

Briefing Materials for FY2022 Results



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.

Today's Agenda

■ FY2022 Business Results

- Income declined year on year due to rising cost of sales, despite beating the revised earnings forecast released in July 2022.
- The beverage category, which experienced weakness in the first half, recovered on the back of marketing strategies.
- The International Business grew steadily.

■ FY2023 Earnings Forecast

- We expect to see a large decline in profitability in FY2023 due to even higher raw materials prices on a scale not seen before.
- Hiked prices of 329 products from February 1, 2023 to absorb higher cost of sales.
- These major environmental changes are seen as an opportunity for reform; thus, our quantitative plan intentionally adopts severe assumptions and we are preparing strategies to overcome these challenges.

■ Looking Toward 2025

- 2023 is **considered a turning point** for growing sales and profits over the medium to long term, and by steadily implementing the four actions in the third Mid-Term Management Plan, we will reach our ideal situation and vision.

- 1. Summary of Financial Results for FY2022**
- 2. FY2023 Earnings Forecast and Strategies**
- 3. Looking Toward 2025**
- 4. Reference**

1. Summary of Financial Results for FY2022

FY2022 Consolidated Results

Revenue: Increased year on year driven by the International Business, including the effects of yen depreciation.

Core operating income: Decreased due to soaring raw materials prices worldwide and increased promotions in the Domestic Processed Food Business.

Unit: billion yen	FY2022 Result		YoY		vs. Revised Plan		FY2021 Result	FY2022 Revised Plan
		Margin		Change		Change		
Revenue	205.6	–	+15.9	+8.4%	+3.6	+1.8%	189.6	202.0
Core operating income	12.8	6.2%	-1.3	-9.4%	+2.1	+19.7%	14.1	10.7
Operating income	12.7	6.2%	-1.2	-8.9%	+1.9	+18.1%	14.0	10.8
Net income*	9.1	4.4%	-0.6	-6.6%	+2.2	+32.1%	9.7	6.9
ROE	7.7%		-0.8 pt				8.5%	–
ROA	5.8%		-0.6 pt				6.4%	–
EPS (yen)	105.11		-4.26				109.37	78.97

* Net Income Attributable to Shareholders of Parent

The revised forecast represents the earnings forecast from the FY2022/2Q Consolidated Summary Report.

FY2022 Results by Segment

Domestic Processed Food Business: Revenue increased in Beverages and Food - Other, but income declined due to cost of sales increases, etc.

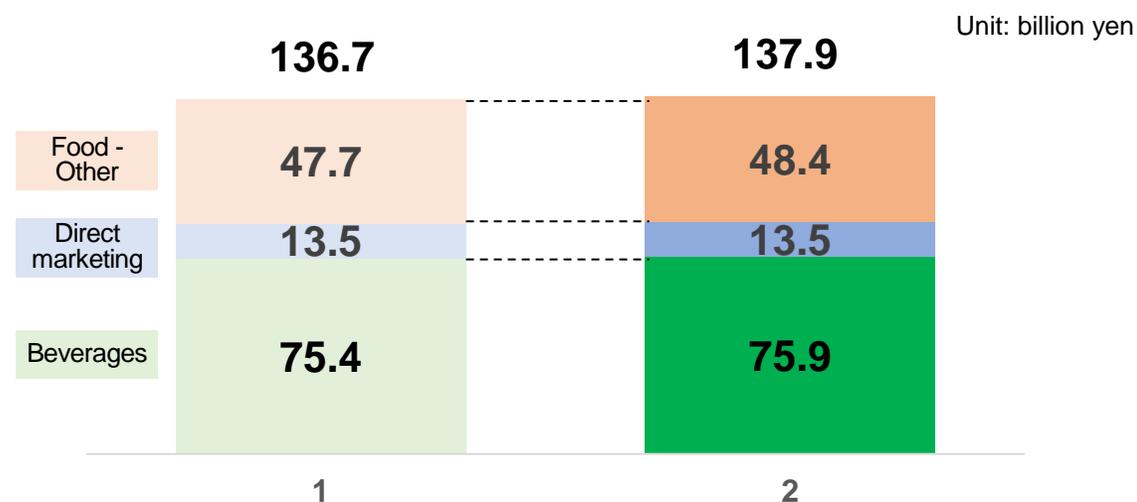
International Business: Revenue and income both rose on strong results from the US food service and tomato primary processing businesses.

Unit: billion yen	Revenue			FY2021 Result	Core operating income			FY2021 Result
	FY2022	YoY	Change		FY2022	YoY	Change	
Beverages	75.9	+0.4	+0.6%	75.4	6.79	-1.44	-17.6%	8.24
Direct marketing	13.5	+0.0	+0.4%	13.5	1.52	+0.09	+6.9%	1.43
Food - Other	48.4	+0.7	+1.6%	47.7	2.20	-1.25	-36.2%	3.45
Domestic Processed Food Business total	137.9	+1.2	+0.9%	136.7	10.52	-2.60	-19.8%	13.13
Domestic Agri-Business	9.5	+0.0	+0.4%	9.5	0.44	+0.16	+56.9%	0.28
International Business	67.8	+17.0	+33.6%	50.7	3.60	+1.24	+52.7%	2.36
Others/Adjustments	-9.7	-2.3	—	-7.3	-1.77	-0.13	—	-1.64
Total	205.6	+15.9	+8.4%	189.6	12.80	-1.32	-9.4%	14.13

FY2022 Domestic Processed Food Business

- Revenue increased amid strong sales of beverages in the second half and recovery in food service demand seen in Food - Other.
- Income declined due to soaring prices of raw materials and energy, despite price revisions initiated for some products.

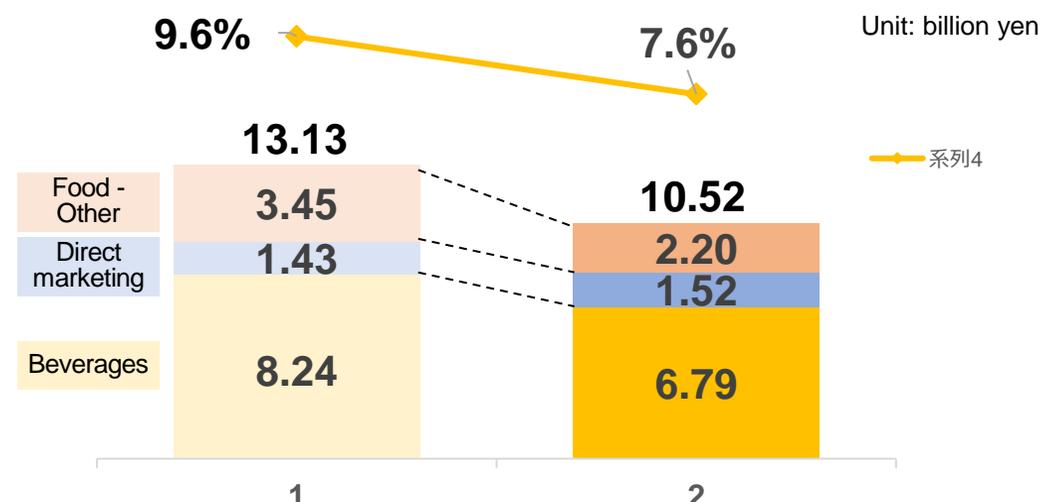
Revenue



Revenue rose in all categories

- Beverages: Revenue increased following a strong second half, while tomato juice and Labre also performed well.
- Direct marketing: Vegetable beverage sales declined year on year, but revenue overall was unchanged year on year owing to strong sales of supplements and soups.
- Food - Other
 - Products for consumer use: Revenue declined amid diminished home cooking demand and a momentary dip in sales following price revisions.
 - Products for institutional and industrial use: Revenue increased on the recovery in food service demand.

Core operating income



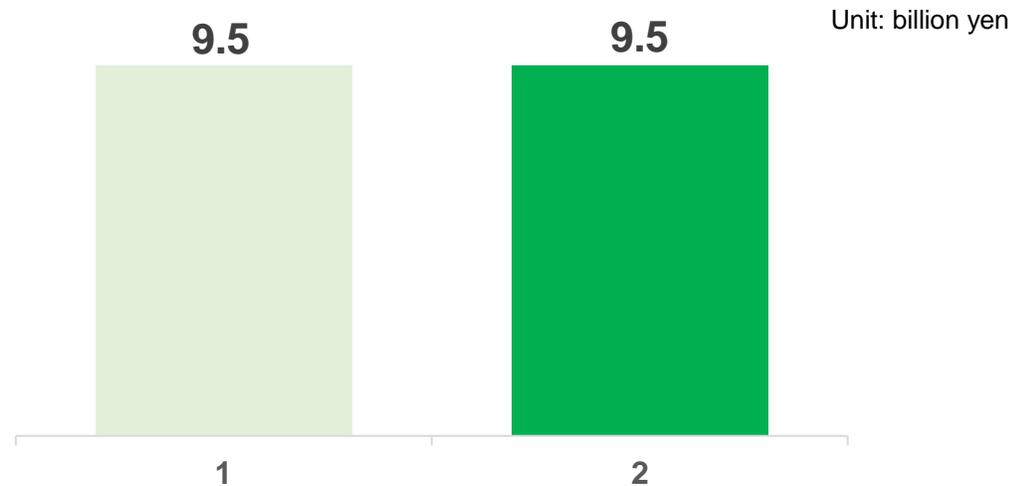
Income declined in Beverages and Food-Other owing to cost of sales increases and increased sales promotions

- Beverages: Income declined due to soaring raw materials prices and increased sales promotions, etc.
- Direct marketing: Income increased on improved transport efficiency from combined shipments, etc.
- Food - Other
 - Products for consumer use: Income declined due to soaring raw materials prices and increased sales promotions, etc.
 - Products for institutional and industrial use: Income declined due to soaring raw materials prices, etc.

FY2022 Domestic Agri-Business

- Volume of fresh tomatoes procured declined, but revenue was on par with the previous year as market conditions improved year on year.
- Income increased thanks to market conditions and ongoing earnings structure reforms following the business split.

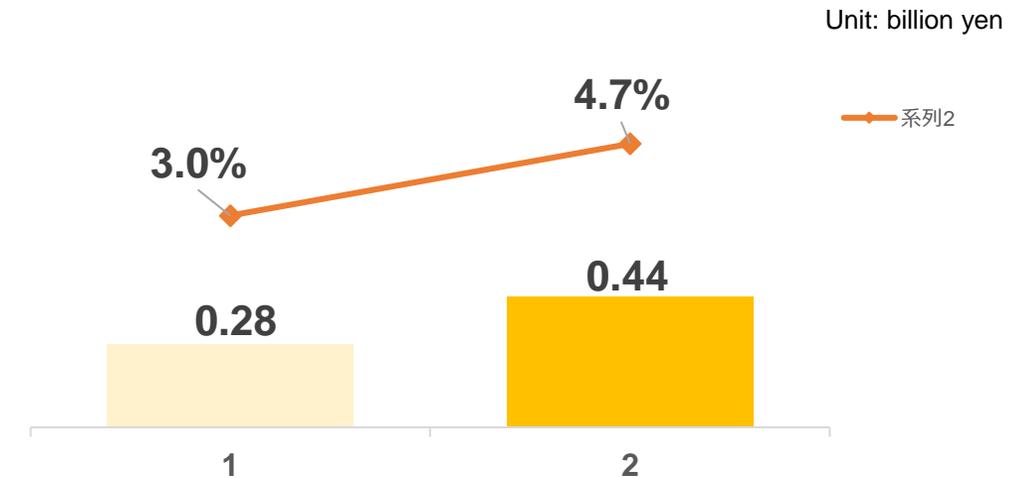
Revenue



Revenue was largely unchanged year on year as procurement volume declined, but market conditions improved

- Procurement volume declined due to shortage of sunlight, etc.
- Market conditions for fresh tomatoes remaining at higher levels than the previous year
- Growing sales of high value-added products, such as high lycopene tomatoes and high GABA tomatoes, etc.

Core operating income



Income increased thanks to market conditions and effects of reduced fixed costs from structural reforms

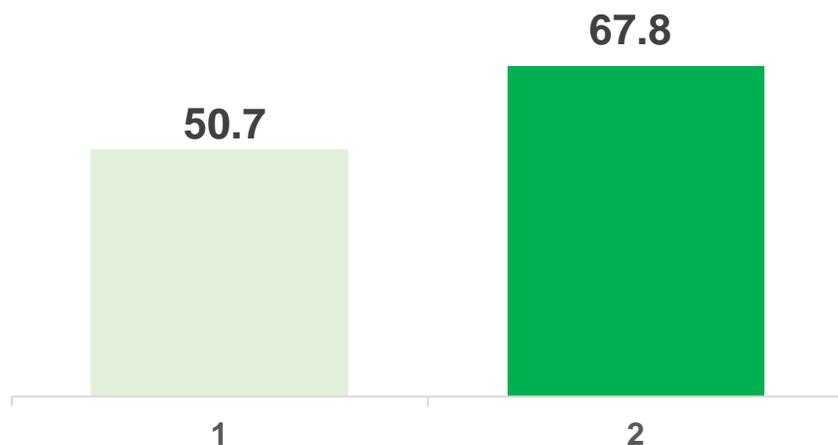
- Spun off agriculture business to Kagome Agri-Fresh Co., Ltd. in FY2021
- Implementing ongoing earnings structure reforms

FY2022 International Business

- US food service business and European tomato primary processing business posted robust sales (revenue rose even excluding forex effects).
- Income increased on higher tomato paste prices, despite the impacts of higher costs (as with revenue, income also rose even excluding forex effects).

Revenue

Unit: billion yen

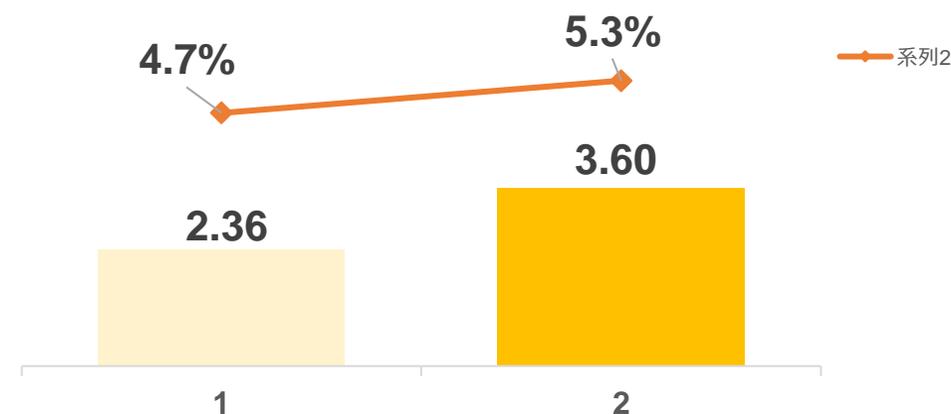


Revenue rose 8.4 billion yen (up 17% YoY) even when excluding forex effects

- US Revenue rose on growing food service demand and price revisions.
- Portugal Revenue increased substantially thanks to higher tomato paste prices.
- Australia Revenue increased amid strong sales of apple paste, etc., to the Group.

Core operating income

Unit: billion yen



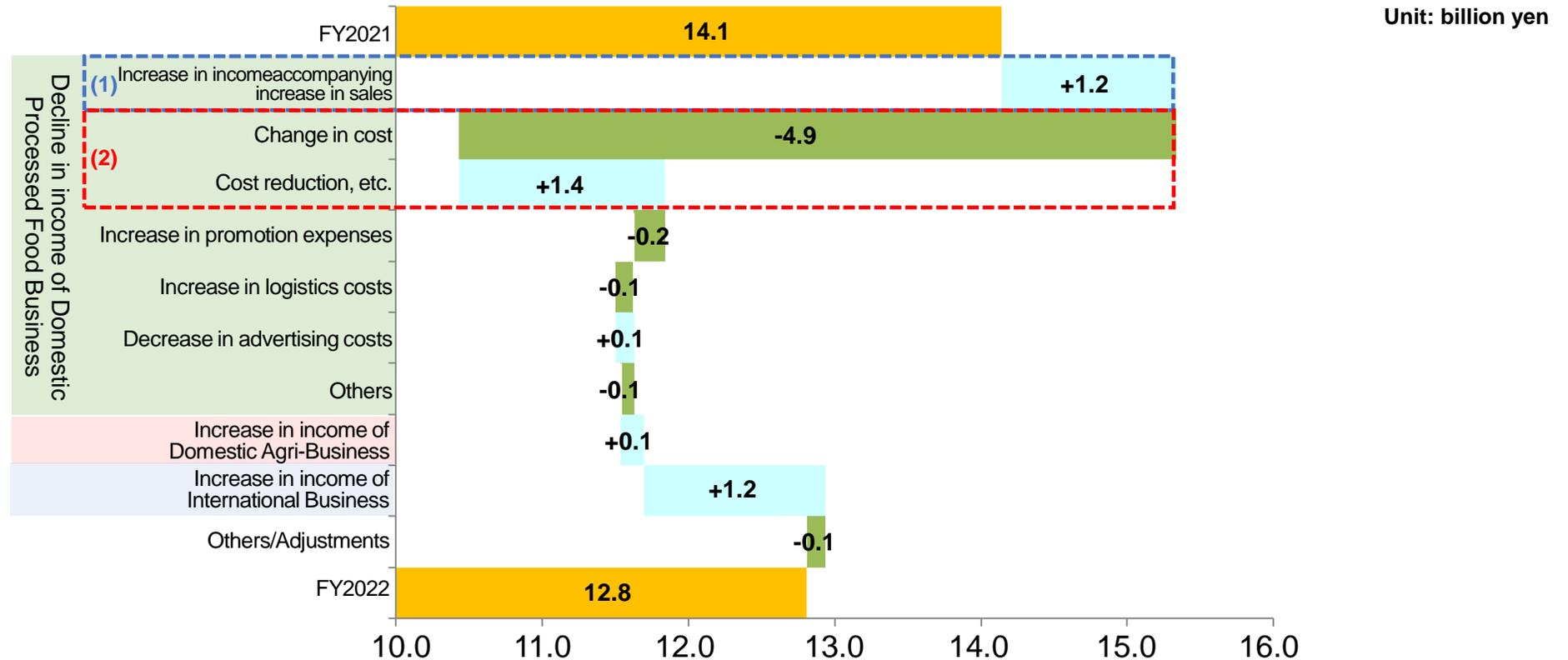
Income increased 0.73 billion yen (up 31% YoY) even when excluding forex effects

- US Despite higher costs, income increased as cost increases were passed on to product prices and from gain on equity in earnings of affiliate Ingomar.
- Portugal Income rose on higher tomato paste prices that exceeded soaring energy prices.
- Australia Income declined due to flood damage suffered in October.

FY2022 Factors Contributing to Core Operating Income Changes



Core operating income declined because of higher cost of sales in the Domestic Processed Food Business.



- (1) Income accompanying increase in sales+1.2 includes price revisions in Food - Other +0.7
- (2) Change in cost and cost reduction, etc. -3.5 Cost changes -4.9...raw materials -3.3 (forex effects -0.9), energy -0.6, depreciation -0.5, etc.
Cost reduction +1.4...reduced outsourcing costs +0.6, etc.

FY2022 Factors Contributing to Operating Income and Net Income Changes

The decline in net income slowed owing to a decrease in income taxes.

Unit: billion yen	FY2022	FY2021	Change
Core operating income	12.80	14.13	-1.32
Other income	0.71	0.67	+0.03
Other expenses	0.76	0.80	-0.03
Operating income	12.75	14.01	-1.25
Profit before income taxes	12.55	13.88	-1.32
Income taxes	2.79	3.89	-1.10
Effective tax rate	22.2%	28.1%	-5.9 pt (1)
Profit attributable to non-controlling interests	0.65	0.22	+0.43 (2)
Net income*	9.11	9.76	-0.64

*Net income attributable to owners of the parent

Main Factors Contributing to Changes

- (1) Effective tax rate -5.9 pt: increased income of overseas subsidiaries with low tax rates and tax incentive measures of each country, etc.
- (2) Profit attributable to non-controlling interests +0.43: increased income of HIT, our subsidiary in Portugal, etc.

FY2022 Changes to Statement of Financial Condition



- Inventories and borrowings increased as a result of soaring raw materials prices and accumulation of stable inventories.
- Cash and cash equivalents declined on the purchase of treasury stock, etc.

Assets/Liabilities and Equity
 225.3 billion yen (+10.1 billion yen YoY vs. previous fiscal year end)
 Equity attributable to owners of the parent to total assets:
 52.8% (-1.8 pt)

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

- **Current assets 129.1 (+5.7)**
 Inventories +10.4 (including forex effects), cash and cash equivalents -9.8 (acquisition of treasury stock and payment of dividends, etc.), trade and other receivables +3.8, etc.
- **Non-current assets 96.2 (+4.4)**
 Property, plant and equipment +1.5 and equity gains of affiliated companies +1.3
- **Liabilities 103.5 (+7.9)**
 Interest-bearing debt (mainly borrowings) +8.3, etc.
- **Equity 121.7 (+2.2)**
 Retained earnings +6.4 (income: +9.1 and dividends paid: -3.2)
 Treasury stock -7.7 and other components of equity +2.7, etc.

Consolidated Statement of Financial Condition
 (As of December 31, 2022) Unit: billion yen

<p>Total assets 225.3 (+10.1)</p> <ul style="list-style-type: none"> - Current assets 129.1 (+5.7) - Non-current assets 96.2 (+4.4) 	<p>Liabilities 103.5 (+7.9)</p>
	<p>Equity 121.7 (+2.2)</p>

* Parentheses indicate change compared to previous fiscal year end

FY2022 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 repayment of borrowings in the previous fiscal year in preparation for tightness of financing conditions due to COVID-19.

Unit: billion yen	FY2022	FY2021	Change
Cash flows from operating activities (A)	4.6	14.7	-10.1
Cash flows from investing activities (B)	-9.4	-14.1	+4.7
Free cash flow (A+B)	-4.8	0.6	-5.4
Cash flows from financing activities	-5.5	-27.6	+22.1

■ Key components of FY2022 cash flows

Cash flows from operating activities

Profit before income taxes 12.5 billion yen, depreciation 8.2 billion yen, and increase in inventories -7.5 billion yen, income taxes -4.2 billion yen, etc.

Cash flows from investing activities

Acquisition of property, plant and equipment, and intangible assets -9.8 billion yen

Cash flows from financing activities

Increase of short-term borrowings 6.3 billion yen, net increase in treasury stock -7.7 billion yen, and dividends paid -3.2 billion yen, etc.

2. FY2023 Earnings Forecast and Strategies

FY2023 Earnings Forecast

Revenue: Expected to increase with the International Business continuing to be a driver.

Core operating income: Expected to see large decline in income due to soaring raw materials prices on a scale much larger than the previous year.

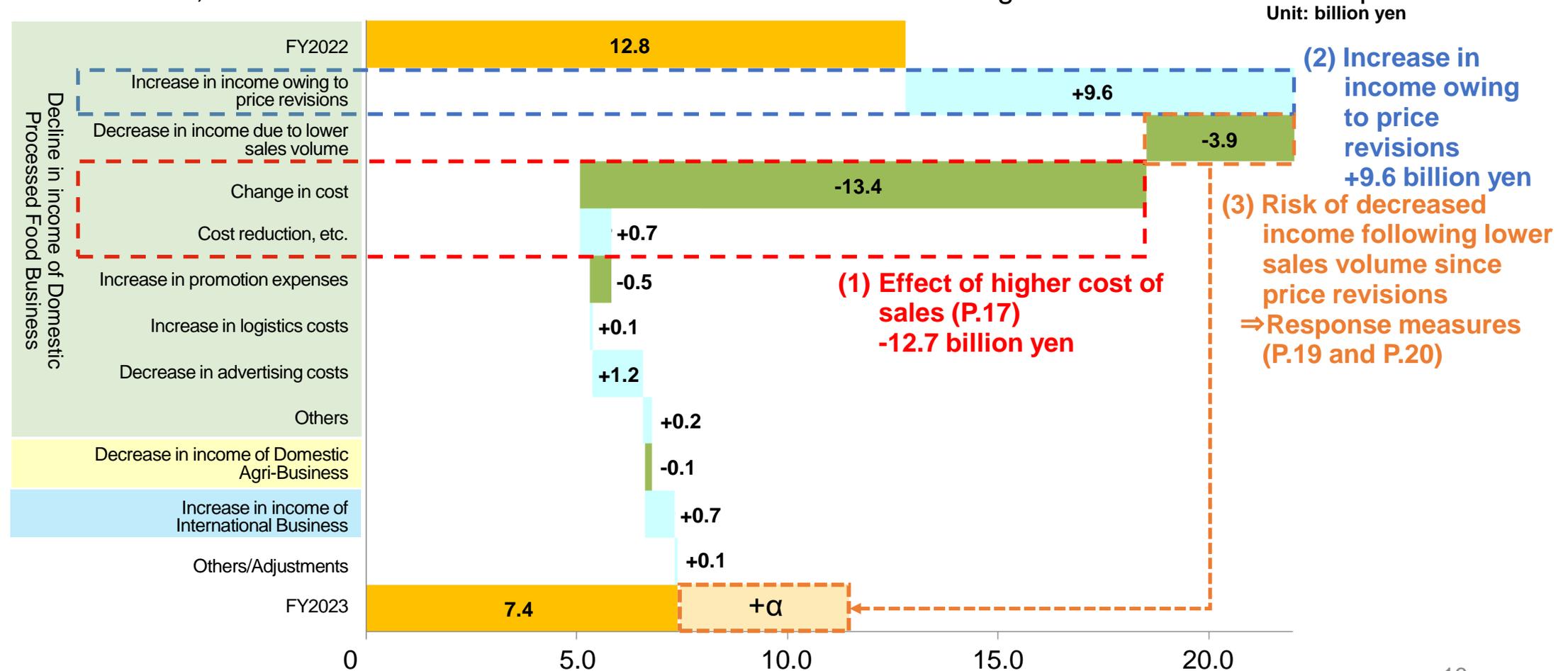
Unit: billion yen	Revenue			FY2022 Result	Core operating income			FY2022 Result
	FY2023 Plan	YoY	Change		FY2023 Plan	YoY	Change	
Beverages	73.2	-2.7	-3.6%	75.9	2.90	-3.89	-57.3%	6.79
Direct marketing	13.8	+0.2	+1.6%	13.5	1.10	-0.42	-28.0%	1.52
Food - Other	50.5	+2.0	+4.2%	48.4	0.50	-1.70	-77.3%	2.20
Domestic Processed Food Business total	137.5	-0.4	-0.3%	137.9	4.50	-6.02	-57.3%	10.52
Domestic Agri-Business	10.5	+0.9	+9.6%	9.5	0.30	-0.14	-33.2%	0.44
International Business	76.0	+8.1	+12.0%	67.8	4.30	+0.69	+19.2%	3.60
Others/Adjustments	-11.0	-1.2	-	-9.7	-1.70	+0.07	-	-1.77
Total	213.0	+7.3	+3.6%	205.6	7.40	-5.40	-42.2%	12.80

Revenue: Domestic Processed Food Business revenue is expected to decline due to lower sales volume following price revisions. International Business revenue should increase substantially on additional sales growth.

Core operating income: Domestic Processed Food Business income is expected to decline considerably due to higher costs in excess of price revision effects.

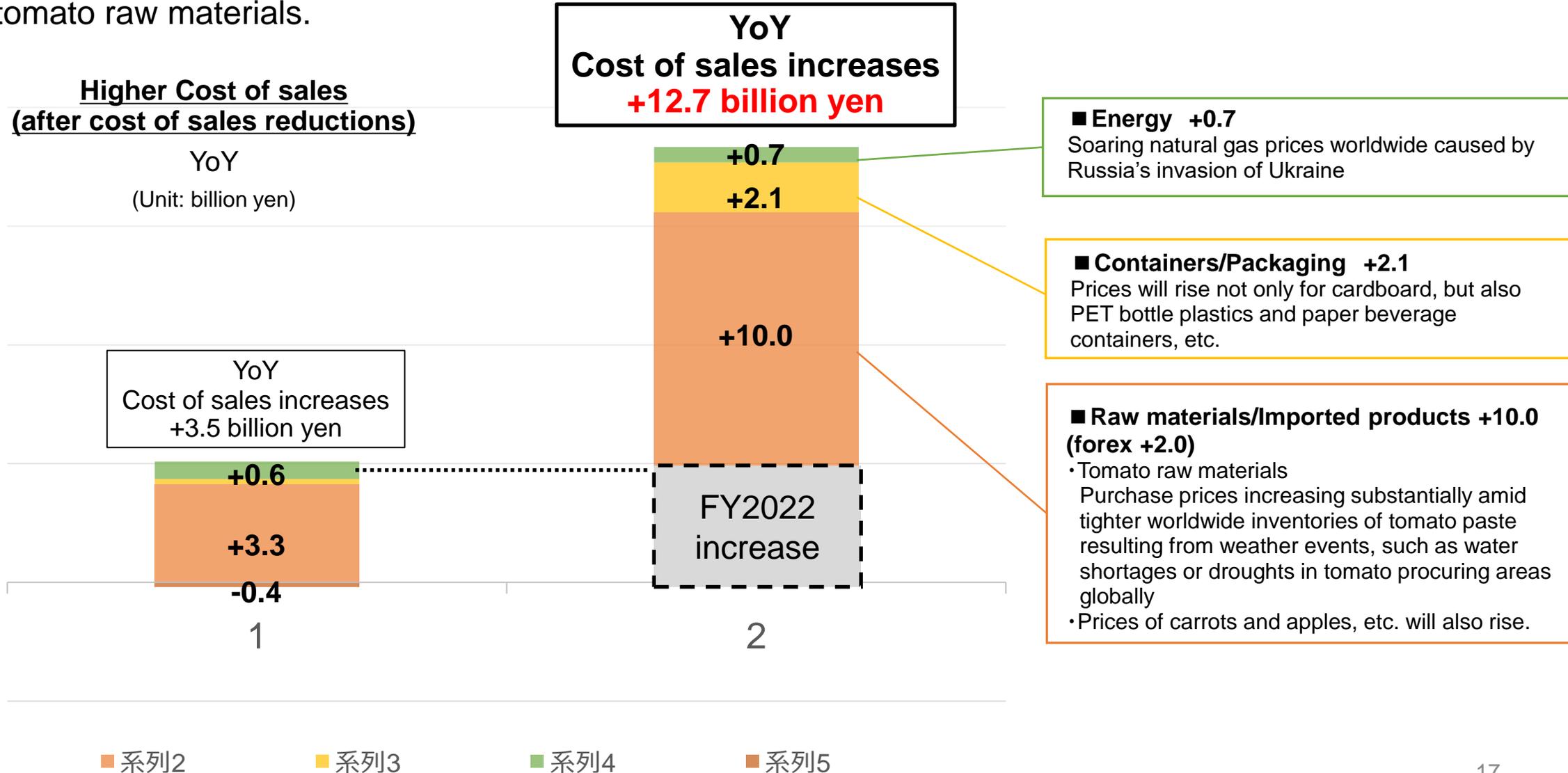
Factors Contributing to Core Operating Income Changes in FY2023

- Domestic Processed Food Business expected to see large decline in income due to cost of sales much higher than in FY2022 (1).
- In addition to increase in income owing to price revisions (2), expect more efficient advertising and increased income of the International Business, but forecasts consider the risk of decreased income following lower sales volume since price revisions (3).



Factors Behind Rising Sales Costs in Domestic Processed Food Business in FY2023

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



Our Response in FY2023

Domestic Processed Food Business

Quickly restore revenue

In February 2023, we hiked prices for the largest number of our products on record. We will dedicate our best efforts to **quickly restore** revenue by **entrenching new prices and creating demand** after the price revisions.

Number of products subject to price revisions on Feb. 1, 2023

Consumer use
beverages

86 items

Consumer use
condiments

65 items

Institutional and
industrial use

178 items

International Business

Generate stable profits

Primary processed: Secure profits by **passing on higher costs to product prices** and **reliably produce** the planned volume of tomato paste.

Secondary processed: **Capture robust food service demand** in the United States and achieve sales growth by developing new products.

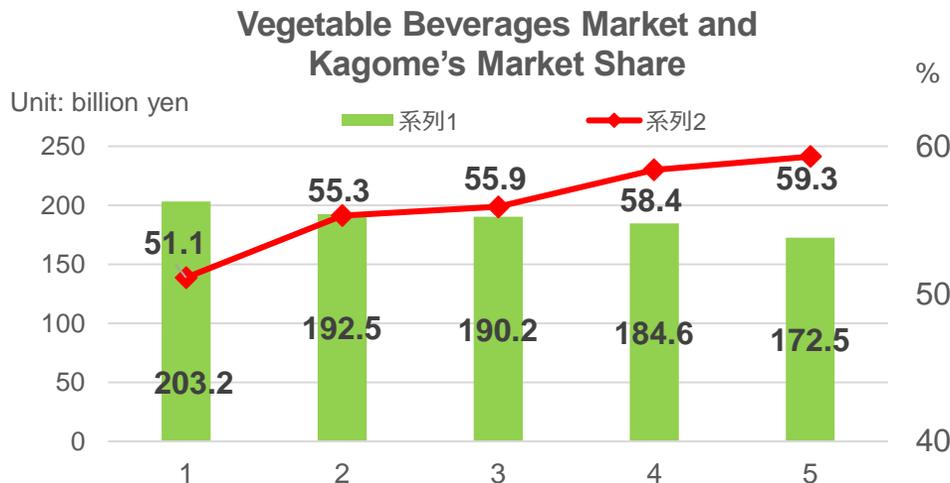
Our Response in FY2023 – Beverages

- The vegetable beverages market is contracting due to a lower purchase rate.
- We will employ a marketing strategy emphasizing the unique value of vegetable beverages to restore the market.

Vegetable Beverages Market Trends

■ Rising market share in contracting market

- Although Kagome maintains a high market share, low awareness of vegetable deficiency has led to a low purchase rate and an exodus to other beverages resulting in market contraction.
- Emphasize **unique value of vegetable beverages to promote inflows from other beverages.**



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

Spring/Summer 2023 Marketing Strategy

■ Promotions

Focusing on the **vivid colors of vegetables**, disseminate the cheerful, positive emotional value together with the functional value of vegetables (plan to announce campaign in early March)



■ Product expansion

- Rebuild demand for existing vegetable beverages

Value up



Vegetable ratio 60% → **70%**



Increase vegetables and nutrition

Beauty and relaxation

Expansion into new domains

New

Revamped

New

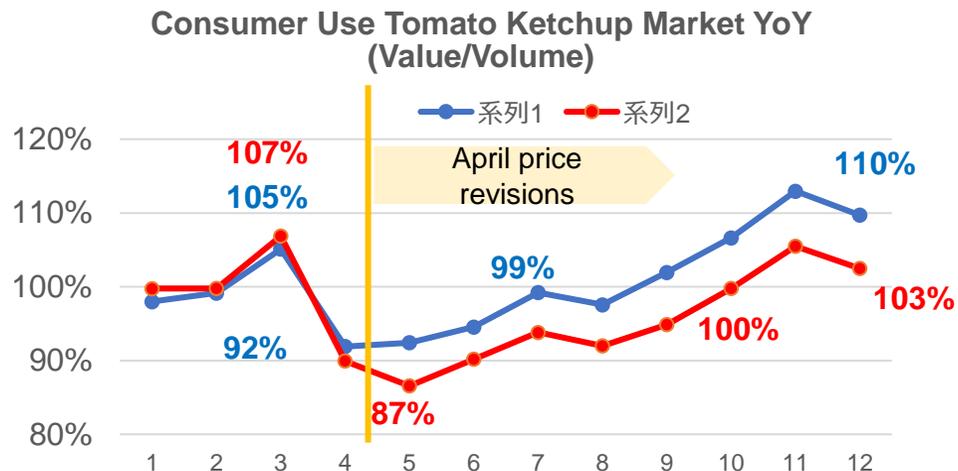


Our Response in FY2023 – Food - Other

- A temporary market downturn is expected similar to 2022 following price revisions.
- It will be important to quickly restore sales and create demand with new products and proposals to eat Western menu items in response to consumers inclination to cut back spending.

April 2022 – Market Trends after price revisions

- Took three months and six months for a recovery in the tomato ketchup market in terms of value and volume, respectively.
- The recovery from the recoil in rush-in demand ahead of the April 2022 price revisions took 3 months and 6 months in terms of value and volume, respectively.
- Following the market recovery, the 2022 market size was unchanged YoY (**100% of previous year**).



*Source: Intage SRI+

Spring/Summer 2023 Marketing Strategy

- In response to growing consumer inclination to cut back spending, we are stepping up proposals of Western menu items and new uses for tomato ketchup.
- Hold **Rice Omelet Stadium** as a once-every-four-year major promotion
- Increase proposals for tomato ketchup, including Western menu ideas and baked ketchup, etc.
- **Capture in-store sales promotions and increase usage opportunities and usage amounts**

Rice Omelet Stadium 2023



New Ketchup variations



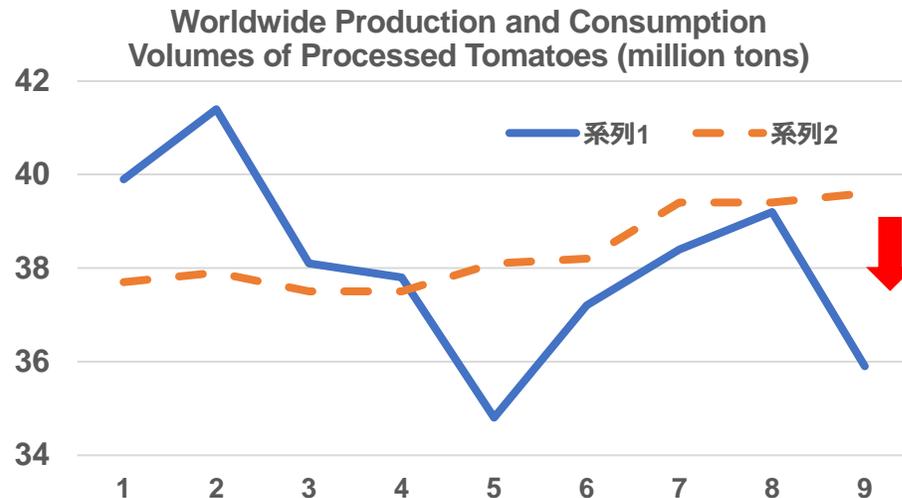
Our Response in FY2023 – International Business

Reliably produce and pass on higher costs to product prices in primary processing and achieve further growth in secondary processing using investment.

Primary Processing (HIT, Kagome Australia Pty Ltd., etc.)

■ Reliably produce planned volume and secure profits by passing on higher costs to selling prices

- Tight inventories worldwide of processed tomato products in response to robust demand
- Focus on reliably producing planned volume of tomato paste
- Secure profits by setting selling prices based on environmental changes



*Source: Tomato News

Secondary Processing (Kagome Inc., etc.)

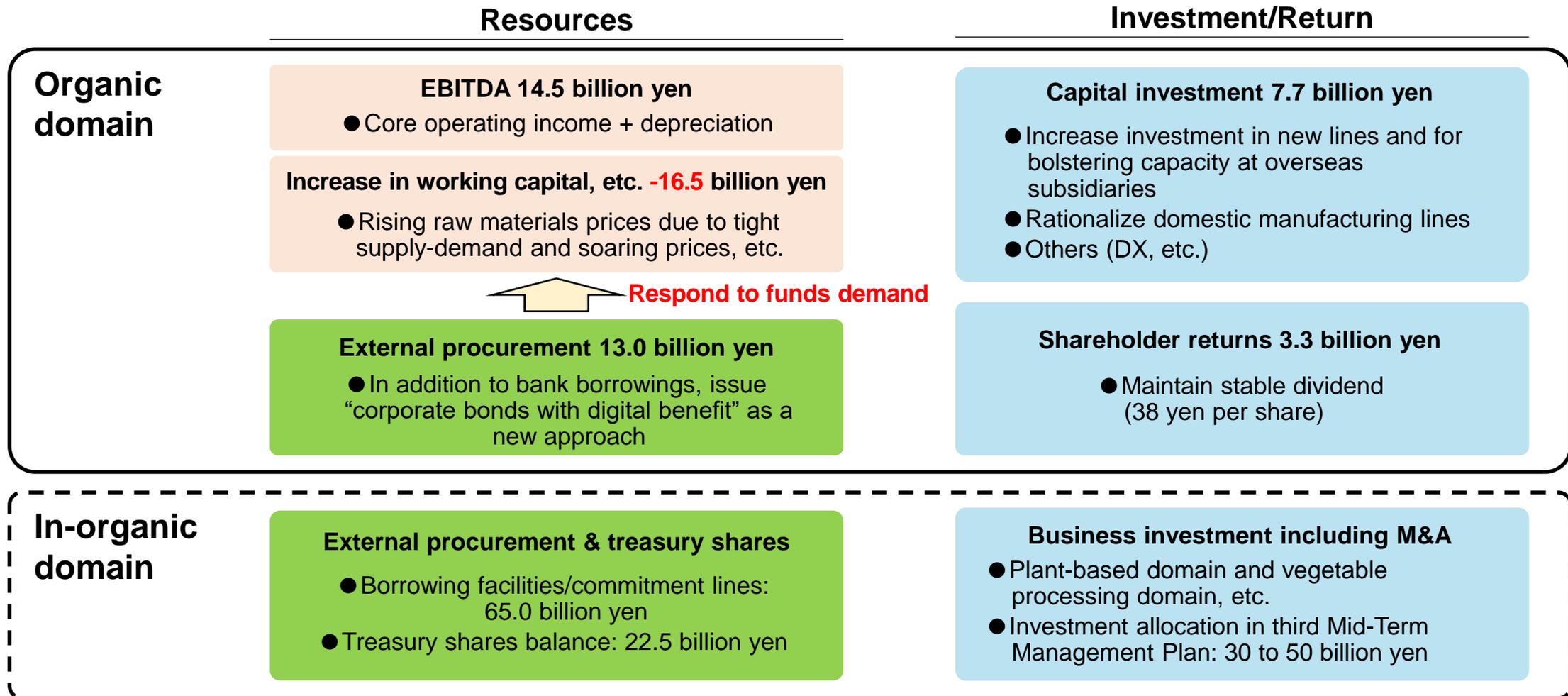
■ Grow sales by investing in US business and developing new products

- Invest in small sorting cup line at Kagome Inc. and expand lineup of products from portion-type to large containers
- Capture robust food service demand in the United States and new business transactions by developing products in new containers based on customer needs



Plans for Funding, Funds Demand and Cash Flow

Despite the challenging environment, we will carry out effective capital investment and business investment aggressively to achieve medium- to long-term growth using funds procured in an agile manner.



3. Looking Toward 2025

Our Vision and What Kagome Strives for by 2025

- Our vision and what we strive for by 2025 remains unchanged despite changes in the operating environment.
- Starting with FY2023, we will grow consistently and achieve our vision and what Kagome strives for by 2025.

<p>What Kagome strives for by 2025</p>	<p>“Become a strong company capable of sustainable growth, using food as a means of resolving social issues”</p>
<p>Vision</p>	<p>Transform from a “tomato company” to a “vegetable company”</p>

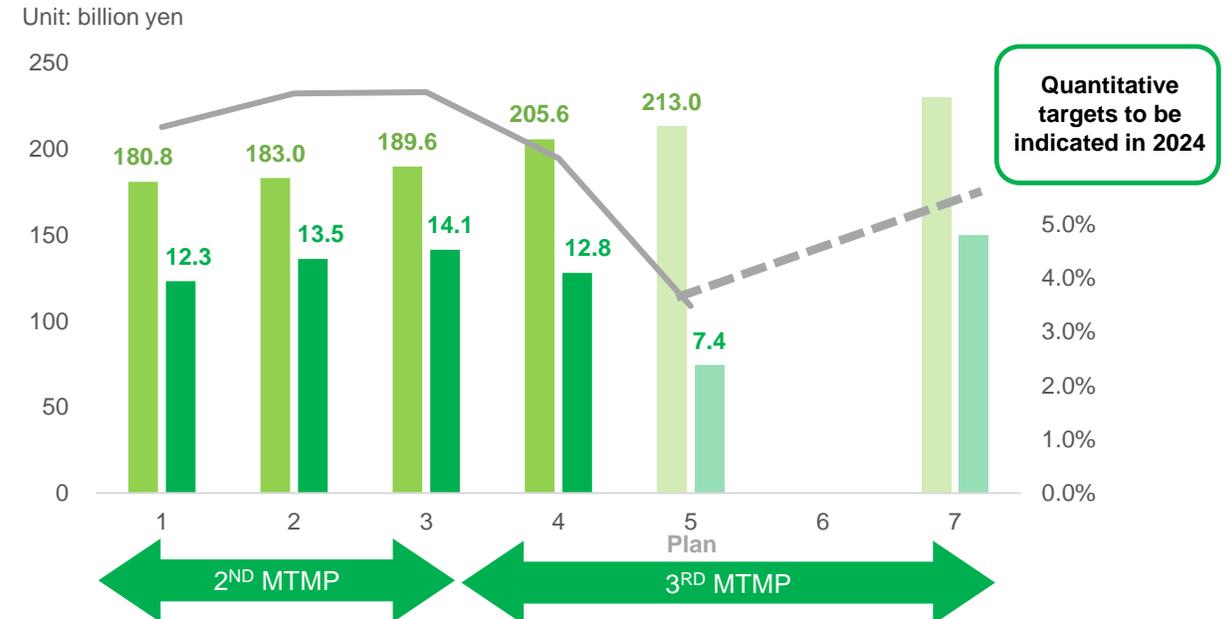
Progress report for the third Mid-Term Management Plan

(1) Revenue is growing steadily

- International Business is performing solidly especially with forex effects.
- International Business will continue to drive sales heading toward 2025.

(2) Core operating income will grow steadily after bottoming in FY2023

- Core operating income will decline substantially in FY2023 as cost of sales increases.
- Set to grow income in FY2024 and beyond after focusing on priority issues such as earnings structure reforms for the domestic business, etc.



Importance of FY2023 for 2025

- FY2023 is a turning point for growing sales and profit over the medium to long term.
- The importance of the four actions in the third Mid-Term Management Plan will become even more important leading up to 2025.

Priority issues heading toward 2025

Agile pricing response and entrenchment of new prices

- Adjust prices flexibly depending on the situation
- Create demand as a leading manufacturer
- Become chosen brand by promoting fan creation



Further enhancement of the four actions

Promote behavioral change in terms of vegetable intake

Change to fan-based marketing

Pursue both organic and inorganic growth

Properly allocate resources based on changes in business portfolio

- Earnings structure reforms of domestic business
- Growth of international business
- Explore new businesses, development of new domains, and M&A



Pursue both organic and inorganic growth

Strengthen procurement capabilities and build supply network

- Strengthen global procurement network
- Stable procurement of domestic raw materials
- Build digital supply network and optimize supply-demand management



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

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

Promote Behavioral Change in Terms of Vegetable Intake and Change to Fan-based Marketing

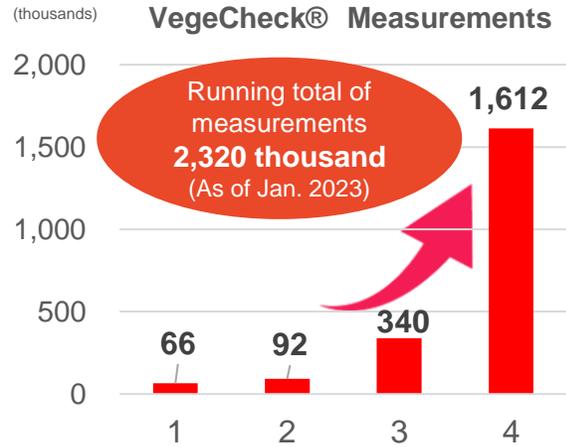
- Promoting behavioral change in terms of vegetable consumption is a focal point of our growth strategy.
- Promoting creation of fans as a growth driver for changing vegetable intake behavior.

Promote behavioral change in terms of vegetable intake

- Promote behavioral change by continuing with the Let's Eat Vegetables Campaign
- Raise awareness about vegetable deficiency and increase desire for vegetable intake by spreading VegeCheck®
- Disseminate mechanism for promoting vegetable consumption based on the indicator of sodium-to-potassium ratio (Na-K ratio) and roll it out at health service businesses



VegeCheck® measurement in progress



VegeCheck® Measurement Trends

Change to fan-based marketing

- Communication through real life experience and empathy toward Kagome Yasai Seikatsu Farm and food education activities, etc.
- Direct communication with bond buyers through issuance of corporate bonds with digital benefit (develop fan bond holders)



Food education from growing—an in-store activity



Kagome Yasai Seikatsu Farm (Nagano Prefecture)



Online notice about corporate bonds with digital benefit

Pursue Both Organic and Inorganic Growth

Organic growth: Complete earnings structure reforms domestically, strengthen the four growth areas, and grow the International Business.

Inorganic growth: Develop new growth areas and explore M&A.

Pursue both organic and inorganic growth

Organic growth

■ Complete earnings structure reforms of the Domestic Processed Food Business

- Reduce or revamp unprofitable products

■ Strengthen the four growth areas

- Recovery in mainstay beverage category and topline growth
- Expand side dishes and processing business, which are seeing a recovery in demand
- Propose vegetable consumption in food products with vegetable soup
- Expand into growing plant-based domain



■ Grow the International Business

- Grow the primary processed tomatoes and US food service businesses

Inorganic growth

■ Develop new growth areas through collaboration and new business ventures

- Set to release second product jointly developed with TWO Inc. in April 2023
- Establish the SOVE brand combining soybeans and vegetables jointly with Fuji Oil Co., Ltd. and expand new plant-based foods
- Develop technology and expand service provision system at DXAS, a JV with NEC



■ Explore M&A

- Continue to explore business opportunities with efforts led by the Business Development Office and The US Growth Strategy Department

Strengthen the Group's Management Foundation

- Increase ability to respond to change by strengthening procurement capabilities and building a supply network.

Strengthen the Group's management foundation

Strengthen global procurement network

- Achieve stable procurement by maximizing network of Group companies
- Secure procurement volume of raw materials looking toward 2024 and beyond by increasing the ratio of long-term contracts



Stable procurement of domestic raw materials

- Increase procurement volume of domestic raw materials by expanding domestic tomato production and mechanical harvesting



Build supply network

- Visualize supply chain information and standardize business processes
- Synchronize information from procurement to production and sales
- Optimize supply-demand management by building a digital supply network



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”**

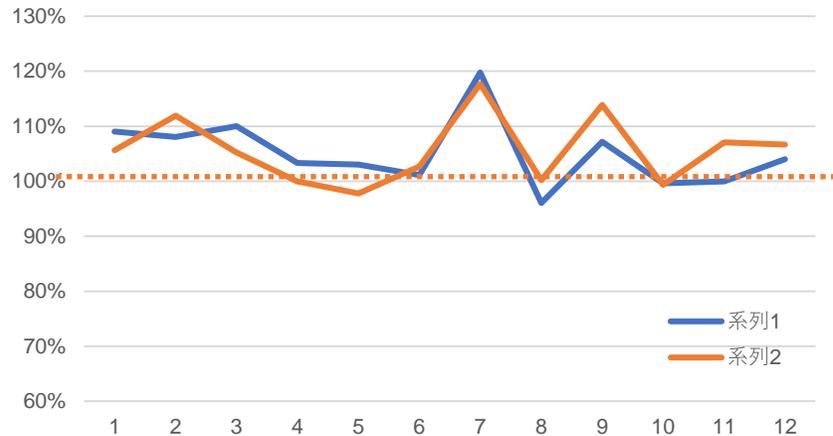
Reference FY2022 Topics

Monthly Revenue Compared with Pre-Pandemic (2019)

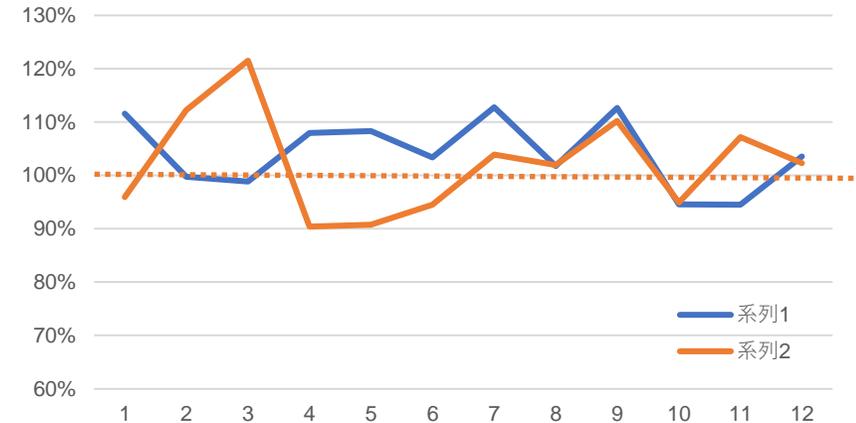


Revenue in the domestic beverages category and domestic food for consumer use firmly exceeded 100% compared to FY2019 despite a slowdown in home cooking demand. Revenue in the domestic institutional and industrial use category recovered close to FY2019 levels and in the U.S. category revenue trended favorably, exceeding FY2019.

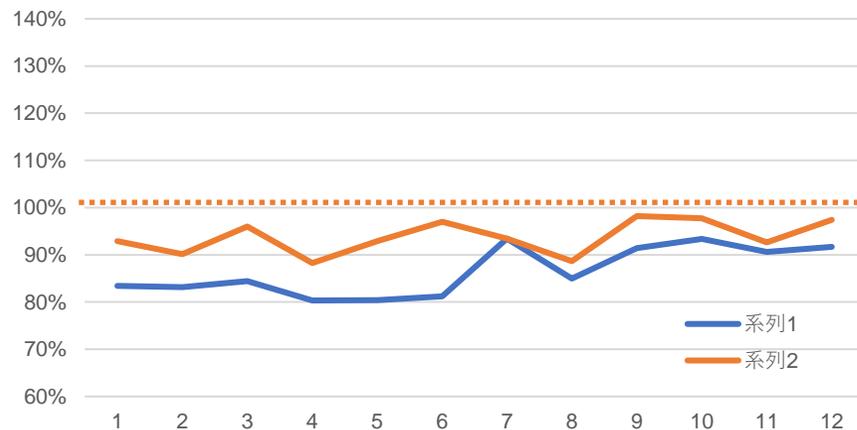
Domestic: Beverages



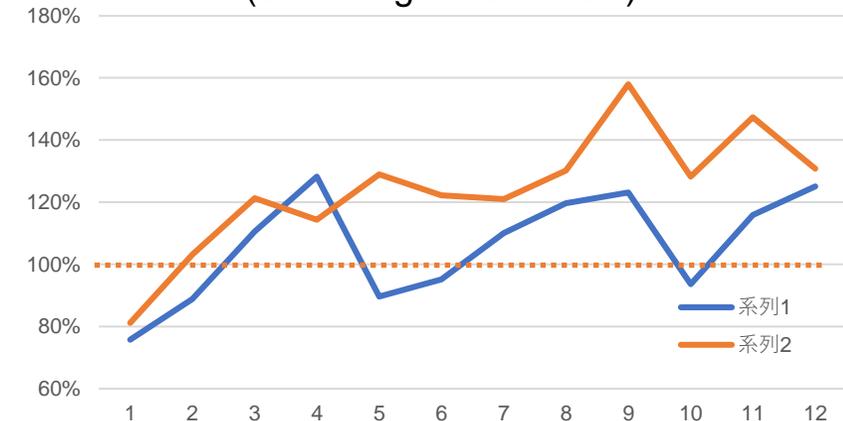
Domestic: Foods for consumer use



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



Tomato juice sales were strong in response to consumers' diet and beauty needs.
Income declined due to soaring raw materials 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	1H	2H	Total
Convenience store	90%	98%	94%
Mass retailer	97%	103%	100%
EC	117%	111%	114%
Total	98%	103%	100%

(1)

Container size	1H	2H	Total
Personal-size container	97%	104%	100%
Large container	99%	102%	100%
Total	98%	103%	100%

(2)

Sales by sales channel and by container size

- (1) Convenience stores: sales fell year on year despite a recovery in demand from offices
- (2) Large containers: demand recovered thanks to promotional campaigns in the second half

Revenue by core brand

Tomato juice 12.6 billion yen (108% YoY)

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

Yasai Ichinichi Kore Ippon 13.3 billion yen (104% YoY)

- Heavier use amid entrenchment of drinking vegetable beverages at meal time

Yasai Seikatsu 100 Series 39.8 billion yen (96% YoY)

- Despite weakness in sales of personal-size containers in convenience stores, a recovery was seen in the second half



Promotion expenses, advertising costs

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

Promotion expenses rose 0.25 billion yen year on year

Advertising costs down 0.21 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 materials 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 8.6 billion yen (98% YoY)

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

Supplements 2.2 billion yen (106% YoY)

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

Soups 1.3 billion yen (112% YoY)

Advertising costs and logistics costs, etc.

- Proactive advertising campaigns in 1Q, but cutback in 2Q and beyond
- Improved transport efficiency from combined shipments, etc.

Advertising costs were unchanged, but logistics costs were down 0.03 billion yen year on year

Topics in Domestic Processed Food Business Food and Others

Revenue increased overall amid a recovery in sales of products for institutional and industrial use, which offset a decline from products for consumer use amid the recoil in rush-in demand ahead of product price revisions. Income declined due to the impacts of soaring raw materials prices, etc.



Products for consumer use

Revenue of 17.9 billion yen (99% compared with FY2021 level and 102% compared with FY2019 level)

- Maintained level above FY2019 despite falling year on year due to restrained buying after price revisions

Revenue by core product

Tomato ketchup: 8.8 billion yen (98% compared with FY2021 level and 100% compared with FY2019 level)

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

Products for institutional and industrial use

Revenue of 21.6 billion yen (108% compared with FY2021 level and 94% compared with FY2019 level)

- Sales grew following the recovery in food service demand
- Recovered back to 94% compared to FY2019 level, closing in on the pre-pandemic level

Sales promotion expenses and advertising costs

Sales promotion expenses increased on expanded sales promotions after product price revisions and advertising costs also rose

Sales promotion expenses +0.09 billion yen and advertising costs +0.08 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

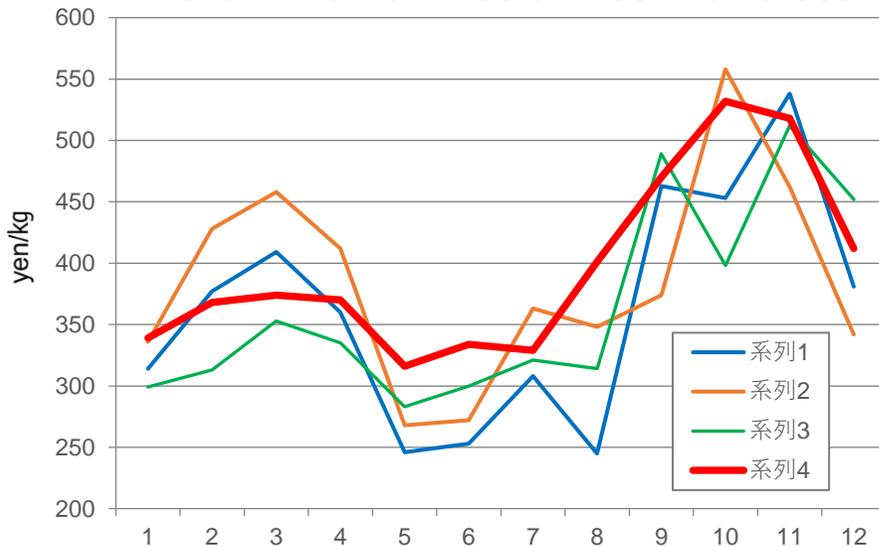
Revenue by core product

Fresh tomatoes: 8.0 billion yen (99% YoY)

- High lycopene tomatoes 3.9 billion yen (113% YoY)
- High GABA tomatoes 0.2 billion yen (173% YoY)

Mesclun greens: 0.6 billion yen (100% YoY)

Trend in Market Price of Fresh Tomatoes



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

Topics in International Business

- The US food service business and tomato primary processing business saw a significant jump in revenue, which resulted in increased income after offsetting cost of sales increases.

Revenue	FY2022			FY2021	Core operating income			FY2021
	Unit: billion yen	YoY	YoY (excludes forex effect)		FY2022	YoY	YoY (excludes forex effect)	
Kagome Inc. (United States)	31.9	+9.1	+3.7	22.7	2.06	+1.05	+0.72	1.00
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT)	15.3	+4.8	+3.8	10.5	1.14	+0.58	+0.50	0.56
Kagome Australia Pty Ltd.	9.5	+1.3	+0.3	8.2	0.09	-0.41	-0.42	0.50
United Genetics Holdings LLC	5.2	+0.8	-0.0	4.4	0.21	-0.10	-0.13	0.32
Taiwan Kagome Co., Ltd.	4.6	+0.7	+0.2	3.8	0.51	+0.12	+0.07	0.38
Others	1.0	+0.0	+0.1	1.0	-0.41	+0.00	+0.00	-0.42
International Business total	67.8	+17.0	+8.4	50.7	3.60	+1.24	+0.73	2.36



Summary by company (local currency basis)

Kagome Inc.: Both revenue and income increased on strong food service sales including new customers.

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

Kagome Australia Pty Ltd.: Revenue increased on strong sales to the Group, but income declined due to flood damage and manufacturing process defects.

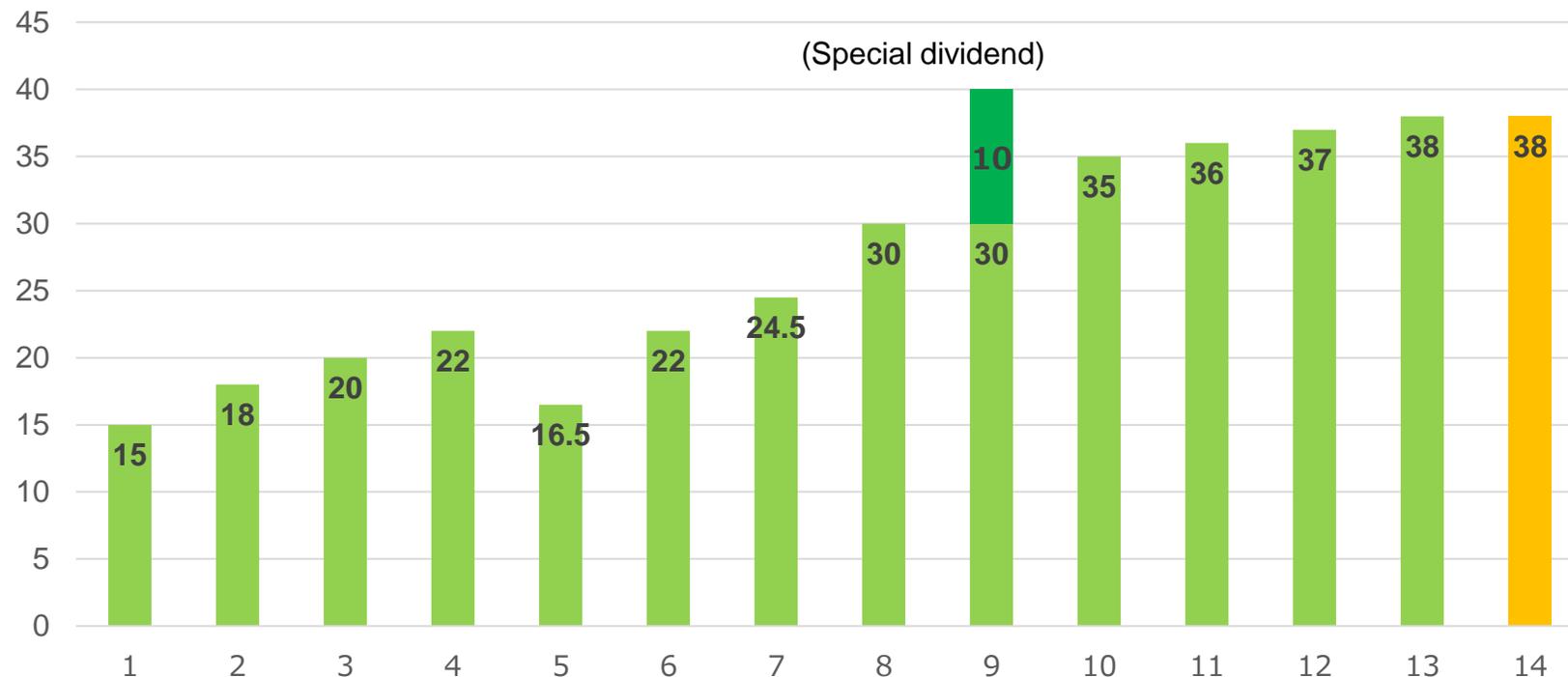
UG: Both revenue and income declined attributable to weaker sales of seeds and rising costs at European subsidiary due to geopolitical risks.

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.

Dividends

Plan to pay a dividend of 38 yen per share for FY2023 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).

Annual dividend per share (yen)



*9-month period from April to December 2014

Kagome's Sustainability Initiatives

Kagome's Sustainability

- Kagome's approach to sustainability is to pursue business activities that makes it a "strong company capable of sustainable growth, using food as a means of resolving social issues."
- We established the Sustainability Committee in October 2022 to spearhead our sustainability activities.

Longer, healthier lives

Providing products and information to encourage vegetable consumption and contribute to healthier diets and lifestyles with vegetables



Agricultural development and regional revitalization

Aiming to establish sustainable agriculture through commercial agriculture and the development of new varieties and technologies, etc.



Sustainable environment

Reducing environmental impacts of our business activities, from procurement to products, with the ultimate goal of reaching carbon neutrality by 2050



Sustainability Initiatives—Sustainable Environment

- Promoting initiatives aimed at our SBTi-approved reduction target with the ultimate goal of achieving net-zero greenhouse gas emissions as a Group by 2050.

Fujimi Plant (Nagano) and Ueno Plant (Aichi) now powered by 100% renewable energy

Switched all electricity to renewable sources

- As of January 1, 2023, both plants switched to renewable energy for all electricity needs.
- Fujimi Plant is expected to lower its CO2 emissions by 53% and Ueno Plant by 40% as a result*.

*Based on the plants' emissions in 2022



Solar panels installed at Fujimi Plant

Beginning to use vegetable residue as renewable energy

Lowering CO2 emissions and effectively utilizing food waste

- Residue from vegetable beverage production and raw vegetable processing, along with defective tomatoes from nearby Yatsugatake Mirai Farm unable to be shipped and their leaves, are used to generate bio-methane gas.
- Converting methane gas to heat to be used in heating and sterilization processes



Biomass power generation facility at Fujimi Plant

Sustainability Initiatives—Water Conservation

- Droughts occurring around the world are greatly impacting agriculture production. Water conservation is an urgent task to achieving sustainable agriculture.

Selected for A list for water conservation in CDP Water Security 2022

Countermeasures in high water risk areas

- Kagome Australia cultivates tomatoes avoiding seasons with high risk of torrential rainfall.
- Kagome Australia strives to reuse water. It has a reservoir dam of used plant water that it supplies to local farmers in case of drought.
- At our plants in Japan, we are working toward the target of reducing water intake per production volume by 1% over the previous year.



Kagome Australia's reservoir dam

Launched services tailored to water shortages at commercial farm (DXAS)

Set to launch farming management recommendation services using AI and automated irrigation control services*1 compatible with small-quantity, high-frequency irrigation*2 in April 2023

- In a demonstration test, successfully increased yield using less water than normal, finding that **yield can be increased around 20% using about 15% less water**
- Plan to spread mainly in processing tomato markets mainly in Europe, the Americas and Australia, etc.



*1 A function that works with irrigation equipment to remotely and automatically control water and fertilizer applied.
*2 A cultivation method in which the amount of water and fertilizer required by crops is applied frequently in small portions to maintain the optimum soil moisture content for crops.

Sustainability Initiatives - Health and Productivity Management

- Kagome is actively working to manage and improve employees' health as part of its process of expanding products and services that help to improve the health of customers.

Kagome's health and productivity management

- 2017
Established Kagome's 7 Points for Good Health and Kagome Health and Productivity Management Pledge
- December 2020
Received **highest rating** in the DBJ Employees' Health Management Rating
- March 2022
Certified as a **Health and Productivity Management Organization 2022** (large enterprise category) by METI and Nippon Kenko Kaigi



Status of health management

- Implementing broad health measures under Kagome's 7 Points for Good Health
- Closely monitoring status of health exams, stress checks, and smoking rate, and providing support those who require it

