

# Aiming to be a “strong company” that only a “good company” can be.

## Yoshihide Watanabe

Director & Senior Managing Executive Officer,  
Director of Corporate Planning Division

### Authentic power is hidden in our accumulated intangible assets

The Company has accumulated intangible assets in all stages of a value chain from seeds to tables over many years, including our own variety development, agricultural technology, material processing technology, basic research on health effect of vegetables and relationships of trust with customers developed based on our experience and knowledge. Those steady efforts since the foundation of the Company have resulted in the Company's high reputation and the establishment of “Kagome brand” supported and loved by many consumers. We express our profound gratitude for our stakeholders fostering Kagome not only as a product brand that ensures, first of all, product safety and peace of mind, good taste and wholesomeness, but also as a corporate brand that can receive a high evaluation in popularity ranking of companies among job-seeking students and corporate image surveys.

This trust in the brand acquired by the Company in the area of processed food over a long period of time has extended to the fresh vegetable category. The system of contract farming of tomatoes for processing adopted by the Company since its foundation has been used for the procurement of fresh tomatoes. Although the Kagome brand is not well-known to general consumers overseas, Kagome is one of the global

### Promoting dialogue with institutional investors as a company with “Corporate Openness”

Since 2001, we have focused on increasing individual shareholders in Japan based on the policy, “Having 100,000 Fan Shareholders.” Now, we have approximately 200,000 individual shareholders, which is the largest number as a food company in Japan and is ranked 35th in the listed companies on the first section of the Tokyo Stock Exchange. We regard our fan shareholders as representatives of our customers who purchase Kagome products and have actively had dialogue and interacted with fan shareholders by holding various events. On the other hand, we have been pointed out by institutional investors that the increase in the number of fan shareholders has caused prolongation of the average holding period of



leading players in the tomato industry. The volume of raw tomatoes primarily processed by the Kagome Group is approximately 2 million tons per year, which ranks second in the world. Tomato sauce for institutional and industrial use which started to be produced after the business expansion to the United States in 1988 is now used by customers in 39 or more countries in the world as a raw material of home-delivery pizzas. By proceeding with product development focusing on customers, Kagome in the U.S. has grown along with the expansion of restaurant chains to gain the highest profits in overseas business.

Kagome has practiced its brand statement, “True to Nature, the Flavor of Kagome” strictly and honestly and made legitimate decisions at any time by returning to its corporate philosophy, “Appreciation,” “Nature,” “Corporate Openness.” Otherwise, Kagome would not have been evaluated as a “good company” in respect of such corporate attitude as well as of its products but for our non-financial capital supporting the attitude.

Company's shares, and as a result of which “liquidity is low, given the stock price level.” We regard that this indication from institutional investors represents one of our issues to be addressed. In addition, we also received opinions that the target profit level presented in the Mid-Term Management Plan was low. We would like to produce results by promoting internal reforms to establish a structure that can gain profits corresponding to our high brand value evaluated by the public.

We will continue to positively receive indications and opinions from institutional investors and aim to manage the Company to be evaluated as a company with sustainable growth capacity.

### Growing out of a “good company.” Visions to create value for “What Kagome Strives for”

Our greatest risk is to remain a “good company.” In order to grow out of a “good company” and “to become a strong company capable of sustainable growth, using food as a means to resolve social issues,” we need to gain sufficient profits and secure investment funds for growth by further promoting “reforms of the way we work” and “reforms of our earnings structure.” For reforms of our earnings structure, we will focus on reduction in unreasonableness, waste and inconsistency and optimize our production system. To address an already actualized logistics issue, we formed a new logistics company, “F-LINE CORPORATION” by joint capital investment with other three food manufacturers. In order to increase profits while the food market in Japan is shrinking, we will promote efficient

operating activities by setting marginal profit by customer as KPI. Furthermore, to improve personnel cost productivity per total working hours, we need to reform the way we work. For employees to work lively, we have set the target rate of annual paid leave taken as 70%. For the purpose of improving work engagement, we have introduced the system of telework since April 2017. In addition, for employees to work actively, we have started collaboration with FINC inc., a healthcare venture corporation providing service via smartphones since the current fiscal year. We intend to promote healthy management so that employees can firstly practice appropriate lifestyle habits that extend healthy life expectancy.

### Reorganization of segments with focusing on capital efficiency and fundamental risks We aim to achieve net sales of 220 billion yen, operating income to net sales of 6% and ROE of 8% in FY2018.

Since FY2017, business segments were concentrated into three businesses—“domestic processed food business,” “domestic agriculture business” and “overseas business”—by focusing on capital efficiency and the characteristics of dispersion of the past returns. Asset turnover ratio of the domestic processed food business is 1.1, which is about the average among the food industry in Japan, and that of the domestic agriculture business is 1.8, which is high in efficiency, and that of the overseas business is 0.7 because it has the pronounced nature of the equipment industry. To improve the asset turnover ratios, the domestic processed food business will contribute to “the resolution of the problem of Japanese people's insufficient intake of vegetables” by increasing sales. In addition, we will further promote the reform of our earnings structure by developing the KPI structure that has quantitative targets, including marginal profit rates and breakeven point ratios in the sales operating fields. In the domestic agriculture business, we intend to expand the scope of business to further increase asset efficiency by promoting the network business in collaboration with agricultural corporations all over Japan that function as investors, in which we, for instance, purchase all tomatoes produced by the corporations through contract farming and take charge in the matching of supply and demand and marketing development. In the overseas business that mainly treat tomatoes for processing for food manufacturers and major restaurant chains, we will focus on sub-segments that have high profit rates in a value chain while actively making capital investment in regions that can expect future strong growth in response to the increase of global population and economic development.

In the current earnings structure, we rely on the domestic processed food industry, particularly beverages in that business. We will reform this structure by promoting stable strategies for growth of the domestic agriculture business and the overseas business and distributing risks by portfolios of the three businesses that have different fluctuations of profit variations while sharing the same non-financial capital that generates competitive strength. Through this reform, we will be Kagome that sustainably generates higher profits. To achieve net sales of 300 billion yen, operating income of 20 billion yen as stated in “Long-term Vision,” we have revised the targets in FY2018, the final fiscal year of the Mid-Term Management Policy upward; i.e., the target of net sales has been revised to 220 billion yen, that of operating income to net sales to 6% and that or ROE to 8%. In FY2018 as the final fiscal year of the current Mid-Term Management Policy, we will establish a solid earnings structure by completing “reforms of our earnings structure” and “reforms of the way we work.” The policy for the following term will be shifted toward growth of Kagome. Therefore, we will promptly address management issues that can be completed ahead of schedule and practice an expeditious PDCA cycle that can respond to changes in advance.

Kagome has adhered to the management based on its Corporate Philosophy and developed as a unique company. We will continue to endeavor to realize “What Kagome Strives for” with the new resources for growth that will be obtained by further improving our value cultivated heretofore.

### Conditions of Earnings and Profits

#### Net sales

We saw an increase in domestic business revenues by 8,154 million yen (a 4.9% increase) compared to the same period of the previous year. The main factor was brisk sales in our core beverage business.

While our overseas business grew on a local currency basis—with Preferred Brands International, Inc., which became a Kagome consolidated subsidiary at the end of May 2015, contributing throughout the year to this growth, net sales fell in yen terms by 557 million yen (a 1.2% decrease) compared to the same period of the previous year due to the appreciation of the yen that continued from the beginning of the year.

As a result of eliminations of the above results by net sales between consolidated companies, net sales increased by 6,915 million yen (a 3.5% increase) from the previous year to 202,534 million yen.

#### Cost of sales and gross profit

Cost of sales increased by 1,302 million yen (a 1.2% increase) from the previous year to 111,607 million yen. Cost of Sales Ratio improved by 1.3 points to 55.1% mainly due to cost reductions and elimination of underperforming products in domestic businesses as well as a positive effect of low price of crude oil on cost of sales.

As a result, gross profit increased by 5,612 million yen (a 6.6% increase) from the same period of the previous year to 90,927 million yen.

#### Selling, general and administrative expenses and operating income

Selling, general and administrative expenses were increased by 1,390 million yen (1.8%) from the previous fiscal year to 79,981 million yen. The ratio of selling, general and administrative expenses to net sales was 39.5%, decreased by 0.7 points from the previous fiscal year mainly due to effective utilization of sales promotion expenses and a reduction in the depreciation of good will for our overseas business. As a result, operating

income increased by 4,222 million yen (a 62.8% increase) from the previous fiscal year to 10,946 million yen. The ratio of operating income to net sales was 5.4%, improved by 2.0 points from 3.4%.

#### Other income or loss and ordinary income

Other income was 1,224 million yen, increased by 82 million yen from the previous fiscal year mainly due to an increase in insurance income as a result of our consolidated subsidiary, Kagome Australia Pty Ltd.'s receiving of insurance income from product liability insurance. Other expenses were 854 million yen, at the same level as the previous fiscal year.

As a result, ordinary income increased by 4,300 million yen (a 61.3% increase) from the previous fiscal year to 11,315 million yen. The ratio of ordinary income to net sales was 5.6%, improved by 2.0 points from 3.6%.

#### Extraordinary gain or loss

Extraordinary gain increased by 1,633 million yen from the previous fiscal year to 2,233 million yen mainly due to the sale of real estate owned by the Kagome Group, which resulted in the recognition of gain on sales of fixed assets of 1,689 million yen.

In addition to the above items, we recognized compensation income for expropriation of 236 million yen and gain on forgiveness of debts of 307 million yen due to exemption of repayment of a portion of our subsidiary, Vegitalia S.p.A.'s borrowings from a bank.

Extraordinary loss increased by 1,472 million yen to 2,279 million yen from 806 million yen in the previous fiscal year, which consist of loss on disposal of fixed assets of 167 million yen, impairment loss of 606 million yen, loss on valuation of investment securities of 223 million yen, loss on disaster of 62 million yen due to the 2016 Taiwan Earthquake and the 2016 Kumamoto Earthquakes., business structure improvement expenses of 631 million yen associated with a resolution of the closure of the Kagome Shizuoka Plant, expense for voluntary recall of goods of 414 million yen for voluntary recall of institutional and industrial canned diced tomato products, and

allocations to provision for loss on guarantees of 172 million yen.

#### Income taxes and profit attributable to shareholders of parent

Total income taxes increased by 616 million yen from the previous fiscal year to 4,125 million yen. Actual effective tax rate after application of deferred tax accounting was 36.6%, which is over the effective statutory tax rate in Japan. The increase was mainly due to an increase in the tax burden rate caused by amortization of goodwill and an increase in tax payments owing to reversal of deferred tax assets due to changes in effective statutory income tax rate in Japan.

Profit attributable to shareholders of parent after deducting profit attributable to non-controlling interests from net income was 6,764 million yen, increased by 3,323 million yen from the previous fiscal year.

### Analysis of Assets and Liabilities

#### Assets

Kagome's total assets increased by 10,918 million yen from the end of the previous fiscal year.

Current assets increased by 9,595 million yen from the end of the previous fiscal year. Going into detail, the reasons were as follows: While "marketable securities" decreased by 13,115 million yen from cashing in; inventories (the total of "Merchandise and finished goods," "Work in progress" and "Raw material and supplies") decreased by 5,047 million yen due to inventory reduction and exchange rate impact; and Derivatives decreased by 4,622 million yen due to the further appreciation of the yen in regards to the foreign exchange forwards possessed by Kagome; "Cash and deposits" increased by 30,504 million yen due to the cashing in of "marketable securities", fund procurement through a syndicated loan, and other reasons.

Fixed assets increased by 1,323 million yen from the end of the previous fiscal year.

"Property, plant and equipment" increased 12 million yen as

compared to the end of the previous fiscal year. This was because while it decreased by 4,729 million yen due to depreciation and exchange rate impact, there were fixed investments totaling 6,648 million yen to expand our lineup of equipment and build rental facilities.

"Intangible assets" decreased by 1,706 million yen from the end of the previous fiscal year due to amortization of goodwill and exchange rate impact.

"Investments and other assets" increased by 3,017 million yen from the end of the previous fiscal year. This was largely due to acquiring new shareholder interest in Ingomar.

#### Liabilities and net assets

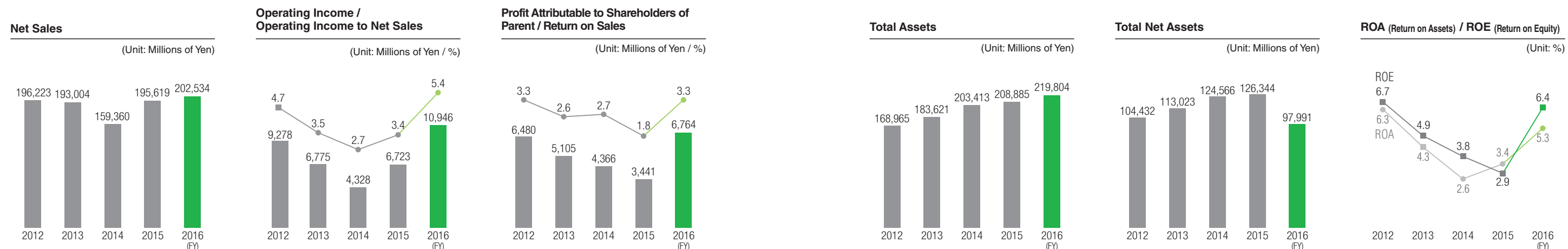
Liabilities increased by 39,271 million yen from the end of the previous fiscal year.

The major breakdown is as follows: "Short-term borrowings" increased by 27,452 million yen due to the procurement of purchase funds for the public offering of treasury stock and such; "Long-term borrowings (including 'current portion of long-term borrowings')" increased by 9,701 million yen due to fund procurement through syndicated loans and such, and "Other payable" increased by 2,657 million yen due to such reasons as construction of rental facilities. Meanwhile, "Notes and accounts payable" decreased by 1,475 million yen.

Net assets decreased by 28,352 million yen from the end of the previous fiscal year.

This was due to the increase in "Treasury stock" by 26,848 million yen (an equivalent decrease in net assets) with the public offering and purchase of treasury stock as well as reintroduction of employee stock ownership ESOP trust. Others included "Retained earnings," which increased by 6,764 million yen due to "Profit attributable to shareholders of parent" and decreased by 2,188 million yen due to distribution of surplus money; a decrease of "capital surplus" by 1,370 million yen due to reasons such as additional acquisition of shares in subsidiaries; decrease of "Non-controlling interests" by 1,329 million yen; and decrease of "Accumulated other comprehensive income" by 3,405 million yen due to continuing strong yen.

As a result, the shareholder equity ratio was 42.1% and net assets per share was 1,043.89 yen.



## Consolidated Balance Sheets

	Millions of Yen		Thousands of U.S. dollars
	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2016
<b>Assets</b>			
<b>Current assets:</b>			
Cash and deposits	8,413	38,918	335,500
Notes and accounts receivable	32,088	33,617	289,802
Marketable securities	13,115	-	-
Merchandise and finished goods	20,874	19,648	169,379
Work in process	1,041	932	8,034
Raw material and supplies	23,698	19,985	172,284
Deferred tax assets	634	660	5,690
Derivatives	10,297	5,675	48,922
Other current assets	6,044	6,325	54,526
Allowance for doubtful accounts	(305)	(264)	(2,276)
Total current assets	115,903	125,498	1,081,879
<b>Fixed assets:</b>			
<b>Property, plant and equipment:</b>			
Buildings and structures	41,135	41,609	
Accumulated depreciation	(24,046)	(24,642)	
Buildings and structures, net	17,089	16,966	146,259
Machinery, equipment and vehicles	73,705	72,286	
Accumulated depreciation	(54,031)	(53,751)	
Machinery, equipment and vehicles, net	19,674	18,535	159,784
Tools and furniture	6,579	6,408	
Accumulated depreciation	(5,440)	(5,307)	
Tools and furniture, net	1,138	1,101	9,491
Land	13,684	13,241	114,147
Lease assets	2,886	3,054	
Accumulated depreciation	(2,456)	(2,403)	
Lease assets, net	430	650	5,603
Construction in progress	1,605	3,138	27,052
Property, plant and equipment net	53,622	53,634	462,362
<b>Intangible assets:</b>			
Goodwill	7,616	6,515	56,164
Trademark right	2,392	2,192	18,897
Customer relationship	2,777	2,496	21,517
Software	1,522	1,442	12,431
Other intangible assets	365	321	2,767
Total intangible assets	14,675	12,968	111,793
<b>Investments and other assets:</b>			
Investment securities	19,764	19,532	168,379
Long-term loans receivable	2,010	1,691	14,578
Deferred tax assets	994	93	802
Other assets	1,987	6,460	55,690
Allowance for doubtful accounts	(72)	(75)	(647)
Total investments and other assets	24,684	27,702	238,810
Total fixed assets	92,982	94,305	812,974
<b>Total assets</b>	<b>208,885</b>	<b>219,804</b>	<b>1,894,862</b>

	Millions of Yen		Thousands of U.S. dollars
	As of Dec. 31, 2015	As of Dec. 31, 2016	As of Dec. 31, 2016
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable	15,204	13,729	118,353
Short-term borrowings	10,780	38,232	329,586
Current portion of long-term borrowings	834	8,285	71,422
Other payable	9,438	12,096	104,276
Income taxes payable	2,206	704	6,069
Deferred tax liabilities	2,788	1,104	9,517
Accrued bonuses for employees	572	1,241	10,698
Accrued bonuses for directors	56	101	871
Derivatives liabilities	13	12	103
Other current liabilities	3,827	3,050	26,293
Total current liabilities	45,722	78,558	677,224
<b>Long-term liabilities</b>			
Long-term borrowings	25,701	27,952	240,966
Deferred tax liabilities	2,792	3,704	31,931
Net defined benefit liability	4,915	5,427	46,784
Provision for loss on guarantees	-	172	1,483
Other liabilities	3,409	5,996	51,690
Total long-term liabilities	36,818	43,253	372,871
<b>Total liabilities</b>	<b>82,541</b>	<b>121,812</b>	<b>1,050,103</b>
<b>Net Assets</b>			
<b>Shareholder's equity:</b>			
Common stock	19,985	19,985	172,284
Capital surplus	23,733	22,362	192,776
Retained earnings	61,916	66,492	573,207
Treasury stock	(314)	(27,163)	(234,164)
Total shareholder's equity	105,320	81,677	704,112
<b>Accumulated other comprehensive income :</b>			
Unrealized gain on available-for-sale securities	6,444	6,487	55,922
Deferred gains or losses on derivatives under hedge accounting	6,952	4,287	36,957
Foreign currency translation adjustments	1,787	1,276	11,000
Remeasurements of defined benefit plans	(1,024)	(1,296)	(11,172)
Total accumulated other comprehensive income	14,160	10,754	92,707
<b>Subscription rights to shares</b>	19	44	379
<b>Non-controlling interests</b>	6,844	5,514	47,534
<b>Total net assets</b>	<b>126,344</b>	<b>97,991</b>	<b>844,750</b>
<b>Total liabilities and net assets</b>	<b>208,885</b>	<b>219,804</b>	<b>1,894,862</b>



## Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Fiscal year ended Dec. 31, 2015	Fiscal year ended Dec. 31, 2016	Fiscal year ended Dec. 31, 2016
Net sales	195,619	202,534	1,745,983
Cost of sales	110,304	111,607	962,129
<b>Gross profit</b>	<b>85,314</b>	<b>90,927</b>	<b>783,853</b>
Selling, general and administrative expenses	78,590	79,981	689,491
<b>Operating income</b>	<b>6,723</b>	<b>10,946</b>	<b>94,362</b>
Other income			
Interest income	230	255	2,198
Dividend income	276	314	2,707
Share of profit of entities accounted for using equity method	70	46	397
Insurance income	73	194	1,672
Other	490	413	3,560
Total other income	1,141	1,224	10,552
Other expenses			
Interest expense	158	195	1,681
Foreign exchange losses	337	293	2,526
Other	353	366	3,155
Total other expenses	850	854	7,362
<b>Ordinary income</b>	<b>7,015</b>	<b>11,315</b>	<b>97,543</b>
Extraordinary gain			
Gain on sales of fixed assets	81	1,689	14,560
Gain on sales of investment securities	297	-	-
Gain on change in equity	152	-	-
Compensation income for expropriation	-	236	2,034
Gain on forgiveness of debts	68	307	2,647
Total extraordinary gain	600	2,233	19,250
Extraordinary loss			
Loss on disposal of fixed assets	156	167	1,440
Impairment loss	69	606	5,224
Loss on valuation of investment securities	32	223	1,922
Loss on disaster	-	62	534
Expense for voluntary recall of goods	-	414	3,569
Business structure improvement expenses	548	631	5,440
Provision for loss on guarantees	-	172	1,483
Total extraordinary loss	806	2,279	19,647
<b>Profit before income taxes</b>	<b>6,808</b>	<b>11,269</b>	<b>97,147</b>
Income taxes - current	3,706	2,208	19,034
Income taxes - deferred	(197)	1,917	16,526
Total income taxes	3,509	4,125	35,560
Net income	3,299	7,144	61,586
Profit (loss) attributable to non-controlling interests	(141)	379	3,267
<b>Profit attributable to Shareholders of parent</b>	<b>3,441</b>	<b>6,764</b>	<b>58,310</b>

## Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Fiscal year ended Dec. 31, 2015	Fiscal year ended Dec. 31, 2016	Fiscal year ended Dec. 31, 2016
Other comprehensive income			
Unrealized gain on available- for- sale securities	1,653	43	371
Deferred gains or losses on derivatives under hedge accounting	(2,367)	(2,667)	(22,991)
Foreign currency translation adjustments	(1,849)	(1,014)	(8,741)
Remeasurements of defined benefit plans	(33)	(275)	(2,371)
Share of other comprehensive income of an affiliate by the equity method	2	4	34
Total other comprehensive income	(2,593)	(3,910)	(33,707)
Comprehensive income	706	3,233	27,871
Comprehensive income attributable to Shareholders of parent	1,303	3,359	28,957
Comprehensive income attributable to non-controlling interests	(597)	(125)	(1,078)

## Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Fiscal year ended Dec. 31, 2015	Fiscal year ended Dec. 31, 2016	Fiscal year ended Dec. 31, 2016
<b>Cash flows from operating activities:</b>			
Profit before income taxes	6,808	11,269	97,147
Depreciation and amortization	5,894	5,732	49,414
Impairment loss	250	990	8,534
Amortization of goodwill	1,230	752	6,483
Interest and dividend income	(506)	(569)	(4,905)
Interest expense	158	195	1,681
Increase (decrease) in accrued bonuses	200	714	6,155
Increase (decrease) in other provisions	109	147	1,267
Increase (decrease) in net defined benefit liability	207	147	1,267
Share of loss (profit) of entities accounted for using equity method	(70)	(46)	(397)
Loss (gain) on sales of investment securities	(297)	-	-
Loss (gain) on valuation of securities	97	223	1,922
Loss (gain) on sales and disposal of fixed assets- net	75	(1,521)	(13,112)
Loss (gain) on change in equity	(152)	-	-
Gain on forgiveness of debts	(68)	(307)	(2,647)
Compensation income for expropriation	-	(236)	(2,034)
Decrease (increase) in notes and accounts receivable	1,312	(1,748)	(15,069)
Decrease (increase) in inventories	(1,273)	4,041	34,836
Decrease (increase) in accounts receivable- other	(386)	164	1,414
Increase (decrease) in notes and accounts payable	612	(1,374)	(11,845)
Increase (decrease) in accounts payable- other	(1,132)	2,173	18,733
Proceeds from lease and guarantee deposits received	-	1,255	10,819
Decrease (increase) in other current assets	(46)	156	1,345
Increase (decrease) in other current liabilities	(49)	(110)	(948)
Other- Increase (decrease)- net	230	542	4,672
Subtotal	13,204	22,591	194,750
Cash received from interest and dividend income	534	541	4,664
Cash paid for interest expense	(181)	(196)	(1,690)
Income taxes paid	(1,517)	(4,264)	(36,759)
Proceeds from compensation for expropriation	-	153	1,319
Net cash provided by (used in) operating activities	12,039	18,824	162,276
<b>Cash flows from investing activities:</b>			
Disbursement for time deposits	(443)	(10,676)	(92,034)
Proceeds from withdrawal of time deposits	1,110	546	4,707
Purchases of marketable and investment securities	(59)	(64)	(552)
Proceeds from sales and redemption of securities	4,420	-	-
Acquisition of fixed assets	(6,974)	(6,836)	(58,931)
Proceeds from sales of fixed assets	221	2,210	19,052
Payments of loans receivable	(0)	(0)	(0)
Collection of loans receivable	292	58	500
Purchase of shares and capital of subsidiaries	(9,612)	-	-
Purchase of shares of subsidiaries and associates	(1)	(3,741)	(32,250)
Other- Increase (decrease)- net	23	(73)	(629)
Net cash provided by (used in) investing activities	(11,023)	(18,576)	(160,138)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short- term borrowings	4,018	28,160	242,759
Proceeds from long- term borrowings	688	11,333	97,698
Repayments of long- term borrowings	(2,259)	(904)	(7,793)
Repayments of finance lease obligations	(85)	(57)	(491)
Proceeds from share issuance to non-controlling shareholders	722	195	1,681
Dividends paid	(1,646)	(2,187)	(18,853)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(2,715)	(23,405)
Dividends paid to non-controlling interests	(86)	(72)	(621)
Decrease (increase) in treasury shares	203	(26,848)	(231,448)
Net cash provided by (used in) financing activities	1,555	6,904	59,517
<b>Foreign translation adjustment on cash and cash equivalents</b>	<b>(456)</b>	<b>86</b>	<b>741</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,114</b>	<b>7,238</b>	<b>62,397</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,960</b>	<b>21,075</b>	<b>181,681</b>
<b>Cash and cash equivalents at end of period</b>	<b>21,075</b>	<b>28,313</b>	<b>244,078</b>

Company Overview

<b>Founded</b>	1899
<b>Established</b>	1949
<b>Head Office</b>	3-14-15, Nishiki, Naka-ku, Nagoya, Aichi Phone: + 81-52-951-3571 (Main) Fax: +81-52-968-2510
<b>Tokyo Head Office</b>	Nihonbashi-hamacho F-Tower, 3-21-1 Nihonbashi-hamacho, Chuo-ku, Tokyo Phone: +81-3-5623-8501 (Main) Fax: +81-3-5623-2331
<b>Capital</b>	19.985 billion yen
<b>Number of Employees</b>	2,621 (consolidated)
<b>Places of Business</b>	Head Office, Tokyo Head Office, 1 division office, 8 branches, 6 plants, Innovation Division
<b>Description of Business</b>	Production and sales of food seasonings, preserved foods, beverages, and other food products; purchasing, production, and sales of seedlings, fruits, and vegetables



Head Office



Tokyo Head Office

Places of Business and Group Companies

Places of Business			
Head Office	Business Office	● Hokkaido Branch	● Shizuoka Business Office
Tokyo Head Office		● Tohoku Branch	● Hokuriku Business Office
Innovation Division		● Kita-Tohoku	● Osaka Branch
Tokyo Laboratory	Business Office	● Chu-Shikoku Branch	● Ueno Plant
		● Tokyo Branch	● Kozakai Plant
		● Kanagawa Branch	● Fujimi Plant
		● Kanto Branch	● Nasu Plant
		● Nagoya Branch	● Ibaraki Plant
			● Komaki Plant
		● Okinawa Business Office	

Main Group companies

Domestic Group companies	
● Kada Green Farm Co., Ltd.	(Wakayama City, Wakayama)
● Hibikinada Green Farm Co., Ltd.	(Kitakyushu City, Fukuoka)
● Iwaki Onahama Green Farm Co., Ltd.	(Iwaki City, Fukushima)
● Kagome Axis Co., Ltd.	(Nagoya City, Aichi)
● Kagome Distribution Service Co., Ltd.	(Obu City, Aichi)
Overseas Group companies	
● Kagome Inc.	(California, U.S.A.)
● Vegitalia S.p.A.	(Calabria, Italy)
● Holding da Industria Transformadora do Tomate, SGPS S.A.	(Palmela City, Portugal)
● Kagome Australia Pty Ltd.	(Victoria, Australia)
● Taiwan Kagome Co., Ltd.	(Tainan City, Taiwan)
● United Genetics Holdings LLC	(California, U.S.A.)
● Preferred Brands International, Inc.	(Connecticut, U.S.A.)

Status of Shares

<b>Total number of outstanding shares</b>	99,616,944 shares
(Note) 1. Total number of authorized shares	279,150,000 shares
2. Number of one trading unit of shares	100 shares
<b>Number of shareholders</b>	193,091

Major shareholders

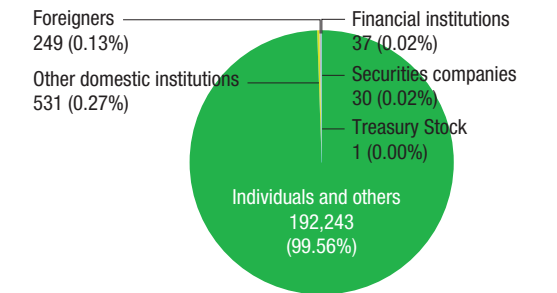
(As of December 31, 2016)

Name of major shareholder	Ownership stake in the Company	
	Number of shares owned	Shareholding ratio
Japan Trustee Services Bank, Ltd. (Trust Account)	8,309	9.34
Dynapac Co., Ltd.	5,379	6.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,555	5.12
Nissin Foods Holdings Co., Ltd.	1,559	1.75
Toshichika Kanie	1,412	1.59
Eikichi Kanie	1,175	1.32
Kagome Employee Stock Ownership Plan	983	1.11
Hisao Kawaguchi	983	1.11
Kagome Business Association	943	1.06
Junko Kanie	787	0.88
Total	26,089	29.33

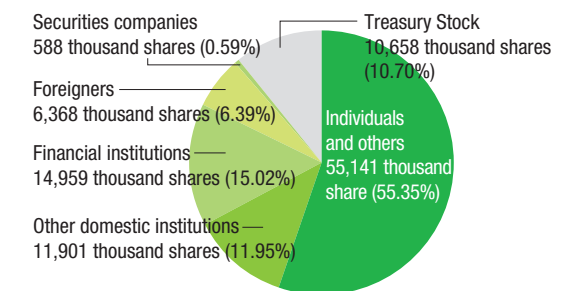
\* Shareholding ratio was calculated based on the total number of the issued shares excluding the number of treasury stock (10,658 thousand shares). The treasury stock does not include 412 thousand shares of the Company owned by the Master Trust Bank of Japan, Ltd. (trust account), which was set up through adoption of an employee incentive plan called "Employee Stock Ownership Plan."

Status of Share Distribution

Breakdown by type of shareholder

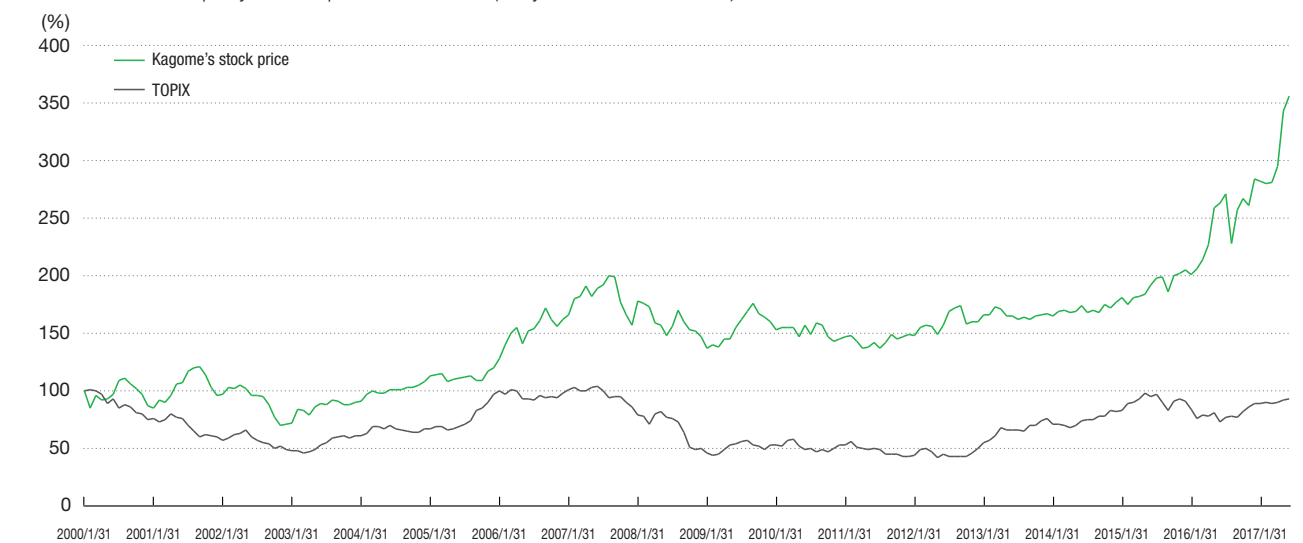


Distribution status by number of shares



Stock Price Trend

Trends of the Company's stock price and TOPIX (Tokyo Stock Price Index)



\* Relative stock price denoted with the price as of the end of January 2000 being 100.

Stock Price · Volume · Dividend Trend (Unit: yen)

Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Stock price (term end)	1,667	1,620	1,519	1,651	1,494	1,531	1,651	1,721	1,828	2,116	2,923
Volume (100 shares)	50,370	41,004	27,114	29,485	45,103	19,910	40,129	56,218	61,069	64,610	85,838
Annual dividend per share	15.00	15.00	15.00	15.00	15.00	18.00	20.00	22.00	16.50	22.00	24.50