



**KAGOME**  
S T O R Y  
**2018**

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Company Guide

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## Japanese diets have been short on vegetables. We want to solve that problem.

Some people are short on time. Others do not like vegetables.

For these reasons and more, Japanese diets have not included enough vegetables, and the problem is getting worse each year. At Kagome we are doing everything we can to overcome this problem, expanding our business domain to include not only beverages, food products, and products for institutional and industrial use, but also direct marketing and agri-business as well. Providing vegetables in a variety of forms, we will contribute to longevity and good health by making it easy for people to always incorporate vegetables into their daily diets.



## Using food as a means to resolve social issues, we aim to be a strong company capable of sustainable growth

In our three year mid-term management plan that began in 2016, our company set our sights on being a “Strong company capable of sustainable growth, using food as a means to resolve social issues” by the year 2025. As company that is unique in the world with a streamlined value chain of production, processing, and sales that starts at the farms, we will work to give people longer healthy lives, promote agricultural development and regional revitalization, and tackle world food problems.

We are now also presenting our vision of transformation from a “tomato company” into a “vegetable company.” Kagome currently offers a variety of vegetable products, but the Japanese diet is still falling seriously short of the target level of vegetable intake. This is particularly why we continue to bring all kinds of innovative new products to the market one after another that utilize the value of vegetables as well as tomatoes. We hope to build sustainable growth by helping people live healthy lives.

Our corporate philosophy at Kagome is “Appreciation” “Nature” and “Corporate openness.” Rooted in our origin of nature and hand-in-hand with all of our stakeholders around the world, which include communities, customers, clients, farmers, shareholders, and our employees, we will spare no effort to enable ourselves to deliver valuable products and services.

Kagome Co., Ltd. President and Representative Director

*Naoyuki Terada*



# Kagome by the Numbers

“Wh..what? Really?” “I had no idea” “Wow!” We can describe the special characteristics and capabilities of Kagome with words, but here we describe them with a variety of numbers as well.

TOPICS  
1

## 120 Years in Business

Longtime best-sellers

The history of Kagome began in 1899 with enterprising efforts to cultivate and later to process tomatoes, foreign vegetables which were unfamiliar to Japan at the time. Since then Kagome has been dedicated to vegetables, making fields its foundation and offering new food concepts on the way to its 120th anniversary this year.

110 years

- Tomato ketchup
- Worcestershire sauce



85 years

- Tomato juice



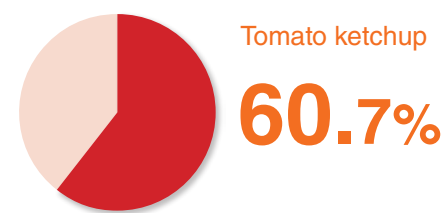
TOPICS  
2

## NO.1 Share

Share of the Japan market



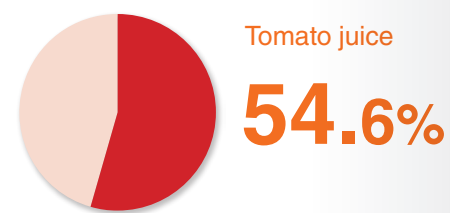
\*Pictured is a representative product in this category.



Source: Intage SRI/Period: January through December 2017/Based on monetary amount  
Geographic area: All of Japan/Sales settings: Supermarkets & convenience stores



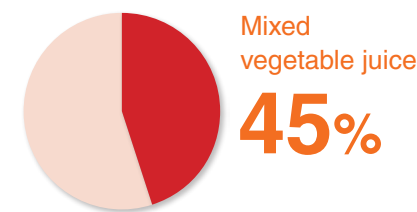
\*Pictured is a representative product in this category.



Source: Intage SRI/Period: January through December 2017/Based on monetary amount  
Geographic area: All of Japan/Sales settings: Supermarkets, drug stores & convenience stores  
Also includes: Dry & chilled, and the tomato juice category



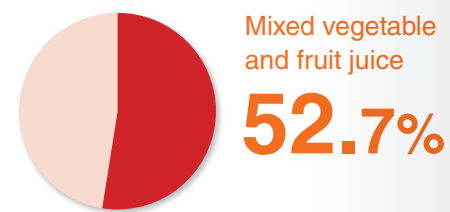
\*Pictured is a representative product in this category.



Source: Intage SRI/Period: January through December 2017/Based on monetary amount  
Geographic area: All of Japan/Sales settings: Supermarkets, drug stores & convenience stores  
Also includes: Dry & chilled, and the mixed vegetable juice category



\*Pictured is a representative product in this category.



Source: Intage SRI/Period: January through December 2017/Based on monetary amount  
Geographic area: All of Japan/Sales settings: Supermarkets, drug stores & convenience stores  
Also includes: Dry & chilled, and the mixed vegetable and fruit juice category

TOPICS  
3

## Around 7,500 varieties

\* Around 70 varieties are registered

Varieties of tomato genetic resources

The Innovation Division manages an abundance of genetic resources including roughly 7,500 varieties of tomato seeds, while maintaining the information in a database. We utilize these to develop new varieties of tomatoes for fresh and processed products, without any genetic modifications.



TOPICS  
4

## Around 3,506,000 people

Dietary Education Assistance

Kagome “Dietary Education Assistance” develops children’s interest in food and helps them grow up healthy. This began in 1964, long before the term “dietary education” became commonplace, when we began distributing picture-story shows and picture books to kindergartens across Japan to support childcare. In 1972 we launched the musical “Kagome Theater”

to teach parents and children the importance of food and health, and have distributed free invitations to as many as 3,506,000 people to this point. We also continue to provide seedlings of “Lylyco” tomatoes used for juice, along with educational materials, free of charge to about 10% of elementary schools and childcare centers across Japan.



TOPICS  
5

## 177,518 shareholders

\* As of the end of 2017

Number of individual shareholders

With “Corporate openness” as part of our corporate philosophy, in 2001 we started working toward our “Vision of 100,000 Kagome Fans (shareholders),” and in September 2005 we surpassed the 100,000 mark. Kagome now overwhelmingly has the largest shareholder support base in the industry, with roughly 200,000 shareholders. We proactively listen to what shareholders have to say, and put it to use in developing products and planning events.



Gifts for shareholders



# Expanding the Fresh Vegetables Business

With our lineup of cutting edge technology, our fresh vegetables business is turning agriculture into a growth sector.

Our fresh tomatoes business is invigorating fresh vegetable markets with focus on high-lycopene tomatoes, while at the same time developing new varieties of tomatoes. We are also expanding our range of business domains from being a “tomato company” to being a “vegetable company” by growing both the sales area and the product lineup for packed salads and baby leaf lettuce.



Large high-tech greenhouses help us provide a stable supply of tomatoes (pictured is Iwaki Onahama Green Farm Co., Ltd.)



The “Kokumi Ladies” who inform customers of the value we provide



Baby leaves have higher nutritional value than full-grown lettuce

## TOPICS 1

### Developing large, high-tech greenhouses across Japan

Our fresh tomato business started in 1998. We grow them outdoors when they are in season in the summer and fall, and in large greenhouses the rest of the year. Temperature, humidity, and irrigation are controlled automatically by computers in the large greenhouses. Limiting exposure to the outside world allows us to limit the risk of damage from insects and diseases. With uniform environments and uniform management operations within the greenhouses, we also achieve consistent shipment volumes and high yield per unit area throughout the year, employing techniques such as three-dimensional modeling that maximize yield per unit area. We have large high-tech greenhouses in 14 locations across Japan, which employ clean energy and carbon dioxide treatment, conserve water, and are friendly to the ecosystem. Each year we ship out 17,600 tons of tomatoes, including our “Round Red” and “High-Lycopene Tomatoes”.



Round Red



High-Lycopene Tomatoes



Tomato Salad

## TOPICS 2

### Expanding the market for packed salads

As the aging of society continues and lifestyles also change, we see bigger markets each year for processed vegetable products such as salads and cut vegetables that require less effort for food preparation. Kagome sells its packed salads mainly to supermarkets and convenience stores. We plan to build a cold food distribution network and expand our sales area. At the same time we will further invigorate markets as we expand our lines of products that utilize new highly functional vegetables such as sprouted soybeans, kale, and sprouts. We will help make meals more colorful and people healthier. We will also proactively create fresh vegetable markets that are appealing for retailers and consumers, such as Italian vegetable and functional vegetable corners.

## TOPICS 3

### Boosting sales of baby leaf lettuce

Baby leaf lettuce was the first vegetable product that Kagome sold other than tomatoes. It is a highly functional vegetable with fiber, calcium, iron, vitamin A, and other nutritional components in excess of the standard values for nutritional intake shown on food labels in Japan. Baby leaf lettuce is also now known to include more polyphenol and beta carotene than full-grown lettuce. Last year Kagome launched operations of Takane Baby Leaf Green Farm Co., Ltd. in Hokuto, Yamanashi Prefecture. While strengthening our supply system and our sales, we have also been rolling out new recipe suggestions. Last fall we also launched the “Green Vege Bowl” series of ready-to-eat baby leaf salads that require no washing. We will continue to bring appealing products to our customers that give them simple ways to eat vegetables on a daily basis.



Baby Leaf Lettuce





# Agricultural development and regional revitalization

**Supporting agriculture and helping communities achieve sustainable growth.**

In communities where the workforce is dwindling and the population is super-aging at alarming rates, thinned infrastructure for agricultural production is becoming a problem. Kagome believes that agricultural development in Japan is the key to revitalization of communities. We will help turn agriculture in Japan into a growth sector.

## Partnering with producers and local governments to support agriculture in communities.

Kagome has entered into agreements with Japan Agricultural Cooperatives (JA) and local governments across Japan and launched the "Locally Grown, Nationally Consumed" campaign in fiscal 2010. This campaign brings the appeal of local products from communities all over Japan to consumers nationwide in the form of Kagome brand products. We will work on connecting producers with consumers by spotlighting the agricultural products that are beloved in local communities and featuring them in products.

### [Agreements that Kagome has concluded in communities]

Local Governments & JA	Year Concluded	Description	Local Governments & JA	Year Concluded	Description
Hiroshima Prefecture	2012	Setouchi Lemon Agreement	Kyoto Prefecture	2014	Partnership agreement to be "Tanoshimo Kyo-no-Shokuzai" (English: "Let's Enjoy Kyoto Foods'") partner
JA Okinawa	2012	Partnership agreement for agricultural products, processing, and sales	Mie Prefecture	2015	Comprehensive agreement for partnership and cooperation
Ehime Prefecture	2013	Agreement aimed at revitalizing Ehime Prefecture and communities, while also improving services for prefectural citizens	Yamanashi Prefecture	2016	Partnership agreement for agricultural development
Ehime Prefecture & Hiroshima Prefecture	2013	"Setouchi" Partnership agreement between the three entities of Hiroshima and Ehime Prefectures, and Kagome	City of Hokuto (Yamanashi Prefecture)	2016	Partnership agreement for "Development of the local agriculture and economy" with Takane Baby Leaf Green Farm Co.,Ltd. in the city of Hokuto
Town of Fujimi (Nagano Prefecture)	2013	Agreement to supply beverages in times of disaster	Town of Fujimi (Nagano Prefecture)	2016	Partnership agreement for regional development
Kanagawa Prefecture	2013	Agreement on the handling of emergency supplies in times of disaster	Oita Prefecture	2016	Agreement for comprehensive partnership Collaboration agreement for Tachikawa City Health Promotion Project
Kochi Prefecture	2013	Comprehensive agreement for partnership and cooperation	City of Tachikawa (Tokyo Metropolis)	2017	Collaboration agreement for Tachikawa City Health Promotion Project
Tochigi Prefecture	2013	Partnership agreement for production, processing, and sales of agricultural products	Toyama Prefecture	2017	Collaboration and Cooperation Agreement (for health and dietary education)
City of Hirosaki (Aomori Prefecture)	2014	Comprehensive agreement for engaging in agricultural development	Miyazaki Prefecture	2017	About concluding a comprehensive collaboration agreement
City of Tokai (Aichi Prefecture)	2014	Agreement for "Tomatoes for a Healthy City"	City of Fujieda (Shizuoka Prefecture)	2017	Comprehensive collaboration agreement for health and dietary education measures, etc.
Nagano Prefecture	2014	Agreement to engage the 3Rs (Reduce, reuse, recycle) of industrial waste			

\* As of September 2017



## Our new direct marketing business connects producers with consumers all over Japan.

In addition to the existing "Kenko Chokusōbin" (direct health shipments), in October 2016 the Direct Marketing Department launched the new "Nouen Ouen" (farm support) business brand. There has been heightened interest in communities and agriculture in the area of food. With the "Nouen Ouen" program, Kagome uses this as an opportunity to visit communities all over Japan and make their valuable yet unknown agricultural products available to be embraced by the next generation. We incorporate a storyline along with the agricultural products that local producers have painstakingly produced and the consumer products that Kagome has used them to make. By connecting local producers with consumers through "Nouen Ouen", we hope to help inject life into local agriculture and facilitate regional revitalization.

## Energizing Japan with the "Yasai Seikatsu 100 Seasonals Series."

"Yasai Seikatsu 100 Seasonals Series" is the flagship product of the "locally grown, nationally consumed" campaign to consume locally produced agricultural products all over Japan. The series now sells in at least 10 different flavors each year. Kagome will continue to support local agriculture in addition to good health and longevity through collaboration and the pioneering of new vegetables and fruits.



Yasai Seikatsu 100 Seasonals Series (April 2017 to April 2018)

# Using food to help people live longer, healthy lives

Paving the way to the future of Japan using the power of vegetables.

Improving modern salt-heavy diets that lack vegetables involves more than just providing products with the functional values of vegetables. We support healthy everyday living by also giving people delicious ways to eat them, and by making them easy to consume.



# Fields are the Primary Production Plant

Good ingredients come from good fields. That is the philosophy behind our products.

Based on a manufacturing ideology that “fields are the primary production plant,” we continue to grow crops with contracted farmers as we have since the founding of our business, while also increasing production areas in Japan that grow the ingredients for tomato juice. At the same time, we leverage our expertise and track record from years of experience with contracted farming to procure agricultural raw materials from overseas.



## Tomato ketchup that tastes great and reduces salt by 30% or more

According to the “Dietary Reference Intakes for Japanese” the reference value of salt intake for males is less than 8.0g per day, and for females is less than 7.0g per day. Male and female adults are said to need a reduction of roughly 30% in their daily salt intake levels. This is where Kagome has zeroed in on the “umami” (savory flavor) component of glutamine acid in tomatoes. We are proposing “Recipes that reduce salt by 30% or more” that use tomato ketchup to replace half the normal amounts of soy sauce or miso in cooking. With our products we support “great taste with less salt.”



\* Ministry of Health, Labour and Welfare “Dietary Reference Intakes for Japanese” 2015



## Preserving Japanese food culture with “Tomato Pazza”

To draw more attention toward the need for fish in diets as people also become increasingly health-conscious, we are developing and expanding on our new “Tomato Pazza” recipe, which includes our “Kihon no Tomato Sauce” as a base. We are spreading the appeal of our recipes to households and in the institutional and industrial market all over Japan. Response has been great for the simple way to cook up fresh fish and vegetables, as well as the visual presentation. Tomato Pazza is now becoming established as a go-to, easy-to-make tomato dish.

## Labeling our longtime bestselling products with functional claims one after another.

With a focus on tomatoes Kagome has been engaged in research on vegetable nutrition for a number of years, testing out a variety of effects and efficacies. Lycopene has been reported to act in a way that boosts high-density lipoprotein (HDL) cholesterol, so in 2016 we began selling our Kagome Tomato Juice (265g, 720ml, and 200ml sizes) and Lycopene Choleste-Fine with functional claims on the labels. Furthermore, GABA coming from vegetables has also been reported to have a reducing effect on higher blood pressures, so we re-branded our “Kagome Vegetable Juice” in 2017 with functional claim food labeling. GABA from tomatoes has also been reported to have the same effects, so starting this year we are adding functional claims to Kagome Tomato Juice as well. We plan to continue bolstering our product offerings.



## We call our professional farmers “field masters.”

Since its founding, Kagome has stayed true to the ideal that good ingredients come from good fields, and has engaged in “contracted farming” for crops such as tomatoes in order to procure safe and reliable ingredients. For contracted farming, in which Kagome and Japanese farmers work together for mutual benefit, we enter into agreements with the farmers to buy their entire crop before they plant it. Then Kagome employees called “field masters” survey the fields of the contracted farmers and give out proper advice in relation to the growth stage of the tomatoes, including Kagome’s very own brand of meticulous farming guidance. “Contracted farming” frees farmers from their concerns about waste or price fluctuations, and lets them concentrate on producing high-quality ingredients. At the same time, this allows aging farmers in Japan to train younger, inexperienced farmers. In this way, Kagome aims to expand the regions in Japan for tomato juice ingredient production in the near future.



## Our seeds and seedlings business now reaches more than 80 countries.

In November 2013, Kagome acquired ownership of US seedling company United Genetics. This company develops its own non-genetically modified tomato and vegetable seeds, and sells them in markets in over 80 countries worldwide, with a focus on the United States. This allows Kagome to expand its tomato business worldwide with seeds as a starting point. Kagome is globalizing faster than ever, equipped with a horizontal lineup of companies spanning the globe, and a unique vertically-integrated business model for full-cycle value creation, from seeds to ingredients, processing, and sales.

# Vertically Integrated Business

Full-cycle value creation, from seed to table.

Kagome owns roughly 7,500 varieties of tomato genetic resources. From these seeds to soil cultivation, growth, harvest, production, all the way to the final product, our business model guarantees the values of safety and reassurance. That is what Kagome has to offer, a vertically-integrated business that is the only one of its kind in the world.

## Vertically

“For anything tomato, it’s Kagome”

### Farming



Contracted farming and agricultural guidance for specified varieties of plants, and growing fresh tomatoes in high-tech greenhouses.

### Development of new varieties and seedling production



Producing and supplying seedlings that have a competitive edge, with useful new varieties created by cross-breeding our genetic resources of agricultural products.

### Research and development



Consistent research and development that maximizes the value of agricultural products which are nature's bounty, and contributes to longevity and good health.



### Demand creation

Communicate the value of our products to our customers, with value-communicative activities that generate demand.



### Product production

Production processes and quality control that maximize the value of raw materials, with the optimal combination of good raw materials and technology.



### Primary processing and procurement

We only procure raw materials that meet our own standards for quality, and our primary stage of processing keeps all of the flavor intact.



Japan



United States



## Horizontally

Main global locations



Australia



Portugal







TOPICS 1

Established a new farming company in Senegal making tomatoes for processing

In December of last year we established "Kagome Senegal Sarl", a farming company that cultivates, purchases, and sells tomatoes for processing in Senegal, Africa. Tomatoes have become rooted in the food culture of western Africa, and average annual tomato consumption in Senegal exceeds 20 kg per person, more than double that of Japan. However, the region has been unable to secure sufficient quality or quantity of tomatoes due to factors such as poor funding, undeveloped agricultural technology, diseases, and insect damage. Kagome Senegal Sarl will utilize the agricultural technology resources of the Kagome Group such as seeds and cultivation technology to create new production areas in Senegal, and help develop the tomatoes for processing market in western Africa.



Providing farming guidance in the field

TOPICS 2

Co-developing cutting-edge technology for cultivation of tomatoes for processing

Starting in March 2015 we began developing leading-edge crop growing technology overseas that utilizes big data for cultivation of tomatoes for processing. Specifically, this system aims for high value-added, environmentally-friendly farming by maximizing harvests. It acquires a wide range of data from weather, soil, and other types of sensors placed in testing fields, as well as from satellites, drones, and other monitoring devices. It also incorporates farming data such as irrigation and fertilizer use. Utilizing all this information, it determines the optimal amounts of inputs such as water, fertilizer and pesticides according to weather conditions and the growth of the tomatoes.



Achieved 146 t/ha in the summer season in 2015, about 1.5 times the average yield in Portugal.

TOPICS 3

Approach to global foodservice

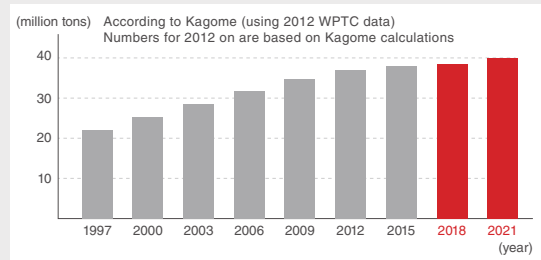
We have joined forces with major foodservice companies that are active globally and are beginning to work on new product development in addition to providing tomato-based products. Kagome is also utilizing findings from "research on the nutritional content and functionality of tomatoes and vegetables" to make "healthy food" possible that can cater to the growing demand for "low sugar, low salt, and low fat." We are also proactively pursuing business opportunities and developing clientele in new areas from China to the rest of Asia, South America, and the Middle East.



Processed tomato products such as pizza sauce (pictured)

Progression of global processed tomato consumption volume, and future forecast

Tomatoes are the most beloved of any vegetable in the world, boasting 140 million tons of global consumption. Tomatoes for processing comprise around 40 million of those tons. Consumption volumes are expected to grow as global population increases lead to greater demand.



# Becoming a Global Tomato Supplier

Keep challenging ourselves, keep growing, so the whole world can say "If it's tomatoes, it's Kagome."

Global demand for food and tomatoes is expected to increase drastically as the world population grows towards what many say will be 9 billion people in 2050. Kagome aims to use tomatoes and food in general to help solve the various problems the world faces, and become the top global tomato supplier.

Kagome is growing up as a global company

Kagome boasts over 110 years of experience in processed tomato products, but only began full-scale operation as a global company a few years ago. We still have very little experience globally, but we have already grown into one of the world's top companies.



Tomato ketchup sales 3rd Globally

Rank	Company	USD million
1	Kraft Heinz Co	1,639.8
2	Unilever Group	445.9
3	Kagome Co Ltd	232.0
4	Del Monte Pacific Ltd	182.9
5	Nestlé SA	125.2

Processed tomato product sales 3rd Globally

Rank	Company	USD million
1	ConAgra Foods Inc	315.2
2	Del Monte Pacific Ltd	186.8
3	Kagome Co Ltd	104.8
4	Conserve Italia - Consorzio Cooperative Conserve Italia scarl	89.0
5	Desan Trading	70.6

# Bringing flavor and health to people all over the world.

In 2005 we had only 2 overseas subsidiaries. About ten years later we had 35\*. Based on the expertise we built up in Japan, we research global locations looking for optimal places to grow crops, and build our business in countries all over the world. \* As of the end of March 2017

● Raw materials production countries overseas  
\* Raw materials production countries listed are as of October 2014.



**KAGOME AGRI-BUSINESS RESEARCH AND DEVELOPMENT CENTER, UNIPessoal LDA (Portugal)**  
Since 2016, Research and development focused on agriculture, developing new businesses within the value chain

**Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal)**  
Since 2007, Production and sales of processed tomato products such as tomato paste and pizza sauce

**United Genetics Turkey Tohum Fide A.S. (Turkey)**  
Since 1987, Production and sales of seeds, and seedlings business



**Vegitalia S.p.A. (Italy)**  
Since 2003, Processing, freezing, and sales of Mediterranean vegetables grown in collaboration with contracted farmers

**Kagome Senegal Sarl (Senegal)**  
Since 2017, Cultivation, purchase, and sales of tomatoes for processing



**Kagome Longson Sdn. Bhd. (Malaysia)**  
Since 2014, Sales of Halal condiments for institutional and industrial use



**Kagome Australia Pty Ltd. (Australia)**  
Since 2010, Production of tomatoes for processing, and production and sales of processed tomato products

## Product development tailored to the attributes of tomatoes.

The quality attributes of tomatoes differ greatly by region. For example, tomatoes in Japan and China have tartness, though tomatoes in Chile and Portugal have more sweetness. The ability to use these regional attributes to develop products is a major advantage Kagome has with its global network.

Examples of the places tomatoes for processing are grown, and their attributes					
Produced in	Sweet	Tart	Flavor	Flavor type	Main processed products
Japan	Medium	Intense	Medium	Tart type	Tomato juice
Chile	Intense	Medium	Mild	Sweet type	Paste
Portugal	Intense	Medium	Medium	Sweet type	Paste
Italy	Medium	Medium	Intense	Flavorful type	Whole and diced tomatoes
Turkey	Medium	Medium	Medium	Balanced type	Paste, whole, and diced tomatoes
United States	Medium	Medium	Medium	Balanced type	Paste, tomato juice, tomato ketchup



**United Genetics Holding LLC (United States)**  
Since 1990, Global development, production, and sales of seeds for tomatoes, vegetables, and fruits

**Ingomar Packing Company, LLC (United States)**  
Since 1983, Production and sales of tomato paste and diced tomatoes

**Kagome Inc. (United States)**  
Since 1998, Production and sales of industrial use tomato sauce for major American restaurant chains



**Kagome Foods, Inc. (United States)**  
Since 2007, Production and sales of margarine and other vegetable oil based products in addition to various industrial use sauces

**Kagome (Tianjin) Food Industry Co., Ltd.(China)**  
Since 2013, Production and sales of condiments in film canisters

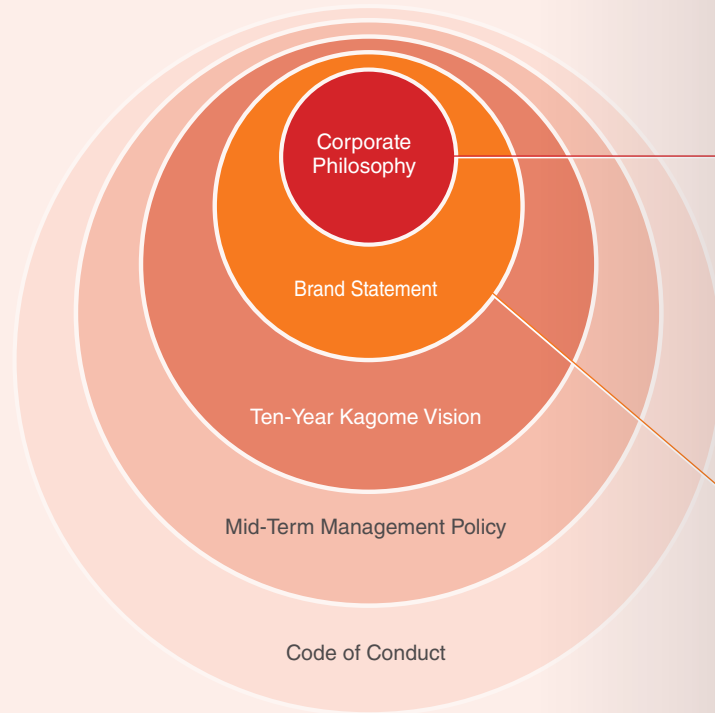
**Taiwan Kagome Co., Ltd.(Taiwan)**  
Since 1967, Production and sales of condiments and beverages

**Kagome Hong Kong Co., Ltd.(China)**  
Since 2014, Imports and sales of beverages



# Kagome Corporate Philosophy

Kagome has contributed to people's health for over 100 years now with products made from tomatoes and more of nature's bounty. We have also been able to further build our value along with the times, while remaining true to our corporate philosophy. That brings us to our Ten-Year Kagome Vision, to be a strong Kagome that grows sustainably, and proactively using tomato and health knowledge built up over the years to contribute to solving various social issues faced by Japan and the world.



## Corporate Philosophy An inherited management spirit that pervades through changing times

### Appreciation

We are thankful for nature's bounty and for human relationships. We respect natural ecosystems and value human sensibility.

### Nature

Through nature's bounty, we endeavor to create rich value that is ahead of the times and to contribute to consumers' health and wellbeing.

### Corporate Openness

We aim to be an open company that engages in fair and transparent corporate activities and respects each person's individuality and abilities.



Calligraphy by Tomato Okina (Patriarch) Ichitaro Kanie

## Brand Statement

What our brand should be

### Nature

To strive for healthier food that makes the most of the antioxidants and immunological capabilities of nature's bounty.

### True

To produce healthy, great tasting foods without relying on unnatural additives and technologies.

### Flavor

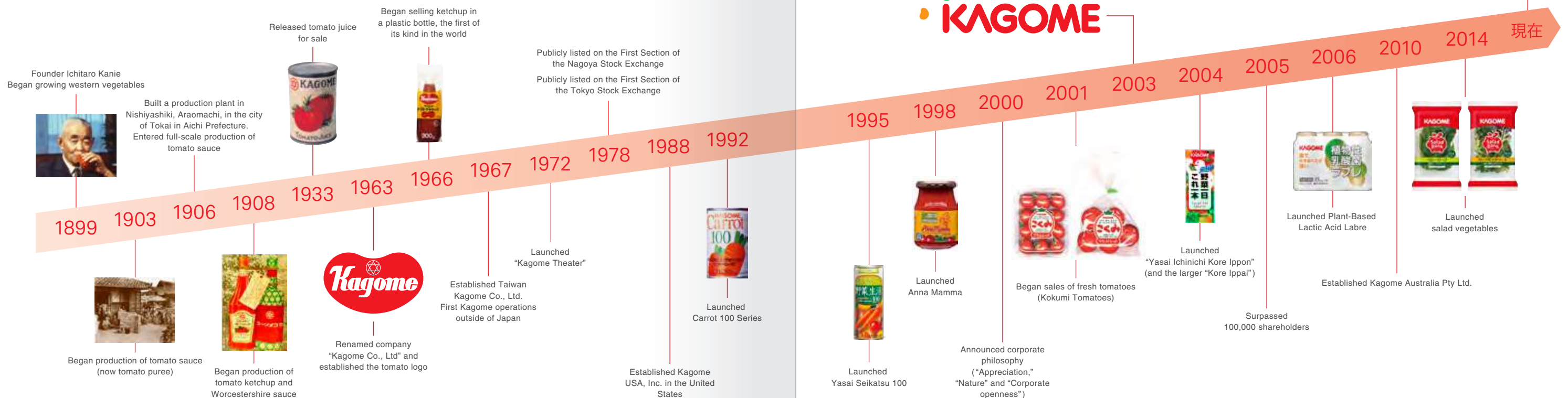
Create new demand for delicious food, paying attention to the needs of our bodies and our planet.



# Our History

Since our founding in 1899, we have given consumers products made with "the desire to contribute to people's health, using the value of agricultural products which are the bounty of nature."

This history that spans over 100 years is also a history of "technological innovation" in which we have continued to develop products that never existed before in order to satisfy the needs of the times.



Made "True to Nature, the Flavor of Kagome" into our brand statement.



# Mid-Term Management Plan

## What we strive for

“To become a strong company capable of sustainable growth, using food as a means to resolve social issues”

**Social issue 1** Give people longer, healthy lives    **Social issue 2** Agricultural development and regional revitalization    **Social issue 3** Food problems

In Japan, medical and nursing care expenses are rising while the working population is shrinking due to low birthrates and an aging population. On the other hand, when we look to other countries we see that food shortages are escalating due to population growth, abnormal weather and other such phenomena. We aim to utilize our knowledge of vegetables and health that we have accumulated over the years to help resolve these social problems.

## Long-term vision

10 years

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

Kagome has a unique presence as a company that deals in “vegetables” with a variety of food ingredients, categories, temperature ranges, containers, and volumes; and in a wide range of forms from fresh vegetables to juices, condiments, frozen ingredients, and supplements. Refining the value that we provide in forms such as safety, flavor, and health, we aim to be a “vegetable company.”

20 to 25 years

50% of the workforce consisting of women—from employees to executive officers

Seeing things through the eyes of our stakeholders, including our customers, we will push forward with our business strategies and activities to cater to diversifying consumer needs and incorporate a wide range of views based on a diversity approach.

## Mid-Term Management Policy (FY2016 to FY2018)

### 1 International Business

Overseas sales    Operating income  
**53** billion yen    **3** billion yen

**Work With Global Foodservice**  
We will expand our business by sharing information between group companies including Kagome Inc. in the US, and building a horizontal organization that integrates sales and product development.

**Building consumer business models**  
In the center of the Asia region, we establish the business model of exporting products from Japan.

### 2 Agri-Business

Agri-business sales    Operating income  
**14** billion yen    **700** million yen

**Fresh Tomatoes**  
Making functional fresh vegetable markets more vibrant with tomatoes that deliver added value such as high lycopene content.

**Packed Salads**  
As our sales area expands, we are bolstering our lines of products that utilize new highly functional vegetables such as germinated soybeans, kale, and sprouts along with the expansion of our sales area.

**Baby Leaf Lettuce**  
Offering more appealing products to our consumers by developing pre-prepared ready-to-eat food products.

### 3 Domestic Processed Foods Business

Domestic business sales    Operating income  
**153** billion yen    **9.5** billion yen  
\* Excludes agri-business    \* Excludes agri-business

**Beverage Business**  
We will solidify demand for vegetable beverages, with functional claim labeled tomato juices and “GREENS” which established our own original 100% additive-free smoothie segment, and by also developing applications of beverages to satisfy light hunger.

**Food Business**  
We will instill the values of flavor and ease of use provided by our condiments, with a focus on reduced-salt recipe offerings that incorporate tomato ketchup, as well as tomato sauces.

## Reform the way we work, reform our earnings structure

### Being a company with a better, more rewarding work environment

We are pursuing diversity that spurs innovation as a management strategy. In order to incorporate diverse viewpoints and personnel capabilities, we are working to establish a work environment where employees can thrive while dealing with time and location constraints, and supporting formation of career paths that deliver and enhance job satisfaction.

### Optimizing logistics

By bolstering the function of Supply Chain Management (SCM) and employing centralized control over sales, production, and procurement planning, we will optimize inventories while avoiding stock-outs, and transform our profit structure. Further, in addition to adjusting for current supply and demand, we will make advancements in the way we manage new product introductions and phase-outs of existing products (product quantity optimization).

### Standardizing operations and boosting productivity

We established Kagome Axis Co., Ltd in 2016 in order to aggregate and standardize remote operations such as finance and accounting, general affairs, and information systems, which had been decentralized in the group of companies up to now. This would also facilitate improved operation efficiency of the group as a whole. As an independent company Kagome Axis will pioneer new ways to work, making the entire Kagome group stronger.

## Initiatives to improve societal enterprise value

### Healthy management

We will develop systems to promote healthy management throughout the company, to become a “company with a healthy mind and a healthy body” that is fit to give people in Japan longer, healthy lives. We are improving the health literacy of our employees and promoting their good health based on the “Kagome Seven Articles of Health.”

### Transitioning to a company with committees for audits, etc.

Starting in 2016 we transitioned to a corporate structure with an audit and supervisory committee, aiming to build the optimal system of corporate governance. We will further boost the value of our company by building a governance system that can deliver more objective assessments, as our business activities continue to diversify and globalize.

## Mid-Term Key Issues

### Key Issue 1 Enhancing the value of existing businesses and categories

We will add even more value to every business and category including vegetable beverages, tomato ketchup and condiments, sauces, and fresh tomatoes, by adding functional labeling, making more convenient containers, and offering appealing recipes.

### Key Issue 2 Creating new categories and business models, and enhancing profitability

In addition to updating “GREENS” and expanding its sales area, we are developing products that utilize “Yasai Dashi” vegetable broth base, and widening our range of salad ingredients products that focus on baby leaf lettuce. We will also create business models that cater to regions and to elderly consumers.

### Key Issue 3 Promoting globalization and profitability

We aim to expand B to B solutions for the tomato business, and in emerging countries we seek to create new for-processing tomato production areas and secure new tomato business.

### Key Issue 4 Promoting our solutions business

Building deep connections with our clients (key accounts) and collaborating with them, we will gain an understanding of the challenges they face in retail and distribution, and offer a wider range of solutions to these problems in the form of products.

### Key Issue 5 Transforming the way we work. Transforming our profit structure

Our profit structure transformations include rebuilding our supply and demand controls and improving on marginal profits. We will also transform the way we work by implementing a system of flexible working arrangements, and human resources development programs based on career design.

### Key Issue 6 Improving company value

We are taking a number of different initiatives to enhance the value of our company, such as building our optimal governance system, ensuring safe and reliable quality, healthy management, and dietary education.

### Key Issue 7 Optimal allocation of resources

We will set priorities for potential investments based on growth potential and efficiency, and allocate resources in a disciplined manner in order to make effective use of limited personnel, facilities, and funds.

# Business Overview

## Delivering vegetable value with a diverse, colorful lineup

Some people are short on time. Others do not like vegetables. For these reasons and more, Japanese diets have not included enough vegetables, and the problem is getting worse each year. Based on our desire to make products widely available that give people an easy and delicious way to incorporate vegetables into their diets, we at Kagome are doing everything we can to combat vegetable deficiency. Expanding our business domain to include not only beverages, food products, and products for institutional and industrial use, but also direct marketing and agri-business as well, we now offer a lineup of more than 1,000 products that make vegetables more accessible. Continuing to make vegetables available in a variety of forms, we will help to eliminate vegetable deficiencies in Japan while contributing to longevity and good health.

## Agri-business Fresh tomatoes / vegetables / processed agricultural products / household horticultural products



## Institutional and Industrial Unrefrigerated products / refrigerated products



## Direct Marketing Seasonal products / beverages / supplements



## Beverages Mixed vegetable and fruit / 100% tomato / 100% vegetable / 100% carrot / lactic acid



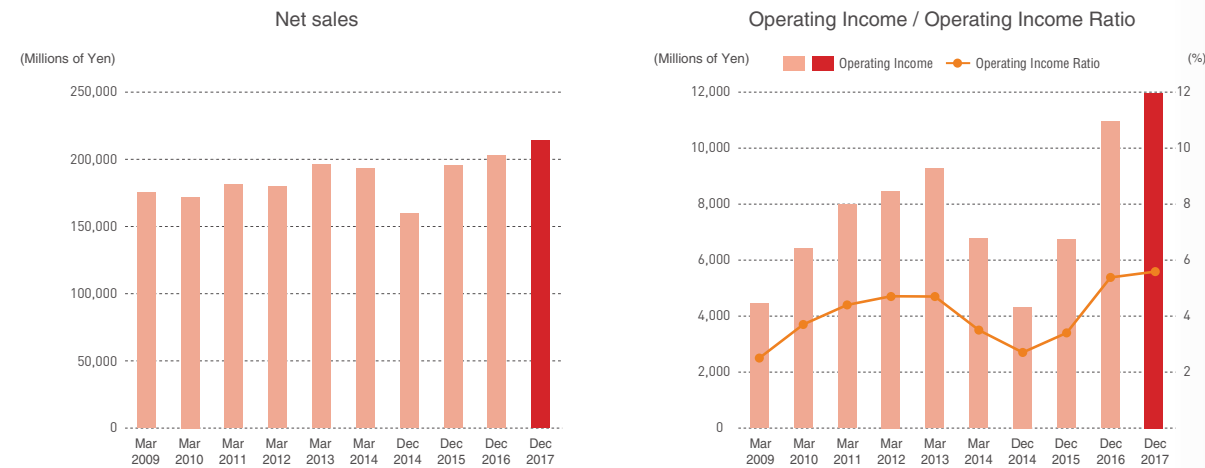
## Food Products Tomato ketchups, etc. / tomato condiments / sauces / pasta sauces "okazu" side dish condiments / microwaveable foods / hotpot broth



# Company Overview

## Consolidated Financial Performance

\* The accounting period was changed in 2014, and the 2014 fiscal year only covers the nine month period from April 1st until December 31, 2014.



## Company Overview (As of the end of 2017)

Founded	1899	Main consolidated subsidiaries
Established	1949	Kada Green Farm Co., Ltd.
Head Office	3-14-15, Nishiki, Naka-ku, Nagoya, Aichi Phone: +81-52-951-3571 (Main) Fax: +81-52-968-2510	Hibikinada Green Farm Co., Ltd. Iwaki Onahama Green Farm Co., Ltd.
Tokyo Head Office	Nihonbashi-hamacho F-Tower, 3-21-1 Nihonbashi-hamacho, Chuo-ku, Tokyo Phone: +81-3-5623-8501 (Main) Fax: +81-3-5623-2331	Kagome Axis Co., Ltd. Kagome Distribution Service Co., Ltd. Kagome Inc.
Capital	19.985 billion yen	United Genetics Holdings LLC
Number of Employees	2,621 (consolidated)	Vegitalia S.p.A.
Places of Business	Head Office, Tokyo Head Office, 1 division office, 8 branches, 7 plants, the Innovation Division	Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT) Taiwan Kagome Co., Ltd.
Description of Business	Production and sales of food seasonings, preserved foods, beverages, and other food products; purchasing, production, and sales of seedlings, fruits, and vegetables	Kagome Australia Pty Ltd.

Please refer to our Integrated Report for CSR and financial information.

<http://www.kagome.co.jp/company/ir/data/integratedreport/>

# Public Interest Incorporated Foundation The Michinoku Future Fund



Together with Rohto Pharmaceutical Co., Ltd. and Calbee Inc., Kagome established the Michinoku Future Fund in 2011 in the City of Sendai, Miyagi Prefecture, and began supporting the scholastic advancement of children who were orphaned by the earthquake disaster. The public interest incorporated foundation is now operated by four companies after the addition of Ebara Foods Industry, Inc. There are said to be roughly 1,800 children throughout Japan who lost one or both of their parents in the Great East Japan Earthquake. This organization accepts donations from across the country to support the post-high school graduate education of

these children with educational grants (up to 3 million yen per year) to cover all of their enrollment and tuition fees from admission to graduation. The Michinoku Future Fund will continue to provide support for a lengthy period of approximately 20 years, until those children who were still in the womb at the time of the earthquake graduate from institutions of higher education. There were 96 recipients advancing to higher education in 2012 during the first year that educational support was provided. Since then, roughly 100 recipients have been added each year, and in 2017 the total number of recipients reached 638.

## Key Facts about the Michinoku Future Fund

After graduating high school, children orphaned by the earthquake receive support for higher education in four-year universities, junior colleges, and vocational schools.

Payment to cover all enrollment and tuition fees (up to 3 million yen per year) is provided in the form of educational grants.

Support activities continue long-term, until children who were still in the womb at the time of the earthquake graduate from their institutions of higher education



The "Michinoku Future Fund Sixth Year Student Gathering" event was held in March 2017, bringing student recipients and supporters together. Students advancing to higher education during the sixth year of the fund gave speeches about their dreams for the future, while 90 recipients graduated from four-year universities, junior colleges, and vocational schools and joined the ranks of working society.

The recipients of the fund have dealt with tragic experiences in their lives as a result of the earthquake disaster, but the "Michinoku Future Fund" helps create very cozy, at-home interactions and atmosphere. More than just educational grant payments, the fund is also concerned with the psychological health of the recipient students, and follows up by holding events to facilitate social interaction, setting up discussions after the students have advanced to higher education, and other activities.

More detailed information is available on the fund website.

Michinoku Future Fund



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