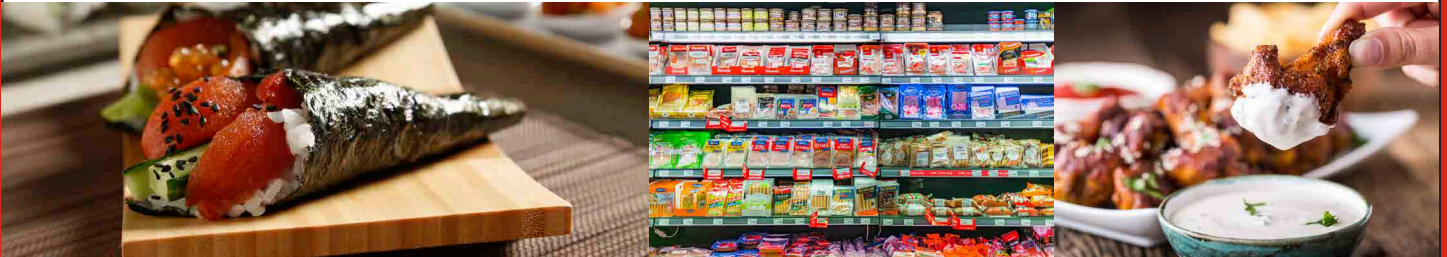


KAGOME

Trend Report March 2023



WINTER SPRING

Spring has arrived! What flavors will emerge and delight our senses? Let's talk about the new "it" ingredient, what's the latest news on the 2023 tomato planting and reservoir conditions, the cost of chicken wings, and nutritional claims. There's a lot to be positive about so let's jump right in!



INDUSTRY OUTLOOK



Nation's Restaurant News reports that nearly 3 in 4 operators say business conditions are already close to normal—a new, more positive normal—or are well on the path, and the focus is on sustaining growth in the coming year.

According to Lizzy Freier, Technomic's Director, Menu Research and Insights, "...both limited - and full-service breakfast and lunch/dinner are seeing year-over-year menu mention increases, reflecting a comeback for operators."

Among almost 7,000 U.S. operators tracked by Technomic over the last five years, menu item counts are actually up 2.3% over the past five years and up 1.1% over the past year.

2023 Year of the Tomato

Every year one ingredient rises above the rest to become the darling of menus and focus of food bloggers. We've seen cauliflower, kale and brussel sprouts all have their fifteen minutes in the sun now it's time for the tomato to shine.

Technonic, a food industry insights consulting firm, is predicting, tomato to be the ingredient of the year and we wholeheartly agree.

Tomatoes are being used in unexpected and innovative ways as seen on independent restaurant menus as well as on retail shelves. Spanish-based Mimic Seafood delivers a plant-based alternative to seafood with their five ingredient tuna derived from tomatoes.



Inspiring Tomato Starters and Seasonings

Calabrian Bucatini—spicy 'nduja, blue prawns and **tomato passata** (Callie in San Diego)

Da kine ceviche - **Tomato**, avocado, konjac, jalapeño, cilantro, citrus, corn tortilla chips (Shizen in San Francisco)

Michelada Posicle - **tomato juice**, Worcestershire Sauce, Tabasco, Sriracha, salsa Valentina, lemon juice, and Spanish Beer 'Estrella Damm'. Dip in a refreshing gremadine popsicle (Telefèric Barcelona -Palo Alto)

Potato Chips—housemade potato chips seasoned with buttermilk, vinegar, Tabasco and **smoked tomato powder** (Little Ola's Biscuits in Austin, Texas)



Tomato as a Protein Replacement

Tomato—**green tomato katsu**, cabbage, karashi mayo, Tanaka katsu sauce and milk bread (Tanaka in Portland)

Da kine ceviche - **Tomato**, avocado, konjac, jalapeño, cilantro, citrus, corn tortilla chips (Shizen in San Francisco)

Tomato Tartare—burrata ice cream, olive jam and smoked olive oil (White Barn Inn Restaurant in Kennebunkport, Maine)



Fermented Tomato

Eggplant "Meatballs" - Eggplant "Meatball" and **fermented tomato salsa** on top of a bed of pasta. (The Pines, North Carolina)

TOMATO TRANSPLANTING AND PROCESSING SCHEDULES REMAIN OPTIMISTIC

Aaron Giampietro with Morning Star tomato reports, California is currently experiencing the effects of yet another atmospheric river, which has led to delays in transplanting and increased natural gas usage in the greenhouses. However, despite these challenges, Morning Star remains optimistic and have implemented plans to expedite transplanting as soon as the weather permits, which will ensure steady volumes of tomatoes well into October.



CURRENT CALIFORNIA RESERVOIR CONDITIONS

Reservoir levels are higher than historical average based on March 19th reports.

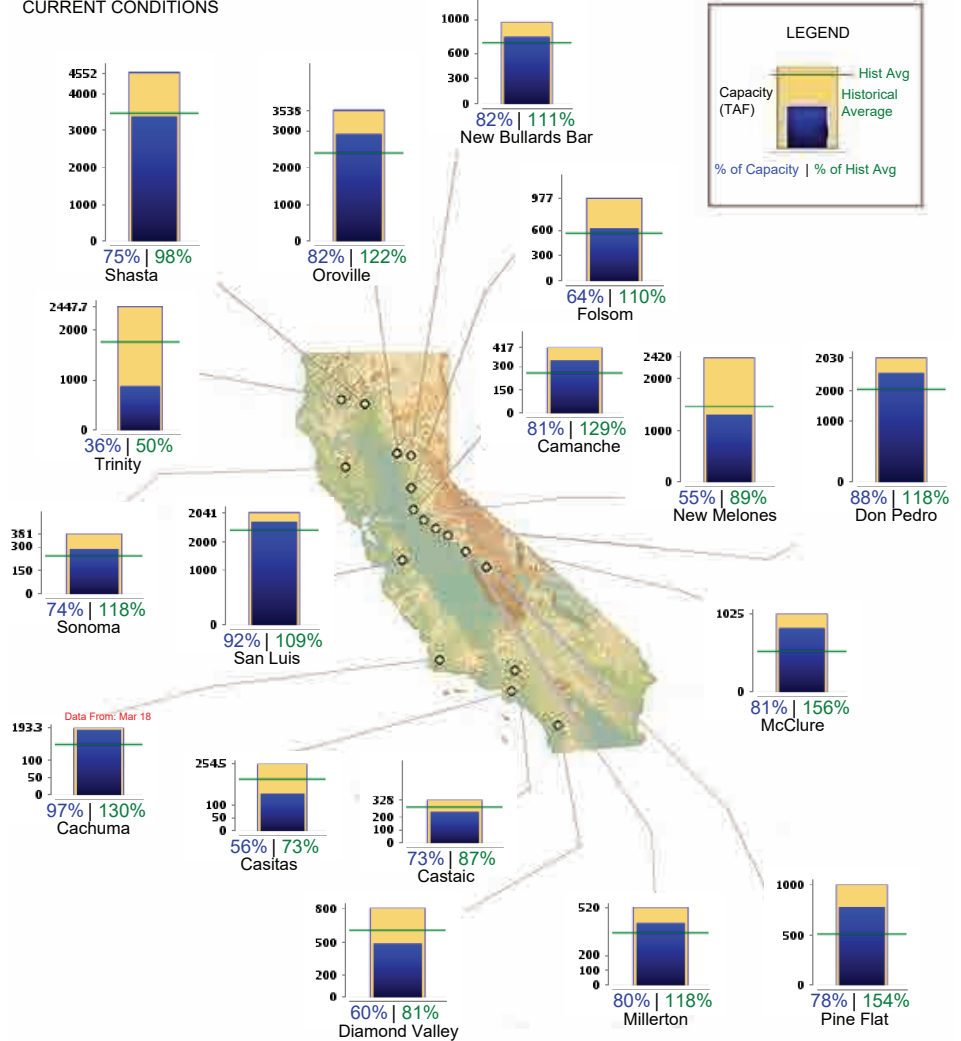
Transplanting of 2023 crop has been delayed due to heavy rain and flooding in CA.

It will adversely affect yields in 2023.



CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS
CURRENT CONDITIONS

Midnight - March 19, 2023



Chicken Wing Costs on Downward Trend

Good news for chicken wing lovers and restaurants who serve them. Nation's Restaurant News reports that Toast, a digital restaurant platform, collected data in Q4 of 2022 and reported the wholesale costs of wings are down 39% from a \$4.10 high in the week leading up to the Super Bowl in 2022. Wing costs are down below even 2020 levels, signaling a return to normalcy for the ingredient.



According to Google Trends the top five wing flavors searched just prior to the superbowl:

1. Honey Garlic
2. Lemon Pepper
3. Teriyaki
4. BBQ
5. Buffalo Chicken



Notable Independent Chicken Wing Flavors



Tenkatori Sawtelle, Los Angeles - "Tebanaka"
Japanese style fried chicken wings. Gluten-free.
(sweet and spicy, spicy mayo, sweet and sour, yuzu
aioli)



Edward Lee's Gochujang chicken wings with white
BBQ sauce



Dickey's Barbecue Pit's -Dickey's Atomic
Barbecue Sauce, which pulls heat and flavor
from habaneros, chipotle powder and crushed
red pepper flakes.

30%
of consumers say
they would order
boneless or bone-in
Buffalo wings over
other protein-based
appetizers**

Nutritional Themes, Claims and what is healthy?

The FDA has begun a public process to update the “healthy” claim for food labeling to be consistent with current nutrition science and federal dietary guidance. Claims like “healthy” on food labels can provide information to consumers to help them identify healthier food choices at a quick glance. Foods must meet specific nutrient-related criteria to use the nutrient content claim “healthy.”

-Direct Quote from Food and Drug Administration website article Use of the Term Healthy on Food Labeling 5/5/23

“So, how big an effect would these new rules have on consumers’ behavior? Not much, if you ask the FDA.

On Page 59,195 of the full rule, the agency has this remarkably pessimistic projection of the rule’s impact: “Summary of Costs and Benefits: Some consumers use nutrient content claims such as ‘healthy’ to inform their food purchases. We estimate that a small number (0 to 0.4 percent of people that try to follow current dietary guidelines) of these consumers would use the ‘healthy’ implied nutrient content claim to make meaningful, long-lasting food purchasing decisions.” ”

-Direct Quote from Washington Post “Food fight: FDA is redefining ‘healthy’ and food industry is pushing back” 5/5/23



MAINSTREAM

Top Claims for the past 5 years according to Kerry



Gluten Free
GMO Free
No Additives/Preservatives
High/Source of Protein
Vegan (Dairy/Animal Free)
Organic

*Natural/ No Artificial
 Ingredients*
Plant-Based
Energy/Alertness
High/Source of Fiber

UP AND COMING

Fastest Growing Nutritional Themes and Claims the past 3 years



Antioxidants
No Alcohol
Weight Management
Brain-mood Health
Joint Health
Palm Oil Free
Added Iron

Prebiotic
Eye Health
Heart Health
Women's Health
Added Calcium
Low Sugar
No Allergens

Keto Friendly/
Certified No Additives/
High/Source of Protein
Vegan (Dairy/Animal
Free)
Organic



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