Kagome's History of Creating Value

Kagome was founded in 1899. Since then, we have instilled our founding sentiment of wanting to "contribute to people's health by leveraging the value of agricultural products, which are part of nature's bounty" into our products, and continued to deliver them to consumers. Our 120-year history since the time of our founding is also one of technological innovation; of continuously developing new products that did not yet exist, in order to cater to the needs of the times. Throughout that history, Kagome has contributed to the advancement of technologies for the development of tomato-based products. In addition, we have also

vegetable juice as a new way of consuming vegetables. We also constructed a distribution network for fresh tomatoes, and have engaged in food education support activities for communicating the health value of vegetables. Kagome's activities continue to stay one step ahead of the needs of the times, and have a wide-reaching impact in society.

influenced Japanese food culture in various ways, such as by pioneering the nationwide launch of products such as tomato

ketchup and Worcester sauce which led the way in the widespread popularization of Western-style dining, and proposing

Meiji period (1868-1912)

Showa period (1926-1989)

Heisei period (1989-present)

• Western-style foods are introduced in the hit culinary novel Kuidoraku

Meat-based diet (as a source of nourishment) gains widespread popularity
 Mayonnaise goes on sale in Japan

- Ice cream goes on sale in Japan
- Chocolate goes on sale in Japan

a popular hit

- Instant noodles go on sale
- Korokke no Uta (The Croquette Song) becomes
- Retort pouch food products go
 - First convenience stores opened
- All Japanese elementary schools • Fast food becomes popular in
 - A decreasing trend in rice consumption begins

- 0-157 food poisoning incident occurs
- Heisei (1993) rice crisis Decision made to obligate labeling of genetically modified (GM) food products
 - Home-meal replacement market grows
 - Food Safety Basic Act enacted
- A string of food mislabeling incidents occur
- Basic Act on Food Education enacted
 - Japan's food self-sufficiency ratio drops below 40%

Kagome's Value Creation

Innovations with a View to the Future

Kagome's founder began cultivation of Western vegetables, which were not typical or familiar to people in Japan at the time, with aspirations of creating a new age of agriculture

- Believed that Japanese agriculture would change (forward-looking perspective)
- Avoided wasting tomatoes (value agricultural produce)
- Manufactured tomato puree using originality and ingenuity (create new value)

Innovations for Sustainable Creation

begin to serve school lunches

Kagome created a system for contract farming

 Bought full volumes of tomato produce at a pre-determined transaction price agreed in advance through discussions with farmers

Innovations for Market Creation (1)

 Provided guidance to growers to maintain and improve quality of tomato (i.e. raw ingredients)

Kagome created a market for Western-style condiments by promoting

widespread popularization of Western-style food menus and changing

Conducted activities to promote widespread popularization by

communicating information on how to use tomato ketchup and



A 1934 advertisement run alongside a cooking article in the Japanese women's magazine Shufu no Tomo (Housewife's Friend)

Posted net sales of

100 billion ye

Innovations for Market Creation (2)

Kagome created a market for tomato juice and vegetable juices

- Launched a vegetable juice that enabled anyone to "consume vegetables deliciously"
- Created the major category of "vegetable juices," running from the 1933 launch of tomato juice up to the present day
- Expanded the market by offering new variations in terms of containers and temperature ranges



Innovations for Coexistence

Kagome engaged in initiatives to achieve corporate growth through resolving social issues

- Conducted research into the health benefits of vegetables
- Ran activities in collaboration with national government and local communicates to promote healthier lifestyles
- Corporate agricultural management (fresh tomatoes and baby leaf lettuce)
- Tackled overseas food shortage problems

Posted net sales of

lactic acid Labre

200 billion ve



Kagome's History



Began production of tomato sauce (now tomato puree)





Began selling tomato juice

Japanese people's dietary lifestyles

Worcester sauce



Posted net sales of 50 billion yen

Began selling tomato ketchup in a plastic bottle, the first of its kind in the world

Started KAGOME U.S.A. INC., Kagome Gekijo a U.S. corporation



Consumption tax

introduced in Japan

Began selling Yasai Seikatsu 100

1995 1998



Announced corporate philosophy of

"Appreciation," "Nature" and "Corporate Openness"

KAGOME Established brand statement "True to Nature. the Flavor of Kagome"

Number of shareholders exceeded 100.000 Began selling plant-based

Established Kagome Australia Pty Ltd.

2010

Began selling salad vegetables

2014 Present day

1899

1903

1906

1908 1933 1952

1963 1966 1967 1972 1978 1983 1988

Established Taiwan Kagome Co. Ltd. The first husiness expansion overseas

Changed corporate logo and trade name to KAGOME

KAGOME



Renamed company "Kagome Co., Ltd." and created the tomato logo

Listed in First Section of Listed in First Section of



Began selling



fresh tomatoes (Kokumi Tomato)



2000 2001 2003 2004 2005 2006

(and the larger "Kore Ippai"





Built a production plant in Nishiyashiki, Araomachi, Tokai City in Aichi Prefecture, and entered full-scale production of tomato sauce

> Began production of tomato ketchup and Worcester sauce



Cultivation" distributed

the Nagoya Stock Exchange (NSE) the Tokyo Stock Exchange (TSE)



1992



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Value Creation Process

What Kagome strives to be is "a strong company capable of sustainable growth, using food as a means of resolving social issues." In order to achieve the realization of this aim, it is necessary for us to become an organization that is capable of responding flexibly to changes in the business environment. By resolving social issues through the provision of value to society, which we can create precisely because we are Kagome, we will continue to achieve sustainable growth and to coexist with a sustainable society. That is Kagome's process for creating value.

ightarrow See p. 26 - 43

Strategies for Achieving Sustainable Growth Cycle for "sustainable growth" and resolving "social issues"

Strengthening our foundation

for value creation

Recognizing external conditions, risks and opportunities

Corporate philosophy **Appreciation**

Nature

Kagome's

3 business

segments

and R&D

Corporate Openness

Initiatives to tackle social issues and creating demand through the creation of new value

Corporate Governance

Further strengthening our "autonomy" complemented by "heteronomy"

Domestic Processed Food Business

Domestic Agri-Business

What Kagome

Strives for

"To become a strong

company capable of sustainable growth,

using food as a means of resolving social issues"



International Business



Research and Development



Long-term Vision

By 2025

Transform from a "tomato company" to a "vegetable company"

By around 2040

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

Co-creation of value with society, and creating a sustainable society

GOALS



Values Offered to Society

Resolving Three Social Issues

"Give people longer, healthy lives" We aim to help people live longer, healthy lives

by increasing the supply of vegetables.

"Agricultural development and regional revitalization"

We support agricultural development and regional revitalization by increasing the number of contracted farms and expanding new agricultural businesses.

"World food problems"

We contribute to resolving global food shortages and other problems through a vertically integrated tomato business model.

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Recognizing External Conditions, Risks and Opportunities

In order to achieve what Kagome strives to be, it is necessary for us to speedily recognize changes in external conditions, and to identify risks and opportunities in our surrounding environment from short, medium and long-term perspectives. We also believe that in order for Kagome to continue being a company that is "needed" by society, it is important for us to implement initiatives with regard to both of the two aspects of business operations and our foundation for creating value (value creation infrastructure).

Recognition of External Conditions

- ✓ Progression of Japan's super-aging society

- Advance of both women and elderly people into socie
- ✓ Realization of "Society 5.0"

Increasing severity of global environmental problems

→ Global warming, climate change, increase in occurrences of abnormal weather conditions

- **✓** Water crisis
 - → Growing water shortages and water pollution
- ✓ Population explosion in emerging countries → Imbalance between populations and food supplies
- ✓ Obesity problems in developed countries
- → Increase in the number of diabetes patients
- Growing disparity of wealth (i.e. gap between rich and poor)
 - → Increase in poverty and famine

Global Goals























Kagome's Perspectives

Risks and Opportunities

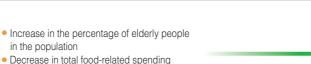


Population decline & societal ageing

- Disease prevention, improved awareness of reducing salt intake
- Decrease in vegetable consumption

Labor shortages

Widespread popularization of digital health



- Contribution to society through expansion of business catering to elderly people, and development of food products for people receiving care
 - Increasing unit selling price by shifting towards high value-added products

Business Initiatives

• Research and dissemination of information regarding vegetables and

and research into the prevention of diseases through exercise and

change, aimed at municipal governments and companies, etc.

health, research into the functionality of tomatoes and other vegetables,

• Development of health promotion programs aiming to achieve behavioral

• Formulating a growth strategy for new business domains based on the assumption that we will be unable to maintain the current sales volume for basic condiments in the future



- Expansion of production areas for tomatoes and other vegetables utilizing abandoned agricultural land, and people wishing to become farmers • Development of products that do not require much time and effort for
- preparation and cooking
- Reducing the burden of farm work by promoting mechanization
- Converting tomato growing guidance know-how into data, and providing it as a service



- Leveraging meteorological (weather) forecast data for business purposes
- Preparing and acting on reduction targets for amounts of water used
- Preparing and inspecting highly effective BCPs (Business Continuity Plans) Appealing to customers regarding the importance of vegetables stockpiled for emergency preparedness



- Developing solution-type products for solving customer issues in collaboration with retail
- Response to cater to newly expanding sales channels
- Bolstering framework for coordination between salespersons for retailers, foods services and fresh vegetable for proposing vegetable-based dishes

Initiatives to Strengthen Our Foundation for Value Creation

Kagome's Initiatives

Construct and further strengthen a robust corporate governance structure based on both autonomy and heteronomy

Corporate Governance



Quality and the Environment

Expand and enhance activities based on establishment of an integrated policy, regarding quality and the environment as the two key elements for supporting growth

Promote global quality assurance activities and recycling-based agriculture, to support the growth of overseas business operations



Sustainable Procurement

Enhance response to aging of producers of tomatoes for juice products

Promote development of new production areas for tomatoes for processing



Diverse Human Resources

Achieve simultaneous reforms in both revenue structure and working styles by improving productivity, and create an environment in which a diverse range of personnel can continue to work and feel that they are doing a See p. 42 fo worthwhile job



Bonds with Society

Expedite resolution of social issues and accelerate corporate growth through wide-ranging collaborations with partners, including municipal governments, universities and other companies



Growing utilization of Al and robots in the production (manufacturing) workplace

Increase in occurrences of abnormal

Occurrence of natural disasters

· Progressive oligopolization of retail,

Increase in the percentage of purchases

Growing market for delivery of food products

growth of private brands

(earthquakes and tsunamis)

weather conditions

Water crises

made online

- Increasingly sophisticated analysis of customer purchasing behavior
- Advancement of genome editing techniques
- Research into support robots to handle heavily labor-intensive jobs in
 - Research into data marketing using data obtained through analysis of customer behaviors
 - Establishing the framework to develop varieties, and considering the possibilities of utilizing developed technologies

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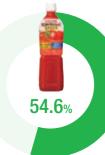
Kagome's Strengths

Our product lineup boasting the largest share in Japan

Tomato ketchup 60.7%

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

Tomato juice



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: Ambient & chilled, and the tomato interest against the statement of the statement

Mixed vegetable juice



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: Ambient & chilled, and the mixed vegetable juice category

Mixed vegetable and fruit juice

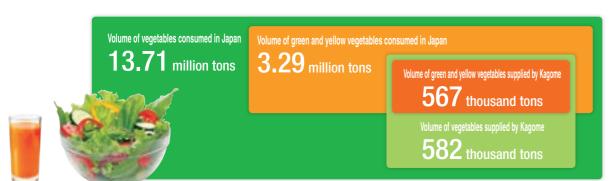


Source: Intage SRI / Period: January through December 2017 / Based on monetary amount Geographic area: All of Japan / Sales Settings: Supermarkets, drug stores & convenience stores Also includes: Ambient & chilled, and the mixed vegetable and fruit juice category

* Photos are representative products in each category

17.2% of the volume of green and yellow vegetables and 4.2% of all vegetables* consumed in Japan are supplied by Kagome

'Green and yellow vegetables + other vegetables



Source: Food Balance Sheet (fiscal 2018 estimates), Ministry of Agriculture, Forestry and Fisheries (MAFF). Amounts supplied by Kagome are calculated based on actual 2016 sales results.

Note: In past reports, Kagome's supply volume was calculated using the sorted consumption amount from MAFF's Food Balance Sheet as the denominator and Kagome's actual raw ingredient usage results as the numerator. However, this calculation method has now been changed, since it was judged more appropriate to use the actual amount of product delivered by Kagome to customers as the standard. We now use the net amount of food from MAFF's Food Balance Sheet as the denominator and Kagome's actual product sales results as the numerator.

Sales of tomato ketchup and tomato-based products 3rd place in the world

Sales of tomato ketchup 3rd place in the world

Ketch	up * Euromonitor 2016	* Euromonitor 2016 WORLD Brand Ranking		
Rank	Company name	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		

Sales of tomato-based products 3rd place in the world

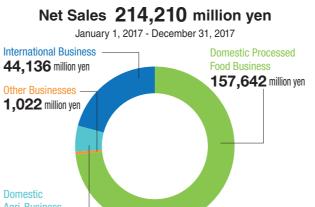
Shelf Stable Tomatoes		* Euromonitor 2016 WORLD Brand Ranking	
Rank	Company name		USD million
1	ConAgra Foods Inc		315.2
2	Del Monte Pacific Ltd		186.8
3	Kagome Co Ltd		104.8
4	Conserve Italia - Consorzio Coo	perative Conserve Italia scarl	89.0
5	Desan Trading		70.6

Kagome's Revenue Structure



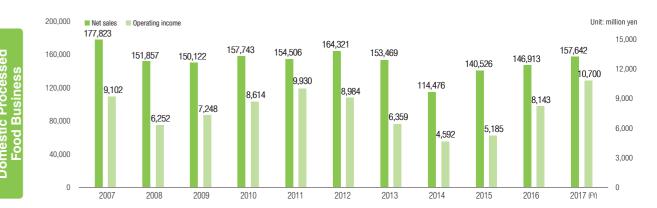
11,409 million yen

Domestic Agri-Business

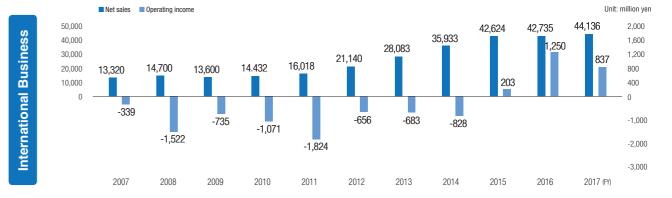


Operating income 11,968 million yen









^{*} Figures after elimination and adjustment between segments. * Figures for FY2014 are for the nine-month period between April 1 and December 31, 2014, as a result of a change to the company's business year

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