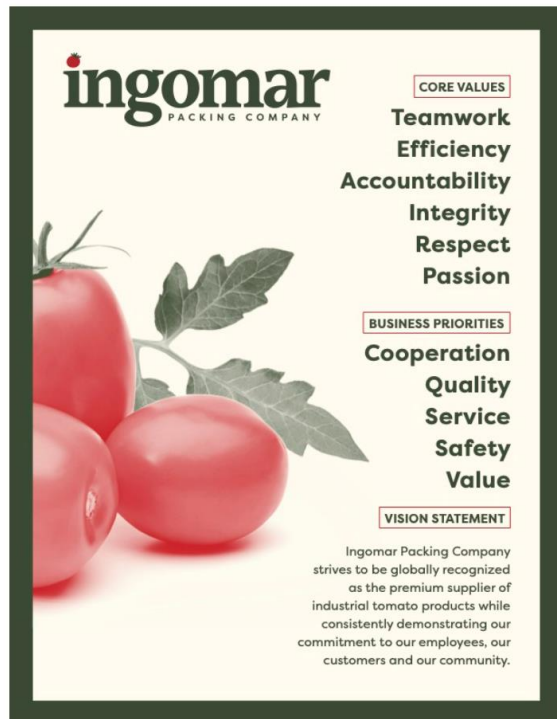


## Supplemental Information

for Timely Disclosure dated January 26, 2024

Notice of Additional Acquisition of Equity Stake in (and Conversion into a Consolidated Subsidiary of) Ingomar Packing Company, LLC and Other Relevant Matters



KAGOME CO., LTD.  
Securities Code: 2811

January 26, 2024

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# 1. Overview of Ingomar Packing Company, LLC

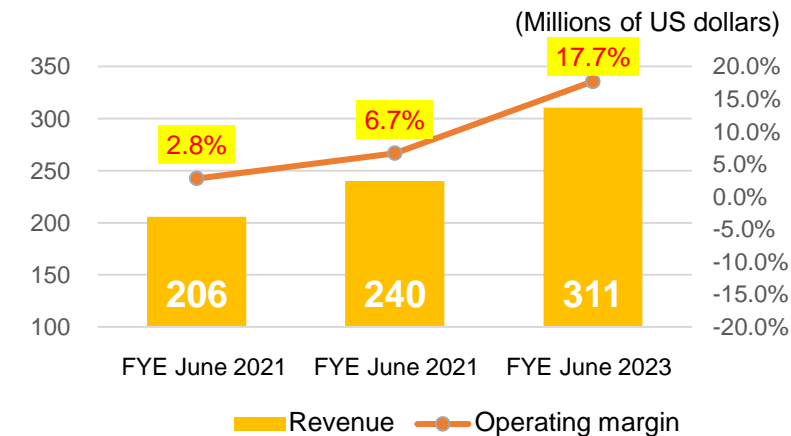
- Ingomar Packing Company, LLC (“Ingomar”) engages in primary tomato processing, producing and selling tomato paste and diced tomatoes.
- In terms of production capacity of primary-processed tomatoes, Ingomar is **ranked 2nd in the US** (and 4th in the world).

## [Company profile]

Founded	1983
Headquarters	Los Banos, California, US
Description of business	Production and sale of tomato paste and diced tomatoes
Plants	Plant 1 (1983–), producing tomato paste Plant 2 (2000–), producing tomato paste and diced tomatoes
Representative and CEO	Greg Pruett
Shareholders	Six farmers (80%), KIUS (20%) * * Kagome acquired an equity stake in Ingomar via KIUS in September 2016.



## Trend of revenue over the past three years



## Market position in the primary tomato processing industry

- Annual processing capacity: 1.55 million tons of raw tomatoes (2022 actual)
  - Ranked 2nd in the US (and 4th in the world) \*Source: Tomato News issued on May 9, 2023

## Transactions with the Kagome Group

- For many years, the Kagome Group has continued to transact with Ingomar, as a major supplier in the US.

## 2. Summary of the Investment

- Additional acquisition of an additional 50% equity stake in Ingomar (**converting** from an equity-method associate to **a consolidated subsidiary**) \*Kagome Group’s equity stake in Ingomar will increase from 20% to 70%
- Amount of investment: **243 million US dollars** (approx. 36.0 billion yen) – **the largest scale ever** –

### Accelerating growth overseas

The pace of growth of the International Business has rapidly accelerated.

- FY2023 forecasted revenue: 86.0 billion yen  
(Grew 27% YoY, accounting for 39% of consolidated revenue)
- FY2023 forecasted core operating income: 10.7 billion yen  
(Recorded 12.4% margin, accounting for 66% of consolidated core operating income)

### Addressing changes in environment surrounding the tomato processing business

- The consumption of processing tomatoes has been increasing year by year.
- Meanwhile, the production volume of processing tomatoes has fluctuated for some reasons, including the war in Ukraine, and the impacts of climate change, such as water shortage and heat waves.



Competitive advantages / strengths of Ingomar

- Second largest presence in the US in terms of both the production volume and capacity of processing tomatoes
- Loyal customer base and strong procurement base for raw tomatoes (along with a high level of cultivation technologies provided by shareholding farmers)
- Relationship of mutual trust with the Kagome Group nurtured through transactions with the Group for many years

### Objective of the deal

- To further grow the US business by strengthening the value chain for the US tomato processing business
- To accelerate overall growth of International Business by strengthening the global network of tomato processing business
- To build a competitive and sustainable tomato processing business by strengthening initiatives in the agricultural area

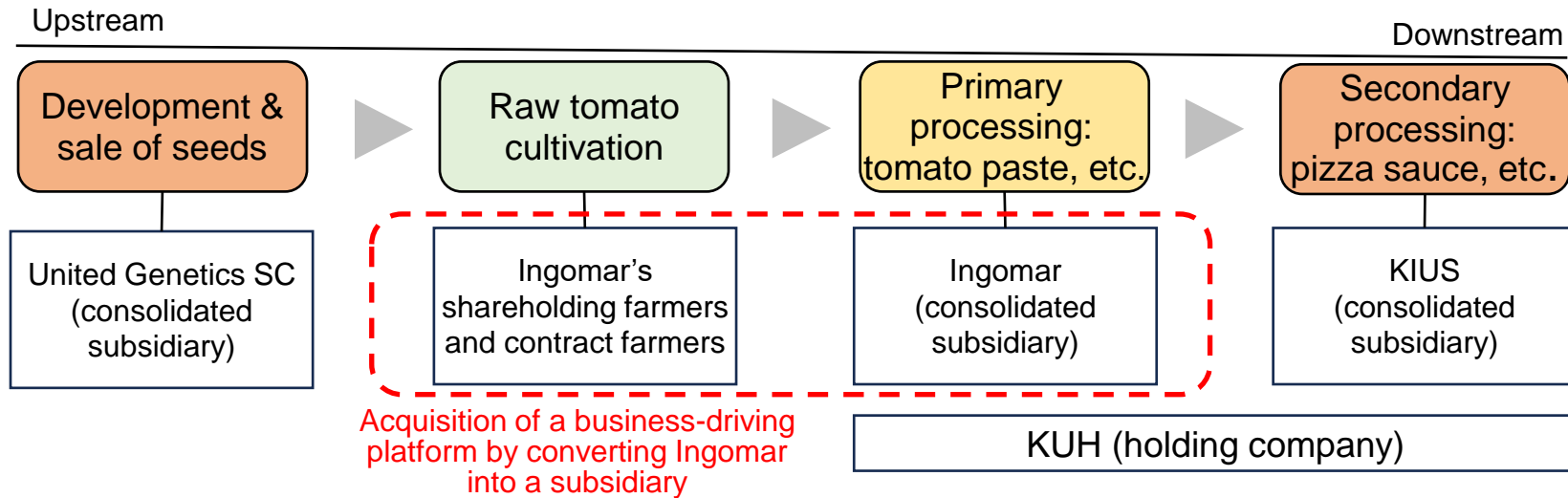
# 3. Medium- to Long-term Outlook and Positioning of the Investment (1)

- To build a competitive and sustainable tomato processing business by strengthening initiatives in the agricultural area
- Expanding the business globally by developing solutions in the US, the world's largest producer of processing tomatoes and a developer of cutting-edge technologies

## Kagome Group's global tomato business bases

Main areas of the tomato business

Bases in the US



Group's other global bases

### Global Agri-Research & Business Center

- Research on overall agricultural fields  
Kagome Agri-Business Research and Development Center (Europe)
- Production and sale of seeds, cultivation of nursery stock  
United Genetics Group (Europe, Asia, etc.)
- Development of an agricultural ICT platform, support for farming management  
DXAS Agricultural Technology (Europe)
- Support for research on cultivation and farming management in Africa  
Kagome Senegal (Africa)

### Kagome Food International Company

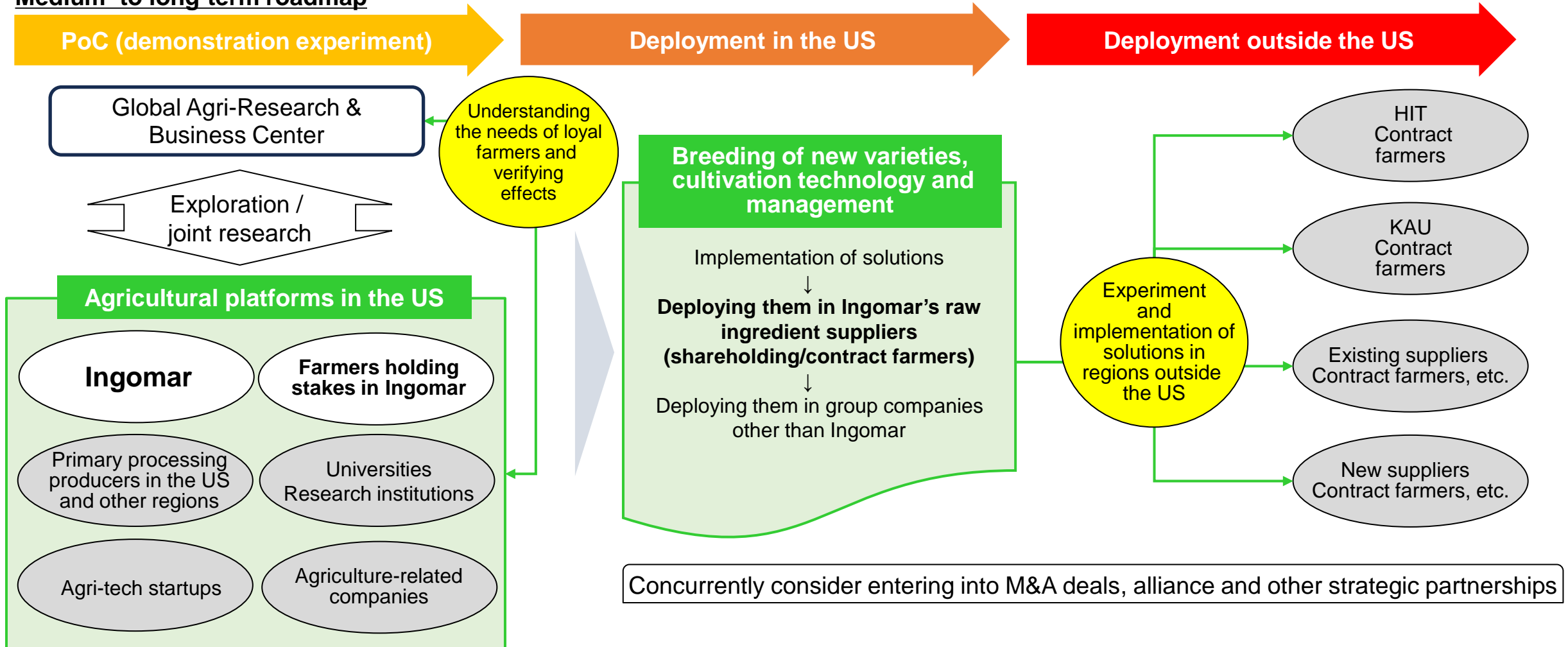
- Cultivation of raw tomatoes  
KAU (Australia)
- Primary processing bases  
HIT (Europe), KAU (Australia)
- Secondary processing bases  
HIT (Europe), KAU (Australia)  
Taiwan Kagome, Kagome Foods India (Asia)



# 3. Medium- to Long-term Outlook and Positioning of the Investment (2)

- To build a competitive and sustainable tomato processing business by strengthening initiatives in the agricultural area
- Expanding the business globally by developing solutions in the US, the world's largest producer of processing tomatoes and a developer of cutting-edge technologies

## Medium- to long-term roadmap



# 4. Financing

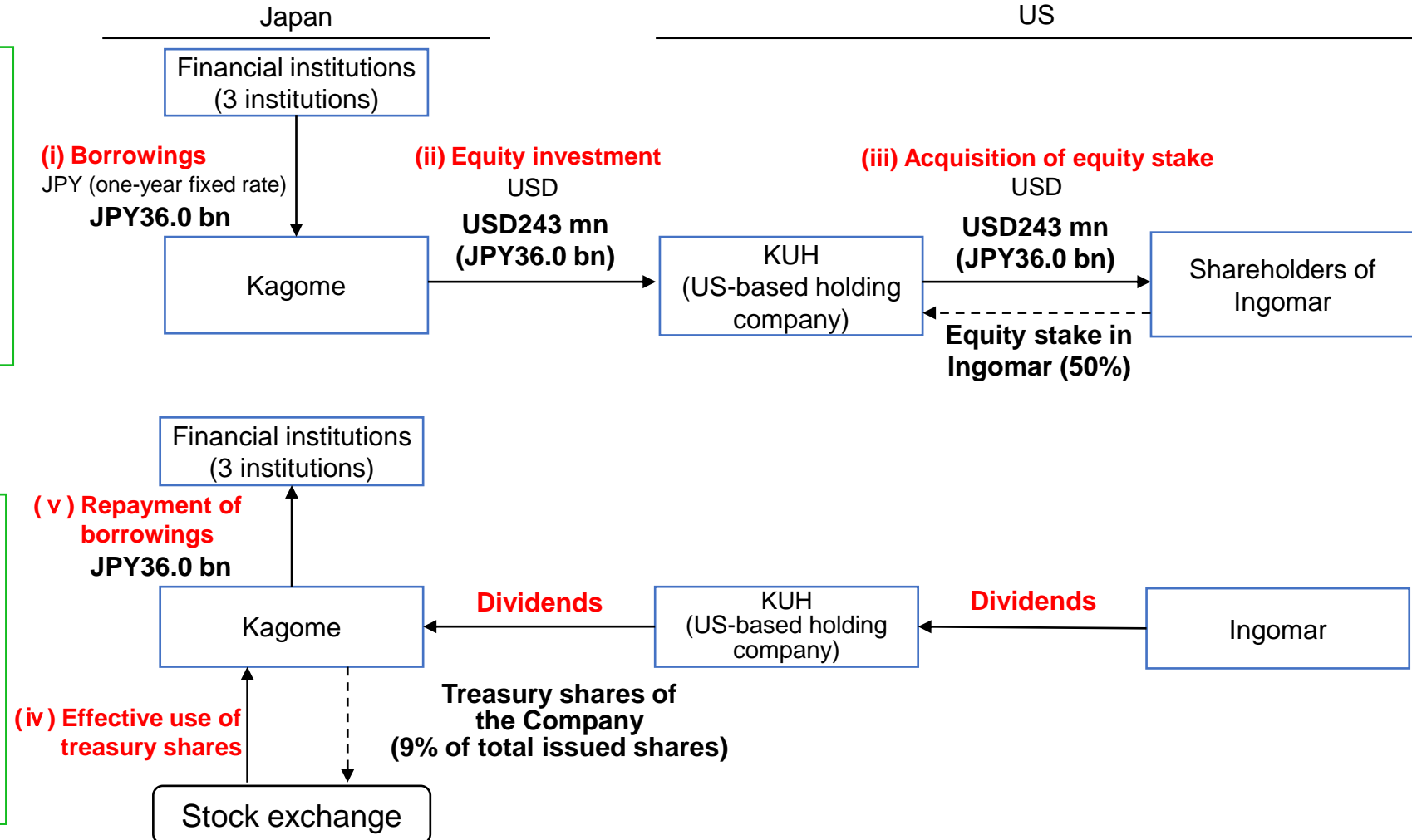
- **Financing** the investment totaling USD243 million (approx. JPY36.0 billion) with **borrowings until permanent financing will be in place.**
- Planning to **convert the borrowings to permanent financing primarily by effectively using treasury shares**, which are defined as investment funds for inorganic growth in the third Mid-term Management Plan.

## Bridge loan

- For about a year from the investment to permanent financing, the deal is financed with a bridge loan.
- Principal terms of the bridge loan
  - Currency: JPY
  - Period: 1 year
  - Interest cost: approx. JPY100 million per year

## Conversion to permanent financing

- The conversion to permanent financing is expected to complete in about one year from now through such means as effective use of treasury shares and collection of dividends from Ingomar.
- Treasury shares held as M&A funds will be used effectively (the scale and timeframe currently under design).



# 5. Impact on Consolidated Operating Results

- Impact on consolidated operating results for FY2024 is currently under careful review (to be announced on February 1, 2024).
- Impact expected at present (rough estimate): **Revenue to increase by 30%, and net income and EPS to increase two-fold**

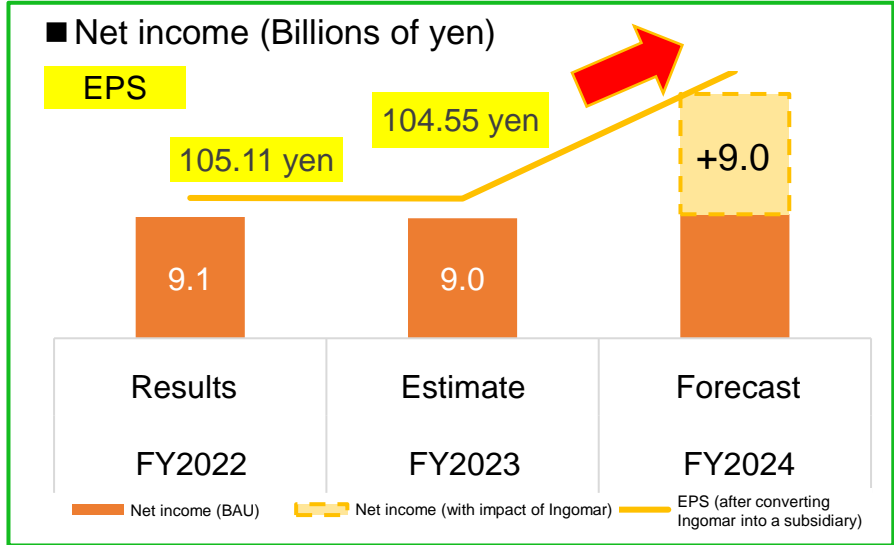
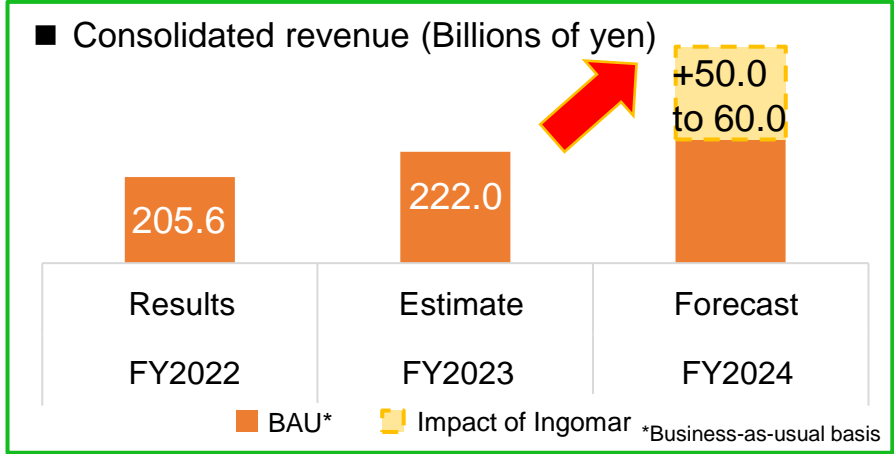
Expected impact of conversion of Ingomar into a subsidiary on FY2024 consolidated results (rough estimate)

**Impact on consolidated revenue**

**Increase by 30%**  
Up by approx. 50.0 to 60.0 bn yen

**Impact on net income\* and EPS**  
\* Net income attributable to shareholders of parent

**Increase two-fold**  
Net income: Up by approx. 9.0 bn yen  
EPS: Up by approx. 100 yen  
Including the impact of the application of IFRS 3 *Business Combinations* as well as the consolidation of Ingomar's earnings





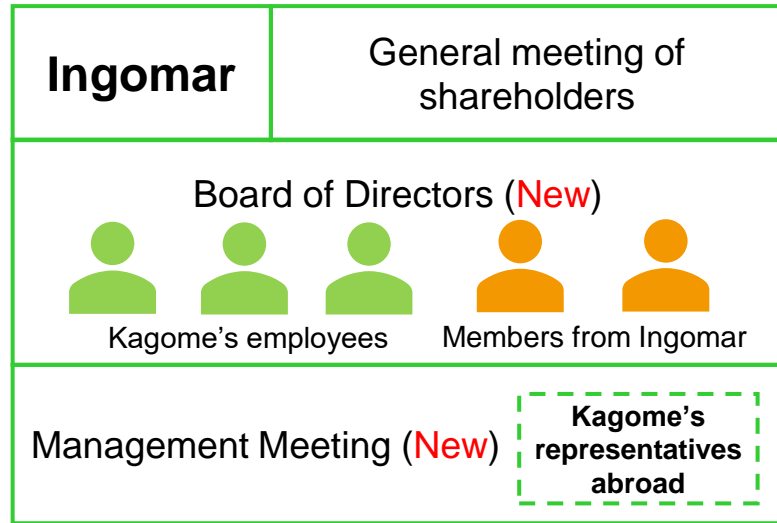
# 6. Governance and PMI

- Building a structure whereby governance works properly across the Group, in addition to implementation of the Board of Directors
- Integrate KAGOME and Ingomar through a PMI team that collaborates with both companies

## Governance Structure



### Group Governance



## PMI



### Priority PMI issues

Agricultural research	<ul style="list-style-type: none"> <li>• Collaborate with shareholding farmers in developing technologies</li> <li>• Conduct verification and feasibility studies in tomato farms in North America</li> </ul>
Intragroup collaboration	<ul style="list-style-type: none"> <li>• Collaborate with other primary processing bases within the Group</li> <li>• Develop products in response to customer needs</li> </ul>
Operations	<ul style="list-style-type: none"> <li>• Improve productivity, and reduce costs</li> <li>• Implement initiatives related to global quality management standard and the environment</li> </ul>
Management foundation	<ul style="list-style-type: none"> <li>• Unify accounting periods, accounting systems, and accounting auditors</li> <li>• Strengthen IT system platforms and risk management</li> </ul>

# 7. Q&A

Question	Answer
<p>How will Kagome Group's raw tomato production capacity (annual) change?</p>	<ul style="list-style-type: none"> <li>• <b>Annual production capacity will increase to 2.23 million tons (up 1.55 million tons)</b> with the addition of two plants in the US to existing four plants (one in Japan, two in Portugal, and one in Australia).</li> <li>• As a result, following the conversion of Ingomar into a subsidiary, Kagome Group's raw tomato processing capacity (annual) will be <b>ranked 3rd in the world</b> (as compared with 14th before converting Ingomar into a subsidiary).</li> </ul> <p style="text-align: right;">*Source: Tomato News</p>
<p>In fiscal 2020, Kagome recorded an impairment loss on the investment in Ingomar. Do you see a risk that Ingomar's earnings will deteriorate in the future?</p>	<ul style="list-style-type: none"> <li>• In 2020, Ingomar recorded a net loss due to the oversupply of tomato paste and subsequent declines in its prices in the US. As a consequence, Kagome recognized an impairment loss on the investment (approx. 1.0 billion yen).</li> <li>• As <b>the supply is currently optimized in the US</b>, it is unlikely that we will face similar business environments in the near term.</li> </ul>
<p>What is your outlook for the market conditions (prices) of primary processed tomato products? How will your outlook affect Ingomar's performance?</p>	<ul style="list-style-type: none"> <li>• The shortage of primary processed tomato products in stock is now mitigated globally thanks to increased production of raw tomatoes in 2023. We therefore expect the market conditions (prices) to <b>improve (decline) steadily over the coming few years</b>.</li> <li>• While the earnings of Ingomar will be affected by declines in market conditions (prices), we expect the company to <b>maintain the current level of earnings</b> at least <b>for the coming two to three years</b>.</li> </ul>
<p>In the third Mid-term Management Plan, you were committed to optimizing the size of the primary tomato processing business. Have you made changes to the strategy?</p>	<ul style="list-style-type: none"> <li>• <b>Primary processing bases have become increasingly important</b> as the <b>supply and procurement bases of raw ingredients</b> for secondary processed tomato products, given the latest business environment where primary processed tomato products are in short supply globally.</li> <li>• The investment this time is aimed at <b>strengthening the global value chain across the tomato business</b> rather than expanding the scale of the primary processing business.</li> </ul>
<p>What synergies do you expect from the conversion of Ingomar into a subsidiary?</p>	<ul style="list-style-type: none"> <li>• Over the short term, we will further <b>strengthen Ingomar's 2nd market position in the US</b> by incorporating Kagome's production and quality management expertise into the subsidiary.</li> <li>• Over the medium to long term, we aim to <b>develop a sustainable and competitively advantageous tomato business</b> through the <b>co-creation of value with Ingomar and its shareholding farmers</b> in California, the US, a region leading agricultural technologies and central to the tomato industry.</li> </ul>



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