

Consolidated Summary Report <under IFRS>

For the six months ended June 30, 2022

July 27, 2022

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
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 Supplemental information for financial statements: Available
 Schedule for "investor meeting presentation": Scheduled

Dividend payment date: -

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

1. Consolidated Financial Data for the Six Months ended June 30, 2022

(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	%
Six months ended										
June 30, 2022	95,790	4.2	5,373	(24.5)	5,548	(20.1)	3,560	(24.9)	10,679	35.2
June 30, 2021	91,926	3.5	7,114	11.9	6,944	1.0	4,739	3.6	7,899	97.1

	Earnings Per Share	Diluted Earnings per Share
	yen	yen
Six months ended		
June 30, 2022	40.75	40.68
June 30, 2021	53.05	52.96

(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
	million yen	million yen	million yen	%
As of				
June 30, 2022	213,908	119,475	116,988	54.7
December 31, 2021	215,208	119,542	117,565	54.6

2. Dividends on Common Stock

	Dividends per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended	yen	yen	yen	yen	yen
December 31, 2021	—	—	—	37.00	37.00
December 31, 2022	—	—	—	—	—
Fiscal year ending					
December 31, 2022(Forecast)			—	38.00	38.00

(Reference) Correction from the dividend forecast, which is published in the most recent: None

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	202,000	6.5	10,700	(24.3)	10,800	(22.9)	6,900	(29.3)	78.97

(Reference) Correction from the consolidated forecast, which is published in the most recent: Yes

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:

June 30, 2022	94,366,944 shares	Dec. 31, 2021	94,366,944 shares
June 30, 2022	8,031,348 shares	Dec. 31, 2021	5,863,240 shares
June 30, 2022	86,335,596 shares	Dec. 31, 2021	88,503,704 shares
Six months ended June 30, 2022	87,374,066 shares	Six months ended June 30, 2021	89,340,768 shares

(B) Treasury stocks:

(C) Total stocks outstanding

excluding treasury stocks:

(D) Average outstanding stocks:

* 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. Qualitative Information Regarding Financial Results for the First Six Months under Review

(1) Explanation of operating results

The Company aims to become a “strong company capable of sustainable growth, using food as a means of resolving social issues” under the four-year Mid-Term Management Plan starting from the fiscal year ending December 2022. The Company will work on the basic strategy that is to achieve sustainable growth by taking four actions (“1. Promote behavioral change in terms of vegetable intake,” “2. Change to fan-based marketing,” “3. Pursue both organic and inorganic growth,” and “4. Strengthen the Group's management foundation and foster a culture for tackling challenges”) that are organically connected, in an effort to further enhance corporate value.

During the first half (January 1, 2022 to June 30, 2022), the business environment changed significantly as a result of the impact of COVID-19 infections and heightened geopolitical risks, including soaring energy prices, disruptions in the supply chain, and the depreciation of the yen.

Under these circumstances, revenue increased thanks to a weaker yen and a recovery in demand for food service in the U.S., mainly in International Business. Meanwhile, core operating income* declined in both the Domestic Business and International Business due to the sharp rise in global raw material prices over the effect of our revising sales price and to aggressive investment in sales promotion expenses in Japan.

As a result, in the first half revenue increased to 95,790 million yen, up 4.2% year on year, and core operating income decreased to 5,373 million yen, down 24.5%. Operating income decreased to 5,548 million yen, down 20.1% year on year, and net income attributable to shareholders of parent decreased to 3,560 million yen, down 24.9% year on year.

* 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 overview of business results by segment are outlined below.

The Company has made changes to the classification of reporting segments from the first three months under review.

Furthermore, figures for the previous first half have been prepared retroactively based on these changes.

(Millions of yen)

Segment	Revenue			Core operating income (loss)		
	Previous consolidated first half	Current consolidated first half	Change	Previous consolidated first half	Current consolidated first half	Change
Beverages	37,189	36,503	(686)	4,044	3,235	(809)
Direct marketing	6,011	6,089	78	469	392	(76)
Food - Other	21,780	22,479	698	1,655	1,285	(369)
Domestic Processed Food Business total	64,981	65,072	90	6,169	4,913	(1,255)
Domestic Agri-Business	4,989	4,992	2	100	204	103
International Business	25,210	29,977	4,767	1,591	1,157	(434)
Others	1,086	1,091	5	(1)	(38)	(36)
Adjustments	(4,341)	(5,344)	(1,003)	(745)	(863)	(117)
Total	91,926	95,790	3,863	7,114	5,373	(1,740)

<Domestic Processed Food Business>

In the Domestic Processed Food Business, the Company manufactures and sells beverages, condiments, and other products.

Revenue of this business increased to 65,072 million yen, up 0.1% year on year, and core operating income decreased to 4,913 million yen, down 20.4%.

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

In vegetable beverages, the Company conducted proactive sales promotion activities to implement “Let’s Eat Vegetables Campaign” aimed at increasing daily vegetable consumption levels by 60g. The Yasai Seikatsu 100 series faced the lessened opportunity for people making meals at home compared to last year and demand decreased mainly for home packaged goods. Furthermore, the Company released Hatakeumareno Yasashii Milk, a new plant-based milk, nationwide in Japan on March 29, 2022.

As a result, revenue from beverages category sales decreased 1.8% to 36,503 million yen year on year, and core operating income decreased 20.0% to 3,235 million yen due to the "Let's Eat Vegetables Campaign," investment in promotional expenses to expand awareness of the new brand of plant-based milk, and the sharp rise in raw material prices.

[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.

Sales remained at the same level as the previous first half mainly due to dropping unit sales per customer, despite advertising costs spent more than last year which led to rising the number of regular customers.

As a result, revenue of the direct marketing category increased to 6,089 million yen, up 1.3% year on year. Core operating income decreased 16.4% year-on-year to 392 million yen because of higher advertising costs.

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

Due to a soaring price of tomato paste, a raw material, we have revised the shipping prices of some consumer-use and institutional and industrial use tomato condiments effective April 1, 2022.

In the food category, revenue declined due to a temporary drop in demand caused by the price revision, although the Company stepped up menu information dissemination and sales promotion activities for products such as “baked ketchup” to meet the demand for people making meals at home.

In the institutional and industrial-use category, sales revenue increased thanks to a recovery in food service demand, coupled with higher unit selling prices as a result of price revisions.

In the gifts and specialty items category, revenue declined as a result of lower sales of contract manufactured products.

As a result, revenue of the food and others category increased 3.2% to 22,479 million yen, while core operating income decreased 22.3% to 1,285 million yen due to soaring raw material prices and increased sales promotion expenses for ketchup.

<Domestic Agri-Business>

In the Domestic Agri-Business, the Company mainly produces and sells fresh tomatoes and mesclun greens, etc.

In the first half, volume of fresh tomatoes declined due to poor weather, but fresh tomato prices are higher than last year. As a result, revenue of the Domestic Agri-Business increased to 4,992 million yen, up 0.1% year on year, and core operating income increased 102.6% to 204 million yen year on year.

<International Business>

Our International Business encompasses the development of seeds, agricultural production, product development, processing and sales.

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

Kagome Inc. (United States), thanks to a recovery in demand for food service in the United States and strong sales to food service companies, including new customers, and to our revision of sales price which derives from soaring manufacturing cost, recorded an increase in revenue. However profit decreased due to higher raw material prices and logistics expenses. Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) recorded an increase in revenue on rising prices for tomato paste, its mainstay product, but increment amount of profit was limited compared to the previous half because of overwhelming energy price. Kagome Australia Pty Ltd. (Australia) recorded a decline in revenue due to a change in the shipping period for a major Australian customer. Also, losses due to quality defects that occurred during the first quarter led to a decrease in profit. United Genetics Holdings LLC (U.S.) recorded decreased sales and profits mainly due to the foreign exchange impact of its Turkish subsidiary owing to the depreciation of the Turkish lira and lower seed sales at its European subsidiary.

Accordingly, revenue of this business increased to 29,977 million yen, up 18.9% year on year, and core operating income decreased to 1,157 million yen, down 27.3% year on year.

<Other Businesses>

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

Revenue of other businesses increased to 1,091 million yen, up 0.5% year on year, but the segment recorded core operating loss of 38 million yen (compared to a core operating loss of 1 million yen in the previous first half).

(2) Explanation of financial condition

For the first half, consolidated total assets decreased by 1,300 million yen from the end of the previous fiscal year.

Current assets decreased by 6,822 million yen from the end of the previous fiscal year.

This was mainly attributable to a 13,485 million yen decline in cash and cash equivalents as a result of the purchase of treasury stock and dividend payments. Inventories increased by 2,959 million yen reflecting an increase in inventories in preparation for soaring raw material prices, other financial assets increased by 1,428 million yen mainly due to an increase in the market value of derivative assets caused by the weaker yen, and trade and other receivables increased by 1,230 million yen.

Non-current assets increased by 5,522 million yen from the end of the previous fiscal year.

This is mainly attributed to an increase in other financial assets of 2,691 million yen from the increase in the market value of derivative assets due to yen weakness and investment in TWO Inc. a start-up company in the plant-based food domain, and an increase in property, plant and equipment of 2,597 million yen owing to the renewal of the Company's manufacturing facilities.

Liabilities decreased by 1,233 million yen from the end of the previous fiscal year.

This is mainly attributed to a decrease in trade and other payables of 963 million yen.

Equity decreased by 66 million yen from the end of the previous fiscal year. The breakdown includes the following. An increase of 5,967 million yen in other components of equity due to the advancement of yen weakness and an increase of 3,560 million yen in net income attributable to shareholders of parent. Meanwhile, equity decreased by 6,820 million yen due to the acquisition and disposal of treasury stock and by 3,277 million yen due to the dividends of surplus.

As a result, the ratio of equity attributable to shareholders of the parent was 54.7%, and equity attributable to shareholders of the parent per share was 1,355.16 yen.

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the first half on a consolidated basis were 17,745 million yen, marking a decrease of 13,485 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 4,712 million yen (net cash of 8,931 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 5,433 million yen, depreciation of 4,028 million yen (above, net cash inflow) and expenditures of 1,760 million yen for the payment of income taxes (net cash used in operating activities), etc.

Net cash used in investing activities totaled 5,701 million yen (net cash of 5,811 million yen used in investing activities a year earlier). The main factors were expenditure of 5,427 million yen from the acquisition of property, plant and equipment and intangible assets (including investment real estate).

Net cash used in financing activities totaled 13,136 million yen (net cash of 30,896 million yen used in financing activities a year earlier). This was mainly due to expenditures of 6,861 million yen for a net increase in treasury stock and 3,271 million yen for dividend payments, respectively, as well as a net decrease in short-term borrowings of 2,698 million yen (net cash outflow described above).

(3) Explanation of the consolidated earning forecasts and other forward-looking forecasted information

In light of the financial results for the first half of 2022 and the recent business environment, the full-year consolidated earnings forecast in “Consolidated Summary Report <under IFRS> for the Fiscal Year Ended December 31, 2021” released on February 2, 2022 will be revised as follows.

	Revenue (millions of yen)	Core operating income (millions of yen)	Operating income (millions of yen)	Net income attributable to shareholders of parent (millions of yen)	Basic net income per share (yen)
Previously announced forecast (A)	199,000	13,300	13,300	8,800	100.72
Revised forecast (B)	202,000	10,700	10,800	6,900	78.97
Amount of change (B-A)	3,000	(2,600)	(2,500)	(1,900)	(21.75)
Rate of change (%)	1.5	(19.5)	(18.8)	(21.6)	(21.6)
Reference: results for previous year (fiscal year ended December 2021)	189,652	14,138	14,010	9,763	109.37

(Main reason for revisions)

Revenues increased by 3,000 million yen from the initial forecast. In International Business, in addition to strong sales, mainly at Kagome Inc. (United States), we forecast an increase of 9,700 million yen, which includes the effect of foreign exchange caused by the yen's depreciation. Meanwhile, in the Domestic Processed Food Business revenue is forecast to decrease by 4,800 million yen from the initial forecast to the same level as the previous year, due to a decline in beverages as a reaction to demand for people making meals at home during the previous year, as well as to the heightened thrift consciousness caused by successive food price increases.

In the Domestic Processed Food Business, core operating income is forecast to decrease by 2,600 million yen from the initial forecast due to lower revenue and higher raw material prices.

Furthermore, the current full-year forecast is calculated based on information available as of the date of submission of this first half financial report.

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Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

	Millions of Yen		Thousands of U.S. dollars
	As of Dec. 31, 2021	As of June 30, 2022	As of June 30, 2022
Assets			
Current assets:			
Cash and cash equivalents	¥ 31,231	¥ 17,745	\$ 130,479
Trade and other receivables	41,657	42,887	315,349
Inventories	47,150	50,110	368,457
Income taxes receivable	189	276	2,031
Other financial assets	1,257	2,686	19,751
Other current assets	1,999	2,957	21,749
Total current assets	123,485	116,662	857,816
Non-current assets:			
Property, plant and equipment	60,193	62,791	461,702
Intangible assets	3,351	3,418	25,133
Other financial assets	15,212	17,904	131,649
Investments accounted for using the equity method	7,873	8,610	63,315
Other non-current assets	3,141	3,518	25,872
Deferred tax assets	1,950	1,001	7,366
Total non-current assets	91,723	97,245	715,039
Total assets	¥ 215,208	¥ 213,908	\$ 1,572,855
Liabilities			
Current liabilities:			
Trade and other payables	¥ 35,244	¥ 34,281	\$ 252,068
Borrowings	26,436	26,136	192,182
Income taxes payable	2,530	2,430	17,875
Other financial liabilities	948	948	6,973
Other current liabilities	7,751	6,633	48,774
Total current liabilities	72,911	70,430	517,873
Non-current liabilities:			
Long-term debt	7,824	8,787	64,610
Other financial liabilities	3,225	3,173	23,332
Retirement benefit liability	5,963	5,981	43,983
Provisions	1,162	1,179	8,670
Other non-current liabilities	1,122	1,125	8,277
Deferred tax liabilities	3,456	3,755	27,615
Total non-current liabilities	22,754	24,002	176,487
Net Assets:			
Share capital	19,985	19,985	146,952
Capital surplus	22,799	22,803	167,676
Treasury shares	(14,810)	(21,631)	(159,058)
Other components of equity	5,355	11,323	83,259
Retained earnings	84,235	84,518	621,456
Equity attributable to owners of parent	117,565	116,998	860,285
Non-controlling interests	1,977	2,476	18,210
Total net assets	119,542	119,475	878,495
Total liabilities and net assets	¥ 215,208	¥ 213,908	\$ 1,572,855

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 136 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2022.

(2) Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2021	Six Months ended June 30, 2022	Six Months ended June 30, 2022
Revenue	¥ 91,926	¥ 95,790	\$ 704,340
Cost of sales	58,162	62,161	457,073
Gross profit	33,764	33,628	247,267
Selling, general and administrative expenses	26,766	28,495	209,529
Equity gains (losses) of affiliated companies	116	241	1,776
Core Operating income	7,114	5,373	39,515
Other income	224	348	2,562
Other expenses	395	173	1,276
Operating income	6,944	5,548	40,800
Finance income	393	627	4,617
Finance costs	351	743	5,464
Profit before income taxes	6,986	5,433	39,953
Income taxes	2,019	1,636	12,030
Net income	4,966	3,797	27,923
Net income attributable to:			
Owners of parent	4,739	3,560	26,181
Non-controlling interests	227	236	1,742
Total	¥ 4,966	¥ 3,797	\$ 27,923
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 53.05	¥ 40.75	\$ 0.30
Diluted net income attributable to shareholders of parent	¥ 52.96	¥ 40.68	\$ 0.30

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 136 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2022.

(2) Consolidated Statements of Income (3 months)

	Millions of Yen		Thousands of U.S. dollars
	Three months ended June 30, 2021	Three months ended June 30, 2022	Three months ended June 30, 2022
Revenue	¥ 50,203	¥ 51,645	\$ 379,743
Cost of sales	31,810	33,606	247,103
Gross profit	18,392	18,039	132,640
Selling, general and administrative expenses	13,585	15,013	110,390
Equity gains (losses) of affiliated companies	124	164	1,206
Core Operating income	4,931	3,189	23,449
Other income	127	253	1,860
Other expenses	152	120	882
Operating income	4,905	3,322	24,426
Finance income	127	389	2,860
Finance costs	73	516	3,794
Profit before income taxes	4,959	3,195	23,493
Income taxes	1,422	938	6,897
Net income	3,536	2,256	16,588
Net income attributable to:			
Owners of parent	3,384	2,068	15,206
Non-controlling interests	152	188	1,382
Total	¥ 3,536	¥ 2,256	\$ 16,588
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 37.88	¥ 23.82	\$ 0.18
Diluted net income attributable to shareholders of parent	¥ 37.81	¥ 23.78	\$ 0.17

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 136 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2022.

(3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2021	Six Months ended June 30, 2022	Six Months ended June 30, 2022
Net income	¥ 4,966	¥ 3,797	\$ 27,923
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	-	1	11
Net gains and losses from financial assets measured at fair value through other comprehensive income	331	55	406
Share of other comprehensive income of investments accounted for using equity method, net of tax	(44)	(1)	(10)
Total	286	55	407
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	972	3,710	27,281
Cash flow hedges costs	335	(1,014)	(7,462)
Exchange differences on translation of foreign operations	1,335	4,114	30,257
Share of other comprehensive income of investments accounted for using equity method, net of tax	3	16	119
Total	2,646	6,826	50,195
Other comprehensive income	2,933	6,881	50,601
Comprehensive income	7,899	10,679	78,524
Comprehensive income attributable to:			
Owners of parent	7,541	10,179	74,852
Non-controlling interests	358	499	3,672
Total	¥ 7,899	¥ 10,679	\$ 78,524

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 136 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2022.

(3) Consolidated Statements of Comprehensive Income (3 months)

	Millions of Yen		Thousands of U.S. dollars
	Three months ended June 30, 2021	Three months ended June 30, 2022	Three months ended June 30, 2022
Net income	¥ 3,536	¥ 2,256	\$ 16,588
Other comprehensive income			
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	65	279	2,051
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-
Total	<u>65</u>	<u>279</u>	<u>2,051</u>
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	199	3,107	22,846
Cash flow hedges costs	(89)	(1,560)	(11,471)
Exchange differences on translation of foreign operations	(24)	2,507	18,434
Share of other comprehensive income of investments accounted for using equity method, net of tax	0	10	74
Total	<u>85</u>	<u>4,065</u>	<u>29,890</u>
Other comprehensive income	<u>150</u>	<u>4,345</u>	<u>31,949</u>
Comprehensive income	<u>3,687</u>	<u>6,601</u>	<u>48,537</u>
Comprehensive income attributable to:			
Owners of parent	3,500	6,226	45,779
Non-controlling interests	<u>186</u>	<u>374</u>	<u>2,750</u>
Total	<u>¥ 3,687</u>	<u>¥ 6,601</u>	<u>\$ 48,537</u>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 136 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2022.

(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, 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										4,739	4,739	227	4,966
Other comprehensive income				(44)	331	972	335	1,207	2,801		2,801	131	2,933
Comprehensive income				(44)	331	972	335	1,207	2,801	4,739	7,541	358	7,899
Transfer to non-financial assets						(254)			(254)		(254)		(254)
Repurchase of treasury stock			(1)								(1)		(1)
Disposal of treasury stock		4	30								34		34
Cash dividends										(3,219)	(3,219)		(3,219)
Share-based compensation		53									53		53
Transfer to retained earnings				44					44	(44)			
Other increases or decreases													
Total transactions with shareholders		57	28	44					44	(3,263)	(3,133)		(3,133)
Balance, June 30, 2021	¥ 19,985	¥ 22,781	¥ (12,322)		¥ 4,985	¥ 743	¥ 990	¥ (1,239)	¥ 5,480	¥ 79,206	¥ 115,130	¥ 2,033	¥ 117,164
Balance, January 1, 2022	¥ 19,985	¥ 22,799	¥ (14,810)		¥ 4,285	¥ 1,121	¥ 654	¥ (705)	¥ 5,355	¥ 84,235	¥ 117,565	¥ 1,977	¥ 119,542
Net income										3,560	3,560	236	3,797
Other comprehensive income				0	55	3,710	(1,014)	3,868	6,619		6,619	262	6,881
Comprehensive income				0	55	3,710	(1,014)	3,868	6,619	3,560	10,179	499	10,679
Transfer to non-financial assets						(652)			(652)		(652)		(652)
Repurchase of treasury stock		(2)	(6,859)								(6,861)		(6,861)
Disposal of treasury stock		(1)	38								36		36
Cash dividends										(3,277)	(3,277)		(3,277)
Share-based compensation		8									8		8
Transfer to retained earnings				(0)	0				0	(0)			
Other increases or decreases													
Total transactions with shareholders		4	(6,820)	(0)	0				0	(3,277)	(10,093)		(10,093)
Balance, June 30, 2022	¥ 19,985	¥ 22,803	¥ (21,631)		¥ 4,341	¥ 4,179	¥ (360)	¥ 3,162	¥ 11,323	¥ 84,518	¥ 116,998	¥ 2,476	¥ 119,475

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, 2022	\$ 146,952	\$ 167,644	\$ (108,904)		\$ 31,512	\$ 8,249	\$ 4,809	\$ (5,190)	\$ 39,381	\$ 619,377	\$ 864,449	\$ 14,538	\$ 878,987
Net income										26,181	26,181	1,742	27,923
Other comprehensive income				1	406	27,281	(7,462)	28,445	48,671		48,671	1,930	50,601
Comprehensive income				1	406	27,281	(7,462)	28,445	48,671	26,181	74,852	3,672	78,524
Transfer to non-financial assets						(4,796)			(4,796)		(4,796)		(4,796)
Repurchase of treasury stock		(18)	(50,435)								(50,453)		(50,453)
Disposal of treasury stock		(14)	281								267		267
Cash dividends										(24,098)	(24,098)		(24,098)
Share-based compensation		65									65		65
Transfer to retained earnings				(1)	5				4	(4)			
Other increases or decreases													
Total transactions with shareholders		32	(50,154)	(1)	5				4	(24,102)	(74,220)		(74,220)
Balance, June 30, 2022	\$ 146,952	\$ 167,676	\$ (159,058)		\$ 31,922	\$ 30,734	¥ (2,653)	\$ 23,255	\$ 83,259	\$ 621,456	\$ 860,285	\$ 18,210	\$ 878,495

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 136 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2022.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2021	Six Months ended June 30, 2022	Six Months ended June 30, 2022
Cash flows from operating activities:			
Profit before income taxes	¥ 6,986	¥ 5,433	\$ 39,953
Depreciation and amortization	3,590	4,028	29,619
Interest and dividend income	(250)	(232)	(1,707)
Interest expenses	209	147	1,083
Share of (profit) loss of investments accounted for using the equity method	(116)	(241)	(1,776)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	212	(119)	(881)
(Increase) decrease in trade and other receivables	(1,395)	64	474
(Increase) decrease in inventories	2,926	182	1,343
Increase (decrease) in trade and other payables	211	(843)	(6,201)
Other	1,007	(2,081)	(15,307)
Subtotal	11,368	6,337	46,600
Interest and dividends received	235	291	2,143
Interest paid	(394)	(155)	(1,143)
Income taxes paid	(2,278)	(1,760)	(12,946)
Cash flows from operating activities	8,931	4,712	34,654
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(5,941)	(5,427)	(39,912)
Proceeds from sales of property, plant and equipment, including investment property	128	196	1,448
Purchase of investments in associates	(65)	-	0
Purchase of other financial assets	(23)	(517)	(3,805)
Gain on available-for-sale financial assets	85	45	334
Other	4	1	9
Cash flows from investing activities	(5,811)	(5,701)	(41,926)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(29,188)	(2,698)	(19,841)
Proceeds from long-term borrowings	2,211	491	3,617
Repayments of long-term borrowings	(372)	(426)	(3,136)
Repayments of lease obligations	(332)	(369)	(2,720)
Dividends paid	(3,213)	(3,271)	(24,056)
Net (increase) decrease in treasury stock	(1)	(6,861)	(50,453)
Cash flows from financing activities	(30,896)	(13,136)	(96,589)
Net increase (decrease) in cash and cash equivalents	(27,777)	(14,125)	(103,861)
Cash and cash equivalents at the beginning of period	56,768	31,231	229,640
Foreign translation adjustment on cash and cash equivalents	1,365	639	4,699
Cash and cash equivalents at the end of period	¥ 30,356	¥ 17,745	\$ 130,479

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 136 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2022.