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 a 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
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.

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.

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.

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.
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.

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.

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 Horoku, 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 Veg 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.

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.”

Large high-tech greenhouses help us provide a stable supply of tomatoes (picture 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

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Agricultural development and regional revitalization

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 Green, 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]**

<table>
<thead>
<tr>
<th>Local Government</th>
<th>Year Concluded</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiroshima Prefecture</td>
<td>2010</td>
<td>Comprehensive agreement for agricultural development, processing and sales of agricultural products</td>
</tr>
<tr>
<td>Aichi Prefecture</td>
<td>2010</td>
<td>Agreement for agricultural development and sales</td>
</tr>
<tr>
<td>Ehime Prefecture</td>
<td>2013</td>
<td>Agreement on the handling of emergency supplies in times of disaster</td>
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<tr>
<td>Tochigi Prefecture</td>
<td>2013</td>
<td>Agreement for engaging the three entities of Tochigi Prefecture and communities, while also improving services for prefectural citizens</td>
</tr>
<tr>
<td>Kochi Prefecture</td>
<td>2013</td>
<td>Comprehensive agreement for partnership and cooperation</td>
</tr>
<tr>
<td>Mie Prefecture</td>
<td>2013</td>
<td>Agreement for agricultural development</td>
</tr>
<tr>
<td>Yamaguchi Prefecture</td>
<td>2014</td>
<td>Partnership agreement for agricultural development</td>
</tr>
<tr>
<td>City of Tokai (Aichi Prefecture)</td>
<td>2014</td>
<td>Comprehensive agreement for engaging in agricultural development, and sales of agricultural products</td>
</tr>
<tr>
<td>City of Hirosaki (Aomori Prefecture)</td>
<td>2014</td>
<td>Agreement for “Tanoshimo Setouchi” (English: “Let’s Enjoy Setouchi”) partner</td>
</tr>
<tr>
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<tr>
<td>Mie Prefecture</td>
<td>2017</td>
<td>Comprehensive-collaboration agreement for health and dietary education measures, etc.</td>
</tr>
<tr>
<td>City of Fujieda (Yamanashi Prefecture)</td>
<td>2017</td>
<td>Comprehensive-collaboration agreement for health and dietary education measures, etc.</td>
</tr>
<tr>
<td>Nagano Prefecture</td>
<td>2017</td>
<td>Agreement to engage the 3Rs (Reduce, reuse, recycle) of industrial waste</td>
</tr>
<tr>
<td>Shizuoka Prefecture</td>
<td>2018</td>
<td>Comprehensive-collaboration agreement for health and dietary education measures, etc.</td>
</tr>
</tbody>
</table>

*As of September 2017

**Energizing Japan with the “Yasai Seikatsu 100 Seasonals Series.”**

“Yasai Seikatsu 100 Seasonals Series” is the flagship product of the “Locally Green, 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.

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

In addition to the existing “Kanko Chokusouin” (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.

![Yasai Seikatsu 100 Seasonals Series (April 2017 to April 2018)](image)
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.

**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.”

**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.

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.

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.

Horizontally
Main global locations

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Vertically
“For anything tomato, it’s Kagome”
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.

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.

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.

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.

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.

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.

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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

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.

Kagome Co., Ltd.

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

Produced in | Sweet | Tart | Flavor | Flavor type | Main processed products
--- | --- | --- | --- | --- | ---
Japan | Medium | Intense | Medium | Tart type | Tomato juice
Chile | 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

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 of margarine
and other vegetable oil based
products in addition to various
industrial use sauces

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 (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

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

Holding da Indústria
Transformadora do Tomate, SGPS S.A.
(Portugal)
Since 2016,
Research and development
focused on agriculture,
developing new businesses within
the value chain

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

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

Kagome AGR-BUSINESS
RESEARCH AND DEVELOPMENT
CENTER, UNIPRESSUALDA
(Portugal)
Since 2016,
Research and development
focused on agriculture,
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the value chain

Kagome Co., Ltd.

Production and development
tailored to the attributes of
tomatoes.

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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.

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.

Our History
1899 Founded in the city of Toka in Aichi Prefecture
1903 Began production of tomato sauce
1906 Built a production plant in Nishiyashiki, Araomachi
1908 Released tomato juice for sale
1933 Began selling ketchup in a plastic bottle, the first of its kind in the world
1963 Published the first edition of the “Kagome Annual Report”
1967 Launched Carrot 100 Series
1972 Launched Yasai Seikatsu 100
1988 Launched Plant-Based Lactic Acid Labre
1992 Launched “Yasai Ichinichi Kore Ippon”
1995 Launched Anna Mamma
1998 Surpassed 100,000 shareholders
2000 Established Kagome Australia Pty Ltd.
2003 Announced corporate philosophy (Appreciation, Nature, and Corporate openness)
2006 Began sales of fresh tomatoes
2010 Launched “Kagome Theater”
2014 Established Kagome USA, Inc. in the United States

Corporate Philosophy
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.

Brand Statement
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.
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”

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

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.”

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: 530 billion yen
   - Operating income: 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: 145 billion yen
   - Operating income: 700 million yen

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

   Packed Salads
   As our sales area expands, we are bolstering our lines of products that utilize near 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: 153 billion yen
   - Operating income: 9.5 billion yen

   Beverage Business
   We will solidify demand for vegetable beverages, with functional claim labeled tomato juice and “GREENS” which established our 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 of provided by our condiments, with a focus on reduced-salt recipe offerings that incorporate tomato ketchup, as well as tomato sauces.

Mid-Term Key Issues

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.

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.

3. Promoting globalization and profitability
   We aim to expand to 6 to 8 solutions for the tomato business, and in emerging countries we seek to create new non-processing tomato production areas and secure new tomato business.

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.

5. Transforming the way we work.
   Transforming our profit structure
   Our profit structure transformation includes 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.

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.

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.

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 Axia 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 Axia 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.”

Transferring 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.
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.
Company Overview

Consolidated Financial Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Sales (Millions of Yen)</th>
<th>Operating Income (Millions of Yen)</th>
<th>Operating Income Ratio (%)</th>
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<td>2017</td>
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Company Overview (As of the end of 2017)

Founded 1899
Established 1949
Head Office 3-14-15, Nishiki, Naka-ku, Nagoya, Aichi
Phone: +81-52-961-3571 (Main)  Fax: +81-52-968-2510
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
Capital 19.985 billion yen
Number of Employees 2,621 (consolidated)
Places of Business Head Office, Tokyo Head Office, 1 division office,
8 branches, 7 plants, the Innovation Division
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
Main consolidated subsidiaries
Kada Green Farm Co., Ltd.
Hibikinada Green Farm Co., Ltd.
Iwaki Onahama Green Farm Co., Ltd.
Kagome Axis Co., Ltd.
Kagome Distribution Service Co., Ltd
Kagome Inc.
United Genetics Holdings LLC
Vegitalia S.p.A.
Holding da Industria Transformadora do Tomate, SGPS S.A. (HIT)
Taiwan Kagome Co., Ltd.
Kagome Australia Pty Ltd.

Key Facts about 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.

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 96 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.

Please refer to our Integrated Report for CSR and financial information.
http://www.kagome.co.jp/company/ir/data/integratedreport/