

Consolidated Summary Report <under IFRS>

For the nine months ended September 30, 2023

October 27, 2023

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": None

Dividend payment date: -

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

1. Consolidated Financial Data for the Nine Months ended September 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	%
Nine months ended										
September 30, 2023	164,867	9.5	15,377	55.6	15,576	54.1	9,526	44.0	21,282	36.5
September 30, 2022	150,607	6.2	9,885	(16.5)	10,109	(13.4)	6,615	(15.9)	15,594	39.3

	Earnings Per Share	Diluted Earnings per Share
	yen	yen
Nine months ended		
September 30, 2023	110.66	110.48
September 30, 2022	76.09	75.96

(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				
September 30, 2023	262,411	138,012	134,003	51.1
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				38.00	38.00
December 31, 2023(Forecast)					

(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	222,000	8.0	16,000	24.9	16,000	25.4	9,000	(1.3)	104.54

(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:

Sep. 30, 2023	94,366,944 shares	Dec. 31, 2022	94,366,944 shares
Sep. 30, 2023	8,262,491 shares	Dec. 31, 2022	8,301,555 shares
Sep. 30, 2023	86,104,453 shares	Dec. 31, 2022	86,065,389 shares
Nine months ended Sep. 30, 2023	86,087,671 shares	Nine months ended Sep. 30, 2022	86,948,958 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 Nine 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 nine months under review (January 1 to September 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. In addition, soaring raw materials prices resulted in a decline in core operating income.

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 nine months increased to 164,867 million yen, up 9.5% year on year, and core operating income totaled 15,377 million yen, up 55.6% from the previous first nine months. Operating income increased to 15,576 million yen, up 54.1% year on year, and net income attributable to shareholders of parent increased to 9,526 million yen, up 44.0% compared to the previous first nine 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 nine months	Current consolidated first nine months	Change	Previous consolidated first nine months	Current consolidated first nine months	Change
Beverages	57,631	56,504	(1,127)	5,768	6,024	255
Direct marketing	9,849	9,550	(298)	944	572	(371)
Food – Other	35,256	38,306	3,050	2,166	2,267	100
Domestic Processed Food Business Total	102,737	104,362	1,624	8,879	8,864	(14)
Domestic Agri-Business	7,259	7,700	441	249	(79)	(329)
International Business	46,649	61,403	14,754	1,952	7,948	5,996
Others	1,667	2,036	368	59	(64)	(123)
Adjustments	(7,705)	(10,634)	(2,929)	(1,255)	(1,291)	(35)
Total	150,607	164,867	14,259	9,885	15,377	5,492

<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 104,362 million yen, up 1.6% year on year, and core operating income fell to 8,864 million yen, down 0.2%.

[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 and other factors.

As a result, revenue of the beverage category decreased 2.0% to 56,504 million yen, while core operating income increased 4.4% to 6,024 million yen thanks to efforts to rein in advertising expenses, despite soaring raw materials 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.

Revenue of the direct marketing category declined to 9,550 million yen, down 3.0% year on year, as the number of regular customers of vegetable beverages fell below the previous year. Core operating income declined to 572 million yen, down 39.3% 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 nine 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 8.7% to 38,306 million yen, while core operating income increased 4.7% to 2,267 million yen thanks to higher sales, 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 nine months, Revenue of the Domestic Agri-Business increased to 7,700 million yen, up 6.1% year on year, as volume of fresh tomatoes increased. However, due to fresh tomato prices in the summer were lower than last year, higher energy and fertilizer prices, there was a core operating loss of 79 million yen (compared to core operating income of 249 million yen in the previous first nine months).

<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. Additionally, profits were up amid 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 a decrease in revenue attributed to lower sales volume of tomato paste, despite brisk sales to food service companies. On the other hand, operating income increased due to a rebound from losses caused by process defects that occurred in the first quarter of the previous year.

Accordingly, revenue of the International Business increased to 61,403 million yen, up 31.6% year on year, and core operating income jumped to 7,948 million yen, up 4.1 times compared to the previous first nine months.

<Other Businesses>

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

Revenue of other businesses increased to 2,036 million yen, up 22.1% year on year and the segment recorded a core operating loss of 64 million yen (compared to a core operating income of 59 million yen in the previous first nine months).

(2) Explanation of financial condition

For the first nine months, consolidated total assets increased by 37,038 million yen from the end of the previous fiscal year.

Current assets increased by 31,834 million yen from the end of the previous fiscal year.

This was mainly attributable to an increase in inventories of 16,537 million yen due to seasonal factors, an increase in trade and other receivables of 2,470 million yen, an increase in cash and cash equivalents of 9,128 million yen due to an increase in long-term debt, and an increase in other financial assets of 2,185 million yen due to the higher market value of derivative assets owing to the depreciation of the yen.

Non-current assets increased by 5,204 million yen from the end of the previous fiscal year.

This was mainly due to an increase in other financial assets of 5,018 million yen resulting from the higher market value of derivative assets due to the depreciation of the yen, and an increase in investments accounted for using the equity method of 1,652 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 decreased by 1,987 million yen due to the market value of derivative assets.

Liabilities increased by 20,818 million yen from the end of the previous fiscal year.

This is mainly due to an increase in long-term debt of 9,930 million yen owing to the increase in capital procurement, an increase in trade and other payables of 8,049 million yen due to seasonal factors, and an increase in other current liabilities of 2,638 million yen.

Capital increased by 16,220 million yen from the end of the previous fiscal year. The breakdown includes the following. There was an increase of 9,526 million yen in net income attributable to shareholders of parent and an increase of 8,567 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 51.1%, and equity attributable to shareholders of the parent per share was 1,556.28 yen.

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the first nine months on a consolidated basis were 30,519 million yen, marking an increase of 9,128 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 9,890 million yen (net cash of 2,568 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 15,053 million yen, depreciation and amortization of 6,223 million yen, an increase in trade and other payables of 7,396 million yen (net cash provided by operating activities), and an increase in inventories of 12,722 million yen, expenditures of 3,704 million yen due to the payment of income taxes, and increase in trade and other receivables of 1,076 million yen (net cash used in operating activities).

Net cash used in investing activities totaled 4,151 million yen (net cash of 7,937 million yen used in investing activities a year earlier). The main factors were expenditure of 4,439 million yen from the acquisition of property, plant and equipment and intangible assets (including investment real estate).

Net cash gained in financing activities totaled 2,687 million yen (net cash of 10,287 million yen used in financing activities a year earlier). The main factors were expenditures of 4,211 million yen for reducing short-term borrowings and 3,273 million yen for the payment of dividends, respectively, while there was income of 10,270 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 nine months of 2023 and the recent business environment, the full-year consolidated earnings forecast in “Consolidated Summary Report <under IFRS> for the First Half of the Fiscal Year Ending December 31, 2023” released on August 1, 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)	216,000	11,700	11,700	6,500	75.50
Revised forecast (B)	222,000	16,000	16,000	9,000	104.54
Amount of change (B-A)	6,000	4,300	4,300	2,500	29.04
Rate of change (%)	2.8	36.8	36.8	38.5	38.5
Reference: results for previous year (fiscal year ended December 2022)	205,618	12,808	12,757	9,116	105.11

(Main reason for revisions)

In the first nine months of the fiscal year ending December 2023, progress exceeded our full-year profit forecast as a result of strong performance in our International Business. On the other hand, looking at the fourth quarter, while the International Business is expected to continue to perform well, the Domestic Processed Food Business is expected to see profits significantly deteriorate due to an increase in the cost of sales attributed to soaring raw materials prices and an increase in selling, general and administrative expenses.

This revision is mainly based on the current business environment, such as the status of negotiations on selling prices following soaring raw materials prices in the International Business, the performance of equity method affiliates, and trends in energy prices.

As a result, consolidated performance increased from the previous forecast by 6,000 million yen in revenue, 4,300 million yen in core operating income, 4,300 million yen in operating income, and 2,500 million in net income attributable to shareholders of parent.

For this reason, excluding net income attributable to shareholders of parent, revenue and each level of profit are expected to increase from the previous fiscal year. By segment, the International Business expects significant increases in both revenue and core operating income, while the Domestic Processed Food Business and the Domestic Agri-Business are expected to post an increase in revenue but decrease in profits.

*The above forecasts have been prepared based on information available to the Company as of the date of publication of this document. Actual results may differ due to various factors.

Reference: Full-year revenue and core operating income by segment

(Millions of yen)

	Revenue			Core operating income		
	This revision Forecast	Change vs. previous forecast	Change over previous year	This revision Forecast	Change vs. previous forecast	Change over previous year
Domestic Processed Food Business	140,000	1,000	2,031	7,300	1,300	(3,228)
Domestic Agri-Business	10,000	—	417	100	(100)	(349)
International Business	86,000	5,500	18,169	10,700	3,300	7,091
Others/Adjustments	(14,000)	(500)	(4,236)	(2,100)	(200)	(322)
Total	222,000	6,000	16,381	16,000	4,300	3,191

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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 Sep. 30, 2023	As of Sep. 30, 2023
Assets			
Current assets:			
Cash and cash equivalents	¥ 21,390	¥ 30,519	\$ 204,826
Trade and other receivables	45,487	47,957	321,861
Inventories	57,565	74,103	497,340
Income taxes receivable	410	419	2,813
Other financial assets	1,697	3,883	26,062
Other current assets	2,611	4,115	27,619
Total current assets	129,162	160,997	1,080,521
Non-current assets:			
Property, plant and equipment	61,779	62,326	418,299
Intangible assets	3,220	3,163	21,233
Other financial assets	16,203	21,222	142,431
Investments accounted for using the equity method	9,141	10,794	72,448
Other non-current assets	3,626	3,655	24,536
Deferred tax assets	2,237	250	1,681
Total non-current assets	96,209	101,413	680,627
Total assets	¥ 225,372	¥ 262,411	\$ 1,761,148
Liabilities			
Current liabilities:			
Trade and other payables	¥ 35,486	¥ 43,536	\$ 292,192
Borrowings	34,604	33,243	223,108
Current portion of bonds	-	993	6,668
Income taxes payable	1,923	2,235	15,005
Other financial liabilities	849	949	6,372
Other current liabilities	7,449	10,087	67,702
Total current liabilities	80,313	91,045	611,047
Non-current liabilities:			
Long-term debt	8,346	18,277	122,669
Other financial liabilities	3,520	2,669	17,916
Retirement benefit liability	5,590	5,604	37,611
Provisions	1,155	1,161	7,793
Other non-current liabilities	1,084	1,223	8,211
Deferred tax liabilities	3,567	4,416	29,643
Total non-current liabilities	23,266	33,352	223,842
Net Assets:			
Share capital	19,985	19,985	134,130
Capital surplus	22,836	22,777	152,872
Treasury shares	(22,543)	(22,429)	(150,534)
Other components of equity	8,084	16,651	111,758
Retained earnings	90,708	97,017	651,123
Equity attributable to owners of parent	119,071	134,003	899,349
Non-controlling interests	2,720	4,009	26,910
Total net assets	121,792	138,012	926,259
Total liabilities and net assets	¥ 225,372	¥ 262,411	\$ 1,761,148

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 149 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2023.

(2) Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Nine Months ended Sep. 30, 2022	Nine Months ended Sep. 30, 2023	Nine Months ended Sep. 30, 2023
Revenue	¥ 150,607	¥ 164,867	\$ 1,106,494
Cost of sales	97,753	106,303	713,450
Gross profit	52,853	58,563	393,045
Selling, general and administrative expenses	43,518	44,570	299,130
Equity gains (losses) of affiliated companies	550	1,384	9,291
Core Operating income	9,885	15,377	103,205
Other income	480	370	2,487
Other expenses	256	171	1,148
Operating income	10,109	15,576	104,544
Finance income	852	939	6,306
Finance costs	1,099	1,463	9,820
Profit before income taxes	9,862	15,053	101,030
Income taxes	2,960	4,391	29,476
Net income	6,902	10,661	71,554
Net income attributable to:			
Owners of parent	6,615	9,526	63,934
Non-controlling interests	286	1,135	7,621
Total	¥ 6,902	¥ 10,661	\$ 71,554
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 76.09	¥ 110.66	\$ 0.74
Diluted net income attributable to shareholders of parent	¥ 75.96	¥ 110.48	\$ 0.74

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 149 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2023.

(2) Consolidated Statements of Income (3 months)

	Millions of Yen		Thousands of U.S. dollars
	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2023	Three months ended Sep. 30, 2023
Revenue	¥ 54,817	¥ 59,544	\$ 399,624
Cost of sales	35,591	38,021	255,174
Gross profit	19,225	21,522	144,443
Selling, general and administrative expenses	15,023	15,628	104,886
Equity gains (losses) of affiliated companies	308	654	4,389
Core Operating income	4,511	6,548	43,946
Other income	132	154	1,034
Other expenses	82	38	255
Operating income	4,560	6,665	44,732
Finance income	224	274	1,839
Finance costs	356	565	3,792
Profit before income taxes	4,428	6,374	42,779
Income taxes	1,324	1,751	11,752
Net income	3,104	4,622	31,020
Net income attributable to:			
Owners of parent	3,054	4,336	29,101
Non-controlling interests	49	286	1,919
Total	¥ 3,104	¥ 4,622	\$ 31,020
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 35.48	¥ 50.37	\$ 0.34
Diluted net income attributable to shareholders of parent	¥ 35.42	¥ 50.28	\$ 0.34

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 149 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2023.

(3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Nine Months ended Sep. 30, 2022	Nine Months ended Sep. 30, 2023	Nine Months ended Sep. 30, 2023
Net income	¥ 6,902	¥ 10,661	\$ 71,554
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	575	1,068	7,169
Share of other comprehensive income of investments accounted for using equity method, net of tax	(1)	5	39
Total	<u>575</u>	<u>1,072</u>	<u>7,198</u>
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	4,643	5,896	39,576
Cash flow hedges costs	(1,658)	50	336
Exchange differences on translation of foreign operations	5,109	3,583	24,048
Share of other comprehensive income of investments accounted for using equity method, net of tax	22	17	120
Total	<u>8,117</u>	<u>9,548</u>	<u>64,081</u>
Other comprehensive income	<u>8,692</u>	<u>10,620</u>	<u>71,279</u>
Comprehensive income	<u>15,594</u>	<u>21,282</u>	<u>142,833</u>
Comprehensive income attributable to:			
Owners of parent	15,071	19,920	133,693
Non-controlling interests	523	1,361	9,140
Total	<u>¥ 15,594</u>	<u>¥ 21,282</u>	<u>\$ 142,833</u>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 149 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2023.

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

	Millions of Yen		Thousands of
	Three months ended Sep. 30, 2022	Three months ended Sep. 30, 2023	U.S. dollars
Net income	¥ 3,104	¥ 4,622	\$ 31,020
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	520	721	4,839
Total	520	721	4,839
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	933	1,115	7,483
Cash flow hedges costs	(644)	234	1,570
Exchange differences on translation of foreign operations	994	854	5,732
Share of other comprehensive income of investments accounted for using equity method, net of tax	6	5	34
Total	1,290	2,209	14,826
Other comprehensive income	1,810	2,931	19,671
Comprehensive income	4,915	7,554	50,698
Comprehensive income attributable to:			
Owners of parent	4,891	7,282	48,872
Non-controlling interests	23	271	1,819
Total	¥ 4,915	¥ 7,554	\$ 50,698

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 149 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 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									6,615	6,615	286	6,902	
Other comprehensive income				0	575	4,643	(1,658)	4,895	8,456	8,456	236	8,692	
Comprehensive income				0	575	4,643	(1,658)	4,895	8,456	6,615	523	15,594	
Transfer to non-financial assets						(1,156)		(1,156)		(1,156)		(1,156)	
Repurchase of treasury stock		(10)	(7,776)							(7,786)		(7,786)	
Disposal of treasury stock		(2)	44							42		42	
Cash dividends									(3,277)	(3,277)	(72)	(3,349)	
Share-based compensation		18								18		18	
Transfer to retained earnings				(0)	(34)			(34)	34				
Change in scope of consolidation											100	100	
Total transactions with shareholders		6	(7,732)	(0)	(34)			(34)	(3,243)	(11,003)	28	(10,975)	
Balance, September 30, 2022	¥ 19,985	¥ 22,805	¥ (22,543)	¥ 4,826	¥ 4,608	¥ (1,004)	¥ 4,190	¥ 12,620	¥ 87,607	¥ 120,476	¥ 2,528	¥ 123,005	
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									9,526	9,526	1,135	10,661	
Other comprehensive income				4	1,068	5,896	50	3,374	10,394	10,394	226	10,620	
Comprehensive income				4	1,068	5,896	50	3,374	10,394	9,526	1,361	21,282	
Transfer to non-financial assets						(1,767)		(1,767)		(1,767)		(1,767)	
Repurchase of treasury stock			(2)								(2)	(2)	
Disposal of treasury stock		3	116							120		120	
Cash dividends									(3,276)	(3,276)	(72)	(3,349)	
Share-based compensation		(62)								(62)		(62)	
Transfer to retained earnings				(4)	(54)			(58)	58				
Total transactions with shareholders		(58)	113	(4)	(54)			(58)	(3,217)	(3,220)	(72)	(3,293)	
Balance, September 30, 2023	¥ 19,985	¥ 22,777	¥ (22,429)	¥ 5,869	¥ 5,850	¥ (363)	¥ 5,296	¥ 16,651	¥ 97,017	¥ 134,003	¥ 4,009	¥ 138,012	

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	\$ 134,130	\$ 153,263	\$ (151,298)	\$ 32,588	\$ 11,552	¥ (2,776)	\$ 12,895	\$ 54,258	\$ 608,783	\$ 799,138	\$ 18,259	\$ 817,397	
Net income									63,934	63,934	7,621	71,554	
Other comprehensive income				29	7,169	39,576	336	22,649	69,760	69,760	1,519	71,279	
Comprehensive income				29	7,169	39,576	336	22,649	69,760	133,693	9,140	142,833	
Transfer to non-financial assets						(11,865)		(11,865)		(11,865)		(11,865)	
Repurchase of treasury stock			(17)							(17)		(17)	
Disposal of treasury stock		25	781							807		807	
Cash dividends									(21,990)	(21,990)	(489)	(22,479)	
Share-based compensation		(417)								(417)		(417)	
Transfer to retained earnings				(29)	(366)			(396)	396				
Total transactions with shareholders		(392)	764	(29)	(366)			(396)	(21,594)	(21,617)	(489)	(22,106)	
Balance, September 30, 2023	\$ 134,130	\$ 152,872	\$ (150,534)	\$ 39,390	\$ 39,263	¥ (2,440)	\$ 35,544	\$ 111,758	\$ 651,123	\$ 899,349	\$ 26,910	\$ 926,259	

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 September 30, 2022.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Nine Months ended Sep. 30, 2022	Nine Months ended Sep. 30, 2023	Nine Months ended Sep. 30, 2023
Cash flows from operating activities:			
Profit before income taxes	¥ 9,862	¥ 15,053	\$ 101,030
Depreciation and amortization	6,042	6,223	41,769
Interest and dividend income	(313)	(469)	(3,151)
Interest expenses	278	1,052	7,063
Share of (profit) loss of investments accounted for using the equity method	(550)	(1,384)	(9,291)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(133)	1	10
(Increase) decrease in trade and other receivables	(815)	(1,076)	(7,224)
(Increase) decrease in inventories	(8,943)	(12,722)	(85,384)
Increase (decrease) in trade and other payables	1,121	7,396	49,642
Other	(283)	(436)	(2,929)
Subtotal	6,265	13,638	91,535
Interest and dividends received	340	737	4,952
Interest paid	(261)	(781)	(5,247)
Income taxes paid	(3,775)	(3,704)	(24,860)
Cash flows from operating activities	2,568	9,890	66,380
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(7,926)	(4,439)	(29,796)
Proceeds from sales of property, plant and equipment, including investment property	267	95	642
Purchase of other financial assets	(525)	(54)	(363)
Gain on available-for-sale financial assets	107	250	1,684
Other	140	(4)	(28)
Cash flows from investing activities	(7,937)	(4,151)	(27,861)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	1,220	(4,211)	(28,267)
Proceeds from long-term borrowings	563	10,270	68,927
Repayments of long-term borrowings	(512)	(490)	(3,290)
Proceeds from issuance of bonds	-	984	6,605
Repayments of lease obligations	(524)	(516)	(3,465)
Dividends paid	(3,275)	(3,273)	(21,970)
Dividends paid to non-controlling interests	(72)	(72)	(489)
Capital contribution from non-controlling interests	100	-	-
Net (increase) decrease in treasury stock	(7,786)	(2)	(17)
Cash flows from financing activities	(10,287)	2,687	18,034
Net increase (decrease) in cash and cash equivalents	(15,656)	8,426	56,553
Cash and cash equivalents at the beginning of period	31,231	21,390	143,558
Foreign translation adjustment on cash and cash equivalents	687	702	4,714
Cash and cash equivalents at the end of period	¥ 16,261	¥ 30,519	\$ 204,826

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 149 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2023.