ANNUAL REPORT 2024

YEAR ENDED MARCH 31, 2024

Toyo Suisan Kaisha, Ltd.

Smiles for All.

"Food that brings smiles to faces" —

is the message of the Maruchan logo and what the Toyo Suisan Group is all about:

delivering the finest quality, best-tasting food to dining tables everywhere.

Delicious food that brings smiles to faces, and with the same assurance of quality every time.

"Smiles for All." — in everything we do. That's the Toyo Suisan way.

Since its debut in 1962, the Maruchan logo has become widely recognized and loved as the symbol for Toyo Suisan's processed foods among every Japanese age group ranging from small children to the elderly. In 1972, Toyo Suisan established a local subsidiary in the United States and began manufacturing and selling products for North America. Accordingly, products featuring the Maruchan label are highly acclaimed for their flavor both domestically and overseas.

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Forward-looking Statements

In this annual report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ materially from those anticipated in these statements.

TO OUR SHAREHOLDERS

In the current three-year medium-term management plan, during which we have marked the 70th anniversary of our founding, we are engaging in the four basic strategies, positioning the plan as a three-year period for laying the foundation for our goals for 2030 and further into the future toward our 100th anniversary.
The business environment remained unprecedentedly challenging, not only in terms of responding to the COVID-19 pandemic that began at the beginning of 2020, but also in terms of the subsequent rise in geopolitical risks, as well as sudden exchange rate fluctuations and soaring prices of raw materials and energy. Despite this environment, we successfully achieved record results in net sales, operating income, and net income attributable to owners of parent in 2024 by implementing measures to address rising costs in Japan and overseas, making investments that support the strengthening of our management foundation, and addressing social issues and the environment one by one.

Operating results for the year ended March 2024

During the fiscal year ended March 31, 2024, the conditions in the Japanese economy gradually recovered from the impact of the novel coronavirus disease (COVID-19). Looking ahead, although moderate recovery in the economy is expected to continue, in part due to the effect of various policies under an improving employment and income environment, it is necessary to closely monitor the impact of rising prices and fluctuations in financial and capital markets, etc.
Under these circumstances, the Toyo Suisan Group (hereafter, the "Group") has remained committed to its mission "to contribute to society through foods" and "to provide safe and secure foods and services to customers" under the corporate slogan of "Smiles for All." The Group continued to implement further cost reductions and promoted aggressive sales activities in its efforts to face an increasingly competitive sales environment.
As a result, net sales were ¥489,013 million (up 12.2% year on year), operating income was ¥66,696 million (up 65.4% year on year), and net income attributable to owners of parent was ¥55,654 million (up 68.0% year on year) for the current fiscal year.

June 2024

Noritaka Sumimoto
Representative Director and President

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
YEARS ENDED MARCH 31, 2023 AND 2024

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2023	2024	2024
For the year:	Net sales	¥435,787	**¥489,013**	**$3,231,435**
	Operating income	40,330	**66,696**	**440,732**
	Net income attributable to owners of parent	33,126	**55,654**	**367,766**
At year-end:	Total assets	¥497,083	**¥570,995**	**$3,773,178**
	Total net assets	404,751	**474,535**	**3,135,763**
Per share of common stock:	Net income	¥324.4	**¥545.0**	**$3.60**
(in yen and U.S. dollars)	Cash dividends	100.0	**170.0**	**1.12**

Dollar amounts represent translations at the rate of ¥151.33 = US$1, the rate prevailing on March 31, 2024.

REVIEW OF OPERATIONS

Seafood Segment

Sales
29,563
million yen

In the Seafood Segment, sales increased mainly due to recovery in the number of customers visiting convenience stores and in demand for products for commercial use and restaurant use, as well as deliveries of products provided as gifts for hometown tax payments. As a result, segment sales were ¥29,563 million (up 3.6% year on year) and segment income was ¥400 million (up 769.6% year on year) due to increased sales of ingredients for food services, etc., reflecting an increase in the number of customers visiting convenience stores, and the effects of cost reductions from products whose raw material prices had declined.

Overseas Instant Noodles Segment

Sales
221,229
million yen

In the Overseas Instant Noodles Segment, sales increased. Order volumes in the U.S. began to show higher levels, year-on-year, from July, mainly for our signature product *Instant Lunch* series, and our *Bowl* series, which launched new products, despite the effects of inventory adjustments by some customers in the first quarter while sales increased in Mexico due to strong sales of both cup-type noodles, our signature products, and bag-type noodles. The higher unit selling prices resulting from price revisions implemented in the U.S. and Mexico in October 2022 also contributed. As a result, segment sales were ¥221,229 million (up 24.0% year on year). Segment income was ¥46,319 million (up 77.4% year on year) mainly due to an increase in sales and a decrease in raw material costs covering a rise in personnel expenses.

Domestic Instant Noodles Segment

Sales
100,094
million yen

In the Domestic Instant Noodles Segment, sales volume was affected by the June price revision, but monetary sales remained firm, partly due to the penetration of the revised prices. In cup-type noodles, sales increased due to a number of measures implemented for Japanese style noodle series as a whole, including a product commemorating the 45th anniversary of our signature product *Akai Kitsune Udon*, as well as strong sales of the *Gotsu mori* series and *Men-no-suke* series. In bag-type noodles, sales declined due to sluggish sales of the *Maruchan ZUBAAAN!* series, despite steady sales of the *Maruchan Seimen* series and others. As a result, segment sales were ¥100,094 million (up 2.5% year on year) and segment income was ¥9,704 million (up 44.7% year on year) due to decreases in promotion expenses and motive utility costs, despite an increase in personnel expenses.

Frozen and Refrigerated Foods Segment

Sales
56,879
million yen

The Frozen and Refrigerated Foods Segment performed well due to proactive efforts to expand sales of our signature products and new product launches. In fresh noodles, we implemented price revisions for the second consecutive year, and made efforts to expand sales of our signature product *Maruchan Yakisoba (Three-Meal Package)* series with highly planned product measures during the spring and summer demand season. In the spring and summer season, the *Tsuruyaka* series, which meets the demand for quick and easy cooking, showed significant growth, and in the fall and winter season, the *Maruchan Fresh Ramen Noodle (Three-Meal Package)* series and the *Hokkaido Wheat Tama Udon Noodle (Three-Meal Package)* series expanded their lineups, contributing to increased sales. In frozen noodles, despite price revisions for the second consecutive year, sales of products for commercial use grew due to a recovery in demand related to industrial catering, restaurants and leisure. As a result, segment sales were ¥56,879 million (up 7.6% year on year). Segment income was ¥7,430 million (up 46.8% year on year) mainly due to the effect of the price revision and sales expansion despite increases in raw material costs and manufacturing expenses.

Processed Foods Segment

Sales
20,155
million yen

In the Processed Foods Segment, sales of fish ham and fish sausage products and packaged cooked rice products were firm, but freeze-dried products struggled. In packaged cooked rice products, sales increased for the year despite periods of weak sales mainly due to price revisions. Sales of freeze-dried products declined due to price revisions and the impacts of factors including heat wave and the shortage of liquid eggs. As a result, segment sales were ¥20,155 million (down 0.9% year on year). Segment income was ¥743 million (up 499.2% year on year) due to a decrease in motive utility costs, despite an increase in personnel expenses.

Cold-Storage Segment

Sales
23,997
million yen

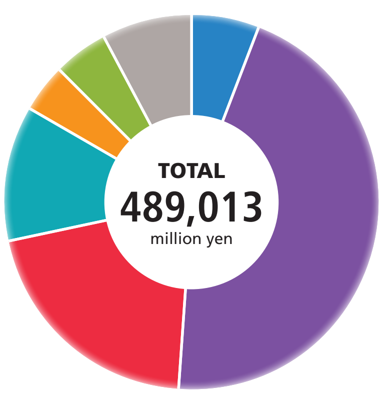
In the Cold-Storage Segment, although there was weakness in cargo movement for imports, centered on raw materials, due to the impact of rising prices, the weak yen, etc., sales increased mainly due to an increase in the related delivery and other operations as a result of ensuring stable stored inventory and solid results in the handling of manufactured products in Japan. As a result, segment sales were ¥23,997 million (up 4.8% year on year). Segment income was ¥2,283 million (up 23.3% year on year) owing to increases in revenue from delivered goods and other factors, despite the impacts of increases in personnel expenses and repair costs due to rising prices.

Other Business Segment

Sales
37,096
million yen

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥37,096 million (up 5.4% year on year) while segment income was ¥418 million (down 35.8% year on year).

Net Sales by Segment



1	Seafood Segment	6.0%	29,563 million yen
2	Overseas Instant Noodles Segment	45.3%	221,229 million yen
3	Domestic Instant Noodles Segment	20.5%	100,094 million yen
4	Frozen and Refrigerated Foods Segment	11.6%	56,879 million yen
5	Processed Foods Segment	4.1%	20,155 million yen
6	Cold-Storage Segment	4.9%	23,997 million yen
7	Other Business Segment	7.6%	37,096 million yen

ENVIRONMENTAL AND SOCIAL CONTRIBUTION INITIATIVES

Response to Climate Change and Mitigation

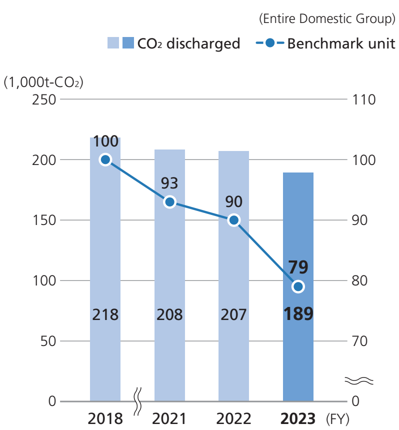
We consider the reduction of environmental burdens related to global warming, a major factor in climate change, to be one of our key issues. Aiming to reduce the environmental impact of our business activities, we are working to reduce greenhouse gas emissions, such as by accelerating our acquisition of ISO 14001 and other third-party certifications for our environmental management systems and setting the “Toyo Suisan Group Environmental Targets for FY2030” based on the “Toyo Suisan Group Quality and Environmental Policy.”

Initiatives to reduce CO_2 emissions

As part of our initiatives to reduce CO_2 emissions, we are switching from heavy oil to natural gas as boiler fuel and switching from chlorofluorocarbon (CFC) refrigerants to natural refrigerants (ammonia/CO_2) in a planned manner in our factories and cold warehouses. At the Kanto Factory, Saitama Factory, Fukushima Foods Co., Ltd., and Imari Toyo Co., Ltd., we also use renewable energy sources, such as electricity produced by biomass power generation and solar power generation. In logistics as well, we are working to optimize transportation distances by changing distribution sites and carry out other measures.

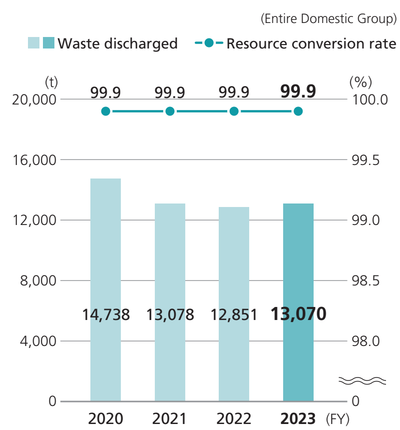
Solara panels at Fukushima Foods Co., Ltd.

CO_2 discharged and per unit of sales



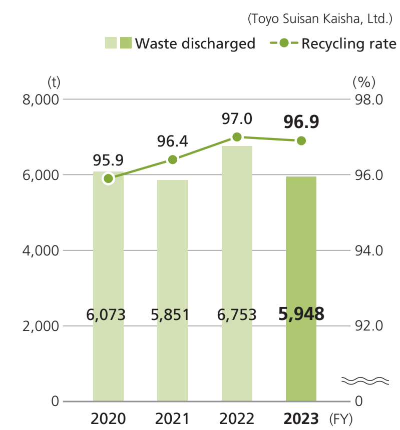
CO_2 emissions decreased at each business site as the result of initiatives to save energy and use it more effectively, and per unit of sales also improved.

Industrial waste discharged and resource conversion rate



Although industrial waste discharged increased slightly due to increased production caused by a rebound from COVID-19 at some factories and a change from valuable resources to industrial waste, the resource conversion rate remained at a high level of 99.9%.

Food waste discharged and recycling rate



Food waste discharged decreased due to stabilization of the production lines transferred from a Group company in FY2022 and the promotion of reduction in production loss at each factory, and we kept the recycling rate above our 95% target.

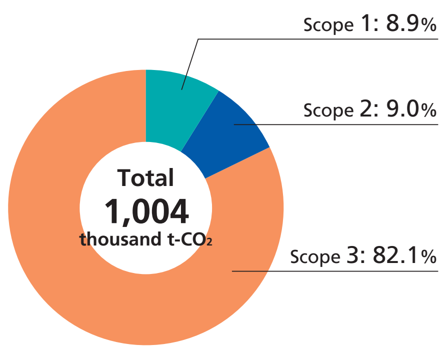
Information Disclosure Related to Climate Change

As part of our information disclosure related to climate change, we have calculated Scope 3 greenhouse gas emissions for our entire domestic supply chain for the first time, in line with the Ministry of the Environment's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain." Emissions were 823.8 thousand t-CO_2 in FY2022. We will continue our efforts to calculate and expand the scope of Scope 3, as well as aim to further reduce CO_2 emissions in our entire supply chain based on the results of these calculations. In addition, we have begun a scenario analysis of the Toyo Suisan Group's Domestic Instant Noodles Segment and Frozen and Refrigerated Foods Segment in line with the framework described in the Task Force on Climate-related Financial Disclosures (TCFD)'s recommendations to analyze response strategies regarding risks and opportunities under several different future average temperature increase conditions*.

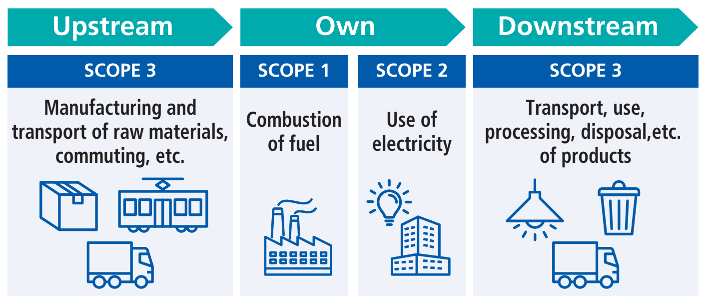
*Analysis based on the scenarios with the lowest average temperature increase (1.5°C scenario = increase of around 1.5°C) and the highest average temperature increase (4.0°C scenario = increase of around 4°C) due to climate change.

Summary of FY2022 Scope 1, 2, and 3 Calculation Results

- **Breakdown of Scope 1, 2, and 3 emissions**



- **Overall Supply Chain Emissions**



Above figure was prepared by Toyo Suisan Kaisha, Ltd. based on "Overall Supply Chain Emissions" (Ministry of the Environment)
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/estimate.html

Conserving Biodiversity

The Toyo Suisan Group has its roots in the seafood business, so we consider conserving biodiversity, including marine resources, to be our important mission. We contribute to the maintenance and preservation of ecosystems through fish fry release activities, researching ways to increase and commercialize fully-farmed unagi eel stock, and procuring sustainable fishery resources. We are also advancing various biodiversity-friendly initiatives, such as river and beach cleaning activities and establishing a biotope at the Kanto Factory.

River and beach cleaning activities

We are conscious of the plastic waste problem affecting marine ecosystems, and we promote river and beach cleaning activities at each business site. Since FY2022, we have been implementing the Smile Ocean Project, a project involving cleaning activities in coastal areas, with the participation of employees of offices and Group companies in the vicinity of our head office in Shinagawa.

Smile Ocean Project activities

Development of Products That Solve Social Issues

We promote initiatives to solve social issues with "always deliciousness" through our products and services. In addition to developing and offering products that meet various needs such as saving time, convenience, and individual meals, we are also expanding our lineup of products suitable for running stock, which is regular preparation in anticipation of securing food supplies in times of disaster.

Chilled noodle products that are time-saving, convenient, energy-saving, and resource-saving

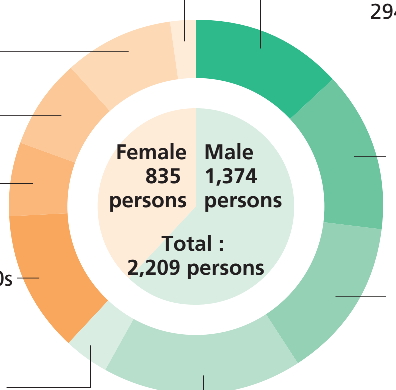
The *Tsuruyaka* series, based on the concept of quickly eating when you want and in the amount you want by simply loosening noodles in water without boiling, is a product that meets the demand for convenience and helps reduce CO_2 emissions by not using electricity or gas. The *Cold Ramen* product in the series has had its shelf life extended from 15 days to 21 days to help prevent food loss. In addition, *Maruchan Fresh Ramen Noodle Champon*, which was launched in August 2023, uses newly developed noodles that do not require draining after cooking, and uses the boiled water for the soup, simplifying cooking, saving energy, and reducing water consumption.

Tsuruyaka Cold Ramen Shoyu-dare (Two-Meal Package)

Maruchan Fresh Ramen Noodle Champon (Three-Meal Package)

Employee data (as of March 31, 2024) Toyo Suisan Kaisha, Ltd.

Composition of employees



- Average age
  41.1 years old
- Average years of service
  16.1 years
- Number and ratio of female managers (section manager and above)
  Number: **16** persons / Ratio: **6.7**%
- Number / ratio of employees with disabilities
  Number: **54** persons / Ratio: **2.25**%
- Maternity or paternity leave utilization rate
  Male: **24.5**%
  Female: **100**%
- Number of study sessions on diversity for managers (section manager and above)*
  26 times
- Number of compliance study sessions*
  222 times

*Including those held at Group companies

CORPORATE GOVERNANCE

Toyo Suisan’s Basic Approach to Corporate Governance

The Toyo Suisan Group recognizes that accurate and rapid decision making will affect the future growth of the Group. We also recognize how important strengthening and enhancing corporate governance are to management, and think it is important to reinforce compliance and make the responsibilities of directors and the structure of responsibilities for the individual business segments explicit. We will continue to ensure management’s transparency and swift decision making and to strengthen and enhance corporate governance in the future as well.

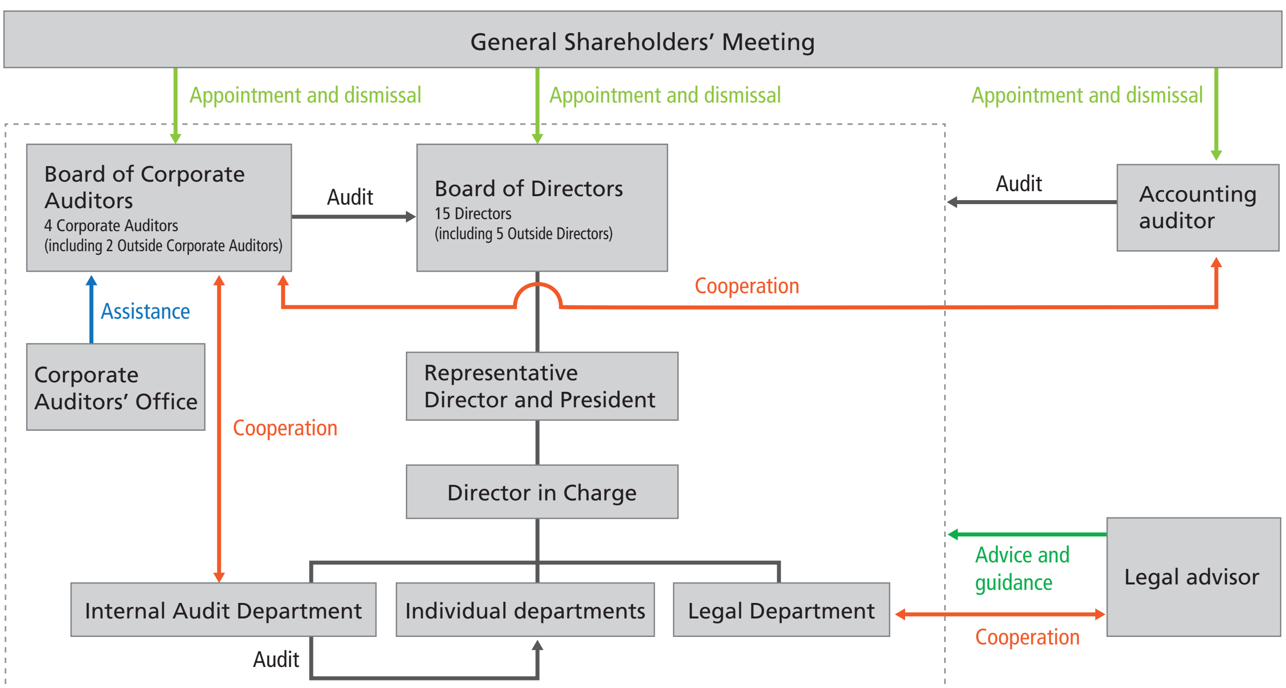
Board of Directors

The Board of Directors serves as the Company’s decision-making body. The Board of Directors generally convenes once a month, and also as needed, and debates issues from the perspective of the group as a whole. The Board of Directors monitors the execution of duties, and decides on important matters, including those stipulated in the Companies Act.

Board of Corporate Auditors

The Company has adopted the corporate auditor system. Each corporate auditor attends Board of Directors’ meetings and other important meetings and monitors the execution of duties by directors through such means as investigating the status of operations and assets, based on the audit policies, audit plans, and division of duties decided at Board of Corporate Auditors’ meetings.

CORPORATE GOVERNANCE STRUCTURE



* In addition, we have set up an internal reporting system called “Report Line” aimed at prevention and/or early detection and correction of legal violations and in-house fraud. This system, which is independent from top management, consists of an internal contact line (general inquiries, corporate auditor contact line), and an external contact line (handled by a lawyer).

CONSOLIDATED BALANCE SHEETS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
AS OF MARCH 31, 2023 AND 2024

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Current assets:			
Cash on hand and at banks (Notes 3 and 4)	¥ 124,014	**¥ 189,707**	**$ 1,253,598**
Receivables (Note 4):			
Notes and accounts receivable - trade	59,414	**64,993**	**429,479**
Amounts due from unconsolidated subsidiaries and affiliates	409	**362**	**2,392**
Other	2,725	**3,691**	**24,390**
Less: Allowance for doubtful accounts	(639)	**(799)**	**(5,280)**
	61,909	**68,247**	**450,981**
Securities (Notes 4 and 5)	62,000	**65,000**	**429,525**
Inventories (Note 7)	34,407	**37,017**	**244,611**
Other	2,747	**2,574**	**17,009**
Total current assets	285,077	**362,545**	**2,395,724**
Property, plant and equipment (Notes 8, 13, 19 and 21)**:**			
Buildings and structures	178,979	**184,998**	**1,222,481**
Machinery and equipment	167,134	**178,969**	**1,182,641**
Leased assets	5,616	**5,711**	**37,739**
Other	7,210	**7,543**	**49,844**
	358,939	**377,221**	**2,492,705**
Less: Accumulated depreciation	(238,528)	**(259,404)**	**(1,714,161)**
	120,411	**117,817**	**778,544**
Land	35,292	**35,435**	**234,157**
Construction in progress	4,220	**13,611**	**89,943**
Total property, plant and equipment	159,923	**166,863**	**1,102,644**
Intangible assets	2,553	**2,648**	**17,498**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	4,419	**4,688**	**30,979**
Investment securities (Notes 4 and 5)	24,745	**31,918**	**210,917**
Long-term time deposits (Note 4)	18,000	**—**	**—**
Deferred tax assets (Note 15)	1,293	**1,324**	**8,749**
Asset for retirement benefits (Note 10)	45	**55**	**363**
Other	1,028	**954**	**6,304**
Total investments and other assets	49,530	**38,939**	**257,312**
Total assets	¥ 497,083	**¥ 570,995**	**$ 3,773,178**

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Current liabilities:			
Short-term loans (Notes 4 and 9)	¥ 377	¥ 391	$ 2,584
Lease obligations (Notes 4 and 9)	295	289	1,910
Payables (Note 4):			
Notes and accounts payable - trade	31,057	31,224	206,331
Amounts due to unconsolidated subsidiaries and affiliates	1,264	1,220	8,062
Other	1,477	1,488	9,833
	33,798	33,932	224,226
Income taxes payable	3,301	5,547	36,655
Accrued expenses	25,559	26,789	177,024
Other	1,319	2,898	19,150
Total current liabilities	64,649	69,846	461,549
Non-current liabilities:			
Lease obligations (Notes 4 and 9)	3,075	2,886	19,071
Deferred tax liabilities (Note 15)	2,448	5,689	37,593
Reserve for retirement benefits for directors and other officers	318	326	2,154
Liability for retirement benefits (Note 10)	20,246	15,864	104,830
Asset retirement obligations	213	196	1,295
Other	1,383	1,653	10,923
Total non-current liabilities	27,683	26,614	175,866
Total liabilities	92,332	96,460	637,415
Net assets (Notes 16 and 17)**:**			
Shareholders' equity:			
Common stock—			
Authorized: 427,000,000 shares in 2023 and 2024			
Issued: 110,881,044 shares in 2023 and 2024	18,969	18,969	125,349
Capital surplus	22,942	22,942	151,602
Retained earnings	326,159	369,557	2,442,061
Treasury stock, at cost—			
Held by the Company: 8,704,653 shares in 2023 and 8,705,158 shares in 2024			
Owned by consolidated subsidiaries and affiliates: 49,018 shares in 2023 and 2024	(8,236)	(8,239)	(54,443)
Total shareholders' equity	359,834	403,229	2,664,569
Accumulated other comprehensive income:			
Net unrealized gain on investment securities, net of taxes (Note 5)	8,899	14,026	92,685
Net unrealized gain (loss) on hedging instruments, net of taxes (Note 6)	(34)	47	310
Foreign currency translation adjustments	25,306	44,033	290,973
Adjustments for retirement benefits, net of taxes (Note 10)	(1,827)	982	6,489
Total accumulated other comprehensive income	32,344	59,088	390,457
Non-controlling interests	12,573	12,218	80,737
Total net assets	404,751	474,535	3,135,763
Total liabilities and net assets	¥ 497,083	¥ 570,995	$ 3,773,178

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Net sales (Notes 11 and 21)	¥ 435,787	¥ 489,013	$ 3,231,435
Cost of sales (Notes 7 and 12)	327,745	348,909	2,305,617
Gross profit	108,042	140,104	925,818
Selling, general and administrative expenses (Note 12)	67,712	73,408	485,086
Operating income (Note 21)	40,330	66,696	440,732
Non-operating income (expenses):			
Interest and dividend income	2,837	6,985	46,157
Interest expenses	(222)	(211)	(1,394)
Equity in earnings of affiliate accounted for under the equity method	94	117	773
Foreign exchange gains (losses)	(189)	423	2,795
Provision of allowance for doubtful accounts	(27)	(160)	(1,057)
Gain on sales of investment securities (Note 5)	—	198	1,308
Loss on sales and disposal of property, plant and equipment, net	(230)	(267)	(1,764)
Impairment losses on fixed assets (Notes 13 and 21)	(118)	(1,782)	(11,776)
Subsidy received	246	165	1,090
Loss on disaster (Note 14)	(83)	—	—
Other, net	909	1,046	6,913
Income before income taxes	43,547	73,210	483,777
Income taxes (Note 15)**:**			
Current	10,033	18,703	123,591
Deferred	20	(593)	(3,919)
	10,053	18,110	119,672
Net income	33,494	55,100	364,105
Net income (loss) attributable to:			
Non-controlling interests	368	(554)	(3,661)
Owners of parent	¥ 33,126	¥ 55,654	$ 367,766

	Yen		U.S. dollars (Note 1)
	2023	2024	2024
Amounts per share of common stock (Note 18)**:**			
Net income	¥ 324.4	¥ 545.0	$ 3.60
Cash dividends applicable to the year	100.0	170.0	1.12

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Net income	¥ 33,494	**¥ 55,100**	**$ 364,105**
Other comprehensive income (loss) (Note 20)**:**			
Net unrealized gain on investment securities, net of tax	543	**5,195**	**34,329**
Net unrealized gain (loss) on hedging instruments, net of tax	(80)	**81**	**535**
Foreign currency translation adjustments	11,976	**18,727**	**123,750**
Adjustments for retirement benefits, net of tax	955	**2,900**	**19,163**
Share of other comprehensive income of affiliate accounted for using the equity method	60	**183**	**1,209**
Total other comprehensive income	13,454	**27,086**	**178,986**
Comprehensive income	¥ 46,948	**¥ 82,186**	**$ 543,091**
Total comprehensive income (loss) attributable to:			
Owners of parent	¥ 46,489	**¥ 82,398**	**$ 544,492**
Non-controlling interests	459	**(212)**	**(1,401)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2023 and 2024

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustments for retirement benefits, net of taxes	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2022	¥ 18,969	¥ 22,942	¥ 302,224	¥ (8,234)	¥ 335,901	¥ 8,330	¥ 47	¥ 13,329	¥ (2,725)	¥ 18,981	¥ 12,263	¥ 367,145
Net income attributable to owners of parent	—	—	33,126	—	33,126	—	—	—	—	—	—	33,126
Cash dividends paid	—	—	(9,191)	—	(9,191)	—	—	—	—	—	—	(9,191)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(2)	(2)	—	—	—	—	—	—	(2)
Net changes in items except shareholders' equity	—	—	—	—	—	569	(81)	11,977	898	13,363	310	13,673
Balance at March 31, 2023	18,969	22,942	326,159	(8,236)	359,834	8,899	(34)	25,306	(1,827)	32,344	12,573	404,751
Net income attributable to owners of parent	—	—	55,654	—	55,654	—	—	—	—	—	—	55,654
Cash dividends paid	—	—	(12,256)	—	(12,256)	—	—	—	—	—	—	(12,256)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(3)	(3)	—	—	—	—	—	—	(3)
Net changes in items except shareholders' equity	—	—	—	—	—	5,127	81	18,727	2,809	26,744	(355)	26,389
Balance at March 31, 2024	**¥ 18,969**	**¥ 22,942**	**¥ 369,557**	**¥ (8,239)**	**¥ 403,229**	**¥ 14,026**	**¥ 47**	**¥ 44,033**	**¥ 982**	**¥ 59,088**	**¥ 12,218**	**¥ 474,535**

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustments for retirement benefits, net of taxes	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2023	$ 125,349	$ 151,602	$ 2,155,283	$ (54,423)	$ 2,377,811	$ 58,805	$ (225)	$ 167,224	$ (12,073)	$ 213,731	$ 83,083	$ 2,674,625
Net income attributable to owners of parent	—	—	367,766	—	367,766	—	—	—	—	—	—	367,766
Cash dividends paid	—	—	(80,988)	—	(80,988)	—	—	—	—	—	—	(80,988)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(20)	(20)	—	—	—	—	—	—	(20)
Net changes in items except shareholders' equity	—	—	—	—	—	33,880	535	123,749	18,562	176,726	(2,346)	174,380
Balance at March 31, 2024	**$ 125,349**	**$ 151,602**	**$ 2,442,061**	**$ (54,443)**	**$ 2,664,569**	**$ 92,685**	**$ 310**	**$ 290,973**	**$ 6,489**	**$ 390,457**	**$ 80,737**	**$ 3,135,763**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
FOR THE YEARS ENDED MARCH 31, 2023 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2024	2024
Cash flows from operating activities:			
Income before income taxes	¥ 43,547	**¥ 73,210**	**$ 483,777**
Depreciation and amortization	15,999	**17,105**	**113,031**
Impairment losses on fixed assets	118	**1,782**	**11,776**
Equity in earnings of affiliate accounted for under the equity method	(94)	**(117)**	**(773)**
Increase (decrease) in reserve for retirement benefits for directors and other officers	(4)	**7**	**46**
Increase in allowance for doubtful accounts	27	**160**	**1,057**
Increase (decrease) in liability for retirement benefits	14	**(243)**	**(1,606)**
Interest and dividend income	(2,837)	**(6,985)**	**(46,157)**
Interest expenses	222	**211**	**1,394**
Loss on sales and disposal of property, plant and equipment, net	230	**267**	**1,764**
Increase in notes and accounts receivable - trade	(2,324)	**(4,741)**	**(31,329)**
Increase in inventories	(7,434)	**(1,128)**	**(7,454)**
Increase (decrease) in notes and accounts payable - trade	3,532	**(607)**	**(4,011)**
Increase in accrued expenses	1,208	**720**	**4,758**
Other, net	(2,187)	**2,654**	**17,538**
Subtotal	50,017	**82,295**	**543,811**
Interest and dividend income received	1,247	**5,763**	**38,082**
Interest expenses paid	(222)	**(211)**	**(1,394)**
Income taxes paid	(9,011)	**(17,350)**	**(114,650)**
Net cash provided by operating activities	42,031	**70,497**	**465,849**
Cash flows from investing activities:			
Payments for time deposits	(105,192)	**(131,487)**	**(868,876)**
Proceeds from maturities of time deposits	91,254	**99,773**	**659,307**
Payments for purchase of securities	(86,000)	**(99,000)**	**(654,199)**
Proceeds from sales and redemption of securities	89,000	**96,000**	**634,375**
Payments for purchase of property, plant and equipment	(13,372)	**(18,655)**	**(123,274)**
Proceeds from sales of property, plant and equipment	8	**5**	**33**
Payments for purchase of intangible assets	(951)	**(860)**	**(5,683)**
Payments for purchase of investment securities	(32)	**(30)**	**(198)**
Proceeds from sales of investment securities	—	**550**	**3,634**
Payments for loans receivable	(1,840)	**(1,722)**	**(11,379)**
Proceeds from collection of loans receivable	1,819	**1,706**	**11,273**
Other, net	101	**(19)**	**(125)**
Net cash used in investing activities	(25,205)	**(53,739)**	**(355,112)**
Cash flows from financing activities:			
Proceeds from short-term loans	890	**817**	**5,399**
Repayments of short-term loans	(891)	**(803)**	**(5,306)**
Purchase of treasury stock of subsidiaries	(2)	**(3)**	**(20)**
Cash dividends paid	(9,186)	**(12,249)**	**(80,942)**
Cash dividends paid to non-controlling interests	(145)	**(140)**	**(925)**
Other, net	(285)	**(336)**	**(2,220)**
Net cash used in financing activities	(9,619)	**(12,714)**	**(84,014)**
Effect of exchange rate changes on cash and cash equivalents	1,009	**456**	**3,013**
Net increase in cash and cash equivalents	8,216	**4,500**	**29,736**
Cash and cash equivalents at beginning of year	29,351	**37,567**	**248,246**
Cash and cash equivalents at end of year (Note 3)	¥ 37,567	**¥ 42,067**	**$ 277,982**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES

1 Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of Toyo Suisan Kaisha, Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with generally accepted accounting principles in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements is not presented in the accompanying consolidated financial statements. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation.

The translation of the Japanese yen amounts into U.S. dollar is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024, which was ¥151.33 to U.S. $1. This convenience translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could be in the future, converted into U.S. dollar at this or any other rate of exchange.

2 Summary of significant accounting policies

(1) Scope of consolidation

The Company had 27 subsidiaries as of March 31, 2023 and 2024.

The accompanying consolidated financial statements include the accounts of the Company and 23 subsidiaries as of March 31, 2023 and 2024. Significant subsidiaries are consolidated.

The following are the Company's consolidated subsidiaries as of March 31, 2023 and 2024:

Equity ownership percentage

Name of subsidiary	2023	2024
Hachinohe Toyo Co., Ltd.	100.0%	**100.0%**
Kofu Toyo Co., Ltd.	100.0	**100.0**
Fukushima Foods Co., Ltd.	100.0	**100.0**
Miyagi Toyo Kaisha, Ltd.	100.0	**100.0**
Shuetsu Co., Ltd.	100.0	**100.0**
Shinto Corporation	100.0	**100.0**
Imari Toyo Co., Ltd.	100.0	**100.0**
Fresh Diner Corporation	100.0	**100.0**
Tokyo Commercial Co., Ltd.	100.0	**100.0**
Choshi Toyo Kaisha, Ltd.	100.0	**100.0**
Yutaka Foods Corporation	50.9	**50.9**
Mitsuwa Daily Co., Ltd.	100.0	**100.0**
Saihoku Toyo Kaisha, Ltd.	100.0	**100.0**
Shonan Toyo Kaisha, Ltd.	100.0	**100.0**
Suruga Toyo Kaisha, Ltd.	100.0	**100.0**
Maruchan, Inc. (*1)	100.0	**100.0**
Maruchan Virginia, Inc. (*1)	100.0	**100.0**
Maruchan Texas, Inc. (*1)	100.0	**100.0**
Maruchan de Mexico, S.A. de C.V. (*2)	100.0	**100.0**
Sanmaru de Mexico, S.A. de C.V. (*2)	100.0	**100.0**
Maruchan do Brasil Serviços Ltda. (*3)	100.0	**100.0**
Pac-Maru, Inc. (*1)	100.0	**100.0**
Shimaya Co., Ltd.	61.0	**61.0**

(*1) Incorporated in the U.S.A.
(*2) Incorporated in Mexico
(*3) Incorporated in Brazil

The remaining four unconsolidated subsidiaries as of March 31, 2023 and 2024 whose combined assets, net sales, net income and retained earnings are insignificant to the consolidated financial statements have not been consolidated.

The following are the major unconsolidated subsidiaries of the Company as of March 31, 2023 and 2024:

Yaizu Shinto Co., Ltd.
Towa Estate Co., Ltd.

(2) Accounting for investments in unconsolidated subsidiaries and affiliates

The Company had four affiliates as of March 31, 2023 and 2024.

The equity method has been applied to the following affiliate for the years ended March 31, 2023 and 2024:

Equity ownership percentage

Name of affiliate	2023	2024
Semba Tohka Industries Co., Ltd.	26.4%	**26.4%**

The investments in the four unconsolidated subsidiaries as of March 31, 2023 and 2024 and three affiliates (Higashimaru International Corporation and other two affiliates) as of March 31, 2023 and 2024 were carried at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

(3) Consolidation principles

The balance sheet date of the following consolidated subsidiaries is different from that of the Company.

Name of subsidiary	Balance sheet date
Maruchan de Mexico, S.A. de C.V.	December 31
Sanmaru de Mexico, S.A. de C.V.	December 31
Maruchan do Brasil Serviços Ltda.	December 31

Financial statements provisionally prepared by the above consolidated subsidiaries as of the balance sheet date of the Company have been used for consolidation purposes.

(4) Foreign currency translation

Foreign currency monetary receivables and payables are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net income for the period.

The balance sheet accounts of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date except for the components of net assets, which are translated into Japanese yen at their historical rates. Differences arising from such translation are presented as foreign currency translation adjustments in net assets. Revenue and expense accounts are translated into Japanese yen using the exchange rates prevailing at the balance sheet date.

(5) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, cash at banks which can be withdrawn on demand, and short-term investments with original maturities of three months or less that are readily converted into cash and subject to insignificant risk of changes in value.

(6) Securities

Marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported as a component of accumulated other comprehensive income. The cost of securities sold is determined by the moving-average method. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

(7) Derivative financial instruments

The Group enters into derivative transactions in order to manage market risk of fluctuations in foreign currency exchange rates. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets.

Deferral hedge accounting is applied to derivatives which qualify as hedges, under which unrealized gain or loss is deferred. Hedging instruments are foreign exchange forward contracts, and hedged items are monetary receivables and payables denominated in foreign currencies and forecast transactions denominated in foreign currencies. The Group assesses the effectiveness of its hedging activities by comparing the changes in the foreign exchange rate of the hedged item against the changes in the foreign exchange rate of the hedging instrument. Hedge effectiveness of foreign exchange forward contracts is not assessed because the Group enters into a foreign exchange forward contract with the same amount in a foreign currency and the same maturity date as the underlying hedged item in accordance with the Company's risk management policies and therefore the foreign exchange rate of the hedged item is effectively correlated with that of the hedging instrument. For forecast transactions, the Group assesses the feasibility.

(8) Allowance for doubtful accounts

To provide for possible credit losses, allowance for doubtful accounts is provided based on past experience for general receivables and on an individual assessment of the collectability of the account for doubtful receivables.

(9) Inventories

Inventories are stated at the lower of cost, principally determined by the monthly moving-average method, or net realizable value.

(10) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment (excluding leased assets) is mainly computed using the declining balance method based on the estimated useful lives of the assets. The Company and its domestic consolidated subsidiaries, however, apply the straight-line method to buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.

The ranges of useful lives are as follows:

Buildings and structures	15-50 years
Machinery and equipment	4-12 years

(11) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed by the straight-line method. Software for internal use owned by the Company and its domestic consolidated subsidiaries is amortized over its expected useful life (five years) by the straight-line method.

(12) Accounting for leases

Leased assets under finance lease arrangements which transfer ownership of the assets to the lessee are depreciated by the same method as the one applied to property, plant and equipment.

Leased assets under finance lease arrangements which do not transfer ownership of the assets to the lessee are depreciated over the lease term by the straight-line method with no residual value.

(13) Retirement benefits

(a) Retirement benefits for employees

Retirement benefit obligations are attributed to periods on a benefit formula basis. Past service costs that are yet to be recognized are amortized by the straight-line method over periods (mainly 10 years), no longer than the average remaining years of service of the employees. Actuarial gains and losses that are yet to be recognized are amortized by the straight-line method over periods (mainly 10 years), no longer than the average remaining years of service of the employees, commencing from the following year.

Certain domestic consolidated subsidiaries apply the simplified method where the amount required for voluntary retirement at the balance sheet date is treated as the retirement benefit obligations in order to calculate their liability for retirement benefits and retirement benefit costs.

(b) Retirement benefits for directors and other officers

To provide for expenditures on retirement benefits for directors and other officers, reserve for retirement benefits for directors and other officers is recorded by certain domestic consolidated subsidiaries at an amount that would be required to be paid in accordance with their internal regulations if all eligible directors and other officers resign their positions at the balance sheet date.

(14) Basis for recognizing revenue and expenses

The following are the details of main performance obligations and the general timing of revenue recognition in the Group’s major businesses.

(a) Seafood

The Seafood business mainly purchases, processes and sells seafood in and outside Japan.

Under a sales contract with a customer, the business has an obligation to transfer finished goods ordered by the customer, and such performance obligation is satisfied generally when promised goods are transferred. For transactions in Japan, however, the business recognizes revenue upon shipment applying paragraph 98 Treatment of recognition upon shipment and other base in the “Implementation Guidance on Accounting Standard for Revenue Recognition” because it takes about a few days from when ordered goods are shipped out to when the control of the goods is transferred to customers.

The business’s revenue is calculated by deducting estimated discounts and rebates from prices in contracts and recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration payable to customers is deducted from net sales.

For some transactions where the Group is an agent or a consignee for the provision of goods or services to customers, the business recognizes revenue on a net basis (the net amount of consideration that the Group retains after paying the supplier the consideration received from the customer).

The Group needs not adjust the promised amount of consideration for the effects of a significant financing component as consideration in sales contracts is collected within about one year after the control of promised goods was transferred to customers.

(b) Overseas Instant Noodles

The Overseas Instant Noodles business manufactures and sells instant noodles in the Americas, mainly in the U.S.A. and Mexico.

Under a sales contract with a customer, the business has an obligation to transfer finished goods ordered by the customer, and such performance obligation is satisfied generally when promised goods are transferred. Accordingly, the business generally recognizes revenue upon acceptance.

The business’s revenue is calculated by deducting estimated discounts and rebates from prices in contracts and recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration payable to customers is deducted from net sales.

The Group needs not adjust the promised amount of consideration for the effects of a significant financing component as consideration in sales contracts is collected within about one year after the control of promised goods was transferred to customers.

(c) Domestic Instant Noodles, Frozen and Refrigerated Foods, and Processed Foods

The Domestic Instant Noodles business mainly manufactures and sells instant noodles in Japan, the Frozen and Refrigerated Foods business mainly manufactures and sells frozen and refrigerated foods in Japan, and the Processed Foods business mainly manufactures and sells processed foods in Japan.

Under a sales contract with a customer, each business has an obligation to transfer finished goods ordered by the customer, and such performance obligation is satisfied generally when promised goods are transferred. The businesses, however, recognize revenue upon shipment applying paragraph 98 Treatment of recognition upon shipment and other base in the “Implementation Guidance on Accounting Standard for Revenue Recognition” because it takes about a few days from when ordered goods are shipped out to when the control of the goods is transferred to customers.

These businesses’ revenue is calculated by deducting estimated discounts and rebates from prices in contracts and recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration payable to customers is deducted from net sales.

The Group needs not adjust the promised amount of consideration for the effects of a significant financing component as consideration in sales contracts is collected within about one year after the control of promised goods was transferred to customers.

(d) Cold-Storage

The Cold-Storage business stores goods entrusted by customers in refrigerated or frozen storage facilities mainly in Japan.

Under a contract for the cold storage service with a customer, the business has an obligation to store goods entrusted by the customer in refrigerated or frozen storage facilities. The business determines that the customer simultaneously receives and consumes the benefits provided as the business provides the cold storage service, so its performance obligation is satisfied over time. Accordingly, the business recognizes revenue based on the number of days the storage service is provided during the reporting period.

The Group needs not adjust the promised amount of consideration for the effects of a significant financing component as consideration in contracts for the cold storage service is collected within about one year after the satisfaction of a performance obligation over a time period corresponding to the number of days the storage service was provided.

(e) Other

In the other businesses, the Group mainly makes and sells packed lunches and deli foods in Japan.

Under a sales contract with a customer, the Group has an obligation to transfer finished goods ordered by the customer, and such performance obligation is satisfied generally when promised goods are transferred. Accordingly, the Group generally recognizes revenue upon acceptance.

The businesses’ revenue is calculated by deducting estimated discounts and rebates from prices in contracts and recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Consideration payable to customers is deducted from net sales.

For some transactions where the Group is an agent for the provision of goods or services to customers, revenue is recognized on a net basis (the net amount of consideration that the Group retains after paying the supplier the consideration received from the customer).

The Group needs not adjust the promised amount of consideration for the effects of a significant financing component as consideration in sales contracts is collected within about one year after the control of promised goods was transferred to customers.

(15) Net income and cash dividends per share of common stock

Net income per share of common stock is based on the weighted-average number of shares of common stock outstanding during the year.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

(16) Significant accounting estimates

(Impairment loss on property, plant and equipment)

(a) Amounts recognized in consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Property, plant and equipment	¥ 159,923	¥ 166,863	$ 1,102,644
Property, plant and equipment in packaged cooked rice business	8,233	7,483	49,448
Proportion of total assets (%)	1.7%	1.3%	—

(b) Information on details of significant accounting estimate of identified item

The Company was required to make a judgment as to whether an impairment loss should be recognized on property, plant and equipment used in the packaged cooked rice business within the Processed Foods Segment. This judgment was based on the fact that an impairment indicator was identified as it cannot be said that the business environment is always stable due to considerable uncertainty about sales quantity and the upward trend in production costs such as raw material and utility costs in recent months in addition to the initial capital expenditures.

The Company determined that this asset group did not need to recognize an impairment loss, because the undiscounted future cash flows expected to be generated from this asset group, based on the mid-term business plan, exceeded the carrying amount.

The undiscounted future cash flows, which were used to determine whether an impairment loss should be recognized, were estimated based on the mid-term business plan that utilizes the growth of the packaged cooked rice market and forecasts of rice prices as key assumptions. The mid-term business plan was developed based on management's assessment on the future business outlook and the previous years' results, and by using information available from external and internal sources.

Regarding the assumptions that were used for estimating the undiscounted future cash flows, if the undiscounted future cash flows decrease due to the difference between the actual growth of the packaged cooked rice market and/or rice prices and the forecasted figures, an impairment loss may be recognized in the consolidated financial statements for the year ending March 31, 2025.

(17) Accounting standards issued but not yet adopted

- "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan ("ASBJ") Statement No. 27, revised on October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, revised on October 28, 2022)
- "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, revised on October 28, 2022)

(a) Overview

The above revised standards and implementation guidance are the results of the ASBJ's reviewing where to record income tax expense, that is, taxation on other comprehensive income, which was to be reviewed after the issue of ASBJ Statement No. 28 revised in February 2018, "Partial Amendments to Accounting Standard for Tax Effect Accounting," and other implementation guidance in the process of deliberations for the transfer of practical guidelines for tax effect accounting issued by the Japanese Institute of Certified Public Accountants to the ASBJ.

(b) Scheduled date of adoption

The Company and its domestic consolidated subsidiaries expect to adopt the revised standards and the revised implementation guidance at the beginning of the year ending March 31, 2025.

(c) Effects of adopting the standards and implementation guidance

The Company is currently evaluating the effects of adopting the revised standards and the revised implementation guidance on its consolidated financial statements.

3 Cash flow information

Cash and cash equivalents in the consolidated statements of cash flows for the years ended March 31, 2023 and 2024 are reconciled to cash on hand and at banks in the consolidated balance sheets as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Cash on hand and at banks	¥ 124,014	**¥ 189,707**	**$ 1,253,598**
Time deposits with maturities of more than 3 months	(86,447)	**(147,640)**	**(975,616)**
Cash and cash equivalents	¥ 37,567	**¥ 42,067**	**$ 277,982**

4 Financial instruments

(1) Outline of financial instruments

(a) Policy for financial instruments

The Group manages their funds only using short-term and long-term deposits, short-term loans receivable from group companies (cash management system), and other equivalent instruments and raises funds primarily through short-term loans from group companies (cash management system). Derivative transactions are not used for speculative purposes, but to hedge the market risk of fluctuations in foreign currency exchange rates associated with monetary receivables and payables denominated in foreign currencies.

(b) Details of financial instruments and related risks

Notes and accounts receivable - trade are exposed to customer credit risk. Securities comprise domestic certificates of deposit with short maturity. Investment securities are exposed to market price fluctuation risk. Long-term time deposits are exposed to the credit risk of the financial institution.

Notes and accounts payable - trade are due within one year. Short-term loans are primarily comprised of short-term loans from group companies (cash management system). Lease obligations under finance leases are mainly for the purpose of financing for capital investments.

Derivative transactions consist of foreign exchange forward contracts for the purpose of hedging foreign currency exchange risk associated with trade receivables and payables denominated in foreign currencies. Information about hedge accounting is as stated in the note "2. Summary of significant accounting policies, (7) Derivative financial instruments."

(c) Risk management for financial instruments

a. Credit risk management (customers' default risk)

The Company manages its credit risk associated with trade receivables by monitoring due dates and outstanding balances for each customer and monitoring the creditworthiness of its main customers semiannually in accordance with internal regulations. In addition, the Company is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties. The Company's consolidated subsidiaries manage their risk in line with the Company's internal regulations.

The Company opens long-term deposit accounts only at creditworthy financial institutions.

The Group enters into derivative contracts only with highly rated financial institutions in order to reduce the risk of counterparty default.

b. Market risk management (risk of fluctuations in foreign currency exchange rates and market prices)

The Company and some of its consolidated subsidiaries enter into foreign exchange forward contracts to hedge the foreign currency exchange risk on trade receivables and payables denominated in foreign currencies.

Investment securities are managed by monitoring market values and the financial position of issuers, customers and suppliers, on a regular basis.

Each derivative transaction is conducted by the department requiring the transaction in accordance with the Company's internal regulations. The department confirms the contract and reconciles the balances as well as reports them to the general manager of the accounting department. Some of the Company's consolidated subsidiaries manage their risk in line with the Company's internal regulations.

c. Liquidity risk management and fundraising (risk that the Group may not be able to meet its contractual obligations on due dates)

The accounting department of the Company prepares short-term and long-term financing plans on a timely basis based on reports from departments and holds an adequate volume of liquid assets to manage liquidity risk. The Company's consolidated subsidiaries use a cash management system for efficient fund management in order to manage their liquidity risk.

(d) Supplementary explanation for fair values of financial instruments

Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value. The contract amounts of derivative transactions in the note "6. Derivative financial instruments" are not necessarily indicative of the market risk involved in derivative transactions.

(e) Concentration of credit risk

As of March 31, 2024, 32.1% of total trade receivables are from the Company's major customer.

(2) Fair values of financial instruments

The carrying amounts of financial instruments on the consolidated balance sheets as of March 31, 2023 and 2024 and their fair values are shown in the following table. The following table does not include nonmarketable equity securities (see (b) below).

2023 — Millions of yen

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Investments in unconsolidated subsidiaries and affiliates	¥ 2,974	¥ 1,941	¥ (1,033)
(2) Investment securities: Available-for-sale securities	23,962	23,962	—
(3) Long-term time deposits	18,000	18,000	—
Assets total	¥ 44,936	¥ 43,903	¥ (1,033)
(1) Lease obligations (*1)	¥ 3,370	¥ 3,304	¥ (66)
Liabilities total	¥ 3,370	¥ 3,304	¥ (66)
Derivative transactions (*2)	¥ (42)	¥ (42)	¥ —

2024 — Millions of yen

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Investments in unconsolidated subsidiaries and affiliates	**¥ 3,243**	**¥ 2,161**	**¥ (1,082)**
(2) Investment securities: Available-for-sale securities	**31,358**	**31,358**	**—**
Assets total	**¥ 34,601**	**¥ 33,519**	**¥ (1,082)**
(1) Lease obligations (*1)	**¥ 3,175**	**¥ 3,036**	**¥ (139)**
Liabilities total	**¥ 3,175**	**¥ 3,036**	**¥ (139)**
Derivative transactions (*2)	**¥ 68**	**¥ 68**	**¥ —**

2024 — Thousands of U.S. dollars

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Investments in unconsolidated subsidiaries and affiliates	**$ 21,430**	**$ 14,280**	**$ (7,150)**
(2) Investment securities: Available-for-sale securities	**207,216**	**207,216**	**—**
Assets total	**$ 228,646**	**$ 221,496**	**$ (7,150)**
(1) Lease obligations (*1)	**$ 20,981**	**$ 20,062**	**$ (919)**
Liabilities total	**$ 20,981**	**$ 20,062**	**$ (919)**
Derivative transactions (*2)	**$ 449**	**$ 449**	**$ —**

(*1) Current portion of lease obligations is included in (1) Lease obligations.
(*2) The value of assets and liabilities arising from derivative transactions is shown at net value, and the net liability position is shown in parentheses.

Notes:

(a) Since cash on hand and at banks, notes and accounts receivable - trade, securities (certificates of deposit), notes and accounts payable - trade, and short-term loans are settled in a short period of time, their carrying amount approximates fair value. Accordingly, information about these items is not disclosed.

(b) Carrying amounts of nonmarketable equity securities

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Unlisted equity securities	¥ 783	**¥ 560**	**$ 3,701**
Investments in unconsolidated subsidiaries and affiliates	1,446	**1,446**	**9,555**

The above items are excluded from "(1) Investments in unconsolidated subsidiaries and affiliates and (2) Investment securities – Available-for-sale securities."

(c) Maturity analysis for monetary receivables and securities with maturity at March 31, 2023 and 2024

2023

Millions of yen

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash on hand and at banks	¥ 124,014	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	59,414	—	—	—
Securities: Certificates of deposit	62,000	—	—	—
Long-term time deposits	—	18,000	—	—
Total	¥ 245,428	¥ 18,000	¥ —	¥ —

2024

Millions of yen

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash on hand and at banks	**¥ 189,707**	**¥ —**	**¥ —**	**¥ —**
Notes and accounts receivable - trade	**64,993**	**—**	**—**	**—**
Securities: Certificates of deposit	**65,000**	**—**	**—**	**—**
Total	**¥ 319,700**	**¥ —**	**¥ —**	**¥ —**

2024

Thousands of U.S. dollars

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash on hand and at banks	**$ 1,253,598**	**$ —**	**$ —**	**$ —**
Notes and accounts receivable - trade	**429,479**	**—**	**—**	**—**
Securities: Certificates of deposit	**429,525**	**—**	**—**	**—**
Total	**$ 2,112,602**	**$ —**	**$ —**	**$ —**

(d) Annual maturities of lease obligations

See the note “9. Short-term loans and lease obligations.”

(3) Fair values of financial instruments by level

The fair values of financial instruments are categorized into the following three levels depending on the observability and the significance of inputs used in the fair value measurements.

Level 1 Fair Values: Of observable inputs used in fair value measurement, fair values measured at quoted prices in active markets for identical assets or liabilities

Level 2 Fair Values: Of observable inputs used in fair value measurement, fair values measured using inputs other than Level 1 inputs

Level 3 Fair Values: Fair values measured using unobservable inputs

When using more than one input that is significant to fair value measurement, the Group categorizes the fair value on the basis of the lowest priority level input.

(a) Financial instruments measured at fair value in the consolidated balance sheet

2023

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities: Available-for-sale securities	¥ 23,962	¥ —	¥ —	¥ 23,962
Derivative transactions	—	(42)	—	(42)

2024

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities: Available-for-sale securities	¥ 31,358	¥ —	¥ —	¥ 31,358
Derivative transactions	—	68	—	68

2024

Thousands of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities: Available-for-sale securities	$ 207,216	$ —	$ —	$ 207,216
Derivative transactions	—	449	—	449

(b) Financial instruments not measured at fair value in the consolidated balance sheet

2023

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in unconsolidated subsidiaries and affiliates	¥ 1,941	¥ —	¥ —	¥ 1,941
Long-term time deposits	—	18,000	—	18,000
Assets total	¥ 1,941	¥ 18,000	¥ —	¥ 19,941
Lease obligations	¥ —	¥ 3,304	¥ —	¥ 3,304
Liabilities total	¥ —	¥ 3,304	¥ —	¥ 3,304

2024

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in unconsolidated subsidiaries and affiliates	¥ 2,161	¥ —	¥ —	¥ 2,161
Assets total	¥ 2,161	¥ —	¥ —	¥ 2,161
Lease obligations	¥ —	¥ 3,036	¥ —	¥ 3,036
Liabilities total	¥ —	¥ 3,036	¥ —	¥ 3,036

2024

Thousands of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in unconsolidated subsidiaries and affiliates	$ 14,280	$ —	$ —	$ 14,280
Assets total	$ 14,280	$ —	$ —	$ 14,280
Lease obligations	$ —	$ 20,062	$ —	$ 20,062
Liabilities total	$ —	$ 20,062	$ —	$ 20,062

Note: Valuation techniques used to measure fair value and inputs used in fair value measurement

Investment securities and Investments in unconsolidated subsidiaries and affiliates

The fair values of listed equity securities are estimated based on quoted market prices for the securities. Listed equity securities are traded in active markets, and therefore the fair values are categorized within Level 1 Fair Values.

Long-term time deposits

The fair values of long-term time deposits are measured using the Discounted Cash Flow Method where the total of principal and interest is discounted using the interest rates at which similar deposits would be made and are categorized within Level 2 Fair Values.

Derivative transactions

The fair values of foreign exchange forward contracts are measured using observable inputs such as foreign currency exchange rates and are categorized within Level 2 Fair Values.

Lease obligations

The fair values of lease obligations are measured by the Discounted Cash Flow Method using interest rates adjusted for the remaining lease term and the credit risk and are categorized within Level 2 Fair Values.

5 Securities

(1) Information about available-for-sale securities

2023

Millions of yen

	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost: Equity securities	¥ 23,846	¥ 11,058	¥ 12,788
Securities whose carrying amount does not exceed their acquisition cost: Equity securities	116	140	(24)
Other	62,000	62,000	—
	¥ 85,962	¥ 73,198	¥ 12,764

2024

Millions of yen

	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost: Equity securities	**¥ 31,280**	**¥ 11,011**	**¥ 20,269**
Securities whose carrying amount does not exceed their acquisition cost: Equity securities	**78**	**87**	**(9)**
Other	**65,000**	**65,000**	**—**
	¥ 96,358	**¥ 76,098**	**¥ 20,260**

2024

Thousands of U.S. dollars

	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost: Equity securities	**$ 206,701**	**$ 72,762**	**$ 133,939**
Securities whose carrying amount does not exceed their acquisition cost: Equity securities	**515**	**575**	**(60)**
Other	**429,525**	**429,525**	**—**
	$ 636,741	**$ 502,862**	**$ 133,879**

Note: Unlisted equity securities (carrying amount as of March 31, 2023 and 2024 was ¥783 million and ¥560 million ($3,701 thousand), respectively) are not included in the above table because they do not have a quoted market price.

(2) Sales of available-for-sale securities and the aggregate gain and loss

There is no applicable information to be disclosed for the year ended March 31, 2023.

2024

Millions of yen

	Sales proceeds	Aggregate gain	Aggregate loss
Equity securities	**¥ 550**	**¥ 198**	**¥ —**

2024

Thousands of U.S. dollars

	Sales proceeds	Aggregate gain	Aggregate loss
Equity securities	**$ 3,634**	**$ 1,308**	**$ —**

(3) Write-down of investment securities

During the year ended March 31, 2023, the Group recognized losses on write-down of investment securities of ¥0 million for available-for-sale securities. There is no applicable information to be disclosed for the year ended March 31, 2024.

The Group recognizes losses on write-down of investment securities based on the following criteria:

(a) When the fair values of investment securities decline by 50% or more compared to their acquisition costs, such securities are written down to the fair values.

(b) When the fair values of investment securities decline by 30% to 50% compared to their acquisition costs, the Group, for an individual stock, comprehends gaps between its fair values and carrying amount on the basis of its market price trend and comprehensively assesses financial ratios and other factors in the financial statements published by the issuer and then writes down uncollectible securities to their fair values.

6 Derivative financial instruments

Summarized below are the contract amounts and the fair values of derivative instruments as of March 31, 2023 and 2024, for which hedge accounting has been applied:

2023

Millions of yen

Transaction type	Major hedged item	Contract amount	Contract amount due over one year	Fair value
Foreign exchange forward contracts: Buying U.S. dollar	Forecast transactions (purchases) denominated in foreign currency	¥ 1,753	¥ —	¥ (42)
Foreign exchange forward contracts: Buying U.S. dollar (Note)	Accounts payable - trade	146	—	—
Total		¥ 1,899	¥ —	¥ (42)

2024

Millions of yen

Transaction type	Major hedged item	Contract amount	Contract amount due over one year	Fair value
Foreign exchange forward contracts: Buying U.S. dollar	Forecast transactions (purchases) denominated in foreign currency	**¥ 1,093**	**¥ —**	**¥ 68**
Foreign exchange forward contracts: Buying U.S. dollar (Note)	Accounts payable - trade	**97**	**—**	**—**
Total		**¥ 1,190**	**¥ —**	**¥ 68**

2024

Thousands of U.S. dollars

Transaction type	Major hedged item	Contract amount	Contract amount due over one year	Fair value
Foreign exchange forward contracts: Buying U.S. dollar	Forecast transactions (purchases) denominated in foreign currency	**$ 7,223**	**$ —**	**$ 449**
Foreign exchange forward contracts: Buying U.S. dollar (Note)	Accounts payable - trade	**641**	**—**	**—**
Total		**$ 7,864**	**$ —**	**$ 449**

Note: As foreign exchange forward contracts that meet certain criteria are accounted for with accounts payable - trade as hedged items, the fair values of such foreign exchange forward contracts are included in the fair value of the accounts payable - trade.

7 Inventories

Inventories as of March 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Merchandise and finished goods	¥ 15,533	**¥ 18,107**	**$ 119,652**
Work in progress	424	**482**	**3,185**
Raw materials and supplies	18,450	**18,428**	**121,774**
Total	¥ 34,407	**¥ 37,017**	**$ 244,611**

Valuation losses (reversals) due to declines in profitability included in cost of sales for the years ended March 31, 2023 and 2024 were ¥(29) million and ¥(89) million ($(588) thousand), respectively.

8 Investment and rental properties

The Company and some of its consolidated subsidiaries own rental properties and idle properties in Tokyo and other areas of Japan. Profit from such properties (lease revenue is mainly included in net sales, and lease expenses are mainly included in cost of sales) for the years ended March 31, 2023 and 2024 were ¥307 million and ¥323 million ($2,134 thousand), respectively.

The carrying amount, net changes during the year and the fair value of such properties as of March 31, 2023 and 2024 were as follows:

			Millions of yen
		Carrying amount	Fair value
Balance at April 1, 2022	Increase / (Decrease)	Balance at March 31, 2023	Balance at March 31, 2023
¥ 2,715	¥ (165)	¥ 2,550	¥ 7,887

			Millions of yen
		Carrying amount	Fair value
Balance at April 1, 2023	Increase / (Decrease)	Balance at March 31, 2024	Balance at March 31, 2024
¥ 2,550	**¥ (221)**	**¥ 2,329**	**¥ 5,998**

			Thousands of U.S. dollars
		Carrying amount	Fair value
Balance at April 1, 2023	Increase / (Decrease)	Balance at March 31, 2024	Balance at March 31, 2024
$ 16,850	**$ (1,460)**	**$ 15,390**	**$ 39,635**

Notes:

(a) The carrying amount represents the acquisition cost less accumulated depreciation and accumulated impairment.

(b) The fair value is mainly calculated internally based on the road rating for tax purposes.

9 Short-term loans and lease obligations

The weighted-average interest rates on short-term loans at March 31, 2023 and 2024 were 0.467% and 0.453%, respectively.

Lease obligations as of March 31, 2023 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2023	**2024**	**2024**
Lease obligations at a weighted-average interest rate of 7.392% for 2023 and 2024	¥ 3,370	**¥ 3,175**	**$ 20,981**
Less: Current portion	(295)	**(289)**	**(1,910)**
Lease obligations	¥ 3,075	**¥ 2,886**	**$ 19,071**

The aggregate annual maturities of lease obligations as of March 31, 2024 were as follows:

	Millions of yen	Thousands of U.S. dollars
2025	**¥ 289**	**$ 1,910**
2026	**275**	**1,817**
2027	**268**	**1,771**
2028	**266**	**1,758**
2029 and thereafter	**2,077**	**13,725**
Total	**¥ 3,175**	**$ 20,981**

10 Retirement benefits and pension plans

The Company and its consolidated subsidiaries have funded and unfunded defined benefit plans covering substantially all employees.

Funded defined benefit pension plans provide lump-sum or pension payments based on the current basic salary and the length of service of employees. Unfunded lump-sum severance payment plans provide lump-sum payments based on points. Certain domestic consolidated subsidiaries apply the simplified method where the amount required for voluntary retirement at the balance sheet date is treated as the retirement benefit obligations in order to calculate their liability for retirement benefits and retirement benefit costs.

The tables below include plans to which the simplified method has been applied.

The changes in retirement benefit obligations for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at beginning of year	¥ 43,144	**¥ 42,700**	**$ 282,165**
Service cost	2,087	**2,022**	**13,362**
Interest cost	95	**96**	**634**
Actuarial gains	(880)	**(3,773)**	**(24,932)**
Benefits paid	(1,746)	**(2,022)**	**(13,362)**
Balance at end of year	¥ 42,700	**¥ 39,023**	**$ 257,867**

The changes in plan assets for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Balance at beginning of year	¥ 21,672	**¥ 22,499**	**$ 148,675**
Expected return on plan assets	1	**12**	**79**
Actuarial losses	(76)	**(25)**	**(165)**
Employer contributions	2,110	**2,116**	**13,983**
Benefits paid	(1,208)	**(1,388)**	**(9,172)**
Balance at end of year	¥ 22,499	**¥ 23,214**	**$ 153,400**

Reconciliation between retirement benefit obligations and plan assets and the amounts recognized in the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Funded retirement benefit obligations	¥ 33,903	**¥ 30,607**	**$ 202,253**
Plan assets	(22,499)	**(23,214)**	**(153,400)**
	11,404	**7,393**	**48,853**
Unfunded retirement benefit obligations	8,797	**8,416**	**55,614**
Net liability for retirement benefits in the consolidated balance sheet	¥ 20,201	**¥ 15,809**	**$ 104,467**
Liability for retirement benefits	¥ 20,246	**¥ 15,864**	**$ 104,830**
Asset for retirement benefits	(45)	**(55)**	**(363)**
Net liability for retirement benefits in the consolidated balance sheet	¥ 20,201	**¥ 15,809**	**$ 104,467**

The components of retirement benefit costs for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Service cost	¥ 2,087	¥ 2,022	$ 13,362
Interest cost	95	96	634
Expected return on plan assets	(1)	(12)	(79)
Amortization of actuarial losses	831	721	4,764
Amortization of past service costs	(350)	(321)	(2,121)
Retirement benefit costs	¥ 2,662	¥ 2,506	$ 16,560

The components of adjustments for retirement benefits recognized in other comprehensive income (before income tax effects) for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Past service costs	¥ 350	¥ 321	$ 2,121
Actuarial gains	(1,635)	(4,469)	(29,531)
Total	¥ (1,285)	¥ (4,148)	$ (27,410)

The components of adjustments for retirement benefits recognized in accumulated other comprehensive income (before income tax effects) as of March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Unrecognized past service costs	¥ (320)	¥ —	$ —
Unrecognized actuarial losses (gains)	3,028	(1,441)	(9,522)
Total	¥ 2,708	¥ (1,441)	$ (9,522)

The components of plan assets as of March 31, 2023 and 2024 were as follows:

	2023	2024
Cash on hand and at banks	87%	87%
Life insurance general accounts	13	13
Other	0	0
Total	100%	100%

The expected long-term rate of return on plan assets is determined considering the current and expected allocation of plan assets and the current and expected long-term rates of return derived from various assets constituting plan assets.

Assumptions used for the years ended March 31, 2023 and 2024 were as follows:

	2023	2024
Discount rate	0.2-0.7%	1.0%
Expected long-term rate of return on plan assets	0-0.4%	0-0.8%

*Salary increase index by age determined based on the number of points each job earns is used as an expected salary increase rate.

11 Revenue recognition

Net sales include revenue from contracts with customers and other revenue. In addition, net sales are mostly comprised of revenue from contracts with customers, and revenue from other sources is insignificant.

(1) Disaggregated revenue from contracts with customers

Revenue from contracts with customers is disaggregated as in the note "21. Segment information."

(2) Information to enable users to understand revenue from contracts with customers

Information to enable users to understand revenue from contracts with customers is as stated in the note "2. Summary of significant accounting policies, (14) Basis for recognizing revenue and expenses."

(3) Relationship between the satisfaction of performance obligations in contracts with customers and cash flows arising from the contracts as well as the amount and timing of revenue expected to be recognized in future periods from existing contracts with customers at March 31, 2023 and 2024

(a) Contract balances

The following table presents the balances of receivables from contracts with customers. There were no contract assets or contract liabilities.

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Receivables from contracts with customers at beginning of year	¥ 56,689	¥ 59,445	$ 392,817
Receivables from contracts with customers at end of year	59,445	65,031	429,730

(b) Transaction price allocated to the remaining performance obligations

The Group does not have any significant transactions with an original expected contract duration of more than one year. All significant consideration from contracts with customers is included in the transaction price.

12 Research and development expenses

Research and development expenses for the years ended March 31, 2023 and 2024 were ¥1,787 million and ¥1,812 million ($11,974 thousand), respectively.

13 Impairment losses on fixed assets

For the years ended March 31, 2023 and 2024, the Company and its consolidated subsidiaries recognized impairment losses on fixed assets for the following groups of assets.

2023

Use	Type of assets	Business	Millions of yen 2023
Business assets	Buildings and structures	Frozen and Refrigerated Foods	¥ 29
	Machinery and equipment	Processed Foods, Frozen and Refrigerated Foods, and Other	77
	Other	Processed Foods, and Other	12
			¥ 118

2024

Use	Type of assets	Business	Millions of yen 2024	Thousands of U.S. dollars 2024
Business assets	Buildings and structures	Frozen and Refrigerated Foods, and Other	¥ 656	$ 4,335
	Machinery and equipment	Processed Foods, Frozen and Refrigerated Foods, and Other	732	4,837
	Land	Other	356	2,352
	Construction in progress	Other	15	99
	Other	Other	23	152
	Software	Other	0	1
			¥ 1,782	$ 11,776

The Company and its consolidated subsidiaries group their business assets by business and idle assets by property.

The carrying amounts of impaired business assets were reduced to their recoverable amounts due to reduced profitability. The recoverable amounts were based on value in use. For the year ended March 31, 2023, value in use was estimated to be the memorandum value because the future cash flows were expected to be negative. For the year ended March 31, 2024, value in use was determined by discounting the estimated future cash flows at a rate of 10% or determined to be the memorandum value when the future cash flows were expected to be negative.

14 Loss on disaster

Loss on disaster of ¥83 million recognized for the year ended March 31, 2023 was restoration costs associated with an earthquake centered off the coast of Fukushima in March 2022. The loss for the year ended March 31, 2023 constitutes an additional loss incurred by the Group.

15 Income taxes

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of (1) corporation tax, (2) enterprise tax (excluding value added base and capital base) and (3) inhabitants tax which, in the aggregate, resulted in an effective statutory tax rate of approximately 30.6% for the years ended March 31, 2023 and 2024.

The main components of deferred tax assets and liabilities as of March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Deferred tax assets:			
Liability for retirement benefits	¥ 6,216	¥ 4,878	$ 32,234
Tax credit carryforwards	427	14	93
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	354	354	2,339
Impairment losses on fixed assets	882	1,383	9,139
Accrued bonuses	725	1,006	6,648
Unrealized losses on intercompany asset transfers	661	654	4,322
Tax loss carryforwards (a)	227	295	1,949
Other	3,145	4,564	30,159
Gross deferred tax assets	12,637	13,148	86,883
Valuation allowance for tax loss carryforwards (a)	(172)	(268)	(1,771)
Valuation allowance for deductible temporary differences	(3,236)	(3,777)	(24,959)
Less: Total valuation allowance	(3,408)	(4,045)	(26,730)
Total deferred tax assets	9,229	9,103	60,153
Deferred tax liabilities:			
Net unrealized gain on investment securities	(3,688)	(5,989)	(39,576)
Special reserves for deferred gains on fixed assets	(3,225)	(3,109)	(20,545)
Depreciation of overseas consolidated subsidiaries	(2,290)	(2,758)	(18,225)
Unrealized gains on intercompany asset transfers	(269)	(265)	(1,751)
Valuation differences of subsidiaries' assets in consolidation	(137)	(103)	(681)
Reserve for special depreciation	(1)	(1)	(7)
Other	(774)	(1,244)	(8,219)
Total deferred tax liabilities	(10,384)	(13,469)	(89,004)
Net deferred tax liabilities	¥ (1,155)	¥ (4,366)	$ (28,851)

Note:

(a) The expiration of tax loss carryforwards, the related valuation allowance and the resulting net deferred tax assets as of March 31, 2023 and 2024 were as follows:

2023 Millions of yen

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Deferred tax assets relating to tax loss carryforwards (*1)	¥ 33	¥ 7	¥ —	¥ —	¥ —	¥ 187	¥ 227
Less: Valuation allowance for tax loss carryforwards	21	7	—	—	—	144	172
Net deferred tax assets relating to tax loss carryforwards	12	—	—	—	—	43	(*2) 55

2024

Millions of yen

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Deferred tax assets relating to tax loss carryforwards (*1)	¥ 7	¥ —	¥ —	¥ —	¥ 1	¥ 287	¥ 295
Less: Valuation allowance for tax loss carryforwards	2	—	—	—	1	265	268
Net deferred tax assets relating to tax loss carryforwards	5	—	—	—	—	22	(*2) 27

2024

Thousands of U.S. dollars

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Deferred tax assets relating to tax loss carryforwards (*1)	$ 46	$ —	$ —	$ —	$ 7	$ 1,896	$ 1,949
Less: Valuation allowance for tax loss carryforwards	13	—	—	—	7	1,751	1,771
Net deferred tax assets relating to tax loss carryforwards	33	—	—	—	—	145	(*2) 178

(*1) Deferred tax assets relating to tax loss carryforwards represent the amounts calculated by multiplying the effective statutory tax rate.
(*2) Deferred tax assets of ¥55 million and ¥27 million ($178 thousand) were recognized in relation to tax loss carryforwards of ¥227 million and ¥295 million ($1,949 thousand) (the amounts calculated by multiplying the effective statutory tax rate) as of March 31, 2023 and 2024, respectively, which are expected to be recoverable based on the estimated future taxable income.

The following table summarizes the main differences between the effective statutory tax rate and the actual effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2023 and 2024.

	2023	2024
Effective statutory tax rate	30.6%	30.6%
Permanently non-deductible expenses, including entertainment expenses	0.3	0.1
Permanently non-taxable income, including dividend income	(0.1)	(0.1)
Per capita inhabitants tax	0.2	0.1
Special deduction for corporation tax	(0.6)	(0.3)
Changes in valuation allowance	(0.1)	0.5
Lower income tax rates applicable to income in certain foreign countries	(8.0)	(7.2)
Other, net	0.8	1.0
Actual effective tax rate	23.1%	24.7%

16 Net assets

Under the Japanese Companies Act (the "Act"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by resolution at the board of directors' meeting, designate an amount not exceeding one-half of the price of new shares as additional paid-in capital, which is included in capital surplus.

The Act requires that an amount equal to 10% of dividends must be appropriated as a legal earnings reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon payment of such dividends, until the aggregate amount of the legal earnings reserve and additional paid-in capital equals 25% of common stock.

All additional paid-in-capital and legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends by resolution passed by the shareholders.

The maximum amount that a company can distribute as dividends is calculated based on the stand-alone financial statements of the company in accordance with Japanese laws and regulations.

At the general meeting of shareholders held on June 27, 2024, the Company's shareholders approved cash dividends amounting to ¥11,239 million ($74,268 thousand). These cash dividends have not been accrued in the consolidated financial statements as of March 31, 2024 because such appropriations are recognized in the period in which they are approved by the shareholders.

17 Notes to the consolidated statements of changes in net assets

(1) Type and number of shares

Common stock issued	2023	2024
	Thousands of shares	
Balance at beginning and end of year	110,881	**110,881**

Treasury stock	2023	2024
	Thousands of shares	
Balance at beginning of year	8,753	**8,753**
Increase due to purchase of odd lot shares	0	**1**
Balance at end of year	8,753	**8,754**

(2) Dividends

(a) Dividends paid in the year ended March 31, 2024

The following were approved at the Company's general meeting of shareholders held on June 22, 2023:

Dividends on Common stock

a. Total amount of dividends .... ¥6,131 million ($40,514 thousand)
b. Dividend per share ¥60.0 ($0.40)
c. Record date .... March 31, 2023
d. Effective date .... June 23, 2023

The following were approved at the Company's Board of Directors' meeting held on October 31, 2023:

Dividends on Common stock

a. Total amount of dividends .... ¥6,131 million ($40,514 thousand)
b. Dividend per share ¥60.0 ($0.40)
c. Record date .... September 30, 2023
d. Effective date .... December 5, 2023

(b) Dividends with a record date in the year ended March 31, 2024 but an effective date in the year ending March 31, 2025

The following were approved at the Company's general meeting of shareholders held on June 27, 2024:

Dividends on Common stock

a. Total amount of dividends .... ¥11,239 million ($74,268 thousand)
b. Funds for dividends .... Retained earnings
c. Dividend per share ¥110.0 ($0.73)
d. Record date... March 31, 2024
e. Effective date .... June 28, 2024

18 Per share information

The basis of the calculation of per share data was as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net income attributable to owners of parent	¥ 33,126	**¥ 55,654**	**$ 367,766**
Net income attributable to owners of parent related to common stock	33,126	**55,654**	**367,766**

	2023	2024
Weighted-average number of shares of common stock (unit: thousands of shares)	102,128	**102,127**

Information on diluted net income per share is not disclosed because there were no potentially dilutive shares of common stock outstanding during the years ended March 31, 2023 and 2024.

Cash dividends per share are dividends applicable to the respective years, including dividends to be paid after the end of the year.

19 Leases

(1) Finance leases

(a) Finance leases which transfer ownership of leased assets to the lessee

Leased assets include warehouse facilities (buildings and structures, and machinery and equipment) for the Cold-Storage business.

(b) Finance leases which do not transfer ownership of leased assets to the lessee

Leased assets mainly consist of communication devices and office equipment (other).

(2) Operating leases

Future minimum lease payments under non-cancelable operating leases as of March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Due within one year	¥ 25	¥ 26	$ 172
Due after one year	206	198	1,308
	¥ 231	¥ 224	$ 1,480

20 Other comprehensive income

(1) Reclassification adjustments on other comprehensive income for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net unrealized gain on investment securities:			
Gains arising during the year	¥ 764	¥ 7,693	$ 50,836
Reclassification adjustments	0	(197)	(1,302)
	764	7,496	49,534
Net unrealized gain (loss) on hedging instruments:			
Gains (losses) arising during the year	(110)	110	727
	(110)	110	727
Foreign currency translation adjustments:			
Adjustments arising during the year	11,976	18,727	123,750
	11,976	18,727	123,750
Adjustments for retirement benefits:			
Adjustments arising during the year	803	3,748	24,767
Reclassification adjustments	482	400	2,643
	1,285	4,148	27,410
Share of other comprehensive income of affiliate accounted for using the equity method:			
Gains arising during the year	60	183	1,209
	60	183	1,209
Amount before income tax effects	13,975	30,664	202,630
Income tax effects	(521)	(3,578)	(23,644)
Total other comprehensive income, net of tax	¥ 13,454	¥ 27,086	$ 178,986

(2) Income tax effects on other comprehensive income for the years ended March 31, 2023 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2024	2024
Net unrealized gain on investment securities:			
Amount before income tax effect	¥ 764	¥ 7,496	$ 49,534
Income tax effect	(221)	(2,301)	(15,205)
Amount, net of tax	543	5,195	34,329
Net unrealized gain (loss) on hedging instruments:			
Amount before income tax effect	(110)	110	727
Income tax effect	30	(29)	(192)
Amount, net of tax	(80)	81	535
Foreign currency translation adjustments:			
Amount before income tax effect	11,976	18,727	123,750
Income tax effect	—	—	—
Amount, net of tax	11,976	18,727	123,750
Adjustments for retirement benefits:			
Amount before income tax effect	1,285	4,148	27,410
Income tax effect	(330)	(1,248)	(8,247)
Amount, net of tax	955	2,900	19,163
Share of other comprehensive income of affiliate accounted for using the equity method:			
Amount before income tax effect	60	183	1,209
Income tax effect	—	—	—
Amount, net of tax	60	183	1,209
Total other comprehensive income			
Amount before income tax effects	13,975	30,664	202,630
Income tax effects	(521)	(3,578)	(23,644)
Amount, net of tax	¥ 13,454	¥ 27,086	$ 178,986

21 Segment information

(1) Description of reportable segments

Reportable segments of the Group are components for each of which discrete financial information is available and whose respective operating results are regularly reviewed by the Company's Board of Directors to make decisions about resources to be allocated among the Group and assess their performance.

The Group has business units by type of product and service, and each business unit plans a comprehensive strategy for its products and services and engages in business activities. "Overseas Instant Noodles" business unit is composed of overseas subsidiaries, each of which plans a comprehensive strategy for its products and engages in business activities.

Accordingly, the Group consists of segments by type of product and geographical area based on the business units and overseas subsidiaries and has identified six reportable segments: "Seafood," "Overseas Instant Noodles," "Domestic Instant Noodles," "Frozen and Refrigerated Foods," "Processed Foods," and "Cold-Storage."

The "Seafood" purchases, processes and sells seafood. The "Overseas Instant Noodles" manufactures and sells instant noodles overseas. The "Domestic Instant Noodles" manufactures and sells instant noodles in Japan. The "Frozen and Refrigerated Foods" manufactures and sells frozen and chilled foods. The "Processed Foods" manufactures and sells processed foods excluding instant noodles, and frozen and chilled foods. The "Cold-Storage" refrigerates or freezes and stores food in cold storage warehouses.

(2) Basis of measurement of net sales, income or loss and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those described in the note "2. Summary of significant accounting policies." Segment income or loss corresponds to the Group's operating income. Intersegment sales or transfers are determined taking into consideration the market prices and other factors.

(3) Information about net sales, income or loss and other items for each reportable segment and disaggregated revenue

2023

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others (a)	Total	Adjustments (b)	Consolidated (c)
Net sales:											
Japan	¥ 27,954	¥ —	¥ 97,636	¥ 52,838	¥ 20,328	¥ 22,889	¥ 221,645	¥ 34,966	¥ 256,611	¥ —	¥ 256,611
Americas	7	178,374	—	—	—	—	178,381	—	178,381	—	178,381
Other	565	—	—	—	—	—	565	230	795	—	795
Net sales (d)	¥ 28,526	¥ 178,374	¥ 97,636	¥ 52,838	¥ 20,328	¥ 22,889	¥ 400,591	¥ 35,196	¥ 435,787	¥ —	¥ 435,787
Net sales to outside customers	¥ 28,526	¥ 178,374	¥ 97,636	¥ 52,838	¥ 20,328	¥ 22,889	¥ 400,591	¥ 35,196	¥ 435,787	¥ —	¥ 435,787
Intersegment sales or transfers	1,266	—	68	12	1	1,022	2,369	37	2,406	(2,406)	—
Total	¥ 29,792	¥ 178,374	¥ 97,704	¥ 52,850	¥ 20,329	¥ 23,911	¥ 402,960	¥ 35,233	¥ 438,193	¥ (2,406)	¥ 435,787
Segment income	¥ 46	¥ 26,113	¥ 6,708	¥ 5,061	¥ 124	¥ 1,852	¥ 39,904	¥ 652	¥ 40,556	¥ (226)	¥ 40,330
Segment assets	¥ 19,545	¥ 162,775	¥ 60,615	¥ 23,470	¥ 20,204	¥ 47,614	¥ 334,223	¥ 17,885	¥ 352,108	¥ 144,975	¥ 497,083
Other items:											
Depreciation and amortization	¥ 287	¥ 5,097	¥ 3,021	¥ 1,021	¥ 1,635	¥ 3,271	¥ 14,332	¥ 1,114	¥ 15,446	¥ 553	¥ 15,999
Increase in property, plant and equipment and intangible assets	348	4,485	2,903	1,245	1,507	1,984	12,472	1,298	13,770	484	14,254

2024

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others (a)	Total	Adjustments (b)	Consolidated (c)
Net sales:											
Japan	**¥ 29,318**	**¥ —**	**¥ 100,094**	**¥ 56,879**	**¥ 20,155**	**¥ 23,997**	**¥ 230,443**	**¥ 36,901**	**¥ 267,344**	**¥ —**	**¥ 267,344**
Americas	**—**	**221,229**	**—**	**—**	**—**	**—**	**221,229**	**—**	**221,229**	**—**	**221,229**
Other	**245**	**—**	**—**	**—**	**—**	**—**	**245**	**195**	**440**	**—**	**440**
Net sales (d)	**¥ 29,563**	**¥ 221,229**	**¥ 100,094**	**¥ 56,879**	**¥ 20,155**	**¥ 23,997**	**¥ 451,917**	**¥ 37,096**	**¥ 489,013**	**¥ —**	**¥ 489,013**
Net sales to outside customers	**¥ 29,563**	**¥ 221,229**	**¥ 100,094**	**¥ 56,879**	**¥ 20,155**	**¥ 23,997**	**¥ 451,917**	**¥ 37,096**	**¥ 489,013**	**¥ —**	**¥ 489,013**
Intersegment sales or transfers	**1,207**	**—**	**77**	**11**	**2**	**1,081**	**2,378**	**36**	**2,414**	**(2,414)**	**—**
Total	**¥ 30,770**	**¥ 221,229**	**¥ 100,171**	**¥ 56,890**	**¥ 20,157**	**¥ 25,078**	**¥ 454,295**	**¥ 37,132**	**¥ 491,427**	**¥ (2,414)**	**¥ 489,013**
Segment income	**¥ 400**	**¥ 46,319**	**¥ 9,704**	**¥ 7,430**	**¥ 743**	**¥ 2,283**	**¥ 66,879**	**¥ 418**	**¥ 67,297**	**¥ (601)**	**¥ 66,696**
Segment assets	**¥ 20,770**	**¥ 202,965**	**¥ 62,462**	**¥ 28,461**	**¥ 19,624**	**¥ 46,189**	**¥ 380,471**	**¥ 17,643**	**¥ 398,114**	**¥ 172,881**	**¥ 570,995**
Other items:											
Depreciation and amortization	**¥ 340**	**¥ 6,021**	**¥ 3,080**	**¥ 1,030**	**¥ 1,538**	**¥ 3,299**	**¥ 15,308**	**¥ 1,214**	**¥ 16,522**	**¥ 583**	**¥ 17,105**
Increase in property, plant and equipment and intangible assets	**361**	**7,447**	**1,158**	**3,897**	**1,760**	**2,931**	**17,554**	**1,763**	**19,317**	**383**	**19,700**

2024

Thousands of U.S. dollars

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others (a)	Total	Adjustments (b)	Consolidated (c)
Net sales:											
Japan	$ 193,735	$ —	$ 661,429	$ 375,861	$ 133,186	$ 158,574	$ 1,522,785	$ 243,845	$ 1,766,630	$ —	$ 1,766,630
Americas	—	1,461,898	—	—	—	—	1,461,898	—	1,461,898	—	1,461,898
Other	1,619	—	—	—	—	—	1,619	1,288	2,907	—	2,907
Net sales (d)	$ 195,354	$ 1,461,898	$ 661,429	$ 375,861	$ 133,186	$ 158,574	$ 2,986,302	$ 245,133	$ 3,231,435	$ —	$ 3,231,435
Net sales to outside customers	$ 195,354	$ 1,461,898	$ 661,429	$ 375,861	$ 133,186	$ 158,574	$ 2,986,302	$ 245,133	$ 3,231,435	$ —	$ 3,231,435
Intersegment sales or transfers	7,976	—	509	73	13	7,143	15,714	238	15,952	(15,952)	—
Total	$ 203,330	$ 1,461,898	$ 661,938	$ 375,934	$ 133,199	$ 165,717	$ 3,002,016	$ 245,371	$ 3,247,387	$ (15,952)	$ 3,231,435
Segment income	$ 2,643	$ 306,079	$ 64,125	$ 49,098	$ 4,910	$ 15,086	$ 441,941	$ 2,762	$ 444,703	$ (3,971)	$ 440,732
Segment assets	$ 137,250	$ 1,341,208	$ 412,754	$ 188,072	$ 129,677	$ 305,220	$ 2,514,181	$ 116,586	$ 2,630,767	$ 1,142,411	$ 3,773,178
Other items:											
Depreciation and amortization	$ 2,247	$ 39,787	$ 20,353	$ 6,806	$ 10,163	$ 21,800	$ 101,156	$ 8,022	$ 109,178	$ 3,853	$ 113,031
Increase in property, plant and equipment and intangible assets	2,386	49,210	7,652	25,752	11,630	19,368	115,998	11,650	127,648	2,531	130,179

Notes:

(a) "Others" represent operating segments that are not included in the reportable segments and include the packed lunches and deli foods business.

(b) The details of "Adjustments" are as follows:

1) The adjustments for segment income of ¥(226) million and ¥(601) million ($(3,971) thousand) for the years ended March 31, 2023 and 2024 include corporate expenses not allocable to each reportable segment of ¥(1,297) million and ¥(1,484) million ($(9,806) thousand), adjustments for inventories of ¥(42) million and ¥(29) million ($(192) thousand), and other adjustments of ¥1,113 million and ¥912 million ($6,027 thousand), respectively. The corporate expenses mainly consist of general and administrative expenses which are not attributable to a specific reportable segment. Other adjustments mainly comprise the eliminated amount of know-how payments from overseas subsidiaries.

2) The adjustments for segment assets of ¥144,975 million and ¥172,881 million ($1,142,411 thousand) as of March 31, 2023 and 2024 include corporate assets not allocable to each reportable segment of ¥144,249 million and ¥171,403 million ($1,132,644 thousand), and other adjustments of ¥726 million and ¥1,478 million ($9,767 thousand), respectively. The corporate assets mainly consist of securities (certificates of deposit) of the Company and assets related to administrative departments. Other adjustments mainly resulted from the application of the equity method.

3) The adjustments for depreciation and amortization of ¥553 million and ¥583 million ($3,853 thousand) for the years ended March 31, 2023 and 2024 include corporate expenses not allocable to each reportable segment of ¥517 million and ¥556 million ($3,674 thousand), and other adjustments of ¥36 million and ¥27 million ($179 thousand), respectively. The corporate expenses mainly consist of general and administrative expenses which are not attributable to a specific reportable segment. Other adjustments mainly comprise the depreciation of idle assets recorded in non-operating expenses.

4) The adjustments for increase in property, plant, and equipment and intangible assets of ¥484 million and ¥383 million ($2,531 thousand) for the years ended March 31, 2023 and 2024 consist of corporate assets not allocable to each reportable segment.

(c) Segment income or loss is reconciled with operating income on the consolidated statements of income.

(d) Net sales primarily consist of revenue from contracts with customers, and revenue from other sources is insignificant.

(4) Information by geographical area

(a) Net sales

2023 Millions of yen

	Japan	Americas (U.S.A)	Others	Total
Net sales	¥ 256,611	¥ 178,381 (¥ 121,016)	¥ 795	¥ 435,787

2024 Millions of yen

	Japan	Americas (U.S.A)	Others	Total
Net sales	**¥ 267,344**	**¥ 221,229** **(¥ 144,883)**	**¥ 440**	**¥ 489,013**

2024 Thousands of U.S. dollars

	Japan	Americas (U.S.A)	Others	Total
Net sales	**$ 1,766,630**	**$ 1,461,898** **($ 957,398)**	**$ 2,907**	**$ 3,231,435**

Notes:

1) Net sales are disaggregated by country or geographical area based on the location of customers.

2) The following are major countries or geographical areas included in "Americas" and "Others":

Americas……………………U.S.A. and Mexico

Others………………………Taiwan (2023 and 2024) and Thailand (2023)

(b) Property, plant and equipment

2023 Millions of yen

	Japan	Americas (U.S.A)	Total
Property, plant and equipment	¥ 115,505	¥ 44,418 (¥ 44,415)	¥ 159,923

2024 Millions of yen

	Japan	Americas (U.S.A)	Total
Property, plant and equipment	**¥ 115,015**	**¥ 51,848** **(¥ 51,846)**	**¥ 166,863**

2024 Thousands of U.S. dollars

	Japan	Americas (U.S.A)	Total
Property, plant and equipment	**$ 760,028**	**$ 342,616** **($ 342,602)**	**$ 1,102,644**

(5) Information about major customers

2023

Name of customer	Net sales (Millions of yen)	Related reportable segment
MITSUI & CO., LTD.	¥ 119,538	Domestic Instant Noodles and other

2024

Name of customer	Net sales (Millions of yen)	Net sales (Thousands of U.S. dollars)	Related reportable segment
MITSUI & CO., LTD.	**¥ 123,979**	**$ 819,263**	Domestic Instant Noodles and other

(6) Information about impairment losses on fixed assets for each reportable segment

2023

Millions of yen

	Reportable segment						Others	Adjustments and eliminations	Total
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage			
Impairment losses	¥ —	¥ —	¥ —	¥ 112	¥ 3	¥ —	¥ 3	¥ —	¥ 118

2024

Millions of yen

	Reportable segment						Others	Adjustments and eliminations	Total
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage			
Impairment losses	**¥ —**	**¥ —**	**¥ —**	**¥ 128**	**¥ 28**	**¥ —**	**¥ 1,626**	**¥ —**	**¥ 1,782**

2024

Thousands of U.S. dollars

	Reportable segment						Others	Adjustments and eliminations	Total
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage			
Impairment losses	**$ —**	**$ —**	**$ —**	**$ 846**	**$ 185**	**$ —**	**$ 10,745**	**$ —**	**$ 11,776**

(7) Information about amortization and unamortized balance of goodwill and gain on bargain purchase for each reportable segment

There is no applicable information to be disclosed.

22 Subsequent event

(Acquisition of treasury stock)

The Board of Directors of the Company passed a resolution about the acquisition of the Company's own shares at the Board of Directors' meeting held on June 4, 2024 pursuant to the provisions set forth in Article 156 of the Companies Act of Japan, which are applied following the deemed replacement of terms pursuant to the provisions of Article 165, paragraph (3) of the same act, as follows:

(1) Reason for acquisition of own shares

The Company decided to acquire its own shares to implement its capital policy flexibly, taking into consideration comprehensively its business environment, financial positions and other factors in the years ended March 31, 2024 and ending March 31, 2025.

(2) Details of acquisition

(a) Type of shares to be acquired	Common stock
(b) Total number of shares to be acquired	Up to 2.5 million shares (proportion of the shares to common stock shares outstanding: 2.45%)
(c) Total acquisition price	Up to ¥25,000 million ($165,202 thousand)
(d) Period during which shares can be acquired	From June 5, 2024 through June 4, 2025
(e) Method of acquisition	Acquisition through a discretionary investment account during regular trading sessions on the Tokyo Stock Exchange

Independent auditor's report

To the Board of Directors of Toyo Suisan Kaisha, Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Toyo Suisan Kaisha, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at March 31, 2024 and 2023, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended , and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on property, plant and equipment used in the packaged cooked rice business within the Processed Foods Segment

The key audit matter	How the matter was addressed in our audit
As described in Note 2 (16), "Significant accounting estimates" to the consolidated financial statements, the Company recognized property, plant and equipment used in the	The primary procedures we performed to assess whether the Company's judgment with respect to the recognition of an impairment loss on property, plant and equipment used in the packaged cooked rice

packaged cooked rice business within the Processed Foods Segment of ¥7,483 million in the consolidated balance sheet for the current fiscal year, which accounted for approximately 1.3% of the total assets in the consolidated balance sheet. While these assets are depreciated in a systematic manner, they need to be tested for impairment whenever there is an impairment indicator. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. For the packaged cooked rice business within the Processed Foods Segment, an impairment indicator was identified as it cannot be said that the business environment is always stable due to considerable uncertainty about sales quantity and the upward trend in production costs such as raw material and utility costs in recent months in addition to the initial capital expenditures. Accordingly, the Company made a judgment as to whether an impairment loss should be recognized for the current fiscal year. The estimated undiscounted future cash flows, which were used to make this judgment, were based on the mid-term business plan of the packaged cooked rice business prepared by management. In developing this mid-term business plan, the forecasted growth of the packaged cooked rice market and rice prices in the future were identified as key assumptions. Accordingly, the mid-term business plan involved a high degree of uncertainty and management's judgment thereon had a significant effect on the estimated undiscounted future cash flows. We, therefore, determined that our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on property, plant and equipment used in the packaged cooked rice business within the Processed Foods Segment was of most significance in our audit of the consolidated financial statements for the current fiscal	business within the Processed Foods Segment was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the Company's judgment with respect to the recognition of an impairment loss on property, plant and equipment used in the packaged cooked rice business within the Processed Food Segment. In this assessment, we focused our testing on internal controls designed to prevent or detect any potential/actual use of inappropriate assumptions for forecasting the growth of the packaged cooked rice market and rice prices in the future, which were key assumptions included in the mid-term business plan. **(2) Assessment of the appropriateness of the estimated undiscounted future cash flows expected to be generated from the packaged cooked rice business within the Processed Foods Segment** In order to assess the appropriateness of the key assumptions used for estimating the undiscounted future cash flows, we evaluated the accuracy of the mid-term business plans of the packaged cooked rice business within the Processed Foods Segment that formed the basis for estimating undiscounted future cash flows by comparing the key assumptions included in the historical mid-term business plans with the actual results. In addition, based on the result of this evaluation, we inquired of management and the personnel responsible for the packaged cooked rice business within the Processed Foods Segment about the basis for the key assumptions utilized for developing the mid-term business plan. In addition, we: ● performed a trend analysis of the forecasted growth of the packaged cooked rice market in the future by comparing them with the previous years' results for each major product group and assessed the consistency with the forecasts published by external analysts; and ● performed a trend analysis of the forecasted rice prices by comparing them with the historical trend of rice prices and assessed the appropriateness of the assumptions of the future projections included in the mid-term business plan.

year, and accordingly, a key audit matter.	

Other Information

The other information comprises the information included in the ANNUAL REPORT 2024, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yoshichika Kaneko

Designated Engagement Partner

Certified Public Accountant

Takuo Tanabe

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 27, 2024

CORPORATE DATA

AS OF MARCH 31, 2024

Head Office	13-40, Konan 2-chome, Minato-ku, Tokyo 108-8501, Japan
	Tel.: +81-3-3458-5111
Date of Establishment	March 25, 1953
Number of Plants	7
Number of Sales Offices	29
Number of Refrigerated Warehouses	16
Number of Subsidiaries and Affiliates	31
Number of Employees (Consolidated)	4,738
Consolidated Net Sales	¥489,013 million
Common Stock	Total Number of Shares Issuable: 427,000,000 shares
	Total Number of Shares Issued and Outstanding: 110,881,044 shares
	Paid-in Capital: ¥18,969 million
Number of Shareholders	14,391
Stock Exchange Listing	Tokyo (#2875)
Stock Transfer Agent	Sumitomo Mitsui Trust Bank, Limited, in Tokyo
General Shareholders' Meeting	The General Shareholders' Meeting is usually held before the end of June in Tokyo.

CORPORATE PROFILE

Since its beginnings at Tokyo's Tsukiji Market in 1953, where Toyo Suisan began its business of exporting frozen tuna, the company has grown into a diversified food products manufacturer, currently engaged not only in the business of seafood products, but in cold-storage and food processing businesses as well. We have always striven to generate new value.

We have created many long-selling products such as *Maruchan Yakisoba* chilled noodles, launched in 1975; *Akai Kitsune Udon*, launched in 1978; and *Midori no Tanuki Ten Soba*, launched in 1980. *Maruchan Seimen*, which was launched in 2011, has received high acclaim for creating new value in bag-type noodles.

In 1972, we established Maruchan, Inc. in Los Angeles, U.S.A. as our local subsidiary and today have four plants in the U.S. that produce instant noodles and a structure to supply North America.

We formulated the slogan "Smiles for All. Everything for a smile." in 2009, in the course of our development. The Toyo Suisan Group remains united in wanting to put a smile on the face of each of our shareholders and stakeholders through providing safe and delicious products and impeccable service.

TOYO SUISAN