

## Consolidated Summary Report <under IFRS>

For the fiscal year ended December 31, 2019

February 4, 2020

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya  
 Code number : 2811 URL <http://www.kagome.co.jp>  
 Representative : Satoshi Yamaguchi, Representative Director & President  
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Annual general meeting date: March 27, 2020

Dividend payment date: March 6, 2020

Securities report issuing date: March 13, 2020

Supplemental information for financial statements: Available

Schedule for "investor meeting presentation": Scheduled

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Data for the Fiscal Year ended December 31, 2019

(1) Operation Results (% represents the change from the same period in the previous fiscal year.)

	Revenue		Core Operating Income		Operating Income		Net Income Attributable to Shareholders of Parent		Comprehensive Income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year ended										
December 31, 2019	180,849	(2.0)	12,304	(0.8)	14,079	15.1	10,198	13.3	11,277	221.9
December 31, 2018	184,595	—	12,400	—	12,228	—	8,998	—	3,503	—

	Earnings Per Share	Diluted Earnings per Share	Net Income to Net Assets Attributable to KAGOME Shareholders	Profit Before Tax to Total Assets	Operating Income to Revenue
	yen	yen	%	%	%
Fiscal year ended					
December 31, 2019	114.89	114.73	9.8	6.9	7.8
December 31, 2018	101.50	101.40	9.0	6.1	6.6

(Reference) Equity gains of affiliated companies December 31, 2019: 108 million yen; December 31, 2018: 3 million yen

(Reference) Core Operating Income is the profit index which measures constant business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of loss (profit) of entities accounted for using equity method.

### (2) Financial Conditions

	Total Assets	Total Net Assets	Net Assets Attributable to KAGOME Shareholders	Net Assets Attributable to KAGOME Shareholders to Total Assets	Net Assets Attributable to KAGOME Shareholders per Share
	million yen	million yen	million yen	%	yen
As of					
December 31, 2019	201,179	111,386	108,344	53.9	1,219.47
December 31, 2018	199,826	103,363	100,261	50.2	1,130.27

### (3) Conditions of Cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of the period
	million yen	million yen	million yen	million yen
Fiscal year ended				
December 31, 2019	12,224	(9,267)	(5,068)	27,260
December 31, 2018	10,722	(299)	(1,675)	29,408

### 2. Dividends on Common Stock

	Dividends per Share					Total dividends	Dividend payout ratio	Dividend on Net Assets ratio
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2018	—	—	—	40.00	40.00	3,558	39.4	3.5
December 31, 2019	—	—	—	35.00	35.00	3,113	30.5	3.0
Fiscal year ending								
December 31, 2020(Forecast)	—	—	—	36.00	36.00		36.8	

(Reference) Fiscal year ended December 31, 2018: Ordinary dividend: 30.00yen; Anniversary dividend: 10.00yen

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2020

(% represents the change from the same period in the previous fiscal year)

	Revenue		Core Operating Income		Operating Income		Net Income Attributable to Shareholders of Parent		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the year ending December 31, 2020	186,700	3.2	12,400	0.8	12,900	(8.4)	8,700	(14.7)	97.92

### 4. Other

#### (1) Changes in significant subsidiaries during the year: Yes

New companies: None Excluded companies: 1 (Kagome Distribution Service Co., Ltd)

Note: This section shows whether or not there is a change in Specified Subsidiaries (“*tokutei kogaisha*” in Japanese) that led to the change of the consolidation scope during the year.

The Company and four other food manufacturers established an integrated physical distribution company on April 1<sup>st</sup> 2019.

In this process, Kagome Distribution Service Co., Ltd has been no longer one of our consolidated subsidiaries because of the merger that defines AJINOMOTO Logistics Co., LTD as merging company.

#### (2) Changes in accounting policies, procedures, estimates, retrospective restatements, etc.

(A) Changes due to applying IFRS: None

(B) Changes due to reasons other than (A): None

(C) Changes in accounting estimates: None

#### (3) Number of shares outstanding (common shares):

(A) Total stocks outstanding

including treasury stocks:

Dec. 31, 2019	94,366,944 shares	Dec. 31, 2018	99,616,944 shares
Dec. 31, 2019	5,521,926 shares	Dec. 31, 2018	10,910,869 shares
Dec. 31, 2019	88,845,018 shares	Dec. 31, 2018	88,706,075 shares
Fiscal year ended Dec. 31, 2019	88,771,950 shares	Fiscal year ended Dec.31, 2018	88,653,522 shares

(B) Treasury stocks:

(C) Total stocks outstanding

excluding treasury stocks:

(D) Average outstanding stocks:

### 5. Non-Consolidated Financial Data for the Fiscal Year ended December 31, 2019 <under J-GAAP>

#### (1) Operation Results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year ended December 31, 2019	142,032	(16.0)	10,906	0.9	11,431	0.3	5,645	(53.4)
December 31, 2018	169,127	0.1	10,805	3.4	11,395	(2.1)	12,127	128.0

	Earnings Per Share	Diluted Earnings per Share
Fiscal year ended December 31, 2019	yen 63.60	yen 63.51
December 31, 2018	136.80	136.67

(Change in accounting procedure)

The company has applied “Accounting Standards for Revenue Recognition” in ASBJ Statement No.29 of Corporate Accounting Standard from first quarter of fiscal year ended December 31, 2019.

This resulted in our revenue recognition at the timing of transfer in terms of control on goods or services to customers and at the price considering estimate.

Beforehand, we used to recognize sales promotion expenses when payment amounts are fixed. But applying this standard, we recognize these expenses partly based on our estimate with sales realized.

Additionally, we changed partly sales promotion expenses from selling and administrative expenses to sales deduction.

As a result, sales have decreased by 25,506 million yen, and each profit index including operating income, ordinary income and profit before tax has also decreased by 63 million yen.

(2) Financial Conditions

	Total Assets	Total Net Assets	Equity to Total Assets	Total Net Assets per Common Stock
As of	million yen	million yen	%	yen
December 31, 2019	147,695	94,764	64.0	1,063.18
December 31, 2018	150,689	92,564	61.3	1,041.21

(Reference) Total Equity December 31, 2019: 94,458 million yen; December 31, 2018: 92,361 million yen

\* This “Consolidated Summary Report” (“Tanshin”) is outside the scope of the external audit.

\* Notes for using forecasted information etc.

(Applying IFRS)

Our group has applied IFRS from the first quarter of fiscal year ended December 31, 2019. Therefore, numerical values of previous fiscal year in this financial summary report are based upon IFRS as a whole.

(Caution regarding forward-looking statements)

This financial summary report contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the “forward-looking statements”). The forward-looking statements are made based upon, among other things, the company’s current estimations, perceptions and evaluations. Accordingly, due to various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result.

(Method for obtaining supplemental information for financial statements)

Supplementary information will be published on TD-net for viewing in Japan, and on Kagome’s Website.

## 1. Overview of Operating Results

The Group adopted IFRS from the fiscal year under review (from January 1 to December 31, 2019) on a consolidated basis, and makes comparative analysis with numerical values for the previous consolidated fiscal year by changing them to IFRS.

### (1) Explanation of operating results

The Company aimed to become a “strong company that can maintain sustainable growth by resolving social issues through food” under the three-year mid-term management plan starting from the fiscal year ended December 2019. The Company makes efforts to further enhance its corporate value by working on the basic strategies in the mid-term management plan, namely (1) continuous enhancement of earnings power and (2) growth by tackling new businesses and new domains.

During the consolidated year under review (January 1, 2019 to December 31, 2019), consolidated revenue\* declined year on year particularly in the domestic agriculture businesses and international business, and core operating income\* decreased.

The Company also posted a 1,692 million yen gain on transfer of business as other income when Kagome Distribution Service Co., Ltd., a physical distribution subsidiary, was integrated with a new physical distribution company, F-LINE Corporation. In other expenses, the Company posted a disaster loss of 361 million yen due to significant damage caused to a subsidiary, Chiba Baby Leaf Garden CO., Ltd. by large typhoons that struck the area in September and October 2019.

As a result, for the consolidated year under review, revenue decreased to 180,849 million yen, down 2.0% year on year, core operating income decreased to 12,304 million yen, down 0.8% year on year, operating income increased to 14,079 million yen, up 15.1% year on year, and net income attributable to shareholders of parent increased to 10,198 million yen, up 13.3% year on year.

\* Revenue is presented by directly deducting sales rebates, which were presented in selling, general and administrative expenses in the past. 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 share of profit (loss) of entities accounted for using the equity method.

The business results by segment are as outlined below.

(Million yen)

Name of segment	Revenue			Core operating income (loss)		
	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Change	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Change
Beverages	72,712	72,039	(673)	5,834	5,826	(8)
Food, etc.	60,202	60,445	243	5,344	5,390	45
Processed food in total	132,914	132,485	(429)	11,178	11,216	37
Agriculture	11,169	9,567	(1,601)	(97)	(225)	(127)
Others	16,904	4,187	(12,717)	796	532	(263)
Elimination adjustments (Note 1)	(15,700)	(2,885)	12,815	—	—	—
Domestic business in total	145,287	143,354	(1,933)	11,876	11,523	(353)
International business	46,234	44,061	(2,172)	523	780	256
Elimination adjustments (Note 2)	(6,927)	(6,566)	360	—	—	—
Total	184,595	180,849	(3,745)	12,400	12,304	(96)

(Notes) 1. Revenue between segments within the domestic business is eliminated.

2. Revenue between the domestic business and the international business is eliminated.

## <Domestic Business>

Revenue of the domestic business decreased to 143,354 million yen, down 1.3% year on year, and core operating income decreased to 11,523 million yen, down 3.0% year on year. Operating performance by business is as shown below.

### 1. Processed food business

In the processed food business, the Company manufactures and sells beverages, condiments and other products.

Revenue of this business decreased to 132,485 million yen, down 0.3% year on year, and core operating income increased to 11,216 million yen, up 0.3% year on year.

[Beverages: Yasai Seikatsu 100 series, tomato juice and others]

In the Yasai Seikatsu 100 series, Yasai Seikatsu 100 Apple Salad, a new product with a clear target, performed well. An advertising campaign that started in September, carried out in collaboration with Detective Conan, promoted an increase in opportunities to drink our beverages. Sales of tomato juice also remained firm, with functional claims proving effective in encouraging people to drink it routinely. The Company revised the prices of certain large-sized Yasai Seikatsu 100 Series products and tomato juice products from July. However, demand weakened temporarily mainly due to the unseasonable weather in July.

As a result, revenue of the beverages category fell to 72,039 million yen, down 0.9% year on year, and core operating income fell to 5,826 million yen, down 0.1% year on year.

[Food, etc.: tomato ketchup, condiment, sauces, beverages for direct marketing sales/gifts and others]

Tomato ketchup showed steady sales as we conducted integrated promotion activities beyond the categories of consumer use and institutional and industrial use, such as the Omelet rice Stadium held in May 2019.

In the category of institutional and industrial use, sales of products for home-meal replacements for volume retailers increased, but sales of products produced under contracts for convenience stores decreased.

In the category of direct marketing sales and gifts, in addition to the core beverage Tsubuyori Yasai, potage for savoring the taste of vegetables and supplements as foods with function claims continued to perform strongly.

Accordingly, revenue in the category of food, etc. rose to 60,445 million yen, up 0.4% year on year. Core operating income rose to 5,390 million yen, up 0.9% year on year.

### 2. Agriculture business

In the agriculture business, the Company mainly produces and sells fresh tomatoes, mesclun greens, etc.

In the fiscal year under review, the Company continued to focus on improving the revenue structure and worked to control the supply volume to adjust to changes in the fresh tomato market. The Company was able to systematically reduce supply in the sluggish market from May to June. However, the supply volume declined primarily due to a lack of sunshine during the first three months of the fiscal year under review and a delay in the formation of summer/fall production locations during the third quarter under review.

As a result, revenue of this business decreased to 9,567 million yen, down 14.3% year on year, and the business posted a core operating loss of 225 million yen (compared to a core operating loss of 97 million yen in the previous year).

### 3. Other businesses

Other businesses include transportation and warehousing (\*), real estate leasing, contracted service businesses and others.

Revenue declined to 4,187 million yen, down 75.2% year on year, and the core operating income was 532 million yen, down 33.1% year on year.

\* In April 2019, the Company and four other food manufacturers established an integrated physical distribution company for the purpose of promoting collaborative initiatives among food manufacturers toward the resolution of worsening problems with the physical distribution of food, including a sharp rise in logistics expenses.

Because Kagome Distribution Service Co., Ltd., a physical distribution subsidiary, was integrated with F-LINE Corporation, associated with this reorganization of the distribution business, Kagome Distribution Service Co., Ltd. was excluded from the scope of consolidation. Therefore, the results of Kagome Distribution Service Co., Ltd. for three months from January 2019 to March 2019 were consolidated in the fiscal 2019.

## <International Business>

Our international business encompasses the development of tomato seeds, firming, product development, processing and sales.

The operating performance of the major subsidiaries in local currencies is as outlined below.

KAGOME INC. (United States) saw a decrease in both sales and income primarily due to the adverse impact of a delay in shipment caused by changes its customer's system and a fall in the financial results of an affiliate, Ingomar Packing Company, LLC (United States). Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) enjoyed a rise in sales and income as the company strengthened profitability management by customer. Kagome Australia Pty Ltd. (Australia) maintained business profit at the same level as that in the previous fiscal year in part by controlling manufacturing cost, which offset a decrease in sales resulting from a fall in sales to Group companies. United Genetics Holdings LLC (United States) posted higher sales and income thanks to a solid performance in the business of raising seedlings in Turkey.

Accordingly, revenue of this business fell to 44,061 million yen, down 4.7% year on year, and core operating income rose to 780 million yen, up 49.1% year on year.

## (2) Summary of Financial Position for the Current Fiscal Year

Total assets at the end of the consolidated fiscal year under review increased 1,352 million yen from the end of the previous fiscal year.

Current assets decreased by 4,950 million yen from the end of the previous fiscal year.

This decrease was caused by a decrease in cash and cash equivalents of 2,147 million yen mainly due to the payment of dividends and income taxes and the repayment of interest-bearing debt, a decrease in trade and other receivables of 1,317 million yen and a decrease in assets held for sale of 1,266 million yen associated with the reorganization of the distribution business, although inventories increased 953 million yen.

Non-current assets increased by 6,303 million yen from the end of the previous fiscal year.

This was mainly due to an increase in investments accounted for using the equity method of 4,096 million yen, primarily as a result of acquiring shares of subsidiaries and associates along with the reorganization of the distribution business, an increase in intangible assets of 781 million yen primarily due to the renewal of backbone systems, and an increase in other financial assets of 1,154 million yen mainly due to a rise in the market value of stockholdings.

Liabilities declined by 6,669 million yen from the end of the previous fiscal year.

This decline was caused by a decrease in trade and other payables of 2,130 million yen, a drop in borrowings (including long-term borrowings) of 1,584 million yen due to repayment, a fall in income taxes payable of 1,846 million yen, and a decrease in liabilities related to assets held for sale of 1,617 million yen due to reorganization of the distribution business.

Equity increased by 8,022 million yen from the end of the previous fiscal year. This increase was largely attributable to a rise of 10,198 million yen due to net income attributable to shareholders of parent and a decrease of 3,558 million yen due to dividends of surplus.

As a result, the ratio of equity attributable to shareholders of the parent was 53.9%, and equity attributable to shareholders of the parent per share was 1,219.47 yen.

### (3) Summary of Cash Flow for the Current Fiscal Year

#### (Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the consolidated fiscal year under review were 27,260 million yen, with a decrease of 2,147 million yen from the end of the previous fiscal year. The state of each cash flow is as explained below.

Cash flow from operating activities resulted in net cash of 12,224 million yen provided by operating activities (net cash of 10,722 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 13,888 million yen, and depreciation and amortization of 6,395 million yen (net cash provided by operating activities), as well as cash used in the payment of income taxes of 5,274 million yen (net cash used in operating activities).

Cash flow from investing activities resulted in net cash of 9,267 million yen used in investing activities (net cash of 299 million yen used in investing activities a year earlier). The main factor was cash used in the acquisition of property, plant and equipment and intangible assets (including investment real estate) of 10,444 million yen.

Cash flow from financing activities resulted in net cash of 5,068 million yen used in financing activities (net cash of 1,675 million yen used in financing activities a year earlier). The main factors were cash used in the repayment of borrowings (including long-term borrowings) (1,032 million yen) and the payment of dividends (3,553 million yen).

The indexes relating to cash flow of the Group are as shown below.

Item	December 2018	December 2019
Equity attributable to owners of the parent to total assets (%)	50.2	53.9
Equity attributable to owners of the parent to total assets based on the market value (%)	127.9	115.6
Interest bearing debt to cash flow (year)	2.2	2.4
Interest coverage ratio (times)	26.5	28.0

(Notes) Equity attributable to owners of the parent to: (Equity attributable to owners of parent) / (total assets)  
total assets

Equity attributable to owners of the parent to: (Market capitalization) / (total assets)  
total assets based on the market value

Interest bearing debt to cash flow : (Interest-bearing debt) / (cash flow from operating activities)

Interest coverage ratio : (Cash flow from operating activities) / (interest payment)

1. Every index is calculated based on the financial data on a consolidated basis.
2. "Market capitalization" is calculated according to the following formula: [closing price of stocks at the end of the fiscal year] x [number of outstanding shares at the end of the fiscal year] (after deduction of treasury shares).
3. The data of "cash flow from operating activities" is the data of cash flow from operating activities stated on the consolidated statement of cash flow. "Interest-bearing debt" includes all debts recorded on the consolidated statement of financial position which involve payment of interest. In addition, the data of "interest payment" is the data of "amount of interest payment" stated on the consolidated statement of cash flow.

#### (4) Outlook for the Next Fiscal Year

	Revenue (million yen)	Core operating income (Note) (million yen)	Operating income (million yen)	Net income attributable to shareholders of parent (million yen)	Earnings per share (yen)
Fiscal year ending December 31, 2020 (Forecast)	186,700	12,400	12,900	8,700	97.92
Fiscal year ending December 31, 2019	180,849	12,304	14,079	10,198	114.89
Percent change	3.2%	0.8%	(8.4%)	(14.7%)	—

(Notes) Core Operating Income is the profit index that measures the Company's ordinary business performance by deducting cost of sales and selling, general, and administrative expenses from sales revenue plus share of loss (profit) of entities accounted for using the equity method.

In fiscal 2020, the food industry in Japan is expected to see a continuation of uncertain circumstances, including the continued reduction of market size caused by a shrinking population, the ending of the point back campaign through cashless payment that started with the consumption tax hike, the rising cost of physical distribution, and the global economic changes. Under these circumstances, the Company will continue to work to achieve the targets set in the mid-term management plan that will end in fiscal year 2021 to transform itself from a tomato company into a vegetable company under the long-term vision that aims to become a "strong company that can maintain sustainable growth by resolving social issues through food."

##### <Domestic Business>

In the domestic business, we will contribute to the resolution of social issues by providing different kinds of vegetables to various markets with diverse degree and forms of processing, with the aim of "eliminating the insufficient intake of vegetables in Japan." The Company will launch a nationwide campaign, "Let's eat vegetables," to encourage vegetable consumption by showcasing the ongoing lack of vegetable intake and reasons for its importance.

##### <International Business>

In the international business, the Company will work to raise the earning power of the tomato business and establish a foundation for consumer business in Asia, aiming to globally deliver the value and deliciousness of tomatoes and vegetables and contribute to local communities.

The forecast above is a forward-looking statement that was prepared based on economic circumstances at the time of preparing this consolidated summary report. Actual performance may differ from the financial outlooks herein for various unforeseeable reasons.

#### (5) Basic Policy for Profit Distribution and Dividends for the Current Fiscal Year and the Following Fiscal Year

The Company recognizes shareholder returns as one of the most important issues in management.

The Company's shareholder return policy is to aim for a total return ratio of 40% and stable cash distribution of at least 35 yen per share each year based on the consolidated financial results under the three-year mid-term management plan implemented from 2019 to 2021.

With respect to dividends for the current fiscal year, the Company decided to pay a total dividend of 35 yen per share. In addition, we plan to pay a dividend of 36 yen per share in the next fiscal year.



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## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of Yen			Thousands of U.S. dollars
	As of Jan. 1, 2018	As of Dec. 31, 2018	As of Dec. 31, 2019	As of Dec. 31, 2019
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	¥ 21,550	¥ 29,408	¥ 27,260	\$ 250,092
Trade and other receivables	40,524	41,329	40,011	367,073
Inventories	42,263	42,007	42,960	394,128
Income taxes receivable	288	572	0	2
Other financial assets	3,168	674	665	6,101
Other current assets	2,065	2,339	1,748	16,037
Assets held for sale	-	1,266	-	-
<b>Total current assets</b>	<b>109,861</b>	<b>117,598</b>	<b>112,647</b>	<b>1,033,459</b>
<b>Non-current assets:</b>				
Property, plant and equipment	49,596	53,541	53,634	492,055
Intangible assets	2,188	2,597	3,379	31,000
Other financial assets	26,517	13,291	14,445	132,523
Investments accounted for using the equity method	4,231	4,142	8,238	75,578
Other non-current assets	7,663	6,422	6,476	59,413
Deferred tax assets	231	2,232	2,357	21,624
<b>Total non-current assets</b>	<b>90,428</b>	<b>82,227</b>	<b>88,531</b>	<b>812,211</b>
<b>Total assets</b>	<b>¥ 200,290</b>	<b>¥ 199,826</b>	<b>¥ 201,179</b>	<b>\$ 1,845,679</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Trade and other payables	¥ 31,353	¥ 31,725	¥ 29,594	\$ 271,505
Borrowings	22,665	24,026	29,155	267,477
Income taxes payable	3,916	3,616	1,770	16,239
Other financial liabilities	89	91	975	8,945
Provisions	-	-	353	3,239
Other current liabilities	7,080	7,114	6,555	60,138
Liabilities related to assets held for sale	-	1,617	-	-
<b>Total current liabilities</b>	<b>65,105</b>	<b>68,191</b>	<b>68,404</b>	<b>627,560</b>
<b>Non-current liabilities:</b>				
Long-term debt	14,154	12,910	6,197	56,853
Other financial liabilities	4,703	4,315	4,246	38,954
Retirement benefit liability	5,045	5,291	5,650	51,835
Provisions	1,375	1,340	1,061	9,734
Other non-current liabilities	1,048	1,051	1,046	9,596
Deferred tax liabilities	5,043	3,360	3,186	29,229
<b>Total non-current liabilities</b>	<b>31,371</b>	<b>28,271</b>	<b>21,388</b>	<b>196,220</b>
<b>Net Assets:</b>				
Share capital	19,985	19,985	19,985	183,349
Capital surplus	22,468	22,564	22,669	207,972
Treasury shares	(26,985)	(26,739)	(13,529)	(124,119)
Other components of equity	11,892	2,693	3,589	32,927
Retained earnings	72,529	81,757	75,629	693,844
Equity attributable to owners of parent	99,889	100,261	108,344	993,982
Non-controlling interests	3,923	3,102	3,041	27,899
<b>Total net assets</b>	<b>103,813</b>	<b>103,363</b>	<b>111,386</b>	<b>1,021,890</b>
<b>Total liabilities and net assets</b>	<b>¥ 200,290</b>	<b>¥ 199,826</b>	<b>¥ 201,179</b>	<b>\$ 1,845,679</b>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 109 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2019.

**(2) Consolidated Statements of Income (Fiscal Year)**

	Millions of Yen		Thousands of
	Fiscal year ended Dec. 31, 2018	Fiscal year ended Dec. 31, 2019	U.S. dollars Fiscal year ended Dec. 31, 2019
Revenue	¥ 184,595	¥ 180,849	\$ 1,659,165
Cost of sales	118,296	115,667	1,061,165
<b>Gross profit</b>	<b>66,298</b>	<b>65,181</b>	<b>597,991</b>
Selling, general and administrative expenses	53,901	52,986	486,110
Equity gains of affiliated companies	3	108	991
<b>Core Operating income</b>	<b>12,400</b>	<b>12,304</b>	<b>112,881</b>
Other income	1,897	2,733	25,073
Other expenses	2,069	958	8,789
<b>Operating income</b>	<b>12,228</b>	<b>14,079</b>	<b>129,165</b>
Finance income	630	451	4,138
Finance costs	646	642	5,890
<b>Profit before income taxes</b>	<b>12,213</b>	<b>13,888</b>	<b>127,413</b>
Income taxes	3,657	3,574	32,789
<b>Net income</b>	<b>8,555</b>	<b>10,314</b>	<b>94,624</b>
Net income attributable to:			
<b>Owners of parent</b>	<b>8,998</b>	<b>10,198</b>	<b>93,560</b>
<b>Non-controlling interests</b>	<b>(442)</b>	<b>115</b>	<b>1,055</b>
<b>Total</b>	<b>¥ 8,555</b>	<b>¥ 10,314</b>	<b>\$ 94,624</b>
Amounts per share of common stock:			
<b>Net income</b>	<b>¥ 101.50</b>	<b>¥ 114.89</b>	<b>\$ 1.05</b>
<b>Diluted net income</b>	<b>¥ 101.40</b>	<b>¥ 114.73</b>	<b>\$ 1.05</b>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 109 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2019.

**(3) Consolidated Statements of Comprehensive Income (Fiscal Year)**

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2018	Fiscal Year ended Dec. 31, 2019	Fiscal Year ended Dec. 31, 2019
<b>Net income</b>	¥ 8,555	¥ 10,314	\$ 94,624
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit plans	(232)	(163)	(1,495)
Financial assets measured at fair value through other comprehensive income	(2,985)	1,262	11,578
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-
<b>Total</b>	<b>(3,218)</b>	<b>1,099</b>	<b>10,083</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Effective portion of cash flow hedges	(132)	(690)	(6,330)
Cash flow hedges costs	(265)	1,018	9,339
Exchange differences on translation of foreign operations	(1,435)	(464)	(4,257)
Share of other comprehensive income of investments accounted for using equity method, net of tax	0	(0)	(0)
<b>Total</b>	<b>(1,833)</b>	<b>(136)</b>	<b>(1,248)</b>
<b>Other comprehensive income</b>	<b>(5,052)</b>	<b>963</b>	<b>8,835</b>
<b>Comprehensive income</b>	<b>3,503</b>	<b>11,277</b>	<b>103,459</b>
<b>Comprehensive income attributable to:</b>			
<b>Owners of parent</b>	4,252	11,260	103,303
<b>Non-controlling interests</b>	(749)	17	156
<b>Total</b>	<b>¥ 3,503</b>	<b>¥ 11,277</b>	<b>\$ 103,459</b>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 109 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2019.

## (4) Consolidated Statements of Changes in Net Assets

Millions of Yen

	Interests attributable to shareholders of parent											Non-controlling interests	Total Net Assets	
	Common stock	Capital surplus	Treasury stock	Other components of equity					Retained earnings	Total				
				Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations			Total			
<b>Balance, January 1, 2018</b>	¥ 19,985	¥ 22,468	¥ (26,985)	¥ 9,499	¥ 2,201	¥ 191				¥ 11,892	¥ 72,529	¥ 99,889	¥ 3,923	¥ 103,813
Net income											8,998	8,998	(442)	8,555
Other comprehensive income				(232)	(2,985)	(119)	(265)	(1,141)	(4,745)			(4,745)	(306)	(5,052)
<b>Comprehensive income</b>				(232)	(2,985)	(119)	(265)	(1,141)	(4,745)		8,998	4,252	(749)	3,503
<b>Transfer to non-financial assets</b>						(1,554)			(1,554)			(1,554)		(1,554)
Repurchase of treasury stock			(2)									(2)		(2)
Disposal of treasury stock		(0)	248									248		248
Cancellation of treasury stock														
Cash dividends											(2,668)	(2,668)	(74)	(2,742)
Transactions with non-controlling shareholders													1	1
Share-based compensation		95										95		95
Transfer to retained earnings		0		232	(3,131)				(2,899)	2,898				
Other increases or decreases														
<b>Total transactions with shareholders</b>		95	246	232	(3,131)				(2,899)	229	(2,326)		(72)	(2,398)
<b>Balance, December 31, 2018</b>	¥ 19,985	¥ 22,564	¥ (26,739)	¥ 3,381	¥ 527	¥ (73)	¥ (1,141)	¥ 2,693	¥ 81,757	¥ 100,261	¥ 3,102	¥ 103,363		

<b>Balance, January 1, 2019</b>	¥ 19,985	¥ 22,564	¥ (26,739)	¥ 3,381	¥ 527	¥ (73)	¥ (1,141)	¥ 2,693	¥ 81,757	¥ 100,261	¥ 3,102	¥ 103,363	
Net income										10,198	10,198	115	10,314
Other comprehensive income				(163)	1,262	(658)	1,018	(397)	1,062		1,062	(98)	963
<b>Comprehensive income</b>				(163)	1,262	(658)	1,018	(397)	1,062	10,198	11,261	17	11,278
<b>Transfer to non-financial assets</b>						(94)			(94)		(94)		(94)
Repurchase of treasury stock			(3)								(3)		(3)
Disposal of treasury stock		(0)	373								372		372
Cancellation of treasury stock			12,839							(12,839)			
Cash dividends										(3,558)	(3,558)	(77)	(3,635)
Transactions with non-controlling shareholders													
Share-based compensation		104									104		104
Transfer to retained earnings		0		163	(234)			(71)	70				
Other increases or decreases													
<b>Total transactions with shareholders</b>		105	13,209	163	(234)			(71)	(16,327)	(3,083)	(77)	(3,160)	
<b>Balance, December 31, 2019</b>	¥ 19,985	¥ 22,669	¥ (13,529)	¥ 4,410	¥ (226)	¥ 944	¥ (1,539)	¥ 3,589	¥ 75,629	¥ 108,344	¥ 3,041	¥ 111,386	

Thousands of U.S. Dollars

	Interests attributable to shareholders of parent											Non-controlling interests	Total Net Assets
	Common stock	Capital surplus	Treasury stock	Other components of equity					Retained earnings	Total			
				Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations			Total		
<b>Balance, January 1, 2019</b>	\$ 183,349	\$ 207,009	\$ (245,312)	\$ 31,018	\$ 4,835	\$ (670)	\$ (10,468)	\$ 24,706	\$ 750,064	\$ 919,826	\$ 28,459	\$ 948,284	
Net income										93,560	93,560	1,055	94,624
Other comprehensive income				(1,495)	11,578	(6,037)	9,339	(3,642)	9,743		9,743	(899)	8,835
<b>Comprehensive income</b>				(1,495)	11,578	(6,037)	9,339	(3,642)	9,743	93,560	103,312	156	103,468
<b>Transfer to non-financial assets</b>						(862)			(862)		(862)		(862)
Repurchase of treasury stock			(28)								(28)		(28)
Disposal of treasury stock		(1)	3,422								3,413		3,413
Cancellation of treasury stock			117,789							(117,789)			
Cash dividends										(32,642)	(32,642)	(706)	(33,349)
Transactions with non-controlling shareholders													
Share-based compensation		954									954		954
Transfer to retained earnings		3		1,495	(2,147)			(651)	642				
Other increases or decreases													
<b>Total transactions with shareholders</b>		963	121,183	1,495	(2,147)			(651)	(149,789)	(28,284)	(706)	(28,991)	
<b>Balance, December 31, 2019</b>	\$ 183,349	\$ 207,972	\$ (124,119)	\$ 40,459	\$ (2,073)	\$ 8,661	\$ (14,119)	\$ 32,927	\$ 693,844	\$ 993,982	\$ 27,899	\$ 1,021,890	

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 109 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2019.

## (5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2018	Fiscal Year ended Dec. 31, 2019	Fiscal Year ended Dec. 31, 2019
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 12,213	¥ 13,888	\$ 127,413
Depreciation and amortization	5,769	6,395	58,670
Impairment Losses	754	223	2,046
Gain on business transfer	-	(1,692)	(15,523)
Interest and dividend income	(619)	(450)	(4,128)
Interest expenses	410	435	3,991
Share of (profit) loss of investments accounted for using the equity method	(3)	(108)	(991)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(1,242)	(46)	(422)
(Increase) decrease in trade and other receivables	(542)	823	7,550
(Increase) decrease in inventories	(767)	(1,421)	(13,037)
Increase (decrease) in trade and other payables	(253)	(643)	(5,899)
Other	(754)	23	211
Subtotal	14,963	17,427	159,881
Interest and dividends received	555	513	4,706
Interest paid	(404)	(442)	(4,055)
Income taxes paid	(4,392)	(5,274)	(48,385)
Cash flows from operating activities	10,722	12,224	112,147
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment, and intangible assets, including investment property	(10,718)	(10,444)	(95,817)
Proceeds from sales of property, plant and equipment, including investment property	2,331	198	1,817
Purchase of investments in subsidiaries	(121)	-	-
Purchase of other financial assets	(821)	(47)	(431)
Gain on available-for-sale financial assets	8,961	1,069	9,807
Other	69	(43)	(394)
Cash flows from investing activities	(299)	(9,267)	(85,018)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	2,301	430	3,945
Proceeds from long-term borrowings	7,726	1,076	9,872
Repayments of long-term borrowings	(8,497)	(2,539)	(23,294)
Repayments of lease obligations	(711)	(774)	(7,101)
Dividends paid	(2,668)	(3,553)	(32,596)
Dividends paid to non-controlling interests	(74)	(77)	(706)
Other	248	369	3,385
Cash flows from financing activities	(1,675)	(5,068)	(46,495)
Net increase (decrease) in cash and cash equivalents	8,748	(2,112)	(19,376)
Cash and cash equivalents at beginning of period	21,550	29,408	269,798
Foreign translation adjustment on cash and cash equivalents	(185)	(35)	(321)
Net increase (decrease) in cash and cash equivalents due to transfer to assets held for sale	(704)	-	-
Cash and cash equivalents at end of period	¥ 29,408	¥ 27,260	\$ 250,092

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