

Consolidated Summary Report <under IFRS>

For the nine months ended September 30, 2021

October 29, 2021

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
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Quarterly securities report issuing date: November 12, 2021
 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, 2021

(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, 2021	141,827	3.6	11,837	(0.3)	11,680	(3.0)	7,869	(3.4)	11,193	44.1
September 30, 2020	136,885	1.7	11,872	31.5	12,040	10.3	8,149	2.2	7,767	6.9

	Earnings Per Share	Diluted Earnings per Share
	yen	yen
Nine months ended		
September 30, 2021	88.08	87.92
September 30, 2020	92.12	91.97

(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, 2021	210,112	120,265	118,280	56.3
December 31, 2021	224,913	112,651	110,976	49.3

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, 2020	—	—	—	36.00	36.00
December 31, 2021	—	—	—	—	—
Fiscal year ending				37.00	37.00
December 31, 2021(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, 2021

(% 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, 2021	188,000	2.7	13,700	0.7	13,700	28.2	9,000	21.2	100.74

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

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, 2021	94,366,944 shares	Dec. 31, 2020	94,366,944 shares
Sep. 30, 2021	5,015,512 shares	Dec. 31, 2020	5,027,707 shares
Sep. 30, 2021	89,351,432 shares	Dec. 31, 2020	89,339,237 shares
Nine months ended Sep. 30, 2021	89,343,964 shares	Nine months ended Sep. 30, 2020	88,468,314 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 that can maintain sustainable growth by resolving social issues through food” under the three-year mid-term management plan starting from the fiscal year ended December 2019. The Company is working to further enhance corporate value using the basic strategies of the mid-term management plan: namely, (1) continuous enhancement of earnings power and (2) growth by tackling new businesses and new domains.

Revenue in the first nine months (January 1, 2021 to September 30, 2021) was up compared to the same period last year. In Japan, food service demand is recovering on the vaccine roll out and other factors while rising health-consciousness and strong demand to eat at home continued amid the COVID-19 pandemic. Given this environment, the domestic processed food business recorded an increase in revenue driven by demand-spurring effects of the “Let’s Eat Vegetables” campaign. In the international business, mainly Kagome Inc. (United States) saw an increase in revenue following a recovery in food service demand, which had been greatly dented due to the impacts of the COVID-19 pandemic.

Core operating income (*) remained largely unchanged from the same period of the previous fiscal year due to higher advertising and sales promotion costs for the “Let’s Eat Vegetables” campaign in the domestic business, which offset increased revenue and increased profits of the international business on reduced cost of sales and other factors.

As a result, revenue in the first nine months increased to 141,827 million yen, up 3.6% year on year, and core operating income decreased to 11,837 million yen, down 0.3%. Operating income fell to 11,680 million yen, down 3.0% year on year, due to the recoil from gains on the sale of non-current assets recorded in the previous third quarter from the sale of investment properties, and net income attributable to shareholders of parent declined to 7,869 million yen, down 3.4%.

*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.

Furthermore, effective from the first quarter, the Company has changed the classification of its reporting segments. The direct marketing business, which was included in the domestic processed food business until the previous fiscal year, now appears as a separate independent segment from Food, etc. This is because it has increased in importance in terms of business administration since it has been positioned as a business that is expected to drive the Company’s growth.

(Millions of yen)

Segment	Revenue			Core operating income (loss)		
	Previous first nine months consolidated	Current first nine months consolidated	Change	Previous first nine months consolidated	Current first nine months consolidated	Change
Beverages	56,491	57,740	1,248	6,508	6,407	(100)
Direct marketing	9,197	9,832	635	1,101	838	(262)
Food, etc.	34,665	34,811	145	3,081	2,398	(682)
Processed foods total	100,354	102,384	2,029	10,692	9,645	(1,046)
Agriculture	7,871	7,244	(627)	222	76	(146)
Others	604	796	191	305	60	(244)
Elimination adjustments (Note 1)	(2)	(60)	(57)	—	—	—
Domestic business total	108,828	110,364	1,535	11,220	9,782	(1,437)
International business	32,826	37,764	4,938	652	2,054	1,402
Elimination adjustments (Note 2)	(4,769)	(6,301)	(1,532)	—	—	—
Total	136,885	141,827	4,941	11,872	11,837	(35)

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 110,364 million yen, up 1.4% year on year, and core operating income decreased to 9,782 million yen, down 12.8%. Operating performance by business is 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 102,384 million yen, up 2.0% year on year, and core operating income fell to 9,645 million yen, down 9.8%.

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

In vegetable beverages, the Company conducted sales promotion activities by proactively investing in advertising to implement “Let’s Eat Vegetables” campaign aimed at increasing daily vegetable intake by 60g. Additionally, there was an increase in drinking opportunities driven by heightened interest in health due to the COVID-19 pandemic. In terms of products, the Yasai Seikatsu 100 series enjoyed brisk sales following the release of Yasai Seikatsu 100 Smoothie Vitamin Smoothie in March 2021. Also, Yasai Ichinichi Kore Ippon recorded solid sales.

As a result, revenue of the beverages category increased to 57,740 million yen, up 2.2% year on year, and core operating income decreased to 6,407 million yen, down 1.6%, mainly due to an increase in advertising expenses and sales promotion costs from the rollout of the “Let’s Eat Vegetables” campaign.

[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.

The category saw brisk sales of vegetable beverages such as Tsubuyori Yasai, supplements such as Sulforaphane, soups and other products, driven by growing use of the EC channel caused by the COVID-19 pandemic.

As a result, revenue of the direct marketing category increased to 9,832 million yen, up 6.9% year on year. Core operating income decreased to 838 million yen, down 23.9%, mainly due to an increase in advertising expenses for acquiring regular customers.

[Food, etc.: tomato ketchup, tomato condiments, sauces, gifts and others]

In the food category, tomato ketchup and pasta sauce continued to see strong sales from the previous fiscal year, and we stepped up the appeal of menu options through the event called Kagome Napolitan Stadium and other measures. However, category sales were below the previous year’s level due to the recoil from rapidly increased opportunities for eating at home in the previous fiscal year due to COVID-19.

In the category of institutional and industrial use, revenue increased year on year due to the recovery in food service demand beyond the previous year’s level, despite the ongoing challenging business environment.

In the gifts and specialty items category, revenue increased amid strong sales of contract manufactured products.

Based on the above, revenue in the category of food, etc. rose to 34,811 million yen, up 0.4% year on year. Core operating income decreased to 2,398 million yen, down 22.2% as revenue in the high margin food category declined over the same period of the previous year and there was an increase in advertising expenses.

2) Agriculture business

In the agriculture business, the Company mainly produces and sells fresh tomatoes and mesclun greens, etc. Furthermore, on January 1, 2021, the Company transferred the agriculture business to Kagome Agri-Fresh Co., Ltd. using a company split. This company engages in business as the core company of the agriculture segment.

In the first nine months, there was weaker selling prices of fresh tomatoes caused by the downturn in market conditions up to the first half and in the third quarter volume of fresh tomatoes declined substantially due to a lack of sunshine from unseasonable weather in August and later.

Based on the above, revenue of the agriculture business declined to 7,244 million yen, down 8.0% year on year, and core operating income decreased to 76 million yen, down 65.7%.

3) Other businesses

Other businesses include real estate and contracted service businesses.

Revenue of other businesses increased to 796 million yen, up 31.6% year on year, but core operating income fell to 60 million yen, down 80.1%.

<International Business>

Our international business encompasses the development of tomato 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 and profit. In the United States, food service demand is in the process of recovery due to the rising number of vaccinated persons. As a result, KAGOME INC. saw brisk sales for food service companies, including new customers, and its increased productivity also contributed to the growth in profits.

Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) posted a drop in sales, reflecting the recoil from strong sales to food manufactures owing to the COVID-19 pandemic in the previous first nine months, but recorded an increase in profits on rising prices for tomato paste, its mainstay product.

Kagome Australia Pty Ltd. (Australia) recorded an increase in revenue and profit amid the expanded production of carrot juice concentrate sold within the Group.

Taiwan Kagome Co., Ltd. posted an increase in revenue and profits on expanded sales of consumer products after introducing new products in response to stay-at-home demand in Taiwan and strong sales to restaurant chains in response to rising demand for takeout.

Accordingly, revenue of this business increased to 37,764 million yen, up 15.0% year on year, and core operating income increased to 2,054 million yen, up 215.2% compared to the previous first nine months.

(2) Explanation of financial condition

For the first nine months, consolidated total assets decreased by 14,800 million yen from the end of the previous fiscal year.

Current assets decreased by 21,414 million yen from the end of the previous fiscal year.

This was due to a decrease in cash and cash equivalents of 28,952 million yen from expenditures for dividends and income taxes paid and repayment of short-term borrowings executed in the previous fiscal year in case of credit tightening or other fallout from the COVID-19 pandemic, offsetting an increase in trade and other receivables of 1,270 million yen and inventory assets of 4,903 million yen, which was caused by seasonal factors.

Non-current assets increased by 6,613 million yen from the end of the previous fiscal year.

This is mainly attributed to an increase in property, plant and equipment of 5,661 million yen from upgrades to the Company's manufacturing facilities and an increase in other financial assets of 1,336 million yen on the rising market value of owned shares.

Liabilities decreased by 22,414 million yen from the end of the previous fiscal year.

This was due mainly to a decrease in borrowings of 26,442 million yen from repayment of short-term borrowings as noted above, which offset an increase in trade and other payables of 1,116 million yen.

Equity increased by 7,614 million yen from the end of the previous fiscal year. This is owing to an increase of 7,869 million yen from net income attributable to shareholders of parent and an increase of 2,591 million yen in other components of equity mainly due to yen weakness against other major currencies, despite a decrease of 3,219 million yen from dividends of surplus.

As a result, the ratio of equity attributable to shareholders of the parent was 56.3%, and equity attributable to shareholders of the parent per share was 1,323.77 yen.

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the first nine months on a consolidated basis were 27,816 million yen, marking a decrease of 28,952 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 11,550 million yen (net cash of 13,533 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 11,630 million yen, depreciation and amortization of 5,567 million yen, an increase in trade and other payables of 2,823 million yen (net cash provided by operating activities), and expenditures of 3,854 million yen for an increase in inventory assets and 4,346 million yen for the payment of income taxes (net cash used in operating activities).

Net cash used in investing activities totaled 11,759 million yen (net cash of 1,379 million yen used in investing activities a year earlier). The main factors were expenditure of 11,975 million yen from the acquisition of property, plant and equipment and intangible assets (including investment real estate).

Net cash used in financing activities totaled 30,101 million yen (net cash of 12,030 million yen provided by financing activities a year earlier). The main factors were expenditure of 28,237 million yen due to the net decrease in short-term borrowings as noted above and 3,216 million yen for the payment of dividends.

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

There are no changes in the full-year consolidated earnings forecast in "Consolidated Summary Report <under IFRS> for the six months ended June 30, 2021" released on July 28, 2021.

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Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

	As of Dec. 31, 2020	As of Sep. 30, 2021	Thousands of U.S. dollars As of Sep. 30, 2021
Assets			
Current assets:			
Cash and cash equivalents	¥ 56,768	¥ 27,816	\$ 250,595
Trade and other receivables	40,104	41,374	372,739
Inventories	42,304	47,208	425,297
Income taxes receivable	180	200	1,802
Other financial assets	407	1,035	9,324
Other current assets	1,800	2,517	22,676
Total current assets	141,567	120,153	1,082,459
Non-current assets:			
Property, plant and equipment	52,571	58,232	524,613
Intangible assets	3,546	3,348	30,162
Other financial assets	14,795	16,132	145,333
Investments accounted for using the equity method	7,176	7,589	68,369
Other non-current assets	3,325	3,235	29,144
Deferred tax assets	1,930	1,422	12,811
Total non-current assets	83,345	89,959	810,441
Total assets	¥ 224,913	¥ 210,112	\$ 1,892,901
Liabilities			
Current liabilities:			
Trade and other payables	¥ 33,681	¥ 34,798	\$ 313,495
Borrowings	47,465	21,022	189,387
Income taxes payable	2,851	2,066	18,613
Other financial liabilities	810	896	8,072
Other current liabilities	7,429	8,746	78,793
Total current liabilities	92,238	67,530	608,378
Non-current liabilities:			
Long-term debt	5,459	7,633	68,766
Other financial liabilities	3,655	3,261	29,378
Retirement benefit liability	5,755	5,894	53,099
Provisions	1,088	1,089	9,811
Other non-current liabilities	872	1,022	9,207
Deferred tax liabilities	3,190	3,415	30,766
Total non-current liabilities	20,023	22,316	201,045
Net Assets:			
Share capital	19,985	19,985	180,045
Capital surplus	22,723	22,792	205,333
Treasury shares	(12,351)	(12,319)	(110,982)
Other components of equity	2,888	5,479	49,360
Retained earnings	77,730	82,342	741,820
Equity attributable to owners of parent	110,976	118,280	1,065,586
Non-controlling interests	1,674	1,985	17,883
Total net assets	112,651	120,265	1,083,468
Total liabilities and net assets	¥ 224,913	¥ 210,112	\$ 1,892,901

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 111 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2021.

(2) Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Nine Months ended Sep. 30, 2020	Nine Months ended Sep. 30, 2021	Nine Months ended Sep. 30, 2021
Revenue	¥ 136,885	¥ 141,827	\$ 1,277,721
Cost of sales	86,252	89,337	804,838
Gross profit	50,633	52,489	472,874
Selling, general and administrative expenses	38,746	40,857	368,081
Equity gains (losses) of affiliated companies	(14)	205	1,847
Core Operating income	11,872	11,837	106,640
Other income	1,180	302	2,721
Other expenses	1,012	459	4,135
Operating income	12,040	11,680	105,225
Finance income	375	462	4,162
Finance costs	379	512	4,613
Profit before income taxes	12,036	11,630	104,775
Income taxes	3,901	3,538	31,874
Net income	8,134	8,091	72,892
Net income attributable to:			
Owners of parent	8,149	7,869	70,892
Non-controlling interests	(15)	222	2,000
Total	¥ 8,134	¥ 8,091	\$ 72,892
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 92.12	¥ 88.08	\$ 0.79
Diluted net income attributable to shareholders of parent	¥ 91.97	¥ 87.92	\$ 0.79

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 111 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2021.

(2) Consolidated Statements of Income (3 months)

	Millions of Yen		Thousands of U.S. dollars
	Three months ended Sep. 30, 2020	Three months ended Sep. 30, 2021	Three months ended Sep. 30, 2021
Revenue	¥ 48,068	¥ 49,900	\$ 449,550
Cost of sales	29,641	31,174	280,847
Gross profit	18,427	18,725	168,694
Selling, general and administrative expenses	12,951	14,091	126,946
Equity gains of affiliated companies	37	89	802
Core Operating income	5,513	4,722	42,541
Other income	126	77	694
Other expenses	474	63	568
Operating income	5,165	4,736	42,667
Finance income	77	68	613
Finance costs	93	160	1,441
Profit before income taxes	5,149	4,644	41,838
Income taxes	1,640	1,518	13,676
Net income	3,508	3,125	28,153
Net income attributable to:			
Owners of parent	3,577	3,129	28,189
Non-controlling interests	(68)	(4)	(36)
Total	¥ 3,508	¥ 3,125	\$ 28,153
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 40.48	¥ 35.03	\$ 0.32
Diluted net income attributable to shareholders of parent	¥ 40.42	¥ 34.97	\$ 0.32

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 111 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2021.

(3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Nine Months ended Sep. 30, 2020	Nine Months ended Sep. 30, 2021	Nine Months ended Sep. 30, 2021
Net income	¥ 8,134	¥ 8,091	\$ 72,892
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	-	-	-
Net gains and losses from financial assets measured at fair value through other comprehensive income	473	354	3,189
Share of other comprehensive income of investments accounted for using equity method, net of tax	22	(44)	(396)
Total	495	310	2,793
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	(274)	1,087	9,793
Cash flow hedges costs	271	240	2,162
Exchange differences on translation of foreign operations	(859)	1,459	13,144
Share of other comprehensive income of investments accounted for using equity method, net of tax	(1)	4	36
Total	(862)	2,791	25,144
Other comprehensive income	(366)	3,102	27,946
Comprehensive income	7,767	11,193	100,838
Comprehensive income attributable to:			
Owners of parent	7,838	10,809	97,378
Non-controlling interests	(71)	384	3,459
Total	¥ 7,767	¥ 11,193	\$ 100,838

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 111 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2021.

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

	Millions of Yen		Thousands of U.S. dollars
	Three months ended Sep. 30, 2020	Three months ended Sep. 30, 2021	Three months ended Sep. 30, 2021
Net income	¥ 3,508	¥ 3,125	\$ 28,153
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	-	-	-
Net gains and losses from financial assets measured at fair value through other comprehensive income	487	23	207
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	-	-
Total	487	23	207
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	193	115	1,036
Cash flow hedges costs	(166)	(94)	(847)
Exchange differences on translation of foreign operations	(263)	123	1,108
Share of other comprehensive income of investments accounted for using equity method, net of tax	(0)	0	0
Total	(236)	145	1,306
Other comprehensive income	251	168	1,514
Comprehensive income	3,759	3,294	29,676
Comprehensive income attributable to:			
Owners of parent	3,834	3,268	29,441
Non-controlling interests	(74)	25	225
Total	¥ 3,759	¥ 3,294	\$ 29,676

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 111 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2021.

(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, 2020	¥ 19,985	¥ 22,669	¥ (13,529)		¥ 4,410	¥ (226)	¥ 944	¥ (1,539)	¥ 3,589	¥ 75,629	¥ 108,344	¥ 3,041	¥ 111,386
Net income										8,149	8,149	(15)	8,134
Other comprehensive income				22	473	(274)	271	(804)	(311)		(311)	(55)	(366)
Comprehensive income				22	473	(274)	271	(804)	(311)	8,149	7,838	(71)	7,767
Transfer to non-financial assets						(126)			(126)		(126)		(126)
Repurchase of treasury stock		(1)	(1,436)								(1,438)		(1,438)
Disposal of treasury stock			230								230		230
Cash dividends										(3,113)	(3,113)	(68)	(3,181)
Share-based compensation		50									50		50
Transfer to retained earnings		(1)		(22)					(22)	24			
Other increases or decreases													
Total transactions with shareholders		47	(1,205)	(22)					(22)	(3,089)	(4,270)	(68)	(4,338)
Balance, September 30, 2020	¥ 19,985	¥ 22,717	¥ (14,735)		¥ 4,883	¥ (627)	¥ 1,216	¥ (2,344)	¥ 3,128	¥ 80,690	¥ 111,785	¥ 2,902	¥ 114,687

Balance, January 1, 2021	¥ 19,985	¥ 22,723	¥ (12,351)		¥ 4,654	¥ 25	¥ 655	¥ (2,446)	¥ 2,888	¥ 77,730	¥ 110,976	¥ 1,674	¥ 112,651
Net income										7,869	7,869	222	8,091
Other comprehensive income				(44)	354	1,087	240	1,301	2,940		2,940	161	3,102
Comprehensive income				(44)	354	1,087	240	1,301	2,940	7,869	10,809	384	11,193
Transfer to non-financial assets						(385)			(385)		(385)		(385)
Repurchase of treasury stock			(2)								(2)		(2)
Disposal of treasury stock		3	34								37		37
Cash dividends										(3,219)	(3,219)	(91)	(3,310)
Transactions with non-controlling interests		(2)						(0)	(0)		(3)	17	14
Share-based compensation		67									67		67
Transfer to retained earnings				44	(6)				38	(38)			
Other increases or decreases													
Total transactions with shareholders		68	32	44	(6)			(0)	37	(3,257)	(3,119)	(74)	(3,193)
Balance, September 30, 2021	¥ 19,985	¥ 22,792	¥ (12,319)		¥ 5,002	¥ 727	¥ 896	¥ (1,145)	¥ 5,479	¥ 82,342	¥ 118,280	¥ 1,985	¥ 120,265

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, 2021	\$ 180,045	\$ 204,712	\$ (111,270)		\$ 41,928	\$ 225	\$ 5,901	\$ (22,036)	\$ 26,018	\$ 700,270	\$ 999,784	\$ 15,081	\$ 1,014,874
Net income										70,892	70,892	2,000	72,892
Other comprehensive income				(396)	3,189	9,793	2,162	11,721	26,486		26,486	1,450	27,946
Comprehensive income				(396)	3,189	9,793	2,162	11,721	26,486	70,892	97,378	3,459	100,838
Transfer to non-financial assets						(3,468)			(3,468)		(3,468)		(3,468)
Repurchase of treasury stock			(18)								(18)		(18)
Disposal of treasury stock		27	306								333		333
Cash dividends										(29,000)	(29,000)	(820)	(29,820)
Transactions with non-controlling interests		(18)						(9)	(9)		(27)	153	126
Share-based compensation		604									604		604
Transfer to retained earnings				396	(54)				342	(342)			
Other increases or decreases													
Total transactions with shareholders		613	288	396	(54)			0	333	(29,342)	(28,099)	(667)	(28,766)
Balance, September 30, 2021	\$ 180,045	\$ 205,333	\$ (110,982)		\$ 45,063	\$ 6,550	\$ 8,072	\$ (10,315)	\$ 49,360	\$ 741,820	\$ 1,065,586	\$ 17,883	\$ 1,083,468

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 111 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2021.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Nine Months ended Sep. 30, 2020	Nine Months ended Sep. 30, 2021	Nine Months ended Sep. 30, 2021
Cash flows from operating activities:			
Profit before income taxes	¥ 12,036	¥ 11,630	\$ 104,775
Depreciation and amortization	5,108	5,567	50,153
Interest and dividend income	(318)	(294)	(2,649)
Interest expenses	347	265	2,387
Share of (profit) loss of investments accounted for using the equity method	14	(205)	(1,847)
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(339)	225	2,027
(Increase) decrease in trade and other receivables	(360)	(823)	(7,414)
(Increase) decrease in inventories	699	(3,854)	(34,721)
Increase (decrease) in trade and other payables	(598)	2,823	25,432
Other	240	736	6,630
Subtotal	16,831	16,070	144,775
Interest and dividends received	285	265	2,387
Interest paid	(239)	(439)	(3,955)
Income taxes paid	(3,342)	(4,346)	(39,153)
Cash flows from operating activities	13,533	11,550	104,054
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(4,351)	(11,975)	(107,883)
Proceeds from sales of property, plant and equipment, including investment property	3,493	127	1,144
Payments for acquisition of businesses	(499)	-	-
Purchase of investments in associates	(10)	(65)	(586)
Purchase of other financial assets	(241)	(33)	(297)
Gain on available-for-sale financial assets	222	204	1,838
Other	7	(18)	(162)
Cash flows from investing activities	(1,379)	(11,759)	(105,937)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	17,469	(28,237)	(254,387)
Proceeds from long-term borrowings	356	2,352	21,189
Repayments of long-term borrowings	(905)	(410)	(3,694)
Repayments of lease obligations	(507)	(509)	(4,586)
Dividends paid	(3,108)	(3,216)	(28,973)
Dividends paid to non-controlling interests	(68)	(91)	(820)
Proceeds from sales of interests in subsidiaries to non-controlling interests	-	14	126
Net decrease (increase) in treasury shares	(1,205)	(2)	(18)
Cash flows from financing activities	12,030	(30,101)	(271,180)
Net increase (decrease) in cash and cash equivalents	24,184	(30,311)	(273,072)
Cash and cash equivalents at the beginning of period	27,260	56,768	511,423
Foreign translation adjustment on cash and cash equivalents	140	1,358	12,234
Cash and cash equivalents at the end of period	¥ 51,586	¥ 27,816	\$ 250,595

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 111 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of September 30, 2021.