

Consolidated Summary Report <under IFRS>

For the six months ended June 30, 2024

July 31, 2024

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
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Semi-annual securities report issuing date: August 8, 2024
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, 2024

(1) Operating 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	
Six months ended	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2024	148,242	40.7	16,059	81.9	25,295	183.9	17,777	242.6	36,695	167.3
June 30, 2023	105,323	10.0	8,828	64.3	8,911	60.6	5,189	45.7	13,727	28.5

	Earnings Per Share	Diluted Earnings Per Share
Six months ended	yen	yen
June 30, 2024	206.43	206.12
June 30, 2023	60.29	60.18

(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 equity gains(losses) of affiliated companies accounted for using equity method.

(2) Financial Conditions

	Total Assets	Total Net Assets	Net Assets Attributable to Shareholders of Parent	Net Assets Attributable to Shareholders of Parent to Total Assets
As of	million yen	million yen	million yen	%
June 30, 2024	361,840	185,938	158,996	43.9
December 31, 2023	265,648	136,435	132,265	49.8

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, 2023	—	—	—	41.00	41.00
December 31, 2024	—	—	—	—	—
Fiscal year ending					
December 31, 2024(Forecast)			—	52.00	52.00

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

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2024

(% 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
For the year ending	million yen	%	million yen	%	million yen	%	million yen	%	yen
December 31, 2024	296,000	31.7	23,000	18.1	32,000	83.1	21,000	101.3	243.84

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

4. Other

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

New companies: 1 (Ingomar Packing Company, LLC) Excluded companies: None

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 in accounting policies required by IFRS: None

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

(C) Changes in accounting estimates: None

(3) Number of issued shares (common shares):

(A) Total number of
issued shares:

June 30, 2024	94,366,944 shares	Dec. 31, 2023	94,366,944 shares
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(B) Number of treasury shares:

June 30, 2024	8,245,894 shares	Dec. 31, 2023	8,251,145 shares
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(C) Total number of shares
outstanding excluding treasury
shares:

June 30, 2024	86,121,050 shares	Dec. 31, 2023	86,115,799 shares
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(D) Average number of shares
outstanding:

Six months ended June 30, 2024	86,119,876 shares	Six months ended June 30, 2023	86,079,098 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, 2024), the Company continued to face surging raw materials prices worldwide centered on processed tomato products. Japan continued to face an uncertain situation regarding the future outlook because of consumers’ heightened awareness toward cutting costs caused by inflation.

Amid this situation, 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. In return, measures to spur on demand were actively implemented to minimize weakness in demand. As a result, we were able to rein in the decline in sales volume more than expected, leading to higher revenue and profit.

The International Business saw rising selling prices of tomato paste and strong sales to food service companies. The Company acquired an additional equity stake in equity-method affiliate Ingomar Packing Company, LLC (“Ingomar”) in January 2024, making the company a consolidated subsidiary, in order to drive inorganic growth. This resulted in a net increase in revenue. As a result, the International Business posted higher profit on higher revenue. Furthermore, as the Company acquired additional membership interests in Ingomar, it recorded 9,323 million yen in “other income” as a market valuation gain on its existing equity stake in Ingomar.

Year-on-year changes in consolidated performance for the first six months under review and the impacts from the consolidation of Ingomar are presented below.

(Millions of yen)

	Consolidated			
	Previous consolidated first half	Current consolidated first half	Change	Impact of Ingomar’s consolidation*
Revenue	105,323	148,242	42,918	26,762
Core Operating income	8,828	16,059	7,230	1,070
Operating income	8,911	25,295	16,383	10,323
First half net income attributable to shareholders of parent	5,189	17,777	12,588	9,434

*Impact of Ingomar’s consolidation is calculated as follows: Adjustments necessary for the preparation of consolidated financial statements are added to the current period's performance of the company, and equity gains (losses) of affiliated companies recognized in the same period of the previous year is deducted. The impact of Ingomar's consolidation has been provisionally calculated based on the information available at this time, including the subsequent recognition of profit and loss, because the allocation of acquisition costs to acquired assets and assumed liabilities has not been completed as of the end of the first six months under review.

As a result, revenue in the first six months increased to 148,242 million yen, up 40.7% year on year, and core operating income totaled 16,059 million yen, up 81.9% from the previous first six months. Operating income increased to 25,295 million yen, up 2.8 times year on year, and net income attributable to shareholders of parent increased to 17,777 million yen, up 3.4 times 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.

In the first six months under review, the Company revised the management classification of its segments following the acquisition and consolidation of Ingomar. As a result, the Company newly discloses the categories of “tomato and other primary processing” and “tomato and other secondary processing” within the International Business. Additionally, the “Domestic Agri-Business” and the “seedling production and sales business,” which had been included in the International Business, have been consolidated into “Others.”

Furthermore, segment information for the previous fiscal year has been prepared and presented based on the classification after this change.

(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	35,537	39,703	4,165	3,475	4,929	1,453
Direct marketing	5,820	5,708	(111)	255	267	12
Food - Other	24,330	27,271	2,941	1,537	2,682	1,144
Domestic Processed Food Business total	65,688	72,683	6,995	5,268	7,879	2,611
Tomato and other primary processing*1	10,779	39,821	29,042	1,997	4,219	2,222
Tomato and other secondary processing*2	26,759	36,721	9,962	2,630	4,431	1,800
Adjustments	(117)	(383)	(266)	(197)	(98)	98
International Business total	37,420	76,159	38,738	4,430	8,552	4,121
Other	10,315	12,100	1,785	154	1,345	1,190
Adjustments	(8,101)	(12,701)	(4,600)	(1,025)	(1,718)	(693)
Total	105,323	148,242	42,918	8,828	16,059	7,230

*1 Tomato and other primary processing: manufacture and sale of paste and other products made with agricultural produce

*2 Tomato and other secondary processing: manufacture and sale of pizza sauce and other products made by mainly adding seasonings to primary processed products of agricultural produce

<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 72,683 million yen, up 10.6% year on year, and core operating income rose to 7,879 million yen, up 49.6%.

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

In the beverages category, tomato juice recorded strong sales amid the acquisition of new users from beauty-conscious consumers, in addition to the health-conscious users concerned about blood pressure and cholesterol.

As for the Yasai Seikatsu 100 series, new products were released including Yasai Seikatsu Lemon Salad, and promotional measures to increase demand using the theme “make morning an ally,” had a certain effect.

Accordingly, revenue of this category increased to 39,703 million yen, up 11.7% year on year, and core operating income rose to 4,929 million yen, up 41.8% compared to the previous first six months.

[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.

In the direct marketing category, sales of soups were strong, but the number of regular customers of supplements fell below the previous year.

As a result, revenue of the direct marketing category declined to 5,708 million yen, down 1.9% year on year. Core operating income rose 5.0% year on year to 267 million yen, amid efforts to control advertising expenses.

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

In the food category, sales were strong, as the Company stepped up menu information dissemination and sales promotion activities for products such as “baked ketchup” in response to weaker demand for tomato ketchup after price revisions.

In the institutional and industrial-use category, sales were strong thanks to rising food service demand and other factors, even after price revisions.

In the gifts and specialty items category, sales of products with long shelf lives for stockpiling were strong.

As a result, revenue of the food and others category increased to 27,271 million yen, up 12.1% year on year, and core operating income jumped to 2,682 million yen, up 74.5%, because of higher revenue.

<International Business>

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

Revenue of this business increased to 76,159 million yen, up 2.0 times year on year, and core operating income rose to 8,552 million yen, up 93.0%.

[Tomato and other primary processing: tomato paste, diced tomatoes, carrot juice, frozen Mediterranean vegetables, etc.]

The tomato and other primary processing category involves the manufacture and sale of tomato paste and diced tomatoes, among other products, in the United States, Europe and Australia.

Tomato primary processed products continued to see surging market prices driven by tight supply-demand worldwide.

In the United States, the business grew following the consolidation of Ingomar, the objective of which is to achieve further growth of our United States business, expand the global network of our tomato processing business, and build a sustainable tomato processing business. Holding da Industria Transformadora do Tomate, SGPS S.A. (“HIT”) in Europe and Kagome Australia Pty Ltd. (“KAU”) both posted an increase in revenue on higher selling prices.

As a result, revenue of tomato and other primary processing increased to 39,821 million yen, up 3.7 times year on year, and core operating income totaled 4,219 million yen, up 2.1 times from the previous first six months.

[Tomato and other secondary processing: pizza sauce, barbeque sauce, tomato ketchup, etc.]

The tomato and other secondary processing category involves the manufacture and sale of pizza sauce, barbeque sauce, tomato ketchup and other products primarily for food service companies in the United States, Europe, Australia, Taiwan and India.

The Company revised the prices of secondary processed products following higher costs worldwide including raw materials and energy.

In each region, including Kagome Inc. (United States), the Company recorded strong sales to food service companies.

As a result, revenue of the tomato and other secondary processing category increased to 36,721 million yen, up 37.2% year on year, and core operating income totaled 4,431 million yen, up 68.5% from the previous first six months.

<Other Businesses>

The other businesses segment includes the Domestic Agri-Business, seedling production and sales, development of new plant varieties and cultivation technologies, the real estate business, contracted service businesses, and new businesses, etc.

Revenue of this segment increased to 12,100 million yen, up 17.3% year on year, and core operating income rose to 1,345 million yen, up 8.7 times.

Furthermore, revenue of the Domestic Agri-Business, included in other businesses from the first six months under review, increased by 1.5% year on year to 5,311 million yen, and core operating income reached 579 million yen, up 9.8 times.

(2) Explanation of financial position

For the first six months, consolidated total assets increased by 96,191 million yen from the end of the previous fiscal year.

Current assets increased by 37,314 million yen from the end of the previous fiscal year.

This is mainly due to increases in inventories of 29,882 million yen from the consolidation of Ingomar and in trade and other receivables of 14,776 million yen. Furthermore, cash and cash equivalents declined by 11,465 million yen due to expenditure for the acquisition of the additional membership interests in Ingomar.

Non-current assets increased by 58,877 million yen from the end of the previous fiscal year. This is mainly attributable to increases in intangible assets of 39,115 million yen and in property, plant and equipment of 22,630 million yen following the consolidation of Ingomar. Furthermore, investments accounted for using the equity method declined by 5,963 million yen because Ingomar is no longer an equity-method affiliate after its consolidation.

Liabilities increased by 46,688 million yen from the end of the previous fiscal year.

This is mainly due to increases in borrowings of 30,539 million yen for the acquisition of the additional membership interests in Ingomar, in deferred tax liabilities of 9,505 million yen due to the consolidation of Ingomar, and in trade and other payables of 6,789 million yen, respectively.

Net assets increased by 49,502 million yen from the end of the previous fiscal year. This includes the following. There was an increase of 17,777 million yen in first half net income attributable to shareholders of parent, an increase of 22,772 million yen in non-controlling interests, and an increase of 13,203 million yen in other components of equity, respectively. However, dividends decreased retained earnings by 3,536 million yen.

As a result, the ratio of equity attributable to shareholders of the parent was 43.9%, and equity attributable to shareholders of the parent per share was 1,846.19 yen.

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the first six months on a consolidated basis were 24,544 million yen, marking a decrease of 11,465 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 26,802 million yen (net cash of 9,049 million yen provided by operating activities a year earlier). The main factors were first half profit before income taxes of 23,742 million yen, depreciation and amortization of 6,125 million yen, a decrease in inventories of 24,796 million yen (net cash provided by operating activities), and gain on the step acquisition of Ingomar of 9,323 million yen, an increase in trade and other receivables of 4,492 million yen, a decrease in trade and other payables of 6,966 million yen, and expenditures of 4,035 million yen due to the payment of income taxes (net cash used in operating activities).

Net cash used in investing activities totaled 40,749 million yen (net cash of 2,537 million yen used in investing activities a year earlier). This was mainly due to expenditures of 36,046 million yen associated with the acquisition of additional membership interests in Ingomar and 4,896 million yen for the purchase of property, plant and equipment and intangible assets.

Net cash provided by financing activities totaled 1,866 million yen (net cash used in 3,330 million yen used in financing activities a year earlier). The main factors were expenditures of 4,960 million yen for the repayment of long-term borrowings, 3,526 million yen for the payment of dividends, 1,291 million yen for the acquisition of additional shares in HIT, and 1,000 million yen due to the redemption of corporate bonds, respectively, while there was income of 12,118 million yen owing to an increase in short-term borrowings.

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

There is no change from the full-year consolidated forecasts in the "Consolidated Summary Report <under IFRS> for the three months ended March 31, 2024" announced on April 26, 2024.

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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, 2023	As of June 30, 2024	As of June 30, 2024
Assets			
Current assets:			
Cash and cash equivalents	¥ 36,010	¥ 24,544	\$ 152,452
Trade and other receivables	48,426	63,203	392,567
Inventories	75,198	105,080	652,674
Income taxes receivable	206	218	1,356
Other financial assets	3,074	5,385	33,449
Other current assets	2,534	4,333	26,917
Total current assets	165,451	202,765	1,259,416
Non-current assets:			
Property, plant and equipment	60,756	83,386	517,930
Intangible assets	3,023	42,138	261,732
Other financial assets	20,323	23,742	147,471
Investments accounted for using the equity method	11,300	5,336	33,147
Other non-current assets	3,671	4,266	26,500
Deferred tax assets	1,121	202	1,260
Total non-current assets	100,197	159,074	988,039
Total assets	¥ 265,648	¥ 361,840	\$ 2,247,455
Liabilities			
Current liabilities:			
Trade and other payables	¥ 36,750	¥ 43,540	\$ 270,436
Borrowings	49,876	80,415	499,477
Current portion of bonds	997	-	0
Income taxes payable	2,783	3,485	21,650
Other financial liabilities	903	978	6,077
Other current liabilities	9,118	9,322	57,907
Total current liabilities	100,430	137,743	855,547
Non-current liabilities:			
Long-term debt	13,911	13,237	82,222
Other financial liabilities	2,739	3,027	18,807
Retirement benefit liability	5,662	5,557	34,516
Provisions	1,496	1,510	9,385
Other non-current liabilities	1,261	1,607	9,986
Deferred tax liabilities	3,711	13,217	82,094
Total non-current liabilities	28,783	38,158	237,010
Net Assets:			
Share capital	19,985	19,985	124,133
Capital surplus	22,756	22,003	136,669
Treasury shares	(22,398)	(22,384)	(139,036)
Other components of equity	13,904	27,107	168,372
Retained earnings	98,017	112,284	697,416
Equity attributable to owners of parent	132,265	158,996	987,554
Non-controlling interests	4,170	26,942	167,343
Total net assets	136,435	185,938	1,154,897
Total liabilities and net assets	¥ 265,648	¥ 361,840	\$ 2,247,455

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 161 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2024.

(2) Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2023	Six Months ended June 30, 2024	Six Months ended June 30, 2024
Revenue	¥ 105,323	¥ 148,242	\$ 920,758
Cost of sales	68,282	98,235	610,160
Gross profit	37,041	50,006	310,598
Selling, general and administrative expenses	28,942	33,937	210,791
Equity gains (losses) of affiliated companies	729	(9)	(57)
Core Operating income	8,828	16,059	99,749
Other income	215	9,516	59,109
Other expenses	133	281	1,746
Operating income	8,911	25,295	157,112
Finance income	665	789	4,904
Finance costs	897	2,342	14,549
Income before income taxes	8,679	23,742	147,468
Income taxes	2,640	4,511	28,023
Net income	6,038	19,230	119,445
Net income attributable to:			
Owners of parent	5,189	17,777	110,419
Non-controlling interests	849	1,453	9,026
Total	¥ 6,038	¥ 19,230	\$ 119,445
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 60.29	¥ 206.43	\$ 1.28
Diluted net income attributable to shareholders of parent	¥ 60.18	¥ 206.12	\$ 1.28

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 161 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2024.

(2) Consolidated Statements of Income (3 months)

	Millions of Yen		Thousands of U.S. dollars
	Three months ended June 30, 2023	Three months ended June 30, 2024	Three months ended June 30, 2024
Revenue	¥ 57,313	¥ 80,863	\$ 502,255
Cost of sales	36,782	53,204	330,460
Gross profit	20,531	27,659	171,795
Selling, general and administrative expenses	15,522	17,541	108,950
Equity gains (losses) of affiliated companies	456	50	311
Core Operating income	5,465	10,168	63,155
Other income	90	68	422
Other expenses	60	76	472
Operating income	5,495	10,160	63,106
Finance income	364	335	2,081
Finance costs	559	1,133	7,037
Income before income taxes	5,300	9,362	58,149
Income taxes	1,561	2,430	15,093
Net income	3,739	6,932	43,056
Net income attributable to:			
Owners of parent	3,155	6,004	37,292
Non-controlling interests	583	927	5,758
Total	¥ 3,739	¥ 6,932	\$ 43,056
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 36.66	¥ 69.72	\$ 0.43
Diluted net income attributable to shareholders of parent	¥ 36.59	¥ 69.62	\$ 0.43

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 161 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2024.

(3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2023	Six Months ended June 30, 2024	Six Months ended June 30, 2024
Net income	¥ 6,038	¥ 19,230	\$ 119,445
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	(1)	-	-
Net gains and losses from financial assets measured at fair value through other comprehensive income	346	260	1,615
Share of other comprehensive income of investments accounted for using equity method, net of tax	5	5	32
Total	351	265	1,648
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	4,781	6,231	38,706
Cash flow hedges costs	(184)	82	510
Exchange differences on translation of foreign operations	2,728	10,860	67,457
Share of other comprehensive income of investments accounted for using equity method, net of tax	12	25	156
Total	7,338	17,199	106,829
Other comprehensive income	7,689	17,464	108,477
Comprehensive income	13,727	36,695	227,922
Comprehensive income attributable to:			
Owners of parent	12,637	33,051	205,291
Non-controlling interests	1,089	3,643	22,630
Total	¥ 13,727	¥ 36,695	\$ 227,922

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 161 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2024.

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

	Millions of Yen		Thousands of U.S. dollars
	Three months ended June 30, 2023	Three months ended June 30, 2024	Three months ended June 30, 2024
Net income	¥ 3,739	¥ 6,932	\$ 43,056
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	462	8	50
Total	462	8	50
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	4,053	3,423	21,261
Cash flow hedges costs	(424)	128	795
Exchange differences on translation of foreign operations	2,440	7,156	44,447
Share of other comprehensive income of investments accounted for using equity method, net of tax	12	13	81
Total	6,081	10,721	66,590
Other comprehensive income	6,544	10,730	66,646
Comprehensive income	10,283	17,662	109,702
Comprehensive income attributable to:			
Owners of parent	9,511	15,154	94,124
Non-controlling interests	772	2,507	15,571
Total	¥ 10,283	¥ 17,662	\$ 109,702

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 161 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2024.

(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, 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	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	

Balance, January 1, 2024	¥ 19,985	¥ 22,756	¥ (22,398)		¥ 5,570	¥ 3,787	¥ 803	¥ 3,742	¥ 13,904	¥ 98,017	¥ 132,265	¥ 4,170	¥ 136,435
Net income										17,777	17,777	1,453	19,230
Other comprehensive income				5	260	6,231	82	8,695	15,274		15,274	2,190	17,464
Comprehensive income				5	260	6,231	82	8,695	15,274	17,777	33,051	3,643	36,695
Transfer to non-financial assets									(2,045)		(2,045)		(2,045)
Repurchase of treasury stock			(0)								(0)		(0)
Disposal of treasury stock		2	14								17		17
Cash dividends										(3,536)	(3,536)		(3,536)
Share-based compensation		59									59		59
Changes in ownership interest in subsidiaries		(815)									(815)	(475)	(1,291)
Transfer to retained earnings				(5)	(19)				(24)	24			
Change in scope of consolidation												19,604	19,604
Total transactions with shareholders		(753)	14	(5)	(19)				(24)	(3,511)	(4,275)	19,128	14,853
Balance, June 30, 2024	¥ 19,985	¥ 22,003	¥ (22,384)		¥ 5,811	¥ 7,973	¥ 885	¥ 12,437	¥ 27,107	¥ 112,284	¥ 158,996	¥ 26,942	¥ 185,938

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, 2024	\$ 124,133	\$ 141,347	\$ (139,123)		\$ 34,599	\$ 23,527	\$ 4,989	\$ 23,245	\$ 86,360	\$ 608,806	\$ 821,524	\$ 25,902	\$ 847,426
Net income										110,419	110,419	9,026	119,445
Other comprehensive income				32	1,615	38,706	510	54,009	94,872		94,872	13,604	108,477
Comprehensive income				32	1,615	38,706	510	54,009	94,872	110,419	205,291	22,630	227,922
Transfer to non-financial assets						(12,707)			(12,707)		(12,707)		(12,707)
Repurchase of treasury stock			(5)								(5)		(5)
Disposal of treasury stock		14	93								107		107
Cash dividends										(21,963)	(21,963)		(21,963)
Share-based compensation		372									372		372
Changes in ownership interest in subsidiaries		(5,065)									(5,065)	(2,956)	(8,020)
Transfer to retained earnings				(32)	(121)				(153)	153			
Change in scope of consolidation												121,767	121,767
Total transactions with shareholders		(4,678)	87	(32)	(121)				(153)	(21,810)	(26,554)	118,811	92,257
Balance, June 30, 2024	\$ 124,133	\$ 136,669	\$ (139,036)		\$ 36,094	\$ 49,526	\$ 5,499	\$ 77,253	\$ 168,372	\$ 697,416	\$ 987,554	\$ 167,343	\$ 1,154,897

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 161 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2024.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Six Months ended June 30, 2023	Six Months ended June 30, 2024	Six Months ended June 30, 2024
Cash flows from operating activities:			
Income before income taxes	¥ 8,679	¥ 23,742	\$ 147,468
Depreciation and amortization	4,020	6,125	38,045
Interest and dividend income	(336)	(461)	(2,864)
Interest expenses	653	1,754	10,894
Gain on step acquisitions	-	(9,323)	(57,911)
Share of (profit) loss of investments accounted for using the equity method	(729)	9	57
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(1)	39	244
(Increase) decrease in trade and other receivables	1,084	(4,492)	(27,904)
(Increase) decrease in inventories	(273)	24,796	154,017
Increase (decrease) in trade and other payables	(1,204)	(6,966)	(43,269)
Other	(1,237)	(2,795)	(17,361)
Subtotal	10,654	32,427	201,416
Interest and dividends received	674	445	2,765
Interest paid	(546)	(2,035)	(12,640)
Income taxes paid	(1,732)	(4,035)	(25,068)
Cash flows from operating activities	9,049	26,802	166,472
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(2,798)	(4,896)	(30,412)
Proceeds from sales of property, plant and equipment, including investment property	92	89	554
Purchase of investments in subsidiaries with changes in consolidation scope	-	(36,046)	(223,888)
Purchase of other financial assets	(37)	(190)	(1,182)
Gain on available-for-sale financial assets	200	223	1,385
Other	4	70	438
Cash flows from investing activities	(2,537)	(40,749)	(253,105)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(10,605)	12,118	75,272
Proceeds from long-term borrowings	10,224	-	-
Repayments of long-term borrowings	(318)	(4,960)	(30,808)
Proceeds from issuance of bonds	984	-	-
Redemption of bonds	-	(1,000)	(6,211)
Repayments of lease obligations	(342)	(459)	(2,855)
Dividends paid	(3,270)	(3,526)	(21,903)
Net (increase) decrease in treasury stock	(1)	(0)	(5)
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	-	(1,291)	(8,020)
Income by settlement in derivatives	-	985	6,123
Cash flows from financing activities	(3,330)	1,866	11,592
Net increase (decrease) in cash and cash equivalents	3,181	(12,081)	(75,040)
Cash and cash equivalents at the beginning of period	21,390	36,010	223,668
Foreign translation adjustment on cash and cash equivalents	545	615	3,823
Cash and cash equivalents at the end of period	¥ 25,117	¥ 24,544	\$ 152,452

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 161 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2024.