

## Consolidated Summary Report <under IFRS>

For the six months ended June 30, 2020

July 29, 2020

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya  
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Quarterly securities report issuing date: August 7, 2020  
 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, 2020

(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, 2020	88,816	0.3	6,358	17.1	6,874	(4.2)	4,572	(16.2)	4,007	(19.7)
June 30, 2019	88,519	(2.0)	5,429	5.3	7,179	8.9	5,459	23.0	4,991	122.9

	Earnings Per Share		Diluted Earnings per Share	
	yen		yen	
Six months ended				
June 30, 2020	51.66		51.57	
June 30, 2019	61.53		61.46	

(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 Net Assets	
	million yen		million yen		million yen		%	
As of								
June 30, 2020	216,298		111,040		107,995		49.9	
December 31, 2019	201,179		111,386		108,344		53.9	

### 2. Dividends on Common Stock

	Dividends per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended	yen				
December 31, 2019	—	—	—	35.00	35.00
December 31, 2020	—	—	—	—	—
Fiscal year ending	yen				
December 31, 2020(Forecast)	—	—	—	36.00	36.00

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

### 3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2020

(% 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, 2020	181,400	0.3	12,400	0.8	12,900	(8.4)	8,700	(14.7)	97.92

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

#### 4. Other

(1) Changes in significant subsidiaries during the six months ended June 30, 2020: 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 six months ended June 30, 2020.

(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:

Jun. 30, 2020	94,366,944 shares	Dec. 31, 2019	94,366,944 shares
Jun. 30, 2020	6,015,949 shares	Dec. 31, 2019	5,521,926 shares
Jun. 30, 2020	88,350,995 shares	Dec. 31, 2019	88,845,018 shares
6 months ended Jun. 30, 2020	88,523,966 shares	6 months ended Jun.30, 2019	88,737,752 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 guarantee 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 annual 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 that can maintain sustainable growth by resolving social issues through food” under the three-year mid-term management plan starting from the fiscal year ending December 2019. The Company makes efforts to further enhance its corporate value by working on the basic strategies in the mid-term management plan, namely (1) continuous enhancement of earnings power and (2) growth by tackling new businesses and new domains.

During the first six months under review (January 1, 2020 to June 30, 2020) on a consolidated basis, sales of beverages and products for home-cooked food expanded amid acceleration of consumption at home due to the COVID-19 pandemic. However, sales to the food service industry slumped both in Japan and overseas due to the declaration of a state of emergency, lockdown measures and other restrictions on operations.

As a result, for the first six months under review on a consolidated basis, revenue increased to 88,816 million yen, up 0.3% year on year, and core operating income(\*1) rose to 6,358 million yen, up 17.1% year on year. In the absence of the gain on transfer of business when Kagome Distribution Service Co., Ltd., a physical distribution subsidiary, was integrated with a new physical distribution company, F-LINE Corporation in the same period of the previous fiscal year, operating income fell to 6,874 million yen, down 4.2% year on year, and net income attributable to shareholders of parent decreased to 4,572 million yen, down 16.2% year on year.

\*1. Core Operating Income is the profit index which measures recurring business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of profit (loss) of entities accounted for using the equity method.

The business results by segment are as outlined below.

Effective from this fiscal year, the Company has changed the classification of its reporting segments.

(Million yen)

Name of segment	Revenue			Core operating income (loss)		
	First six months of the previous fiscal year	First six months under review	Change	First six months of the previous fiscal year	First six months under review	Change
Beverages	35,267	36,457	1,190	2,573	3,560	986
Food, etc.	27,646	27,220	(425)	2,091	1,986	(104)
Processed food in total	62,913	63,678	764	4,664	5,546	882
Agriculture	5,170	5,353	182	0	239	239
Others	3,366	422	(2,944)	196	200	4
Elimination adjustments (Note 1)	(2,884)	(2)	2,881	—	—	—
Domestic business in total	68,566	69,451	884	4,860	5,987	1,126
International business	23,261	22,578	(683)	568	371	(197)
Elimination adjustments (Note 2)	(3,308)	(3,213)	94	—	—	—
Total	88,519	88,816	296	5,429	6,358	929

(Notes) 1. Revenue between segments within the domestic business is eliminated.

2. Revenue between the domestic business and the international business is eliminated.

### <Domestic Business>

Revenue of the domestic business increased to 69,451 million yen, up 1.3% year on year, and core operating income increased to 5,987 million yen, up 23.2% year on year. Operating performance by business is as shown below.

#### (1) Processed food business

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

Revenue of this business increased to 63,678 million yen, up 1.2% year on year, and core operating income rose to 5,546 million yen, up 18.9% year on year.

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

In vegetable beverages, the “Let’s Eat Vegetables” campaign aimed at increasing daily vegetable intake by 60g combined with heightened interest in health due to the COVID-19 pandemic led to an increase in drinking opportunities. In the Yasai Seikatsu 100 series, Yasai Seikatsu Soy +, a product combining soy with fruit and vegetables, was launched in February, and performed well. Sales of tomato juice also remained firm.

As a result, revenue of the beverages category increased to 36,457 million yen, up 3.4% year on year, and core operating income increased to 3,560 million yen, up 38.4% year on year.

[Food, etc.: tomato ketchup, condiment, sauces, beverages for direct marketing sales/gifts and others]

In the food category, demand for home-cooked food grew due to the restriction of activities and calls for self-restraint amid the coronavirus outbreak and sales of tomato ketchup and pasta sauce held firm.

In the category of institutional and industrial use, sales fell due to a slump in food service demand.

In the category of direct marketing, in addition to the core beverage Tsubuyori Yasai, potage for savoring the taste of vegetables continued to perform strongly.

Accordingly, revenue in the category of food, etc. fell to 27,220 million yen, down 1.5% year on year. Core operating income decreased to 1,986 million yen, down 5.0% year on year.

## (2) Agriculture business

In the agriculture business, the Company mainly produces and sells fresh tomatoes, mesclun greens, etc.

In the first three months, the supply volume of fresh tomatoes was lower than expected, mainly due to a lack of sunshine, but sales then grew due to expansion in sales routes. The Company continued to focus on profit structure reforms through reduction of fixed costs and other measures.

As a result, revenue of this business increased to 5,353 million yen, up 3.5% year on year, and core operating income was 239 million yen (compared with core operating income of 0 million yen in the same period of the previous fiscal year).

At a meeting of the Board of Directors held on July 29, 2020, the Company determined a policy of spinning off the Company’s agriculture business and resolved to establish Kagome Agri-fresh Co., Ltd. to facilitate preparations for this. Through this business reorganization, the Company plans to strengthen the profit base of the agriculture business, creating a framework for the steady generation of profit, while also endeavoring to offer products and promotions that improve customer satisfaction.

Please refer to “KAGOME Determines Policy to Demerge Domestic Agriculture Business by Establishing Kagome Agri-Fresh Co., Ltd. For Demerging.” released today for further details.

## (3) Other businesses

Other businesses include real estate leasing, contracted service businesses and others.

Revenue declined to 422 million yen, down 87.5% year on year, and the core operating income increased to 200 million yen, up 2.4%.

In connection with the reorganization of the logistics business in April 2019, Kagome Distribution Service Co., Ltd., which was a subsidiary of the Company, was integrated with F-LINE Corporation and was excluded from the scope of consolidation.

## <International Business>

Our international business encompasses the development of tomato seeds, firming, product development, processing and sales.

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

Due to lockdowns and other restrictions on operations associated with the COVID-19 pandemic, KAGOME INC. (United States) reported declines in sales and income due to a slump in food service demand. Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) posted higher sales and lower income, reflecting an increase in the sales component ratio of products with low profit rates despite strong sales to food manufacturers. Kagome Australia Pty Ltd. (Australia) recorded increased sales and decreased income due to process flaws occurring during the first three months of this fiscal year, despite strong sales both in Australia and to Group companies. United Genetics Holdings LLC (United States) achieved gains in sales and income, reflecting strong sales of seeds to Europe.

Accordingly, revenue of this business declined to 22,578 million yen, down 2.9% year on year, and core operating income fell to 371 million yen, down 34.7% year on year.

## (2) Explanation of the financial position

For the second quarter under review on a consolidated basis, total assets increased by 15,119 million yen from the end of the previous fiscal year.

Current assets increased by 17,818 million yen from the end of the previous fiscal year.

This increase mainly reflects an increase of 18,052 million yen in cash and cash equivalents mainly due to an increase in fixed deposits with maturities of three months or less commensurate with borrowings in case of credit tightening or other fallout from the coronavirus outbreak and proceeds from the sale of investment real estate, which offset the payment of dividends and income taxes, as well as an increase of 1,658 million yen in trade and other receivables due to seasonal factors and a decrease of 2,071 million yen in inventories.

Non-current assets decreased by 2,698 million yen from the end of the previous fiscal year.

This was mainly due to a decrease of 2,761 million yen in other non-current assets due to the sale of investment real estate.

Liabilities increased by 15,465 million yen from the end of the previous fiscal year.

This increase is caused by an increase in borrowings of 15,426 million yen in case of credit tightening or other fallout from the coronavirus outbreak, an increase in trade and other payables of 571 million yen due to seasonal factors, and a decrease in deferred tax liabilities of 451 million mainly due to the sale of investment real estate.

Equity decreased by 345 million yen from the end of the previous fiscal year. This was largely attributable to a rise of 4,572 million yen due to net income attributable to shareholders of parent and decreases of 3,113 million yen due to dividends of surplus and 1,253 million yen due to the purchase of treasury shares.

As a result, the ratio of equity attributable to shareholders of the parent was 49.9%, and equity attributable to shareholders of the parent per share was 1,222.34 yen.

### (Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the first six months under review on a consolidated basis were 45,312 million yen, with an increase of 18,052 million yen from the end of the previous fiscal year. The state of each cash flow is as explained below.

Cash flow from operating activities resulted in net cash of 7,390 million yen provided by operating activities (net cash of 6,764 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 6,887 million yen, depreciation of 3,275 million yen, a decrease in inventories of 2,022 million yen (net cash provided by operating activities) and an increase in trade and other receivables of 1,811 million yen, and cash used in the payment of income taxes of 1,492 million yen (net cash used in operating activities).

Cash flow from investing activities resulted in net cash of 113 million yen provided by investing activities (net cash of 6,023 million yen used in investing activities a year earlier). The main factors were proceeds of 3,792 million yen from the sale of property, plant and equipment and intangible assets (including investment real estate) and expenditure of 3,131 million yen for the acquisition of property, plant and equipment and intangible assets (including investment real estate).

Cash flow from financing activities resulted in net cash of 10,576 million yen provided by financing activities (net cash of 9,405 million yen used in financing activities a year earlier). The main factors were proceeds of 15,908 million yen due to a net increase in short-term borrowing in case of credit tightening or other fallout from the coronavirus outbreak, and outlays of 1,253 million yen for the purchase of treasury shares and 3,092 million yen for the payment of dividends.

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

Although the national state of emergency has been lifted in Japan, the uncertainty over when the COVID-19 crisis will come to an end is affecting the Group's business.

In April, the Group established the COVID-19 Task Force under the president's leadership to oversee measures against the virus based on the guidance of national and local governments, and the Group is continuing to conduct business on the basis of quick decision making led by this task force.

The main impacts of the coronavirus pandemic on the Group's businesses during the first six months under review and the future risks are as set out below.

**Domestic Business:** Sales in the first quarter were higher than planned, mainly due to large-scale advertising as part of the "Let's Eat Vegetables Campaign" launched in January this year. From the start of the second quarter, the coronavirus outbreak grew and, with the government declaring a state of emergency and various local governments calling on people to refrain from going out in April, consumption of goods and services at home picked up pace, and sales of products for consumer use such as tomato ketchup increased, especially in supermarkets. On the other hand, sales of certain beverages and food products for institutional and industrial use fell as people were encouraged to work from home causing sales of convenience stores in office districts to fall and people refrained from going out, leading to contraction in the market for institutional and industrial use.

To meet demand under these conditions, the Company has been operating some of the production lines at its domestic plants at full capacity. However, given capacity limitations, the Company may be unable to accommodate further sharp growth in demand.

**International Business:** Lockdowns, including restrictions on the operations of the food services industry, have been imposed by the governments of countries across the world. As a result, in the United States, business was affected by sales decline in business with a leading food service company. Sales may not recover in the future amid the stagnation of the food service industry.

**Financing:** The Company borrowed around 20 billion yen in case of credit tightening or other fallout from the coronavirus. The borrowed funds have been paid into fixed-term deposits. The increase in financial expenses as a result of this borrowing will not have a significant impact on the Group's consolidated performance.

**Capital expenditures (CAPEX):** The Group is planning CAPEX of around 10 billion yen in the current fiscal year. However, the progress of construction related to the planned CAPEX may be delayed depending on the future spread of the coronavirus.

In light of the changes in the business environment described above, the Company has revised its full-year consolidated forecasts announced in “Consolidated Summary Report (under IFRS) for the fiscal year ended December 31, 2019” released on February 4, 2020, as shown below.

Although the Group has lowered its revenue forecast due to decline in sales of food products for institutional and industrial use both in the domestic and international businesses, the Group expects to achieve its initial forecasts for core operating income, operating income and net income attributable to shareholders of parent mainly by curbing expenses.

	Revenue (million yen)	Core Operating Income (million yen)	Operating Income (million yen)	Net Income Attributable to Shareholders of Parent (million yen)	Earnings per Share (yen)
Previous forecast (A)	186,700	12,400	12,900	8,700	97.92
Revised Forecast (B)	181,400	12,400	12,900	8,700	97.92
Change (B – A)	(5,300)	-	-	-	-
Percentage change	(2.8)	-	-	-	-
Reference: Previous fiscal year	180,849	12,304	14,079	10,198	114.89

Under its Medium-term Management Plan (FY2019 to FY2021), the Company was targeting revenue of 212 billion yen and core operating income of 16.2 billion yen. However, in light of the dramatic changes in the business environment caused by the COVID-19 pandemic in addition to the slow progress made since FY2019, the Company has decided to change its numerical targets for FY2021, which is the final year of the plan, to revenue of 186 billion yen and core operating income of 12.5 billion yen.

If the COVID-19 pandemic worsens still further, causing plants in Japan and overseas to suspend operations and disrupting supply chains, attainment of the above forecasts may be difficult.

The current consolidated forecasts are based on information available as of the date of submission of this quarterly summary report. If it becomes necessary to revise the consolidated forecasts in the future, the Company will promptly make an announcement to this effect.

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## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	As of Dec. 31, 2019	As of Jun. 30, 2020	Thousands of U.S. dollars As of Jun. 30, 2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	¥ 27,260	¥ 45,312	\$ 423,477
Trade and other receivables	40,011	41,670	389,439
Inventories	42,960	40,889	382,140
Income taxes receivable	0	121	1,131
Other financial assets	665	418	3,907
Other current assets	1,748	2,053	19,187
<b>Total current assets</b>	<b>112,647</b>	<b>130,465</b>	<b>1,219,299</b>
<b>Non-current assets:</b>			
Property, plant and equipment	53,634	52,997	495,299
Intangible assets	3,379	3,666	34,262
Other financial assets	14,445	14,442	134,972
Investments accounted for using the equity method	8,238	8,162	76,280
Other non-current assets	6,476	3,714	34,710
Deferred tax assets	2,357	2,849	26,626
<b>Total non-current assets</b>	<b>88,531</b>	<b>85,832</b>	<b>802,168</b>
<b>Total assets</b>	<b>¥ 201,179</b>	<b>¥ 216,298</b>	<b>\$ 2,021,477</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Trade and other payables	¥ 29,594	¥ 30,166	\$ 281,925
Borrowings	29,155	44,581	416,645
Income taxes payable	1,770	3,688	34,467
Other financial liabilities	975	890	8,318
Provisions	353	14	131
Other current liabilities	6,555	6,154	57,514
<b>Total current liabilities</b>	<b>68,404</b>	<b>85,495</b>	<b>799,019</b>
<b>Non-current liabilities:</b>			
Long-term debt	6,197	5,519	51,579
Other financial liabilities	4,246	3,821	35,710
Retirement benefit liability	5,650	5,586	52,206
Provisions	1,061	1,061	9,916
Other non-current liabilities	1,046	1,039	9,710
Deferred tax liabilities	3,186	2,734	25,551
<b>Total non-current liabilities</b>	<b>21,388</b>	<b>19,762</b>	<b>184,692</b>
<b>Net Assets:</b>			
Share capital	19,985	19,985	186,776
Capital surplus	22,669	22,702	212,168
Treasury shares	(13,529)	(14,783)	(138,159)
Other components of equity	3,589	2,977	27,822
Retained earnings	75,629	77,112	720,673
Equity attributable to owners of parent	108,344	107,995	1,009,299
Non-controlling interests	3,041	3,045	28,458
<b>Total net assets</b>	<b>111,386</b>	<b>111,040</b>	<b>1,037,757</b>
<b>Total liabilities and net assets</b>	<b>¥ 201,179</b>	<b>¥ 216,298</b>	<b>\$ 2,021,477</b>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2020.

**(2) Consolidated Statements of Income**

	Millions of Yen		Thousands of U.S. dollars
	Six months ended Jun. 30, 2019	Six months ended Jun. 30, 2020	Six months ended Jun. 30, 2020
Revenue	¥ 88,519	¥ 88,816	\$ 830,056
Cost of sales	57,208	56,610	529,065
<b>Gross profit</b>	<b>31,310</b>	<b>32,206</b>	<b>300,991</b>
Selling, general and administrative expenses	25,931	25,795	241,075
Equity gains of affiliated companies	49	(51)	(477)
<b>Core Operating income</b>	<b>5,429</b>	<b>6,358</b>	<b>59,421</b>
Other income	1,864	1,053	9,841
Other expenses	113	537	5,019
<b>Operating income</b>	<b>7,179</b>	<b>6,874</b>	<b>64,243</b>
Finance income	312	297	2,776
Finance costs	311	285	2,664
<b>Profit before income taxes</b>	<b>7,179</b>	<b>6,887</b>	<b>64,364</b>
Income taxes	1,718	2,261	21,131
<b>Net income</b>	<b>5,461</b>	<b>4,625</b>	<b>43,224</b>
Net income attributable to:			
<b>Owners of parent</b>	<b>5,459</b>	<b>4,572</b>	<b>42,729</b>
<b>Non-controlling interests</b>	<b>2</b>	<b>53</b>	<b>495</b>
<b>Total</b>	<b>¥ 5,461</b>	<b>¥ 4,625</b>	<b>\$ 43,224</b>
Amounts per share of common stock:			
<b>Net income</b>	<b>¥ 61.53</b>	<b>¥ 51.66</b>	<b>\$ 0.48</b>
<b>Diluted net income</b>	<b>¥ 61.46</b>	<b>¥ 51.57</b>	<b>\$ 0.48</b>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2020.

**(2) Consolidated Statements of Income (3 months)**

	Millions of Yen		Thousands of U.S. dollars
	Three months ended Jun. 30, 2019	Three months ended Jun. 30, 2020	Three months ended Jun. 30, 2020
Revenue	¥ 48,698	¥ 47,952	\$ 448,150
Cost of sales	31,180	30,381	283,935
<b>Gross profit</b>	<b>17,517</b>	<b>17,571</b>	<b>164,215</b>
Selling, general and administrative expenses	13,742	13,244	123,776
Equity gains of affiliated companies	59	27	252
<b>Core Operating income</b>	<b>3,833</b>	<b>4,355</b>	<b>40,701</b>
Other income	1,765	253	2,364
Other expenses	58	141	1,318
<b>Operating income</b>	<b>5,540</b>	<b>4,467</b>	<b>41,748</b>
Finance income	130	111	1,037
Finance costs	154	140	1,308
<b>Profit before income taxes</b>	<b>5,516</b>	<b>4,438</b>	<b>41,477</b>
Income taxes	1,166	1,358	12,692
<b>Net income</b>	<b>4,350</b>	<b>3,079</b>	<b>28,776</b>
Net income attributable to:			
<b>Owners of parent</b>	<b>4,325</b>	<b>2,961</b>	<b>27,673</b>
<b>Non-controlling interests</b>	<b>25</b>	<b>118</b>	<b>1,103</b>
<b>Total</b>	<b>¥ 4,350</b>	<b>¥ 3,079</b>	<b>\$ 28,776</b>
Amounts per share of common stock:			
<b>Net income</b>	<b>¥ 48.73</b>	<b>¥ 33.51</b>	<b>\$ 0.31</b>
<b>Diluted net income</b>	<b>¥ 48.68</b>	<b>¥ 33.46</b>	<b>\$ 0.31</b>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2020.

### (3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Six months ended Jun. 30, 2019	Six months ended Jun. 30, 2020	Six months ended Jun. 30, 2020
<b>Net income</b>	¥ 5,461	¥ 4,625	\$ 43,224
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit plans	-	-	-
Financial assets measured at fair value through other comprehensive income	587	(14)	(131)
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	22	206
<b>Total</b>	<b>587</b>	<b>8</b>	<b>75</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Effective portion of cash flow hedges	(726)	(467)	(4,364)
Cash flow hedges costs	598	438	4,093
Exchange differences on translation of foreign operations	(928)	(596)	(5,570)
Share of other comprehensive income of investments accounted for using equity method, net of tax	(0)	(0)	(4)
<b>Total</b>	<b>(1,057)</b>	<b>(626)</b>	<b>(5,850)</b>
<b>Other comprehensive income</b>	<b>(470)</b>	<b>(618)</b>	<b>(5,776)</b>
<b>Comprehensive income</b>	<b>4,991</b>	<b>4,007</b>	<b>37,449</b>
<b>Comprehensive income attributable to:</b>			
<b>Owners of parent</b>	5,141	4,004	37,421
<b>Non-controlling interests</b>	(150)	3	28
<b>Total</b>	<b>¥ 4,991</b>	<b>¥ 4,007</b>	<b>\$ 37,449</b>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2020.

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

	Millions of Yen		Thousands of U.S. dollars
	Three months ended Jun. 30, 2019	Three months ended Jun. 30, 2020	Three months ended Jun. 30, 2020
<b>Net income</b>	¥ 4,350	¥ 3,079	\$ 28,776
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit plans	-	-	-
Financial assets measured at fair value through other comprehensive income	(428)	738	6,897
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-
<b>Total</b>	<u>(428)</u>	<u>738</u>	<u>6,897</u>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Effective portion of cash flow hedges	(750)	214	2,000
Cash flow hedges costs	323	119	1,112
Exchange differences on translation of foreign operations	(808)	305	2,850
Share of other comprehensive income of investments accounted for using equity method, net of tax	(0)	(0)	(3)
<b>Total</b>	<u>(1,237)</u>	<u>639</u>	<u>5,972</u>
<b>Other comprehensive income</b>	<u>(1,665)</u>	<u>1,377</u>	<u>12,869</u>
<b>Comprehensive income</b>	<u>2,684</u>	<u>4,457</u>	<u>41,654</u>
<b>Comprehensive income attributable to:</b>			
<b>Owners of parent</b>	2,763	4,311	40,290
<b>Non-controlling interests</b>	(79)	146	1,364
<b>Total</b>	<u>¥ 2,684</u>	<u>¥ 4,457</u>	<u>\$ 41,654</u>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2020.

## (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	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations			Total		
<b>Balance, January 1, 2019</b>	¥ 19,985	¥ 22,564	¥ (26,739)	¥ 3,381	¥ 527	¥ (73)	¥ (1,141)	¥ 2,693	¥ 81,757	¥ 100,261	¥ 3,102	¥ 103,363	
Net income									5,459	5,459	2	5,461	
Other comprehensive income				587	(726)	598	(777)	(317)		(317)	(152)	(470)	
<b>Comprehensive income</b>				587	(726)	598	(777)	(317)	5,459	5,141	(150)	4,991	
<b>Transfer to non-financial assets</b>					(91)			(91)		(91)		(91)	
Repurchase of treasury stock			(2)							(2)		(2)	
Disposal of treasury stock		(0)	187							187		187	
Cash dividends									(3,558)	(3,558)		(3,558)	
Share-based compensation		48								48		48	
Transfer to retained earnings				(32)				(32)	32				
Other increases or decreases													
<b>Total transactions with shareholders</b>		48	185	(32)				(32)	(3,526)	(3,324)		(3,324)	
<b>Balance, June 30, 2019</b>	¥ 19,985	¥ 22,611	¥ (26,553)	¥ 3,937	¥ (290)	¥ 524	¥ (1,919)	¥ 2,251	¥ 83,692	¥ 101,988	¥ 2,952	¥ 104,940	

  

<b>Balance, January 1, 2020</b>	¥ 19,985	¥ 22,669	¥ (13,529)	¥ 4,410	¥ (226)	¥ 944	¥ (1,539)	¥ 3,589	¥ 75,629	¥ 108,344	¥ 3,041	¥ 111,386
Net income									4,572	4,572	53	4,625
Other comprehensive income				22	(14)	(467)	438	(568)		(568)	(49)	(618)
<b>Comprehensive income</b>				22	(14)	(467)	438	(568)	4,572	4,004	3	4,007
<b>Transfer to non-financial assets</b>					(21)			(21)		(21)		(21)
Repurchase of treasury stock		(1)	(1,435)							(1,437)		(1,437)
Disposal of treasury stock			182							182		182
Cash dividends									(3,113)	(3,113)		(3,113)
Share-based compensation		36								36		36
Transfer to retained earnings		(1)		(22)				(22)	24			
Other increases or decreases												
<b>Total transactions with shareholders</b>		33	(1,253)	(22)				(22)	(3,089)	(4,332)		(4,332)
<b>Balance, June 30, 2020</b>	¥ 19,985	¥ 22,702	¥ (14,783)	¥ 4,395	¥ (714)	¥ 1,382	¥ (2,086)	¥ 2,977	¥ 77,112	¥ 107,995	¥ 3,045	¥ 111,400

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	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations			Total		
<b>Balance, January 1, 2020</b>	\$ 186,776	\$ 211,860	\$(126,439)	\$ 41,215	\$(2,112)	\$ 8,822	\$(14,383)	\$ 33,542	\$ 706,813	\$ 1,012,561	\$ 28,421	\$ 1,040,991	
Net income									42,729	42,729	495	43,224	
Other comprehensive income				206	(131)	(4,364)	4,093	(5,103)	(5,308)	(5,308)	(458)	(5,776)	
<b>Comprehensive income</b>				206	(131)	(4,364)	4,093	(5,103)	(5,308)	42,729	37,421	37,449	
<b>Transfer to non-financial assets</b>					(196)			(196)		(196)		(196)	
Repurchase of treasury stock		(9)	(13,411)							(13,430)		(13,430)	
Disposal of treasury stock			1,701							1,701		1,701	
Cash dividends									(29,093)	(29,093)		(29,093)	
Share-based compensation		336								336		336	
Transfer to retained earnings		(9)		(206)				(206)	224				
Other increases or decreases													
<b>Total transactions with shareholders</b>		308	(11,710)	(206)				(206)	(28,869)	(40,486)		(40,486)	
<b>Balance, June 30, 2020</b>	\$ 186,776	\$ 212,168	\$(138,159)	\$ 41,075	\$(6,673)	\$ 12,916	\$(19,495)	\$ 27,822	\$ 720,673	\$ 1,009,299	\$ 28,458	\$ 1,037,757	

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2020.

## (5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Six months ended Jun. 30, 2019	Six month ended Jun. 30, 2020	Six month ended Jun. 30, 2020
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 7,179	¥ 6,887	\$ 64,364
Depreciation and amortization	3,045	3,275	30,607
Gain on business transfer	(1,692)	-	-
Interest and dividend income	(304)	(270)	(2,523)
Interest expenses	224	238	2,224
Share of (profit) loss of investments accounted for using the equity method	(49)	51	477
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	30	(725)	(6,776)
(Increase) decrease in trade and other receivables	(2,257)	(1,811)	(16,925)
(Increase) decrease in inventories	1,177	2,022	18,897
Increase (decrease) in trade and other payables	2,015	271	2,533
Other	150	(1,110)	(10,374)
Subtotal	9,520	8,828	82,505
Interest and dividends received	366	251	2,346
Interest paid	(224)	(196)	(1,832)
Income taxes paid	(2,898)	(1,492)	(13,944)
Cash flows from operating activities	6,764	7,390	69,065
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment, and intangible assets, including investment property	(6,316)	(3,131)	(29,262)
Proceeds from sales of property, plant and equipment, including investment property	31	3,792	35,439
Payments for acquisition of businesses	-	(499)	(4,664)
Purchase of investments in associates	-	(10)	(93)
Purchase of other financial assets	(15)	(236)	(2,206)
Gain on available-for-sale financial assets	281	174	1,626
Other	(3)	24	224
Cash flows from investing activities	(6,023)	113	1,056
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	(5,068)	15,908	148,673
Proceeds from long-term borrowings	544	115	1,075
Repayments of long-term borrowings	(1,255)	(843)	(7,879)
Repayments of lease obligations	(277)	(257)	(2,402)
Dividends paid	(3,533)	(3,092)	(28,897)
Net decrease (increase) in treasury shares	185	(1,253)	(11,710)
Cash flows from financing activities	(9,405)	10,576	98,841
Net increase (decrease) in cash and cash equivalents	(8,664)	18,080	168,972
Cash and cash equivalents at the beginning of period	29,408	27,260	254,766
Foreign translation adjustment on cash and cash equivalents	(100)	(28)	(262)
Cash and cash equivalents at the end of period	¥ 20,643	¥ 45,312	\$ 423,477

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 107 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of June 30, 2020.