

Consolidated Summary Report <under IFRS>

For the six months ended June 30, 2023

August 1, 2023

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
 Code number : 2811 URL <https://www.kagome.co.jp>
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Quarterly securities report issuing date: August 9, 2023
 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, 2023

(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, 2023	105,323	10.0	8,828	64.3	8,911	60.6	5,189	45.7	13,727	28.5
June 30, 2022	95,790	4.2	5,373	(24.5)	5,548	(20.1)	3,560	(24.9)	10,679	35.2

	Earnings Per Share	Diluted Earnings per Share
	yen	yen
Six months ended		
June 30, 2023	60.29	60.18
June 30, 2022	40.75	40.68

(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, 2023	237,483	131,312	127,502	53.7
December 31, 2022	225,372	121,792	119,071	52.8

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, 2022	—	—	—	38.00	38.00
December 31, 2023	—	—	—	—	—
Fiscal year ending					
December 31, 2023(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, 2023

(% 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, 2023	216,000	5.0	11,700	(8.7)	11,700	(8.3)	6,500	(28.7)	75.50

(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: Yes

(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, 2023	94,366,944 shares	Dec. 31, 2022	94,366,944 shares
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(B) Treasury stocks:

June 30, 2023	8,262,317 shares	Dec. 31, 2022	8,301,555 shares
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(C) Total stocks outstanding

excluding treasury stocks:

June 30, 2023	86,104,627 shares	Dec. 31, 2022	86,065,389 shares
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(D) Average outstanding stocks:

Six months ended June 30, 2023	86,079,098 shares	Six months ended June 30, 2022	87,374,066 shares
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* 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 ended 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.

In the first six months under review (January 1 to June 30, 2023), the Company continued to face a severe management environment amid surging raw materials prices worldwide. Japan, in particular, continued to face an uncertain situation regarding the future outlook because of consumers' heightened awareness toward cutting costs caused by inflation.

In the Domestic Processed Food Business, prices of certain products in vegetable beverages and tomato condiments were revised in response to higher manufacturing costs including mainstay raw materials. Although demand dampened after these revisions, sales were strong in the food category and category of institutional and industrial use, leading to higher revenue, but soaring raw materials prices resulted in a decline in profits. In contrast, the International Business recorded higher profit on higher revenue from rising selling prices of tomato paste and strong sales to food service companies.

As a result, revenue in the first six months increased to 105,323 million yen, up 10.0% year on year, and core operating income totaled 8,828 million yen, up 64.3% from the previous first six months. Operating income increased to 8,911 million yen, up 60.6% year on year, and net income attributable to shareholders of parent increased to 5,189 million yen, up 45.7% compared to the previous first six months.

* 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.

(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	36,503	35,537	(966)	3,235	3,201	(34)
Direct marketing	6,089	5,820	(269)	392	217	(174)
Food – Other	22,479	24,330	1,851	1,285	1,356	71
Domestic Processed Food Business Total	65,072	65,688	616	4,913	4,776	(137)
Domestic Agri-Business	4,992	5,231	238	204	59	(144)
International Business	29,977	41,321	11,344	1,157	4,887	3,729
Others	1,091	1,275	184	(38)	(98)	(60)
Adjustments	(5,344)	(8,194)	(2,849)	(863)	(795)	67
Total	95,790	105,323	9,533	5,373	8,828	3,454

<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 65,688 million yen, up 0.9% year on year, and core operating income decreased to 4,776 million yen, down 2.8%.

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

Tomato juice recorded strong sales amid efforts in tune with the health needs of consumers.

Yasai Seikatsu 100 series saw sales decline due to dampened demand caused by price revisions.

As a result, revenue of the beverage category decreased 2.6% to 35,537 million yen, while core operating income decreased 1.1% to 3,201 million yen due to soaring raw materials prices despite efforts made to rein in advertising expenses.

[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.

Revenue of the direct marketing category declined to 5,820 million yen, down 4.4% year on year, as the number of regular customers of vegetable beverages fell below the previous year. Core operating income declined to 217 million yen, down 44.5% year on year, owing to lower revenue and higher contact center operating cost.

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

In the food category, revenue increased compared to the previous first six months, as the Company stepped up menu information dissemination and sales promotion activities for products such as “baked ketchup” and “Rice Omelet Stadium” in response to weaker demand caused by price revisions.

In the institutional and industrial-use category, revenue increased thanks to rising food service demand, even after 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 8.2% to 24,330 million yen, while core operating income increased 5.5% to 1,356 million yen despite soaring raw materials prices.

<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 increased, but fresh tomato prices were lower than last year from May to June, and as a result, sales prices fell. Revenue of the Domestic Agri-Business increased to 5,231 million yen, up 4.8% year on year, but core operating income decreased 71.0% to 59 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) recorded an increase in revenue amid rising selling prices and brisk sales to food service companies. Profits were also up amid higher revenue and increased profits at Ingomar Packing Company, LLC, an equity-method affiliate of Kagome Inc. Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) recorded an increase in revenue and profits on rising selling prices for tomato paste, its mainstay product. Kagome Australia Pty Ltd. posted increased revenue attributed to rising selling prices and brisk sales to food service companies. Profits were largely unchanged compared to the previous year's level amid surging raw materials prices.

Accordingly, revenue of the International Business increased to 41,321 million yen, up 37.8% year on year, and core operating income jumped to 4,887 million yen, up 3.2 times compared to the previous first six months.

<Other Businesses>

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

Revenue of other businesses increased to 1,275 million yen, up 16.9% year on year, but the segment recorded core operating loss of 98 million yen (compared to a core operating loss of 38 million yen in the previous first half).

(2) Explanation of financial condition

For the first half, consolidated total assets increased by 12,111 million yen from the end of the previous fiscal year.

Current assets increased by 8,924 million yen from the end of the previous fiscal year.

This was mainly attributable to an increase in cash and cash equivalents of 3,727 million yen owing to the increase in long-term debt and inventories rose by 2,715 million yen due to seasonal factors, while other financial assets increased 1,964 million yen due to the higher market value of derivative assets owing to the depreciation of the yen.

Non-current assets increased by 3,187 million yen from the end of the previous fiscal year.

This was mainly due to an increase in other financial assets of 3,363 million yen resulting from the higher market value of derivative assets due to the depreciation of the yen, an increase in property, plant and equipment of 1,132 million yen, and an increase in investments accounted for using the equity method of 820 million yen owing to an increase in profits of Ingomar Packing Company, LLC, an equity method affiliate of KAGOME INC. (United States), a subsidiary of the Company. Furthermore, deferred tax assets declined by 1,997 million yen.

Liabilities increased by 2,590 million yen from the end of the previous fiscal year.

The main factors were decreases in trade and other payables of 1,080 million yen due to seasonal factors and in borrowings of 8,032 million yen following repayments mainly by overseas subsidiaries, respectively, while long-term debt increased by 10,064 million yen as a result of the Company's fundraising and the current portion of corporate bonds increased 989 million yen.

Capital increased by 9,520 million yen from the end of the previous fiscal year. The breakdown includes the following. There was an increase of 5,189 million yen in net income attributable to shareholders of parent and an increase of 6,416 million yen in other components of equity. However, dividends of surplus caused equity to decline by 3,276 million yen.

As a result, the ratio of equity attributable to shareholders of the parent was 53.7%, and equity attributable to shareholders of the parent per share was 1,480.78 yen.

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the first half on a consolidated basis were 25,117 million yen, marking an increase of 3,727 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 9,049 million yen (net cash of 4,712 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 8,679 million yen, depreciation and amortization of 4,020 million yen, a decrease in trade and other receivables of 1,084 million yen (net cash provided by operating activities), and an increase in inventories of 273 million yen, decrease in trade and other payables of 1,204 million yen and expenditures of 1,732 million yen due to the payment of income taxes (net cash used in operating activities).

Net cash used in investing activities totaled 2,537 million yen (net cash of 5,701 million yen used in investing activities a year earlier). The main factors were expenditure of 2,798 million yen from the acquisition of property, plant and equipment and intangible assets (including investment real estate).

Net cash used in financing activities totaled 3,330 million yen (net cash of 13,136 million yen used in financing activities a year earlier). The main factors were expenditures of 3,270 million yen for the payment of dividends and 10,605 million yen for reducing short-term borrowings, respectively, while there was income of 10,224 million yen owing to proceeds from long-term borrowings.

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

In light of the financial results for the first half of 2023 and the recent business environment, the full-year consolidated earnings forecast in “Consolidated Summary Report <under IFRS> for the Fiscal Year Ended December 31, 2022” released on February 2, 2023 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)	213,000	7,400	7,400	4,100	47.28
Revised forecast (B)	216,000	11,700	11,700	6,500	75.50
Amount of change (B-A)	3,000	4,300	4,300	2,400	28.22
Rate of change (%)	1.4	58.1	58.1	58.5	59.7
Reference: results for previous year (fiscal year ended December 2022)	205,618	12,808	12,757	9,116	105.11

(Main reason for revisions)

Revenues increased by 3,000 million yen from the initial forecast. In the Domestic Processed Food Business, sales in the category of institutional and industrial use are strong amid elevated eating out demand. Additionally, in the International Business, revenue is expected to increase thanks to strong sales to food service companies and rising selling prices mainly at KAGOME INC. (United States).

Core operating income is expected to increase by 4,300 million yen from the initial forecast owing to changes in the energy market and other environmental changes and an increase in revenue from the International Business, despite the continued severe business environment, including soaring raw materials prices globally.

Since profits are expected to be lower than the previous fiscal year's results, the Company does not plan to change the year-end dividend forecast from the previous 38 yen per share.

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, 2022	As of June 30, 2023	As of June 30, 2023
Assets			
Current assets:			
Cash and cash equivalents	¥ 21,390	¥ 25,117	\$ 174,428
Trade and other receivables	45,487	45,400	315,285
Inventories	57,565	60,281	418,619
Income taxes receivable	410	392	2,722
Other financial assets	1,697	3,662	25,435
Other current assets	2,611	3,232	22,448
Total current assets	129,162	138,086	958,936
Non-current assets:			
Property, plant and equipment	61,779	62,911	436,884
Intangible assets	3,220	3,108	21,586
Other financial assets	16,203	19,566	135,880
Investments accounted for using the equity method	9,141	9,961	69,179
Other non-current assets	3,626	3,608	25,057
Deferred tax assets	2,237	240	1,670
Total non-current assets	96,209	99,396	690,256
Total assets	¥ 225,372	¥ 237,483	\$ 1,649,192
Liabilities			
Current liabilities:			
Trade and other payables	¥ 35,486	¥ 34,406	\$ 238,934
Borrowings	34,604	26,572	184,530
Current portion of bonds	-	989	6,872
Income taxes payable	1,923	2,466	17,130
Other financial liabilities	849	973	6,760
Other current liabilities	7,449	7,663	53,221
Total current liabilities	80,313	73,072	507,447
Non-current liabilities:			
Long-term debt	8,346	18,411	127,859
Other financial liabilities	3,520	2,864	19,893
Retirement benefit liability	5,590	5,531	38,415
Provisions	1,155	1,160	8,058
Other non-current liabilities	1,084	1,198	8,323
Deferred tax liabilities	3,567	3,931	27,305
Total non-current liabilities	23,266	33,098	229,852
Net Assets:			
Share capital	19,985	19,985	138,788
Capital surplus	22,836	22,764	158,087
Treasury shares	(22,543)	(22,428)	(155,756)
Other components of equity	8,084	14,501	100,704
Retained earnings	90,708	92,679	643,609
Equity attributable to owners of parent	119,071	127,502	885,432
Non-controlling interests	2,720	3,810	26,461
Total net assets	121,792	131,312	911,893
Total liabilities and net assets	¥ 225,372	¥ 237,483	\$ 1,649,192

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 144 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2023.

(2) Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2022	Six Months ended June 30, 2023	Six Months ended June 30, 2023
Revenue	¥ 95,790	¥ 105,323	\$ 731,414
Cost of sales	62,161	68,282	474,182
Gross profit	33,628	37,041	257,232
Selling, general and administrative expenses	28,495	28,942	200,988
Equity gains (losses) of affiliated companies	241	729	5,067
Core Operating income	5,373	8,828	61,311
Other income	348	215	1,497
Other expenses	173	133	924
Operating income	5,548	8,911	61,883
Finance income	627	665	4,621
Finance costs	743	897	6,231
Profit before income taxes	5,433	8,679	60,273
Income taxes	1,636	2,640	18,339
Net income	3,797	6,038	41,935
Net income attributable to:			
Owners of parent	3,560	5,189	36,037
Non-controlling interests	236	849	5,897
Total	¥ 3,797	¥ 6,038	\$ 41,935
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 40.75	¥ 60.29	\$ 0.42
Diluted net income attributable to shareholders of parent	¥ 40.68	¥ 60.18	\$ 0.42

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 144 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2023.

(2) Consolidated Statements of Income (3 months)

	Millions of Yen		Thousands of U.S. dollars
	Three months ended June 30, 2022	Three months ended June 30, 2023	Three months ended June 30, 2023
Revenue	¥ 51,645	¥ 57,313	\$ 398,007
Cost of sales	33,606	36,782	255,431
Gross profit	18,039	20,531	142,576
Selling, general and administrative expenses	15,013	15,522	107,792
Equity gains of affiliated companies	164	456	3,167
Core Operating income	3,189	5,465	37,951
Other income	253	90	625
Other expenses	120	60	417
Operating income	3,322	5,495	38,160
Finance income	389	364	2,528
Finance costs	516	559	3,882
Profit before income taxes	3,195	5,300	36,806
Income taxes	938	1,561	10,840
Net income	2,256	3,739	25,965
Net income attributable to:			
Owners of parent	2,068	3,155	21,910
Non-controlling interests	188	583	4,049
Total	¥ 2,256	¥ 3,739	\$ 25,965
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 23.82	¥ 36.66	\$ 0.25
Diluted net income attributable to shareholders of parent	¥ 23.78	¥ 36.59	\$ 0.25

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 144 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2023.

(3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2022	Six Months ended June 30, 2023	Six Months ended June 30, 2023
Net income	¥ 3,797	¥ 6,038	\$ 41,935
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	1	(1)	(10)
Net gains and losses from financial assets measured at fair value through other comprehensive income	55	346	2,407
Share of other comprehensive income of investments accounted for using equity method, net of tax	(1)	5	40
Total	<u>55</u>	<u>351</u>	<u>2,438</u>
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	3,710	4,781	33,204
Cash flow hedges costs	(1,014)	(184)	(1,282)
Exchange differences on translation of foreign operations	4,114	2,728	18,951
Share of other comprehensive income of investments accounted for using equity method, net of tax	16	12	87
Total	<u>6,826</u>	<u>7,338</u>	<u>50,960</u>
Other comprehensive income	<u>6,881</u>	<u>7,689</u>	<u>53,397</u>
Comprehensive income	<u>10,679</u>	<u>13,727</u>	<u>95,332</u>
Comprehensive income attributable to:			
Owners of parent	10,179	12,637	87,763
Non-controlling interests	499	1,089	7,569
Total	<u>¥ 10,679</u>	<u>¥ 13,727</u>	<u>\$ 95,332</u>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 144 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2023.

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

	Millions of Yen		Thousands of
	Three months ended June 30, 2022	Three months ended June 30, 2023	U.S. dollars
Net income	¥ 2,256	¥ 3,739	\$ 25,965
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gains and losses from financial assets measured at fair value through other comprehensive income	279	462	3,208
Total	279	462	3,208
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	3,107	4,053	28,146
Cash flow hedges costs	(1,560)	(424)	(2,944)
Exchange differences on translation of foreign operations	2,507	2,440	16,944
Share of other comprehensive income of investments accounted for using equity method, net of tax	10	12	83
Total	4,065	6,081	42,229
Other comprehensive income	4,345	6,544	45,444
Comprehensive income	6,601	10,283	71,410
Comprehensive income attributable to:			
Owners of parent	6,226	9,511	66,049
Non-controlling interests	374	772	5,361
Total	¥ 6,601	¥ 10,283	\$ 71,410

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 144 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2023.

(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, 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)			
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
Balance, January 1, 2023	¥ 19,985	¥ 22,836	¥ (22,543)		¥ 4,855	¥ 1,721	¥ (413)	¥ 1,921	¥ 8,084	¥ 90,708	¥ 119,071	¥ 2,720	¥ 121,792
Net income										5,189	5,189	849	6,038
Other comprehensive income				4	346	4,781	(184)	2,500	7,448		7,448	240	7,689
Comprehensive income				4	346	4,781	(184)	2,500	7,448	5,189	12,637	1,089	13,727
Transfer to non-financial assets						(973)			(973)		(973)		(973)
Repurchase of treasury stock			(1)								(1)		(1)
Disposal of treasury stock		3	116								120		120
Cash dividends										(3,276)	(3,276)		(3,276)
Share-based compensation		(75)									(75)		(75)
Transfer to retained earnings				(4)	(53)				(58)	58			
Total transactions with shareholders		(71)	114	(4)	(53)				(58)	(3,218)	(3,233)		(3,233)
Balance, June 30, 2023	¥ 19,985	¥ 22,764	¥ (22,428)		¥ 5,148	¥ 5,528	¥ (598)	¥ 4,422	¥ 14,501	¥ 92,679	¥ 127,502	¥ 3,810	¥ 131,312

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, 2023	\$ 138,788	\$ 158,585	\$ (156,551)		\$ 33,719	\$ 11,953	¥ (2,872)	\$ 13,343	\$ 56,142	\$ 629,922	\$ 826,886	\$ 18,893	\$ 845,778
Net income										36,037	36,037	5,897	41,935
Other comprehensive income				30	2,407	33,204	(1,282)	17,367	51,726		51,726	1,671	53,397
Comprehensive income				30	2,407	33,204	(1,282)	17,367	51,726	36,037	87,763	7,569	95,332
Transfer to non-financial assets						(6,761)			(6,761)		(6,761)		(6,761)
Repurchase of treasury stock			(14)								(14)		(14)
Disposal of treasury stock		26	808								835		835
Cash dividends										(22,753)	(22,753)		(22,753)
Share-based compensation		(524)									(524)		(524)
Transfer to retained earnings				(30)	(373)				(403)	403			
Total transactions with shareholders		(498)	795	(30)	(373)				(403)	(22,350)	(22,456)		(22,456)
Balance, June 30, 2023	\$ 138,788	\$ 158,087	\$ (155,756)		\$ 35,754	\$ 38,396	¥ (4,155)	\$ 30,709	\$ 100,704	\$ 643,609	\$ 885,432	\$ 26,461	\$ 911,893

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 144 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2023.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2022	Six Months ended June 30, 2023	Six Months ended June 30, 2023
Cash flows from operating activities:			
Profit before income taxes	¥ 5,433	¥ 8,679	\$ 60,273
Depreciation and amortization	4,028	4,020	27,923
Interest and dividend income	(232)	(336)	(2,340)
Interest expenses	147	653	4,540
Share of (profit) loss of investments accounted for using the equity method	(241)	(729)	(5,067)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(119)	(1)	(13)
(Increase) decrease in trade and other receivables	64	1,084	7,528
(Increase) decrease in inventories	182	(273)	(1,897)
Increase (decrease) in trade and other payables	(843)	(1,204)	(8,363)
Other	(2,081)	(1,237)	(8,597)
Subtotal	6,337	10,654	73,987
Interest and dividends received	291	674	4,684
Interest paid	(155)	(546)	(3,795)
Income taxes paid	(1,760)	(1,732)	(12,030)
Cash flows from operating activities	4,712	9,049	62,846
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(5,427)	(2,798)	(19,434)
Proceeds from sales of property, plant and equipment, including investment property	196	92	643
Purchase of other financial assets	(517)	(37)	(258)
Gain on available-for-sale financial assets	45	200	1,396
Other	1	4	31
Cash flows from investing activities	(5,701)	(2,537)	(17,623)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(2,698)	(10,605)	(73,650)
Proceeds from long-term borrowings	491	10,224	71,001
Repayments of long-term borrowings	(426)	(318)	(2,214)
Proceeds from issuance of bonds	-	984	6,834
Repayments of lease obligations	(369)	(342)	(2,379)
Dividends paid	(3,271)	(3,270)	(22,709)
Net (increase) decrease in treasury stock	(6,861)	(1)	(14)
Cash flows from financing activities	(13,136)	(3,330)	(23,130)
Net increase (decrease) in cash and cash equivalents	(14,125)	3,181	22,093
Cash and cash equivalents at the beginning of period	31,231	21,390	148,543
Foreign translation adjustment on cash and cash equivalents	639	545	3,791
Cash and cash equivalents at the end of period	¥ 17,745	¥ 25,117	\$ 174,428

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 144 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2023.