# Condensed Semi-Annual Consolidated Financial Statements and Notes

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

## For the 83rd Fiscal Year

For the six months ended June 30, 2026

KAGOME CO., LTD

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**Notice**

This document is an English translation of an excerpt from the Semi-Annual Securities Report (Hanki Hōkokusho) originally prepared and filed in Japanese in accordance with the Financial Instruments and Exchange Act of Japan. This document contains only the Condensed Semi-Annual 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.

Financial Information

1. Basis of Preparation of Condensed Semi-Annual Consolidated Financial Statements

   The Company's condensed semi-annual consolidated financial statements are prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" ("IAS 34"), 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; hereinafter, the "Regulations on Consolidated Financial Statements").

   The Company's semi-annual consolidated financial statements are classified as Type 1 semi-annual consolidated financial statements.

2. Audit Certification

   Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company has received an interim review by PricewaterhouseCoopers Japan LLC on the condensed semi-annual consolidated financial statements for the semi-annual consolidated accounting period (from January 1, 2026 to June 30, 2026).

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 Accounting Standards

   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 Accounting Standards, and is establishing a system that enables it to present consolidated financial statements and other documents appropriately based on IFRS Accounting Standards.

1. Condensed Semi-Annual Consolidated Financial Statements and Notes

1) Condensed Semi-Annual Consolidated Financial Statements

(1) Condensed Semi-Annual Consolidated Statements of Financial Position

(Millions of yen)

| | Note | As of Dec. 31, 2025 | As of Jun. 30, 2026 |
|---|---|---|---|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | 8 | 26,844 | 14,531 |
| Trade and other receivables | | 60,558 | 58,996 |
| Inventories | | 119,438 | 108,808 |
| Income taxes receivable | | 1,598 | 614 |
| Other financial assets | 17 | 4,793 | 5,907 |
| Other current assets | | 3,544 | 4,309 |
| Total current assets | | 216,779 | 193,168 |
| Non-current assets: | | | |
| Property, plant and equipment | 9 | 85,295 | 87,552 |
| Goodwill | | 11,375 | 14,558 |
| Intangible assets | | 25,101 | 27,004 |
| Other financial assets | 17 | 27,002 | 24,734 |
| Investments accounted for using the equity method | | 5,953 | 5,994 |
| Other non-current assets | | 4,135 | 3,854 |
| Deferred tax assets | | 177 | 84 |
| Total non-current assets | | 159,040 | 163,782 |
| Total assets | | 375,820 | 356,950 |
| Liabilities and net assets | | | |
| Liabilities | | | |
| Current liabilities: | | | |
| Trade and other payables | | 42,497 | 39,325 |
| Borrowings | | 58,929 | 46,781 |
| Income taxes payable | | 3,254 | 2,373 |
| Other financial liabilities | 17 | 938 | 893 |
| Other current liabilities | | 10,602 | 8,799 |
| Total current liabilities | | 116,222 | 98,173 |
| Non-current liabilities: | | | |
| Long-term borrowings | 17 | 23,570 | 20,629 |
| Other financial liabilities | 17 | 3,353 | 3,125 |
| Retirement benefit liability | | 4,763 | 4,502 |
| Provisions | | 1,525 | 1,536 |
| Other non-current liabilities | | 1,465 | 1,524 |
| Deferred tax liabilities | | 10,029 | 9,845 |
| Total non-current liabilities | | 44,707 | 41,163 |
| Total liabilities | | 160,930 | 139,337 |

(Millions of yen)

| | Note | As of Dec. 31, 2025 | As of Jun. 30, 2026 |
|---|---|---|---|
| Net assets: | | | |
| Share capital | | 19,985 | 19,985 |
| Capital surplus | | 21,764 | 22,122 |
| Treasury shares | | (787) | (2,007) |
| Other components of equity | | 26,588 | 29,176 |
| Retained earnings | | 123,007 | 123,674 |
| Interests attributable to shareholders of parent | | 190,559 | 192,951 |
| Non-controlling interests | | 24,331 | 24,661 |
| Total net assets | | 214,890 | 217,613 |
| Total liabilities and net assets | | 375,820 | 356,950 |

(2) Condensed Semi-Annual Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Condensed Semi-Annual Consolidated Statements of Income

(Millions of yen)

| | Note | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|---|
| Revenue | 6,11 | 138,681 | 143,785 |
| Cost of sales | | 92,910 | 96,838 |
| Gross profit | | 45,771 | 46,946 |
| Selling, general and administrative expenses | 12 | 35,409 | 38,510 |
| Core operating income | 4 | 10,361 | 8,436 |
| Other operating income | 13 | 439 | 1,119 |
| Other operating expenses | 13 | 175 | 466 |
| Operating income | | 10,626 | 9,089 |
| Equity gains (losses) of affiliated companies | | 39 | (19) |
| Other investment income | 14 | 767 | 574 |
| Income before financing and income taxes | | 11,432 | 9,644 |
| Financing expenses | 15 | 1,450 | 1,395 |
| Income before income taxes | | 9,981 | 8,249 |
| Income taxes | | 2,836 | 2,317 |
| Net income | | 7,145 | 5,932 |
| Net income attributable to: | | | |
| Shareholders of parent | | 6,181 | 4,683 |
| Non-controlling interests | | 964 | 1,248 |
| Total | | 7,145 | 5,932 |
| Amounts per share of common stock: | | | |
| Basic earnings per share (yen) | 16 | 66.81 | 51.74 |
| Diluted earnings per share (yen) | 16 | 66.73 | 51.68 |

Condensed Semi-Annual Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Note | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|---|
| Net income | | 7,145 | 5,932 |
| Other comprehensive income, net of tax | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of defined benefit plans | | - | - |
| Net gains and losses from financial assets measured at fair value through other comprehensive income | | 817 | (295) |
| Share of other comprehensive income of investments accounted for using equity method, net of tax | | (8) | 43 |
| Total | | 808 | (252) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Effective portion of cash flow hedges | | 1,641 | 1,853 |
| Cash flow hedges costs | | (2,648) | (322) |
| Exchange differences on translation of foreign operations | | (8,658) | 4,261 |
| Share of other comprehensive income of investments accounted for using equity method, net of tax | | (24) | 8 |
| Total | | (9,689) | 5,801 |
| Other comprehensive income (loss), net of tax | | (8,881) | 5,549 |
| Comprehensive income (loss) | | (1,735) | 11,481 |
| | | | |
| Comprehensive income attributable to: | | | |
| Shareholders of parent | | (984) | 9,456 |
| Non-controlling interests | | (750) | 2,025 |
| Total | | (1,735) | 11,481 |

(3) Condensed Semi-Annual Consolidated Statements of Changes in Net Assets

Six months ended June 30, 2025

(Millions of yen)

| | Note | Interests attributable to shareholders of parent | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Other components of equity | | |
| | | Share capital | Capital surplus | Treasury shares | 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 | | - | - | - | (8) | 817 | 1,641 |
| Comprehensive income | | - | - | - | (8) | 817 | 1,641 |
| Transfer to non-financial assets | | - | - | - | - | - | (1,107) |
| Repurchase of treasury shares | | - | (6) | (6,989) | - | - | - |
| Disposal of treasury shares | | - | 1 | 109 | - | - | - |
| Cash dividends | 10 | - | - | - | - | - | - |
| Share-based compensation | | - | (48) | - | - | - | - |
| Transfer to retained earnings | | - | - | - | 8 | (83) | - |
| Total transactions with shareholders | | - | (54) | (6,880) | 8 | (83) | - |
| Balance, June 30, 2025 | | 19,985 | 23,233 | (7,533) | - | 6,925 | 1,828 |

(Millions of yen)

| | Note | Interests attributable to shareholders of parent | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | | Other components of equity | | | | | | |
| | | Cash flow hedges costs | Exchange differences on translation of foreign operations | Total | Retained earnings | Total | | |
| Balance, January 1, 2025 | | 5,740 | 10,169 | 23,395 | 119,725 | 185,740 | 25,900 | 211,640 |
| Net income | | - | - | - | 6,181 | 6,181 | 964 | 7,145 |
| Other comprehensive income | | (2,648) | (6,967) | (7,165) | - | (7,165) | (1,715) | (8,881) |
| Comprehensive income | | (2,648) | (6,967) | (7,165) | 6,181 | (984) | (750) | (1,735) |
| Transfer to non-financial assets | | - | - | (1,107) | - | (1,107) | - | (1,107) |
| Repurchase of treasury shares | | - | - | - | - | (6,996) | - | (6,996) |
| Disposal of treasury shares | | - | - | - | - | 110 | - | 110 |
| Cash dividends | 10 | - | - | - | (5,344) | (5,344) | (1,608) | (6,952) |
| Share-based compensation | | - | - | - | - | (48) | - | (48) |
| Transfer to retained earnings | | - | - | (75) | 75 | - | - | - |
| Total transactions with shareholders | | - | - | (75) | (5,268) | (12,278) | (1,608) | (13,887) |
| Balance, June 30, 2025 | | 3,091 | 3,201 | 15,047 | 120,637 | 171,369 | 23,540 | 194,910 |

Six months ended June 30, 2026

(Millions of yen)

| | Note | Interests attributable to shareholders of parent | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Other components of equity | | |
| | | Share capital | Capital surplus | Treasury shares | Remeasurements of defined benefit plans | Net gains and losses from financial assets measured at FVTOCI | Effective portion of cash flow hedges |
| Balance, January 1, 2026 | | 19,985 | 21,764 | (787) | - | 8,374 | 4,441 |
| Net income | | - | - | - | - | - | - |
| Other comprehensive income | | - | - | - | 43 | (295) | 1,853 |
| Comprehensive income | | - | - | - | 43 | (295) | 1,853 |
| Transfer to non-financial assets | | - | - | - | - | - | (1,832) |
| Repurchase of treasury shares | | - | (0) | (1,343) | - | - | - |
| Disposal of treasury shares | | - | 6 | 122 | - | - | - |
| Cash dividends | 10 | - | - | - | - | - | - |
| Share-based compensation | | - | (95) | - | - | - | - |
| Changes in ownership interest in subsidiaries | | - | 447 | - | - | - | - |
| Transfer to retained earnings | | - | - | - | (43) | (308) | - |
| Total transactions with shareholders | | - | 357 | (1,220) | (43) | (308) | - |
| Balance, June 30, 2026 | | 19,985 | 22,122 | (2,007) | - | 7,770 | 4,462 |

(Millions of yen)

| | Note | Interests attributable to shareholders of parent | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | | Other components of equity | | | | | | |
| | | Cash flow hedges costs | Exchange differences on translation of foreign operations | Total | Retained earnings | Total | | |
| Balance, January 1, 2026 | | 3,345 | 10,427 | 26,588 | 123,007 | 190,559 | 24,331 | 214,890 |
| Net income | | - | - | - | 4,683 | 4,683 | 1,248 | 5,932 |
| Other comprehensive income | | (322) | 3,493 | 4,772 | - | 4,772 | 777 | 5,549 |
| Comprehensive income | | (322) | 3,493 | 4,772 | 4,683 | 9,456 | 2,025 | 11,481 |
| Transfer to non-financial assets | | - | - | (1,832) | - | (1,832) | - | (1,832) |
| Repurchase of treasury shares | | - | - | - | - | (1,343) | - | (1,343) |
| Disposal of treasury shares | | - | - | - | - | 129 | - | 129 |
| Cash dividends | 10 | - | - | - | (4,368) | (4,368) | (380) | (4,749) |
| Share-based compensation | | - | - | - | - | (95) | - | (95) |
| Changes in ownership interest in subsidiaries | | - | - | - | - | 447 | (1,314) | (867) |
| Transfer to retained earnings | | - | - | (351) | 351 | - | - | - |
| Total transactions with shareholders | | - | - | (351) | (4,017) | (5,231) | (1,694) | (6,926) |
| Balance, June 30, 2026 | | 3,022 | 13,921 | 29,176 | 123,674 | 192,951 | 24,661 | 217,613 |

(4) Condensed Semi-Annual Consolidated Statements of Cash Flows

(Millions of yen)

| | Note | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Operating income | | 10,626 | 9,089 |
| Depreciation and amortization | | 5,796 | 6,074 |
| (Gains) losses on sale and retirement of property, plant and equipment, and intangible assets | | 3 | 38 |
| (Increase) decrease in trade and other receivables | | 2,292 | 5,055 |
| (Increase) decrease in inventories | | 15,071 | 13,511 |
| Increase (decrease) in trade and other payables | | (5,108) | (6,975) |
| Other | | (1,723) | (2,427) |
| Subtotal | | 26,958 | 24,366 |
| Income taxes paid | | (2,515) | (2,562) |
| Cash flows from operating activities | | 24,443 | 21,803 |
| Cash flows from investing activities: | | | |
| Purchase of property, plant and equipment, and intangible assets, including investment property | | (6,098) | (5,806) |
| Proceeds from sales of property, plant and equipment, including investment property | | 53 | 38 |
| Purchase of investments in subsidiaries with changes in consolidation scope | 7 | - | (4,327) |
| Purchase of shares of associates | | - | (12) |
| Purchase of other financial assets | | (175) | (410) |
| Proceeds from sales and redemption of available-for-sale financial assets | | 246 | 733 |
| Interest received | | 202 | 259 |
| Dividend received | | 241 | 300 |
| Government grants received | | - | 143 |
| Other | | (3) | (12) |
| Cash flows from investing activities | | (5,532) | (9,093) |
| Cash flows from financing activities: | | | |
| Net increase (decrease) in short-term borrowings | | 890 | (10,853) |
| Proceeds from long-term borrowings | | 6,011 | 7,000 |
| Repayments of long-term borrowings | | (12,238) | (12,632) |
| Repayments of lease obligations | | (451) | (461) |
| Dividends paid | | (5,270) | (4,359) |
| Dividends paid to non-controlling interests | | (1,608) | (380) |
| Purchase of investments in subsidiaries with no changes in consolidation scope | 7 | - | (867) |
| Net (increase) decrease in treasury shares | | (6,907) | (1,343) |
| Interest paid | | (1,316) | (1,393) |
| Cash flows from financing activities | | (20,891) | (25,291) |
| Net increase (decrease) in cash and cash equivalents | | (1,980) | (12,580) |
| Cash and cash equivalents at the beginning of period | 8 | 21,273 | 26,844 |
| Foreign translation adjustment on cash and cash equivalents | | (371) | 268 |
| Cash and cash equivalents at the end of period | 8 | 18,921 | 14,531 |

Notes to Condensed Semi-Annual 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 condensed semi-annual consolidated financial statements for the six months ended June 30, 2026 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 “Other”. The details are provided in note “6. Segment Information”.

2. Basis of Preparation

(1) Compliance with IFRS Accounting Standards

The Group’s condensed semi-annual consolidated financial statements meet the requirements for a “designated IFRS specified company” set forth in Article 1-2, Item 2 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), and are therefore prepared in conformity with International Accounting Standard No. 34 “Interim Financial Reporting” (“IAS 34”) in accordance with Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(2) Basis of measurement

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, there are no standards and interpretations that have not been early adopted and that would have a material impact on the Group's consolidated financial statements.

(5) Changes in Accounting Policies

Adoption of IFRS 18 Presentation and Disclosure in Financial Statements

| Standard | Title | Description of new and revised standards |
|---|---|---|
| IFRS 18 | Presentation and Disclosure in Financial Statements | A new standard replacing IAS 1, the current accounting standard for presentation and disclosure in financial statements |

The Kagome Group has adopted IFRS 18 early, from the consolidated fiscal year ending December 31, 2026.

This standard has been applied retrospectively in accordance with IFRS 18 transitional measures and comparative information has been revised and reclassified based on IFRS 18.

In the initial year of IFRS 18 adoption, an adjustment table of each item in the Condensed Semi-Annual Consolidated Statement of Income for the immediately preceding comparative period must be disclosed and show both the revised, reclassified amounts presented under the new standard adopted and the past amounts presented under IAS 1 Presentation of Financial Statements (hereafter, “IAS 1”).

The adjustment table presenting each item in the Condensed Semi-Annual Consolidated Statement of Income for the previous semi-annual consolidated cumulative period is provided below.

Six Months ended June 30, 2025 (January 1, 2025 to June 30, 2025)

(Millions of Yen)

| IAS 1 | | Reclassification | IFRS 18 | | |
|---|---|---|---|---|---|
| Line Item | Amount | | Amount | Note | Line Item |
| Revenue | 138,681 | - | 138,681 | | Revenue |
| Cost of sales | 92,910 | - | 92,910 | | Cost of sales |
| Gross profit | 45,771 | - | 45,771 | | Gross profit |
| Selling, general and administrative expenses | 35,409 | - | 35,409 | | Selling, general and administrative expenses |
| Equity gains (losses) of affiliated companies | 39 | (39) | | 1 | |
| Core operating income | 10,400 | (39) | 10,361 | | Core operating income |
| Other income | 329 | 110 | 439 | 2 | Other operating income |
| Other expenses | 166 | 8 | 175 | 2 | Other operating expenses |
| Operating income | 10,563 | 62 | 10,626 | | Operating income |
| | | 39 | 39 | 1 | Equity gains (losses) of affiliated companies |
| Finance income | 582 | 184 | 767 | 3 | Other investment income |
| | | | 11,432 | | Income before financing and income taxes |
| Finance costs | 1,164 | 286 | 1,450 | 4 | Financing expenses |
| Income before income taxes | 9,981 | - | 9,981 | | Income before income taxes |
| Income taxes | 2,836 | - | 2,836 | | Income taxes |
| Net income | 7,145 | - | 7,145 | | Net income |

Notes on reclassification of profit or loss for the six months ended June 30, 2025 (January 1, 2025 to June 30, 2025)

The main reclassifications of profit or loss are as follows:

(1). Reclassification of Equity gains (losses) of affiliated companies

Equity gains (losses) of affiliated companies was included in core operating income and operating income in the previous fiscal year. Under IFRS 18, it is presented in the section below operating income.

(2). Reclassification of other operating income and other operating expenses

Operating income and operating expenses were included in other income, other expenses, and finance costs in the previous fiscal year. Under IFRS 18, they are presented as other operating income and other operating expenses.

Other operating income includes foreign exchange gains of 121 million yen arising from operating activities.

(3). Reclassification of other investment income

Investment income was included in other income, finance income in the previous fiscal year. Under IFRS 18, they are presented as other investment income.

Other investment income includes foreign exchange gains of 259 million yen arising from investing activities.

(4). Reclassification of interest expenses

Financing expenses were included in finance costs in the previous fiscal year. Under IFRS 18, they are presented as financing expenses.

Financing expenses include foreign exchange losses of 294 million yen arising from financing activities.

Foreign exchange gains and losses were recognized as finance income or finance costs under IAS 1. Under IFRS 18, they are presented in the operating, investing or financing categories, according to the reason why the foreign exchange gains and losses arose.

Similarly, gains and losses on derivatives were recognized as finance income or finance costs under IAS 1, including those arising from the initial recognition of derivative transactions and changes in fair value. Under IFRS 18, they are presented in the operating, investing or financing categories, depending on the purpose of the derivative transactions.

3. Significant Accounting Policies

The significant accounting policies applied by the Group in the condensed semi-annual consolidated financial statements, except for Note “2. Basis of Preparation (5) Changes in Accounting Policies,” are the same as those applied in the consolidated financial statements for the previous fiscal year.

In addition, income tax expense for the semi-annual consolidated accounting period is calculated using the estimated average annual effective tax rate.

4. Management-defined Performance Measures (MPM)

The Group uses “core operating income” as an MPM. This measure is not an indicator defined by IFRS and it may not be comparable to similar indicators used by other companies.

“Core operating income” presents management’s view of the Group financial performance and is derived by deducting cost of sales and selling, general and administrative expenses from revenue. Cost of sales and selling, general and administrative expenses, which constitute gross profit, do not include non-recurring gains or losses, such as gains or losses arising from the disposal or retirement of property, plant and equipment.

Group management considers “core operating income” to be a useful profit indicator that measures recurring business performance excluding non-recurring gains or losses.

Six Months ended June 30, 2025 (January 1, 2025 to June 30, 2025)

| | IFRS | Adjustments | MPM |
|---|---|---|---|
| | | Selling, general and administrative expenses | |
| Selling, general and administrative expenses | | 35,409 | |
| Gross profit/Core operating income | 45,771 | (35,409) | 10,361 |
| Income taxes | | (9,937) | |
| Net income attributable to non-controlling interests | | (1,381) | |

Notes:

1. The negative adjustment of (35,409) million yen to general and administrative expenses arose from items such as personnel expenses and selling and transportation costs.
2. The amount for income taxes was calculated based on the statutory tax rate applicable to the transaction in the tax jurisdiction.

Six Months ended June 30, 2026 (January 1, 2026 to June 30, 2026)

| | IFRS | Adjustments | MPM |
|---|---|---|---|
| | | Selling, general and administrative expenses | |
| Selling, general and administrative expenses | | 38,510 | |
| Gross profit/Core operating income | 46,946 | (38,510) | 8,436 |
| Income taxes | | (10,675) | |
| Net income attributable to non-controlling interests | | (1,437) | |

Notes:

1. The negative adjustment of (38,510) million yen to general and administrative expenses arose from items such as personnel expenses and selling and transportation costs.
2. The amount for income taxes was calculated based on the statutory tax rate applicable to the transaction in the tax jurisdiction.

5. 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 significant accounting estimates and assumptions applied in the condensed semi-annual consolidated financial statements except for the measurement of the fair value of assets acquired and liabilities assumed in business combinations and the estimation of the useful lives of intangible assets, are the same as those applied in the consolidated financial statements for the previous fiscal year.

6. 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 “Other.” 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 seasonings 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.
The method for calculating Core operating income has been changed starting in the current consolidated fiscal year.
Under the previous method, Core operating income included Equity gains or losses of affiliates in addition to income calculated under the method described above. However, as described in “Changes in accounting policies,” following the early adoption of IFRS 18 in the current consolidated fiscal year, Equity gains or losses of affiliates is classified as profit or loss arising from investing activities. Based on the premise that the performance of ordinary business operations should be assessed within profit or loss arising from operating activities, Equity gains or losses of affiliates has been excluded from the calculation of Core operating income.

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, frozen Mediterranean vegetables and others |
| Domestic Processed Food Business | | |
| | Tomato and other primary processing | Tomato paste, diced tomatoes, carrot juice, 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) Changes in Revenues and performance by reportable segment

Due to the Group's organizational restructuring, Vegitalia S.p.A., which was previously included in the International Business, has been reclassified under the Domestic Processed Food Business.

Accordingly, the segment information for the six months ended June 30, 2025 has been prepared based on the revised reportable segment classification.

(3) Revenues and performance by reportable segment

Six Months ended June 30, 2025 (January 1, 2025 to June 30, 2025)

(Millions of yen)

| | Reportable segment | | | Adjustments (Note 1) | Amount recorded on condensed semi-annual consolidated financial statements |
|---|---|---|---|---|---|
| | Domestic Processed Food Business (Note 2) | International Business | Other (Note 2) | | |
| Revenue | | | | | |
| Revenue from external customers | 73,228 | 53,687 | 11,766 | - | 138,681 |
| Internal revenue and transfers between segments | - | 7,603 | 104 | (7,708) | - |
| Revenue total | 73,228 | 61,290 | 11,871 | (7,708) | 138,681 |
| Core operating income (loss) | 5,506 | 5,782 | 387 | (1,315) | 10,361 |
| Other operating income | | | | | 439 |
| Other operating expenses | | | | | 175 |
| Operating income | | | | | 10,626 |
| Equity gains (losses) of affiliated companies | | | | | 39 |
| Other investment income | | | | | 767 |
| Income before financing and income taxes | | | | | 11,432 |
| Financing expenses | | | | | 1,450 |
| Income before income taxes | | | | | 9,981 |

Notes:

1. Adjustments to core operating income include consolidated common expenses related to Group headquarters functions not allocated to business segments of (1,308) million yen and elimination of unrealized gain of (6) million yen, which is included in financial income on the consolidated financial statements.
2. As described in the summary of reportable segments, the method for calculating Core operating income has been changed starting in the current consolidated fiscal year. As a result of this change, compared with the previous method, Core operating income for the "Domestic Processed Food Business" for the first half of the previous consolidated fiscal year decreased by 10 million yen, and Core operating income for "Other" decreased by 28 million yen.

Six Months ended June 30, 2026 (January 1, 2026 to June 30, 2026)

(Millions of yen)

| | Reportable segment | | | Adjustments (Note 1) | Amount recorded on condensed semi-annual consolidated financial statements |
|---|---|---|---|---|---|
| | Domestic Processed Food Business (Note 2) | International Business (Note 2) | Other (Note 2) | | |
| Revenue | | | | | |
| Revenue from external customers | 73,077 | 58,951 | 11,756 | - | 143,785 |
| Internal revenue and transfers between segments | - | 9,624 | 92 | (9,717) | - |
| Revenue total | 73,077 | 68,576 | 11,848 | (9,717) | 143,785 |
| Core operating income (loss) | 5,019 | 5,192 | 67 | (1,843) | 8,436 |
| Other operating income | | | | | 1,119 |
| Other operating expenses | | | | | 466 |
| Operating income | | | | | 9,089 |
| Equity gains (losses) of affiliated companies | | | | | (19) |
| Other investment income | | | | | 574 |
| Income before financing and income taxes | | | | | 9,644 |
| Financing expenses | | | | | 1,395 |
| Income before income taxes | | | | | 8,249 |

Notes:

1. Adjustments to core operating income include consolidated common expenses related to Group headquarters functions not allocated to business segments of (1,669) million yen and elimination of unrealized gain of (173) million yen, which is included in financial income on the consolidated financial statements.
2. As described in the summary of reportable segments, the method for calculating Core operating income has been changed starting in the current consolidated fiscal year. As a result of this change, compared with the previous method, Core operating income for the “Domestic Processed Food Business” for the current consolidated accounting period decreased by 8 million yen, while Core operating income for the “International Business” increased by 6 million yen and Core operating income for “Other” increased by 21 million yen.

7. Business Combination

(1) Overview of business combinations

(a) Name and business of the acquired company

Name of the acquired company: Silbury Marketing Ltd

Details of business: Purchasing and sales of primary processed tomato products, secondary processed tomato products, and oil products

(b) Date of acquisition: January 5, 2026

(c) Percentage of voting capital interest acquired

Ratio of additional voting rights acquired on the date of business combination: 100.0%

Ratio of voting rights after acquisition:100.0%

(d) Primary purpose of the business combination

(1) 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 Holding da Industria Transformadora do Tomate, SGPS S.A. (hereinafter “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.

(2) 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, 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.

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

(2) Consideration for acquisition

(Millions of yen)

| Item | Amount |
|---|---|
| Cash | 5,524 |
| Total | 5,524 |

(3) Assets acquired, liabilities assumed and goodwill

(Millions of yen)

| Item | Amount |
|---|---|
| Current assets | |
| Cash and cash equivalents | 329 |
| Trade and other receivables | 2,757 |
| Inventories | 509 |
| Other | 59 |
| Non-current assets | |
| Property, plant and equipment | 124 |
| Intangible assets | 1,572 |
| Other | 871 |
| Acquired assets | 6,225 |
| Current liabilities | 2,966 |
| Non-current liabilities | 452 |
| Liabilities assumed | 3,418 |
| Net assets acquired | 2,806 |
| Goodwill (Note 1) | 2,717 |

Notes:

1. Goodwill is primarily generated from reasonable estimates of expected future excess earnings power. No portion of such goodwill is expected to be deductible for tax purposes.
2. The impact of Silbury's consolidation is being provisionally calculated based on the information available as of the end of the current semi-annual consolidated accounting period, because the allocation of acquisition costs to the assets acquired and liabilities assumed has not been completed as of that date. Under the provisional accounting treatment, inventories, property, plant and equipment and intangible assets are identified and measured at fair value based on information currently available, and the entire difference between the acquisition consideration and the net amount of the assets acquired and liabilities assumed at the acquisition date is recognized as goodwill.

(4) Fair value of acquired trade and other receivables

Regarding the fair value of acquired trade and other receivables, the contractual amount receivable was 2,757 million yen, none of which is expected to be uncollectible.

(5) Cash flows from the acquisition

(Millions of yen)

| Item | Amount |
|---|---|
| Cash and cash equivalents used in acquisitions | 5,524 |
| Cash and cash equivalents held by the acquiree at the time of acquisition | 329 |
| Purchase of investments in subsidiaries with changes in consolidation scope | 4,327 |
| Purchase of investments in subsidiaries with no changes in consolidation scope (Note) | 867 |

(Note) This represents expenditures for acquisitions related to the acquisition of shares of HIT, a consolidated subsidiary of the Company, held by Silbury.

(6) Acquisition-related costs

Acquisition-related expenses of 199 million yen were recorded under "Selling, general and administrative expenses."

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

The results of operations of Silbury from the acquisition date included in the Condensed Semi-Annual Consolidated Statements of Income are as follows.

(Millions of yen)

| Item | Six Months ended June 30, 2026 |
|---|---|
| Revenue | 8,047 |
| Net income | (130) |

(8) 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 Condensed Semi-Annual 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 reviewed by an auditing firm.

8. Cash and Cash Equivalents

Breakdown of cash and cash equivalents is as follows:

(Millions of yen)

| | As of Dec. 31, 2025 | As of Jun. 30, 2026 |
|---|---|---|
| Cash on hand and demand deposits | 26,844 | 14,531 |
| Total | 26,844 | 14,531 |

The balances of cash and cash equivalents in the Condensed Semi-Annual Consolidated Statements of Financial Position are consistent with the balances of cash and cash equivalents in the Condensed Semi-Annual Consolidated Statements of Cash Flows.

9. Property, Plant, Equipment and Commitments

The amounts of acquisitions of property, plant and equipment and proceeds from sales or disposals were ¥5,855 million and ¥56 million, respectively, for the previous interim consolidated accounting period, and ¥5,172 million and ¥76 million, respectively, for the current interim consolidated accounting period.

Commitments related to acquisitions of property, plant and equipment were ¥3,260 million and ¥8,699 million as of the end of the previous consolidated fiscal year and the end of the current interim consolidated accounting period, respectively. The principal reason for the increase in commitments was the progress of the capital investment plan for the new plant scheduled to be constructed in Chitose City, Hokkaido.

10. Dividends

Dividends paid are as follows.

Six Months ended June 30, 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.

Six Months ended June 30, 2026

| 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 resolved 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.

11. 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.

In addition, the reportable segment classifications were changed for the current interim consolidated period. For details, please refer to “(2) Changes in Revenues and performance by reportable segment”, Notes to condensed semi-annual consolidated financial statements.

Revenue for the previous interim consolidated accounting period is presented based on the revised classifications.

Six Months ended June 30, 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 | 39,510 | 6,057 | 27,660 | 25,780 | 28,013 | (106) | 11,409 | - | 138,324 |
| Revenue recognized from other sources (Note 1) | - | - | - | - | - | - | 357 | - | 357 |
| Total revenue | 39,510 | 6,057 | 27,660 | 25,780 | 28,013 | (106) | 11,766 | - | 138,681 |

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.

Six Months ended June 30, 2026

(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 | 38,902 | 6,018 | 28,156 | 26,221 | 33,087 | (357) | 11,395 | - | 143,424 |
| Revenue recognized from other sources (Note 1) | - | - | - | - | - | - | 361 | - | 361 |
| Total revenue | 38,902 | 6,018 | 28,156 | 26,221 | 33,087 | (357) | 11,756 | - | 143,785 |

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.

12. Selling, General and Administrative Expenses

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

(Millions of yen)

| | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|
| Personnel expenses | 11,545 | 12,601 |
| Sales promotion expenses | 2,841 | 3,141 |
| Advertising expenses | 3,901 | 4,290 |
| Freight and storage fees | 8,948 | 9,719 |
| Depreciation and amortization | 1,468 | 1,443 |
| Other | 6,703 | 7,314 |
| Total | 35,409 | 38,510 |

13. Other Operating Income and Expenses

The breakdown of other operating income is as follows.

(Millions of yen)

| | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|
| Other operating income | | |
| Gain on sales of fixed assets | 3 | 3 |
| Insurance income | - | 39 |
| Derivative valuation gain | - | 23 |
| Foreign exchange gains | 121 | - |
| U.S. Employee Retention Credit Income | - | 695 |
| Other | 314 | 357 |
| Total | 439 | 1,119 |

The breakdown of other operating expenses is as follows.

(Millions of yen)

| | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|
| Other operating expenses | | |
| Loss on disposal of fixed assets | 6 | 42 |
| Derivative valuation losses | 1 | - |
| Foreign exchange losses | - | 104 |
| Other | 166 | 320 |
| Total | 175 | 466 |

14. Other Investment Income

The breakdown of other investment income is as follows.

(Millions of yen)

| | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|
| Other investment income | | |
| Interest income | 253 | 201 |
| Dividend income | 241 | 296 |
| Foreign exchange gains | 259 | 62 |
| Other | 11 | 14 |
| Total | 767 | 574 |

15. Financing Expenses

The breakdown of financing expenses is as follows.

(Millions of yen)

| | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|
| Financing expenses | | |
| Interest expense | 1,085 | 1,213 |
| Foreign exchange losses | 294 | 58 |
| Other | 70 | 122 |
| Total | 1,450 | 1,395 |

16. Earnings per Share

(1) Basis for calculating basic earnings per share

| | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|
| Net income attributable to shareholders of parent (millions of yen) | 6,181 | 4,683 |
| 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) | 6,181 | 4,683 |
| Weighted average number of common shares (thousands of shares) | 92,512 | 90,531 |
| Basic earnings per share (yen) | 66.81 | 51.74 |

(2) Basis for calculating diluted earnings per share

| | Six Months ended Jun. 30, 2025 | Six Months ended Jun. 30, 2026 |
|---|---|---|
| Net income used in calculating basic earnings per share (millions of yen) | 6,181 | 4,683 |
| Net income adjustment (millions of yen) | - | - |
| Net income used in calculating diluted earnings per share (millions of yen) | 6,181 | 4,683 |
| Weighted average number of common shares (thousands of shares) | 92,512 | 90,531 |
| Increase in common shares from stock acquisition rights (thousands of shares) | 120 | 106 |
| Diluted weighted average number of common shares (thousands of shares) | 92,633 | 90,638 |
| Diluted earnings per share (yen) | 66.73 | 51.68 |
| Summary of potential shares not included in the calculation of diluted earnings per share because they have no dilutive effect | - | - |

17. Financial Instruments

1) 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 current semi-annual consolidated accounting period.

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 |

As of Jun. 30, 2026

(Millions of yen)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Derivative assets | - | 11,035 | - | 11,035 |
| Equities | 12,615 | - | 4,394 | 17,010 |
| Total | 12,615 | 11,035 | 4,394 | 28,046 |
| Financial liabilities | | | | |
| Derivative liabilities | - | 29 | - | 29 |
| Total | - | 29 | - | 29 |

(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, 2025 | | As of Jun. 30, 2026 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial liabilities | | | | |
| Long-term borrowings | 23,570 | 23,217 | 20,629 | 20,181 |
| Total | 23,570 | 23,217 | 20,629 | 20,181 |

18. Significant Subsequent Events

There are no applicable matters.

19. Approval of Condensed Semi-Annual Consolidated Financial Statements

The Group’s Condensed Semi-Annual Consolidated Financial Statements were approved by the Board of Directors at its meeting held on August 7, 2026.

2 Other

At the Board of Directors meeting held on February 13, 2026, it was resolved to pay a year-end dividend as follows to shareholders listed or recorded in the shareholder registry as of December 31, 2025.

① Total amount of dividends: 4,368 million yen

② Amount per share: 48.00 yen

③ Effective date for claims and commencement date of payment: March 5, 2026