

Briefing Materials for FY2021 Results and Third Mid-Term Management Plan



Kagome Co., Ltd.

Securities code: 2811

Figures in these materials

- Amounts are rounded down to the nearest 100 million yen. Part of amounts for core operating income are rounded down to the nearest 10 million yen.
- Percentages are rounded to one decimal place.

- 1. Summary of Business Results for FY2021
(the year ended December 31, 2021)**
- 2. Review of Implementation of Second Mid-Term
Management Plan**
- 3. Third Mid-Term Management Plan**
- 4. Sustainability at Kagome**

1. Summary of Business Results for FY2021 (the year ended December 31, 2021)

FY2021 Consolidated Results



Revenue in the domestic business was firm given rising health consciousness, continued stay-at-home demand and measures to stimulate demand for vegetables such as the "Let's Eat Vegetables" campaign. The international business meanwhile recovered. As a result, both revenue and profit increased.

Unit: 100 million yen	Result		YoY		FY2020	FY2019
		Margin		Rate of change	Result	Result
Revenue	1,896	—	+66	+3.6%	1,830	1,808
Core Operating Income	141	7.5%	+5	+4.0%	135	123
Operating Income	140	7.4%	+33	+31.2%	106	140
Net Income*	97	5.1%	+23	+31.5%	74	101
ROE	8.5%	-	+1.7pt	-	6.8%	9.8%
ROA	6.4%	-	+0.0pt	-	6.4%	6.1%
EPS (yen)	109.37	-	+25.64	-	83.73	114.89

* Net income attributable to owners of parent

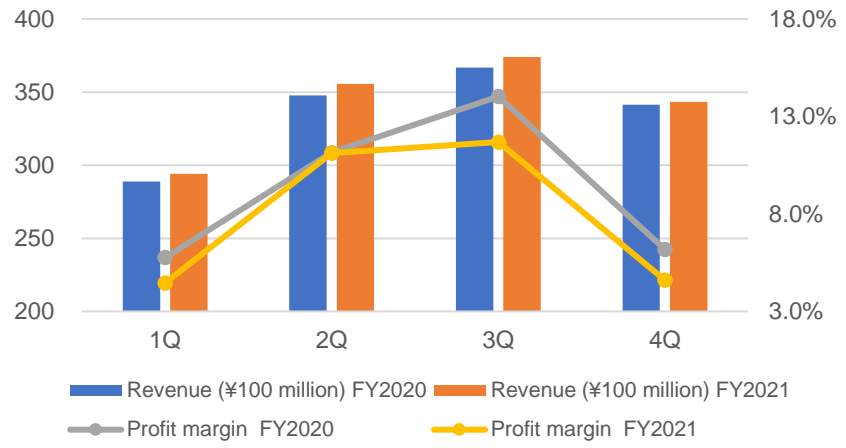
FY2021 Results by Segment

Achieved gains in revenue in all segments except the domestic agriculture business. Although profit fell in the domestic processed food business due to expenses resulting from active promotions, profit in the international business increased significantly. Consolidated income increased.

Revenue				Core Operating Income						
Unit: 100 million yen	FY2021			FY2020 Result	FY2019 Result	FY2021			FY2020 Result	FY2019 Result
	YoY	Rate of change				YoY	Rate of change			
Beverages	754	+12	+1.6%	742	720	71.6	(5.0)	(6.6)%	76.6	58.2
Direct marketing	135	+8	+6.9%	126	116	12.7	(1.6)	(11.8)%	14.4	14.9
Food and others	477	+1	+0.3%	475	488	27.9	(8.9)	(24.3)%	36.9	38.9
Domestic processed food business	1,367	+22	+1.7%	1,344	1,324	112.3	(15.7)	(12.3)%	128.0	112.1
Domestic agriculture business	95	(6)	(6.4)%	101	95	2.8	+0.1	+5.1%	2.7	(2.2)
International business	516	+73	+16.5%	443	443	25.5	+23.7	-	1.7	7.5
Other/adjustments	(82)	(22)	-	(59)	(56)	0.6	(2.8)	(81.4)%	3.4	5.6
Total	1,896	+66	+3.6%	1,830	1,808	141.3	+5.3	+4.0%	135.9	123.0

Results and Topics by Segment in FY2021

Domestic processed food business



Revenue rose, but income fell.

Revenue 136.7 billion yen (up 1.7% YoY)

Core Operating Income 11.23 billion yen (down 12.3% YoY)

- Revenue increased in beverages, direct marketing, food and all other categories.
- Income fell due to sales promotions and advertising to increase sales and higher raw materials prices and energy prices in the second half.

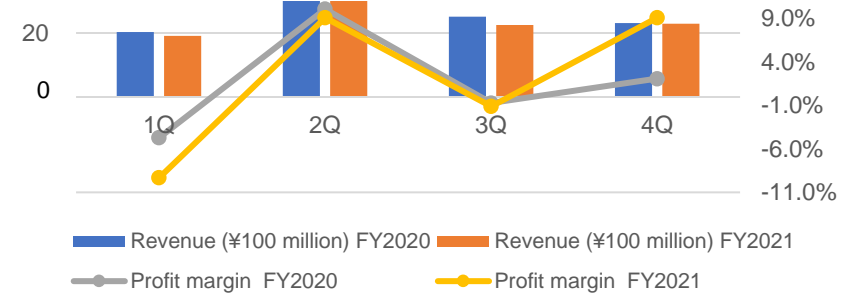
(Beverages) Revenue rose due to rising health consciousness, stay-at-home demand and the "Let's Eat Vegetables" campaign, but income fell due to an increase in expenses for strategic sales promotions.

(Direct marketing) Revenue increased due to an increase in EC amid the COVID-19 pandemic, but income decreased due to a rise in advertising expenses.

(Food and others) Products for household use: Both revenue and income declined due to the absence of a sharp rise in eat-at-home demand in the previous year and higher raw materials prices.

Products for institutional and industrial use: Both revenue and income climbed, reflecting a recovery in food service demand.

Domestic agriculture business



Revenue fell, but income rose.

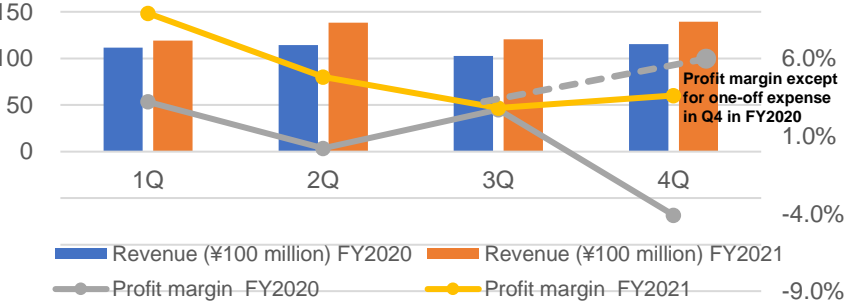
Revenue 9.5 billion yen (down 6.4% YoY)

Core Operating Income 0.28 billion yen (up +5.1% YoY)

- Revenue declined, reflecting a decrease in procurement volume due to a downturn in market conditions for fresh tomatoes in the first half and bad weather in the second half.
- Income increased due to earnings structure reform through a company split-up* and a recovery in selling prices in the fourth quarter.

* In FY2021, the agriculture business was transferred to Kagome Agri-Fresh Co., Ltd.

International business



Both revenue and income rose.

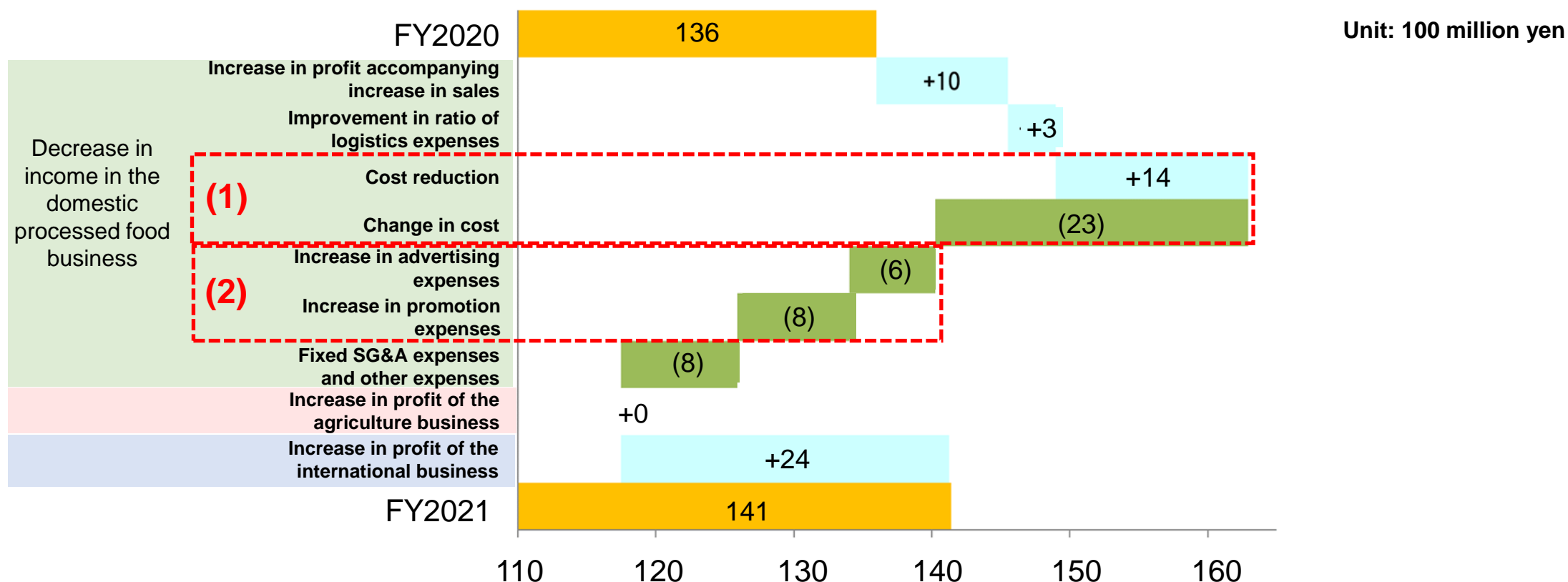
Revenue 51.6 billion yen (up +16.5% YoY)

Core Operating Income 2.55 billion yen (14-fold rise from FY2020)

- Revenue rose due to a recovery in food service demand. Income increased significantly in the first half as a result of earnings structure reform.
- Raw materials prices and energy prices rose remarkably in the second half, and core operating income margin declined from the first half.
- In the fourth quarter of the previous fiscal year, a share of loss of investments accounted for using the equity method of 1.0 billion yen was posted. Except for that, income in the second half fell from a year ago. (FY2020 Q4: 4.7%; FY2021 Q4: 3.6%)

Factors Contributing to Core Operating Income Changes

A fall in income in the domestic agriculture business was more than offset by a rise in income in the international business.



Main Factors Contributing to Changes

- (1) Cost reduction, change in cost...Raw materials prices and energy prices rose primarily in the second half. Despite efforts to reduce costs, income decreased 0.9 billion yen.
- (2) Increases in advertising expenses and promotion expenses...Active advertising for direct marketing and sales promotions for beverages

Factors Contributing to Operating Income and Profit Changes

Increases in operating income and income lines below that expanded due to the absence of impairment losses on fixed assets, which was posted in FY2020.

Unit: 100 million yen	FY2021	FY2020	Change
Core operating income	141	135	+5
Other income	6	13	(1) (7)
Other expenses	8	42	(2) (34)
Operating income	140	106	+33
Profit before income tax	138	106	+32
Income tax expense	38	45	(6)
Effective tax rate	28%	43%	(15)pt
Profit attributable to non-controlling interests	2	(13)	(3) +15
Net income*	97	74	+23

* Net income attributable to owners of parent

Factors Contributing to Changes

- (1) Other income (7)...Absence of a gain on sales of non-current assets of 900 million yen, including the sale of leased real estate, which was posted in FY2020
- (2) Other expenses (34)...Absence of impairment losses on fixed assets of about 3 billion yen at Portugal-based HIT, which was posted in FY2020
- (3) Profit (loss) attributable to non-controlling interests +15...Absence of a decrease in non-controlling interests due to the impairment losses above posted in FY2020

Changes to Statement of Financial Position, Changes in Cash Flow

Balance sheet shrank due to repayment of borrowings in preparation for tightness of financing conditions due to COVID-19

Consolidated Statement of Financial Position (As of December 31, 2021)

Unit: 100 million yen

<p>Total assets 2,152 (down 97)</p> <p>Current assets: 1,234 (down 180) Cash and Cash Equivalents (255) Trade and other receivables +16 Inventories +48, etc.</p> <p>Non-current assets: 917 (up 83) Property, plant and equipment +76, etc. (New beverages line at Fujimi Plant, etc.)</p>	<p>Liabilities: 956 (down 165) Interest-bearing liabilities (mainly borrowings) (187) Trade and other payables +15, etc.</p>
	<p>Equity: 1,195 (up 68) Retained earnings +65 (mainly net income +97, dividends (32)) Other components of equity +25 Treasury shares (24), etc.</p>

Equity attributable to owners of the parent to total assets
54.6% (+5.3pt)

Cash Flow Statement

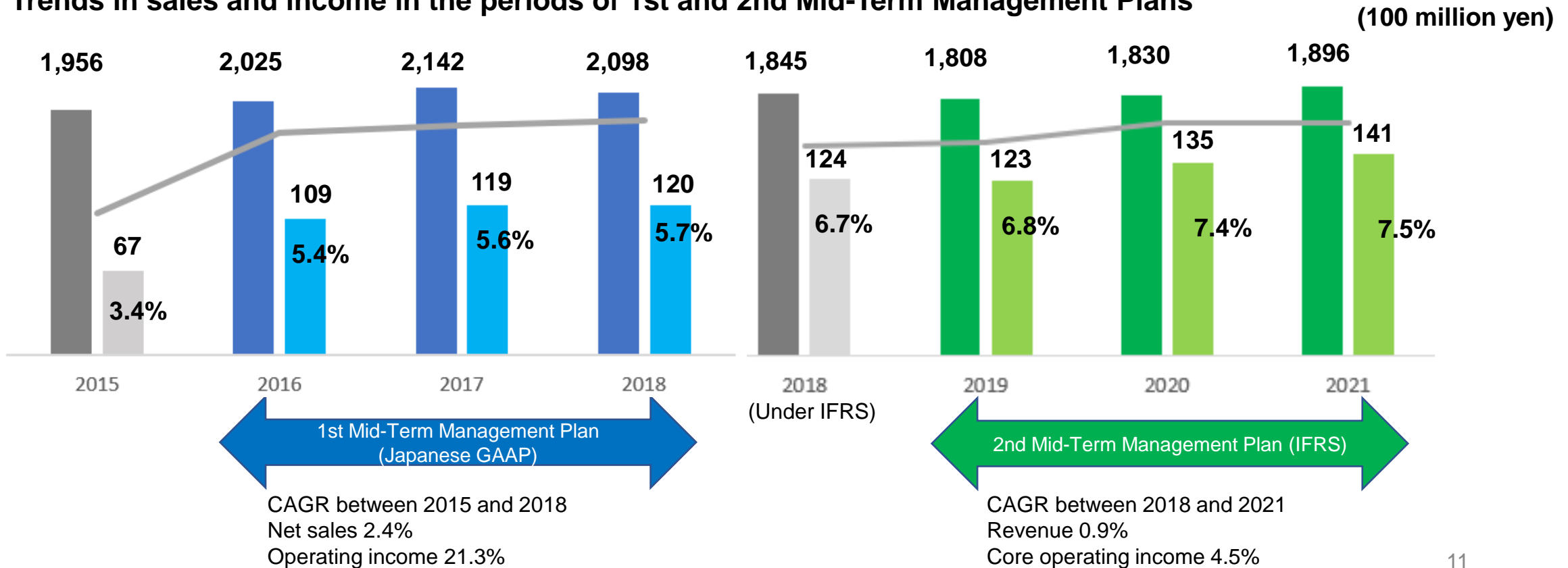
Unit: 100 million yen	2021	2020	Change
Cash flows from operating activities (A)	147	204	(56)
Cash flows from investing activities (B)	(141)	(33)	(107)
Free cash flows (A+B)	6	170	(164)
Cash flows from financing activities	(276)	121	(397)

2. Review of Implementation of Second Mid-Term Management Plan

Trends in Results in 2nd Mid-Term Management Plan Period

- The top line started to grow chiefly due to the stimulation of demand through "Let's Eat Vegetables" campaign, rising health consciousness, and eat-at-home demand, but the growth rate was moderate.
- Profitability increased owing to earnings structure reform in the domestic agriculture business and international business.

Trends in sales and income in the periods of 1st and 2nd Mid-Term Management Plans



Results and Issues by Segment

Results and issues (amounts in FY2018 and FY2021)

Domestic processed food business

Revenue	132.9 billion yen	➡	136.7 billion yen
Core Operating Income	11.1 billion yen	➡	11.2 billion yen

- Sales of beverages, products for household use, and direct marketing rose due to rising health consciousness and increasing eat-at-home demand.
- × Sales of products for institutional and industrial use were weak due to weak food service demand.
- △ Responded to rises in raw materials prices and energy prices.

Future direction, action

- Continue to achieve growth on the top line
- Stimulate demand for vegetables chiefly through the “Let’s Eat Vegetables” campaign
- Focus on direct marketing and EC, which continue to grow
- Restructure the institutional and industrial business
- Promote activities to reduce costs and consider price revisions

Domestic agriculture business

Revenue	11.1 billion yen	➡	9.5 billion yen
Core Operating Income	-0.0 billion yen	➡	0.2 billion yen

- Moved into the black through earnings structure reform, including a company split-up in the agriculture business.
- × Failed to respond to a decline in procurement volume due to bad weather, among other factors.

- Increase productivity at plantation sites (subsidiaries)
- Enhance shipment forecasting techniques and supply and demand adjustment functions
- Increase the percentage of high-value-added tomato
- Develop high performance vegetables

International business

Revenue	46.2 billion yen	➡	51.6 billion yen
Core Operating Income	0.5 billion yen	➡	2.5 billion yen

- Improved the profit structure primarily through earnings structure reform in tomato primary processing.
- Achieved growth on the top line, taking advantage of a recovery in food service demand.
- △ Responded to rises in raw materials prices and energy prices.

- Pursue growth in B-to-B business chiefly in the U.S.
- Expand sales of vegetable beverages in Asia
- Cut costs by improving quality and increasing productivity and consider price revisions

Changes in Growth Investment, Equity Ratio and ROA

Investment in growth was low during the periods of the first and second Mid-Term Management Plans. The equity ratio was stable in the 50% range. ROA rose.

100 million yen

FY	2015	2016	2017	2018	Total in 1st Mid-Term Plan period	2019	2020	2021	Total in 2nd Mid-Term Plan period
Fixed investment	77	72	86	122	281	80	86	138	306
Business investment (including M&A)	96	37	1	1	39	—	5	1	6
Ratio of equity capital/equity attributable to owners of parent to total assets	57.2%	42.1%	52.1%	52.5%	-	53.9%	49.3%	54.6%	-
ROA	3.4%	5.3%	6.1%	6.2%	-	6.1%	6.4%	6.4%	-

■ Growth investment (fixed investment, business investment)

- Fixed investment was 28.1 billion yen during the first Mid-Term Management Plan period and 30.6 billion yen during the second Mid-Term Management Plan period.
- Business investment was 3.9 billion yen during the first Mid-Term Management Plan period and 0.6 billion yen during the second Mid-Term Management Plan period.

■ Ratio of equity capital/equity attributable to owners of parent to total assets

- The ratio declined temporarily after the purchase of treasury stock in 2016 and borrowings in anticipation of tight financing amid the COVID-19 pandemic in 2020, but has mostly been above 50%.

■ ROA

- ROA rose. Created profits efficiently on total assets.

3. Third Mid-Term Management Plan

Roadmap for 2025 Goal and Vision

The 2025 goal and vision, which Kagome established in 2016, remain unchanged. To achieve the goals, Kagome will execute the Third Mid-Term Management Plan from 2022 to 2025, a four-year period that is positioned as the final stage.

Roadmap



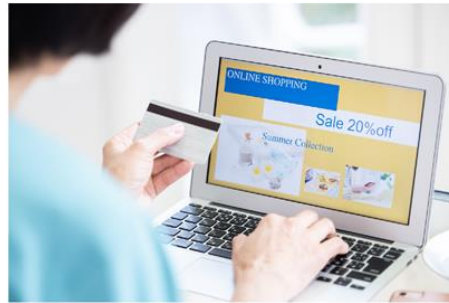
Our Views on the Business Environment

We will take advantage of changes in the business environment to create business opportunities.

Rising awareness of health, immunity and hygiene



Diverse points of customer contact resulting from digitalization



Labor shortage in the agriculture and the food service industry



Addressing supply chain issues



Environmental issues



Kagome's opportunities

- Contributing to a healthy diet and the reduction of the environmental impact by providing a variety of products using vegetables and plant-based foodstuffs
- Expanding points of customer contact in both the digital and real worlds, thereby making customers our fans
- Achieving sustainable growth by addressing sustainability issues, including environmental issues

Two Goals to Achieve in 2025

2025 Goal

Become a strong company that can achieve sustainable growth resolving social issues through foods.

KGI

Revenue

- Increase the top line **every year**. Achieve a four-year average sales growth rate of **2% or more**.

Core operating income

- Achieve **7% or more** in 2025

2025 Vision

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

KGI

- Achieve medium-term quantitative targets in 2025
Revenue **212 billion yen**; core operating income **15 billion yen**

KPI

- **Expand the business area that will contribute to vegetable intake** by diversifying and increasing items and make it a seed for growth

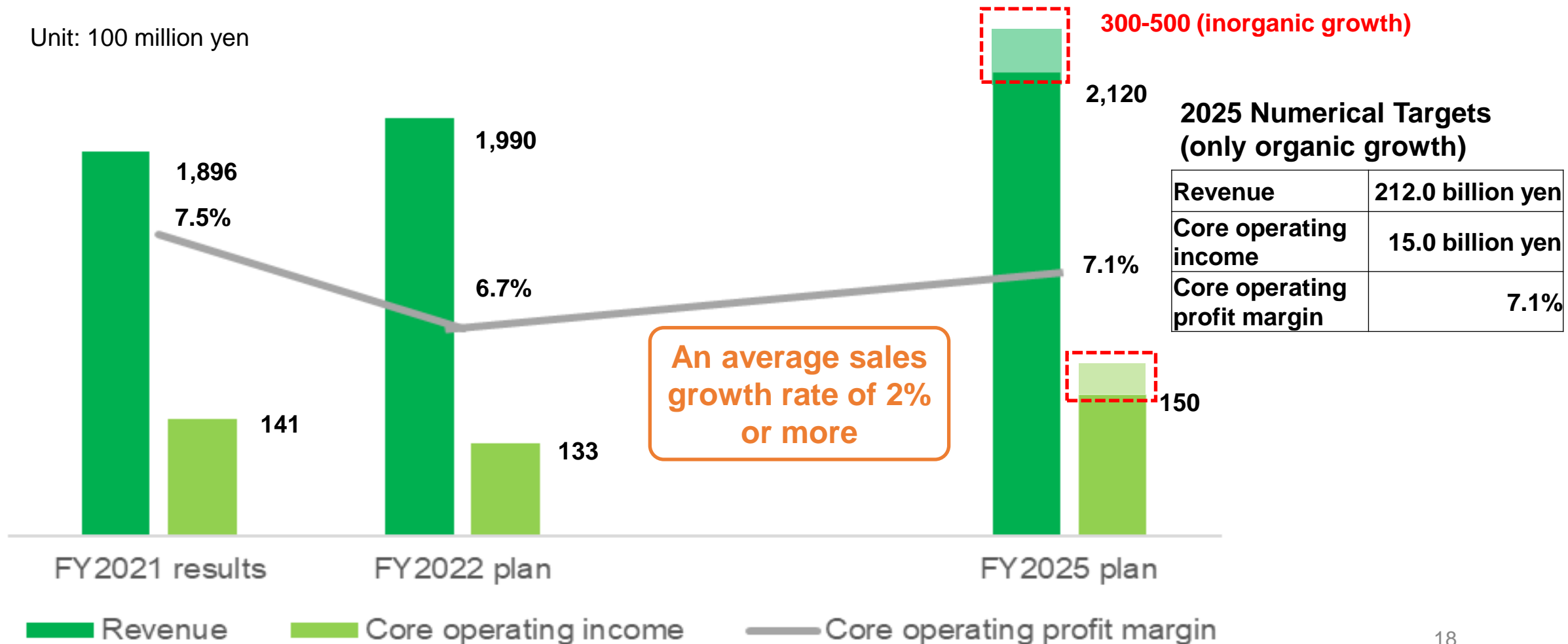
Specifically, achieve the targets below

Growth of beverages business, the core business	Revenue +7.0 billion yen
Expansion of ready-to-eat and processing business	Revenue +2.0 billion yen
Expansion of vegetable soup business	Revenue +3.5 billion yen
Expansion of scope from vegetables to plant-based products	Revenue +1.0 billion yen

(All figures are changes from 2021.)

Image of Growth in Third Mid-Term Management Plan

Achieve the numerical targets for 2025 through organic growth in existing businesses.
Pursue inorganic growth as well.



Quantitative Plan by Segment in Third Mid-Term Management Plan



The top line will grow in all segments. Income will fall in FY2022 due to high raw materials prices. Core operating income is expected to recover to the 7% range in 2025.

Unit: 100 million yen		FY2021			FY2022			FY2025		
		Result	Under new system	Margin	Plan	Margin	vs. 2021	Plan	Margin	vs. 2021
Domestic processed food business	Revenue									
	Core operating income	112	131	9.6%	122	8.6%	(9)	131	8.6%	0
Domestic agriculture business	Revenue	95	95		100		4	112		16
	Core operating income	2	2	2.1%	3	3.0%	1	7	6.3%	4
International business	Revenue	516	507		538		30	526		18
	Core operating income	25	23	4.5%	24	4.5%	0	28	5.3%	4
Other/adjustments	Revenue	(82)	(73)		(68)		5	(48)		25
	Core operating income	0	(16)	-	(17)	-	0	(16)	-	0
Total	Revenue	1,896	1,896		1,990		93	2,120		223
	Core operating income	141	141	7.5%	133	6.7%	(8)	150	7.1%	8

The figures are those under a new segment management system. (For changes in the segment management system, refer to the annex.)

FY2022: Income will fall chiefly due to rises in raw materials prices. Will minimize the fall primarily by revising prices.
 FY2025: The top line will continue to grow 2% annually. Core operating income will recover to the 7% range.

Basic Strategy in Third Mid-Term Management Plan

Basic strategy in third Mid-Term Management Plan: Achieve sustainable growth by taking four actions that are organically connected.

Promote behavioral change in terms of vegetable intake.

Change to fan-based marketing.

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.

Diagram of Strategies in Third Mid-Term Management Plan



Achieve sustainable growth by taking four actions that are organically connected.

Achieve the KGI and KPIs for "2025 Goal" and "Vegetable Company."

-1- Promote behavioral change in terms of vegetable intake

Promote behavioral change by providing information and services for raising awareness of an insufficient intake of vegetables and increasing the motivation to consume vegetables.

Health service

Functional research on vegetables

Let's eat vegetable campaign

-2- Change to fan-based marketing

Increase the number of customers who are fans, identifying with Kagome's business activities and the value of its brand.

New business opportunities through collaboration

-3- Pursue both organic and inorganic growth

Organic growth		Inorganic growth	
Deepening	Reform	Development	Exploration
<ul style="list-style-type: none"> ● Vegetable beverages ● Tomato ketchup 	<ul style="list-style-type: none"> ● Structural reform in the institutional and industrial business 	<ul style="list-style-type: none"> ● D2C ● Soup ● Plant-based ● Vegetable beverages overseas 	<ul style="list-style-type: none"> ● Agricultural services ● Growth strategy in the United States

-4- Strengthen the Group's management foundation and foster a culture for tackling challenges

- Strengthen the value chain (initiatives to strengthen earning power to achieve growth and ensure business continuity).
- Advance Kagome DX (evolve customer marketing, create new businesses).
- Foster a culture for tackling challenges: Take advantage of diversity to create innovations and improve engagement.

1. Promotion of Behavioral Change in Terms of Vegetable Intake

Contribute to extending healthy life expectancy, a social issue, by increasing the consumption of vegetables, the starting point of our growth strategy, and achieve the growth of the Company.

- **Raising consumers' awareness of an insufficient intake of vegetables and increasing their motivation to consume vegetables by providing health service.**

Promote behavioral changes in terms of vegetable intake using experiential business, including Veggie Check®, which measures vegetable intake, and health seminars. Aim to achieve a cumulative number of Veggie Check® measurements of 10 million by 2025.

- **Promoting functional research on vegetables**

Convey information on the power of vegetables to society based on scientific evidence to promote behavioral changes in terms of vegetable intake.

- **Let's eat vegetable campaign**

Continue the Let's eat vegetable campaign, which started in 2020, in the period of the third Mid-Term Management Plan. Promote behavioral changes in terms of vegetable intake.

The vegetable promotion project, where 19 companies in different industries cooperate, has disseminated information to 6.8 million people*. Aim to send information to 15 million people by 2025.

*As of the end of November 2021

Measuring vegetable intake using Veggie Check®



2. Change to Fan-Based Marketing

Increase the number of customers who are fans, identifying with Kagome's business activities and the value of its brand.

- Change the advertising strategy from short-term advertising campaigns to strengthening communication that continues to strengthen relationships.
- Convey the value and role of vegetables through products and experience.
- Use Yasai Seikatsu Farm and kitchens at different facilities for providing experience.
- Strengthen relationships with customers, increase customer loyalty, and build relationships where customers choose Kagome before choosing products at stores.



3. Pursuit of Both Organic and Inorganic Growth

Organic growth: stable growth in the existing businesses

Organic growth area
Average sales growth rate
of 2% or more

Focus fields in the organic growth area (the figures are changes from 2021)

Beverages (+7.0 billion yen)

- Develop containers, invest in advertisement, and address environmental friendliness to make the market more attractive as a category leader.
- Expand the field to include plant-based milk and other plant-based beverages and accelerate growth

Launched on March 29, 2022
 Hatakeumareno Yasashii Milk



Vegetable soups (+3.5 billion yen)

- Develop soups that use the tastes of vegetable ingredients as products that symbolize our contribution to vegetable intake
- Focus on developing e-commerce channels, which are growing remarkably and can convey value



Ready-to-eat and processing business (+2.0 billion yen)

- Increase the ratio of the ready-to-eat and processing business to the institutional and industrial business where sales are weak amid the COVID-19 pandemic
- Change the institutional and industrial business by shifting the focus from commoditized products to products that have unique strengths



Plant-based domain (+1.0 billion yen)

Expand food products using plant foodstuffs as needs for plant-based foods is increasing

Launched on March 22, 2022
 Soy meat sauce for Taco Rice



3. Pursuit of Both Organic and Inorganic Growth

Inorganic growth: growth based on new resources acquired through M&A, etc.

Investment areas

- Plant-based domain
- Growth strategy in the United States
- Agricultural services, agri-tech, seeds
- D2C business area

Business investment

30 billion yen to 50 billion yen

Example

Equity participation in TWO Inc., a plant-based food startup

- Accelerate the execution of strategies in the plant-based food businesses of Kagome and TWO and aim to generate synergies between them
- First launch products that are "yummy but so healthy," which is the concept of the 2foods brand, jointly with TWO and generate new demand

Growth strategy in the United States

- Establish a U.S. growth strategy project office and explore business opportunities in the B-to-B business in the United States

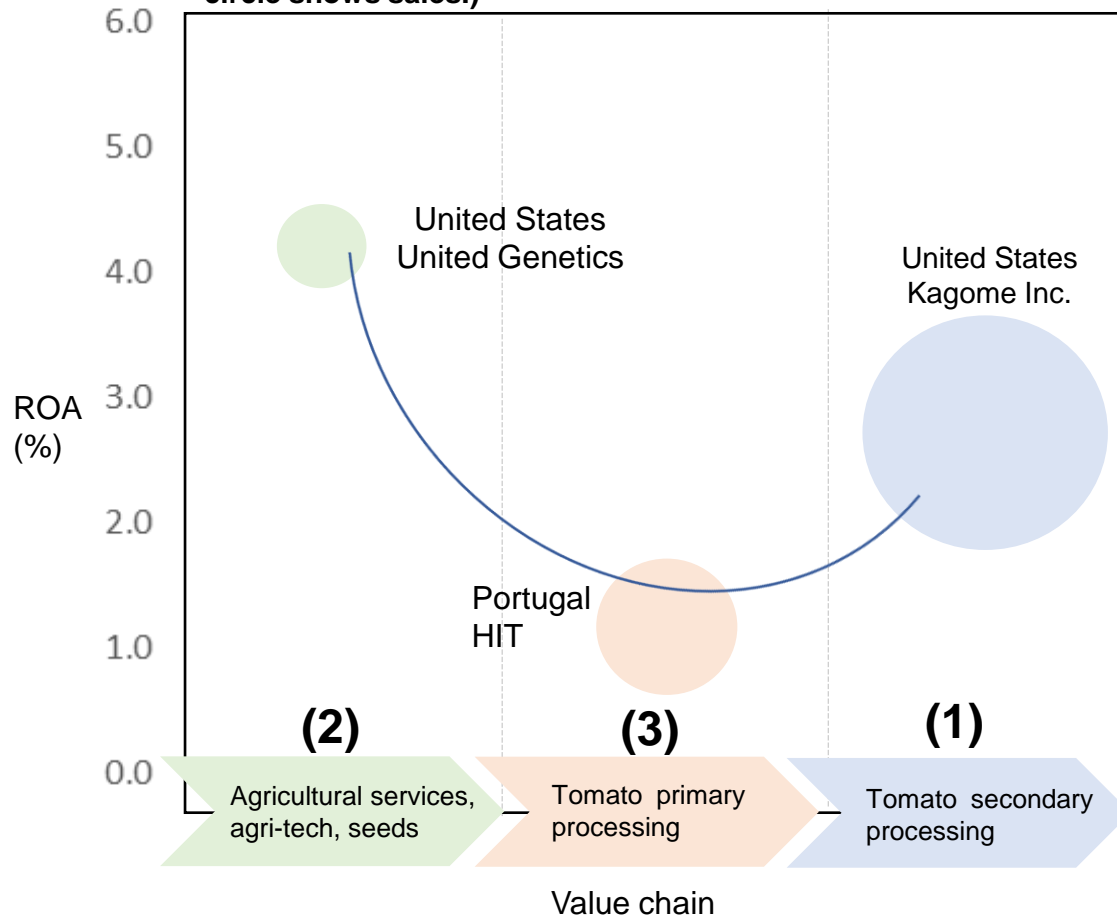
Agricultural services, agri-tech

- Strengthen the agricultural ICT platform operated jointly with NEC
- Promote proposals to tomato primary processing and production companies in Europe and the United States

3. Pursuit of Both Organic and Inorganic Growth

Explore business opportunities in areas at both ends of the "smile curve" ((1), (2)) and draw up growth strategies

Relationships between parts of the value chain of the international business and profitability at subsidiaries
(The ROA is the average in the past three years. The size of the circle shows sales.)



Areas where growth opportunities will be explored

(1) Tomato secondary processing, B-to-B (US-based Kagome Inc.)

- Explore opportunities in areas that are not covered by Kagome Inc., including containers and the customer network, to achieve growth in scale

(2) Areas of agricultural services, agri-tech and seeds

- In the areas of agricultural services, agri-tech, and seeds, we can deal with environmental problems and labor shortages. Growth can be expected in these areas.
- Although sales are small, assets are similarly modest and profitability is high.

In the United States, we have a subsidiary in both (1) and (2). We will draw up business strategies to generate synergies between the subsidiaries and will fill any gaps through alliances and M&A.

Area that will be rationalized

(3) Tomato primary processing

- Large assets, such as vacuum condensing machines to change raw tomatoes into condensed products, are necessary.
- Many products are commoditized. Asset efficiency is low. The business is susceptible to market conditions.
- Optimize the scale, increase the percentage of high value-added products, and pursue profit rather than sales

4. Strengthening the Group's Management Foundation and Fostering a Culture for Tackling Challenges

Strengthen the foundation for sustainable growth and create innovations

Strengthen risk management under a new system headed by CRO and respond to a variety of risks

Strengthening value chain

Strengthen earnings power to achieve growth and ensure business continuity

- Strengthen the ability to purchase domestic raw materials
- Avoid risk by purchasing from diverse suppliers
- Make capital investments to respond to the environment
- Build a stable distribution system
- Flexible production system

Advancing DX

Accelerate DX, which is indispensable for executing management strategies, to support sustainable growth

- Improvement of environments (remote environments, use of the cloud, etc.) through upgrades of the core system and digitalization has been completed.
- In the third Mid-Term Management Plan period, two committees, a digitalization promotion committee led by management and a DX promotion committee led by front-line employees, will take the lead in creating new businesses and cultivating digitally savvy employees.

Fostering a culture for tackling challenges

Take advantage of diversity to create innovations and improve engagement

- Increase job satisfaction by providing growth opportunities and promoting diversity
- Review the evaluation and compensation systems
- Active participation of older employees

Financial Strategy for Third Mid-Term Management Plan



Make growth investments and return profits, while maintaining a stable financial base

(a) Stable financial base

Equity capital ratio* of 50% or more
Maintaining a single-A credit rating

* Ratio of equity attributable to owners of parent to total assets

- A stable financial base has to be maintained for sustainable growth and responding to major environmental changes.
- Borrowings necessary for inorganic growth will be limited to maintain an equity capital ratio of 50%.

(b) Achieving growth, while emphasizing capital efficiency

ROE 9% or more

- Achieve growth, while emphasizing capital efficiency
- Execute flexible capital policies in response to changes in the business environment

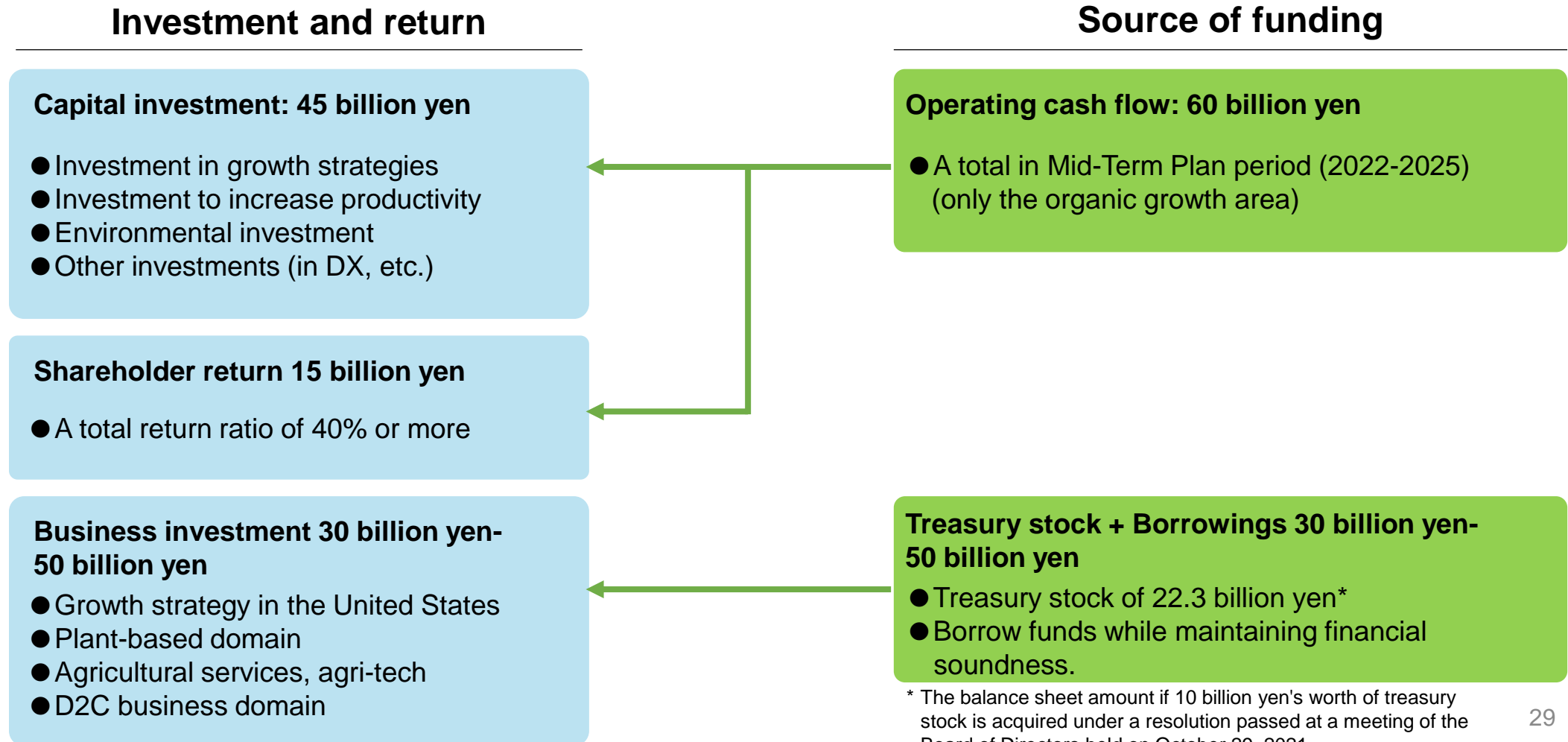
(c) Stable profit distribution

A total return ratio of 40% or more
Stable, continuing shareholder return,
acquisition of treasury stock

- The shareholder return policy is to maintain a total return ratio of 40% or more and annual dividends per share of 38 yen or more.
- The purchase of treasury stock that was determined in FY2021 is not included in the calculation of the total return ratio.

Financing, Demand for Funds, Cash Flow Plan

Capital investments and shareholder returns will be paid from cash flows from operating activities. Funds for business investment for inorganic growth are treasury stock and borrowings.



* The balance sheet amount if 10 billion yen's worth of treasury stock is acquired under a resolution passed at a meeting of the Board of Directors held on October 29, 2021.

4. Sustainability at Kagome

Sustainability at Kagome

The Kagome Group believes that sustainability means business activities to become a strong company that can achieve sustainable growth by resolving social issues through food.

Extension of healthy life expectancy

Promote vegetable intake by providing products and information. Contribute to people's healthy diet and lifestyles with vegetables.



Agricultural revitalization/Regional revitalization

Aim to establish sustainable agriculture through the agriculture business, the development of varieties, and technological development.



Sustainable global environment

Reduce the environmental impact of business activities, from procurement to the provision of products. Aim to achieve zero carbon by 2050.

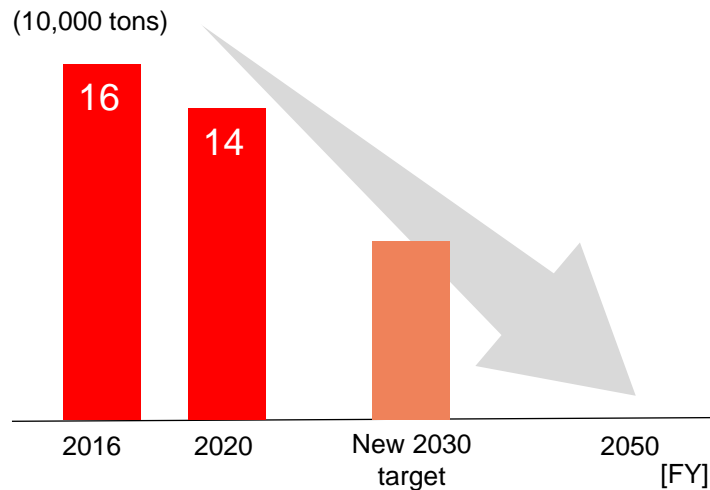


Examples of Specific Initiatives (1)

Promote energy conservation activities throughout the Group to achieve greenhouse gas emissions reduction targets

Greenhouse gas emissions reduction targets

Goal is in line with the SBTi's 1.5°C ambition



Renewal of Fujimi Plant (Nagano Prefecture)

Installation of solar panels

- Installed solar panels on the roof of the new building to use renewable energy
- The solar panels generate 23% of the power consumed at the Fujimi Plant annually and reduce CO₂ emissions by 600 tons per year.



An aerial photo of the new building of the Fujimi Plant

Kozakai Plant (Aichi Prefecture) 100% Renewable Energy

All power consumed is generated from renewable energy

- Power was switched to power generated from renewable energy on January 1, 2022.
- All power consumed at the plant is power generated from renewable energy, including power generated from solar panels for the plant's own use.



The Kozakai Plant where solar panels are installed

Examples of Specific Initiatives (2)

Activities to conserve water and biodiversity, which are closely related to the Company's business activities

Conservation of Water: placed on CDP's Water Security 2021 A List



WATER



Reservoir dam of Kagome Australia Pty Ltd.

Addressing high water risk

- Kagome Australia grows tomatoes, avoiding periods when there is a high risk of heavy rains. To address the risk of drought, Kagome recycles water. It puts water used at the plant into a reservoir dam and provides it to farms nearby.
- The domestic plants aim to reduce 1% the amount of water intake per unit of production.

Conservation of Biodiversity



Tomato farm



Seed storage

Improvement in biodiversity

- Pollination in large farms for which alien bees are not used
- Kagome has about 7,500 types of tomato genetic resources. It will maintain those precious genetic resources.
- Consideration of methods for using agricultural chemicals and fertilizers

(Note) CDP examines companies and local governments' initiatives to address climate change and conserve water resources and forests in cooperation with institutional investors highly interested in environmental problems and publishes the results of the examinations through a global environmental information disclosure system.

Survive in the “food and health” domain through the power of vegetables



2025 Goal

“Become a strong company that can achieve sustainable growth resolving social issues through foods.”

2025 Vision

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

2025 Vision
KGIs

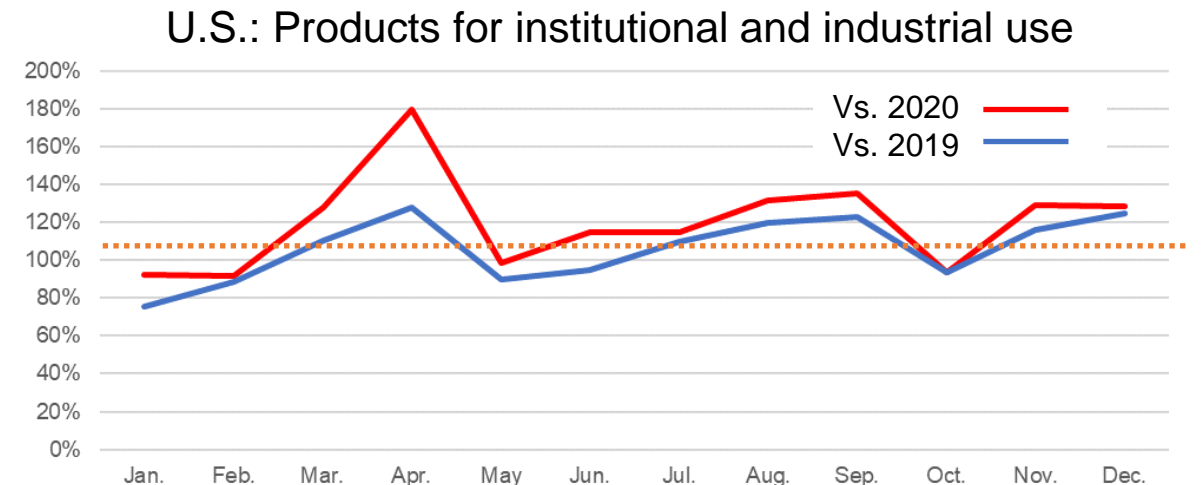
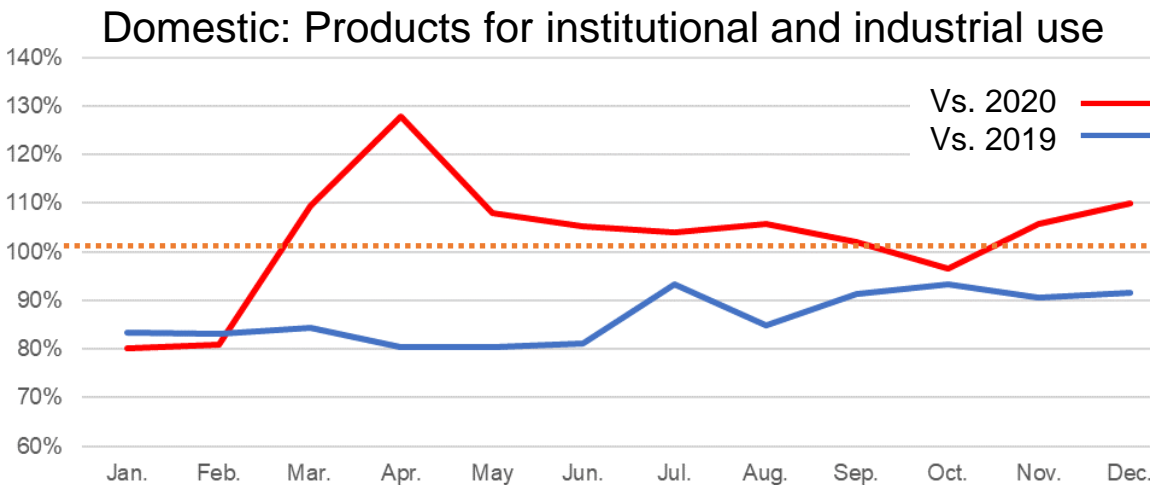
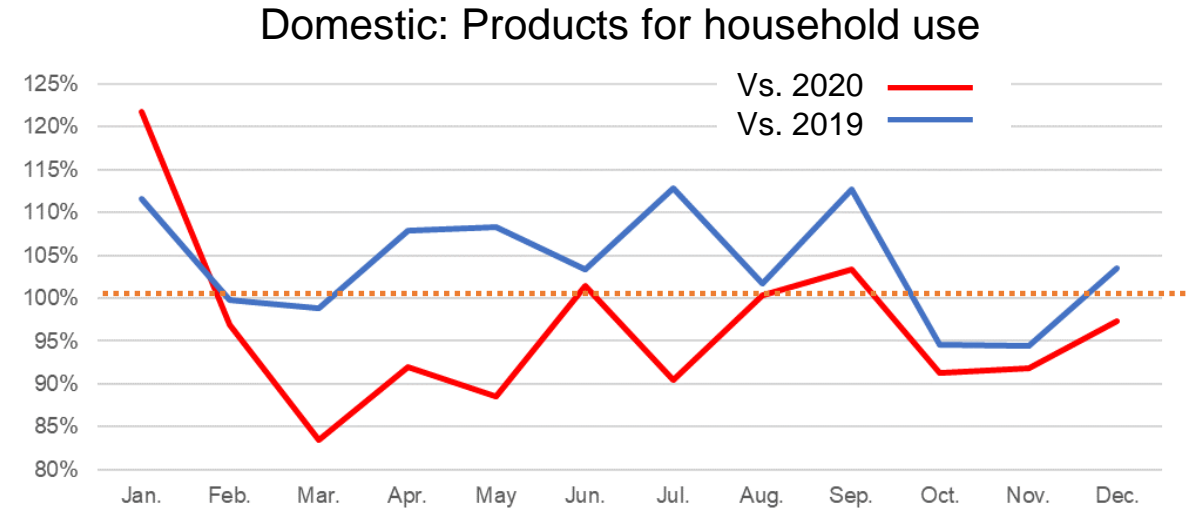
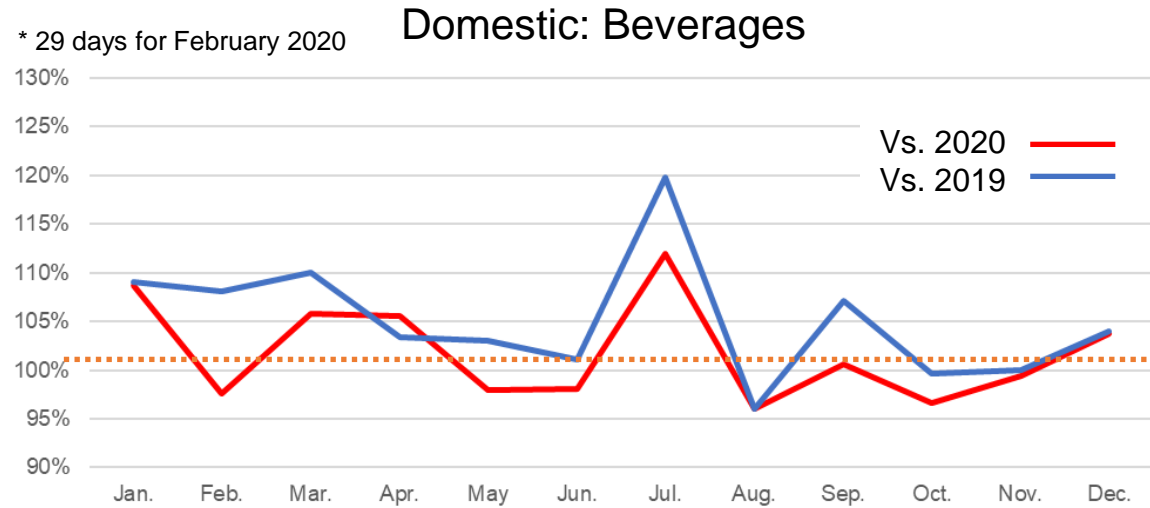
**Revenue 212 billion yen
Core Operating Income 15 billion yen**

Reference

Monthly Revenue Compared with 2020 and 2019



Revenue in the domestic beverages category and domestic food for household use exceeded 100% compared to 2019. Revenue in the domestic institutional and industrial use category fell below 100% compared to 2019. In the second half, it recovered to the 90% range.



FY2021 Results: Topics in Domestic Processed Food Business Beverages



Revenue increased, reflecting continued rises in health consciousness and active promotions, including the Let's eat vegetable campaign

Income fell due to sharp rises in sales promotion expenses, and in the second half, in raw materials prices.

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

Sales channel	H1	H2	Full year
Convenience store	98%	93%	(1) 95%
Mass retailer	103%	99%	101%
EC	116%	128%	(2) 123%
Total	102%	100%	101%

Container size	H1	H2	Full year
Personal-size container	104%	100%	102%
Large container	100%	100%	100%
Total	102%	100%	101%

The personal-size container is a 265g PET bottle or a 330 ml or smaller carton.
The large container is a 720 ml PET bottle or 1L carton.

Sales by sales channel and by container size

- (1) Sales through convenience stores struggled due to continued weak demand from offices
- (2) Online sales were strong, reflecting an emphasis on e-commerce channels, which are growing at a rapid rate

Revenue by core brand

Yasai Seikatsu 100 Series 41.7 billion yen (101% year-on-year)

- A new Vitamin Smoothie product drove growth.

Yasai Ichinichi Kore-Ippon 12.8 billion yen (105% year-on-year)

- A new light product (50% less sugar) sold well.

Tomato juice 11.6 billion yen (99% year-on-year)

- Revenue fell year on year mainly due to sluggish sales of 265g container size products which account for a large share of convenience store sales.



Promotion expenses, advertising expenses

Promotion expenses increased, reflecting proactive promotions and the inability to conduct promotions the previous year. Advertising expenses were about the same level as a year ago.

Promotion expenses rose 760 million yen year on year

FY2021 Results: Topics in Domestic Processed Food Business Direct Marketing



Posted gains in revenue due to growing use of the direct marketing channel and rising health consciousness
Revenue rose, reflecting an increase in the number of regular customers, but income decreased chiefly due to an increase in advertising expenses.



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 8.8 billion yen (104% year-on-year)

- Gained new customers by stepping up advertising from the spring

Supplements 2.1 billion yen (117% year-on-year)

- Sales grew as a result of investment in advertising to increase recognition and the acquisition of regular customers.

Soups 1.2 billion yen (114% year-on-year)

Advertising expenses, etc.

Increased due to proactive advertising campaigns

Advertising expenses rose 540 million yen year on year.

Topics in Domestic Processed Food Business Food and Others



Revenue from products for household use fell in the absence of the previous year's demand, while revenue from products for institutional and industrial use increased.

Revenue increased, reflecting a recovery in the institutional and industrial business, but income fell chiefly due to rises in raw materials prices.



Products for household use

Revenue of 18.2 billion yen (95% compared with 2020 level and 104% compared with 2019 level)

- Result reflects the absence of the previous year's surge in demand but was still higher than the FY2019 level

Revenue by core product

Tomato ketchup: 9.0 billion yen (95% compared with 2020 level and 102% compared with 2019 level)

- Exceeded 2019 level due to increased promotions related to Neapolitan Stadium



Products for institutional and industrial use

Revenue of 20.0 billion yen (103% compared with 2020 level and 87% compared with 2019 level)

- Showed signs of recovery from FY2020 but failed to reach the 2019 level
- In the second half alone, revenue recovered to 91% of the year-ago level.



Advertising expenses

Increased due to proactive promotions including Neapolitan Stadium

Advertising expenses rose 100 million yen year on year

Topics in Domestic Agriculture Business

Revenue declined, reflecting a decrease in procurement volume due to a downturn in market conditions for fresh tomatoes in the first half and bad weather in the second half.

Income increased due to structural reform through a company split-up and a recovery in selling prices in the fourth quarter.



Trends in fresh tomato sales (first half)

Selling prices fell after prices reached a five-year low in January-April

- Sales volume increased but selling prices fell.

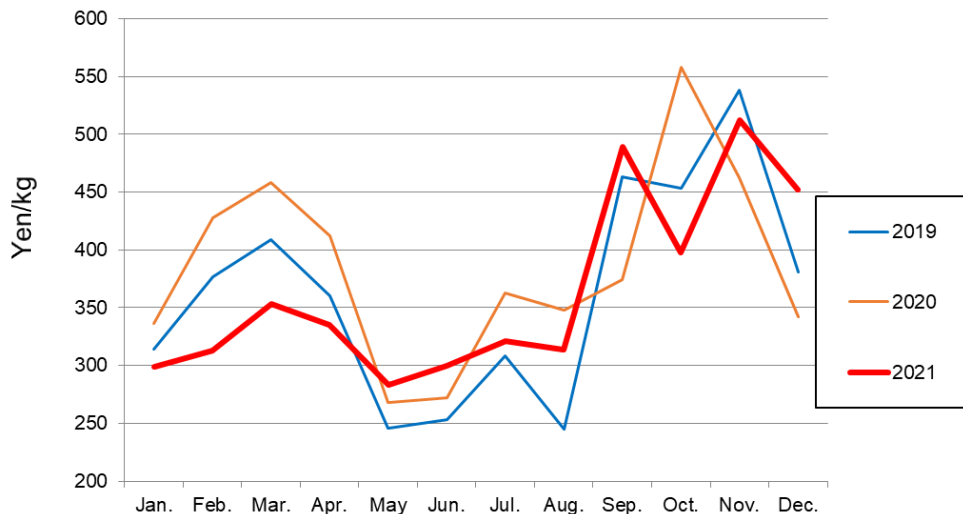
Trends in fresh tomato sales (second half)

- The volume of procurement of fresh tomatoes declined due to bad weather from August.
- Selling prices rose in November and December due to a market recovery.

Revenue by core product

Fresh tomatoes 8.0 billion yen (95% year-on-year)

Trend in Market Price of Fresh Tomatoes



Source: Created based on market statistics data obtained from the Tokyo Metropolitan Central Wholesale Market website

Status of fresh tomato market

- Prices reached a five-year low in January-April due to oversupply as a result of unusually abundant harvests amid favorable weather conditions from the start of the year.
- Tomato prices recovered from May due to an earlier-than-usual rainy season.
- The market recovered in November and December from the previous year but was on par with an average year. In 2020, the market declined due to oversupply.

Topics in International Business

Posted gains in revenue and profit due to recovery of food service demand and lower costs due to increased productivity
 Costs increased from the second half. Core operating income was on a par with the year-ago level, except for the effect of impairment losses in the previous fiscal year.

Revenue						Core Operating Income				
Unit: 100 million yen	FY2021	YoY	YoY (excl. exchange rate impact)	FY2020	FY2019	FY2021	YoY	YoY (excl. exchange rate impact)	FY2020	FY2019
	Result			Result	Result	Result				
U.S.: Kagome Inc.	227	+41	+34	186	213	10.0	+7.5	+7.4	2.5	3.3
Portugal: HIT	105	+0	(5)	104	88	5.6	+5.7	+5.6	(0.1)	0.0
Kagome Australia Pty Ltd.	82	+17	+8	64	61	5	+2.0	+1.7	3.0	4.0
U.S.: UG	44	+2	+1	41	41	3.2	(0.0)	+0.0	3.2	2.2
Taiwan Kagome Co., Ltd.	38	+5	+2	33	26	3.8	+1.1	+0.9	2.7	1.7
Other	19	+5	+4	13	12	-2.3	+7.3	+7.2	(9.6)	(3.9)
International Business total	516	+73	+46	443	443	25.5	+23.7	+23.1	1.7	7.5



Summary by company (local currency basis)

Kagome Inc.: Revenue and profit both increased, reflecting success tapping into the recovery of food sector demand leading to higher sales and increased productivity leading to lower costs.

Portugal: HIT: Although revenue fell in the absence of strong sales to food manufacturers the previous year, profit increased with an improvement in profitability.

Kagome Australia Pty Ltd.: Revenue and profit both increased mainly due to rising demand for tomato paste and growth in sales to Kagome Japan.

Taiwan: Revenue and profit increased, reflecting strong sales of new products for household use and food service sales in response to demand for home delivery.

Change in Segment Management System

The segment management system changes in accordance with the actual situation from the period of the third Mid-Term Management Plan.

Details of changes

The management of part of head office expenses in the non-consolidated results that were included in the domestic processed food business changes as follows:

- (1) Expenses for the Group head office functions are managed independently as consolidated common expenses.
- (2) Expenses directly linked to other businesses, particularly the international business, are managed as expenses in the other businesses.

Effect of changes

As of 2021

Unit: 100 million yen	FY2021 results
Domestic processed food business	112
Domestic agriculture business	3
International business	26
Other/adjustments	1
Total	141

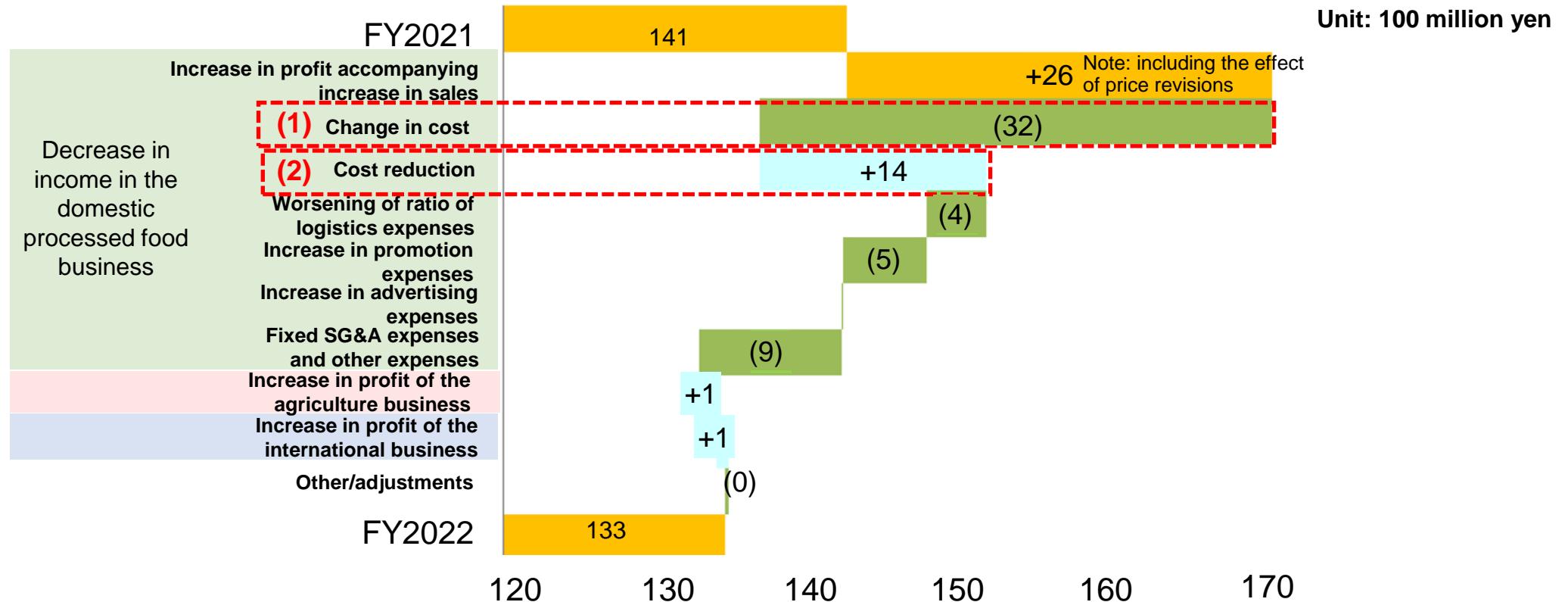
From the period of the third Mid-Term Management Plan

Unit: 100 million yen	FY2021 (under new system)	Effect of changes
Domestic processed food business	131	+19 (1) (2)
Domestic agriculture business	3	-
International business	24	(2) (2)
Other/adjustments	(16)	(16) (1)
Other/adjustments	(1)	(1) (2)
Total	141	-

In addition, revenue from exports is transferred from the international business to other businesses.

Factors Contributing to Core Operating Income Changes in FY2022

Cost reductions will likely be more than offset by rises in raw materials prices and energy prices. As a result, income in the domestic processed food business is expected to decrease.

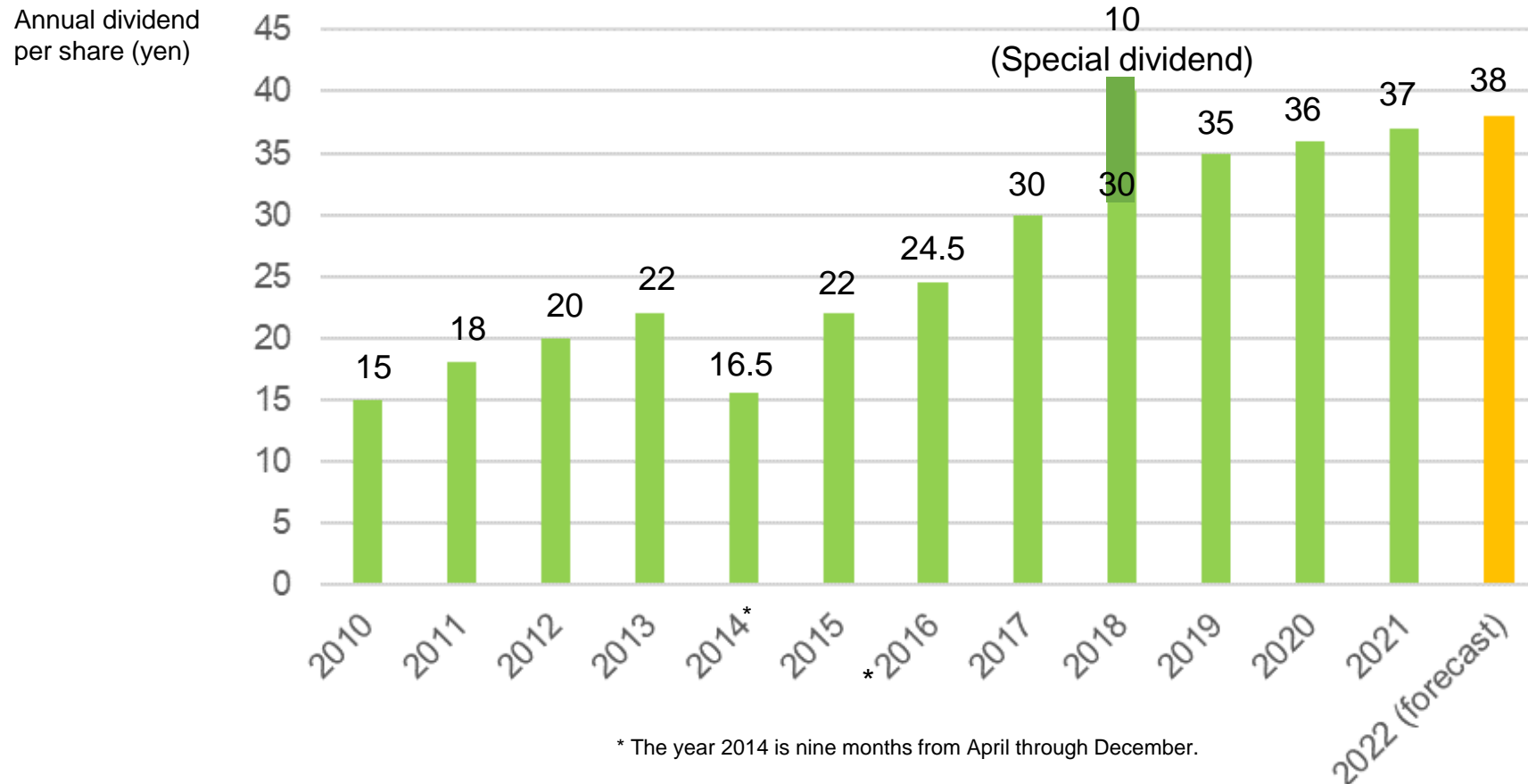


Main Factors Contributing to Changes

- (1) Decrease in income due to changes in costs: Rises in raw materials prices and energy prices (including the impact of foreign exchange rates)
- (2) Increase in income chiefly due to lower costs: Increase in productivity primarily in a new line at the Fujimi Plant

Change in Dividends

The dividend per share for FY2022 is planned to be 38 yen under the dividend policy in the third Mid-Term Management Plan (annual dividends of 38 yen or more per share, a total return ratio of 40%).



Initiatives for Sustainability

Efforts to achieve sustainable growth

Sustainable global environment

- ✓ Aim for effectively zero greenhouse gas emissions by 2050. Set reduction targets up to 2030 and take steps to achieve them.
- ✓ Conservation activities through business under policies on water and biodiversity
- ✓ Reduce plastic in products under policy on plastic

Enhancement of human capital

- ✓ Increase employees' job satisfaction and improve engagement.
- ✓ Set issues, considering three factors, and foster a culture for tackling challenges.

(1) Work styles

(2) Development of human resources

(3) Group of diverse of human resources

Enhancement of corporate governance

- ✓ Establish the position of CRO (Chief Risk Management Officer) that supervises risk management. Clearly separate the role of the Company's Internal Audit Department and strengthen the system.
- ✓ Begin the evaluation of the effectiveness of the Board of Directors by a third party.