

Consolidated Summary Report <under IFRS>

For the fiscal year ended December 31, 2021

February 2, 2022

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
 Code number : 2811 URL <http://www.kagome.co.jp>
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Annual general meeting date: March 30, 2022

Dividend payment date: March 9, 2022

Securities report issuing date: March 11, 2022

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, 2021

(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, 2021	189,652	3.6	14,138	4.0	14,010	31.2	9,763	31.5	13,108	129.9
December 31, 2020	183,041	1.2	13,599	10.5	10,682	(24.1)	7,425	(27.2)	5,701	(49.4)

	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, 2021	109.37	109.18	8.5	6.3	7.4
December 31, 2020	83.73	83.59	6.8	5.0	5.8

(Reference) Equity gains of affiliated companies December 31, 2021: 416 million yen; December 31, 2020: (914) 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, 2021	215,208	119,542	117,565	54.6	1,328.36
December 31, 2020	224,913	112,651	110,976	49.3	1,242.19

(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, 2021	14,796	(14,162)	(27,652)	31,231
December 31, 2020	20,442	(3,398)	12,104	56,768

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, 2020	—	—	—	36.00	36.00	3,219	43.0	2.9
December 31, 2021	—	—	—	37.00	37.00	3,277	33.8	2.9
Fiscal year ending	—	—	—	38.00	38.00		38.5	
December 31, 2022(Forecast)								

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2022

(% 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, 2022	199,000	4.9	13,300	(5.9)	13,300	(5.1)	8,800	(9.9)	98.58

4. Other

(1) Changes in significant subsidiaries during the year: No

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.

(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, 2021	94,366,944 shares	Dec. 31, 2020	94,366,944 shares
Dec. 31, 2021	5,863,240 shares	Dec. 31, 2020	5,027,707 shares
Dec. 31, 2020	88,503,704 shares	Dec. 31, 2020	89,339,237 shares
Fiscal year ended Dec. 31, 2021	89,265,663 shares	Fiscal year ended Dec. 31, 2020	88,682,783 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, 2021 <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, 2021	138,017	(4.6)	10,143	(19.4)	10,813	(17.0)	7,140	(30.7)
December 31, 2020	144,662	1.9	12,589	15.4	13,028	14.0	10,306	82.6

	Earnings Per Share	Diluted Earnings per Share
Fiscal year ended December 31, 2021	yen 79.99	yen 79.85
December 31, 2020	116.22	116.02

(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, 2021	155,419	102,823	65.9	1,156.82
December 31, 2020	175,492	100,757	57.2	1,123.74

(Reference) Total Equity December 31, 2021: 102,382 million yen; December 31, 2020: 100,393 million yen

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

* Notes for using forecasted information etc.

(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

(1) Explanation of operating results for the fiscal year under review

Aiming to become a “strong company” capable of sustainable growth, using food as a means of resolving social issues, the Company has made efforts to further enhance corporate value by working toward growth driven by the basic strategies of the second Mid-Term Management Plan which spanned from the fiscal year ended December 2019 to the fiscal year ended December 2021; namely, (1) continuing to strengthen earning capacity and (2) taking on the challenge of entering new businesses and domains.

Revenue in the fiscal year under review (January 1, 2021 to December 31, 2021) was up compared to the previous fiscal year. In Japan, food service demand recovered on the vaccine roll out and other factors while rising health-consciousness and strong eat-at-home demand continued amid growing number of COVID-19 infections. Given this environment, the domestic processed food business recorded an increase in revenue driven by demand-spurring effects of the “Let’s Eat Vegetables” campaign. In the international business, mainly Kagome Inc. (United States) saw an increase in revenue following a recovery in food service demand, which had been greatly dented due to the impacts of the COVID-19 pandemic.

Core operating income (*) increased year on year. This was driven by increased revenue mainly in the United States as mentioned above in the international business, in addition to the recoil from posting an impairment loss of 996 million yen related to the Company’s investment in equity method affiliate Ingomar Packing Company, LLC in the previous year, which offset a downturn in profits owing to higher advertising expenses and sales promotion costs for the “Let’s Eat Vegetables” campaign in the domestic processed food business.

Operating income increased significantly over the previous fiscal year attributed to the recoil from the impairment loss of 3,028 million yen on fixed assets owned by Holding da Industria Transformadora do Tomate, SGPS S.A., a subsidiary in Portugal, recorded in the previous fiscal year.

Based on the above, for the fiscal year under review, consolidated revenue increased to 189,652 million yen, up 3.6% year on year, and core operating income rose to 14,138 million yen, up 4.0%. Operating income rose to 14,010 million yen, up 31.2% year on year, and net income attributable to shareholders of parent increased to 9,763 million yen, up 31.5%.

*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 outlined below.

Furthermore, effective from the fiscal year under review, the Company has changed the classification of its reporting segments. The direct marketing (EC) business, which was included in the domestic processed food business until the previous fiscal year, now appears as a separate independent segment from Food - Other. This is because it has increased in importance in terms of business administration since it has been positioned as a business that is expected to drive the Company’s growth.

(Unit: Millions of yen)

Segment	Revenue			Core operating income (loss)		
	Previous fiscal year	Fiscal year under review	Change	Previous fiscal year	Fiscal year under review	Change
Beverages	74,270	75,480	1,209	7,669	7,165	(503)
Direct marketing	12,644	13,518	873	1,441	1,272	(169)
Food - Other	47,580	47,730	150	3,692	2,793	(899)
Processed foods total	134,495	136,729	2,233	12,803	11,231	(1,572)
Agriculture	10,189	9,542	(647)	272	286	13
Others	786	1,005	218	344	64	(280)
Elimination adjustments (Note 1)	(3)	(71)	(68)	—	—	—
Domestic business total	145,468	147,205	1,736	13,420	11,581	(1,839)
International business	44,344	51,681	7,336	178	2,556	2,378
Eliminations and adjustments (Note 2)	(6,772)	(9,234)	(2,462)	—	—	—
Total	183,041	189,652	6,610	13,599	14,138	538

- (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 increased to 147,205 million yen, up 1.2% year on year, and core operating income decreased to 11,581 million yen, down 13.7%. Operating performance by business is shown below.

1) Processed food business

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

Revenue of this business increased to 136,729 million yen, up 1.7% year on year, but core operating income decreased to 11,231 million yen, down 12.3%.

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

In vegetable beverages, the Company conducted sales promotion activities by proactively investing in advertising to implement “Let’s Eat Vegetables” campaign aimed at increasing daily vegetable consumption levels by 60g. Additionally, there was an increase in drinking opportunities driven by heightened interest in health due to the COVID-19 pandemic. In terms of products, the Yasai Seikatsu 100 series enjoyed brisk sales following the release of Yasai Seikatsu 100 Smoothie Vitamin Smoothie in March 2021. Also, Yasai Ichinichi Kore Ippon recorded solid sales.

Based on the above, revenue of the beverage category increased to 75,480 million yen, up 1.6% year on year. Core operating income decreased to 7,165 million yen, down 6.6% year on year.

[Direct marketing: vegetable beverages, supplements, soups, etc., sold via direct marketing]

In the direct marketing category, the Company engages in Kenko Chokusobin, a direct marketing service involving the manufacture and sale mainly of vegetable beverages, supplements, soups and other products.

The category saw brisk sales of vegetable beverages such as Tsubuyori Yasai, supplements such as Sulforaphane, soups and other products, driven by growing use of the EC channel caused by the COVID-19 pandemic.

As a result, revenue of the direct marketing category increased to 13,518 million yen, up 6.9% year on year. Core operating income decreased to 1,272 million yen, down 11.8%, mainly due to an increase in advertising expenses for acquiring regular customers.

[Food - Other: tomato ketchup, tomato condiments, sauces, gifts and others]

In the food category, tomato ketchup and pasta sauce continued to see strong sales from the previous fiscal year, and we stepped up the appeal of menu options through the event called Kagome Napolitan Stadium and other measures. However, category sales declined due to the recoil from rapidly increased opportunities for eating at home in the previous fiscal year due to COVID-19.

In the category of institutional and industrial use, revenue increased year on year due to the recovery in food service demand beyond the previous year’s level, despite the ongoing challenging business environment.

In the gifts and specialty items category, revenue increased amid strong sales of contract manufactured products.

Based on the above, revenue in the category of Food - Other rose to 47,730 million yen, up 0.3% year on year. Core operating income decreased to 2,793 million yen, down 24.3% as revenue in the high margin food category declined compared to the previous year and there was an increase in cost of sales associated with the soaring prices of raw ingredients.

2) Agriculture business

In the agriculture business, the Company mainly produces and sells fresh tomatoes and mesclun greens, etc. Furthermore, on January 1, 2021, the Company transferred the agriculture business to Kagome Agri-Fresh Co., Ltd. using a company split. This company engages in business as the core company of the agriculture segment.

In the fiscal year under review, there was weaker selling prices of fresh tomatoes caused by the downturn in market conditions up to the first half and in the third quarter volume of fresh tomatoes declined substantially due to a lack of sunshine from unseasonable weather in August and later. Although revenue decreased, core operating income increased, due to reforming to our earnings structure through the company split-up and the recovering in sales prices in the fourth quarter helped to drive profits higher.

As a result, revenue declined to 9,542 million yen, down 6.4% year on year, but core operating income rose to 286 million yen, up 5.1%.

3) Other businesses

Other businesses include real estate and contracted service businesses, etc.

Revenue increased to 1,005 million yen, up 27.8% year on year, but core operating income declined to 64 million yen, down 81.4%.

<International Business>

Our international business pursues a vertical integration business model that encompasses the development of vegetable seeds, farming, product development, processing and sales.

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

KAGOME INC. (United States) recorded an increase in revenue and profit. In the United States, food service demand is in the process of recovery due to the rising number of vaccinated persons. As a result, KAGOME INC. saw brisk sales for food service companies, including new customers, and its increased productivity also contributed to the growth in profits. Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) posted a drop in sales, reflecting the recoil from strong sales to food manufactures owing to the COVID-19 pandemic in the previous fiscal year, but recorded an increase in profits on rising prices for tomato paste, its mainstay product. Kagome Australia Pty Ltd. recorded an increase in revenue and profits on strong sales of carrot juice concentrate and apple paste for the Group and steady sales for food service companies including new customers. Taiwan Kagome Co., Ltd. posted an increase in revenue and profits on expanded sales of consumer products after introducing new products in response to stay-at-home demand in Taiwan and strong sales to restaurant chains in response to rising demand for takeout.

Furthermore, as noted above, the recoil from the impairment loss recorded in the previous fiscal year for the investment in equity method affiliate Ingomar Packing Company, LLC also contributed to an increase in profits.

Accordingly, revenue of this business rose to 51,681 million yen, up 16.5% year on year and core operating income increased to 2,556 million yen, up 14x the previous year's level.

(2) Explanation of the financial condition for the fiscal year under review

For the fiscal year under review, consolidated total assets decreased by 9,704 million yen from the end of the previous fiscal year.

Current assets decreased by 18,081 million yen from the end of the previous fiscal year.

This was due to a decrease in cash and cash equivalents of 25,537 million yen from expenditures for dividends and income taxes paid and repayment of short-term borrowings executed in the previous fiscal year in case of credit tightening or other fallout from the COVID-19 pandemic, offsetting an increase in trade and other receivables of 1,552 million yen, which was caused by inventory accumulation mainly in preparation for soaring prices of raw ingredients, and inventory assets of 4,845 million yen.

Non-current assets increased by 8,377 million yen from the end of the previous fiscal year.

This was mainly due to the increase in property, plant and equipment of 7,622 million yen.

The main details include an increase of 13,312 million yen from fixed investments including renewal of the Company's manufacturing facilities, such as 5,164 million yen for upgrades to the Fujimi Plant, and 1,160 million yen for construction including a water treatment facility for Holding da Industria Transformadora do Tomate, SGPS S.A., our subsidiary in Portugal, and a decrease of 6,577 million yen due to depreciation.

Liabilities decreased by 16,595 million yen from the end of the previous fiscal year.

This was due mainly to a decrease in borrowings of 21,028 million yen from repayment of short-term borrowings as noted above, which offset an increase in trade and other payables of 1,562 million yen and an increase in long-term borrowings of 2,364 million yen.

Equity increased by 6,890 million yen from the end of the previous fiscal year. This is owing to an increase of 6,504 million yen in retained earnings due mainly to an increase in net income attributable to shareholders of parent of 9,763 million yen and a decrease of 3,219 million yen due to dividends of surplus and an increase of 2,467 million yen in other components of equity mainly due to yen weakness against other major currencies, despite a decrease of 2,459 million yen from the acquisition of treasury stock.

As a result, the ratio of equity attributable to shareholders of the parent was 54.6%, and equity attributable to shareholders of the parent per share was 1,328.36 yen.

Furthermore, the above-noted acquisition of treasury stock was executed with the purpose of contributing to shareholder returns through improved capital efficiency, with an eye toward agile investment in business growth ahead of the third Mid-Term Management Plan.

(3) Explanation of cash flows for the fiscal year under review

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the fiscal year under review on a consolidated basis were 31,231 million yen, a decrease of 25,537 million yen compared to the end of the previous fiscal year. The state of each cash flow is explained below.

Net cash provided by operating activities totaled 14,796 million yen (net cash of 20,442 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 13,880 million yen and depreciation and amortization of 7,495 million yen (net cash provided by operating activities) and cash used in the payment of income taxes of 4,545 million yen (net cash used in operating activities).

Net cash used in investing activities totaled 14,162 million yen (net cash of 3,398 million yen used in investing activities a year earlier). The main factors were expenditure of 14,823 million yen (compared to expenditure of 6,107 million yen in the previous fiscal year) from the acquisition of property, plant and equipment, due to the renewal of manufacturing facilities as described above, and intangible assets (including investment real estate).

Net cash used in financing activities totaled 27,652 million yen (net cash of 12,104 million yen provided by financing activities a year earlier). The main factors were expenditure of 23,145 million yen due to the decrease in short-term borrowings as noted above and 3,219 million yen for the payment of dividends.

Furthermore, indicators related to the Group's cash flow are as follows.

Item	December 2020	December 2021
Ratio of equity attributable to shareholders of the parent (%)	49.3	54.6
Ratio of equity attributable to shareholders of the parent on a market value basis (%)	144.6	123.0
Interest-bearing debt to cash flow (years)	2.7	2.5
Interest coverage ratio (times)	62.5	29.1

Notes: Ratio of equity attributable to shareholders of the parent : Ratio of equity attributable to shareholders of the parent divided by total assets
Ratio of equity attributable to shareholders of the parent on a market value basis : Market capitalization divided by total assets
Interest-bearing debt to cash flow : Interest-bearing debt divided by operating cash flow
Interest coverage ratio : Operating cash flow divided by interest payments

1. Each indicator is calculated based on consolidated financial data.
2. Market capitalization is calculated by multiplying the closing year-end share price by the number of shares outstanding at year end (excluding treasury shares).
3. "Operating cash flow" uses "cash flow from operating activities" appearing on the consolidated statements of cash flows.
"Interest-bearing debt" includes all debt on which interest is paid among liabilities booked on the consolidated financial statements.
In addition, "interest" uses "Interest paid" on the consolidated statements of cash flows.

(4) Future outlook

	Revenue (Millions of yen)	Core operating income (Notes) (Millions of yen)	Operating income (Millions of yen)	Net income attributable to shareholders of parent (Millions of yen)	Earnings per share (Yen)
Fiscal year ending December 2022 (forecast)	199,000	13,300	13,300	8,800	98.58
Fiscal year ended December 2021	189,652	14,138	14,010	9,763	109.37
Change (%)	4.9	(5.9)	(5.1)	(9.9)	—

Note: 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 domestic food industry is expected to face continued uncertainty in fiscal 2022 due to slowdown or contraction of socioeconomic activities caused by COVID-19 and soaring logistics costs and raw ingredients prices due to changes in the global situation. Under such an environment, the Company is working to achieve its Mid-Term Management Plan by fiscal 2025, aiming to become a “strong company” capable of sustainable growth, using food as a means of resolving social issues under its vision of transitioning from a tomato company to a vegetable company.

<Domestic Business>

The domestic business contributes to solutions to social issues by providing various vegetables to various markets using various degrees of processing and formats, with the aim of using the power of vegetables to pave the way for Japan’s future. The Company is implementing the “Let’s Eat Vegetables” campaign, which seeks to increase people’s awareness about the importance of eating vegetables by sharing important reasons to eat vegetables and the current situation of vegetable intake deficiencies. Additionally, the Company is working to expand plant-based products following growing interest in plant-based milk and plant-based foods among consumers.

<International Business>

The international business aims to contribute to local communities by delivering the value and great taste of tomatoes and vegetables to markets around the world. In the international business, the Company is working to improve the tomato business’ ability to generate profits.

Furthermore, in fiscal 2022, the Company forecasts a decline in profits due to the anticipated increase in sales activity expenses for sales growth under the third Mid-Term Management Plan, in addition to soaring prices of raw ingredients and logistics costs.

The above forecast is calculated based on information obtainable as of the date of preparation of these financial results for the fiscal year under review. Actual results could vary from these earnings forecasts due to various unforeseen factors.

(5) Basic policy on distribution of profits and dividend for the fiscal year under review and subsequent fiscal year

The Company recognizes that returning profits to shareholders is a critical task of management.

The Company’s shareholder return policy calls for a total return ratio of 40% based on consolidated performance metrics during the three-year Mid-Term Management Plan which spanned from 2019 to 2021. It also stated that the Company was to provide a stable annual cash dividend of at least 35 yen per share.

Based on the above policy, the Company will offer a dividend of 37 yen per share for the fiscal year under review.

Also, the total return ratio during the Mid-Term Management Plan will be 48.6%.

The Company plans to pay a dividend of 38 yen per share in the next fiscal year.

This is due to the Company’s policy on shareholder returns which calls for a total return ratio of 40% based on consolidated performance metrics during the four-year Mid-Term Management Plan spanning from 2022 to 2025. It also states that the Company is to provide a stable annual cash dividend of at least 38 yen per share.

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Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

	As of Dec. 31, 2020	As of Dec. 31, 2021	Thousands of U.S. dollars As of Dec. 31, 2021
Assets			
Current assets:			
Cash and cash equivalents	¥ 56,768	¥ 31,231	\$ 271,574
Trade and other receivables	40,104	41,657	362,235
Inventories	42,304	47,150	410,000
Income taxes receivable	180	189	1,643
Other financial assets	407	1,257	10,930
Other current assets	1,800	1,999	17,383
Total current assets	141,567	123,485	1,073,783
Non-current assets:			
Property, plant and equipment	52,571	60,193	523,417
Intangible assets	3,546	3,351	29,139
Other financial assets	14,795	15,212	132,278
Investments accounted for using the equity method	7,176	7,873	68,461
Other non-current assets	3,325	3,141	27,313
Deferred tax assets	1,930	1,950	16,957
Total non-current assets	83,345	91,723	797,591
Total assets	¥ 224,913	¥ 215,208	\$ 1,871,374
Liabilities			
Current liabilities:			
Trade and other payables	¥ 33,681	¥ 35,244	\$ 306,470
Borrowings	47,465	26,436	229,878
Income taxes payable	2,851	2,530	22,000
Other financial liabilities	810	948	8,243
Other current liabilities	7,429	7,751	67,400
Total current liabilities	92,238	72,911	634,009
Non-current liabilities:			
Long-term debt	5,459	7,824	68,035
Other financial liabilities	3,655	3,225	28,043
Retirement benefit liability	5,755	5,963	51,852
Provisions	1,088	1,162	10,104
Other non-current liabilities	872	1,122	9,757
Deferred tax liabilities	3,190	3,456	30,052
Total non-current liabilities	20,023	22,754	197,861
Net Assets:			
Share capital	19,985	19,985	173,783
Capital surplus	22,723	22,799	198,252
Treasury shares	(12,351)	(14,810)	(128,783)
Other components of equity	2,888	5,355	46,565
Retained earnings	77,730	84,235	732,478
Equity attributable to owners of parent	110,976	117,565	1,022,304
Non-controlling interests	1,674	1,977	17,191
Total net assets	112,651	119,542	1,039,496
Total liabilities and net assets	¥ 224,913	¥ 215,208	\$ 1,871,374

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 115 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2021.

(2) Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2021	Fiscal Year ended Dec. 31, 2021
Revenue	¥ 183,041	¥ 189,652	\$ 1,649,148
Cost of sales	115,469	120,121	1,044,530
Gross profit	67,572	69,531	604,617
Selling, general and administrative expenses	53,059	55,809	485,296
Equity gains (losses) of affiliated companies	(914)	416	3,617
Core Operating income	13,599	14,138	122,939
Other income	1,377	675	5,870
Other expenses	4,293	802	6,974
Operating income	10,682	14,010	121,826
Finance income	523	592	5,148
Finance costs	581	722	6,278
Profit before income taxes	10,624	13,880	120,696
Income taxes	4,522	3,897	33,887
Net income	6,102	9,983	86,809
Net income attributable to:			
Owners of parent	7,425	9,763	84,896
Non-controlling interests	(1,323)	220	1,913
Total	¥ 6,102	¥ 9,983	\$ 86,809
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 83.73	¥ 109.37	\$ 0.95
Diluted net income attributable to shareholders of parent	¥ 83.59	¥ 109.18	\$ 0.95

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 115 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2021.

(3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2021	Fiscal Year ended Dec. 31, 2021
Net income	¥ 6,102	¥ 9,983	\$ 86,809
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	65	(0)	(0)
Net gains and losses from financial assets measured at fair value through other comprehensive income	244	(362)	(3,148)
Share of other comprehensive income of investments accounted for using equity method, net of tax	22	(44)	(383)
Total	332	(407)	(3,539)
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	482	1,625	14,130
Cash flow hedges costs	(288)	(1)	(9)
Exchange differences on translation of foreign operations	(923)	1,902	16,539
Share of other comprehensive income of investments accounted for using equity method, net of tax	(2)	6	52
Total	(732)	3,532	30,713
Other comprehensive income	(400)	3,124	27,165
Comprehensive income	5,701	13,108	113,983
Comprehensive income attributable to:			
Owners of parent	7,000	12,731	110,704
Non-controlling interests	(1,298)	376	3,270
Total	¥ 5,701	¥ 13,108	\$ 113,983

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 115 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2021.

(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	Net gains and losses from financial assets measured at FVTOCI	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations			Total		
Balance, January 1, 2020	¥ 19,985	¥ 22,669	¥ (13,529)	¥ 4,410	¥ (226)	¥ 944	¥ (1,539)	¥ 3,589	¥ 75,629	¥ 108,344	¥ 3,041	¥ 111,386	
Net income									7,425	7,425	(1,323)	6,102	
Other comprehensive income				88	244	438	(288)	(907)	(424)	(424)	24	(400)	
Comprehensive income				88	244	438	(288)	(907)	(424)	7,425	7,000	5,701	
Transfer to non-financial assets						(187)		(187)		(187)		(187)	
Repurchase of treasury stock		(1)	(1,438)							(1,440)		(1,440)	
Disposal of treasury stock			2,616						(2,301)	315		315	
Cash dividends									(3,113)	(3,113)	(68)	(3,181)	
Share-based compensation		57								57		57	
Transfer to retained earnings		(1)		(88)	(0)			(88)	90				
Other increases or decreases													
Total transactions with shareholders		54	1,177	(88)	(0)			(88)	(5,324)	(4,181)	(68)	(4,249)	
Balance, December 31, 2020	¥ 19,985	¥ 22,723	¥ (12,351)	¥ 4,654	¥ 25	¥ 655	¥ (2,446)	¥ 2,888	¥ 77,730	¥ 110,976	¥ 1,674	¥ 112,651	
Balance, January 1, 2021	¥ 19,985	¥ 22,723	¥ (12,351)	¥ 4,654	¥ 25	¥ 655	¥ (2,446)	¥ 2,888	¥ 77,730	¥ 110,976	¥ 1,674	¥ 112,651	
Net income									9,763	9,763	220	9,983	
Other comprehensive income				(44)	(362)	1,636	(1)	1,741	2,968	2,968	156	3,124	
Comprehensive income				(44)	(362)	1,636	(1)	1,741	2,968	9,763	376	13,108	
Transfer to non-financial assets						(539)		(539)		(539)		(539)	
Repurchase of treasury stock		(2)	(2,498)							(2,500)		(2,500)	
Disposal of treasury stock		2	38							41		41	
Cash dividends									(3,219)	(3,219)	(91)	(3,310)	
Transactions with non-controlling interests		(2)					(0)	(0)		(3)	17	14	
Share-based compensation		78								78		78	
Transfer to retained earnings				44	(5)			39	(39)				
Other increases or decreases													
Total transactions with shareholders		75	(2,459)	44	(5)		(0)	38	(3,258)	(5,603)	(74)	(5,677)	
Balance, December 31, 2021	¥ 19,985	¥ 22,799	¥ (14,810)	¥ 4,285	¥ 1,121	¥ 654	¥ (705)	¥ 5,355	¥ 84,235	¥ 117,565	¥ 1,977	¥ 119,542	

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	Net gains and losses from financial assets measured at FVTOCI	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations			Total		
Balance, January 1, 2021	\$ 173,783	\$ 197,591	\$ (107,400)	\$ 40,470	\$ 217	\$ 5,696	\$ (21,270)	\$ 25,113	\$ 675,913	\$ 965,009	\$ 14,557	\$ 979,574	
Net income									84,896	84,896	1,913	86,809	
Other comprehensive income				(383)	(3,148)	14,226	(9)	15,139	25,809	25,809	1,357	27,165	
Comprehensive income				(383)	(3,148)	14,226	(9)	15,139	25,809	84,896	3,270	113,983	
Transfer to non-financial assets						(4,687)		(4,687)		(4,687)		(4,687)	
Repurchase of treasury stock		(17)	(21,722)							(21,739)		(21,739)	
Disposal of treasury stock		17	330							357		357	
Cash dividends									(27,991)	(27,991)	(791)	(28,783)	
Transactions with non-controlling interests		(17)					(9)	(9)		(26)	148	122	
Share-based compensation		678								678		678	
Transfer to retained earnings				383	(43)			339	(339)				
Other increases or decreases													
Total transactions with shareholders		652	(21,383)	383	(43)		(9)	330	(28,330)	(48,722)	(643)	(49,365)	
Balance, December 31, 2021	\$ 173,783	\$ 198,252	\$ (128,783)	\$ 37,261	\$ 9,748	\$ 5,687	\$ (6,130)	\$ 46,565	\$ 732,478	\$ 1,022,304	\$ 17,191	\$ 1,039,496	

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 115 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2021.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2021	Fiscal Year ended Dec. 31, 2021
Cash flows from operating activities:			
Profit before income taxes	¥ 10,624	¥ 13,880	\$ 120,696
Depreciation and amortization	6,895	7,495	65,174
Impairment Losses	3,028	-	-
Interest and dividend income	(397)	(367)	(3,191)
Interest expenses	480	332	2,887
Share of (profit) loss of investments accounted for using the equity method	914	(416)	(3,617)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(189)	61	530
(Increase) decrease in trade and other receivables	(270)	(968)	(8,417)
(Increase) decrease in inventories	746	(3,226)	(28,052)
Increase (decrease) in trade and other payables	2,006	3,127	27,191
Other	(0)	(401)	(3,488)
Subtotal	23,838	19,517	169,713
Interest and dividends received	400	333	2,896
Interest paid	(327)	(508)	(4,417)
Income taxes paid	(3,469)	(4,545)	(39,522)
Cash flows from operating activities	20,442	14,796	128,661
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(6,107)	(14,823)	(128,896)
Proceeds from sales of property, plant and equipment, including investment property	3,346	532	4,626
Payments for acquisition of businesses	(499)	-	-
Purchase of investments in associates	(10)	(65)	(565)
Purchase of other financial assets	(398)	(41)	(357)
Gain on available-for-sale financial assets	260	260	2,261
Other	10	(24)	(209)
Cash flows from investing activities	(3,398)	(14,162)	(123,148)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	23,927	(23,145)	(201,261)
Proceeds from long-term borrowings	1,036	2,777	24,148
Repayments of long-term borrowings	(7,888)	(673)	(5,852)
Repayments of lease obligations	(662)	(812)	(7,061)
Dividends paid	(3,112)	(3,219)	(27,991)
Net (increase) decrease in treasury stock	(1,127)	(2,500)	(21,739)
Dividends paid to non-controlling interests	(68)	(91)	(791)
Proceeds from sales of interests in subsidiaries to non-controlling interests	-	14	122
Cash flows from financing activities	12,104	(27,652)	(240,452)
Net increase (decrease) in cash and cash equivalents	29,148	(27,018)	(234,939)
Cash and cash equivalents at the beginning of period	27,260	56,768	493,635
Foreign translation adjustment on cash and cash equivalents	359	1,480	12,870
Cash and cash equivalents at the end of period	¥ 56,768	¥ 31,231	\$ 271,574

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 115 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2021.