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For Immediate Release

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**KAGOME Determines Policy to Demerge Domestic Agriculture Business by
Establishing Kagome Agri-Fresh Co., Ltd. for Demerging**

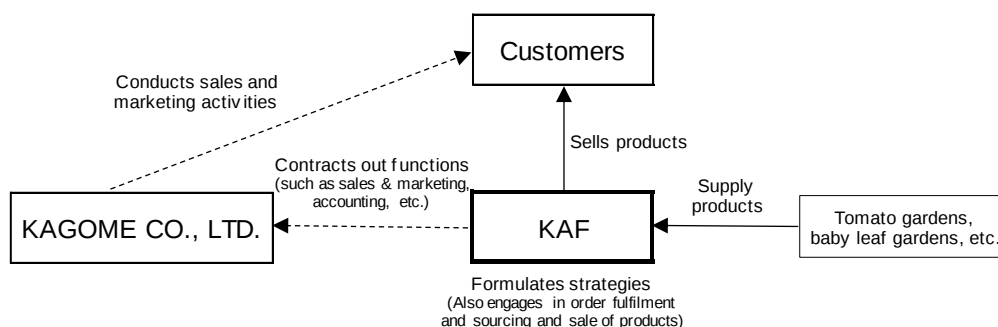
KAGOME CO., LTD. (the “Company” or “we”) announced that it has determined a policy to demerge its domestic agriculture business and resolved to establish Kagome Agri-Fresh Co., Ltd. (“KAF”), a company that will help prepare for the demerger, at the Board of Directors meeting held today.

The above demerger (through a scheme of the simplified absorption-type demerger) will take effect subject to approval at the Board of Directors meeting to be held on October 23, 2020.

1. Overview of organizational restructuring

The Company will establish KAF as its wholly owned subsidiary on October 1, 2020, and have KAF succeed its domestic agriculture business in January 2021 through a scheme of the simplified absorption-type demerger.

Business flow after the organizational restructuring



2. Background of the organizational restructuring

We have established the long-term vision of transforming from “a tomato company” to “a vegetable company” by 2025 to become “a strong company capable of sustainable growth, using food as a means of resolving social issues.” Since its launch in 1998, the domestic agriculture business has been an important pillar for achieving the vision. Having been

engaged primarily in cultivation and sale of fresh tomatoes grown at large-scale, high-tech vegetable gardens, the business had expanded its sales to over 10.0 billion yen in fiscal year 2015. Since fiscal year 2017, however, the business has been unprofitable, impacted by a fall in market prices of fresh tomatoes caused mainly by an increasingly competitive environment. To overcome such a situation, we have decided to undergo a radical restructuring of the business. With this measure in place, we will solidify the revenue base of the business and transform the business portfolio that can steadily generate profits. We believe that this will ultimately allow us to help further grow the agri-business in Japan through offering nature-oriented products and services that can further satisfy customers as well as contributing to agricultural development and regional revitalization in our country.

3. Purpose of the organizational restructuring

(1) Expediting decision-making process

In the domestic agriculture business, we aim to expedite a decision-making process to promptly respond to rapid changes in the business environment. Through the demerger, we will restructure the business to ensure a more autonomous and dynamic organizational structure.

(2) Improving productivity

We aim to improve productivity by developing agri-business professionals, who help sophisticate vegetable garden management and cultivation technologies. We also consider, in the future, having KAF itself get involved in recruiting activities and establish employment conditions suitable for the business. Moreover, the planned demerger will promote detailed profitability management as part of the efforts to strengthen cost competitiveness.

(3) Promoting alliances

To achieve our aim of transforming into a vegetable company, we will encourage KAF to proactively adopt insights and knowledge from external sources, and we would like to improve our solution and demand-creation ability of vegetable. To make this happen, we will aggressively seek business and/or capital alliances with other companies.

Most recent cases of alliances in our agri-business

- February 2020: Established Sobetsu Agri-Foods Co., Ltd., a joint venture with an agricultural corporation in Hokkaido (engaged in the production and sale of fresh onions and onion processed products).
- April 2020: Launched to provide services to support the farming of tomatoes for processing purposes by using AI, which was developed jointly with NEC Corporation.

(4) Reinforcing corporate governance

Upon completion of the organizational restructuring, KAF will be responsible for managing the vegetable garden operators who engage in the production of fresh tomatoes and baby leaves. We believe this structure will reinforce the governance system of the business.

4. Establishment of KAF

(1) Company profile

- (i) Trade name: Kagome Agri-Fresh Co., Ltd.
- (ii) Principal line of business: Sourcing and selling fresh vegetables
- (iii) Location of head office: 3-21-1 Nihonbashi-hamacho, Chuo-ku, Tokyo
- (iv) Representative: Shinsuke Habutsu
- (v) Share capital: 50 million yen
- (vi) Date of establishment: October 1, 2020
- (vii) Number of shares authorized: 5,000 shares
- (viii) Financial closing date: December 31
- (ix) Major shareholders and their shareholding ratios:
100% owned by the Company

(2) Future development of the plan

- Establishment of Kagome Agri Fresh Co., Ltd.: October 1, 2020 (scheduled)
- Board of Directors meeting for approval of absorption-type demerger agreement:
October 23, 2020 (scheduled)
- Conclusion of absorption-type demerger agreement: October 23, 2020 (scheduled)
- Effective date of absorption-type demerger: January 1, 2021 (scheduled)

(3) Quantitative plan for the domestic agriculture business

By steadily promoting the plan described above, the Company will work on to achieve revenue of 10,600 million yen and core operating income of 500 million yen for fiscal year 2021.

5. Future outlook

The impact of the organizational restructuring on the Company's consolidated financial results for the current fiscal year will be insignificant. Details of other matters relating to the demerger will be announced once they are determined.