

Consolidated Financial Statements and Notes

(English Translation - Excerpt from the Annual Securities Report
originally prepared in Japanese)

For the 82nd Fiscal Year
January 1, 2025 – December 31, 2025

KAGOME CO., LTD

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Notice

This document is an English translation of an excerpt from the Annual Securities Report (Yūka Shōken Hōkokusho) originally prepared and filed in Japanese in accordance with the Financial Instruments and Exchange Act of Japan. This document contains only the Consolidated Financial Statements and related Notes. In the event of any discrepancy between this English translation and the original Japanese document, the Japanese version shall prevail.

I. Overview of Company

1. Information on Affiliated Companies

Name	Address	Capital or investment (Millions of yen)	Main business	Ownership of voting rights (%)	Relationship
(Consolidated subsidiaries)					
Kagome Agri-Fresh Co., Ltd.	Chuo-ku, Tokyo	375	Other	100	The company receives services from Kagome Co., Ltd. under a business outsourcing contract. Directors and/or Auditors in common with Kagome Co., Ltd.
Hibikinada Green Farm Co., Ltd.	Wakamatsu-ku, Kitakyushu City, Fukuoka	50	Other	66.00 (66.00)	The company purchases raw materials from Kagome Co., Ltd.
Iwaki Onahama Green Farm Co., Ltd. (Note 4)	Iwaki City, Fukushima	10	Other	49.00 (49.00)	The company purchases raw materials from Kagome Co., Ltd.
Takane Baby Leaf Green Farm Co., Ltd. (Note 4)	Hokuto City, Yamanashi	3	Other	39.00 (39.00)	The company's bank loan is guaranteed by Kagome Co., Ltd.
Koike Baby Leaf Green Farm Co., Ltd. (Note 4)	Hokuto City, Yamanashi	2	Other	48.80 (48.80)	The company's bank loan is guaranteed by Kagome Co., Ltd.
Yatsugatake Mirai Farm Co., Ltd. (Note 4)	Suwa-gun, Nagano	3	Other	44.00 (44.00)	The company purchases raw materials from Kagome Co., Ltd.
Kagome Axis Co., Ltd.	Naka-ku, Nagoya City, Aichi	98	Other	100	The company undertakes property management and related services for Kagome Co., Ltd. The company leases land from Kagome Co., Ltd. The company leases a building to Kagome Co., Ltd.
KAGOME USA HOLDINGS INC. (Note 2)	San Carlos, California, United States	USD 314 million	Other (Holding Company)	100	Directors and/or Auditors in common with Kagome Co., Ltd.
KAGOME INC.	Los Banos, California, United States	USD 15 million	International Business	100 (100)	The company sells raw materials and other products to Kagome Co., Ltd. The company rents machines from Kagome Co., Ltd.
Ingomar Packing Company, LLC (Note 2, 6)	Los Banos, California, United States	USD 184 million	International Business	70.00 (70.00)	The company sells raw materials to Kagome Co., Ltd. through KAGOME INC. The company's bank loan is guaranteed by Kagome Co., Ltd.
Vegitalia S.p.A.	San Marco Argentano, Calabria, Italy	EUR 129 thousand	International Business	100	The company sells raw materials to Kagome Co., Ltd. The company borrows funds from Kagome Co., Ltd. Directors and/or Auditors in common with Kagome Co., Ltd.
Holding da Industria Transformadora do Tomate, SGPS S.A.	Palmela, Portugal	EUR 550 thousand	International Business	68.99	The company sells raw materials and other products to Kagome Co., Ltd. The company borrows funds from Kagome Co., Ltd. The company rents machines from Kagome Co., Ltd. Directors and/or Auditors in common with Kagome Co., Ltd.
Kagome Australia Pty Ltd. (Note 2)	Victoria, Australia	AUD 98 million	International Business	100	The company sells raw materials and other products to Kagome Co., Ltd. Directors and/or Auditors in common with Kagome Co., Ltd.
Taiwan Kagome Co., Ltd. (Note 4)	Tainan, Taiwan	TWD 316 million	International Business	50.00	The company sells products, etc., to Kagome Co., Ltd. The company purchases raw materials from Kagome Co., Ltd. Directors and/or Auditors in common with Kagome Co., Ltd.
Global Agricultural Research & Business Center USA LLC	San Carlos, California, United States	USD 3 million	Other	100 (100)	Directors and/or Auditors in common with Kagome Co., Ltd.
United Genetics Holdings LLC (Note 2)	Hollister, California, United States	USD 35 million	Other	100	The company sells raw materials to Kagome Co., Ltd. The company's bank loan is guaranteed by Kagome Co., Ltd.
DXAS Agricultural Technology Lda.	Lisbon, Portugal	EUR 2,119 thousand	Other	66.60	

Name	Address	Capital or investment (Millions of yen)	Main business	Ownership of voting rights (%)	Relationship
Kagome Agri-Business Research and Development Center, Unipessoal Lda.	Palmela, Portugal	EUR 5 thousand	Other	100	The company performs R&D and other services for Kagome Co., Ltd.
Kagome Senegal Sarl	Dakar, Republic of Senegal	XOF 1,600 million	Other	100	
20 other companies					

Name	Address	Capital or investment (Millions of yen)	Main business	Ownership of voting rights (%)	Relationship
(Equity-method affiliate) Sera Green Farm Co., Ltd.	Sera-cho, Sera-gun, Hiroshima	85	Other	47.06 (47.06)	The company purchases raw materials from Kagome Co., Ltd.
F-LINE Co., Ltd.	Chuo-ku, Tokyo	2,480	Domestic Processed Food Business	22.07	The company provides logistics services for Kagome Co., Ltd. Directors and/or Auditors in common with Kagome Co., Ltd.
Kagome Nissin Foods (H.K.) Co., Ltd.	Tai Po District, Hong Kong, China	HKD 5 million	Other	30.00	The company purchases products from Kagome Co., Ltd.

- Notes:
1. The “Main business” column lists the segment names.
 2. Indicates companies classified as specified subsidiaries.
 3. The above consolidated subsidiaries and equity-method affiliates have not submitted securities registration statements or securities reports.
 4. Although the equity interest is 50% or less, the company is effectively controlled and is therefore considered as a subsidiary.
 5. The figures in parentheses for the percentage of voting rights held represent the portion held indirectly.
 6. With regard to Ingomar Packing Company, LLC, the proportion of revenue (excluding internal revenue between consolidated companies) to consolidated revenue exceeds 10%. The main profit and loss information in the company's financial statements prepared in accordance with IFRS is as follows:

Main profit and loss information	1) Revenue:	JPY 49,078 million
	2) Net income:	JPY 2,481 million
	3) Equity:	JPY 63,436 million
	4) Total assets:	JPY 85,282 million

II. Financial Information

1. Basis of Presentation of Consolidated Financial Statements and Non-Consolidated Financial Statements

- 1) The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to Article 312 of the Regulations on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

- 2) The Company's financial statements are prepared in accordance with the "Regulations on Terminology, Forms and Preparation Methods of Financial Statements" (Ministry of Finance Order No. 59 of 1963; hereinafter, "Financial Statements Regulations").

The Company is subject to the submission of special financial statements and prepares financial statements in accordance with Article 127 of the Financial Statements Regulations.

2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company had its consolidated financial statements for the consolidated fiscal year (January 1, 2025 to December 31, 2025) and its financial statements for the fiscal year (January 1, 2025 to December 31, 2025) audited by PricewaterhouseCoopers Japan LLC.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc.

In order to properly understand the content of accounting standards, etc. and to establish a system to accurately reflect changes in accounting standards, etc. in consolidated financial statements, etc., the Company has joined the Financial Accounting Standards Foundation, a public interest incorporated foundation, and participates in its seminars.

4. Establishment of a System that Enables the Appropriate Presentation of Consolidated Financial Statements, etc. based on IFRS

The Company regularly obtains press releases and standards issued by the International Accounting Standards Board to keep abreast of the latest standards. The Company has also created group accounting policies that comply with IFRS, and is establishing a system that enables it to present consolidated financial statements and other documents appropriately based on IFRS.

1. Consolidated Financial Statements and Notes
1) Consolidated Financial Statements
(1) Consolidated Statements of Financial Position

(Millions of yen)

	Note	As of Dec. 31, 2024	As of Dec. 31, 2025
Assets			
Current assets:			
Cash and cash equivalents	6	21,273	26,844
Trade and other receivables	7	59,432	60,558
Inventories	8	119,047	119,438
Income taxes receivable		2,506	1,598
Other financial assets	14	4,555	4,793
Other current assets		3,142	3,544
Total current assets		209,958	216,779
Non-current assets:			
Property, plant and equipment	9, 11	82,589	85,295
Intangible assets	10	37,817	36,476
Other financial assets	14	22,320	27,002
Investments accounted for using the equity method	13	5,635	5,953
Other non-current assets		4,057	4,135
Deferred tax assets	15	36	177
Total non-current assets		152,456	159,040
Total assets		362,415	375,820
Liabilities and net assets			
Liabilities			
Current liabilities:			
Trade and other payables	16	44,412	42,497
Borrowings	17	51,176	58,929
Income taxes payable		3,003	3,254
Other financial liabilities	18	1,015	938
Other current liabilities		9,605	10,602
Total current liabilities		109,213	116,222
Non-current liabilities:			
Long-term borrowings	17	21,543	23,570
Other financial liabilities	18	2,837	3,353
Retirement benefit liability	20	5,432	4,763
Provisions	19	1,495	1,525
Other non-current liabilities		1,557	1,465
Deferred tax liabilities	15	8,694	10,029
Total non-current liabilities		41,560	44,707
Total liabilities		150,774	160,930

(Millions of yen)

	Note	As of Dec. 31, 2024	As of Dec. 31, 2025
Net assets:			
Share capital	21	19,985	19,985
Capital surplus	21	23,287	21,764
Treasury shares	21	(653)	(787)
Other components of equity	21	23,395	26,588
Retained earnings	21	119,725	123,007
Interests attributable to shareholders of parent		185,740	190,559
Non-controlling interests		25,900	24,331
Total net assets		211,640	214,890
Total liabilities and net assets		362,415	375,820

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Note	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Revenue	5, 23	306,869	294,264
Cost of sales		207,137	198,853
Gross profit		99,732	95,410
Selling, general and administrative expenses	24	72,907	73,043
Equity gains (losses) of affiliated companies	5, 13	270	327
Other income	25	10,073	644
Other expenses	25	946	700
Operating income		36,221	22,638
Finance income	26	1,095	1,092
Finance costs	26	3,652	2,612
Income before income taxes		33,665	21,118
Income taxes	15	6,489	5,062
Net income		27,175	16,056
Net income attributable to:			
Shareholders of parent		25,015	14,800
Non-controlling interests		2,159	1,255
Total		27,175	16,056
Amounts per share of common stock:			
Basic earnings per share (yen)	28	278.52	161.42
Diluted earnings per share (yen)	28	278.19	161.23

(Note) Adjusted from gross profit to core operating income in the table.

Gross profit	99,732	95,410
Selling, general and administrative expenses	72,907	73,043
Equity gains (losses) of affiliated companies	270	327
Core operating income (*)	27,094	22,694

(*) Core operating income is profit deducting selling, general, and administrative expenses from gross profit plus equity gains (losses) of affiliated companies. Although not an indicator defined under IFRS, Kagome's Board of Directors evaluates the performance of business segment based on core operating income. Because it is considered useful information as an indicator measuring constant business performance of the Company, Kagome has voluntarily included this indicator in the Consolidated Statements of Income and Note "5. Segment Information."

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Note	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net income		27,175	16,056
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	27	200	229
Net gains and losses from financial assets measured at fair value through other comprehensive income	27	643	2,313
Share of other comprehensive income of investments accounted for using equity method, net of tax	27	5	(8)
Total		849	2,534
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	27	1,016	5,776
Cash flow hedges costs	27	4,936	(2,394)
Exchange differences on translation of foreign operations	27	7,956	192
Share of other comprehensive income of investments accounted for using equity method, net of tax	27	43	(1)
Total		13,953	3,572
Other comprehensive income		14,802	6,106
Comprehensive income		41,978	22,162
Comprehensive income attributable to:			
Shareholders of parent		38,246	20,971
Non-controlling interests		3,731	1,191
Total		41,978	22,162

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended December 31, 2024

(Millions of yen)

	Note	Interests attributable to shareholders of parent					
		Share capital	Capital surplus	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Net gains and losses from financial assets measured at FVTOCI	Effective portion of cash flow hedges
Balance, January 1, 2024		19,985	22,756	(22,398)	-	5,570	3,787
Net income		-	-	-	-	-	-
Other comprehensive income	27	-	-	-	205	643	1,018
Comprehensive income		-	-	-	205	643	1,018
Transfer to non-financial assets		-	-	-	-	-	(3,511)
Repurchase of treasury shares		-	-	(2)	-	-	-
Disposal of treasury shares		-	2,803	20,447	-	-	-
Cancellation of treasury shares		-	(1,300)	1,300	-	-	-
Cash dividends	22	-	-	-	-	-	-
Share-based compensation	29	-	(5)	-	-	-	-
Changes in ownership interest in subsidiaries		-	(967)	-	-	-	-
Transfer to retained earnings		-	-	-	(205)	(21)	-
Changes in scope of consolidation		-	-	-	-	-	-
Total transactions with shareholders		-	530	21,745	(205)	(21)	-
Balance, December 31, 2024		19,985	23,287	(653)	-	6,191	1,294

(Millions of yen)

	Note	Interests attributable to shareholders of parent					Non-controlling interests	Total net assets
		Other components of equity			Retained earnings	Total		
		Cash flow hedges costs	Exchange differences on translation of foreign operations	Total				
Balance, January 1, 2024		803	3,742	13,904	98,017	132,265	4,170	136,435
Net income		-	-	-	25,015	25,015	2,159	27,175
Other comprehensive income	27	4,936	6,426	13,230	-	13,230	1,571	14,802
Comprehensive income		4,936	6,426	13,230	25,015	38,246	3,731	41,978
Transfer to non-financial assets		-	-	(3,511)	-	(3,511)	-	(3,511)
Repurchase of treasury shares		-	-	-	-	(2)	-	(2)
Disposal of treasury shares		-	-	-	-	23,250	-	23,250
Cancellation of treasury shares		-	-	-	-	-	-	-
Cash dividends	22	-	-	-	(3,536)	(3,536)	(1,892)	(5,428)
Share-based compensation	29	-	-	-	-	(5)	-	(5)
Changes in ownership interest in subsidiaries		-	-	-	-	(967)	(745)	(1,713)
Transfer to retained earnings		-	-	(227)	227	-	-	-
Changes in scope of consolidation		-	-	-	-	-	20,636	20,636
Total transactions with shareholders		-	-	(227)	(3,308)	18,739	17,998	36,738
Balance, December 31, 2024		5,740	10,169	23,395	119,725	185,740	25,900	211,640

(Millions of yen)

	Note	Interests attributable to shareholders of parent					
		Share capital	Capital surplus	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Net gains and losses from financial assets measured at FVTOCI	Effective portion of cash flow hedges
Balance, January 1, 2025		19,985	23,287	(653)	-	6,191	1,294
Net income		-	-	-	-	-	-
Other comprehensive income	27	-	-	-	220	2,313	5,772
Comprehensive income		-	-	-	220	2,313	5,772
Transfer to non-financial assets		-	-	-	-	-	(2,626)
Repurchase of treasury shares		-	(38)	(8,235)	-	-	-
Disposal of treasury shares		-	0	125	-	-	-
Cancellation of treasury shares		-	(7,975)	7,975	-	-	-
Transfer to capital surplus		-	6,525	-	-	-	-
Cash dividends	22	-	-	-	-	-	-
Share-based compensation	29	-	(35)	-	-	-	-
Transfer to retained earnings		-	-	-	(220)	(131)	-
Total transactions with shareholders		-	(1,522)	(133)	(220)	(131)	-
Balance, December 31, 2025		19,985	21,764	(787)	-	8,374	4,441

(Millions of yen)

	Note	Interests attributable to shareholders of parent					Non-controlling interests	Total net assets
		Other components of equity			Retained earnings	Total		
		Cash flow hedges costs	Exchange differences on translation of foreign operations	Total				
Balance, January 1, 2025		5,740	10,169	23,395	119,725	185,740	25,900	211,640
Net income		-	-	-	14,800	14,800	1,255	16,056
Other comprehensive income	27	(2,394)	258	6,170	-	6,170	(64)	6,106
Comprehensive income		(2,394)	258	6,170	14,800	20,971	1,191	22,162
Transfer to non-financial assets		-	-	(2,626)	-	(2,626)	-	(2,626)
Repurchase of treasury shares		-	-	-	-	(8,273)	-	(8,273)
Disposal of treasury shares		-	-	-	-	126	-	126
Cancellation of treasury shares		-	-	-	-	-	-	-
Transfer to capital surplus		-	-	-	(6,525)	-	-	-
Cash dividends	22	-	-	-	(5,344)	(5,344)	(2,761)	(8,105)
Share-based compensation	29	-	-	-	-	(35)	-	(35)
Transfer to retained earnings		-	-	(352)	352	-	-	-
Total transactions with shareholders		-	-	(352)	(11,517)	(13,526)	(2,761)	(16,287)
Balance, December 31, 2025		3,345	10,427	26,588	123,007	190,559	24,331	214,890

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Note	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities:			
Income before income taxes		33,665	21,118
Depreciation and amortization		12,000	11,814
Interest and dividend income		(772)	(854)
Interest expenses		2,984	2,408
Gain on step acquisitions	34	(9,323)	-
Equity (gains) losses of affiliated companies		(270)	(327)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets		107	165
(Increase) decrease in trade and other receivables		(1,640)	(645)
(Increase) decrease in inventories		7,198	2,117
Increase (decrease) in trade and other payables		(973)	(1,356)
Other		(321)	(1,109)
Subtotal		42,653	33,330
Interest and dividends received		805	753
Interest paid		(3,080)	(2,430)
Income taxes paid		(8,686)	(4,723)
Cash flows from operating activities		31,692	26,930
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property		(10,943)	(11,393)
Proceeds from sales of property, plant and equipment, including investment property		413	58
Purchase of investments in subsidiaries with changes in consolidation scope	34	(36,046)	-
Purchase of other financial assets		(215)	(602)
Proceeds from sales and redemption of available-for-sale financial assets		443	499
Other		22	(46)
Cash flows from investing activities		(46,325)	(11,485)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	17	(15,632)	2,119
Proceeds from long-term borrowings	17	8,587	10,382
Repayments of long-term borrowings	17	(5,574)	(5,753)
Redemption of bonds		(1,000)	-
Repayments of lease obligations	18	(904)	(863)
Dividends paid		(3,533)	(5,335)
Dividends paid to non-controlling interests		(4,916)	(2,761)
Payments for acquisition of interests in subsidiaries from non-controlling interests		(1,713)	-
Net (increase) decrease in treasury shares		23,129	(8,184)
Proceeds from settlement in derivatives		985	-
Cash flows from financing activities		(571)	(10,394)
Net increase (decrease) in cash and cash equivalents		(15,205)	5,050
Cash and cash equivalents at the beginning of period	6	36,010	21,273
Foreign translation adjustment on cash and cash equivalents		468	520
Cash and cash equivalents at the end of period	6	21,273	26,844

Notes to Consolidated Financial Statements

1. Reporting Entity

Kagome Co., Ltd. ("the Company") is a joint-stock company incorporated under the Companies Act of Japan, with its head office located in Nagoya City, Aichi Prefecture. The consolidated financial statements for the year ended December 31, 2025 comprise the financial statements of the Company and its subsidiaries (the "Group"), as well as the Group's interests in affiliates.

The Group has two main businesses: the Domestic Processed Food Business, which manufactures and sells beverages and condiments in Japan, and the International Business, which is involved in agricultural production, product development, processing, and sales overseas.

Therefore, the Group has three reportable segments: "Domestic Processed Food Business," "International Business," and "Others."

2. Basis of Preparation

1) Compliance with IFRS

The Group's consolidated financial statements meet the requirements for a "designated IFRS specified company" set forth in Article 1-2, Item 1 of the Financial Statements, etc. Regulations, and are therefore prepared in conformity with IFRS in accordance with Article 312 of the Financial Statements, etc. Regulations.

2) Basis of measurement

As stated in "3. Significant Accounting Policies", the Group's consolidated financial statements are prepared on the basis of historical cost, except for financial instruments measured at fair value and the application of hyperinflation accounting to a subsidiary in Turkey.

3) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company, and amounts less than one million yen are rounded down.

4) New standards and interpretations not yet adopted

Of the new standards and interpretations that were established or revised by the approval date of the consolidated financial statements, the main ones that the Group did not early adopt in the current consolidated fiscal year are as follows: The impact of adopting this standard on the Group's consolidated financial statements are currently under consideration.

Standard	Title	Mandatory application period (Subsequent starting year)	Application period for the Group	Description of new and revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending December 31, 2026	Introduction of three new requirements to improve the reporting of corporate financial performance and to provide investors with a better basis for corporate analysis and comparison
IAS 21	The Effects of Changes in Foreign Exchange Rates	January 1, 2027	Fiscal year ending December 31, 2027	Clarification of how financial information is converted into hyperinflationary currencies

3. Significant Accounting Policies

The significant accounting policies used for the preparation of the consolidated financial statements are as follows.

1) Basis of consolidation

(1) Subsidiaries

Subsidiaries are all entities controlled by the Group. Control means having exposure or rights to variable returns that arise from involvement with an investee and the ability to affect those returns through power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which the Group obtains control until the date on which control is lost.

Intercompany receivables and payables between the Company and its subsidiaries, as well as intercompany transactions, and unrealized gains and losses arising from transactions between the Company and its subsidiaries are eliminated in preparing the consolidated financial statements.

When the proportion of ownership interest in a subsidiary changes, if control continues, the change is accounted for as a capital transaction. Any difference between the adjustment to non-controlling interests and the fair value of the consideration is recognized directly in equity as equity attributable to the Group.

Non-controlling interests in subsidiaries are identified separately from the Group's interests. Comprehensive income of subsidiaries is attributed to the owners of the parent and non-controlling interests, even if the non-controlling interests have a negative balance. Some subsidiaries have different fiscal year-end dates than the Company. For subsidiaries with different fiscal year-ends, provisional settlements are carried out on the Company's fiscal year-end dates.

(2) Affiliates

An affiliate is an entity over which the Group has significant influence over the financial and operating policies of the entity, but does not control the entity. If the Group holds 20% to 50% of the voting rights of another company, it is presumed that the Group has significant influence over that company. Even if the Group holds less than 20% of the voting rights, the company is included as an affiliate if the Company is able to exercise significant influence over financial and operating policy decisions.

Investments in affiliates are recognized at cost upon acquisition and are accounted for using the equity method from the date on which the Group gains significant influence until the date on which such influence is lost.

The amount by which the purchase price exceeds the interest in the affiliate over the net fair value of its assets, liabilities and contingent liabilities recognized at the acquisition date is recorded as an amount equivalent to goodwill, which is included in the carrying amount of the investment and is not amortized.

Goodwill included in the carrying amount of investments in equity method affiliates is not separately recognized and is tested for impairment as part of the investment.

Some of affiliates have different fiscal year-end dates than the Company. For affiliates with different fiscal year-end dates, provisional settlements are carried out on the Company's fiscal year-end dates.

2) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is calculated as the sum of the assets transferred by the acquiring company and the amount of liabilities incurred by the acquiring company to the former owners of the acquiree, and the acquisition-date fair value of the equity interests issued by the acquiring company. At the acquisition date, the Company elects for each individual business combination whether to measure non-controlling interests at fair value or at a proportionate share of the acquiree's identifiable net assets. If the sum of the consideration transferred, the acquisition-date fair value of the previously held equity interests in the acquiree, and the amount of all non-controlling interests in the acquiree exceeds the acquisition-date fair value of the identifiable assets acquired and liabilities assumed, the excess amount is recognized as goodwill. Conversely, if it is lower, the resulting gain is recognized in profit or loss on the acquisition date.

If the initial accounting for a business combination is not completed by the end of the period in which the business combination occurs, accounting is performed using provisional amounts. If new information regarding facts and circumstances that existed at the acquisition date becomes available during the measurement period within one year from the acquisition date, the provisional amounts are retroactively adjusted.

Acquisition-related costs are accounted for as expenses in the period in which they are incurred. The additional acquisition of non-controlling interests is accounted for as a capital transaction and no goodwill is recognized from the transaction.

In addition, business combinations under common control, i.e., business combinations in which all the combining companies or businesses are ultimately controlled by the same party both before and after the business combination and such control is not temporary, are accounted for based on carrying amount.

3) Foreign currency translation

(1) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company. Each company in the Group has its own functional currency and measures its transactions in that functional currency.

(2) Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the spot exchange rate on the transaction date or at a rate that approximates that rate.

At the reporting date, monetary items denominated in foreign currencies are translated into the functional currency at the prevailing exchange rate on the balance sheet date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into the functional currency at the prevailing exchange rate on the acquisition date.

Non-monetary items measured at fair value denominated in foreign currencies are translated into the functional currency at the prevailing exchange rate on the date the fair value is measured. Differences arising from such translation and settlement are recognized in profit or loss. However, translation differences arising from equity financial assets measured at fair value through other comprehensive income and derivatives designated as cash flow hedges, are recognized as other comprehensive income.

(3) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated using the prevailing exchange rates on the closing date, and income and expenses are translated using the average exchange rates for the period, unless exchange rates fluctuate significantly during the period. Exchange differences arising from the translation of financial statements of foreign operations are recognized as other comprehensive income. Cumulative translation differences on foreign operations are reclassified to profit or loss in the period in which the foreign operation is disposed of.

4) Financial instruments

(1) Financial assets

(i) Initial recognition and measurement

The Group recognizes financial assets on the date on which it becomes a party to a contract for such financial assets. At initial recognition, all financial assets are measured at fair value. However, if they are not classified as financial

assets measured at fair value through profit or loss, they are measured at that fair value plus transaction costs directly attributable to the acquisition of the financial asset. Transaction costs for financial assets measured at fair value through profit or loss are recognized in profit or loss.

(ii) Classification and subsequent measurement

The Group classifies its financial assets into one of the following categories: (a) financial assets measured at amortized cost, (b) equity financial assets measured at fair value through other comprehensive income, and (c) financial assets measured at fair value through profit or loss. This classification is determined at the time of initial recognition. Financial assets are measured after initial recognition according to their classification as follows:

(a) Financial assets measured at amortized cost

Financial assets held by the Group that meet both of the following conditions are classified as financial assets measured at amortized cost.

- They are held within a business model whose objective is to hold financial assets to collect contractual cash flows.
- The contractual terms of a financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets measured at amortized cost are calculated using the effective interest method, deducting impairment losses if necessary. Amortization using the effective interest method and gains or losses on derecognition are recognized in profit or loss for the current period.

(b) Equity financial assets measured at fair value through other comprehensive income

The Group has made an irrevocable election to present subsequent changes in the fair value of equity financial assets in other comprehensive income, and has classified them as equity financial assets measured at fair value through other comprehensive income.

After initial recognition, such financial assets are measured at fair value, with changes in fair value recognized in other comprehensive income. When an investment is disposed of, the cumulative gain or loss recognized through other comprehensive income is transferred from other components of equity to retained earnings.

Dividends from equity financial assets measured at fair value through other comprehensive income are recognized in profit or loss as finance income.

(c) Financial assets measured at fair value through profit or loss

Financial assets other than those mentioned above are classified as financial assets measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are measured at fair value, with changes in fair value recognized in profit or loss.

(iii) Impairment of financial assets

With regard to impairment of financial assets measured at amortized cost, a loss allowance is recognized for the expected credit losses on said financial assets. On each reporting date, the Group assesses whether the credit risk on financial instruments has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance on that financial instrument is measured at an amount equal to the 12-month expected credit loss. On the other hand, if the credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance on that financial instrument is measured at an amount equal to the lifetime expected credit loss. However, for trade receivables, the loss allowance is always measured at an amount equal to the lifetime expected credit loss. Expected credit losses on financial instruments are estimated using a method that reflects the following:

- An unbiased, probability-weighted amount calculated by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions that is available without undue cost or effort as of the reporting date

The amount related to this measurement is recognized in profit or loss.

If an event occurs that reduces the impairment loss after the impairment loss is recognized, the reduced amount of the impairment loss is reversed in profit or loss.

(iv) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial assets and substantially all of the risks and rewards of ownership of the financial assets.

(2) Financial liabilities

(i) Initial recognition and measurement

The Group recognizes financial liabilities on the date on which it becomes a party to a contract for such financial liabilities. At initial recognition, all financial liabilities are measured at fair value, except for financial liabilities measured at amortized cost, which are measured at fair value less directly attributable transaction costs. Transaction costs for financial liabilities measured at fair value through profit or loss are recognized in profit or loss.

(ii) Classification and subsequent measurement

The Group classifies financial liabilities into either financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. This classification is determined at the time of initial recognition.

After initial recognition, financial liabilities are measured according to their classification as follows:

Derivative liabilities are financial liabilities measured at fair value through profit or loss for the Group.

At initial recognition, no financial liabilities have been irrevocably designated as financial liabilities measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are measured at fair value after initial recognition, and any changes therein are recognized in profit or loss for the current period.

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method after initial recognition.

Amortization using the effective interest method and gains or losses on derecognition are recognized in profit or loss for the current period.

(iii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when they are extinguished, i.e., when the obligation is fulfilled or the obligation specified in the contract is discharged, cancelled or expires.

(3) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented net in the consolidated statements of financial position only when the Group has a present legally enforceable right to offset the recognized amounts and intends to settle them net or to realize the asset and settle the liability simultaneously.

(4) Fair Value of financial instruments

Financial instruments measured at fair value are determined using a variety of valuation techniques and inputs. Fair value is calculated based on the observability of the inputs to the valuation techniques used to measure fair value and is classified into the following three levels.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to as of the measurement date

Level 2: Fair value of assets or liabilities other than Level 1 measured using directly or indirectly observable inputs

Level 3: Fair value of assets or liabilities measured using inputs that are not based on observable market data

(5) Hedge accounting

The Group procures the majority of natural farm-produced ingredients in Japan from overseas, and uses derivative transactions to avoid or reduce the foreign exchange risks arising from these transactions. The Group designates some derivatives as hedging instruments, and for these hedging transactions, the Group formally designates and documents the hedging relationship and the entity's risk management objectives and strategies regarding the execution of the hedge at the inception of the hedge transaction. This document describes the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging relationship will determine whether it meets hedge effectiveness requirements. In addition, the Group assesses at the inception and on an ongoing basis whether the hedging relationship meets the hedge effectiveness requirements. Continuous assessments are made on each reporting date or when there is a significant change in circumstances that affect the hedge effectiveness requirements, whichever comes first.

Derivatives are initially recognized at fair value. After initial recognition, the derivatives are measured at fair value, and subsequent changes are accounted for as follows.

Of the changes in fair value of derivatives designated and used as hedging instruments in cash flow hedges, the portion determined to be an effective hedge is recognized in other comprehensive income. The non-effective portion of the hedge is recognized in profit or loss. The cumulative gain or loss recognized through other comprehensive income is reclassified to profit or loss in the period in which the cash flows from the hedged items affect profit or loss. However, if the forecasted transaction being hedged results in the recognition of a non-financial asset or a non-financial liability, the amount accumulated in other components of equity is treated as an adjustment to the initial carrying amount of that non-financial asset or non-financial liability. For forward contracts, forward and spot elements are separated, and fluctuations in the value of the forward element are excluded from the hedge designation. Changes in the value of the forward element are recognized as hedging costs, and changes in fair value are recognized in other comprehensive income as other components of equity. If the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amount accumulated in other components of equity is accounted for as an adjustment to the initial carrying amount of that non-financial asset or non-financial liability.

When a hedging instrument is extinguished, sold, terminated or exercised, or when it no longer meets the requirements for hedge accounting, hedge accounting is discontinued prospectively. If the forecast transaction is still expected to occur, the amount recognized through other comprehensive income continues to be recognized in other components of equity. However, if the forecast transaction is no longer expected to occur, the amount recognized through other comprehensive income is immediately reclassified from other components of equity to profit or loss.

The Group does not engage in fair value hedging or hedging of net investments in foreign operations.

Changes in the fair value of derivatives that are not designated as hedges are recognized in profit or loss.

5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, readily available deposits, and short-term investments that are readily convertible into cash and are subject to insignificant risk of changes in value and have maturities of three months or less from the date of acquisition.

6) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated expenses necessary to make the sale. Cost includes purchase costs, processing costs, and all costs incurred to bring the inventory to its current location and condition, and is calculated based on the weighted average method.

7) Property, plant and equipment

Property, plant and equipment is measured using the cost model and stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes costs directly related to the acquisition of the asset, as well as the original estimated costs of demolition, removal and restoration of the site to its original condition. Depreciation of each asset, other than land and construction in progress, is recorded using the straight-line method over its estimated useful life. The estimated useful lives of major asset items are as follows:

- Buildings and structures: 2-50 years
- Machinery, equipment and vehicles: 2-20 years
- Tools and furniture: 2-10 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each consolidated fiscal year, and if any changes are necessary, they are applied prospectively as changes in accounting estimates.

8) Goodwill and intangible assets

(1) Goodwill

Goodwill is not amortized and is carried at historical cost less accumulated impairment losses.

The measurement of goodwill at the time of initial recognition is described in "3. Significant Accounting Policies 2) Business Combinations".

(2) Intangible assets

Intangible assets are measured using the cost model, and are stated at historical cost less accumulated amortization and accumulated impairment losses.

The historical cost of intangible assets acquired separately is measured including costs directly attributable to the acquisition of the asset.

The historical cost of intangible assets acquired in a business combination is measured at fair value as of the acquisition date.

With respect to internally generated intangible assets, all expenditures are recognized as expenses in the period incurred, except for development costs that qualify for capitalization. Software is the only development expenditures that meet capitalization criteria.

After initial recognition, such amounts are amortized using the straight-line method over their respective estimated useful lives, except for intangible assets with indefinite useful lives. The estimated useful lives of major intangible assets are as follows. There are no intangible assets with indefinite useful lives.

- Trademarks: 10 years
- Software: 5 years
- Customer-related assets: 22 years

The useful lives and amortization methods of intangible assets with finite useful lives are reviewed at the end of each consolidated fiscal year, and if they are changed, they are adjusted prospectively as changes in accounting estimates.

9) Lease

Lease liabilities for lease transactions by a lessee are measured by discounting the total amount of lease payments outstanding on the commencement date of the lease to their present value using the interest rate implicit in the lease (if such interest rate can be easily calculated) or the lessee's incremental interest rate. Right-of-use assets are initially measured at the amount calculated by adjusting the initial measurement amount of the lease liability for initial direct costs, prepaid lease payments, etc., and by adding costs such as restoration obligations required under the lease contract. Right-of-use assets are depreciated using the straight-line method over the useful life of the asset or the lease term, whichever is shorter.

Lease fees are allocated to finance costs and repayment of the outstanding lease liabilities so that the interest rate is constant on the outstanding lease liabilities.

Whether a contract is a lease or whether a contract contains a lease is determined based on the substance of the contract, even if it does not legally take the form of a lease.

For leases whose lease term expires within 12 months or for leases involving small amounts of underlying assets, lease payments related to such leases are recognized as expenses on a straight-line basis over the lease term.

10) Investment property

Investment property is property held for rental income or capital appreciation, or both.

Investment property is measured using the cost model and stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

11) Impairment of non-financial assets

Each asset is assessed for signs of impairment, and if indications of impairment exist, an impairment test is conducted. In addition, for intangible assets and goodwill with indefinite useful lives, regardless of whether there are any indications of impairment, the recoverable amount is estimated and impairment tests are conducted for each cash-generating unit or group of cash-generating units to which the asset belongs, mainly in the fourth quarter of each year.

The recoverable amount of each asset and cash-generating unit or group of cash-generating units is calculated as the higher of fair value less costs of disposal and value in use. The valuation techniques used to calculate fair value are primarily the income approach (present value method) based on the estimated future cash flows expected from the use and final disposal value of the assets, or the market approach, which reasonably estimates the price that could be achieved in orderly transactions between market participants, such as comparisons with similar publicly traded companies and the market capitalization of the assets. Depending on the complexity of the fair value calculation, external experts are used as appropriate. Value in use is calculated by discounting estimated future cash flows based on business plans approved by management to their present value using a discount rate calculated based on the weighted average cost of capital. The estimated cash flow beyond the forecast period of the business plan is calculated based on an estimated growth rate within the range of the long-term average growth rate of the market to which the assets belong.

If the carrying amount of each asset and cash-generating unit or group of cash-generating units exceeds its recoverable amount, the excess amount is recognized as an impairment loss.

With respect to each asset, cash-generating unit, or group of cash-generating units other than intangible assets and goodwill with indefinite useful lives, if there is a significant change in the assumptions used to calculate the recoverable amount of an impairment loss recognized in a previous fiscal year and there are indications that the loss may have decreased or disappeared, the recoverable amount of such asset is estimated. If the calculated recoverable amount exceeds the carrying amount of the asset, etc., the impairment loss is reversed up to the carrying amount after depreciation that would have been recognized if no impairment loss had been recognized in the previous fiscal year.

12) Employee benefits

(1) Post-retirement benefits

The Group has defined benefit plans and defined contribution plans as post-retirement benefit plans for employees.

The Group calculates the present value of defined benefit obligations and the related current service cost and past service cost for each plan individually using the projected unit credit method.

The discount rate is calculated based on the market yield of high quality corporate bonds as of the end of the reporting period corresponding to the period up to the expected future benefit payment date.

For defined benefit plans, the net amount of the present value of defined benefit obligations and the fair value of plan assets is recorded as a liability or asset. However, if a defined benefit plan is overfunded, the net defined benefit asset is capped at the present value of the economic benefits available as a reduction in future contributions to the plan. In addition, net interest on the net amount of defined benefit liabilities (assets) is recognized in profit or loss as finance costs (finance income).

Remeasurements of the net amount of defined benefit liabilities (assets) are recognized in full as other comprehensive income in the period in which they are incurred and immediately transferred to retained earnings.

Past service costs are treated as profit or loss in the period in which they are incurred.

Contributions for defined contribution retirement benefits are recognized as expenses when employees render service.

(2) Other employee benefits

Obligations for long-term employee benefits other than post-retirement benefits are calculated by discounting to the present value the future benefits that employees will earn in exchange for their services in the current and prior years.

Short-term employee benefits are measured on an undiscounted basis and are recognized as an expense when the related services are rendered by the employees.

With regard to bonuses, when there is a present legal or constructive obligation to pay them and a reliable estimate can be made, the amount estimated to be paid is recognized as a liability.

When there is a legal or constructive obligation related to accumulated paid leave plans and a reliable estimate can be made, the amount estimated to be paid under those plans is recognized as a liability for paid absence expenses.

13) Stock-based remuneration

(1) Stock options

The Company has adopted a stock option system. This is an equity-settled, share-based remuneration transaction that grants stock acquisition rights subject to specified conditions.

Stock options are estimated at their fair value on the grant date, taking into account the number of stock options expected to ultimately vest, and the amount is recognized as an expense and an increase in capital surplus over the vesting period.

The fair value of options granted is calculated using the Black-Scholes model, taking into account the terms and conditions of the options. The terms and conditions are reviewed periodically and the estimated number of vested rights is revised as necessary.

(2) BIP trust

The Company has adopted an equity-settled board incentive plan (BIP) officer remuneration system as an incentive system for directors and executive officers. The Plan is a stock-based compensation plan in which the Trust acquires Company shares using the remuneration of directors and executive officers contributed by the Company, and the Trust issues Company shares to directors and executive officers and provides cash equivalent to the value of the Company shares converted into cash. Consideration for services received is measured at the fair value of the Company's stock price on the grant date and is recognized as an expense from the grant date over the vesting period, with the same amount recognized as an increase in capital surplus.

14) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amounts recognized as provisions represent the best estimate of the expenditures required to settle present obligations at the reporting date, taking into account risks and uncertainties. Where the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

15) Revenue from contracts with customers

The Group recognizes revenue based on the following five-step approach, in an amount that reflects the consideration to which it expects to be entitled in exchange for the transfer of goods or services to customers.

(1) Step 1: Identify the contract with the customer

(2) Step 2: Identify the performance obligations in the contract

(3) Step 3: Calculate the transaction price

(4) Step 4: Allocate the transaction price to the performance obligations in the contract

(5) Step 5: Recognize revenue when (or as) the entity satisfies its performance obligations

The Group produces fresh vegetables such as fresh tomatoes, processes agricultural ingredients into beverages and food products, and sells them to wholesale and retail markets as well as to consumers through direct marketing sales. For such product sales, the performance obligation is deemed to be satisfied at the time the product is delivered, as the customer obtains control of the product, and revenue is recognized at the time the product is delivered. These revenues are calculated at the price specified in the contract less estimated discounts, rebates, etc., and are recognized only to the extent that it is highly probable that a significant reversal will not occur. In addition, the consideration for the transaction is generally paid within one year of the satisfaction of the performance obligation and does not include a significant financing component.

16) Government grants

Government subsidies are measured and recognized at fair value when there is reasonable assurance that the conditions attached to the subsidies will be met and that the subsidies will be received. Revenue-related subsidies are deducted from the related expenses when they are directly attributable to those expenses, and subsidies received based on other conditions are recognized as revenue. Subsidies related to assets are deducted from the acquisition cost of the assets by the amount of the subsidy, and are recognized in profit or loss as a reduction in depreciation expense on a systematic and rational basis over the useful life of the depreciable assets.

17) Income taxes

Tax expenses are presented as the sum of current tax expenses and deferred tax expenses included in the calculation of net income or loss for the current period.

Current and deferred tax expenses are recognized in profit or loss, except when such tax expenses arise from transactions or events and business combinations that result in tax expenses being recognized directly in other comprehensive income or equity.

Current tax expense is calculated based on the amount expected to be paid to (or refunded from) the tax authorities using tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Deferred tax expenses are calculated based on temporary differences between the tax bases of assets and liabilities and their accounting carrying amounts at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future deductible temporary differences, unused tax losses and unused tax credits will be available against future taxable income. The carrying amount of deferred tax assets is reviewed on the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be earned to realize the benefit of the deferred tax assets.

Unrecognized deferred tax assets are also reviewed on the reporting date and recognized to the extent that it is probable that the deferred tax assets will be recovered from future taxable profits.

Deferred tax liabilities are generally recognized for all future taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period when the asset is realized or the liability is settled, using tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities are not recognized in the following cases:

- Taxable temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of assets and liabilities arising from transactions (excluding business combinations) that, at the time of the transaction, do not affect accounting profits or taxable income and do not give rise to equal amounts of taxable and deductible temporary differences.
- For future taxable temporary differences relating to investments in subsidiaries and affiliates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deductible temporary differences relating to investments in subsidiaries and affiliates, and interests in joint ventures, when it is not probable that the temporary differences will reverse within the foreseeable future or that taxable profits will be available against which the temporary differences can be utilized.

When determined that it is not probable that the tax authorities will accept an uncertain tax treatment, the effect of the uncertainty in determining the related taxable income, tax base, tax loss carryforwards, tax credit carryforwards or tax rate is reflected. For each uncertain tax treatment, the effect of the uncertainty is reflected using either the most likely amount or the expected amount, as appropriate.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when income taxes are levied by the same tax authority on the same taxable entity or when current tax assets and liabilities are levied by different taxable entities and the intention is to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

18) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to common shareholders of the parent company by the weighted-average number of common shares outstanding during the period, adjusted for treasury stock. Diluted earnings per share are calculated after adjusting for the effects of all potential shares, which have a dilutive effect.

19) Non-current assets held for sale

Non-current assets or disposal groups whose carrying amount will be recovered primarily through sale transactions and not through continuing use are classified as held for sale. In order to be classified as held for sale, the conditions are that it is possible to sell the property immediately in its current state, that the sale is highly probable, that the management of the Group is committed to implementing a sale plan, and that the sale is expected to be completed within one year, in principle. Once classified as held for sale, the assets are measured at the lower of their carrying amount or fair value less costs to sell and are not depreciated or amortized.

20) Equity and other components of equity

(1) Common shares

The issue price of common shares is recognized as capital and capital surplus. In addition, share issuance costs are deducted from the issue price.

(2) Treasury shares

Treasury shares are valued at cost and deducted from equity. Any gain or loss on the purchase, sale or retirement of treasury shares is not recognized. The difference between the carrying amount and the consideration at the time of sale is recognized in equity.

21) Dividends

Dividends to shareholders, including year-end and interim dividends, are recognized as liabilities for the period in which they are resolved by the Board of Directors.

4. Significant Accounting Estimates and Judgments

In preparing the consolidated financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and their underlying assumptions are continually reviewed. The effects of revisions to accounting estimates are recognized in the fiscal year in which the estimates are revised and in future fiscal years.

The estimates and underlying assumptions that involve significant risks that may result in a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year are as follows:

- Impairment of non-financial assets ("3. Significant Accounting Policies: 1) Basis of Consolidation -(2) Affiliates; 11) Impairment of Non-financial Assets"; "12. Impairment of Non-financial Assets"; and "13. Investments Accounted for Using the Equity Method")
- Fair value of financial instruments and hedge accounting ("3. Significant Accounting Policies 4) Financial Instruments", "14. Other Financial Assets" and "30. Financial Instruments")
- Measurement of defined benefit obligations ("3. Significant Accounting Policies 12) Employee Benefits" and "20. Employee Benefits")

5. Segment Information

1) Summary of reportable segments

The Group's reportable segments are the constituent units of the Group for which separate financial information is available and which are regularly reviewed by the Board of Directors in order to decide on the allocation of management resources and evaluate business performance.

The Group has two main businesses: the Domestic Processed Food Business, which manufactures and sells beverages and condiments in Japan, and the International Business, which is involved in agricultural production, product development, processing, and sales overseas. In addition, taking into consideration the similarities in products, customers, and other factors as well as economic characteristics, the Group has consolidated its business segments for beverages, direct marketing, and Food-Other into the "Domestic Processed Food Business," and has also consolidated tomato and other primary processing and tomato and other secondary processing (*1) into the "International Business" as reportable segments.

Therefore, the Group has three reportable segments: "Domestic Processed Food Business," "International Business," and "Others." Segment profit is "core operating income (*2)," and the Board of Directors evaluates the performance of business segments based on this core operating income.

*1 Tomato and other primary processing: manufacture and sale of paste and other products made with agricultural produce
 Tomato and other secondary processing: manufacture and sale of pizza sauce and other products made by mainly adding condiments to primary processed products of agricultural produce

*2 Core operating income is the profit index which measures recurring business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus equity gains (losses) of affiliated companies.

The main products of each reportable segment are as follows:

Segment	Main products and merchandise, etc.
Beverages	Yasai Seikatsu 100 series, tomato juice, Yasai Ichinichi Kore Ippon, and others
Direct marketing	Vegetable beverages, supplements, soups, etc.
Food-Other	Tomato ketchup, tomato condiments, sauces, gifts and others
Domestic Processed Food Business	
Tomato and other primary processing	Tomato paste, diced tomatoes, carrot juice, frozen Mediterranean vegetables, etc.
Tomato and other secondary processing	Pizza sauce, barbeque sauce, tomato ketchup, etc.*3
International Business	
Other	Domestic Agri-Business, production and sales of seeds and seedlings, research and development of new varieties and cultivation techniques, real estate business, new businesses, etc.

*3 Within the International Business, businesses that do not fall under the categories of tomato and other primary processing or tomato and other secondary processing are included in "tomato and other secondary processing."

2) Revenues and performance by reportable segment

Fiscal year ended December 31, 2024

(Millions of yen)

	Reportable segment			Adjustments (Note)	Amount recorded on consolidated financial statements
	Domestic Processed Food Business	International Business	Other		
Revenue					
Revenue from external customers	155,711	129,534	21,622	-	306,869
Internal revenue and transfers between segments	-	19,768	238	(20,007)	-
Total revenue	155,711	149,303	21,861	(20,007)	306,869
Core operating income (loss)	15,575	13,932	605	(3,019)	27,094
Other income					10,073
Other expenses					946
Operating income					36,221
Finance income					1,095
Finance costs					3,652
Income before income taxes					33,665
Segment assets	145,534	192,790	24,090	-	362,415
Other items					
Depreciation	4,822	6,511	666	-	12,000
Impairment losses	-	-	-	-	-
Equity gains (losses) of affiliated companies	219	-	51	-	270
Increase in property, plant and equipment and intangible assets	3,128	59,950	1,091	-	64,171

Note: Adjustments to core operating income include consolidated common expenses related to Group headquarters functions not allocated to business segments of (2,682) million yen, elimination of unrealized gain of (330) million yen, and settlement gain/loss on commodity purchase price swaps in the Domestic Agri-Business of (7) million yen, which is included in financial income on the consolidated financial statements.

Fiscal year ended December 31, 2025

(Millions of yen)

	Reportable segment			Adjustments (Note)	Amount recorded on consolidated financial statements
	Domestic Processed Food Business	International Business	Other		
Revenue					
Revenue from external customers	157,324	114,829	22,109	-	294,264
Internal revenue and transfers between segments	-	15,007	251	(15,259)	-
Total revenue	157,324	129,837	22,361	(15,259)	294,264
Core operating income (loss)	15,507	9,283	455	(2,552)	22,694
Other income					644
Other expenses					700
Operating income					22,638
Finance income					1,092
Finance costs					2,612
Income before income taxes					21,118
Segment assets	150,982	195,577	29,260	-	375,820
Other items					
Depreciation	4,629	6,519	666	-	11,814
Impairment losses	-	-	-	-	-
Equity gains (losses) of affiliated companies	262	-	65	-	327
Increase in property, plant and equipment and intangible assets	3,700	8,446	993	-	13,140

Note: Adjustments to core operating income include consolidated common expenses related to Group headquarters functions not allocated to business segments of (2,973) million yen, elimination of unrealized gain of 406 million yen, and settlement gain/loss on commodity purchase price swaps in the Domestic Agri-Business of 15 million yen, which is included in financial income on the consolidated financial statements.

3) Information by product and service

Information by product and service has been omitted because similar information is disclosed in segment information.

4) Information by region

(1) Revenue

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Japan	161,226	161,192
United States	92,024	80,323
Other	53,618	52,748
Total	306,869	294,264

Note: Revenue is recognized based on the location of customers.

(2) Non-current assets

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Japan	41,892	41,171
United States	62,215	61,270
Portugal	9,328	10,188
Taiwan	8,157	9,396
Other	8,505	9,832
Total	130,099	131,861

Note: Non-current assets are recognized based on the location of the assets and do not include other financial assets or deferred tax assets.

5) Major customers

(Millions of yen)

	Relevant reportable segments	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
NIPPON ACCESS, INC.	Domestic Processed Food Business	35,216	37,271

6. Cash and Cash Equivalents

1) Cash and Cash Equivalents

Breakdown of cash and cash equivalents is as follows:

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Cash on hand and demand deposits	21,273	26,844
Total	21,273	26,844

The balance of cash and cash equivalents in the Consolidated Statements of Financial Position for the previous and current consolidated fiscal years are consistent with the balance of cash and cash equivalents in the Consolidated Statements of Cash Flows.

2) Non-cash transactions

Significant non-cash transactions are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Cancellation of treasury shares	1,300	7,975

7. Trade and Other Receivables

The breakdown of trade receivables and other receivables is as follows:

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Notes and accounts receivable	55,748	55,666
Other	4,225	5,428
Allowance for doubtful accounts	(541)	(536)
Total	59,432	60,558

8. Inventories

The breakdown of inventories is as follows:

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Merchandise and finished goods	74,958	74,418
Work in process	816	649
Raw material and supplies	43,272	44,370
Total	119,047	119,438

- Notes:
1. The amounts of inventories recognized as "cost of sales" in the Consolidated Statements of Income for the fiscal years ended December 31, 2024 and 2025 were 206,734 million yen and 198,550 million yen, respectively.
 2. The amounts of inventory write-downs recognized as expenses for the previous consolidated fiscal year and the current consolidated fiscal year were 550 million yen and 1,086 million yen, respectively. This amount is included in "cost of sales" in the Consolidated Statements of Income.
 3. In the previous fiscal year and the fiscal year under review, the amount of assets pledged as collateral for borrowings and other liabilities, included in inventories, were 8,850 million yen and 5,880 million yen,

9. Property, Plant and Equipment

The changes in the carrying amount of property, plant and equipment, acquisition cost, accumulated depreciation and accumulated impairment losses are as follows.

(Millions of yen)

Carrying amount	Buildings and structures	Machinery, equipment and vehicles	Tools and furniture	Right-of-use assets	Land	Construction in progress	Total
As of Jan. 1, 2024	21,117	25,550	1,115	1,712	8,415	2,844	60,756
Additions	1,626	4,156	361	555	2	4,142	10,844
Acquisitions through business combination	2,321	6,945	-	475	8,275	504	18,521
Depreciation	(1,778)	(6,622)	(433)	(1,045)	-	-	(9,879)
Disposals	(18)	(204)	(14)	(22)	-	(10)	(270)
Exchange differences on translation of foreign operations	610	999	18	63	888	198	2,778
Transfers and other increases/decreases	561	2,569	120	172	574	(4,159)	(160)
As of Dec. 31, 2024	24,441	33,393	1,167	1,911	18,155	3,519	82,589
Additions	1,192	3,116	441	1,667	1,438	4,283	12,138
Depreciation	(1,791)	(6,567)	(430)	(1,058)	-	-	(9,848)
Disposals	(58)	(40)	(10)	(17)	(1)	-	(129)
Exchange differences on translation of foreign operations	492	865	5	68	128	56	1,616
Transfers and other increases/decreases	1,633	2,831	137	27	(350)	(5,351)	(1,072)
As of Dec. 31, 2025	25,909	33,599	1,310	2,598	19,369	2,507	85,295

(Millions of yen)

Acquisition cost	Buildings and structures	Machinery, equipment and vehicles	Tools and furniture	Right-of-use assets	Land	Construction in progress	Total
As of Dec. 31, 2024	58,096	109,056	8,003	7,536	19,017	3,519	205,229
As of Dec. 31, 2025	61,710	113,870	8,373	9,117	20,332	2,507	215,912

(Millions of yen)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery, equipment and vehicles	Tools and furniture	Right-of-use assets	Land	Construction in progress	Total
As of Dec. 31, 2024	(33,654)	(75,662)	(6,836)	(5,625)	(861)	-	(122,640)
As of Dec. 31, 2025	(35,800)	(80,271)	(7,063)	(6,519)	(962)	-	(130,617)

- Notes:
1. Amounts relating to property, plant and equipment under construction are presented as construction in progress.
 2. There are no property, plant and equipment with ownership restrictions.
 3. Please refer to "33. Commitments" for commitments regarding the acquisition of property, plant and equipment.
 4. Depreciation is recorded as "cost of sales" and "selling, general and administrative expenses" in the Consolidated Statements of Income.

5. There are no borrowing costs included in the acquisition cost of property, plant and equipment.

The breakdown of the assets pledged as collateral is as follows.

(Millions of yen)

	Buildings and structures	Machinery, equipment and vehicles	Tools and furniture	Land and others	Total
As of Dec. 31, 2024	2,281	3,393	5	9	5,689
As of Dec. 31, 2025	1,854	1,750	10	6	3,621

Note: This represents a mortgage established for construction cooperation funds and refundable security deposits (previous fiscal year: 1,445 million yen, fiscal year under review: 1,359 million yen) based on construction lease agreements with affiliated companies, as well as collateral established for borrowings (including long-term borrowings) of affiliated companies (previous fiscal year: 15,281 million yen, fiscal year under review: 9,543 million yen).

10. Goodwill and Intangible Assets

The increase/decrease in the carrying amount of goodwill and intangible assets, as well as the acquisition cost, accumulated amortization and accumulated impairment losses are as follows.

(Millions of yen)

Carrying amount	Goodwill	Intangible assets			Total
		Software	Customer-related assets	Other	
As of Dec. 31, 2024	799	1,977	58	189	3,023
Additions	-	681	-	267	948
Acquisitions through business combination	10,029	-	23,755	-	33,784
Amortization	-	(849)	(1,114)	(13)	(1,976)
Disposals	-	(17)	-	(234)	(251)
Exchange differences on translation of foreign operations	655	15	1,566	1	2,237
Transfers and other increases/decreases	-	52	-	(2)	50
As of Dec. 31, 2024	11,484	1,860	24,264	209	37,817
Additions	-	891	-	67	959
Amortization	-	(667)	(1,101)	(28)	(1,796)
Disposals	-	(95)	-	-	(95)
Exchange differences on translation of foreign operations	(109)	(2)	(296)	0	(407)
Transfers and other increases/decreases	-	-	-	(1)	(1)
As of Dec. 31, 2025	11,375	1,987	22,866	248	36,476

(Millions of yen)

Acquisition cost	Goodwill	Intangible assets			Total
		Software	Customer-related assets	Other	
As of Dec. 31, 2024	11,484	12,489	25,468	1,098	50,540
As of Dec. 31, 2025	11,375	12,608	25,211	1,206	50,401

(Millions of yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Intangible assets			Total
		Software	Customer-related assets	Other	
As of Dec. 31, 2024	-	(10,628)	(1,203)	(890)	(12,723)
As of Dec. 31, 2025		(10,621)	(2,345)	(958)	(13,925)

- Notes:
1. There are no intangible assets with ownership restrictions or intangible assets for which a mortgage has been established as collateral for liabilities.
 2. Amortization is recorded as "cost of sales" and "selling, general and administrative expenses" in the Consolidated Statements of Income.
 3. There are no individually significant intangible assets or intangible assets with indefinite useful lives.
 4. Please refer to "33. Commitments" for commitments regarding the intangible assets.

11. Lease

1) Leases as a lessee

(1) Leasing-related expenses, revenue, and cash flow

The expenses, revenue and cash flows related to leasing are as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Depreciation by type of right-of-use asset		
Buildings and structures	454	493
Machinery, equipment and vehicles	477	447
Tools and furniture	-	-
Land	113	117
Total	1,045	1,058
Impairment losses by type of right-of-use asset		
Buildings and structures	-	-
Machinery, equipment and vehicles	-	-
Tools and furniture	-	-
Land	-	-
Total	-	-
Interest expense on lease liabilities	31	35
Total cash outflows for leases	904	863

- Notes:
1. There are no significant future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities.
 2. Expenses relating to leases whose lease term expires within 12 months and leases whose underlying assets have a small value are immaterial.
 3. There are no expenses related to variable leases that are not included in the measurement of lease liabilities, no income from subleasing right-of-use assets, and no gains or losses from sale and leaseback transactions.

(2) Right-of-use assets included in the carrying amount of property, plant and equipment

The carrying amounts of right-of-use assets included in the carrying amounts of property, plant and equipment are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Buildings and structures	630	1,342
Machinery, equipment and vehicles	1,032	977
Land	247	278
Total	1,911	2,598

12. Impairment of Non-financial Assets

1) Cash-generating units

The Group identifies cash-generating units as the smallest group of assets that generate largely independent cash inflows, and in principle, identifies cash-generating units based on business segments for management purposes.

2) Impairment losses

If the carrying amount of an asset, a cash-generating unit, or a group of cash-generating units exceeds its recoverable amount, the Group recognizes the excess as an impairment loss.

Fiscal year ended December 31, 2024

Not applicable.

Fiscal year ended December 31, 2025

Not applicable.

13. Investments Accounted for Using the Equity Method

The carrying amount of the Group's interests in individually immaterial affiliates and their share of net income, other comprehensive income and comprehensive income are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Carrying amount of investments in affiliates	5,635	5,953

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net income (Note)	270	327
Other comprehensive income	49	(9)
Comprehensive income total	319	318

Note: Impairment related to investments accounted for using the equity method
There were no impairment losses on investments accounted for using the equity method in the previous fiscal year and the fiscal year under review.

14. Other Financial Assets

1) Breakdown of other financial assets

The breakdown of other financial assets is as follows:

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Derivative assets	10,288	11,453
Equity financial assets	14,276	18,050
Loans	1,265	1,252
Other	1,045	1,039
Total	26,875	31,796

Current assets	4,555	4,793
Non-current assets	22,320	27,002
Total	26,875	31,796

Note: Equity financial assets are classified as financial assets measured at fair value through other comprehensive income, derivative assets (excluding those subject to hedge accounting) and certain other assets are classified as financial assets measured at fair value through profit or loss, and loans and other assets that meet the criteria are classified as financial assets measured at amortized cost.

2) Equity financial assets measured at fair value through other comprehensive income

(1) Main issuers and fair values

The main issuers and fair values of equity financial assets measured at fair value through other comprehensive income are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
KATO SANGYO CO., LTD.	3,304	4,691
Dynapac Co., Ltd.	3,024	3,800
Nissin Foods Co., Ltd.	1,588	1,922
OK Corporation	1,590	1,708

Notes: The shares are held with the objective of expanding the revenue base by maintaining and strengthening relationships with business partners, and are therefore designated as equity financial assets measured at fair value through other comprehensive income.

(2) Derecognized equity financial assets measured at fair value through other comprehensive income

The fair value and cumulative gain or loss (after tax) as of the date of derecognition of equity financial assets measured at fair value through other comprehensive income that were derecognized during the period are as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Fair value	136	371
Accumulated gains or (losses)	21	131

Notes: 1. Primarily with the objective of reviewing cross-shareholdings, a portion of equity instruments measured at fair value through other comprehensive income were sold and derecognized during the previous fiscal year and the fiscal year under review.
2. When equity financial assets measured at fair value through other comprehensive income are derecognized, the cumulative gain or loss (after tax) recognized in other comprehensive income is transferred to retained earnings.

15. Income Taxes

1) Breakdown of deferred tax assets and deferred tax liabilities by category, including changes during the period

The breakdown of deferred tax assets and deferred tax liabilities by category, including changes during the period are as follows.

Fiscal year ended December 31, 2024

(Millions of yen)

	January 1, 2024	Recognized through profit or loss	Recognized in other comprehensive income	Business combination	Other (Note)	December 31, 2024
Deferred tax assets						
Fixed assets	1,850	(3)	-	-	39	1,887
Retirement benefit liability	1,849	(18)	(89)	-	6	1,747
Tax loss carryforward	189	(8)	-	-	126	308
Loss allowance	348	(323)	-	-	0	25
Effective portion of cash flow hedges	-	-	-	-	-	-
Other	6,292	(91)	-	-	153	6,354
Total	10,530	(445)	(89)	-	326	10,322
Deferred tax liabilities						
Effective portion of cash flow hedges	2,105	-	2,726	-	(1,605)	3,226
Equity financial assets measured at fair value	2,393	-	131	-	(9)	2,514
Reserve for advanced depreciation of fixed assets	1,461	(56)	-	-	-	1,404
Customer-related assets	-	(194)	-	4,192	275	4,273
Other	7,160	(399)	-	617	182	7,561
Total	13,120	(651)	2,857	4,809	(1,156)	18,979
Net amount of deferred tax assets and liabilities	2,590	(205)	2,946	4,809	(1,482)	8,657

Note: Other includes exchange differences on translation of foreign operations.

Fiscal year ended December 31, 2025

(Millions of yen)

	January 1, 2025	Recognized through profit or loss	Recognized in other comprehensive income	Business combination	Other (Note)	December 31, 2025
Deferred tax assets						
Fixed assets	1,887	85	-	-	13	1,986
Retirement benefit liability	1,747	0	(263)	-	100	1,585
Tax loss carryforward	308	(145)	-	-	7	170
Loss allowance	25	126	-	-	0	151
Effective portion of cash flow hedges	-	-	-	-	-	-
Other	6,354	(71)	-	-	151	6,433
Total	10,322	(3)	(263)	-	272	10,327
Deferred tax liabilities						
Effective portion of cash flow hedges	3,226	-	1,632	-	(1,202)	3,656
Equity financial assets measured at fair value	2,514	-	1,196	-	70	3,781
Reserve for advanced depreciation of fixed assets	1,404	(19)	-	-	-	1,384
Customer-related assets	4,273	(192)	-	-	(54)	4,027
Other	7,561	(478)	103	-	143	7,328
Total	18,979	(690)	2,931	-	(1,043)	20,179
Net amount of deferred tax assets and liabilities	8,657	(686)	3,196	-	(1,315)	9,852

Note: Other includes exchange differences on translation of foreign operations.

2) Unrecognized deferred tax assets

The amounts of future deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognized are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Deductible temporary differences	9,450	10,053
Tax loss carryforward	9,999	10,789
Total	19,449	20,842

The expiration dates of tax loss carryforwards for which deferred tax assets have not been recognized are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Year 1	132	75
Year 2	79	121
Year 3	128	170
Year 4	180	121
Over 5 years	9,478	10,299
Total	9,999	10,789

3) Unrecognized deferred tax liabilities

The total amount of temporary differences related to investments in affiliates that are not recognized as deferred tax liabilities was 4,614 million yen at the end of the previous fiscal year and 4,868 million yen at the end of the fiscal year under review.

In these cases, the Group has not recognized deferred tax liabilities because it is possible for the Group to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse within the foreseeable future.

4) Breakdown of income tax expense

Income tax expense recognized through profit or loss is as follows:

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Current income tax	6,695	5,748
Deferred income tax	(205)	(686)
Total	6,489	5,062

5) Reconciliation of effective tax rate

The main factors causing the difference between the statutory effective tax rate and the actual effective tax rate are as follows.

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Statutory effective tax rate	31.4%	31.4%
Entertainment expenses and other items that are permanently non-deductible	0.1	2.1
Dividends received and other items that are permanently non-taxable	(0.5)	(0.2)
Gain on step acquisitions	(5.9)	-
Tax credit	(3.3)	(2.9)
Tax return adjustments at subsidiaries	-	(4.1)
Unrecognized deferred tax assets	(0.9)	0.2
Other	(1.7)	(2.6)
Actual effective tax rate	19.3%	24.0%

16. Trade and Other Payables

The breakdown of trade and other payables is as follows:

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Trade payables	25,014	23,562
Other payables	19,228	18,808
Other	169	127
Total	44,412	42,497

17. Bonds and Borrowings

1) Borrowings

The breakdown of borrowings is as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025	Average interest rate (%)	Maturity date
Short-term borrowings	46,004	50,949	3.36 p.a.	-
Current portion of long-term borrowings	5,172	7,980	0.60 p.a.	-
Long-term borrowings	21,543	23,570	3.09 p.a.	2027 to 2045
Total	72,720	82,499	-	-

	As of Dec. 31, 2024	As of Dec. 31, 2025
Current liabilities	51,176	58,929
Non-current liabilities	21,543	23,570
Total	72,720	82,499

2) Reconciliation of liabilities related to financing activities

(1) Previous consolidated fiscal year is as follows.

(Millions of yen)

	As of Jan. 1, 2024	Cash flows	Non-cash changes				As of Dec. 31, 2024
			Changes due to business combination	Changes from amortized cost measurement	Fluctuation in exchange rates	Fluctuation in fair value	
Short-term borrowings	45,054	(15,632)	13,234	-	3,348	-	46,004
Bonds	997	(1,000)	-	2	-	-	-
Long-term borrowings	18,733	3,013	4,429	-	539	-	26,716

(2) Fiscal year under review

	As of Jan. 1, 2025	Cash flows	Non-cash changes		As of Dec. 31, 2025
			Fluctuation in exchange rates	Fluctuation in fair value	
Short-term borrowings	46,004	2,119	2,825	-	50,949
Bonds	-	-	-	-	-
Long-term borrowings	26,716	4,629	205	-	31,550

18. Other Financial Liabilities

1) The breakdown of other financial liabilities is as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Derivative liabilities	129	26
Lease liabilities	2,084	2,715
Other	1,639	1,550
Total	3,852	4,292

Current liabilities	1,015	938
Non-current liabilities	2,837	3,353
Total	3,852	4,292

Note: Derivative liabilities (excluding those to which hedge accounting is applied) are classified as financial liabilities measured at fair value through profit or loss, while all others are classified as financial liabilities measured at amortized cost. For information on lease liabilities, see "11. Lease."

2) Reconciliation of liabilities related to financing activities is as follows.

(1) Previous consolidated fiscal year

(Millions of yen)

	As of Jan. 1, 2024	Cash flows	Non-cash changes			As of Dec. 31, 2024
			Additions	Acquisitions through business combination	Fluctuation in exchange rates	
Lease liabilities	1,836	(904)	607	475	70	2,084

(2) Fiscal year under review

(Millions of yen)

	As of Jan. 1, 2025	Cash flows	Non-cash changes			As of Dec. 31, 2025
			Additions	Acquisitions through business combination	Fluctuation in exchange rates	
Lease liabilities	2,084	(863)	1,428	-	65	2,715

19. Provisions

The breakdown of and changes in provisions are as follows.

(Millions of yen)

	Asset retirement obligations	Other	Total
Balance at the beginning of the previous fiscal year (January 1, 2024)	1,496	-	1,496
Increase during the period	0	-	0
Decrease during the period (utilization)	(5)	-	(5)
Decrease during the period (reversal)	(1)	-	(1)
Unwinding of discount	2	-	2
Other	2	-	2
Balance at the beginning of the previous fiscal year (December 31, 2024)	1,495	-	1,495
Increase during the period	57	-	57
Decrease during the period (utilization)	(59)	-	(59)
Decrease during the period (reversal)	-	-	-
Unwinding of discount	23	-	23
Other	9	-	9
Balance at the end of the fiscal year under review (December 31, 2025)	1,525	-	1,525

	As of Dec. 31, 2024	As of Dec. 31, 2025
Current liabilities	-	-
Non-current liabilities	1,495	1,525
Total	1,495	1,525

Note: Asset retirement obligations are recorded as the amount expected to be paid in the future to provide for the obligation to restore leased offices, buildings, and other facilities used by the Group to their original condition. These expenses are expected to be paid after the expected period of use, which is determined taking into account the useful life of the leased offices and other facilities has elapsed, but may be affected by future business plans, etc.

20. Employee Benefits

The Company and certain of its consolidated subsidiaries have established a lump-sum retirement benefit plan as defined benefit plans. In addition, the Company and certain of its consolidated subsidiaries have introduced defined contribution plans in addition to the employees' pension plan. There are also cases where an employee is paid an additional severance payment upon retirement or other circumstances.

The Finance and Accounting Department and the Human Resources Department are responsible for appropriately managing asset management performance, system operations, accounting procedures, and determining policies.

1) Defined benefit plans

(1) Amounts recognized in the Consolidated Statements of Financial Position

The amounts recognized in the Consolidated Financial Statements are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Present value of defined benefit obligations	6,814	6,162
Fair value of plan assets	1,392	1,412
Net defined benefit liability (asset)	5,421	4,750
Amount on Consolidated Statements of Financial Position		
Liabilities (retirement benefit liability)	5,432	4,763
Assets (other non-current assets)	10	13

(2) Change in the present value of defined benefit obligations

The changes in the present value of defined benefit obligations are as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Opening balance of present value of defined benefit obligations	7,032	6,814
Service cost	394	310
Interest cost	94	113
Remeasurements		
Actuarial differences resulting from changes in demographic assumptions	(33)	(8)
Actuarial differences arising from changes in financial assumptions	(262)	(520)
Actuarial differences arising from experience adjustments	(1)	23
Benefit payment amount	(395)	(529)
Other	(14)	(40)
Closing balance of present value of defined benefit obligations	6,814	6,162

(3) Reconciliation of retirement benefit obligations and plan assets to amounts recognized in the Consolidated Financial Position

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Retirement benefit obligations under funded pension plans	6,400	6,014
Pension assets	(1,392)	(1,412)
	5,008	4,602
Retirement benefit obligations under unfunded pension plans	413	147
Net retirement benefit obligations and pension assets	5,421	4,750
Retirement benefit assets	10	13
Retirement benefit liability	5,432	4,763
Net amount of liabilities and assets recognized in the Consolidated Statements of Financial Position	5,421	4,750

(4) Changes in the fair value of plan assets

The changes in the fair value of plan assets are as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Opening balance of fair value of plan assets	1,370	1,392
Interest Income	29	32
Remeasurements		
Return on plan assets	(17)	(20)
Company contributions	2	1
Benefit payment amount	-	-
Other	8	7
Closing balance of fair value of plan assets	1,392	1,412

(5) Breakdown of the fair value of plan assets

As of Dec. 31, 2024

(Millions of yen)

	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	1,240	-	1,240
Equity financial instruments	-	-	-
Debt financial instruments	-	-	-
Other	151	-	151
Total	1,392	-	1,392

As of Dec. 31, 2025

(Millions of yen)

	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	1,235	-	1,235
Equity financial instruments	-	-	-
Debt financial instruments	-	-	-
Other	170	-	170
Total	1,405	-	1,405

(6) Actuarial assumptions

The main actuarial assumptions are as follows.

	As of Dec. 31, 2024	As of Dec. 31, 2025
Discount rate (%)	1.8	2.8

(7) Sensitivity analysis of actuarial assumptions

If the discount rate fluctuates at the following rates as of the end of the fiscal year, the change in defined benefit obligations would be as follows. This analysis assumes that other variables are constant.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Discount rate (0.5% above)	(278)	(234)
Discount rate (0.5% below)	301	253

(8) Weighted average duration of retirement benefit obligations

The weighted average duration is as follows.

	As of Dec. 31, 2024	As of Dec. 31, 2025
Weighted average duration (years)	9.1	8.6

2) Defined contribution plans

The amounts recognized as expenses related to defined contribution plans are as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Expenses related to defined contribution plans	1,789	1,909

3) Cost of sales

The amounts recognized as personnel expenses included in cost of sales are as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Personnel expenses included in cost of sales	21,205	22,100

21. Equity and Other Components of Equity

1) Share capital and treasury shares

(1) Matters relating to authorized and issued shares

(Thousand shares)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Authorized shares		
Common shares	279,150	279,150
Number of shares outstanding		
Opening balance	94,366	93,886
Change during period (Note)	(480)	(2,754)
Closing balance	93,886	91,132

Note: The decrease in the total number of shares outstanding is due to the cancellation of treasury shares.

(2) Treasury shares

(Thousand shares)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Treasury shares		
Opening balance	8,251	229
Increase during the period	0	2,831
Decrease during the period	8,021	2,796
Closing balance	229	265

2) Capital surplus

Japan's Companies Act stipulates that at least half of the amount paid or contributed for the issuance of shares must be included in capital and that the remainder must be included in an item allocated to capital surplus. In addition, under the Companies Act, capital reserves can be transferred to capital by resolution of the General Meeting of Shareholders.

3) Retained earnings

The Companies Act stipulates that one-tenth of the distributions from surplus must be appropriated to capital reserve or legal reserve until the total amount of capital reserve and legal reserve reaches one-fourth of the capital. The accumulated legal reserve can be used to offset losses. In addition, the legal reserve may be reduced by resolution of the General Meeting of Shareholders.

4) Other components of equity

(1) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans represent actuarial gains and losses arising from differences between actuarial assumptions and actual results and from changes in assumptions. This is recognized in other comprehensive income when arisen and immediately reclassified from other components of equity to retained earnings.

(2) Net gains and losses from financial assets measured at FVTOCI

This represents the cumulative amount of valuation gains and losses on financial instruments measured at fair value through other comprehensive income.

(3) Cash flow hedge and hedge costs

Cash flow hedges represent the cumulative amount of the effective portion of gains or losses arising from changes in the fair value of hedging instruments related to cash flow hedges.

Hedging costs represent the deferral of changes in value of the forward element of foreign exchange contracts.

(4) Exchange differences on translation of foreign operations

This represents the translation differences arising from translating the financial statements of the consolidated company's foreign operations from their functional currencies into Japanese yen, the presentation currency of the consolidated company.

22. Dividends

Dividends paid are as follows.

Fiscal year ended December 31, 2024

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
February 15, 2024 Board of Directors	3,536	41.00	December 31, 2023	March 5, 2024

Note: The total amount of dividends resolved by the Board of Directors meeting on February 15, 2024 includes a dividend of 5 million yen on the Company's shares held by the director compensation Board Incentive Plan trust.

Fiscal year ended December 31, 2025

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
February 13, 2025 Board of Directors	5,344	57.00	December 31, 2024	March 6, 2025

Note: The total amount of dividends resolved by the Board of Directors meeting on February 13, 2025 includes a dividend of 5 million yen on the Company's shares held by the director compensation Board Incentive Plan trust.

Dividends with an effective date falling in the following consolidated fiscal year as follows.

Fiscal year ended December 31, 2024

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
February 13, 2025 Board of Directors	5,344	57.00	December 31, 2024	March 6, 2025

Note: The total amount of dividends resolved by the Board of Directors meeting on February 13, 2025 includes a dividend of 5 million yen on the Company's shares held by the director compensation Board Incentive Plan trust.

Fiscal year ended December 31, 2025

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
February 13, 2026 Board of Directors	4,368	48.00	December 31, 2025	March 5, 2026

Note: The total amount of dividends determined by the Board of Directors meeting on February 13, 2026 includes a dividend of 7 million yen on the Company's shares held by the director compensation Board Incentive Plan trust.

23. Revenue

1) Disaggregation of revenue

(1) Revenue recognized from contracts with customers and other sources

Revenue recognized from contracts with customers and other sources is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Revenue from contracts with customers	306,159	293,549
Revenue recognized from other sources (Note)	710	714
Total	306,869	294,264

Note: Revenue recognized from other sources includes lease income recognized in accordance with IFRS 16 "Leases" ("IFRS 16").

(2) Disaggregation of revenue and its relationship with segment revenue

The Group's revenue consists primarily of revenue from the sale of goods, for which control is transferred to customers at a point in time. The consideration for the transaction does not include any significant financing components or variable consideration.

Fiscal year ended December 31, 2024

(Millions of yen)

	Domestic Processed Food Business			International Business			Other	Adjustments	Total
	Beverages	Direct marketing	Food-Other	Tomato and other primary processing	Tomato and other secondary processing	Adjustments (Note) 2			
Revenue from contracts with customers	82,721	13,361	59,628	71,555	61,486	(3,507)	20,912	-	306,159
Revenue recognized from other sources (Note 1)	-	-	-	-	-	-	710	-	710
Total revenue	82,721	13,361	59,628	71,555	61,486	(3,507)	21,622	-	306,869

Notes: 1. Revenue recognized from other sources includes lease income recognized in accordance with IFRS 16 "Leases" ("IFRS 16").

2. Revenue generated between the "Tomato and other primary processing" and "Tomato and other secondary processing" business segments has been eliminated.

Fiscal year ended December 31, 2025

(Millions of yen)

	Domestic Processed Food Business			International Business			Other	Adjustments	Total
	Beverages	Direct marketing	Food-Other	Tomato and other primary processing	Tomato and other secondary processing	Adjustments (Note) 2			
Revenue from contracts with customers	84,185	13,993	59,145	61,071	57,177	(3,419)	21,395	-	293,549
Revenue recognized from other sources (Note 1)	-	-	-	-	-	-	714	-	714
Revenue total	84,185	13,993	59,145	61,071	57,177	(3,419)	22,109	-	294,264

Notes: 1. Revenue recognized from other sources includes lease income recognized in accordance with IFRS 16 "Leases" ("IFRS 16").

2. Revenue generated between the "Tomato and other primary processing" and "Tomato and other secondary processing" business segments has been eliminated.

2) Contract balances

The balances of receivables and contract assets arising from contracts with customers are as follows.

(Millions of yen)

	Opening balance of previous fiscal year (January 1, 2024)	As of Dec. 31, 2024	As of Dec. 31, 2025
Receivables from contracts with customers			
Notes and accounts receivable	44,975	55,748	55,666
Contract assets	-	-	-
Total	44,975	55,748	55,666

3) Transaction price allocated to remaining performance obligations

The Group has no significant transactions with expected contract periods exceeding one year. Additionally, there is no significant amount of consideration arising from contracts with customers that is not included in the transaction price.

4) Assets recognized from costs to obtain or fulfil a contract with a customer

The amount of assets recognized from the costs of obtaining or fulfilling contracts with customers is immaterial for the Group.

24. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Personnel expenses	22,987	23,282
Sales promotion expenses	5,870	5,911
Advertising expenses	8,462	7,538
Freight and storage fees	18,459	18,714
Depreciation and amortization	3,013	2,828
Other	14,114	14,767
Total	72,907	73,043

Research and development expenses included in selling, general and administrative expenses for the previous fiscal year and the fiscal year under review totaled 5,094 million yen and 5,382 million yen, respectively.

25. Other Income and Expenses

The breakdown of other income is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Other income		
Gain on sales of fixed assets	26	7
Gain on step acquisitions	9,323	-
Other	722	636
Total	10,073	644

The breakdown of other financial expenses is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Other expenses		
Loss on disposal of non-current assets	134	173
Other	811	526
Total	946	700

26. Finance Income and Finance Costs

The breakdown of finance income is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Interest income		
Financial assets measured at amortized cost	432	483
Dividend income		
Financial assets measured at FVTOCI		
Investments derecognized during the period	-	11
Investments held as of the end of the fiscal year	340	359
Foreign exchange gains	-	186
Other	322	51
Total	1,095	1,092

The breakdown of finance costs is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Interest expenses		
Financial liabilities measured at amortized cost	2,952	2,372
Lease liabilities	31	35
Foreign exchange losses	524	-
Other	143	204
Total	3,652	2,612

27. Other Comprehensive Income

Reclassification adjustments and tax effects for each component of other comprehensive income are as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans		
Amount incurred in the current period	289	492
Before tax effect adjustment	289	492
Tax effect amount	(89)	(263)
After tax effect adjustment	200	229
Net gains and losses from financial assets measured at FVTOCI		
Amount incurred in the current period	774	3,510
Before tax effect adjustment	774	3,510
Tax effect amount	(131)	(1,196)
After tax effect adjustment	643	2,313
Share of other comprehensive income of investments accounted for using equity method, net of tax		
Amount incurred in the current period	5	(8)
Before tax effect adjustment	5	(8)
Tax effect amount	-	-
After tax effect adjustment	5	(8)
Total for the item	849	2,534
Items that may be reclassified subsequently to profit or loss		
Effective portion of cash flow hedges		
Amount incurred in the current period	1,482	8,565
Reclassification adjustment amount	-	-
Before tax effect adjustment	1,482	8,565
Tax effect amount	(465)	(2,789)
After tax effect adjustment	1,016	5,776
Cash flow hedges costs		
Amount incurred in the current period	7,197	(3,550)
Reclassification adjustment amount	-	-
Before tax effect adjustment	7,197	(3,550)
Tax effect amount	(2,260)	1,156
After tax effect adjustment	4,936	(2,394)
Exchange differences on translation of foreign operations		
Amount incurred in the current period	7,956	192
Reclassification adjustment amount	-	-
Before tax effect adjustment	7,956	192
Tax effect amount	-	-
After tax effect adjustment	7,956	192
Share of other comprehensive income of investments accounted for using equity method, net of tax		
Amount incurred in the current period	43	(1)
Reclassification adjustment amount	-	-
Before tax effect adjustment	43	(1)
Tax effect amount	-	-
After tax effect adjustment	43	(1)
Total for the item	13,953	3,572
Other comprehensive income	14,802	6,106

28. Earnings per Share

1) Basis for calculating basic earnings per share

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net income attributable to shareholders of parent (millions of yen)	25,015	14,800
Net income not attributable to common shareholders of the parent (millions of yen)	-	-
Net income used in calculating basic earnings per share (millions of yen)	25,015	14,800
Weighted average number of common shares (thousands of shares)	89,816	91,688
Basic earnings per share (yen)	278.52	161.42

2) Basis for calculating diluted earnings per share

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net income used in calculating basic earnings per share (millions of yen)	25,015	14,800
Net income adjustment (millions of yen)	-	-
Net income used in calculating diluted earnings per share (millions of yen)	25,015	14,800
Weighted average number of common shares (thousands of shares)	89,816	91,688
Increase in common shares from stock acquisition rights (thousands of shares)	106	105
Diluted weighted average number of common shares (thousands of shares)	89,923	91,793
Diluted earnings per share (yen)	278.19	161.23
Summary of potential shares not included in the calculation of diluted earnings per share because they have no dilutive effect	-	-

29. Share-based Compensation

1) Stock options

(1) Outline of the stock-based compensation system

The Company has adopted a stock option system as an incentive system for directors and employees. The exercise period for stock options is the period specified in the grant agreement, and if the options are not exercised within that period, they will expire. The Company's stock option plans are accounted for as equity-settled.

The stock-based compensation agreements in place during the fiscal year under review are as follows:

	Kagome Co., Ltd. Series 1 stock acquisition rights	Kagome Co., Ltd. Series 2 stock acquisition rights	Kagome Co., Ltd. Series 3 stock acquisition rights	Kagome Co., Ltd. Series 4 stock acquisition rights
Date of resolution	May 21, 2014	February 24, 2016	February 22, 2017	February 23, 2018
Category and number of recipients	The Company's Directors (excluding External Directors): 7 persons	The Company's Directors (excluding External Directors): 6 persons The Company's Executive Officers: 14 persons	The Company's Directors (excludes External Directors and Audit & Supervisory Committee Members): 6 persons The Company's Executive Officers: 13 persons	The Company's Directors (excludes External Directors and Audit & Supervisory Committee Members): 6 persons The Company's Executive Officers: 14 persons
Type of stock and number of shares granted (Note 1)	26,900 common shares	26,800 common shares	34,400 common shares	33,500 common shares
Grant date	June 5, 2014	March 10, 2016	March 9, 2017	March 12, 2018
Settlement method	Equity settlement	Equity settlement	Equity settlement	Equity settlement
Exercise conditions	(Note 2)	(Note 3)	(Note 4)	(Note 5)
Exercise period	From June 6, 2016 Until June 5, 2031	From March 11, 2018 Until March 10, 2033	From March 10, 2019 Until March 9, 2034	From March 13, 2020 Until March 12, 2035

	Kagome Co., Ltd. Series 5 stock acquisition rights	Kagome Co., Ltd. Series 6 stock acquisition rights
Date of resolution	February 15, 2019	February 14, 2020
Category and number of recipients	The Company's Directors (excludes External Directors and Audit & Supervisory Committee Members): 4 persons The Company's Executive Officers: 12 persons	The Company's Directors (excludes External Directors and Audit & Supervisory Committee Members): 5 persons The Company's Executive Officers: 10 persons
Type of stock and number of shares granted (Note 1)	28,700 common shares	27,800 common shares
Grant date	March 12, 2019	March 12, 2020
Settlement method	Equity settlement	Equity settlement
Exercise conditions	(Note 6)	(Note 7)
Exercise period	From March 13, 2021 Until March 12, 2036	From March 13, 2022 Until March 12, 2037

Notes: 1. Converted into number of shares.

2. (1) If a holder of stock acquisition rights loses their position as a director or executive officer of the Company, they may exercise the stock acquisition rights only within eight years from the day following the day on which they lost

- their position, provided that such is within the exercise period.
- (2) The stock acquisition rights allocated to the recipient will be exercisable in a number (fractions less than one will be rounded down) to be determined separately based on the Company's consolidated ordinary income margin of 5% for the 72nd fiscal year (ended December 31, 2015) and the degree to which that ratio is achieved. However, if the Company's consolidated ordinary income margin for the 72nd fiscal year (ended December 31, 2015) is less than 2%, the stock acquisition rights cannot be exercised.
 - (3) The above (1) does not apply to persons who have inherited stock acquisition rights.
 - (4) If a stock acquisition right holder waives their stock acquisition rights, they will not be able to exercise said rights.
3. (1) If a holder of stock acquisition rights loses their position as a director or executive officer of the Company, they may exercise the stock acquisition rights only within eight years from the day following the day on which they lost their position, provided that such is within the exercise period.
 - (2) The stock acquisition rights allocated to the recipient will be exercisable in a number (fractions less than one will be rounded down) to be determined separately based on the Company's consolidated ordinary income margin of 4.5% for the 74th fiscal year (ended December 31, 2017) and the degree to which that ratio is achieved. However, if the Company's consolidated ordinary income margin for the 74th fiscal year (ended December 31, 2017) is less than 2%, the stock acquisition rights cannot be exercised.
 - (3) The above (1) does not apply to persons who have inherited stock acquisition rights.
 - (4) If a stock acquisition right holder waives their stock acquisition rights, they will not be able to exercise said rights.
 4. (1) If a holder of stock acquisition rights loses their position as a director or executive officer of the Company, they may exercise the stock acquisition rights only within eight years from the day following the day on which they lost their position, provided that such is within the exercise period.
 - (2) The stock acquisition rights allocated to the recipient will be exercisable in a number (fractions less than one will be rounded down) to be determined separately based on the Company's consolidated ordinary income margin of 5% for the 75th fiscal year (ended December 31, 2018) and the degree to which that ratio is achieved. However, if the Company's consolidated ordinary income margin for the 75th fiscal year (ended December 31, 2018) is less than 2%, the stock acquisition rights cannot be exercised.
 - (3) The above (1) does not apply to persons who have inherited stock acquisition rights.
 - (4) If a stock acquisition right holder waives their stock acquisition rights, they will not be able to exercise said rights.
 5. (1) If a holder of stock acquisition rights loses their position as a director or executive officer of the Company, they may exercise the stock acquisition rights only within eight years from the day following the day on which they lost their position, provided that such is within the exercise period.
 - (2) The stock acquisition rights allocated to the recipient will be exercisable in a number (fractions less than one will be rounded down) to be determined separately based on the Company's consolidated ordinary income margin of 5% for the 75th fiscal year (ended December 31, 2018) and the degree to which that ratio is achieved. However, if the Company's consolidated ordinary income margin for the 75th fiscal year (ended December 31, 2018) is less than 2%, the stock acquisition rights cannot be exercised.
 - (3) The above (1) does not apply to persons who have inherited stock acquisition rights.
 - (4) If a stock acquisition right holder waives their stock acquisition rights, they will not be able to exercise said rights.
 6. (1) If a holder of stock acquisition rights loses their position as a director or executive officer of the Company, they may exercise the stock acquisition rights only within eight years from the day following the day on which they lost their position, provided that such is within the exercise period.
 - (2) The stock acquisition rights allocated to the recipient will be exercisable in a number (fractions less than one will be rounded down) to be determined separately based on the Company's consolidated core operating income margin of 5.8% for the 77th fiscal year (ended December 31, 2020) and the degree to which that ratio is achieved. However, if the Company's consolidated core operating income margin for the 77th fiscal year (ended December 31, 2020) is less than 2.3%, the stock acquisition rights cannot be exercised.
 - (3) The above (1) does not apply to persons who have inherited stock acquisition rights.
 - (4) If a stock acquisition right holder waives their stock acquisition rights, they will not be able to exercise said rights.
 7. (1) If a holder of stock acquisition rights loses their position as a director or executive officer of the Company, they may exercise the stock acquisition rights only within eight years from the day following the day on which they lost their position, provided that such is within the exercise period.
 - (2) The stock acquisition rights allocated to the recipient will be exercisable in a number (fractions less than one will be rounded down) to be determined separately based on the Company's consolidated core operating income margin of 5.8% for the 78th fiscal year (ended December 31, 2021) and the degree to which that ratio is achieved. However, if the Company's consolidated core operating income margin for the 78th fiscal year (ended December 31, 2021) is less than 2.3%, the stock acquisition rights cannot be exercised.
 - (3) The above (1) does not apply to persons who have inherited stock acquisition rights.
 - (4) If a stock acquisition right holder waives their stock acquisition rights, they will not be able to exercise said rights.

(2) Impact of stock-based compensation transactions on net income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Stock-based compensation expenses	-	-

(3) Size of stock options and their changes

The number and unit price of stock options granted during the period are as follows. The number of stock options is stated in terms of the number of shares.

a. Number of stock options

Fiscal Year ended December 31, 2024

	Kagome Co., Ltd. Series 1 stock acquisition rights	Kagome Co., Ltd. Series 2 stock acquisition rights	Kagome Co., Ltd. Series 3 stock acquisition rights	Kagome Co., Ltd. Series 4 stock acquisition rights
Unexercised balance at beginning of period (shares)	2,600	11,700	20,800	26,500
Granted	-	-	-	-
Exercised	-	2,800	4,600	3,700
Lapsed	-	-	-	-
Expired	-	-	-	-
Unexercised balance at end of period	2,600	8,900	16,200	22,800
Exercisable balance at end of period	2,600	8,900	16,200	22,800

	Kagome Co., Ltd. Series 5 stock acquisition rights	Kagome Co., Ltd. Series 6 stock acquisition rights
Unexercised balance at beginning of period (shares)	23,900	27,800
Granted	-	-
Exercised	900	1,500
Lapsed	-	-
Expired	-	-
Unexercised balance at end of period	23,000	26,300
Exercisable balance at end of period	23,000	26,300

The weighted average remaining contractual life of outstanding options at the end of the period was 3.7 years.

Fiscal year ended December 31, 2025

	Kagome Co., Ltd. Series 1 stock acquisition rights	Kagome Co., Ltd. Series 2 stock acquisition rights	Kagome Co., Ltd. Series 3 stock acquisition rights	Kagome Co., Ltd. Series 4 stock acquisition rights
Unexercised balance at beginning of period (shares)	2,600	8,900	16,200	22,800
Granted	-	-	-	-
Exercised	-	-	5,000	3,700
Lapsed	-	-	-	-
Expired	-	-	-	-
Unexercised balance at end of period	2,600	8,900	11,200	19,100
Exercisable balance at end of period	2,600	8,900	11,200	19,100

	Kagome Co., Ltd. Series 5 stock acquisition rights	Kagome Co., Ltd. Series 6 stock acquisition rights
Unexercised balance at beginning of period (shares)	23,000	26,300
Granted	-	-
Exercised	3,400	1,000
Lapsed	-	-
Expired	-	-
Unexercised balance at end of period	19,600	25,300
Exercisable balance at end of period	19,600	25,300

The weighted average remaining contractual life of outstanding options at the end of the period was 3.1 years.

b. Exercise price information

Fiscal year ended December 31, 2024

(Yen)

	Kagome Co., Ltd. Series 1 stock acquisition rights	Kagome Co., Ltd. Series 2 stock acquisition rights	Kagome Co., Ltd. Series 3 stock acquisition rights	Kagome Co., Ltd. Series 4 stock acquisition rights
Weighted average exercise price	1	1	1	1
Weighted average stock price (Note)	-	2,984	3,219	3,585
Weighted average fair value (Grant date)	1,536	1,839	2,703	3,325

	Kagome Co., Ltd. Series 5 stock acquisition rights	Kagome Co., Ltd. Series 6 stock acquisition rights
Weighted average exercise price	1	1
Weighted average stock price (Note)	3,474	3,056
Weighted average fair value (Grant date)	2,767	1,870

Note: Weighted average share price at the time of exercise of stock options exercised during the period.

Fiscal year ended December 31, 2025

(Yen)

	Kagome Co., Ltd. Series 1 stock acquisition rights	Kagome Co., Ltd. Series 2 stock acquisition rights	Kagome Co., Ltd. Series 3 stock acquisition rights	Kagome Co., Ltd. Series 4 stock acquisition rights
Weighted average exercise price	1	1	1	1
Weighted average stock price (Note)	-	-	2,903	2,939
Weighted average fair value (Grant date)	1,536	1,839	2,703	3,325

	Kagome Co., Ltd. Series 5 stock acquisition rights	Kagome Co., Ltd. Series 6 stock acquisition rights
Weighted average exercise price	1	1
Weighted average stock price (Note)	2,946	2,907
Weighted average fair value (Grant date)	2,767	1,870

Note: Weighted average share price at the time of exercise of stock options exercised during the period.

(4) Fair value of granted stock options and method of estimating fair value

Fiscal year ended December 31, 2024

Not applicable.

Fiscal year ended December 31, 2025

Not applicable.

2) BIP trust

(1) Outline of plan

The Company has adopted a Board Incentive Plan (BIP) trust for director and executive officer compensation. The Plan is a stock-based compensation plan in which the Trust acquires Company shares using the remuneration of directors and executive officers contributed by the Company, and the Trust issues Company shares to directors and executive officers and provides cash equivalent to the value of the Company shares converted into cash. The Company's BIP plan is accounted for as equity-settled.

(2) Impact of stock-based compensation transactions on net income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Stock-based compensation expenses	109	91

(3) The number of points and their fluctuations

a. Number of granted points

(Unit: points)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Unexercised balance at beginning of period	41,178	51,723
Granted	38,963	27,109
Exercised	28,418	29,503
Lapsed	-	-
Expired	-	-
Unexercised balance at end of period	51,723	49,329
Exercisable balance at end of period	-	-

* Final points will be determined by multiplying the granted points by a performance determination coefficient (ranging from 0% to 100%, depending on the achievement level of performance targets set for two fiscal years after the evaluation year). Each final point will be converted into one share of the Company's stock.

b. Fair value of granted points

(Yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Weighted average fair value	3,436	2,792

(4) Method for estimating the fair value of granted points

Fiscal year ended December 31, 2024

a. Valuation technique

Black-Scholes formula

b. Main assumptions and their estimation methods

Stock price on grant date	3,532 yen
Stock price volatility (Note 1)	17.389%
Expected remaining term	2.34 years
Forecast dividend (Note 2)	42.00 yen
Risk-free interest rate (Note 3)	0.122%

- Notes:
1. Calculated based on weekly historical volatility for the period corresponding to the expected remaining term.
 2. Based on the full-year dividend amount for the fiscal year ended December 31, 2024.
 3. The yield on government bonds for the period corresponding to the expected remaining term.

Fiscal year ended December 31, 2025

a. Valuation technique

Black-Scholes formula

b. Main assumptions and their estimation methods

Stock price on grant date	2,901.5 yen
Stock price volatility (Note 1)	20.986%
Expected remaining term	2.34 years
Forecast dividend (Note 2)	48 yen
Risk-free interest rate (Note 3)	0.778%

- Notes:
1. Calculated based on weekly historical volatility for the period corresponding to the expected remaining term.
 2. Based on the full-year dividend amount for the fiscal year ended December 31, 2025.
 3. The yield on government bonds for the period corresponding to the expected remaining term.

30. Financial Instruments

1) Capital management

The Group manages its capital based on financial policies that emphasize financial soundness, return on capital, and capital efficiency, in order to achieve sustainable growth and maximize corporate value.

2) Financial risk management

In the course of carrying out its business activities, the Group is exposed to various financial risks (credit risk, market risk, and liquidity risk). Therefore, the Group regularly monitors financial risks based on internal management regulations and takes measures to avoid or reduce risks as necessary.

(1) Credit risk

Credit risk is the risk that the Group may incur financial losses due to a counterparty being unable to fulfill its obligations.

Trade receivables, such as notes and accounts receivable, are exposed to customer credit risk. To address this risk, the Group thoroughly follows an internal review and approval process regarding the customer's credit status when a new transaction is entered into. The Group also manages due dates and balances for each client.

When a default is recognized, such as when the repayment date has significantly passed, the asset is deemed to be a credit-impaired financial asset. When the Group assesses that all or part of a trade receivable is uncollectible and determines, as a result of a credit investigation, that it is appropriate to write it off, it writes off the carrying amount of the trade receivable. The maximum exposure to credit risk at the end of the reporting period is the carrying amount shown in the Consolidated Statements of Financial Position.

The Group measures the allowance for doubtful accounts at an amount equal to the lifetime expected credit losses on trade receivables.

Changes in the allowance for doubtful accounts related to trade receivables are as follows.

Furthermore, past due receivables are immaterial.

In addition, allowance for doubtful accounts is recorded based on past performance rates and other relevant factors.

(Millions of yen)

Loss allowance	Lifetime expected credit losses	
	Collective evaluation	Credit-impaired financial assets
As of Jan. 1, 2024	387	-
Increase due to additional provisions	147	-
Decrease due to intended use	(27)	-
Reversal amount during the period	(1)	-
Other	35	-
As of Dec. 31, 2024	541	-
Increase due to additional provisions	44	-
Decrease due to intended use	(29)	-
Reversal amount during the period	(22)	-
Other	2	-
As of Dec. 31, 2025	536	-

(2) Liquidity risk

(a) Management of liquidity risk related to funding

The Group's trade payables and borrowings are exposed to liquidity risk, which may mean that payments cannot be made on the due date due to changes in the financial environment. However, the Group manages this risk by creating and updating cash flow plans in a timely manner and maintaining sufficient liquidity on hand.

As stated in (c), some consolidated subsidiaries use supplier finance agreements, but these agreements do not result in a concentration of liquidity risk.

(b) Quantitative information on liquidity risk

The contractual maturities of financial liabilities are as follows.

As of Dec. 31, 2024

(Millions of yen)

	Carrying amount	Contractual cash flows	1 year or less	Over 1 year 2 years or less	Over 2 years 3 years or less	Over 3 years 4 years or less	Over 4 years 5 years or less	Over five years
Major non-derivatives Financial liabilities								
Long-term borrowings	26,716	28,463	6,220	15,971	5,398	260	254	360
Lease liabilities	2,084	2,129	827	518	518	130	48	85
Derivative liabilities								
Forward exchange forward contracts	117	117	117	-	-	-	-	-
Product purchase price Swaps	11	11	11	-	-	-	-	-

As of Dec. 31, 2025

(Millions of yen)

	Carrying amount	Contractual cash flows	1 year or less	Over 1 year 2 years or less	Over 2 years 3 years or less	Over 3 years 4 years or less	Over 4 years 5 years or less	Over five years
Major non-derivatives Financial liabilities								
Long-term borrowings	31,550	34,147	8,168	6,426	8,168	990	3,849	6,546
Lease liabilities	2,715	2,790	861	1,261	380	153	65	67
Derivative liabilities								
Forward exchange forward contracts	15	15	15	-	-	-	-	-
Product purchase price Swaps	11	11	11	-	-	-	-	-

(c) Supplier finance agreements

Some consolidated subsidiaries have entered into supplier finance agreements for procurement of raw materials including tomatoes. The terms of the contract are as follows.

Finance provider	Credit limit	Applicable interest rate	Pledged assets
Banco Comercial Português, S.A.	EUR 12,000 thousand	Euribor 6-month +0.75%	None
Banco Santander Totta, S.A.	EUR 10,000 thousand	Euribor 12-month +0.75%	None
Caixa Geral de Depósitos, S.A.	EUR 5,000 thousand	Euribor 6-month +0.675%	None
Banco BPI, S.A.	EUR 3,000 thousand	Euribor 12-month +0.5%	None

- (i) The carrying amounts of financial liabilities associated with supplier finance arrangements are as follows. This liability is included in "Borrowings" in the Consolidated Statements of Financial Position.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Financial liabilities associated with supplier finance agreements	4,108	4,094

* For the previous fiscal year and fiscal year under review, non-cash foreign exchange translation effects of 108 million yen and 483 million yen, respectively, were included.

- (ii) Among (i), the carrying amount of financial liabilities for which the supplier has already received payment from its finance provider is as follows. This liability is included in "Borrowings" in the Consolidated Statements of Financial Position.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Financial liabilities for which the supplier has already received payment from the finance provider	4,108	4,094

- (iii) The range of due dates for the financial liabilities in (i) and equivalent trade payables not covered by supplier finance agreements is as follows.

	As of Dec. 31, 2024	As of Dec. 31, 2025
Financial liabilities associated with supplier finance agreements	180 days after the invoice date	120 to 180 days after the invoice date
Equivalent trade payables that are not part of a supplier finance agreement	30 to 60 days after the invoice date	30 to 60 days after the invoice date

(3) Market risk

The main risk that the Group is exposed to from fluctuations in the market environment is foreign exchange risk. The Group uses derivative transactions primarily to avoid or mitigate foreign exchange risk. The Company manages derivative transactions in accordance with internal regulations that stipulate transaction authority. The Group's main exchange risk is fluctuations in foreign currency-denominated purchase prices due to fluctuations in exchange rates.

(a) Exposure to foreign currency exchange risk

The net exposure to foreign currency exchange risk is as follows. Amounts hedged against foreign exchange risk through derivatives are excluded.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
USD	2,925	266
EUR	861	867

(b) Sensitivity analysis

If the yen strengthens by 1% against the exchange rate at the end of the fiscal year, the impact on income before income taxes will be as follows.

This analysis assumes that all other variables remain constant. Additionally, exposure to foreign exchange fluctuation in currencies other than the U.S. dollar and the euro is immaterial.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
USD (yen strengthens by 1%)	(29)	(2)
EUR (yen strengthens by 1%)	(8)	(8)

(4) Stock price fluctuation risk

The securities held by the Group are exposed to the risk of fluctuations in market prices. The Group regularly assesses the fair value and financial status of issuers (business partners) of securities, etc., and continually reviews its holdings, taking into account its relationships with business partners.

(a) Stock price fluctuation risk sensitivity analysis

If the share prices of listed shares held by the Group fall by 10%, the impact on other comprehensive income (before tax effects) in the consolidated statement of comprehensive income is as follows.

This analysis assumes that all other variables remain constant.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Other comprehensive income (before tax effect)	(1,104)	(1,406)

3) Fair value

(1) Fair value hierarchy classification

For financial instruments measured at fair value, the fair value is classified into the following three levels based on the observability of inputs used in the valuation techniques.

Level 1: Fair value measured using quoted market prices in active markets for identical assets or liabilities

Level 2: Fair value of assets or liabilities other than Level 1 measured using directly or indirectly observable inputs

Level 3: Fair value of assets or liabilities measured using inputs that are not based on observable market data

(2) Financial instruments measured at fair value

The measurement methods for the main financial instruments measured at fair value are as follows.

(i) Derivative assets and derivative liabilities

Derivative assets and derivative liabilities are included in other financial assets and financial liabilities, respectively.

These consist of foreign exchange forward contracts and interest rate currency swaps, and are measured based on models that use observable inputs, mainly foreign exchange rates and interest rates.

(ii) Equities

Equities are included in other financial assets. Equities classified as Level 1 are listed stocks traded in active markets and are valued at market prices on the exchanges. Equities classified as Level 3 are unlisted stocks and investments, which are measured primarily using comparable company methods or other appropriate valuation techniques. In measuring the fair value of unlisted shares, the Company uses unobservable inputs such as discount rates and valuation multiples, and takes into account a certain illiquidity discount as necessary.

The fair value hierarchy for financial instruments measured at fair value is as follows. Transfers between levels in the fair value hierarchy are recognized on each reporting date. There were no transfers between Levels 1, 2 and 3 in the previous fiscal year and the fiscal year under review.

As of Dec. 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative assets	-	10,288	-	10,288
Equities	11,047	-	3,223	14,271
Total	11,047	10,288	3,223	24,560
Financial liabilities				
Derivative liabilities	-	129	-	129
Total	-	129	-	129

As of Dec. 31, 2025

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative assets	-	11,453	-	11,453
Equities	14,065	-	3,979	18,045
Total	14,065	11,453	3,979	29,499
Financial liabilities				
Derivative liabilities	-	26	-	26
Total	-	26	-	26

The changes from the beginning to the end of the period for financial instruments classified as Level 3 are as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Opening balance	2,543	3,223
Gains or (losses) (Note)	760	280
Purchases	-	526
Sales	(80)	(51)
Other	-	-
Closing balance	3,223	3,979

Note: Gains or losses relate to financial assets measured at fair value through other comprehensive income as of the end of each reporting period and are recognized in "Net gains and losses from financial assets measured at fair value through other comprehensive income" in the Consolidated Statements of Comprehensive Income.

The impact of changes in unobservable inputs is immaterial. Regarding the valuation process for fair value measurements classified as Level 3, the personnel of the finance department measure the fair value quarterly in accordance with the valuation policies and procedures approved by the head of the financial department.

(3) Financial instruments measured at amortized cost

The fair value measurement methods for major financial instruments measured at amortized cost are as follows.

Financial instruments whose carrying amounts are reasonable approximations of fair value and financial instruments that are immaterial are not included in the table below.

(i) Cash and cash equivalents (excluding short-term investments measured at fair value), trade and other receivables, trade and other payables, borrowings

As these are settled in the short term, the carrying amount approximates their fair value.

(ii) Long-term borrowings

The fair value of long-term borrowings classified as Level 2 is calculated based on the present value of the total amount of principal and interest over the remaining period, discounted at the interest rate expected to apply if similar borrowings were to be made in the future.

The carrying amounts and fair values of major financial instruments measured at amortized cost are as follows.

(Millions of yen)

	As of Dec. 31, 2024		As of Dec. 31, 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Long-term borrowings	21,543	21,423	23,570	23,217
Total	21,543	21,423	23,570	23,217

4) Derivatives

(1) Cash flow hedges

The Group's management of foreign exchange risk for forecasted transactions is, in principle, limited to 50% of the monthly forecasted transaction amount when entering into forward exchange contracts for forecasted transactions with a term exceeding one year, and 80% for forecasted transactions within one year.

For forecasted transactions related to the purchase of inventory denominated in foreign currencies, cash flow hedges are applied if the transaction meets the eligibility requirements for hedge accounting.

For the purpose of assessing hedge effectiveness, the economic relationship between the hedged item and the hedging instrument is judged based on whether it is expected to have a highly offsetting effect on changes in the cash flows of the hedged item.

(2) Impact on the Consolidated Statements of Financial Position

The impact of hedging instruments on the Company's Consolidated Statements of Financial Position is as follows. Hedge instruments (assets and liabilities) are included in "Other financial assets" and "Other financial liabilities," respectively, in the Consolidated Statements of Financial Position.

As of Dec. 31, 2024

(Millions of yen)

Hedge type	Hedge instruments	Notional principal	Carrying amount (fair value)	
			Assets	Liabilities
Effective portion of cash flow hedges	Forward exchange contracts	79,365	10,288	34

The amount of hedge ineffectiveness recognized in profit or loss is immaterial, and therefore the disclosure of changes in the fair value of the hedging instruments used as the basis for recognizing hedge ineffectiveness is omitted.

The Company's portion of the carrying amount (fair value) of the above forward exchange contracts is 4,197 million yen in current assets and 6,091 million yen in non-current assets.

As of Dec. 31, 2025

(Millions of yen)

Hedge type	Hedge instruments	Notional principal	Carrying amount (fair value)	
			Assets	Liabilities
Effective portion of cash flow hedges	Forward exchange contracts	79,193	11,453	15

The amount of hedge ineffectiveness recognized in profit or loss is immaterial, and therefore the disclosure of changes in the fair value of the hedging instruments used as the basis for recognizing hedge ineffectiveness is omitted.

The Company's portion of the carrying amount (fair value) of the above forward exchange contracts is 4,491 million yen in current assets and 6,962 million yen in non-current assets.

In addition to the above, the fair values of derivative assets and derivative liabilities not designated as hedging instruments are as follows.

(Millions of yen)

	As of Dec. 31, 2024		As of Dec. 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts	-	82	-	-
Interest rate and currency swaps	-	-	-	-
Commodity price swaps	-	11	-	11

The cash flow hedge reserve and cost of hedging reserve are as follows.

There is no cash flow hedge reserve arising from hedging relationships for which hedge accounting has been discontinued.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Cash flow hedge reserve		
Forward exchange contracts	1,294	4,441
Cost of hedging reserve		
Forward exchange contracts	5,740	3,345

The amount of hedge ineffectiveness recognized in profit or loss is immaterial, and changes in the fair value of the hedged instrument, which served as the basis for recognizing hedge ineffectiveness, are not disclosed.

(3) Impact on the Consolidated Statements of Income and Comprehensive Income

The impact of hedging instruments designated as cash flow hedges and as hedging costs on the Group's profit or loss and other comprehensive income is as follows.

(Millions of yen)

Fiscal year ended December 31, 2024			
Risk classification	Amount of hedging gain or loss recognized in other comprehensive income (Note)	Amount transferred from other components of equity to profit or loss as a reclassification adjustment (Note)	Line item in profit or loss to which the amount was reclassified as a reclassification adjustment
Cash flow hedge reserve			
Forward exchange contracts	1,018	-	-
Cost of hedging reserve			
Forward exchange contracts	4,936	-	-

Note: The amount is presented net of tax.

(Millions of yen)

Fiscal year ended December 31, 2025			
Risk classification	Amount of hedging gain or loss recognized in other comprehensive income (Note)	Amount transferred from other components of equity to profit or loss as a reclassification adjustment (Note)	Line item in profit or loss to which the amount was reclassified as a reclassification adjustment
Cash flow hedge reserve			
Forward exchange contracts	5,772	-	-
Cost of hedging reserve			
Forward exchange contracts	(2,394)	-	-

Note: The amount is presented net of tax.

There were no reclassification adjustments due to the discontinuation of hedging relationships or similar events. In addition, when the hedged item is a forecast transaction related to the acquisition of inventory, etc., the cash flow hedge reserve accumulated in "Other components of equity" is reclassified to the acquisition cost of the inventory, etc. Of the amount reclassified to acquisition cost, the portion attributed to foreign exchange risk was (2,626) million yen (previous year: (3,511) million yen). Additionally, the amount of hedge ineffectiveness recognized in profit or loss is immaterial.

(4) Notional principal balances of hedging instruments by maturity and their average rates

The notional principal balances of hedging instruments by maturity and their average rates as of the fiscal year-end are as follows.

Fiscal year ended December 31, 2024

	Balance by maturity date			Average rate
	1 year or less	Over 1 year	Total	
Forward exchange contracts (buy)				
USD	USD 88,970 thousand	USD 181,400 thousand	USD 270,370 thousand	124.67 JPY/ USD
EUR	EUR 46,000 thousand	EUR 104,050 thousand	EUR 150,050 thousand	139.96 JPY/ EUR
NZD	NZD 22,080 thousand	NZD 32,000 thousand	NZD 54,080 thousand	75.21 JPY/ NZD
AUD	AUD 12,850 thousand	AUD 32,050 thousand	AUD 44,900 thousand	81.98 JPY/ AUD

Fiscal year ended December 31, 2025

	Balance by maturity date			Average rate
	1 year or less	Over 1 year	Total	
Forward exchange contracts (buy)				
USD	USD 90,680 thousand	USD 173,700 thousand	USD 264,380 thousand	129.12 JPY/ USD
EUR	EUR 44,820 thousand	EUR 100,050 thousand	EUR 144,870 thousand	147.51 JPY/ EUR
NZD	NZD 19,120 thousand	NZD 31,600 thousand	NZD 50,720 thousand	76.96 JPY/ NZD
AUD	AUD 16,640 thousand	AUD 26,200 thousand	AUD 42,840 thousand	84.49 JPY/ AUD

31. Related Party Transactions

1) Transactions with related parties

The transactions between the Company and related parties are as follows.

Fiscal year ended December 31, 2024

(Millions of yen)

Type	Name of related party	Details of transaction	Transaction amount	Account title	Unsettled balance
Affiliate	F-LINE Co., Ltd.	Payment of freight and storage expenses	13,935	Trade and other payables	2,645

(Note) Freight and storage expenses, etc. are determined through negotiations, taking into account market transaction prices, etc.

Fiscal year ended December 31, 2025

(Millions of yen)

Type	Name of related party	Details of transaction	Transaction amount	Account title	Unsettled balance
Affiliate	F-LINE Co., Ltd.	Payment of freight and storage expenses	14,483	Trade and other payables	2,716

(Note) Freight and storage expenses, etc. are determined through negotiations, taking into account market transaction prices, etc.

2) Remuneration for key management personnel

Remuneration for key management personnel of the Group is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Basic salary and bonuses	274	257
Stock-based compensation	42	35
Total	316	293

32. Major Subsidiaries

As similar information is disclosed in " I. Overview of Company, 1. Information on Affiliated Companies ", the description of major subsidiaries and affiliates has been omitted.

The Group has a significant non-controlling interest in Ingomar.

1) Summary financial information

	As of Dec. 31, 2024	As of Dec. 31, 2025
Percentage of equity held by non-controlling interests (%)	30.00	30.00
Accumulated amount of non-controlling interests (million yen)	21,012	18,581

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Net income allocated to non-controlling interests	848	767
Dividends paid to non-controlling interests	4,838	2,668

2) Summary statement of financial position

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Current assets	46,503	45,432
Non-current assets	42,676	39,849
Current liabilities	9,799	10,209
Non-current liabilities	8,497	11,636
Net assets	70,884	63,436

3) Summary consolidated statements of income and comprehensive income

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Revenue	57,781	49,078
Net income	3,670	2,481
Comprehensive income	8,102	1,450

4) Summary consolidated statements of cash flows

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Cash flows from operating activities	11,078	9,279
Cash flows from investing activities	(958)	(1,816)
Cash flows from financing activities	(10,004)	(7,933)
Foreign translation adjustment on cash and cash equivalents	(114)	470
Net increase (decrease) in cash and cash equivalents	-	0

33. Commitments

The commitments for asset acquisition are as follows.

(Millions of yen)

	As of Dec. 31, 2024	As of Dec. 31, 2025
Acquisition of property, plant and equipment	2,180	3,260
Acquisition of intangible assets	-	34

34. Business Combinations

Fiscal year ended December 31, 2024

1) Overview of business combinations

(1) Name and business of the acquired company

Name of the acquired company: Ingomar Packing Company, LLC

Details of business: Manufacture and sale of processed tomato products (tomato paste and diced tomatoes)

(2) Date of acquisition: January 26, 2024

(3) Percentage of voting capital interest acquired

Ratio of voting rights held immediately before the business combination: 20.0%

Ratio of additional voting rights acquired on the date of business combination: 50.0%

Ratio of voting rights after acquisition: 70.0%

(4) Primary purpose of the business combination

(a) Achieve further growth of the Group's United States business by strengthening the value chain of the U.S. tomato processing business

In addition to incorporating the functions of primary processing into seed development and sales as well as secondary processing of the Group's existing tomato processing business in the United States, the Group will step up our involvement in processing tomato cultivation, which is one of Ingomar's unique traits and strengths. By maintaining a complete value chain within the same region, the Group will enhance the stability and sustainability of our business operations and further grow our tomato processing business in the United States.

(b) Accelerate the growth of the entire International Business by strengthening the Group's global network in the tomato processing business

Having a primary processing function in the world's largest growing area of processing tomatoes will strengthen our global network underpinning the growth of transactions with global food service companies and food manufacturers. Ingomar will join Kagome Food International Company, an in-house organization newly established by the Company in October 2023, in an effort to further collaboration with Kagome Group companies under this organization.

Furthermore, Ingomar will share its primary tomato processing technology and expertise with the Kagome Group, enhancing the competitiveness of the Kagome Group's tomato processing business and accelerating the globalization of the Kagome Group, including through personnel exchanges.

(c) Strengthen efforts in the agricultural domain to build a competitive and sustainable tomato processing business

In collaboration with Ingomar, and its investment partners, the Group will work on the development of cultivation technologies, aimed at mitigating environmental impacts, stabilizing yields, and improving cultivation efficiency. In the development of technologies, the Group will utilize its corporate venture capital (CVC) established in September 2024 in California, which is the world's largest producer of processing tomatoes and home to the most advanced technologies in agriculture, to actively promote open innovation with local research institutions and agriculture companies. The developed technologies will be rolled out to Ingomar's suppliers of processing tomatoes as well as to Group companies outside the U.S. In this way, the Group will strengthen its tomato processing business in each region, which in turn will enhance the competitive advantages and sustainability of our tomato processing business from a global perspective.

(5) Legal form of the business combination: Acquisition of equity interests for cash consideration

2) Consideration for acquisition

(Millions of yen)

Item	Amount
Cash	36,046
Fair value of equity interests held immediately prior to the acquisition date	14,418
Total	50,464

3) Gain from remeasurement relating to business combination

As a result of remeasurement of the equity interests in the acquiree held immediately prior to the acquisition date at their fair values on the acquisition date, a gain on step acquisitions of 9,323 million yen was recorded in "Other income" in the Consolidated Statements of Income.

4) Assets acquired, liabilities assumed, non-controlling interests and goodwill

(Millions of yen)

Item	Amount
Current assets	
Cash and cash equivalents	-
Trade and other receivables	7,897
Inventories (Note 3)	45,136
Other	127
Non-current assets	
Property, plant and equipment	18,521
Intangible assets (Note 4)	23,755
Other	406
Acquired assets	95,844
Current liabilities (Note 3)	27,203
Non-current liabilities (Note 3)	9,370
Liabilities assumed	36,574
Difference	59,270
Non-controlling interests (Note 1, 3)	18,835
Goodwill (Note 3, 5)	10,029

- Notes:
- 1 Non-controlling interests are measured at the ratio of the non-controlling interests to the identifiable net assets of the acquiree.
 - 2 The impact of Ingomar's consolidation had been provisionally calculated based on the information available at that time, including the subsequent recognition of profit and loss, because the allocation of acquisition costs to acquired assets and assumed liabilities had not been completed as of the end of the previous interim consolidated accounting period (first six months). Under the provisional accounting treatment, inventories, property, plant and equipment, intangible assets and current liabilities had been identified and valued at fair value based on information available as of the end of the previous interim consolidated accounting period. The entire difference between the acquisition consideration and the net amount of assets received and liabilities assumed on the date of the business combination had been recorded as goodwill.
 - 3 This business combination was provisionally treated during the previous interim consolidated accounting period, but was finalized at the end of the previous fiscal year under review, with identifiable assets and assumed liabilities specified and goodwill recorded as the remainder. Following the finalization of this provisional accounting treatment, the initial measurement of the acquisition-date fair value was revised. Compared to the fair value measurement amounts at the date of the business combination at the end of the previous interim consolidated accounting period, inventories have decreased by 2,174 million yen, current liabilities by 718 million yen, non-current liabilities by 3,363 million yen, non-controlling interests by 796 million yen, and goodwill by 2,704 million yen.

4. The breakdown of intangible assets allocated to customer-related assets is 23,755 million yen. As estimation of customer-related assets involves uncertainty due to changes in the external environment, the fair value is measured using an income approach based on the excess earnings method, with the help of external experts. The measurement of the fair value of identifiable customer-related assets is based on the following significant assumptions.
- Operating margin reflecting projected sales growth
 - Future customer attrition rate based on recent sales by customer
 - Weighted average cost of capital used as discount rate
5. Goodwill is primarily generated from reasonable estimates of expected future excess earning power. The goodwill is recorded as "Intangible assets" in the Consolidated Statements of Financial Position. The amount of goodwill that is expected to be deductible for tax purposes is 18,530 million yen.

5) Fair value of acquired trade and other receivables

Regarding the fair value of acquired trade and other receivables, the contractual amount receivable was 7,897 million yen, none of which is expected to be uncollectible.

6) Cash flows from the acquisition

(Millions of yen)

Item	Amount
Cash and cash equivalents used in acquisitions	36,046
Cash and cash equivalents held by the acquiree at the time of acquisition	-
Purchase of investments in subsidiaries with changes in consolidation scope	36,046

7) Acquisition-related costs

Acquisition-related expenses of 267 million yen were recorded under "Selling, general and administrative expenses."

8) Profit and loss information from the acquisition date onward relating to business combinations

The results of operations of Ingomar from the acquisition date included in the Consolidated Statements of Income are as follows.

(Millions of yen)

Item	Fiscal year ended December 31, 2024
Revenue	57,781
Net income	3,670

9) Pro forma information

Profit and loss information assuming that the business combination took place at the beginning of the previous fiscal year is omitted because the impact on the Consolidated Statements of Income would be immaterial.

The profit and loss information assuming that the business combination took place at the beginning of the previous fiscal year has not been audited by an auditing firm.

Fiscal year ended December 31, 2025

Not applicable.

35. Significant Subsequent Events

1) Acquisition of shares of Silbury Marketing Ltd. (and its conversion into a consolidated subsidiary), etc.

Kagome Co., Ltd. (hereinafter, the “Company” or “Kagome”) resolved at the Board of Directors’ meeting held on November 21, 2025 to acquire all of the shares of Silbury Marketing Ltd. (hereinafter, “Silbury”) and make it a consolidated subsidiary. In accordance with this resolution, the Company made Silbury a consolidated subsidiary effective January 5, 2026.

(1) Overview of the transaction

On January 5, 2026 (UK time), Kagome acquired 100% of the shares of Silbury and made it a consolidated subsidiary.

(2) Future outlook

Kagome plans to transfer its shares in its consolidated subsidiary, Holding da Industria Transformadora do Tomate, SGPS S.A. (hereinafter, "HIT"), to Silbury by April 2026. As a result, Silbury will become HIT's parent company. Through this reorganization, Kagome will establish a structure in Europe that will enable close collaboration between marketing, development, manufacturing, and sales functions.

(3) Background and objectives and other matters of the share acquisition

(a) About Silbury

Silbury is a UK food distributor of processed tomato and oil products. Silbury has many customers in European countries mainly focused on the UK.

Along with Kagome, Silbury became an investor in HIT in 2007. Silbury holds the exclusive sales rights in the UK for processed tomato products produced by HIT, and the two companies have worked together to expand sales, particularly in the UK market.

(b) Background and objective

Kagome’s International Business possesses the functions of tomato and other primary processing as well as tomato and other secondary processing. The Company’s strength lies in its ability to create value-added solutions that meet customer needs in each of these functions.

Kagome’s International Business leverages this strength to produce and sell processed tomato products and others mainly at its business bases in the US, Portugal, Australia, Taiwan, and India to food service and food manufacturing companies that operate regionally or globally. The proportion of the International Business in Kagome’s consolidated results is increasing year by year and Kagome is promoting further expansion of this business with an eye toward medium- to long-term growth.

The European market for processed tomato products is expected to continue to grow in the future, primarily in terms of food service companies. The market is characterized by a geographical division between major production areas (Italy, Portugal, Spain, etc.) and major consumption areas (UK, France, Germany, etc.). A characteristic of consumption areas is that local food service companies with deep roots in the region dominate the market. For this reason, in order to expand business there, it is extremely important to collaborate with distributors who can accurately grasp the needs of consumption areas and effectively connect these with production areas.

By making Silbury, with which Kagome has built a long-standing relationship, a consolidated subsidiary and making it the parent company of HIT, Kagome will be able to build a business structure in Europe that will enable it to effectively coordinate marketing, development, production, and sales functions. This will increase Kagome’s competitiveness in the European market and further expand its business footprint.

(4) Overview of the target subsidiary

[Company profile of Silbury]

(a) Name	Silbury Marketing Ltd.
(b) Location	Banbury, Oxfordshire, UK
(c) Description of business	Purchasing and sales of primary processed tomato products, secondary processed tomato products, and oil products
(d) Date of establishment	September 5, 1985

[Company profile of HIT]

(a) Name	Holding da Industria Transformadora do Tomate, SGPS S.A.
(b) Location	Palmela, Portugal
(c) Description of business	Manufacturing and sales of primary processed tomato products and secondary processed tomato products
(d) Date of establishment	December 13, 2006

(5) Equity interest acquired in Silbury, acquisition cost, and ownership interest before and after the acquisition

(a) Ownership interest before the acquisition	0%
(b) Equity interest acquired	100%
(c) Acquisition cost	GBP 25,077 thousand [JPY 5,302 million] (estimates)
(d) Ownership interest after the acquisition	100%
(e) Method of obtaining control of the acquired company	Acquisition of shares with cash consideration
(f) Description and amount of main acquisition-related costs	Not finalized at this time

*The yen amounts in brackets [] have been calculated based on the foreign exchange rate as of January 5, 2026, the share acquisition date.

(6) Other Information

(a) Fair value of assets acquired and liabilities assumed at the acquisition date

Not finalized at this time.

(b) Goodwill arising from the acquisition

Not finalized at this time.

2) Acquisition of Treasury Shares

At the Board of Directors meeting held on February 13, 2026, a resolution was passed to acquire treasury shares pursuant to the provisions of the Articles of Incorporation per Article 459, Paragraph 1 of the Companies Act, and the acquisition was carried out on February 16, 2026. The acquisition of treasury shares pursuant to this resolution has been completed.

(1) Reason for the acquisition of treasury shares

Recently, the Company has been notified by a corporate shareholder that they intend to sell their common shares of the Company in accordance with their policy to reduce cross-shareholdings. The Company's policy is to unconditionally accept any cross-shareholders' intention to sell their shares. Based on this, and taking into consideration the total number of shares expected to be sold, the Company has decided to acquire treasury shares through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3).

We recognize that returning profits to shareholders is one of management's most important priorities.

The Company, in accordance with the shareholder return policy in the three-year Mid-Term Management Plan called "Kagome Group Plan 2028" running from 2026 to 2028, will further enhance shareholder returns and improve capital efficiency.

(2) Acquisition method

The Company delegated the purchase of its own shares through the ToSTNeT-3 at 8:45 a.m. on February 16, 2026, at the price of 2,868 yen per share, which was the closing price of the Company's shares on February 13, 2026. The purchase was not conducted by any other trading system or at any other trading time. The purchase order was valid only for the time designated for the transaction.

(3) Matters related to the acquisition

(a) Type of shares to be acquired	The Company's common stock
(b) Total number of shares that may be acquired	600,000 shares (maximum) 0.7% of the Company's total issued shares outstanding (excluding treasury shares)
(c) Total acquisition cost of the shares	1,800,000,000 yen (maximum)
(d) Acquisition date	February 16, 2026

(4) Results of the acquisition of treasury shares

(a) Type of shares acquired	The Company's common stock
(b) Total number of shares acquired	467,700 shares
(c) Total acquisition cost of the shares	1,341,363,600 yen
(d) Acquisition date	February 16, 2026

36. Approval of Consolidated Financial Statements

The Group's Consolidated Financial Statements were approved by the Board of Directors at its meeting held on March 13, 2026.

2) Other

(1) Half-year information for the fiscal year under review

		Consolidated first half	Fiscal year-end
Revenue	(Millions of yen)	138,681	294,264
Income before income taxes	(Millions of yen)	9,981	21,118
Net income attributable to shareholders of parent	(Millions of yen)	6,181	14,800
Basic earnings per share	(yen)	66.81	161.42

(2) Situation after the closing date

Please refer to Note "35. Significant Subsequent Events."