite diminished sales volume (tomato juice sales were strong).
- Direct marketing: Revenue declined due to a decrease in regular customers.
- Food-Other
 - Consumer use: Revenue rose on promotional effects, including Rice Omelet Stadium
 - Institutional and industrial use: Revenue increased on higher food service demand even after price revisions.

Beverages, Food-Other secured income through measures to spur demand despite rising cost of sales

- Beverages: Income increased on price revision effects and efforts to control promotion expenses, despite surging raw materials prices.
- Direct marketing: In addition to a decline in revenue, income also fell due to upfront advertising investments and higher contact center operating cost.
- Food-Other
 - Consumer use / Institutional and industrial use: Income increased due to revenue growth and the effects of price revisions.

FY2023 Domestic Processed Food Business —Trend After Price Revisions

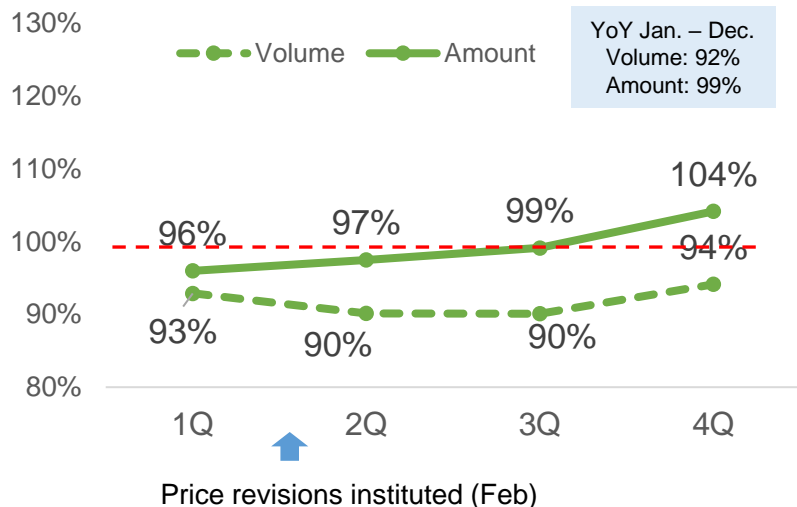


Vegetable Beverages: Recovering despite diminished sales volume since price revisions.
 Foods for consumer use / Institutional and industrial use:
 Consumer use sales quickly recovered amid measures to spur demand and sales of products for institutional and industrial use were strong.

Vegetable Beverages

Revenue recovered each month, despite weaker sales volume after price revisions

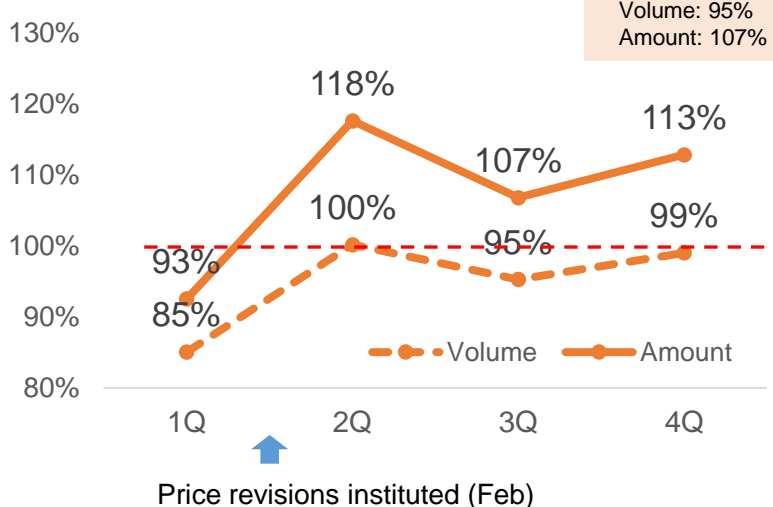
YoY Trend in Vegetable Beverages



Foods for consumer use

Measures to spur demand were a success and sales quickly recovered

YoY Trend in Consumer Use



Institutional and industrial use

Sales volume exceeded the previous year's level even after price revisions

YoY Trend in Institutional and Industrial Use



Yasai Seikatsu 100 Trend in Average Unit Price (Unit: yen)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
720 ml	174	185	190	196	191	192	195	192	197	193	194	195
200 ml	83	89	93	93	93	93	93	92	93	93	94	94

Price revisions instituted (Feb)

Tomato ketchup Trend in Average Unit Price (Unit: yen)

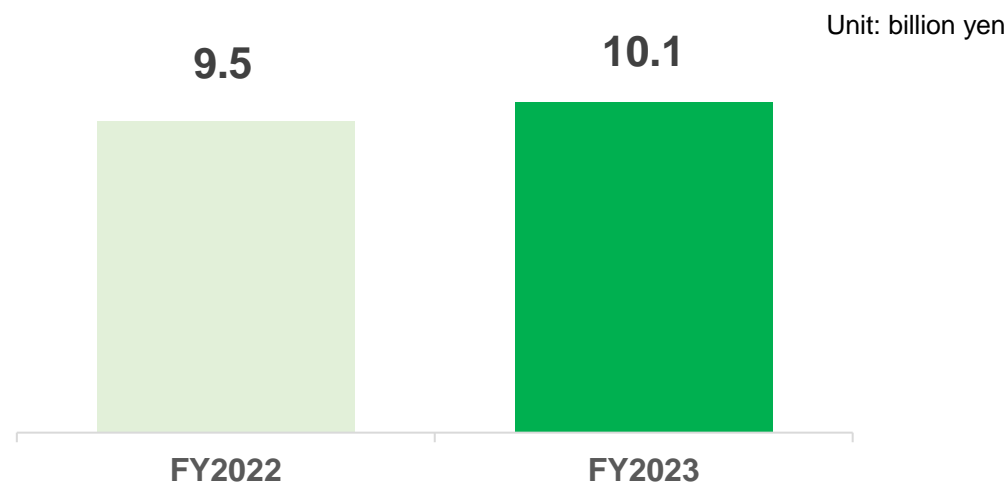
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
500 g	176	190	203	204	205	203	207	207	208	208	201	204

Price revisions instituted (Feb)

FY2023 Domestic Agri-Business

- Revenue rose on the larger procurement volume of fresh tomatoes.
- Core operating income declined due to rising energy prices and fertilizer prices.

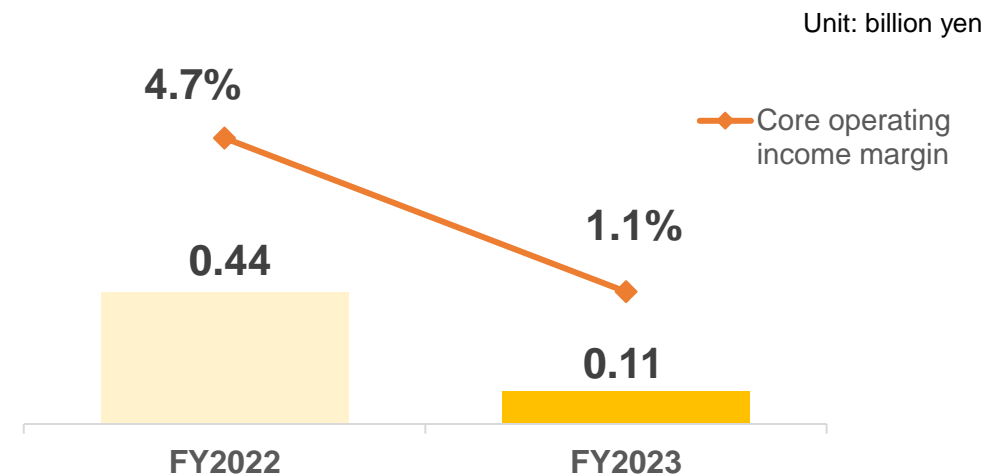
Revenue



Revenue rose on higher procurement volume

- Revenue rose on larger procurement volume of fresh tomatoes.
- Growing sales of high value-added products, such as high lycopene tomatoes and high GABA tomatoes, etc.

Core operating income



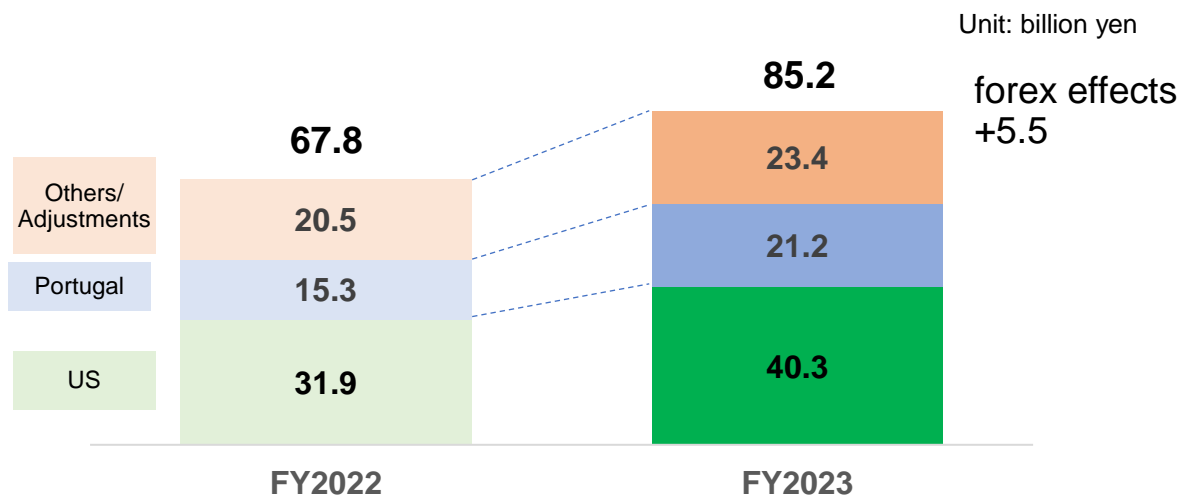
Core operating income declined due to higher costs

- Fertilizer costs rose, and energy prices increased especially fuel for greenhouses.

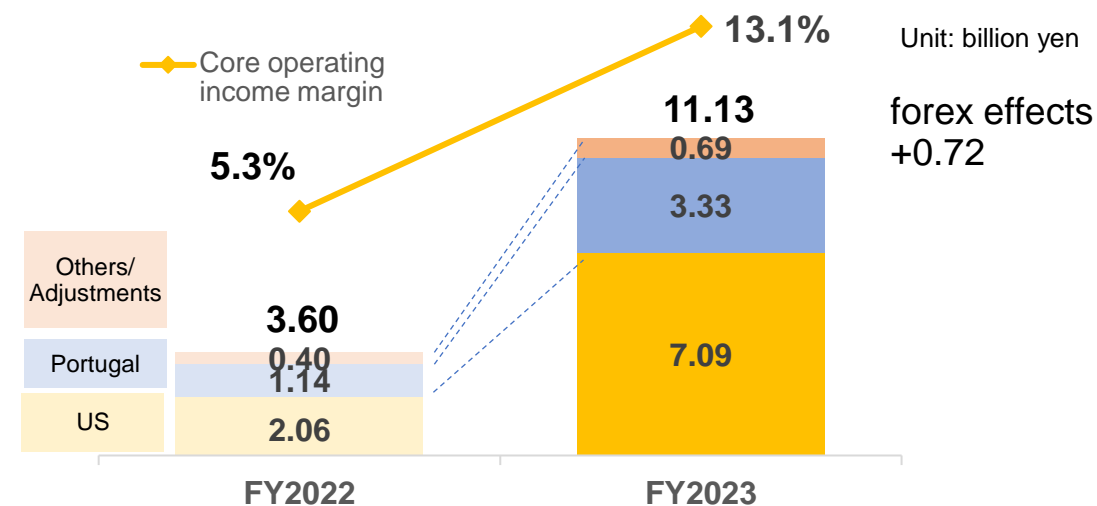
FY2023 International Business

- Strong performance in the secondary processing business for food service companies in the US and the tomato primary processing business in Europe.
- Core operating income rose amid price revisions linked to market prices.

Revenue



Core operating income



Rising selling prices and strong sales to food service companies

- US: Strong sales of secondary processed products such as pizza sauce owing to rising selling prices from price revisions and growth in food service demand.
- Portugal: In addition to higher selling prices of primary processed products such as tomato paste, sales of secondary processed products also increased in the UK.

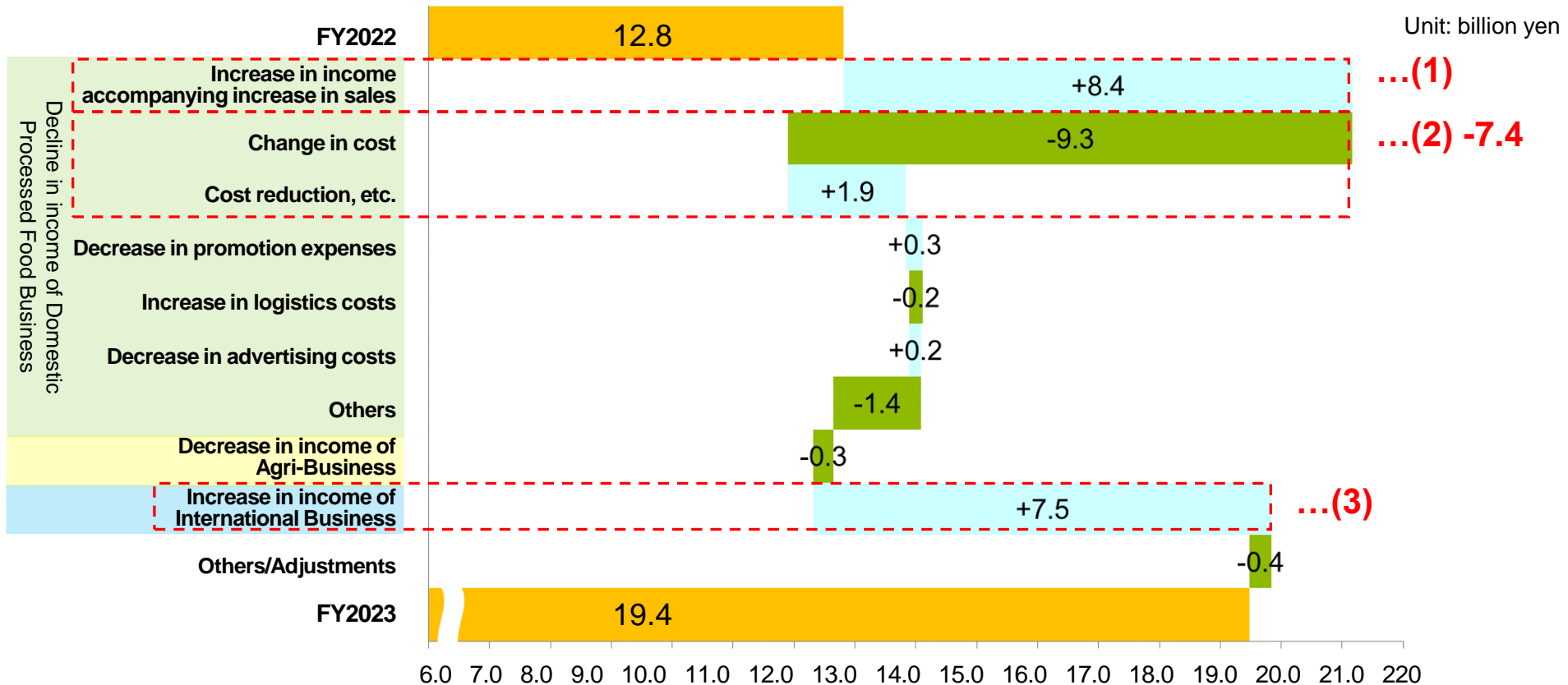
Pushed back timing of price revisions and changeover of raw materials produced in 2023

- US: Core operating income increased owing to larger equity in earnings of Ingomar and the pushback in the timing of price revisions and changeover of raw materials produced in 2023.
- Portugal: Core operating income increased on higher prices of tomato paste.

FY2023 Factors Contributing to Core Operating Income Changes



Changes in core operating income were as follows:



- (1) Increase in income owing to price revisions, decrease in sales volume +8.4: effect of net increase in income including decreased sales volume
- (2) Change in cost and cost reduction, etc. -7.4: Cost changes -9.3...raw materials -9.0 (incl. forex effects -1.5), energy -0.1, etc.
Cost reduction +1.9... review of contracts, consolidation of suppliers, reduced loss, etc.
- (3) Increase in income of International Business +7.5: Kagome Inc. (USA) +5.0, HIT (Portugal) +2.1, etc.

FY2023 Factors Contributing to Operating Income and Net Income Changes

- Operating income, profit before income taxes, and net income increased over the previous year attributable to the increase in core operating income.

Unit: billion yen	FY2023 Result			FY2022 Result
		YoY	Change	
Core operating income	19.47	+6.66	52.0%	12.80
Other income	0.63	-0.07	-9.9%	0.71
Other expenses	2.63	+1.87	246.1%	0.76 (1)
Operating income	17.47	+4.71	36.9%	12.75
Profit before income taxes	16.48	+3.93	31.3%	12.55
Income taxes	4.67	+1.88	67.4%	2.79
Effective tax rate	28.4%	+6.2pt	27.9%	22.2% (2)
Profit attributable to non-controlling interests	1.38	+0.72	110.8%	0.65 (3)
Net income*	10.43	+1.31	14.4%	9.11

* Net income attributable to shareholders of parent

Main Factors Contributing to Changes

- (1) Other expenses +1.87: impairment losses on fixed assets of Domestic Agri-Business, etc.
- (2) Effective tax rate +6.2 pt: impacts of above impairment losses, etc.
- (3) Profit attributable to non-controlling interests +0.72: increased income of HIT of Portugal, etc.

FY2023 Changes to Statement of Financial Condition

- Inventories and borrowings increased as a result of soaring raw materials prices and accumulation of stable inventories.

Assets/Liabilities and Equity
 265.6 billion yen (+40.2 billion yen vs. previous fiscal year end)
 Equity attributable to owners of the parent to total assets:
 49.8% (-3.0 pt)

Consolidated Statement of Financial Condition
 (As of December 31, 2023) Unit: billion yen

<p>Total assets 265.6 (+40.2)</p> <ul style="list-style-type: none"> - Current assets 165.4 (+36.2) - Non-current assets 100.1 (+3.9) 	<p>Liabilities 129.2 (+25.6)</p>
	<p>Equity 136.4 (+14.6)</p>

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

■ **Current assets 165.4 (+36.2)**

Inventories +17.6 (including forex effects), cash and cash equivalents +14.6 (increase in interest-bearing debt, etc.), trade and other receivables +2.9, etc.

■ **Non-current assets 100.1 (+3.9)**

Other financial assets +4.1, equity gains of affiliated companies +2.1, etc.

■ **Liabilities 129.2 (+25.6)**

Interest-bearing debt (mainly borrowings) +21.7, etc.

■ **Equity 136.4 (+14.6)**

Retained earnings +7.3 (income: +10.4 and dividends paid: -3.2, etc.), other components of equity +5.8, etc.

* Parentheses indicate change compared to previous fiscal year end

FY2023 Changes in Cash Flow

Free cash flows: Increased year on year due to the decrease in cash flows from investing activities.

Cash flows from financing activities: Increased year on year owing to the acquisition of treasury shares and increased borrowings in the previous year.

Unit: billion yen	FY2023 Result			FY2022 Result
		YoY	Change	
Cash flows from operating activities (A)	4.6	-0.0	-0.4%	4.6
Cash flows from investing activities (B)	-6.0	+3.4	+36.2%	-9.4
Free cash flow (A+B)	-1.4	+3.3	+68.8%	-4.8
Cash flows from financing activities	15.6	+21.1	+383.6%	-5.5

■ Key components of FY2023 cash flows

Cash flows from operating activities

Profit before income taxes 16.4 billion yen, depreciation 8.2 billion yen, increase in inventories -14.7 billion yen, and income taxes -4.2 billion yen, etc.

Cash flows from investing activities

Acquisition of property, plant and equipment, and intangible assets -6.4 billion yen

Cash flows from financing activities

Increase of short-term borrowings +9.2 billion yen, increase of long-term debt +9.5 billion yen, and dividends paid -3.2 billion yen, etc.

2. Progress of Third Mid-Term Management Plan

Third Mid-Term Management Plan: First 2 Years/Second 2 Years



- Sudden changes in management environment (COVID-19, war in Ukraine, yen depreciation, and natural disasters)
- Unprecedented increases in raw materials costs

First 2 years (2022-23)

Domestic Business

- Revised prices of nearly all products
- Measures to spur demand proved successful
- Demand, too, steadily recovered
- **Implemented price revisions as planned**

International Business

- Results of earnings structure reforms
- Price revisions in line with high market prices
- Captured food service demand
- **Significant growth in both sales and profit**

Strengthen management foundation

- New procurement contracts in Southern Hemisphere
- Established Enterprise Risk Management Committee, etc.
- **Strengthening procurement capability and business continuity**

Second 2 years (2024-25)

Restore profits

Accelerate growth

Continue strengthening management foundation

Basic Strategy of the Third Mid-Term Management Plan

Basic strategy of the third Mid-Term Management Plan: “achieve sustainable growth by taking four actions that are organically connected.”

Change to fan-based marketing

Promote behavioral change in terms of vegetable intake

Achieve sustainable growth by taking four actions that are organically connected

Pursue both organic and inorganic growth

Strengthen the Group's management foundation and foster a culture for tackling challenges

Third Mid-Term Management Plan: First 2 Years/Second 2 Years



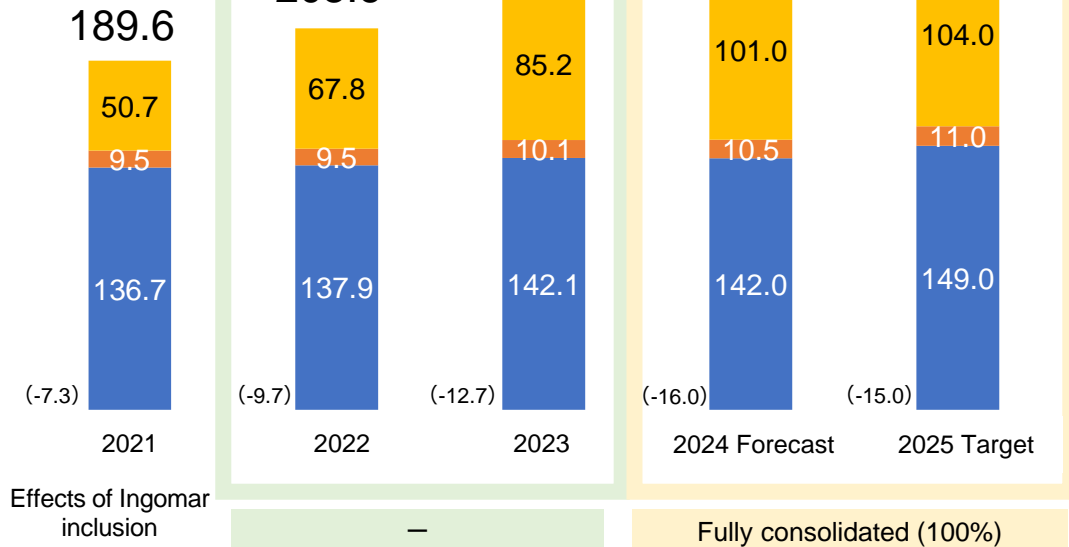
- Domestic business: Turnaround the decline in core operating income caused by rising raw materials prices.
- International business: Accelerate growth by selling to food service companies and capturing food service demand.

Revenue

Unit: billion yen

- Domestic Processed Food Business
- Domestic Agri-Business
- International Business
- Ingomar

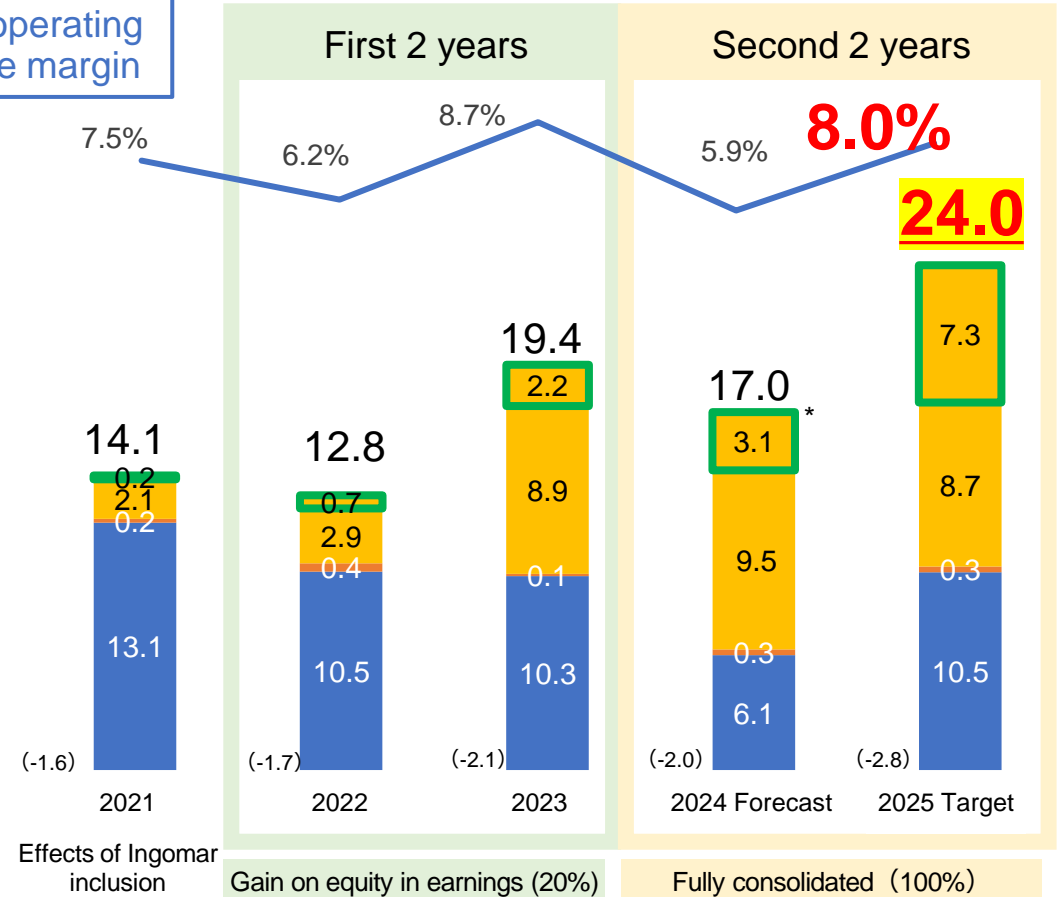
(-) Other/Adjustments
*Results for each business before adjustments



Core operating income

Unit: billion yen

Core operating income margin



Third Mid-Term Management Plan: Initiatives in Second Half (Domestic Business)

- Restoring profit the top priority.
- Provide diverse products and menu ideas that increase opportunities to eat vegetables and make vegetables tastier and more enjoyable to eat.

Measures to spur demand and increase opportunities to eat vegetables + price revisions

■ Strong sales of tomato juice → Expand to carrots

- Tomato juice shipment volume exceeded 2022 by around 15%, breaking a record high for the second straight year.
- Disseminate the beauty value of beta-carotene found in carrots.



■ New Yasai Seikatsu brand products for consumers who want to avoid sweetness and sugar

- The share of sugar-free products in the beverage market continues to grow.
- New products in response to unmet needs arising from the Yasai Seikatsu brand.



Promote behavioral change in terms of vegetable intake

■ Running total of VegeCheck measures now over 6.5 million times

- VegeCheck is a key tool for raising awareness about a lack of vegetable intake and promoting behavioral change.
- Continue installing at retail stores and increase sales of vegetable beverages.

■ Implementing Let's Eat Vegetables Campaign with 19 manufacturers and organizations

- Information communicated to a running total of 40 million people.
- Increase real experiences linked to fan-based marketing.



*VegeCheck: A device that can measure a person's estimated vegetable intake in about 30 seconds by placing the palm of the hand on a sensor.



Third Mid-Term Management Plan: Initiatives in Second Half (Domestic Business)

- Develop pillars for sales growth and expand business domains.
- Continue earnings structure reforms.

Strengthen growth domains (vs. 2023)

Vegetable soup (+2.5 billion yen)

- Develop soup business along the lines of ingredient taste as unique products that can contribute to vegetable intake.
- Focus on expanding EC channel where growth is strong and value is conveyed.



Plant-based ingredients (+1.2 billion yen)

- Expand products using plant-based ingredients in food products in response to growing demand for plant-based foods.
- Collaborate with other companies and tap into demand from in-bound tourism.



Earnings structure reforms

■ Initiatives for strengthening earnings structure

At the same time as price revisions, continue to review raw materials combinations, optimize manufacturing costs, promote loss reforms, and review unprofitable products.

Review raw materials combinations

Optimize manufacturing costs

Promote loss reforms

Review unprofitable products

■ Effectively utilize advertising costs and promotion expenses

Aim to effectively spend this money in 2024 to quickly restore demand.

Third Mid-Term Management Plan: Initiatives in Second Half (International Business)

- Further accelerate growth with price revisions and capturing food service demand.
- Increase sales to food service companies as demand for processed tomato products remains strong.

Strengthen Group collaboration using company system

■ International Business Division→converted to company system within Kagome Food International Company (KFIC)

- Formulate strategy for entire Group; deepen collaboration to accelerate growth.
- Establish new meeting body of Group company CEOs and make organizational changes to facilitate agile decision making at the executive management level.
- Transfer most authority to company president.



Primary Processing/Secondary Processing

■ Primary processing: Demand remains strong for processed tomato products despite a gradual drop in market prices

- Continue to secure profit by establishing selling prices linked to environmental changes.
- Make Ingomar a consolidated subsidiary.

■ Secondary Processing: Increase sales to food service companies

- Tap into leading local food service companies in the US and Europe in conjunction with the strategies of global food service companies.
- Grow business for food service companies in India.



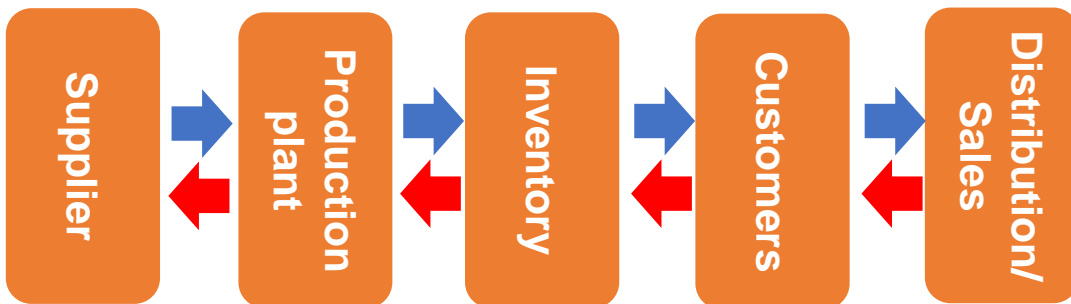
Third Mid-Term Management Plan: Initiatives in Second Half (Strengthening Management Foundation)

- Streamline logistics ahead of expected cost increases.
- Consolidate R&D departments into a single organization.

Crystallize supply network concept

■ Streamline and optimize procurement, production, packing and transport

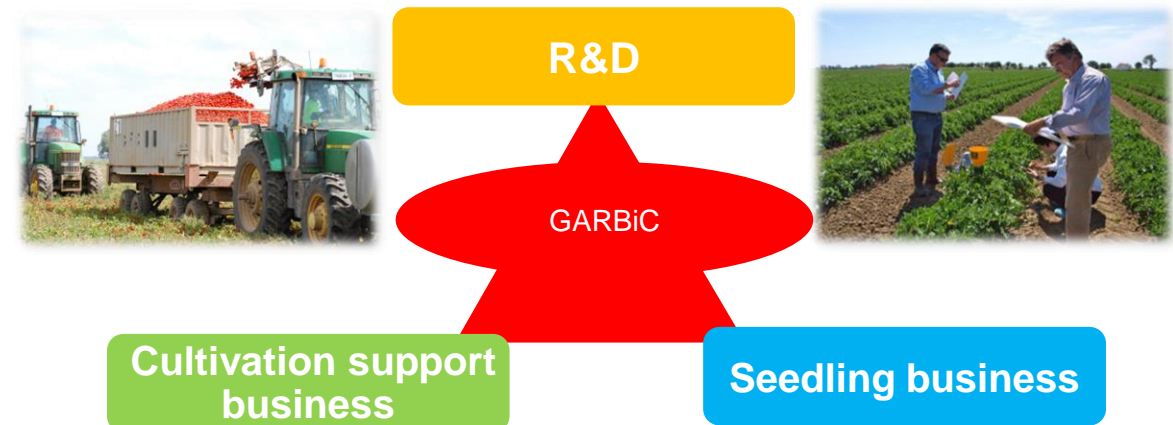
- Streamlining logistics ahead of ongoing cost increases is an important management issue.
- In addition to transport from production plant to customer, maintain centralized data on inventories from upstream to downstream including procurement/logistics of raw materials, streamline procurement, production, packing, and transport and work toward the supply network concept of optimization.



Concentrate investments in research resources

■ Establish the Global Agri Research & Business Center (GARBiC)

- Consolidate variety development and cultivation technology development departments spread across Japan and overseas into a single organization.
- Focus investments on research resources and use the results of Kagome's variety development and cultivation technology development as a source of medium- to long-term competitiveness.
- Contribute to sustainability of agriculture worldwide.



3. Consolidation of Ingomar

About Ingomar

- Primary processor of tomatoes that manufactures and sells tomato paste and diced tomatoes.
- Production capacity of primary processed tomato products: **2nd largest in US** (4th largest worldwide).

■ Overview

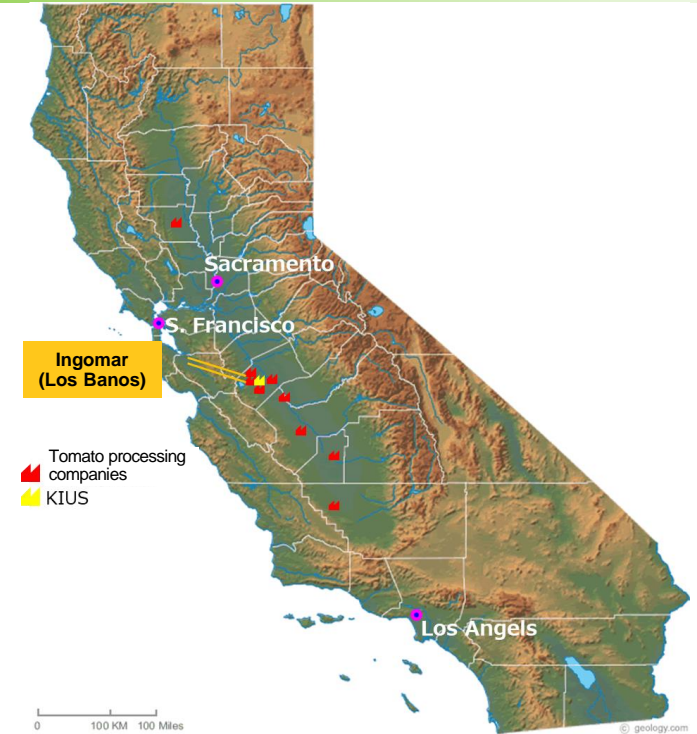
Established	1983
Location	Los Banos, California USA
Main business lines	Production and sales of tomato paste and diced tomatoes
Plants	No. 1 Plant (1983-) manufactures tomato paste No. 2 Plant (2000-) manufactures tomato paste and diced tomatoes
Representative Director and CEO	Greg Pruett
Shareholders	6 farmers (80%) and Kagome Inc. (20%) *Invested through Kagome Inc. in Sept. 2016

■ Position in the primary processed tomato industry

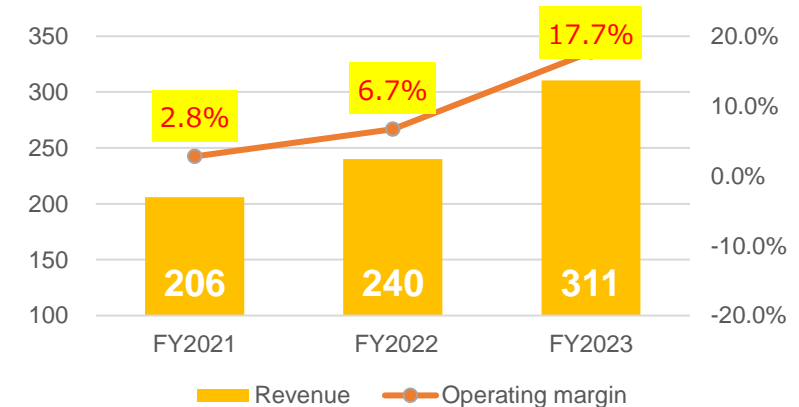
- Annual processing capacity: fresh tomatoes 1.55 million tons (2022 results) (No. 2 in the US and No. 4 in the world) * Source: Tomato News, May 9, 2023

■ Transactions with Kagome Group

- Has remained a major supplier in the United States for many years.



Trailing 3-year performance (million US dollars)



Purpose of Consolidation

- Acquire the world's largest production area for processing tomatoes in the U.S. and develop solutions using cutting edge technologies from the US.
- Build a sustainable tomato processing business with competitive advantages by strengthening initiatives in agriculture.

Further growth of US business

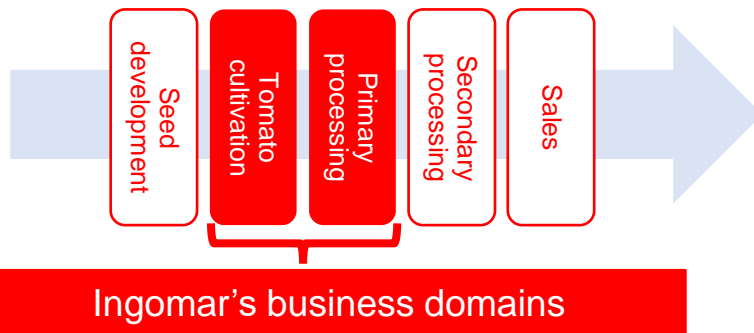
- Kagome Group has seed development and sales, processing tomato cultivation, primary processing, secondary processing, and marketing/sales as functions. Strength found in ability to create added value in each of these functions.

Expand global network of tomato processing business

- Unlock business growth by mainly expanding transactions with global food service companies, using a global product/service supply system made possible through in-house collaboration, including Ingomar.

Build sustainable tomato processing business

- Growing importance of primary processing companies, despite exposure to market volatility.
- Work to develop new variety/cultivation technologies jointly with Ingomar and build a sustainable tomato processing business.



⇒ Strengthen value chain of tomato processing business in the US



Investment Amount and Future Outlook

- The consolidation of Ingomar is Kagome's largest ever investment.
- Acceleration of growth through synergistic effects

Investment amount

Equity stake **20% → 70%**

Approx. **36.0** billion yen

Source of funds

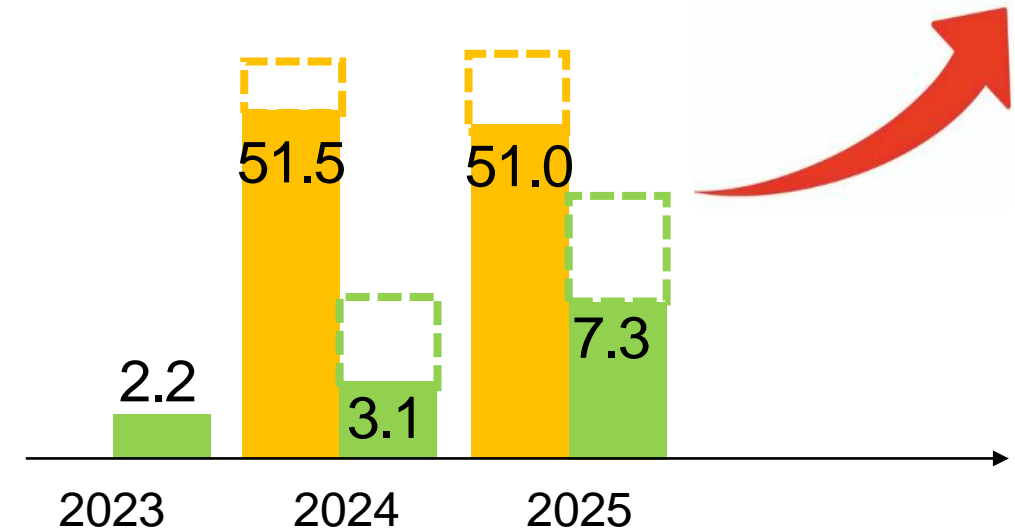
Bridge loan

- Bridging loan with approx. 1-year term

Permanent financing

- Obtain permanent financing after about 1 year using treasury shares + dividends, etc. from Ingomar.

Estimated Investment Effect (Unit: billion yen)



Build sustainable tomato processing business

Expected synergies

Strengthen value chain through US/Group collaboration

4. FY2024 Earnings Forecast

FY2024 Earnings Forecast

Domestic business: Revenue will remain unchanged and core operating income will decline due to higher raw materials prices and logistics costs.

International business: Revenue will increase substantially with the inclusion of Ingomar and core operating income will rise on higher revenue.

Unit: billion yen	Revenue			FY2023 Result	Core operating income			FY2023 Result
	FY2024 Plan	YoY	Change		FY2024 Plan	YoY	Change	
Beverages	73.9	-1.4	-1.9%	75.4	3.50	-3.40	-49.3%	6.90
Direct marketing	15.2	+2.1	+16.4%	13.1	1.20	+0.53	+80.5%	0.66
Food-Other	52.7	-0.8	-1.5%	53.5	1.40	-1.40	-50.0%	2.80
Domestic Processed Food Business total	142.0	-0.1	-0.1%	142.1	6.10	-4.26	-41.2%	10.36
Domestic Agri-Business	10.5	+0.3	+3.9%	10.1	0.30	+0.18	+159.2%	0.11
International Business	152.5	+67.2	+79.0%	85.2	12.60	+1.46	+13.2%	11.13
Others/Adjustments	-16.0	-3.2	—	-12.7	-2.00	+0.07	—	-2.13
Total	289.0	+64.3	+28.6%	224.7	17.00	-2.47	-12.7%	19.47

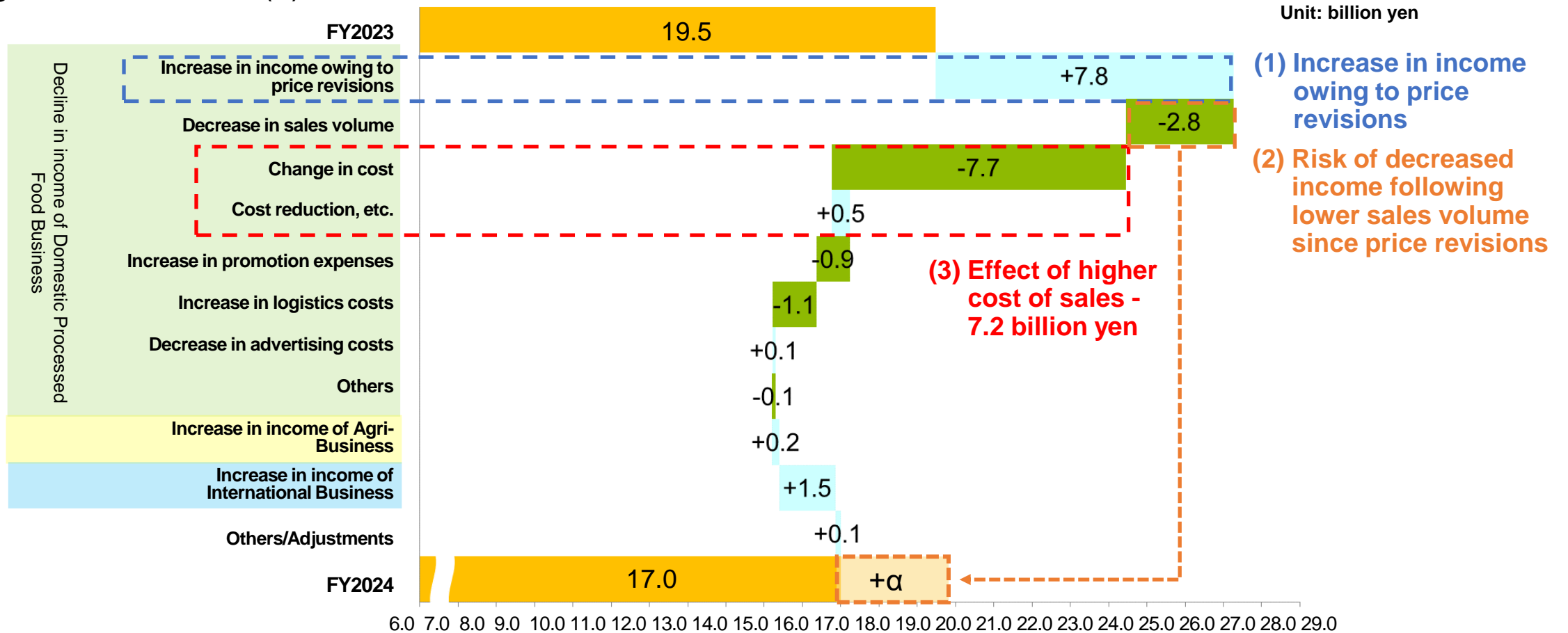
Effects of Ingomar consolidation and inclusion in the International Business

- Revenue: 51.5 billion yen Core operating income: 3.1 billion yen (fully consolidated: 100%)
 - Core operating income will temporarily remain at low levels because of higher cost price from marking to market inventories following the application of the Accounting Standard for Business Combinations.
- Ref.) FY2023: Revenue: – billion yen Core operating income: 2.2 billion yen (gain on equity in earnings: 20%)

FY2024 Factors Contributing to Core Operating Income Changes



- Price revisions are expected to result in higher core operating income (1) but there is a risk of a downturn in core operating income as a result of diminished sales volume after price revisions (2).
- The Domestic Processed Food Business is expected to post a decline in core operating income due to higher cost of sales (3).

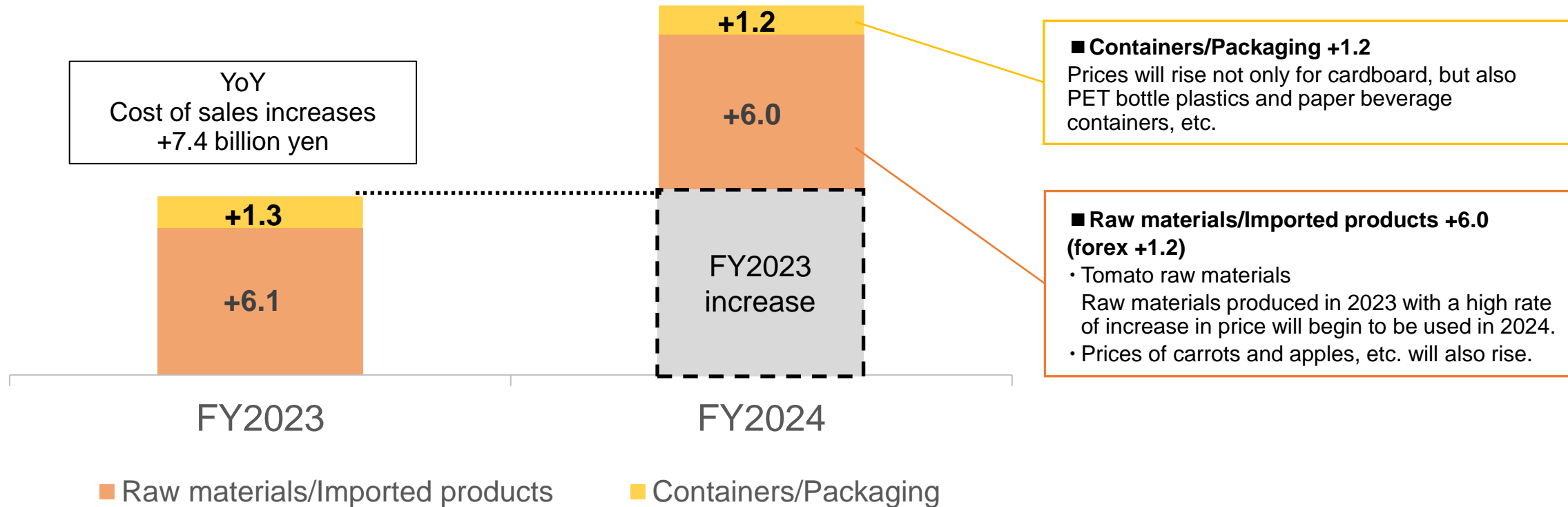


Factors Behind Rising Cost of Sales in Domestic Processed Food Business in FY2024

Cost of sales in the Domestic Processed Food Business will become higher due to the continuation of soaring prices starting on tomato raw materials.

**Higher Cost of sales
(after cost of sales reductions)**
YoY
(Unit: billion yen)

**YoY
Cost of sales increases
+7.2 billion yen**



FY2024 Operating income/Net income

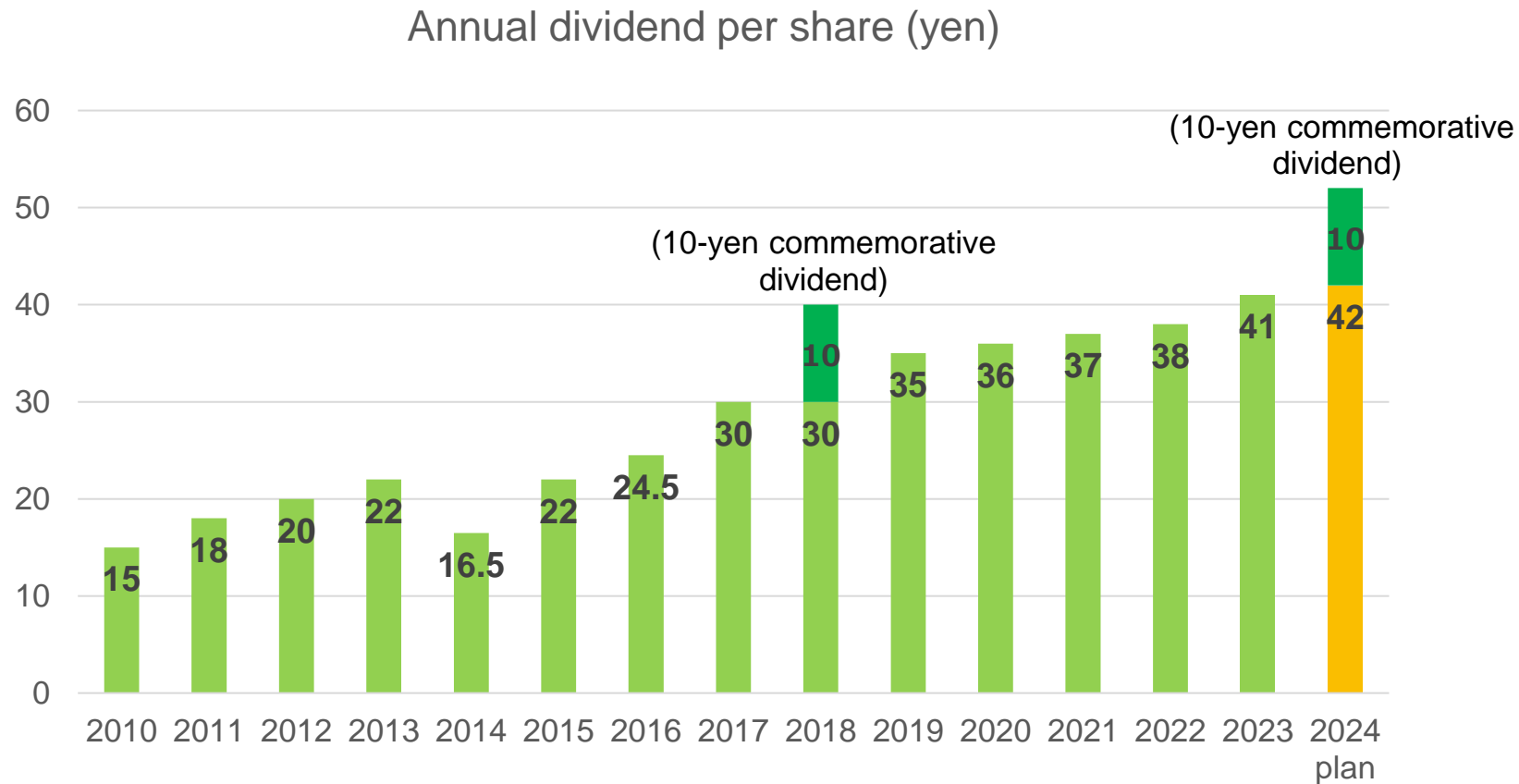
- Operating income/Net income: Increase because of marking to market the existing 20% equity stake in Ingomar.

Unit: billion yen	FY2024 Plan		YoY		FY2023
		Margin		Change	Result
Revenue	289.0	-	+64.3	+28.6%	224.7
Core operating income	17.0	5.9%	-2.4	-12.7%	19.4
Operating income	26.0	9.0%	+8.6	+48.8%	17.4
Net income*	18.0	6.2%	+7.6	+72.5%	10.4
EPS (yen)	209.02	-	+88	+72.5%	121.17

* Net income attributable to shareholders of parent

Dividends

Plan to pay a dividend of 52 yen per share for FY2024, including a 10-yen commemorative dividend for the company's 125th anniversary, based on the dividend policy in the third Mid-Term Management Plan (annual dividend per share of 38 yen or higher and total return ratio of 40% for the period of the plan).



*9-month period from April to December 2014

5. Sustainability Initiatives

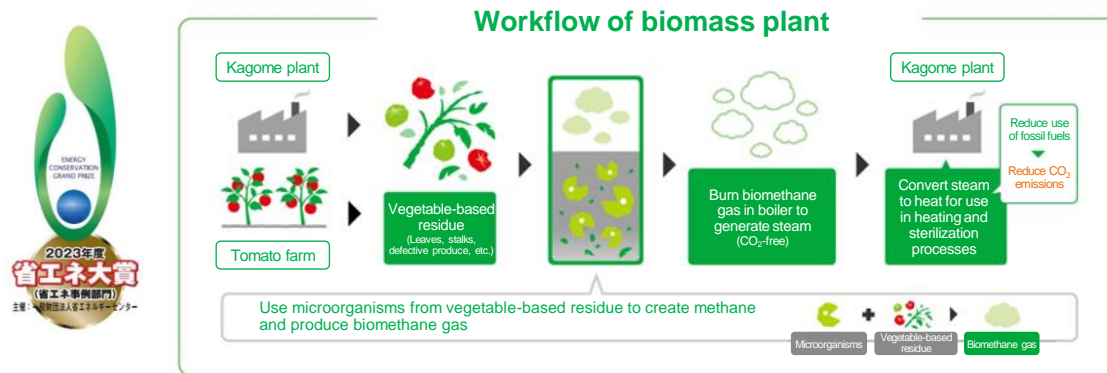
Sustainability Initiatives

- Received Energy Conservation Grand Prize award for ongoing energy saving activities at our domestic plants.
- Response to the 2024 problem of logistics (in Japan)

Received the ECCJ Chairman's Prize at the FY2023 Energy Conservation Grand Prize

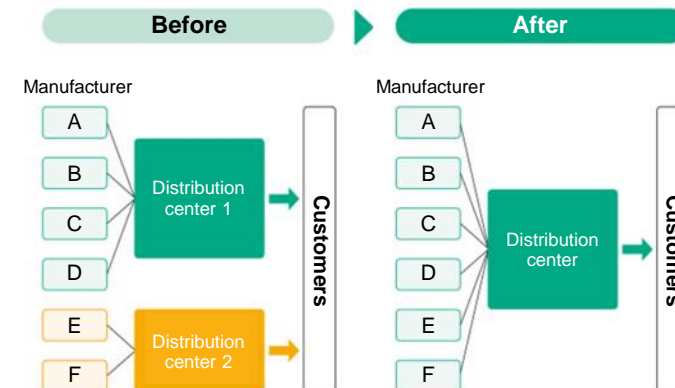
- Received an energy conservation grand prize for the first time for agriculture-food industry collaboration in food manufacturing to promote energy conservation investments and activities based on the unique characteristics of the business. (organized by The Energy Conservation Center, Japan)

* Example of initiatives: producing bio methane gas from plant-based residue and defective tomatoes for use as fuel.



Initiatives at F-LINE to address the 2024 problem of logistics

- In preparation for this logistics risk, Kagome has participated in F-LINE, a logistics company established jointly between manufacturers, since 2019. F-LINE is working to realize efficient and stable logistics, including joint deliveries, etc.
- F-LINE is also striving to ensure a stable transport network by reviewing and streamlining warehouse layouts at plants and promoting collaboration with sales to reduce driver wait times, etc.



* Example of initiatives: joint deliveries with manufacturers

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”

Reference

FY2023 Domestic Processed Food Business —Factors Controlling Costs

Change in cost has been reined in by 2.6 billion yen compared to the interim forecast, despite soaring raw materials prices centered on imported products.

Change in cost (including cost of sales reductions)

YoY
(Unit: billion yen)

YoY
Change in cost
+10.0 billion yen



Interim forecast

YoY
Change in cost
+7.4 billion yen



FY2023

■ **Energy -0.4 from interim forecast**
Energy prices trending below assumptions

■ **Containers/Packaging -0.1 from interim forecast**
Consolidation of suppliers, etc.

■ **Raw materials/Imported products -2.1 from interim forecast**

- Agricultural raw materials
Positive effects from review of medium-term procurement strategy, including changing contract provisions for tomatoes, etc.
- Increased rate of in-house production, etc.

■ Raw materials/Imported products ■ Containers/Packaging ■ Energy ■ Others

Topics in Domestic Processed Food Business

Beverages



- Tomato juice sales were strong after converting beauty-minded consumers to customers, resulting in record high shipments.
- Sales recovered in convenience stores, but sales at mass retailers were below the previous year, but showed signs of a turnover in the second half.

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

Sales channel	1H	2H	Total
Convenience store	101%	102%	101%
Mass retailer	96%	99%	97%
EC	107%	112%	109%
Total	98%	101%	100%

Container size	1H	2H	Total
Personal-size container	98%	98%	98%
Large container	97%	108%	102%
Total	98%	101%	100%

Sales by sales channel and by container size

- Convenience stores: Sales recovering following demand from offices.
- Mass retailers: Downtrodden case sales



Revenue by core brand

Tomato juice 15.6 billion yen (+23% YoY)

- Sales were solid amid the conversion of beauty-minded consumers to customers and broke a record for shipment volume.

Yasai Ichinichi Kore Ippon 12.7 billion yen (-4% YoY)

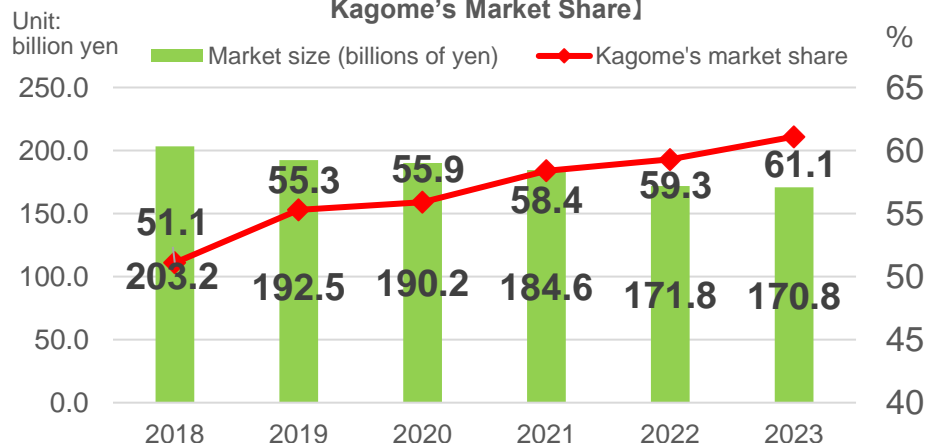
- Sales of large containers were downtrodden after price revisions and avoidance of concentrated beverages during the intense heat in the 3Q.

Yasai Seikatsu 100 Series 37.4 billion yen (-6% YoY)

- Sales of personal size containers for convenience stores recovered, but large size and case sales were down.



【Vegetable Beverages Market and Kagome's Market Share】



*Source: Market size: based on Kagome's research Market share: Intage SRI+

Promotion expenses, advertising costs (YoY)

Promotion expenses declined amid the recoil from new product promotions in the previous year, and advertising costs declined as expected.

Promotion expenses down 0.36 billion yen YoY

Advertising costs down 0.64 billion yen YoY

Topics in Domestic Processed Food Business

Direct Marketing

- The number of regular customers of Kenko Chokusobin declined centered on vegetable beverages and supplements.
- Core operating income declined due to higher contact center operating cost.

カゴメの通信販売
健康直送便



The number of regular customers declined due to cutbacks in advertising and sales of mainstay vegetable beverages and supplements declined year over year.

Revenue by core product
Vegetable beverages 8.1 billion yen (-6% YoY)
Supplements 2.1 billion yen (-3%)
Soups 1.4 billion yen (+8%)



Core operating income

Core operating income declined by 0.86 billion yen due to increased costs for operating direct marketing call centers.

Topics in Domestic Processed Food Business Food and Others

- Tomato ketchup sales quickly recovered after price revisions, and institutional and industrial use maintained roughly the same volume as the previous year even after price revisions.
- Core operating income was up on revenue growth despite soaring raw materials prices.



Foods for consumer use

Revenue of 19.3 billion yen (+7% YoY)

- Revenue was up on the quick recovery after price revisions and success of measures to spur demand.

Revenue by core product

Tomato ketchup: 9.6 billion yen (+9% YoY)

- Effects of promotions, such as Rice Omelet Stadium, etc.



Products for institutional and industrial use

Revenue of 25.9 billion yen (+20% YoY)

- Strong sales owing to the recovery in food service demand

Core operating income

Core operating income was up thanks to revenue growth, despite soaring raw materials prices.

Topics in Domestic Agri-Business

Revenue increased amid higher selling prices on strong market conditions for fresh tomatoes up to April and higher procurement volume.

Core operating income declined due to rising energy costs and a rapid weakening in market conditions since May.

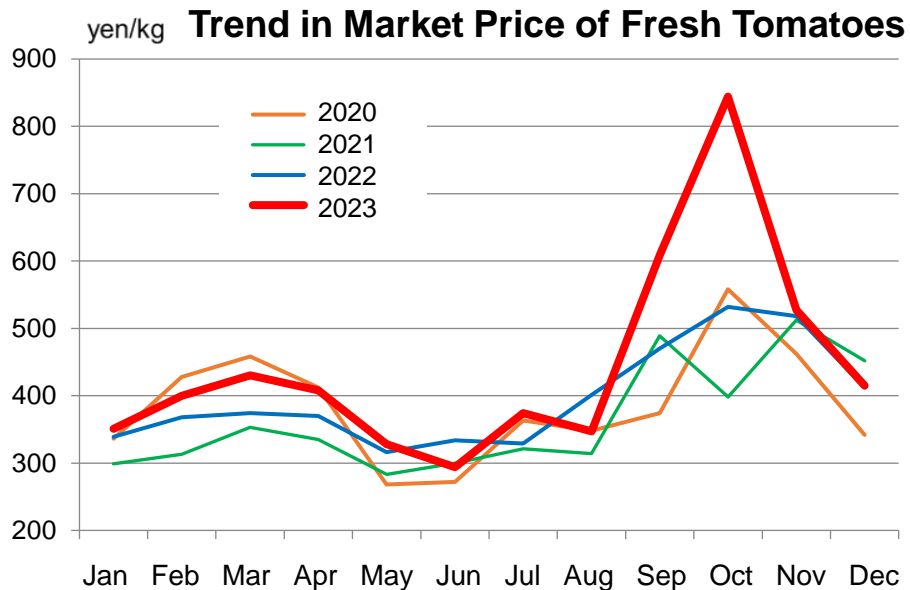


Revenue by core product

Fresh tomatoes: 8.5 billion yen (+6% YoY)

• High lycopene tomatoes 4.3 billion yen (+10% YoY)

Mesclun greens: 0.6 billion yen (+5% YoY)



Status of fresh tomato market

- Fresh tomato prices rose until April due to lower temperatures and shortage of sunlight, etc.
- Market conditions have deteriorated since May due to a sharp uptick in distribution volume following good weather.
- Distribution volume declined sharply in October following the hot summer and prices shot higher.

Topics in International Business

- Strong performance in tomato secondary processing business for food services companies in the US and in tomato primary processing business in Europe.
- Core operating income increased on price revisions linked to market prices.

Unit: billion yen

Revenue	FY2023			FY2022	Core operating income			FY2022
	Unit: billion yen	YoY	YoY (excludes forex effect)		FY2023	YoY	YoY (excludes forex effect)	
Kagome Inc. (United States)	40.3	+8.4	+5.8	31.9	7.09	+5.03	+4.66	2.06
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT)	21.2	+5.8	+3.9	15.3	3.33	+2.18	+1.92	1.14
Kagome Australia Pty Ltd.	9.4	-0.1	-0.3	9.5	0.41	+0.32	+0.31	0.09
United Genetics Holdings LLC	6.9	+1.7	+1.2	5.2	0.96	+0.75	+0.68	0.21
Taiwan Kagome Co., Ltd.	5.4	+0.8	+0.6	4.6	0.47	-0.03	-0.04	0.51
Others	1.7	+0.7	+0.5	1.0	-1.15	-0.73	-0.74	-0.41
International Business total	85.2	+17.3	+11.8	67.8	11.13	+7.52	+6.80	3.60



Summary by company (local currency basis)

Kagome Inc.: Revenue and income both increased on price revisions that lead to higher selling prices and pushing back the changeover in raw materials produced in 2023, etc.

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

Kagome Australia Pty Ltd.: Revenue decreased, but income increased due to diminished sales volume of tomato paste and recoil from flood damage related losses in October of 2022.

United Genetics Holdings LLC : Both revenue and income increased on higher shipments of seeds and seedlings amid growing tomato cultivation area in Turkey.

Taiwan Kagome: Revenue increased on price revisions, but income declined due to raw materials prices and temporary cost increases from the startup of a new plant.

Third Mid-Term Management Plan: Investment Outlook



- Set to accelerate investments for sustainable growth in the second half, both organically and inorganically.

First 2 years (2022-2023)

Respond to environmental changes caused by rapid increase in cost of sales

- Keep domestic investments to a minimum
- Plant the seeds for new businesses

16.0 billion yen

Breakdown

- Fixed investment 15.5 billion yen
- Business investment 0.5 billion yen

Second 2 years (2024-2025)

Fully accelerate growth investment

- Increase allocation to International Business, mainly the US
- Increase investment with medium- to long-term time horizon

56.0 billion yen +extra

Breakdown

- Fixed investment 20.0 billion yen
- Business investment 36.0 billion yen + extra



**ROE
9%
or higher
(FY2025)**

Sustainability Initiatives

- Further improve employee health and engagement by promoting health and productivity management measures.
- Established the Kagome Group Human Rights Policy and promoting response to human rights risks.

Actualize health and productivity management

- March 2023
Certified as a **Health and Productivity Management Organization 2022** (large enterprise category) by METI and Nippon Kenko Kaigi
- December 2023
Received **highest rating** in the DBJ Employees' Health Management Rating



Established Kagome Group Human Rights Policy

- Formulated the Kagome Group Human Rights Policy based on international norms on human rights. We will now strive to disseminate our approach and activities within the company, and promote responses to human rights risks in our business.
- Implementation of human rights due diligence: Considering the United Nations Guiding Principles on Business and Human Rights as a framework for implementation, we identify and assess the negative impacts on human rights in our business activities. This process involves appropriate countermeasures, monitoring, and information disclosure based on the evaluation results. Through dialogue and consultation with internal and external stakeholders, we have built a system that can continuously implement the series of processes.

