

Briefing Materials for FY2024/2Q



Kagome Co., Ltd.

Securities Code: 2811

Figures in these materials

- Amounts are rounded down to the nearest 0.1 billion yen. For income, certain amounts are rounded down to the nearest 10 million yen.
- Percentages are rounded to one decimal place.

- 1. Summary of Financial Results for FY2024/1H**
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1. Summary of Financial Results for FY2024/1H

FY2024/1H Consolidated Results

- Revenue: Revenue increased on the addition of Ingomar as a consolidated subsidiary
- Core operating income: Core operating income rose thanks to price revisions and other factors, which covered the impact of continued rises in raw materials prices

Unit: billion yen	FY2024/1H Result		YoY		FY2023/1H
		Margin		Change	Result
Revenue	148.2	-	+42.9	+40.7%	105.3
Core operating income	16.0	10.8%	+7.2	+81.9%	8.8
Operating income	25.2	17.1%	+16.3	+183.9%	8.9
Net income*	17.7	12.0%	+12.5	+242.6%	5.1
ROE	12.2%		+8.0pt		4.2%
ROA	5.1%		+1.3pt		3.8%
EPS (yen)	206.43		+146.14	+242.4%	60.29

* Net income attributable to shareholders of parent

FY2024/1H Results by Segment

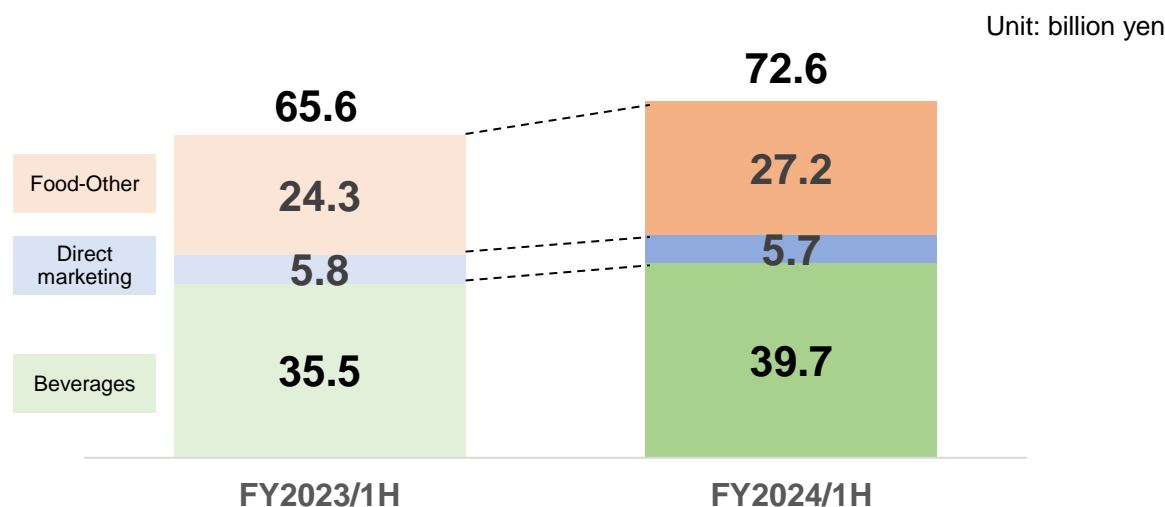
- Domestic Processed Food Business: Revenues increased overall despite decreased revenues for Direct Marketing thanks to increased revenues for Beverages and Food-Other. Core operating income increased across all segments.
- International Business: Revenues and core operating income rose for both Primary Processing and Secondary Processing

Unit: billion yen	Revenue				FY2023/1H Result	Core operating income				FY2023/1H Result
	FY2024/1H Result	YoY	Change	Forex effects		FY2024/1H Result	YoY	Change	Forex effects	
Beverages	39.7	+4.1	+11.7%	-	35.5	4.92	+1.45	+41.8%	-	3.47
Direct marketing	5.7	-0.1	-1.9%	-	5.8	0.26	+0.01	+5.0%	-	0.25
Food-Other	27.2	+2.9	+12.1%	-	24.3	2.68	+1.14	+74.5%	-	1.53
(1) Domestic Processed Food Business total	72.6	+6.9	+10.6%	-	65.6	7.87	+2.61	+49.6%	-	5.26
Tomato and other primary processing	39.8	+29.0	+269.4%	+4.4	10.7	4.21	+2.22	+111.2%	+0.44	1.99
Tomato and other secondary processing	36.7	+9.9	+37.2%	+4.0	26.7	4.43	+1.80	+68.5%	+0.47	2.63
Adjustments	-0.3	-0.2	-	-0.1	-0.1	-0.09	+0.09	-	-	-0.19
(2) International Business total	76.1	+38.7	+103.5%	+8.4	37.4	8.55	+4.12	+93.1%	+0.92	4.43
Others/Adjustments	-0.6	-2.8	-	-0.7	2.2	-0.37	+0.49	-	+0.16	-0.87
Total	148.2	+42.9	+40.7%	+7.6	105.3	16.05	+7.23	+82.0%	+1.09	8.82

FY2024/1H Domestic Processed Food Business

- Demand stimulation measures implemented after price revisions resulted in increased revenue without any drop in sales volume
- Core operating income rose despite continued rises in raw materials prices thanks to the effects of price revisions

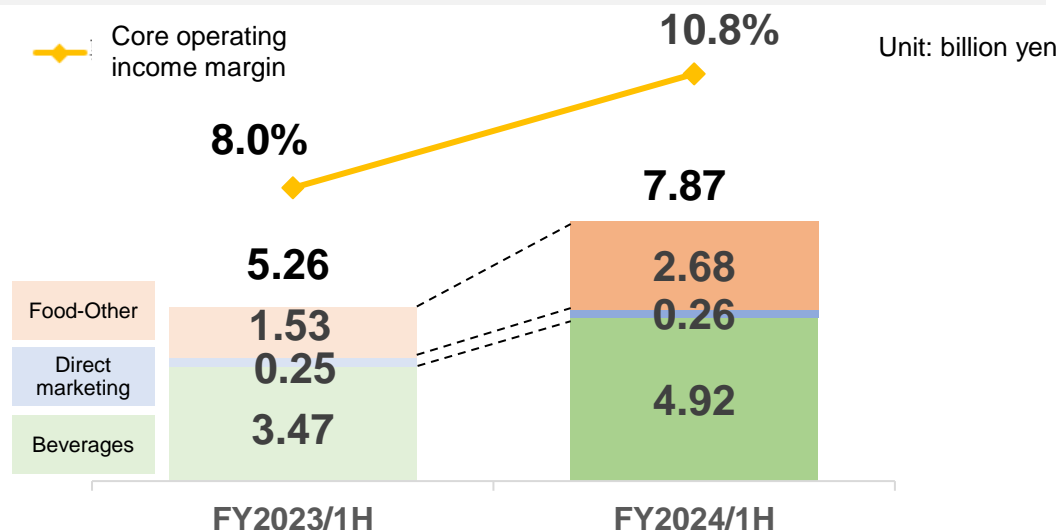
Revenue



Revenue rose when totaling all categories

- Beverages: Maintained sales volume after February price revisions thanks to demand stimulation measures
Tomato juice maintained favorable performance thanks to the new customer growth and the creation of repeat customers
- Direct marketing: Regular customers for supplements declined
- Food-Other: Consumer use – Tomato ketchup was favorable. Growing needs among child-rearing customers, who tend to be heavy users.
Institutional and industrial use – Food service demand performance remained strong

Core operating income



Core operating income increased despite rises in raw materials prices thanks to the effects of price revisions

- Beverages: Core operating income increased despite continued rises in raw materials prices thanks to the effects of price revisions
- Direct marketing: Secured increase in core operating income by controlling advertising and other costs
- Food-Other: Consumer use/Institutional and industrial use – Core operating income increased despite continued rises in raw materials prices thanks to the effects of price revisions

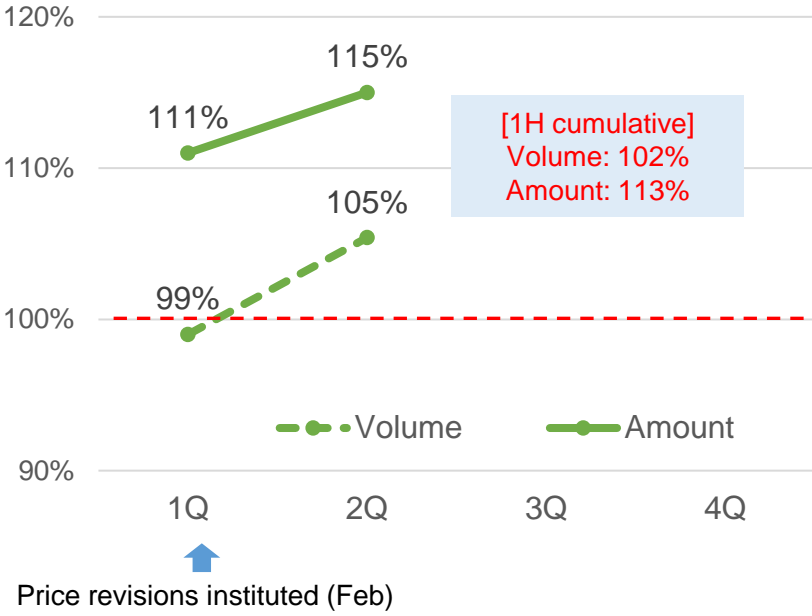
FY2024/1H Domestic Processed Food Business

—Trend After Price Revisions

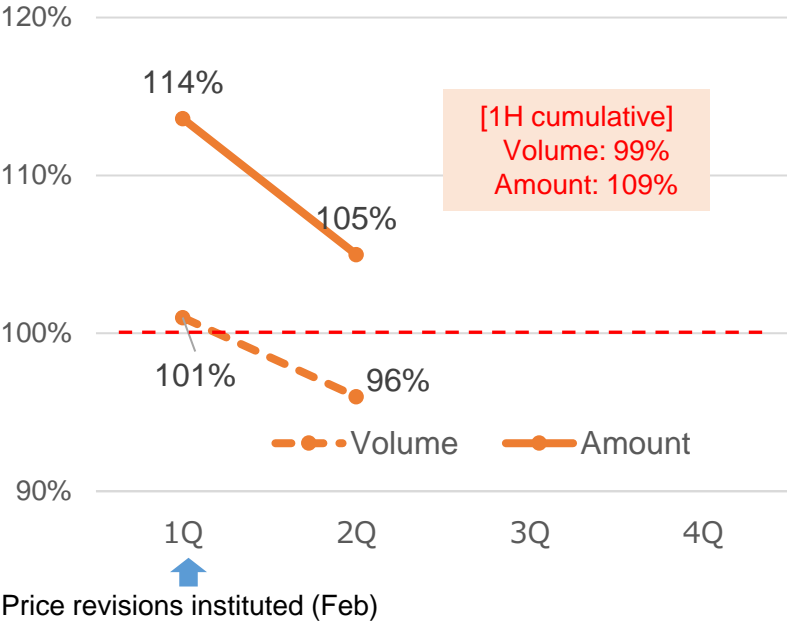


- Vegetable Beverages: Maintained performance after price revisions without dipping below sales volume from the previous fiscal year.
- Foods for consumer use / Institutional and industrial use: 1H cumulative sales volume increased YoY

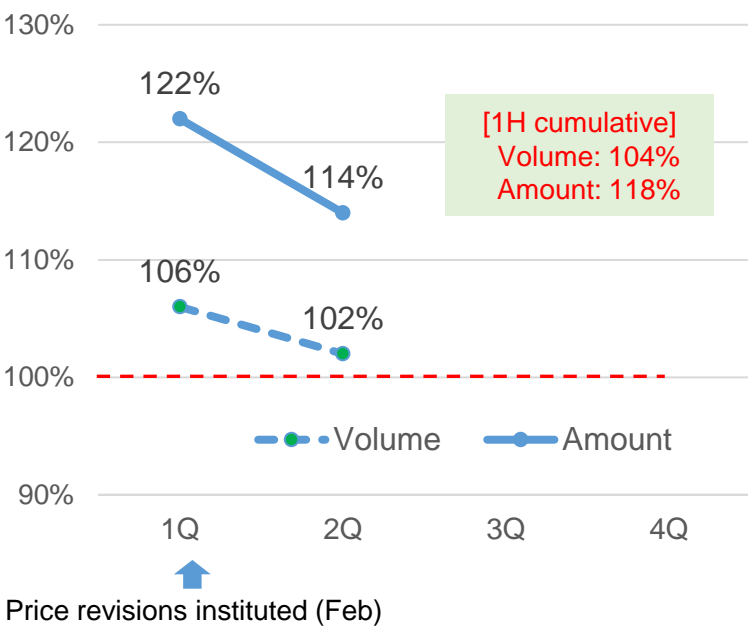
Vegetable Beverages



Foods for consumer use



Institutional and industrial use



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

	Jan	Feb	Mar	Apr	May	Jun
720 ml	191	207	213	211	212	211
200 ml	93	100	101	101	101	102

Price revisions instituted (Feb)

■ Tomato Ketchup Trend in Average Unit Price (Unit: yen)

	Jan	Feb	Mar	Apr	May	Jun
500 g	202	218	227	230	229	233

Price revisions instituted (Feb)

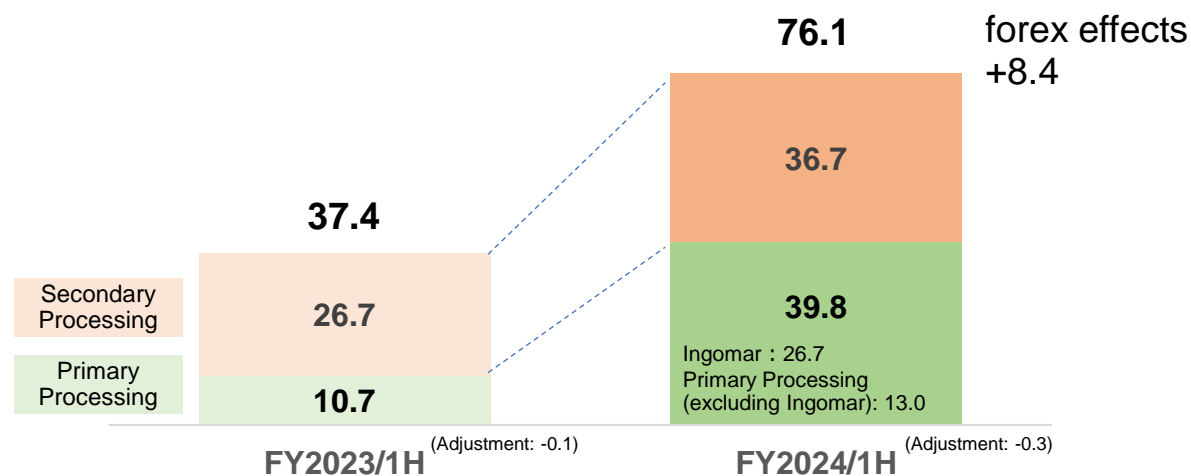
Source: Intage SRI+ nationwide/ SM total

FY2024/1H International Business

- Revenue increased significantly on the addition of Ingomar as a consolidated subsidiary
- Core operating income rose amid price revisions linked to market prices

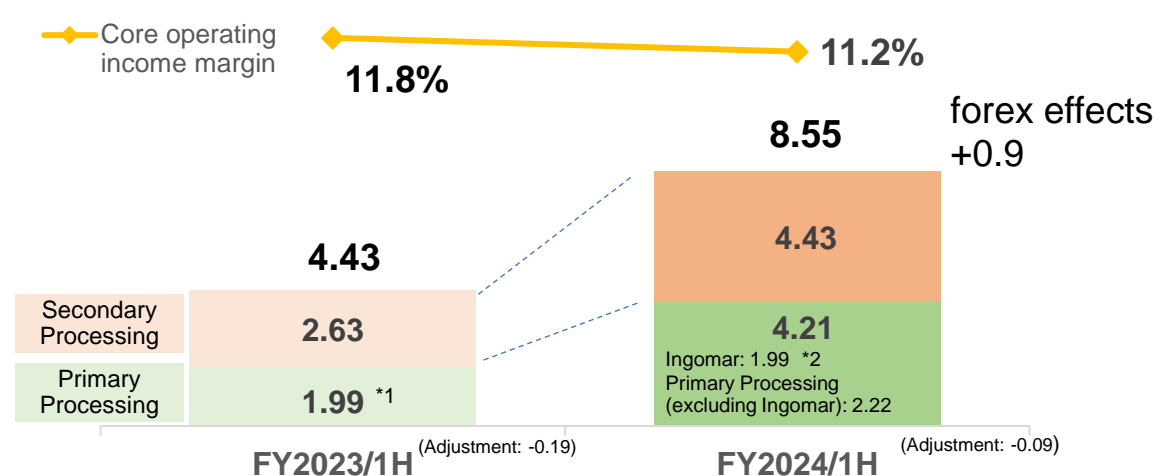
Revenue

Unit: billion yen



Core operating income

Unit: billion yen



Core operating income rose for both Primary Processing and Secondary Processing

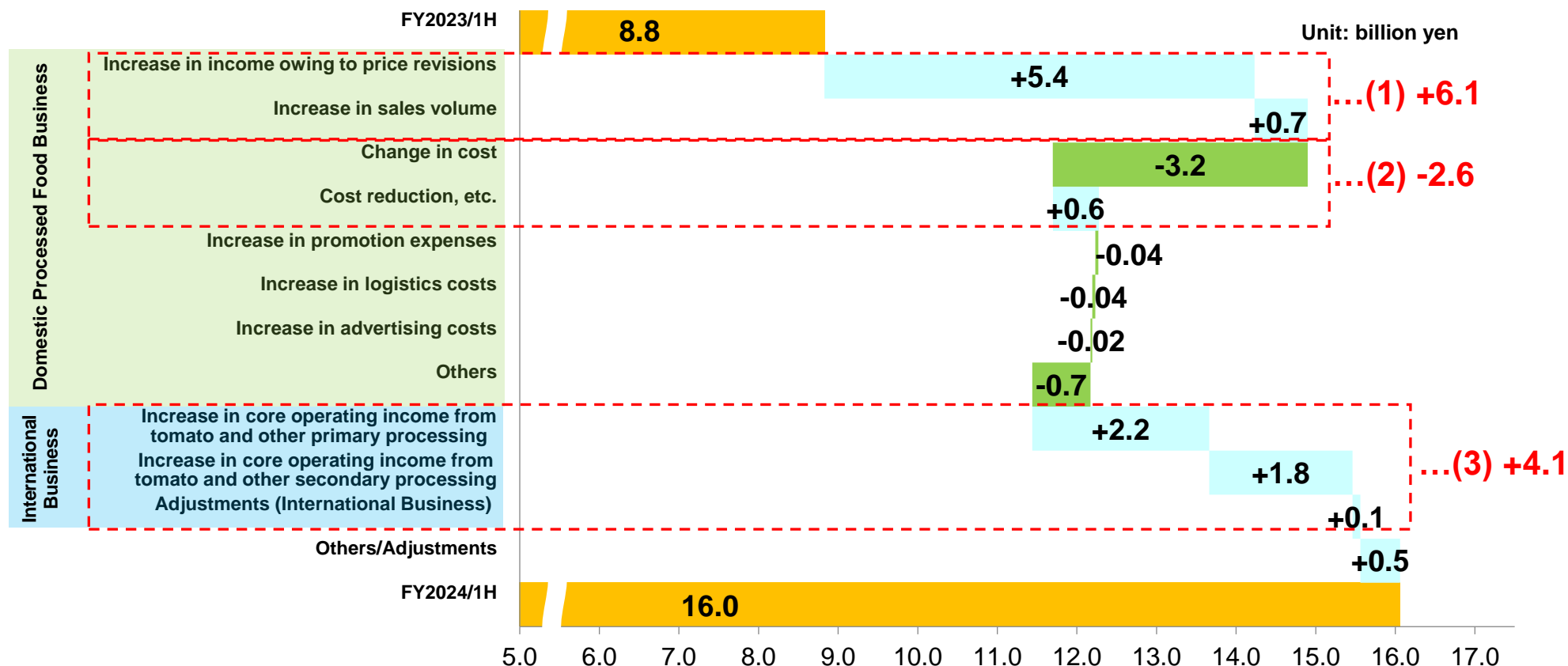
- Primary Processing: Increased significantly on the addition of Ingomar as a consolidated subsidiary
Primary processing excluding Ingomar also recorded increased revenues on price revisions linked to the tomato paste market
- Secondary Processing: Revenues increased on higher sales prices due to price revisions and favorable performance for pizza sauce and other products, which benefitted from growth in eating out demand

Core operating income rose on higher sales prices due to price revisions

- Primary Processing: Core operating income rose on price revisions linked to the tomato paste market
 - Secondary Processing: Core operating income rose on higher sales prices due to price revisions
- ^{* 1}: Includes 0.85 billion yen as the share of profit of Ingomar accounted for in FY2023/1H using the equity method
^{* 2}: With the application of business combination accounting, there is the effect associated with a rise in costs, etc. due to the market valuation of inventory.

FY2024/1H Factors Contributing to Core Operating Income Changes

- Core operating income increased to cover higher costs thanks to price revisions



- (1) Price revisions, increase in sales volume, etc. +6.1: Price revisions +5.4, increase in sales volume +0.7 (including new products)
- (2) Change in cost and cost reduction, etc. -2.6: Cost changes -3.2... raw materials -2.8 (incl. forex effects -0.4)
Cost reduction +0.6... review of contracts, consolidation of suppliers, reduced loss, etc.
- (3) Increase in income of International Business +4.1: primary processing +2.2, secondary Processing +1.8, etc.

FY2024/1H Factors Behind Changes in Net Income

- Rose from the previous year on higher core operating income and other revenues

Unit: billion yen	FY2024/1H Result			FY2023/1H Result
		YoY	Change	
Core operating income	16.05	+7.23	82.0%	8.82
Other income	9.51	(1) +9.30	4428.6%	0.21
Other expenses	0.28	+0.15	115.4%	0.13
Operating income	25.29	+16.38	183.8%	8.91
Profit before income taxes	23.74	+15.07	173.8%	8.67
Income taxes	4.51	+1.87	70.8%	2.64
Effective tax rate	19.0%	(2) -11.4pt	-	30.4%
Profit attributable to non-controlling interests	1.45	+0.61	72.6%	0.84
Net income*	17.77	+12.59	243.1%	5.18

* Net income attributable to shareholders of parent

Main Factors Contributing to Changes

- (1) Other income +9.3: Gain on step acquisitions resulting from the remeasuring of market valuation of the Company's existing equity stake in Ingomar
- (2) Effective tax rate -11pt: Tax exemption impact, etc. of gains related to (1)

FY2024/1H Changes to Statement of Financial Condition

- Assets and Liabilities both increased on the addition of Ingomar as a consolidated subsidiary

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

■ Current assets 202.7 (+37.3)

- (1) Inventories +29.8 (including forex effects)
Trade and other receivables +14.7
Cash and cash equivalents -11.4, etc.

■ Non-current assets 159.0 (+58.8)

- (2) Intangible assets +39.1, property, plant and equipment +22.6, equity gains (losses) of affiliates -5.9, etc.

■ Liabilities 175.9 (+46.6)

Borrowings +30.5, Deferred tax liabilities +9.5,
Trade and other payables +6.7, etc.

■ Equity 185.9 (+49.5)

Non-controlling interests +22.7,
Retained earnings +14.2 (income: +17.7 and dividends paid: -3.5, etc.)
Other components of equity +13.2, etc.

Consolidated Statement of Financial Condition

(As of June 30, 2024)

Unit: billion yen

(3) Total assets 361.8 (+96.1)

- Current assets 202.7 (+37.3)
- Non-current assets 159.0 (+58.8)

(4) Liabilities 175.9 (+46.6)

(5) Equity 185.9 (+49.5)

Assets/Liabilities and Equity

361.8 billion yen (+96.1 billion yen vs. previous fiscal year end)

(6) Equity attributable to owners of the parent to total assets:
43.9% (-5.9 pt)

* Parentheses indicate change compared to previous fiscal year end

FY2024/1H Changes in Cash Flow

- Free cash flows: Negative due to additional acquisition of Ingomar
- Cash flows from financing activities: Rose on increase in short-term borrowings

Unit: billion yen	FY2024/1H Result			FY2023/1H Result
		YoY	Change	
Cash flows from operating activities (A)	26.8	17.8	+197.3%	9.0
Cash flows from investing activities (B)	-40.7	-38.2	—	-2.5
Free cash flow (A+B)	-13.9	-20.4	—	6.5
Cash flows from financing activities	1.8	5.1	—	-3.3

■ Key components of FY2024/1H cash flows

Cash flows from operating activities

Profit before income taxes 23.7 billion yen, depreciation and amortization 6.1 billion yen, decrease in inventories 24.7 billion yen, Market valuation gains (losses) of existing equity in Ingomar -9.3 billion yen, increase in trade and other receivables -4.4 billion yen, decrease of trade and other payables -6.9 billion yen, and income taxes -4.0 billion yen, etc.

Cash flows from investing activities

Payments to acquire additional equity in Ingomar -36.0 billion yen, acquisition of property, plant and equipment, and intangible assets -4.8 billion yen, etc.

Cash flows from financing activities

Increase of short-term borrowings +12.1 billion yen, long-term debt repayments -4.9 billion yen, and dividends paid -3.5 billion yen, etc.

2. FY2024 Earnings Forecast

FY2024 Earnings Forecast

- Full-year earnings forecast remains unchanged at Revenue of 296.0 billion yen and core operating income of 23.0 billion yen.
- During 2H, we will focus on measures to counteract the rising cost of sales. We will aim for an increase in consolidated core operating income.

Unit: billion yen		Revised FY2024 forecast			FY2024/1H result		FY2024/2H estimate	
			vs. Initial Forecast	YoY		YoY		YoY
Domestic Processed Food Business total	Revenue	145.0	+3.0	+2.8	72.6	+6.9	72.4	-4.1
	Core operating income	9.5	+2.3	-1.9	7.8	+2.6	1.7	-4.5
International Business total	Revenue	149.0	+5.0	+70.8	76.1	+38.7	72.9	+32.1
	Core operating income	14.5	+2.8	+3.6	8.5	+4.1	6.0	-0.5
Others/Adjustments	Revenue	2.0	-1.0	-2.3	-0.6	-2.8	2.6	+0.5
	Core operating income	-1.0	+0.9	+1.8	-0.3	+0.4	-0.7	+1.4
Total	Revenue	296.0	+7.0	+71.2	148.2	+42.9	147.8	+28.3
	Core operating income	23.0	+6.0	+3.5	16.0	+7.2	7.0	-3.7

(1)

(2)

FY2024/2H Risk factors

Domestic Processed Food Business: Increasing consumer sentiment towards thrift. Combined with the effects of competition, there is a shift towards a focus on low prices

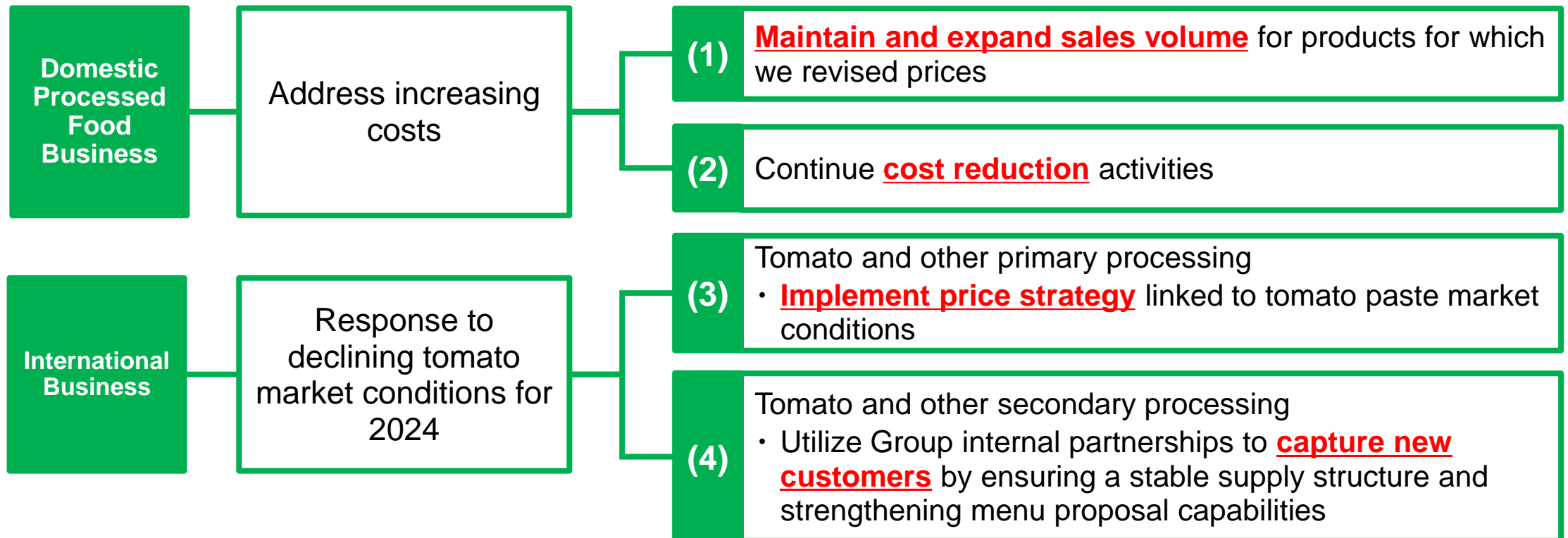
International Business: Expecting market decline for tomato paste produced in 2024. Project to see impact from 4Q.

FY2024/2H Core Operating Income Issues and Measures



- To address costs in the Domestic Processed Food Business, which are expected to rise on levels similar to 1H, we will focus on maintaining and expanding sales volume, and cost reduction activities
- In the International Business, we will respond with measures to secure core operating income for each company in the face of a declining tomato market conditions for 2024

FY2024/2H Securing Core Operating Income / Issues and Measures



3. FY2024/2H Strategies

FY2024/2H Strategies —Topics in Domestic Business (Beverages)

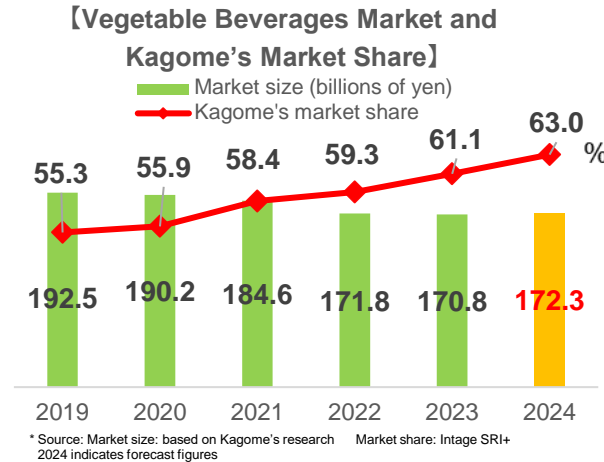


- Continue working to address a recovery in core operating income, an issue for the latter half of the Mid-Term Management Plan
- Increase vegetable consumption opportunities and implement demand stimulation measures to reinvigorate the market and permeate new prices

Vegetable beverages market size: expected to rebound

■ Tomato juice contributed

- Market scope, which had been stagnant, is expected to rebound
- Tomato juice is making major contributions to market recovery, with market growth expected to be 115%



Tomato juice: Aim to capture new users

■ New customers and repeat customers are a favorable factor

- Promote understanding of the functional value of lycopene, the reason for the trial
- Continue with communication activities targeting young women



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Yasai Seikatsu: Aim to secure opportunities for morning consumption

■ Expand communication message (“make morning an ally”)

- Continues to use Ryokuushoku Shakai as brand ambassadors in commercials
- We aim to stimulate morning demand, which has seen a decline in consumption opportunities, and increase opportunities for vegetable consumption



Almond Breeze: Concluded manufacturing and sales license agreement

■ Blue Diamond Growers

- Founded in 1910 / 3,000 contracted farmers in California
 - The world's largest almond processing and sales company
 - With a focus on “value creation from agriculture”, they are highly compatible with our company
- *Full-scale efforts to expand sales channels since 2025



FY2024/2H Strategies —Topics in Domestic Business (Food Products and Institutional and Industrial Use)



- Propose menus that are inexpensive and easy to please the family, aligning with consumer focus on cost and time performance
- For Institutional and Industrial Use, promote earning structure reforms in preparation for stagnancy in the eating out market

Tomato ketchup: Aim to increase use

■ Menu proposal collaboration featuring “Atarashii Gakko!”



■ Menu suggestions that will please the family while aligning with focus on cost and time performance needs

- Differentiate ourselves from the competition by further promoting the use of cooking methods incorporating baked ketchup recipes
 - * Baked ketchup: Mixing tomato ketchup with oil and grilling. Mildly acidic with a rich taste and depth of flavor.
- Promote Western and Chinese menus targeting families with children



New product: “Soup for Rice”

■ The number of dishes on the table is decreasing due to sentiment towards saving time and money

- Enjoy special meals that can be difficult to make at home
- Easily make satisfying main dishes simply by pouring the product over rice
- Release date: August 27th



Institutional and industrial use: Strengthening products to address labor shortages

■ Resolving labor shortages in the eating out market

- Strengthen products that address labor shortages at hotels and restaurants (natural thawing, no hassle)
- Continue to promote earnings structure reforms such as reviewing unprofitable products



FY2024/2H Strategies — International Business

- Despite continued strong demand for food service companies, the 2024 tomato paste market will turn downward
- Collaborate with the Global Agri Research & Business Center to generate synergy with Ingomar

Strengthen Group collaboration using company system

■ Shift to company system to promote strategies on a group-wide level

- International business will be based on an internal company structure with monthly management meetings to be held by the CEOs of major subsidiaries
- Further strengthen stable supply capabilities by collaborating with multiple locations
- Promote pricing and other strategies to be advance for the entire overseas group



Strengthen support for food service companies

■ Strengthen menu proposal capabilities

- Aim to increase sales among existing customers by expanding beyond pizza sauce to include products such as barbecue sauce
- In addition to global food service companies, our main business partners, we will work to acquire new business relations with local food service companies in each area



Initiatives with Ingomar

■ Future issues

- Short-term:
Efforts are underway to reduce production losses for 2024 crop production
Expecting benefits such as constraining borrowing interest rates
- Long-term:
Develop sustainable agricultural technology that provides a competitive advantage

■ Alliance with the Global Agri Research & Business Center

- Staff to directly visit Ingomar's contracted farmers to understand the current state of agriculture in California and ascertain the needs of local farmers
- The new location for the Center will be established in California, the same location as Ingomar
- In the agricultural domain, we are making preparations to establish a corporate venture capital company, CVC, to explore cutting-edge technology that we do not possess and that has the potential to provide opportunities for innovation



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”**

4. Reference

Topics in Domestic Processed Food Business

— Beverages

- Tomato juice sales were strong thanks to capturing new and repeat customers are a favorable factor

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

Sales channel	1Q	2Q	Total
Convenience store	110%	124%	117%
Mass retailer	111%	111%	111%
EC	111%	140%	126%
Total	110%	115%	113%

Container size	1Q	2Q	Total
Personal-size container	106%	115%	111%
Large container	120%	116%	118%
Total	110%	115%	113%



Sales by sales channel and by container size

- Convenience stores: Tomato juice favorable, office demand recovering
- Large-sized containers: Strong growth rate thanks to high ratio of tomato juice

Revenue by core brand

Tomato juice 9.1 billion yen (+46% YoY)

- Influx of new beauty-minded consumers who are becoming repeat customers

Yasai Ichinichi Kore Ippon 6.5 billion yen (+8% YoY)

- Yasai Ichinichi Kore Ippon Triple Care and other new products performing favorably

Yasai Seikatsu 100 Series 19.0 billion yen (+3% YoY)

- Convenience store demand recovered, Yasai Seikatsu 100 Smoothie performing favorably

Promotion expenses, advertising costs (YoY)

- Decreased on the efficient injection of promotion expenses
- Advertising costs due to strengthening commercial using Ryokuoushoku Shakai as brand ambassadors
- Promotion expenses down 0.12 billion yen YoY, Advertising costs up 0.21 billion yen YoY

Topics in Domestic Processed Food Business — Direct Marketing

- The number of subscription customers for supplement Kenko Chokusobin decreased.



Sales of mainstay vegetable drinks and supplements declined from the previous year.

Revenue by core product
Vegetable beverages 3.6 billion yen (-3% YoY)
Supplements 0.9 billion yen (-7%)
Soups 0.7 billion yen (+22%)



Core operating income
Controlled advertising costs +0.01 billion yen

Topics in Domestic Processed Food Business

— Food and Others



- Tomato ketchup recovered quickly after price revisions and needs expanded among families with children, who use large amounts



Foods for consumer use

Revenue of 9.9 billion yen (+9% YoY)

- Maintained volume after price revisions

Revenue by core product

Tomato ketchup: 5.0 billion yen (+11% YoY)

- Rice omelets and other one-plate menus increased



Products for institutional and industrial use

Revenue of 13.6 billion yen (+18% YoY)

- Food service demand remained firm

Core operating income

Core operating income rose despite continued rises in raw materials prices, thanks to increased revenue

Topics in International Business

- Revenue increased significantly on the addition of Ingomar as a consolidated subsidiary
- Core operating income rose on price revisions linked to the market

Revenue					Core operating income				Unit: billion yen
Unit: billion yen	FY2024/1H Result			FY2023/1H Result	FY2024/1H Result			FY2023/1H Result	
		YoY	YoY (excludes forex effects)			YoY	YoY (excludes forex effects)		
Ingomar (United States)	26.7	+26.7	+23.6	-	1.99	+1.99	+1.77	-	
Kagome Inc. (United States)	27.1	+8.6	+5.5	18.4	3.49	+0.75	+0.37	2.74	
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT)	12.0	+1.2	-0.1	10.7	2.45	+0.88	+0.61	1.57	
Kagome Australia Pty Ltd.	5.9	+1.6	+1.0	4.3	0.43	+0.32	+0.27	0.11	
Taiwan Kagome Co., Ltd.	3.1	+0.3	+0.1	2.7	0.27	-0.01	-0.03	0.28	
Others	1.1	+0.1	0	1.0	-0.10	+0.18	+0.19	-0.29	
International Business total	76.1	+38.7	+30.2	37.4	8.55	+4.12	+3.19	4.43	

Summary by company (local currency basis)

- Ingomar (Primary Processing) : With the application of business combination accounting, this fiscal year levels are low temporarily due to a rise in costs, etc. caused by the market valuation of inventory.
- Kagome Inc (Secondary processing) : Increased revenue and core operating income on higher sales prices due to price revisions and strong demand from food service companies
- HIT (Primary and Secondary Processing) : Revenue declined due to shipping delays, core operating income rose on higher tomato paste prices, among other factors
- Kagome Australia Pty Ltd. (Primary and Secondary Processing) : Revenue and core operating income rose due to higher sales prices for tomato paste, among other factors
- Taiwan Kagome (Secondary Processing) : Revenue increased due to price revisions, profit decreased due to rise in raw materials prices, among other factors

Sustainability & Topics

- Sustainability: Selected as an A List Company, the highest rating, in CDP Water Security
- Topics: Formation of Future-oriented Food Factory Consortium

Highest rated in “CDP Water Security” Selected as an “A List Company”

- Selected as an “A-List Company,” the highest rating, in “CDP Water Security,” a survey of companies related to water resource management by CDP, an internationally influential environmental non-profit organization

- Established a “Water Policy” in 2018 to promote water conservation.
- Initiatives include investigate and respond to water risks, reduce water intake at production sites, promote water purification and recycling, etc.



Formation of a “Future-oriented Food Factory Consortium”

- Several food manufacturers and a robot development company aim to resolve common issues in non-competitive areas of food factories

- Responding to the issues of labor shortages and rising costs
- Incorporate advanced robot technology to address common issues in non-competitive areas
- Joint development enables costs dispersal, and the sharing of technology and know-how

