

Briefing Materials for FY2023/2Q



Kagome Co., Ltd.
Securities Code: 2811

Figures in these materials

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

- 1. Summary of Financial Results for FY2023/1H**
- 2. FY2023 Earnings Forecast Revisions**
- 3. FY2023/2H Strategies**

1. Summary of Financial Results for FY2023/1H

FY2023/1H Consolidated Results



- Revenue: Increased year on year driven by the International Business, including the effects of yen depreciation.
- Core operating income: Despite surging raw materials prices, increased profitability of the International Business to offset the weaker profitability of the Domestic Processed Food Business.

Unit: billion yen

	FY2023/1H Result		YoY		Forex effect	FY2022/1H Result
		Margin		Change		
Revenue	105.3	-	+9.5	10.0%	+2.5	95.7
Core operating income	8.8	8.4%	+3.4	64.3%	+0.3	5.3
Operating income	8.9	8.5%	+3.3	60.6%	+0.4	5.5
Net income*	5.1	4.9%	+1.6	45.7%	+0.2	3.5

* Net Income Attributable to Shareholders of Parent and Profit Margin

FY2023/1H Results by Segment

- Domestic Processed Food Business: Food-Other offset the downturn in revenue of Beverages and Direct Marketing for overall higher revenue, but core operating income declined due to cost of sales increases, etc.
- Domestic Agri-Business: Revenue was up thanks to an increase in sales volume of fresh tomatoes, but core operating income fell owing to deteriorating market conditions since May.
- International Business: Both revenue and core operating income were up amid strong sales to US food service companies and strong performance of tomato primary processing businesses. Core operating income of the International Business now accounts for 55% of the total on a consolidated basis.

Unit: billion yen

	Revenue				FY2022/1H Result	Core operating income				FY2022/1H Result
	FY2023/1H	YoY	Change	Forex effect		FY2023/1H	YoY	Change	Forex effect	
Beverages	35.5	-0.9	-2.6%	-	36.5	3.20	-0.03	-1.1%	-	3.23
Direct marketing	5.8	-0.2	-4.4%	-	6.0	0.21	-0.17	-44.5%	-	0.39
Food-Other	24.3	+1.8	+8.2%	-	22.4	1.35	+0.07	+5.5%	-	1.28
Domestic Processed Food Business total	65.6	+0.6	+0.9%	-	65.0	4.77	-0.13	-2.8%	-	4.91
Domestic Agri-Business	5.2	+0.2	+4.8%	-	4.9	0.05	-0.14	-71.0%	-	0.20
International Business	41.3	+11.3	+37.8%	+3.1	29.9	4.88	+3.72	+322.1%	+0.3	1.15
Others	1.2	+0.1	+16.9%	+0.0	1.0	-0.09	-0.06	-	-0.0	-0.03
Adjustments	-8.1	-2.8	-	-0.6	-5.3	-0.79	+0.06	-	-	-0.86
Total	105.3	+9.5	+10.0%	+2.5	95.7	8.82	+3.45	+64.3%	+0.3	5.37

FY2023/1H Domestic Processed Food Business

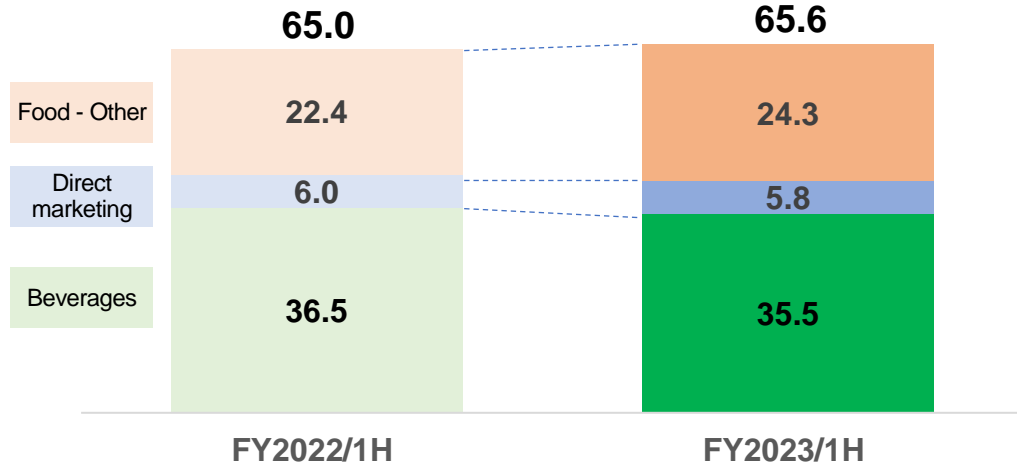


Revenue: Increased amid the early recovery of consumer use sales and strong sales of institutional and industrial use.

Core operating income: Decreased due to higher cost of sales, etc.

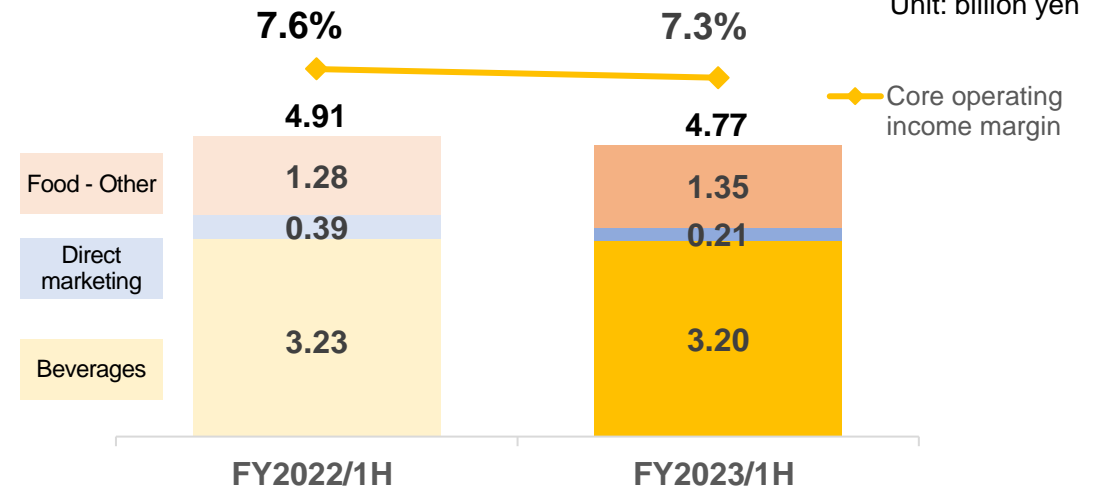
Revenue

Unit: billion yen



Core operating income

Unit: billion yen



Revenue increased amid the early recovery of consumer use sales and strong sales of institutional and industrial use

- Beverages: Revenue declined on diminished sales volume after price revisions, but tomato juice recorded solid sales after converting beauty-minded consumers to customers.
- Direct marketing: Revenue declined as the number of regular customers of vegetable beverages fell year on year.
- Food – Other
 - Consumer use: Revenue increased on the early recovery of sales following price revisions.
 - Institutional and industrial use: Revenue remained strong even after price revisions as sales volume did not decline.

Decreased due to higher cost of sales, etc.

- Beverages: Core operating income was down only slightly thanks to efforts to rein in advertising costs despite surging raw materials prices.
- Direct marketing: Core operating income was down owing to lower revenue and surging raw materials prices, etc.
- Food – Other: Core operating income was up buoyed by sales revenue growth, despite surging raw materials prices.

FY2023/1H Domestic Processed Food Business —Trend After Price Revisions



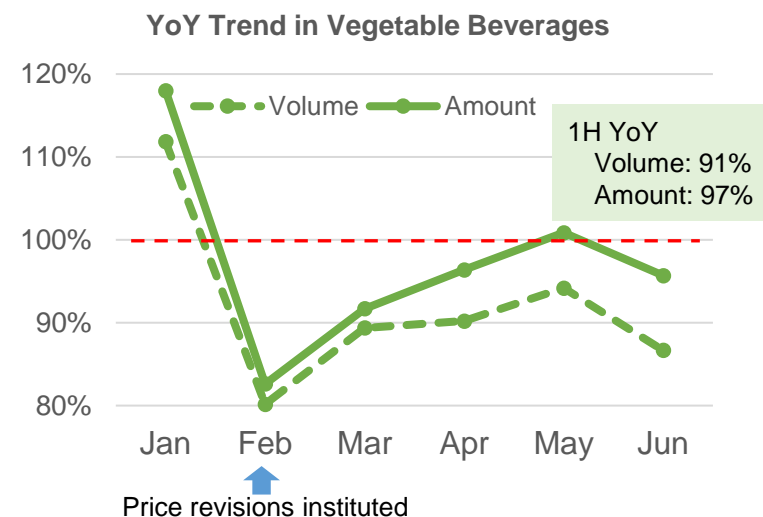
Vegetable Beverages: Recovering despite diminished sales volume since price revisions.

Foods for consumer use / Institutional and industrial use:

Consumer use sales quickly recovered amid measures to spur demand and sales of products for institutional and industrial use were strong.

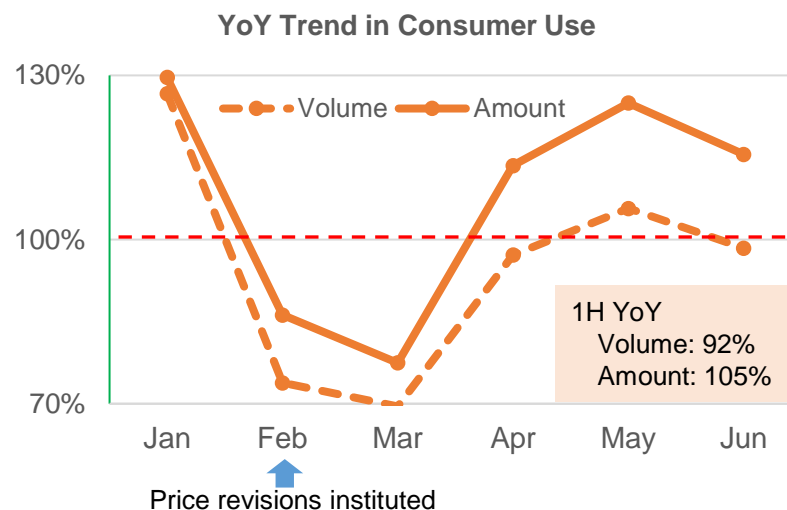
Vegetable Beverages

Sales volume declined after price revisions and as expected amount increased YoY when stepping up promotions



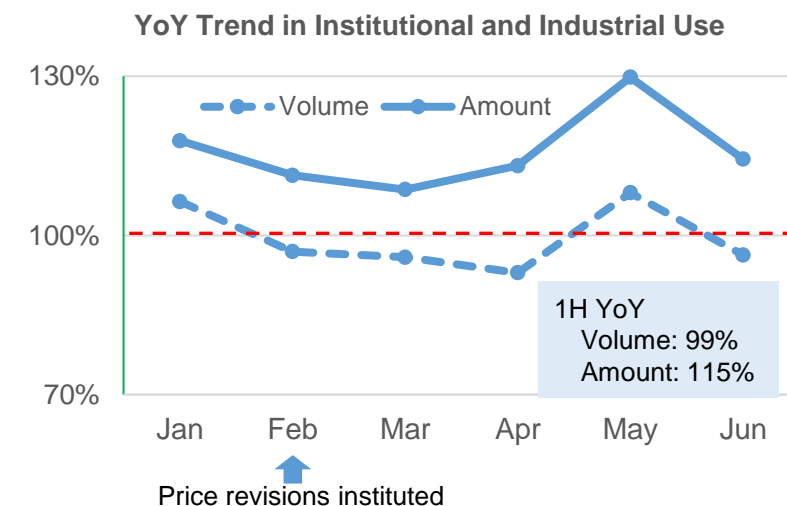
Foods for consumer use

Measures to spur demand were a success and sales quickly recovered



Institutional and industrial use

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



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

	Jan	Feb	Mar	Apr	May	Jun
720 ml	174	185	190	196	191	192
200 ml	83	89	93	93	93	93

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

	Jan	Feb	Mar	Apr	May	Jun
500 g	176	190	203	204	205	203

Source: Intage SRI+ nationwide/SM total

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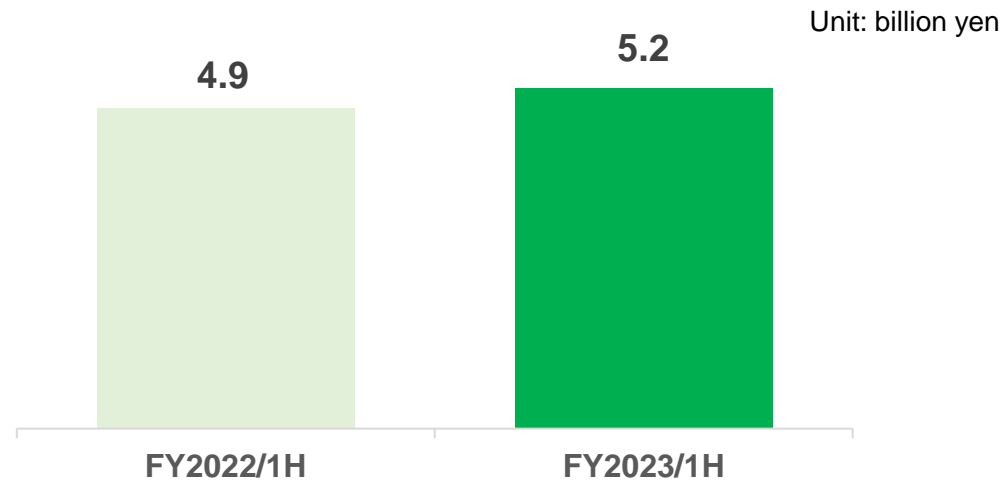
* Among foods for consumer use and institutional and industrial use, we instituted price revisions for tomato condiments such as tomato ketchup as early as April 2022. In consumer use products, there appears to have been a reactionary recoil from rush-in demand in the previous year (March) and reactionary increase (April)

FY2023/1H Domestic Agri-Business

Revenue: Increased on higher selling prices of fresh tomatoes up to April driven by strong market conditions along with higher procurement volume.

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

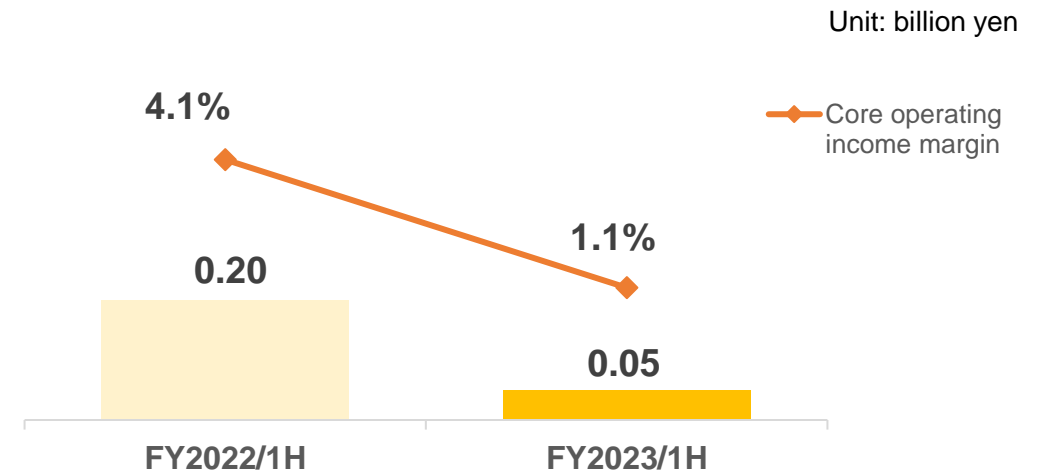
Revenue



Revenue increased on higher selling prices of fresh tomatoes up to April driven by strong market conditions along with higher procurement volume

- Selling prices of fresh tomatoes rose until April attributed to lower temperatures and shortage of sunlight, etc.
- Procurement volume has increased since May thanks to good weather

Core operating income



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

- Rising fuel costs for heating greenhouses
- Distribution amounts spiked since May with good weather, and market conditions deteriorated

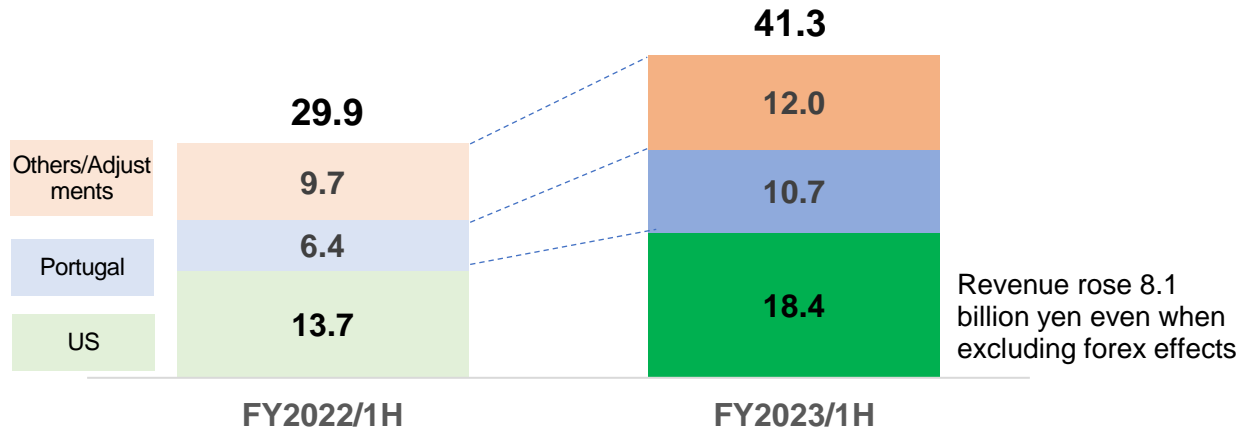
FY2023/1H International Business

Revenue: Increased on strong sales to US food service companies and performance of the tomato primary processing businesses.

Core operating income: Increased driven by rising prices of tomato paste and price revisions of products for food service companies.

Revenue

Unit: billion yen

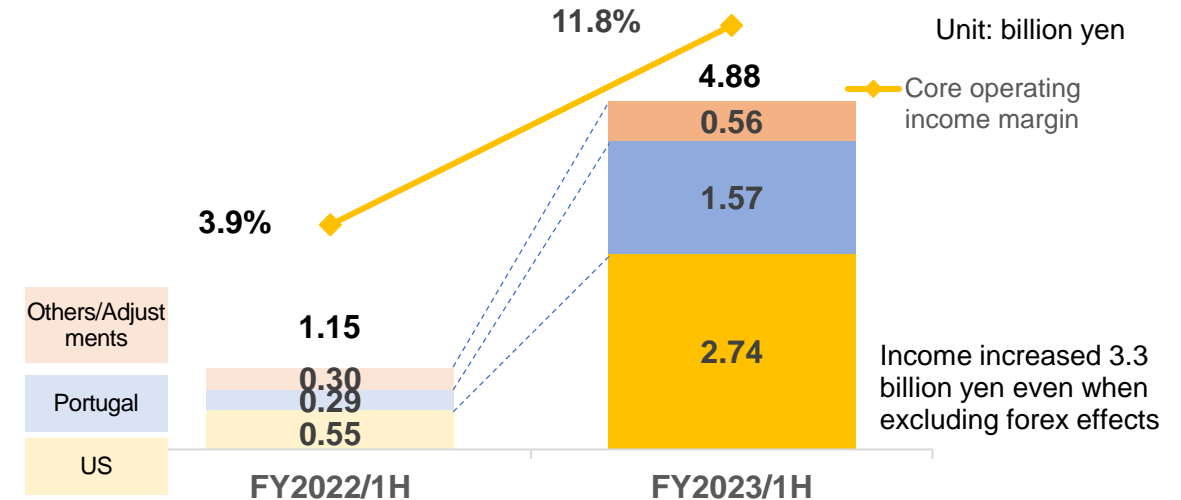


Revenue increased on strong sales to US food service companies and performance of the tomato primary processing businesses

- US: Increased on growing demand for eating out and price revisions.
- Portugal: Increased substantially amid rising tomato paste prices and with increased demand for tomato paste, the company already shipped its 2H sales ahead of schedule.

Core operating income

Unit: billion yen



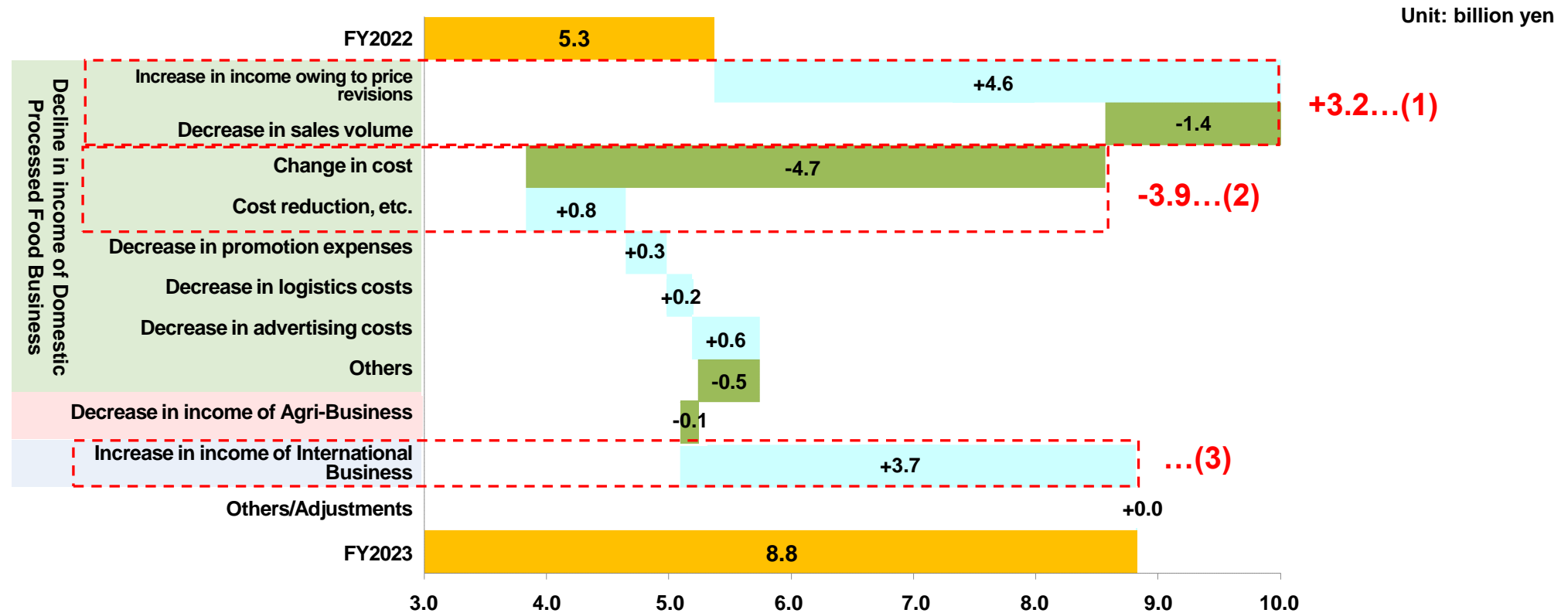
Core operating income increased driven by rising prices of tomato paste and price revisions of products for food service companies

- US: Core operating income rose thanks to lower costs following a delay in the timing of switching over to higher price raw materials and equity gains of affiliates, etc.
- Portugal: Core operating income increased driven by rising tomato paste prices that exceeded surging energy prices.

FY2023/1H Factors Contributing to Core Operating Income Changes



Domestic Processed Food Business saw operating income decline due to higher cost of sales, but this was offset by an increase in the core operating income of the International Business.



- (1) Increase in income owing to price revisions, decrease in sales volume +3.2: effect of net increase in income including decreased sales volume
- (2) Change in cost and cost reduction, etc. -3.9: Cost changes -4.7...raw materials -4.2 (forex effects -1.0), energy -0.3, etc.
Cost reduction +0.8...consolidation of suppliers, changes in packaging, reduced loss, etc.
- (3) Increase in income of International Business +3.7: Kagome Inc. (USA) +2.1, HIT (Portugal) +1.5, etc.

FY2023/1H Factors Contributing to Quarterly Operating Income and Net Income Changes

Operating income and net income both increased on higher core operating income.

The breadth of increase in net income slowed amid the increase in profit attributable to non-controlling interests, etc.

Unit: billion yen

	FY2023/1H	FY2022/1H	Change	
Core operating income	8.82	5.37	+3.45	
Other income	0.21	0.34	-0.13	
Other expenses	0.13	0.17	-0.04	
Operating income	8.91	5.54	+3.36	
Profit before income taxes	8.67	5.43	+3.24	
Income taxes	2.64	1.63	+1.00	...(1)
Effective tax rate	30.4%	30.1%	+0.3pt	
Profit attributable to non-controlling interests	0.84	0.23	+0.61	...(2)
Net income*	5.18	3.56	+1.62	

* Net income attributable to owners of the parent

Main Factors Contributing to Changes

(1) Income taxes+1.00: increased profit before income taxes

(2) Profit attributable to non-controlling interests +0.61: increased income of HIT, our subsidiary in Portugal, etc.

FY2023/1H Changes to Statement of Financial Condition



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

Assets/Liabilities and Equity

237.4 billion yen (+12.1 billion yen vs. previous fiscal year end)

Equity attributable to owners of the parent to total assets:
53.7% (+0.9 pt)

Consolidated Statement of Financial Condition (As of June 30, 2023)

Unit: billion yen

<p>Total assets 237.4 (+12.1)</p> <ul style="list-style-type: none"> - Current assets 138.0 (+8.9) - Non-current assets 99.3 (+3.1) 	<p>Liabilities 106.1 (+2.5)</p>
	<p>Equity 131.3 (+9.5)</p>

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

■ Current assets 138.0 (+8.9)

Cash and cash equivalents +3.7 (increase in long-term debt, etc.), inventories +2.7 (including forex effects), other financial assets +1.9 (increase in market value of derivative assets, etc.)

■ Non-current assets 99.3 (+3.1)

Other financial assets +3.3 (increase in market value of derivative assets, etc.), Property, plant and equipment +1.1, equity gains of affiliated companies +0.8, deferred tax assets -1.9

■ Liabilities 106.1 (+2.5)

Interest-bearing debt (mainly borrowings and current portion of corporate bonds) +3.0, etc.

■ Equity 131.3 (+9.5)

Retained earnings +1.9 (income: +5.1 and dividends paid: -3.2)
Other components of equity +6.4, etc.

* Parentheses indicate change compared to previous fiscal year end

FY2023/1H Changes in Cash Flow

- Higher free cash flows: increase in profit before income taxes, etc.
- Higher cash flows from financing activities: increase in long-term debt, etc.

Unit: billion yen

	FY2023/1H	FY2022/1H	Change
Cash flows from operating activities (A)	+9.0	+4.7	+4.3
Cash flows from investing activities (B)	-2.5	-5.7	+3.1
Free cash flow (A+B)	+6.5	-0.9	+7.5
Cash flows from financing activities	-3.3	-13.1	+9.8

■ Key components of FY2023/1H cash flows

Cash flows from operating activities

Profit before income taxes 8.6 billion yen, depreciation 4.0 billion yen, decrease of trade and other payables -1.2 billion yen, and income taxes -1.7 billion yen, etc.

Cash flows from investing activities

Acquisition of property, plant and equipment, and intangible assets -2.7 billion yen, etc.

Cash flows from financing activities

Decrease of short-term borrowings -10.6 billion yen, dividends paid -3.2 billion yen, and increase of long-term debt +10.2 billion yen, etc.

2. FY2023 Earnings Forecast Revisions

Revised FY2023 Results Forecasts

Revenue: Revised upward to 216.0 billion yen following the positive 1H performance of the International Business (+3.0 billion yen versus initial forecast).

Core operating income: Revised upward to 11.7 billion yen as a result of lower than expected costs in certain areas (+4.3 billion yen versus initial forecast).

Unit: billion yen

		Revised FY2023 forecast			FY2023 initial forecast	FY2022 result	FY2023/1H result		FY2023/2H estimate	
			Vs. initial forecast	Vs. previous year				Vs. previous year		Vs. previous year
Domestic Processed Food Business	Revenue	139.0	+1.5	+1.0	137.5	137.9	65.6	+0.6	73.3	+0.4
	Core operating income	6.0	+1.5	-4.5	4.5	10.5	4.8	-0.0	1.1	-4.4
Domestic Agri-Business	Revenue	10.0	-0.5	+0.4	10.5	9.5	5.2	+0.2	4.7	+0.1
	Core operating income	0.2	-0.1	-0.2	0.3	0.4	0.0	-0.1	0.1	-0.1
International Business	Revenue	80.5	+4.5	+12.6	76.0	67.8	41.3	+11.3	39.1	+1.3
	Core operating income	7.4	+3.1	+3.7	4.3	3.6	4.8	+3.7	2.5	+0.0
Others/Adjustments	Revenue	-13.5	-2.5	-3.7	-11.0	-9.7	-6.9	-2.6	-6.5	-1.0
	Core operating income	-1.9	-0.2	-0.1	-1.7	-1.7	-0.9	-0.0	-0.9	+0.0
Total	Revenue	216.0	+3.0	+10.3	213.0	205.6	105.3	+9.5	110.6	+0.8
	Core operating income	11.7	+4.3	-1.1	7.4	12.8	8.8	+3.4	2.8	-4.5

...(3)

...(1)

...(2)

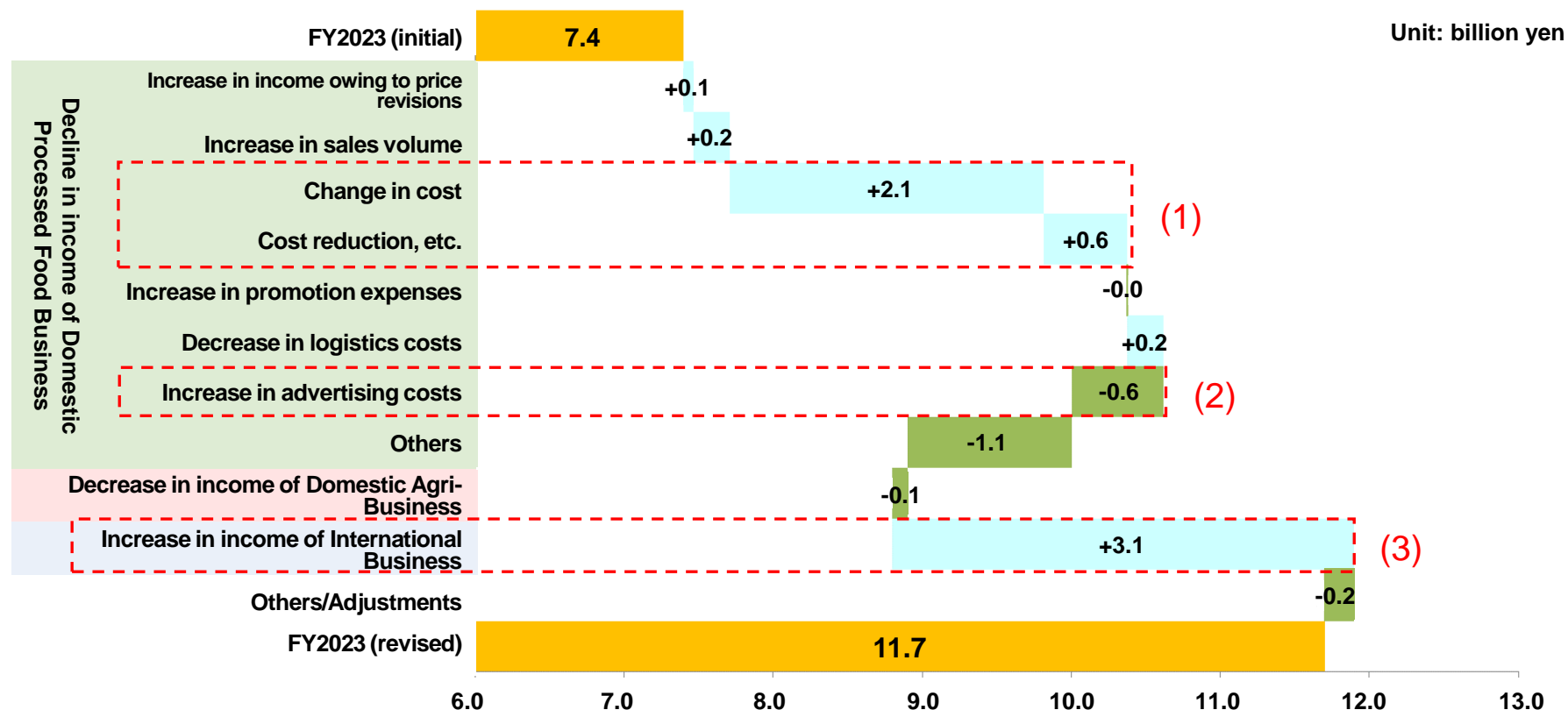
Notes regarding FY2023/2H core operating income (for details, see p.26 in the topics section)

Domestic Processed Food Business: Income will decline due to much higher increases in cost of sales and higher advertising costs for increasing sales, etc.

International Business: Core operating income is expected to be on par with the previous year due to much higher increases in cost of sales materialize and diminished sales volume at HIT (Portugal) which has already shipped products ahead of schedule in 1H.

FY2023 Factors Contributing to Core Operating Income Changes

Core operating income revised upward from 7.4 billion yen initially to 11.7 billion yen.



Revisions from initial forecast—Breakdown of operating income changes (billion yen)

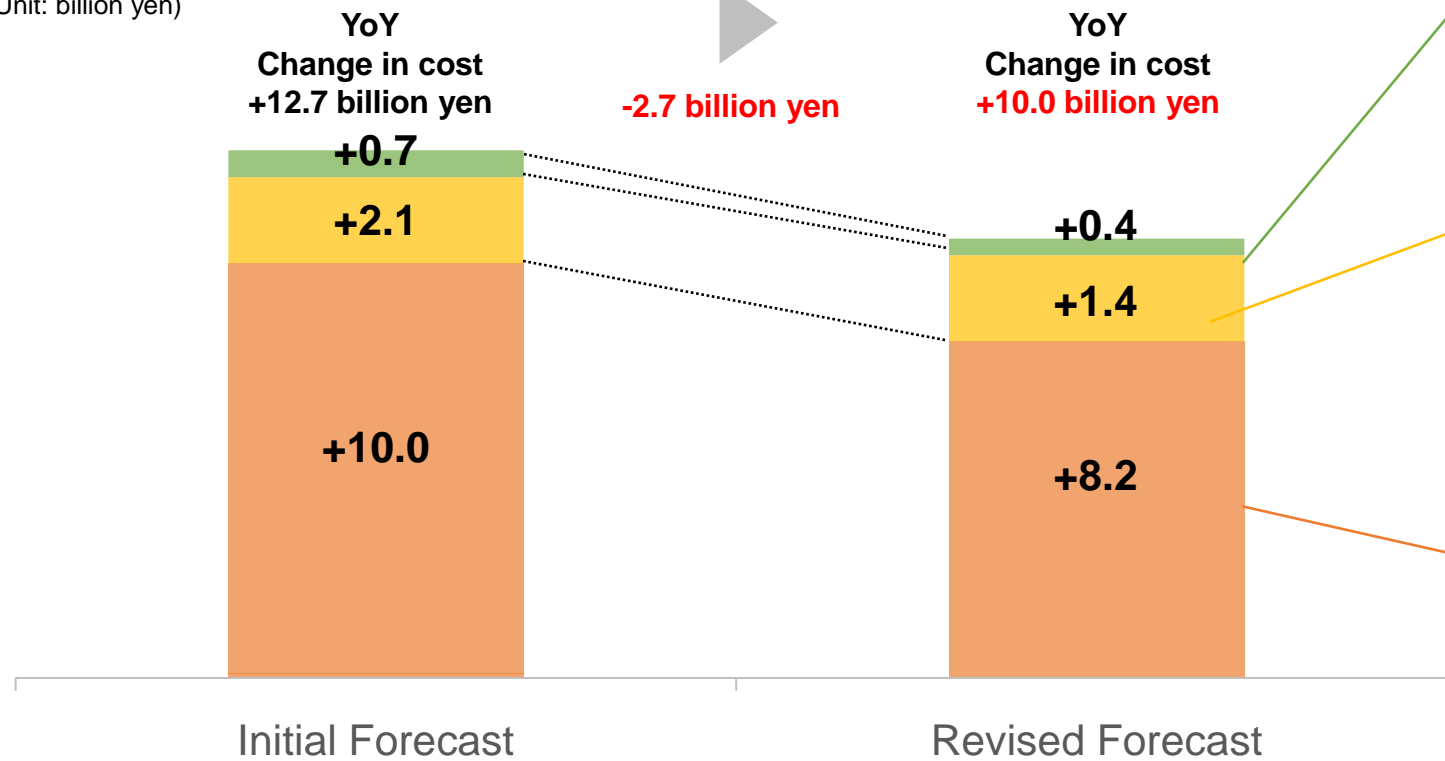
- (1) Change in cost (including cost reduction) +2.7 (vs. initial forecast -12.7 → after revision -10.0): energy prices and syrup prices below assumptions
- (2) Increase in advertising costs -0.6 (vs. initial forecast +1.2 → after revision +0.6):
Advertising costs to be increased strategically centered on beverages in 2H
- (3) Increase in income of International Business +3.1 (vs. initial forecast +0.7 → after revision +3.8):
Solid sales in 1H, delay in switching over to higher price raw materials, energy prices below assumptions, etc.

FY2023 Domestic Processed Food Business —Factors Controlling Costs

Change in cost has been reined in by 2.7 billion yen compared to the initial forecast, despite soaring raw materials prices centered on imported products.

Change in cost (including cost of sales reductions)

YoY
(Unit: billion yen)



■ **Energy** Vs. initial forecast -0.3
Energy prices trending below assumptions

■ **Containers/Packaging**
Vs. initial forecast -0.7
Delay in timing of rising prices of PET and tube plastics, etc.

■ **Raw materials/Imported products**
Vs. initial forecast -1.8 (forex -0.5)

- Agricultural raw materials
Prices rising, but positive impact from review of medium-term procurement strategy, such as changes in contracts for tomatoes, etc.
- Market conditions for liquid sugar trending below assumptions
- Increased rate of in-house production, etc.

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

3. FY2023/2H Strategies

Second-Half Strategies —Topics in Domestic Processed Food Business (Beverages)

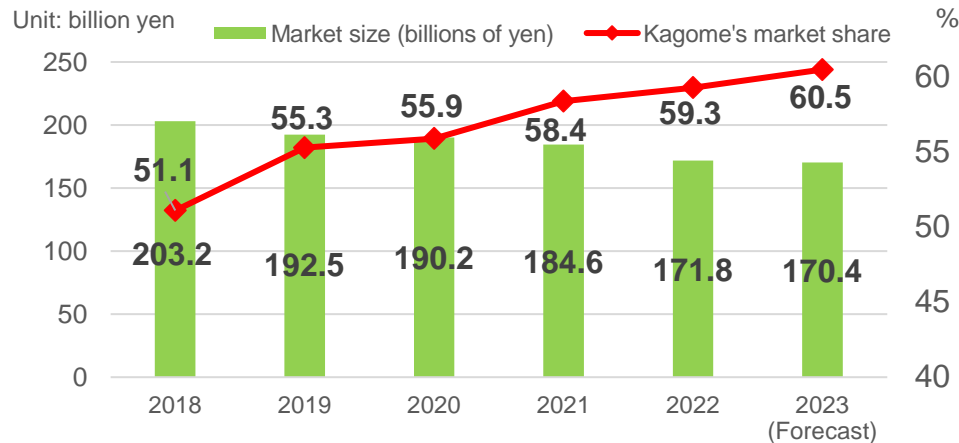


The ongoing contraction in the vegetable beverages market has stopped and our market share continues to grow. The installation of VegeCheck machines in retail stores is encouraging consumers to increase their vegetable intake.

Trend in vegetable beverages market

- The ongoing contraction in the size of the vegetable beverages market has stopped
- The value of the market is unchanged YoY in 2023
- Kagome's market share continues to grow, now expected to exceed 60%

【Vegetable Beverages Market and Kagome's Market Share】



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

VegeCheck promoting behavioral change (increasing vegetable intake)

- VegeCheck is a key component of changing consumer behavior toward increasing vegetable intake
- Focusing on installing machines in retail stores
- Stores with the machines have increased sales of vegetable products (see below)

Example of VegeCheck machine installed in retail store



Examination of VegeCheck effects

Products examined	Sales value WoW
Kagome vegetable beverages (PET bottles)	145%
Kagome Smoothie	222%
Fresh tomatoes	370%

*Source: Kanto area supermarkets
(October 21 to November 4, 2022)

Second-Half Strategies —Topics in Domestic Processed Food Business (Beverages)



1H strategies appear to be paying off in the acquisition of new customers of vegetable beverages. In 2H, we will step up dissemination of value information to reverse the trend in the vegetable beverages market.

1H Strategies

Focusing on the vivid colors of vegetables, disseminated the cheerful, positive **emotional value** together with the **functional value** of vegetables

あざやかに、生きよう。 GoVivid

Effects

■ Acquired new customers of tomato juice

- Tomato juice sales revenue: 6.2 billion yen (+10% YoY)
- Captured new customers in addition to existing customers looking to health benefits

■ Acquired new customers of Yasai Seikatsu 100

- Yasai Seikatsu 100 sales revenue: 18.4 billion yen (-6% YoY)
- Purchase rate overall recovering and growing among women in their 30s to 50s

2H Strategies

Continue to disseminate information. Seek to **retain newly acquired customers as regular customers** and reverse the trend in the size of the vegetable beverages market.



■ Disseminate value information

- Market the appeal in the value of vegetables using additional advertising investment
- TV commercials, free gift campaigns, interactive events, and digital promotions using LINE, etc.

■ New product

- Food with Function Claim featuring three functions based on the nutrients of vegetables; Yasai Ichinichi Kore Ippon Triple Care



■ Price revisions

- July 1 price revisions for six lactic-acid beverages including plant-based lactic acid Labre, etc.



Second-Half Strategies

—Topics in Domestic Processed Food Business (Food-Other)



Foods for consumer use: Step up dissemination of Western menu items in response to elevated consumer desire to economize (save money).

Institutional and industrial use: Bolster proposals in response to labor shortages at restaurants and inbound tourism demand, etc.

1H Strategies

Stepped up information dissemination of Western menu ideas, through Rice Omelet Stadium, etc., and proposals on how to use condiments, **focused on restoring demand after price revisions**



Effects

■ Foods for consumer use

- Tomato ketchup sales revenue: 4.5 billion yen (+5% YoY)
- Stepped up information dissemination of homemade menu ideas, such as rice omelets, in response to consumers' inclination to economize (save money)

■ Institutional and industrial use

- Sales revenue: 11.5 billion yen (+15% YoY)
- Sales were strong despite price revisions amid growing demand from inbound tourism and labor shortages

2H Strategies

Grow demand by continuing to **disseminate menu information**

■ Foods for consumer use

- Step up information dissemination of Western foods and savory spicy menu ideas in response to elevated consumer desire to economize (save money)



To be released on Aug. 24

■ Institutional and industrial use

- Further step up proposals of products in response to inbound tourism demand and labor shortages



Tomato ingredients



Tomato sauce

■ Price revisions

- Sept. 1 price revisions for 54 items including institutional and industrial use frozen grilled vegetables, etc.



Second-Half Strategies—International Business

Core operating income: Expected to be on par with the previous year amid full-fledged increases in cost of sales, etc.

Portugal (HIT): Secured tomato paste for FY2023; enabling agile price setting.

US (Kagome Inc.): Initiatives to grow global food service transactions and acquire new local food service customers.

Sales revenue and core operating income of main Group companies in the International Business

	FY2023/1H		FY2023/2H	
	Revenue YoY	Core operating income YoY	Revenue YoY	Core operating income YoY
Portugal (HIT)	+4.3	+1.2	-0.0	-0.0
US (Kagome Inc.)	+4.6	+2.1	+0.9	+0.2
Others	+2.4	+0.4	+0.4	-0.1
International Business total	+11.3	+3.7	+1.3	+0.0

(Unit: billion yen)

2H Strategies

■ Portugal (HIT)

- Produce planned volume of tomato paste for 2023
- Flexible price setting based on changes in tomato paste market conditions

■ US (Kagome Inc.)

- Grow global food service transactions using the Kagome Group's network
- Acquire new customers with solution sales targeting local food service companies



Looking Toward 2025

The importance of the four actions in the third Mid-Term Management Plan will become even more important leading up to 2025.

We will announce the quantitative plan for 2025 and specific strategies in February 2024.

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

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



What Kagome
strives for by 2025

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

2025
Vision

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

Reference

FY2023/1H Topics

Ref.) FY2023 Factors Contributing to Core Operating Income Changes (YoY) Breakdown of 1H/2H



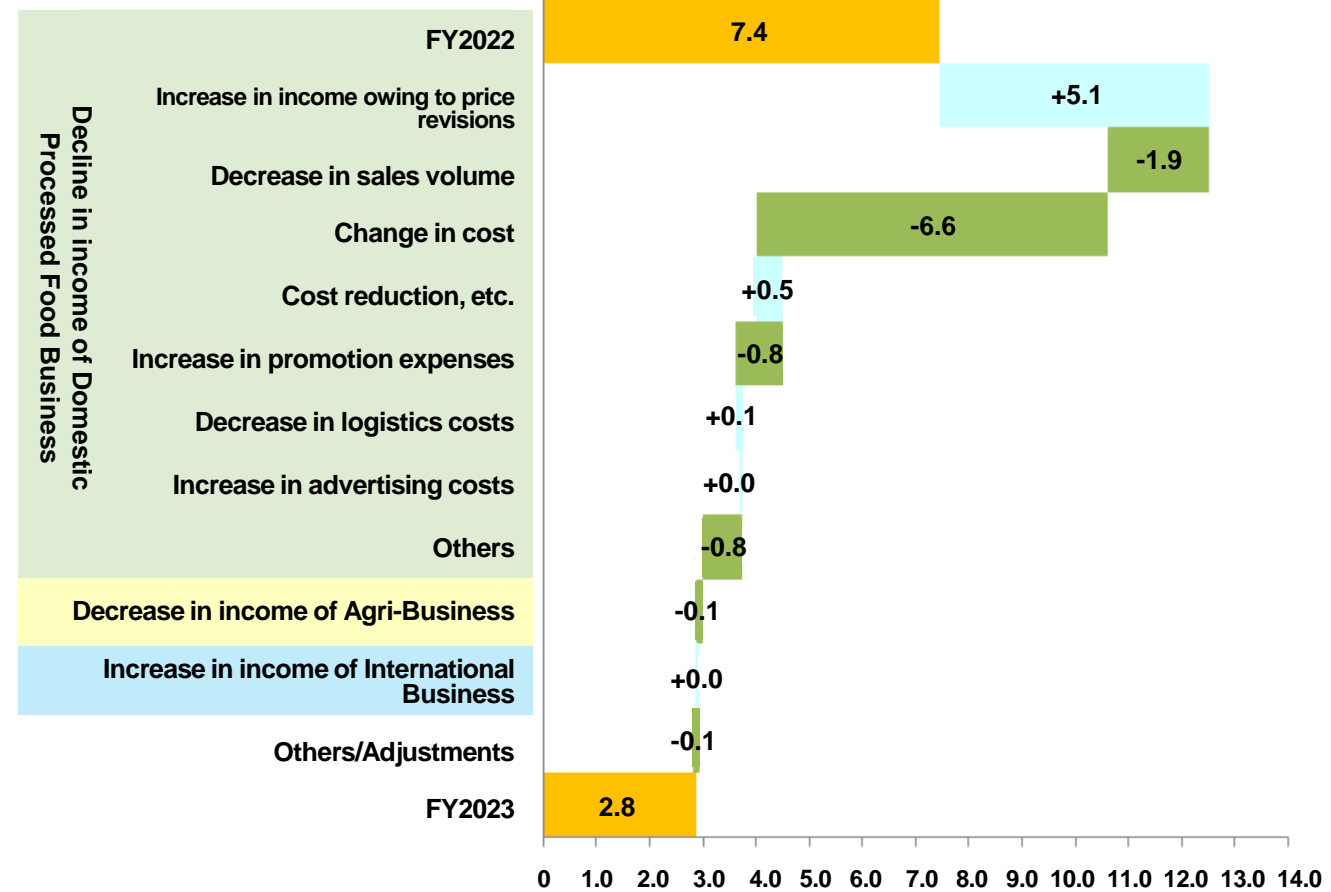
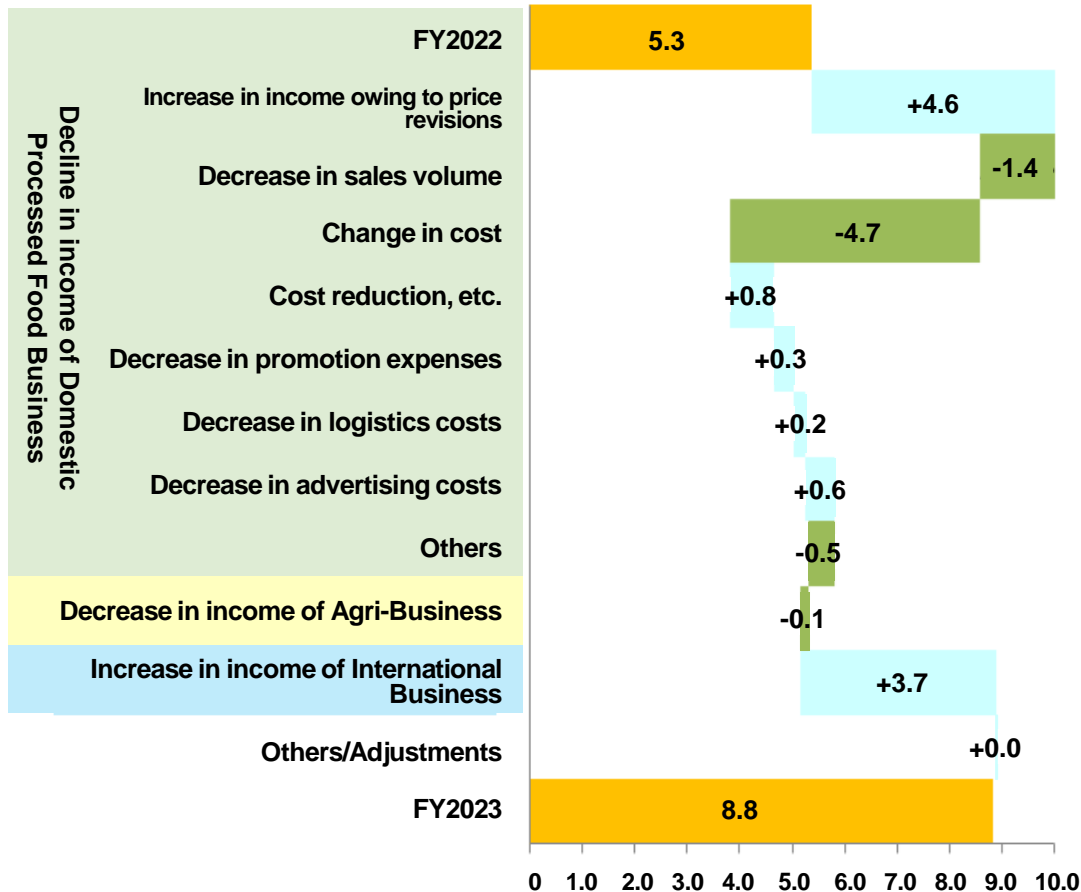
Domestic Processed Food Business (2H): Core operating income will decline due to higher promotion expenses for growing sales and change in cost driven by rising cost of sales.

International Business (2H): Core operating income should be on par with the previous year because of change in cost due to rising cost of sales, lower harvest volume of tomatoes in Australia, and diminished sales volume from shipments ahead of schedule in 1H by HIT (Portugal), and uncertainty over global economic trends and tomato paste prices in FY2023.

FY2023/1H YoY Change

FY2023/2H YoY Change

Unit: billion yen



Topics in Domestic Processed Food Business

Beverages

Tomato juice sales were strong after converting beauty-minded consumers to customers.
Sales recovered in convenience stores, but sales at mass retailers were below the previous year.

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	102%	100%	101%
Mass retailer	95%	97%	96%
EC	114%	100%	107%
Total	98%	97%	98%

(1)
(2)

Sales by sales channel and by container size

- (1) Convenience stores: Sales recovering following demand from offices.
- (2) Mass retailers: Sales fell YoY amid declining in-home consumption with an increase in opportunities to go out.

Container size	1Q	2Q	Total
Personal-size container	100%	96%	98%
Large container	96%	98%	97%
Total	98%	97%	98%

Revenue by core brand

Tomato juice 6.2 billion yen (+10% YoY)

- Sales were solid amid the conversion of beauty-minded consumers to customers

Yasai Ichinichi Kore Ippon 6.0 billion yen (-5% YoY)

- Sales of large containers were dntrodden after price revisions

Yasai Seikatsu 100 Series 18.4 billion yen (-6% YoY)

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



Promotion expenses, advertising costs (YoY)

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

Promotion expenses down 0.24 billion yen YoY

Advertising costs down 0.49 billion yen YoY

Topics in Domestic Processed Food Business

Direct Marketing



Sales volume of vegetable beverages and supplements declined as the number of regular customers declined.
Core operating income declined due to the impacts of soaring raw materials prices and increased costs for operating direct marketing call centers.



お店では買えない特別なカゴメです。



Sales of vegetable beverages and supplements declined YoY as the number of regular customers declined amid a reduction in advertising costs, etc.

Revenue by core product
Vegetable beverages 3.7 billion yen (-6% YoY)
Supplements 1.0 billion yen (-6%)
Soups 0.5 billion yen (+2%)

Core operating income
Advertising costs were reduced by 0.12 billion yen, but declined overall 0.17 billion yen amid rising operating costs for the direct marketing call center.



Topics in Domestic Processed Food Business Food and Others

Revenue was up on the quick sales recovery of foods for consumer use and strong sales of products for institutional and industrial use.

Core operating income was up on revenue growth despite soaring raw materials prices.



Foods for consumer use

Revenue of 9.1 billion yen (+5% YoY)

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

Revenue by core product

Tomato ketchup: 4.5 billion yen (+5% YoY)

- Sales were strong amid the recoil from restrained buying after price revisions seen in the previous year



Products for institutional and industrial use

Revenue of 11.5 billion yen (+15% YoY)

- Revenue was strong owing to eating out demand and inbound tourism demand

Core operating income

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

Topics in Domestic Agri-Business

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

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



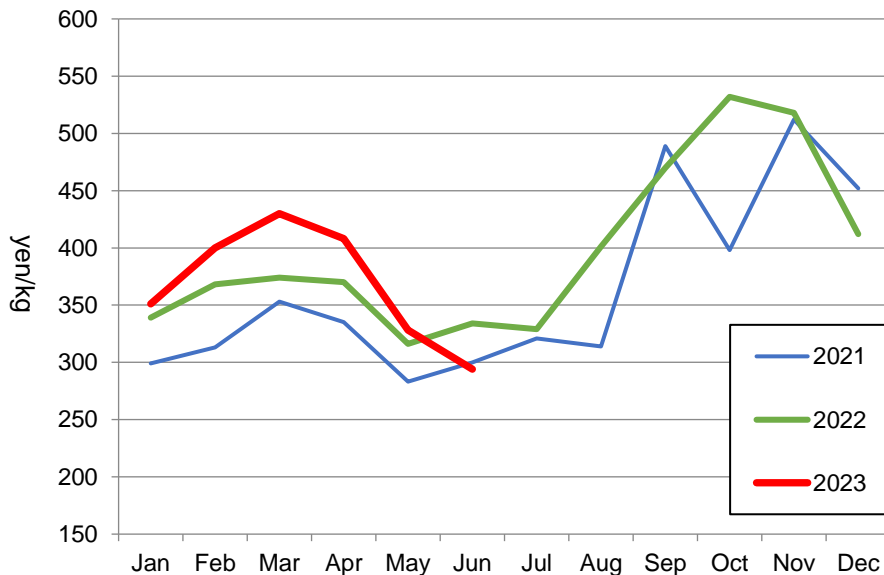
Revenue by core product

Fresh tomatoes: 4.2 billion yen (+5% YoY)

- High lycopene tomatoes 2.0 billion yen (+8% YoY)
- High GABA tomatoes 0.2 billion yen (+82% YoY)

Mesclun greens: 0.4 billion yen (+2% YoY)

Trend in Market Price of Fresh Tomatoes



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

Status of fresh tomato market

(1H 2023)

- Fresh tomato prices rose until April due to lower temperatures and shortage of sunlight, etc.
- Market conditions have deteriorated since May due to a sharp uptick in distribution volume following good weather

Topics in International Business

Revenue: Increased amid strong sales to US food service companies and strong performance in tomato primary processing businesses.

Core operating income: Increased thanks to higher tomato paste prices and price revisions of products for food service companies.

Revenue	FY2023/1H			FY2022 1H	Core operating income			FY2022 1H
	FY2023/1H	YoY	YoY (excludes forex effect)		FY2023/1H	YoY	YoY (excludes forex effect)	
Kagome Inc. (United States)	18.4	+4.6	+3.0	13.7	2.74	+2.18	+1.95	0.55
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT)	10.7	+4.3	+3.4	6.4	1.57	+1.27	+1.16	0.29
Kagome Australia Pty Ltd.	4.3	+0.3	+0.2	4.0	0.11	+0.0	+0.0	0.11
United Genetics Holdings LLC	3.8	+1.2	+0.9	2.5	0.72	+0.52	+0.47	0.19
Taiwan Kagome Co., Ltd.	2.7	+0.4	+0.3	2.3	0.28	-0.02	-0.03	0.31
Others	1.1	+0.2	+0.1	0.8	-0.55	-0.23	-0.21	-0.31
International Business total	41.3	+11.3	+8.1	29.9	4.88	+3.73	+3.33	1.15

Unit: billion yen



Summary by company (local currency basis)

Kagome Inc.: Both revenue and income increased on rising selling prices and strong food service sales.

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

Kagome Australia Pty Ltd.: Income was on par with last year as soaring raw materials prices cancelled out higher selling prices and strong sales to food service companies.

United Genetics Holdings LLC: Both revenue and income increased driven by the increase in cultivation area of tomatoes in Turkey, higher sales volume, and rising selling prices after price revisions, etc.

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

Example of Fan-based Marketing: Corporate Bonds with Digital Benefit

In February, we issued our first corporate bonds with digital benefit.
Develop fan bond holders using direct communication with bond buyers

Details of corporate bonds with digital benefit

Creating fans of the company by targeting age groups different from shareholders and direct marketing customers (young families)

■ Summary of corporate bond

Name	Kagome Bond to Support Health with Vegetables in Japan
Issuance amount	1.0 billion yen (100,000 yen per unit)
Issuance date	Tuesday, February 21, 2023
Period	February 21, 2023 to February 21, 2024
Coupon	0.20%
Gift	15 count of Tsubuyori Yasai
Campaigns	Bondholders informed of special promotional campaigns, such as monthly discounts on direct marketing products, etc.

People's response to this initiative / Results of survey for bondholders

■ Media reports and response on social media

- Articles in The NIKKEI, New Economy, The Japan Food Journal, etc.
- Article in The NIKKEI VERITAS Feb. 12 edition, etc.
- Social media: over 300 postings (“interesting initiative,” “I bought a corporate bond for the first time.”)

■ Survey results

<Purchase motivation (multiple responses)>

- Gift was attractive: 88%
- Sold in small units of 100,000 yen: 56%
- 1-year maturity: 48%

<Evaluation of Tsubuyori Yasai >

- 95% evaluated it as “delicious”



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."
- Activities are being implemented led by the Sustainability Committee following our Basic Policy on Sustainability established in January 2023.

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



Kagome's Sustainability—2023/1H Topics

- Received strong praise from external institutions for our sustainability activities.
- Eliminated straws on plant-based lactic acid Labre products following the Kagome Policy on Plastics.

Selected as Supplier Engagement Leader, the highest recognition, in the CDP Supplier Engagement Rating

- Recognized by CDP for initiatives to increase supplier engagement regarding climate change
- In addition to our identification of greenhouse gas emission reduction targets and Scope 3 emissions, CDP **holistically evaluated our cooperation with suppliers in the field of climate change**, such as identifying suppliers' greenhouse gas emission reduction targets and issues, and supporting their calculation of emissions.



Eliminated straws on all four plant-based lactic acid Labre beverages for a more eco-friendly product

- Eliminated straws from the end of May 2023
- Eliminates 97.64 million straws annually and approx. 28 tons of plastic (used to make them)

