

ANNUAL REPORT 2022

YEAR ENDED MARCH 31, 2022



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

I would like to begin by expressing my sincere appreciation for our shareholders' continued support. We are pleased to report the business results for Toyo Suisan Kaisha, Ltd., for the fiscal year ended March 31, 2022.

In a severe operating environment, the Toyo Suisan Group seeks to enhance its competitiveness for continued development and to carry out swift reforms. We will also strive to maintain the support and trust of our customers, improve corporate value, and boost shareholder value.



Operating results for the year ended March 2022

During the fiscal year ended March 31, 2022, the conditions in the Japanese economy remained challenging due to the impact of the novel coronavirus disease (COVID-19). Looking ahead, although recovery is expected on the back of results from various economic measures and the improvement of overseas economies amid the restoration of socioeconomic activities toward normalcy as all possible measures against infection are implemented, it is necessary to closely monitor the impact on Japanese and overseas economies caused by COVID-19 and the situation in Ukraine and the impact of 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 ¥361,496 million (up 6.1% year on year), operating income was ¥29,738 million (down 18.4% year on year), and net income attributable to owners of parent was ¥22,415 million (down 22.9% year on year) for the current fiscal year.

June 2022

Masanari Imamura
Masanari Imamura
Representative Director and President

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
YEARS ENDED MARCH 31, 2021 AND 2022

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2021	2022	2022
For the year:	Net sales	¥340,842	¥361,496	\$2,953,157
	Operating income	36,461	29,738	242,938
	Net income attributable to owners of parent	29,070	22,415	183,114
At year-end:	Total assets	¥428,651	¥454,671	\$3,714,329
	Total net assets	343,320	367,145	2,999,306
Per share of common stock: (in yen and U.S. dollars)	Net income	¥284.6	¥219.5	\$1.79
	Cash dividends	90.0	90.0	0.74

Dollar amounts represent translations at the rate of ¥122.41 = US\$1, the rate prevailing on March 31, 2022.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the fiscal year ended March 31, 2022. In addition, in accordance with principle-based treatment, the new accounting policy has been retrospectively applied to all prior periods. Accordingly, the year-on-year change for net sales for the fiscal year ended March 31, 2021 is not shown due to the retrospective adjustment in accordance with the change in the accounting policy.

REVIEW OF OPERATIONS

Seafood Segment

Sales

25,018

million yen

In the Seafood Segment, due to the impact of requests for the public to stay at home and other measures to prevent the spread of COVID-19, although the volume of sales of products for convenience stores decreased, the business expanded mainly due to increase in sales for prepared food departments of some supermarkets and food delivery businesses. As a result, segment sales were ¥25,018 million (up 0.5% year on year) and segment income was ¥162 million (up 917.0% year on year) mainly due to an improvement in the cost of sales ratio of fish eggs and an increase in

shipments, despite the surge in the price of tuna as a raw material and rising procurement costs of salmon and trout.



Overseas Instant Noodles Segment

Sales

114,236

million yen

In the Overseas Instant Noodles Segment, sales increased amid the continuing high demand compared to before the COVID-19 pandemic, as sales in the U.S. increased for the Ramen series, one of our signature products in bag-type noodles, while sales were also favorable for cup-type noodles such as the Yakisoba series and Bowl series, in addition to Instant Lunch series which is one of our signature products. In Mexico, sales increased due to favorable sales of both cup-type noodles, our signature products, and bag-type noodles. As a result, segment sales were ¥114,236 million (up 21.5% year on year). Segment income was ¥10,058 million (down 37.5% year on year)

mainly due to an increase in raw material costs resulting from higher prices of the main raw materials and an increase in distribution costs resulting from a higher unit price of freight, despite the effect of sales increase.



Domestic Instant Noodles Segment

Sales

95,529

million yen

In the Domestic Instant Noodles Segment, sales increased for cup-type noodles amid the continuing high demand compared to before the COVID-19 pandemic as sales of the Japanese-style series including *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba* were about the same as the previous year while sales of our signature products, the *MARUCHAN QTTA* series, *Menzukuri* series and *Gotsu mori* series, were favorable. Sales in bag-type noodles decreased despite efforts to expand sales mainly of the *Maruchan Seimen* series, which celebrated its 10th anniversary in November 2021 with the launch of a commemorative product. As a result, segment sales were ¥95,529 million (down 0.3% year

on year) and segment income was ¥10,849 million (down 18.5% year on year) due to increases mainly in motive utility costs and sales promotion costs, despite factors such as decreases in personnel expenses and transportation and storage costs.



Frozen and Refrigerated Foods Segment

Sales

51,312

million yen

In the Frozen and Refrigerated Foods Segment, due to the impact of requests for the public to stay at home and other measures to prevent the spread of COVID-19, sales of products for restaurants, workplace cafeterias, etc. continued on a downward trend. Sales in fresh noodles decreased despite efforts to expand sales mainly of the *Maruchan Yakisoba (Three-Meal Package)* series, which is one of our signature products, and the *Maruchan Fresh Ramen Noodle (Three-Meal Package)* series, amid continuing demand for home cooking. As a result, segment sales were ¥51,312 million (down 2.6% year on year) and segment

income was ¥6,372 million (down 6.6% year on year) mainly due to a decrease in sales and an increase in motive utility costs.



Processed Foods Segment

Sales

19,494

million yen

In the Processed Foods Segment, sales increased amid the continuing high demand compared to before the COVID-19 pandemic as sales of aseptically packaged cooked rice products were strong, in addition to favorable results due to the plan to increase the portions of our retort packaged cooked rice products and the launch of new products. Sales continued to be favorable and increased for freeze-dried products due to the expansion of customers, mainly for the *Sozai no Chikara* series, a freeze-dried soup product with five packs in one bag, and the increase of opportunities for eating at home. As a result, segment sales were ¥19,494 million (up 4.6% year on year), and the segment reported a

segment income of ¥231 million (compared with a segment loss of ¥667 million in the corresponding period of the previous fiscal year) mainly due to an increase in sales and a decrease in personnel expenses, despite an increase in motive utility costs.



Cold-Storage Segment

Sales

22,142

million yen

Although conditions in the Cold-Storage Segment were challenging due to stored inventory falling year on year mainly because of the impact of the spread of COVID-19 and global logistics disruption, handling of household frozen foods increased and handling of home deliveries was steady due to stay-at-home demand as the public stays at home. As a result, segment sales were ¥22,142 million (up 4.9% year on year) and segment income was ¥2,343 million (up 89.1% year on year) due to factors such as a decrease in personnel

expenses in addition to not having temporary expenses from the operation of new cold storage facilities in the previous year, despite an increase in power costs caused by higher costs for electricity.



Other Business Segment

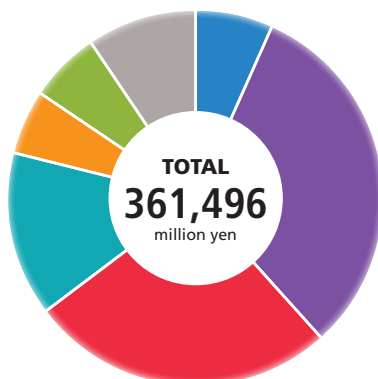
Sales

33,765

million yen

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥33,765 million (up 0.3% year on year) while segment income was ¥767 million (up 47.5% year on year).

Net Sales by Segment



1	Seafood Segment	6.9%	25,018 million yen
2	Overseas Instant Noodles Segment	31.6%	114,236 million yen
3	Domestic Instant Noodles Segment	26.4%	95,529 million yen
4	Frozen and Refrigerated Foods Segment	14.2%	51,312 million yen
5	Processed Foods Segment	5.4%	19,494 million yen
6	Cold-Storage Segment	6.1%	22,142 million yen
7	Other Business Segment	9.4%	33,765 million yen

ENVIRONMENTAL AND SOCIAL CONTRIBUTION INITIATIVES

Initiatives to Reduce CO₂ Emissions

As part of our initiatives to reduce CO₂ emissions, we are switching from heavy oil to natural gas as boiler fuel, replacing chlorofluorocarbon (CFC) refrigerants with natural refrigerants (ammonia/CO₂), introducing energy-saving high-efficiency equipment, and switching to LED lighting in our factories and refrigeration facilities.

At some of our business sites, we also use renewable energy sources, such as electricity produced by biomass power generation and solar power generation.

In terms of operations, we are strengthening efficient operation and inspections of manufacturing equipment and refrigeration equipment.

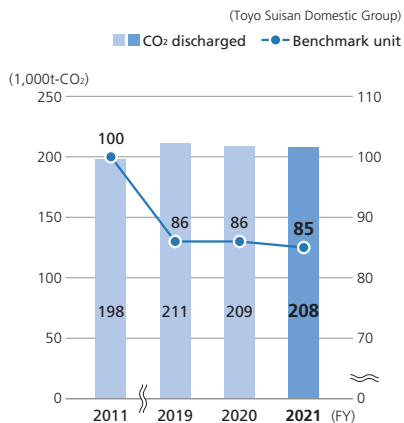
In fiscal 2022, we conducted external energy-saving diagnosis at the Kanto Factory and Saitama Factory.

In terms of logistics, we are promoting a modal shift and improving the accuracy of supply-demand forecasts.



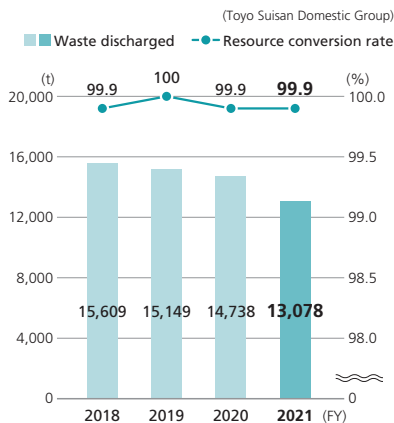
Solar panels at the Kanto Factory

CO₂ discharged and per unit of sales



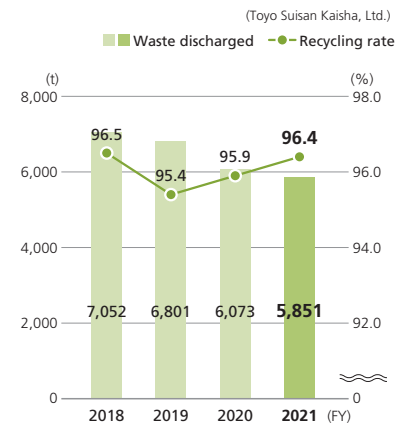
CO₂ emissions slightly decreased due to energy-saving promotion at each business site, the replacement of refrigeration equipment for refrigerators, and the use of sea freight for logistics, etc., and per unit of sales also improved.

Industrial waste discharged and resource conversion rate



Yield improvement at each factory and efforts to convert sludge into fertilizer at some factories led to a decline in waste, and the resource conversion rate remained at a high level of 99.9%.

Food waste discharged and recycling rate



Our efforts to reduce production loss at each factory and changes in the disposal method of noodle residue at some factories led to a decline in food waste discharged, enabling us to keep the recycling rate above our 95% target.

Response to Climate Change

Reinforcement of environmental management system and environmental targets

We have obtained third-party certification for environmental management system such as ISO14001 to reduce the environmental impact of our business activities.

We also conduct regular audits by a team of employees qualified as internal auditors.

We especially consider the reduction of environmental burdens related to global warming, a major factor in climate change, to be one of our key issues, and we have set targets based on our policy and are working to reduce greenhouse gas emissions.

Toyo Suisan Group Environmental Targets for FY2031

- CO₂ discharged (per unit) 20% reduction
- Industrial waste discharged (per unit) 15% reduction
- Industrial waste resource conversion rate 99.5% maintained
- CFC leakage (CO₂ equivalent) 85% reduction
- Water consumption (per unit) 10% reduction
- Alternative to certified palm oil 100%
- Raw materials of the main fish species handled
(roe, salmon and trout, shrimp) from fisheries certified by MSC, etc. 70%

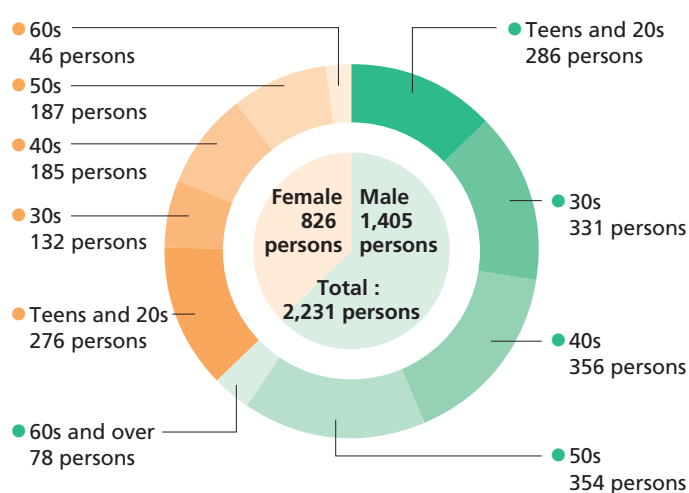
*The target is for the entire Group in Japan.

*Per unit is calculated based on consolidated net sales in Japan.

*Reduction targets are compared to FY2019.

Employee Data (As of March 31, 2022) Toyo Suisan Kaisha, Ltd.

Composition of employees



■ Average age
40.7 years old

■ Average years of service
15.6 years

■ Number and ratio of female managers (section manager and above)
Number: **14** persons /
Ratio: **5.5%**

■ Number / ratio of employees with disabilities
Number: **51** persons /
Ratio: **2.10%**

■ Maternity or paternity leave utilization rate
Male: **3.2%** /
Female: **100%**

■ Number of study sessions on diversity for managers (section manager and above)*
19 times

■ Number of compliance study sessions*
108 times

*Including those held at Group companies

Contributing to Increased Healthy Longevity

We provide products that contribute to increased healthy longevity.

We develop and sell health-conscious products that meet a variety of consumer needs and sales space development, focusing on low-sodium, additive-free, and foods with function claims, as well as various nutritional functions of ingredients such as vegetables, brown rice, barley, and cereals.

In anticipation of a rapidly aging society, the Toyo Suisan Group will also expand its lineup of products that lead to food enjoyment and good health by leveraging its strengths in such areas as seafood products and *dashi* (Japanese soup stock) that reflect our long-time commitment.



*Umai Tsuyu with
reduced salt Kitsune
Udon*



*Dashi no Moto (Bonito
flavored powdered soup
stock), additive-free,
96g in a tray*



*Genmai to Mugi no
Zosui Mame-Iri (Brown
rice and barley porridge
with beans)*



*Pari-Pari Mugen
Kyabetsu no Moto
One-Meal Package
(Crispy noodle, to be
eaten with cabbage)*



*Genmai Gohan
(Brown rice)*



*Saba no Lemon-yaki
(Grilled mackerel with
lemon)*



*Jukusei Ginzake no
Shio-yaki (Grilled silver
salmon with salt)*

Conserving Water Resources

The Toyo Suisan Group considers “water” to be an important resource that is indispensable to our business.

We consider the sustainable use of water resources to be one of the key issues we must address in promoting environmental responsiveness.

At our factories, we continuously control the amount of water used and the amount of wastewater discharged, and make efforts to reduce total water usage by promoting the reuse of water in factories and using rainwater to flush toilets.

Furthermore, we purify wastewater from our factories by microbial treatment before discharge, and clean up rivers near our factories.



Pond in the watershed where the Saitama Factory discharges wastewater

CORPORATE GOVERNANCE

»» Toyo Suisan's Basic Approach to Corporate Governance

Toyo Suisan Kaisha, Ltd. recognizes that accurate and rapid decision making will affect the future growth of the company. 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

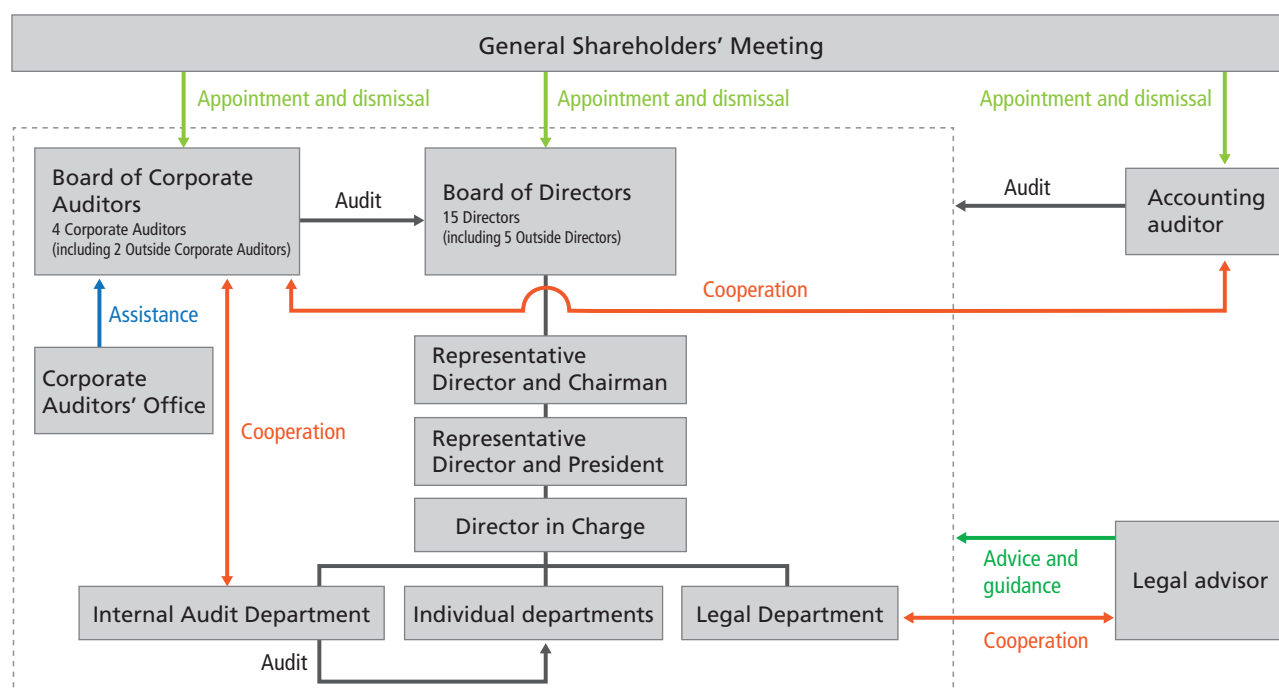
The Board of Directors serves as the Company's decision-making body. The Board of Directors comprises fifteen directors, including five outside directors. The Board of Directors generally convenes once a month, and also as needed. It thoroughly debates issues from the perspective of the group as a whole. The Board of Directors receives reports on the execution of duties, monitors the execution of duties, and decides on matters, including those stipulated in the Companies Act. The term of directors has been set at one year to ensure a management structure that can respond flexibly to changes in the business environment.

Outside directors have knowledge that is beneficial to the Company and fulfill a supervisory role from an independent perspective.

»» Board of Corporate Auditors

The Company has adopted the corporate auditor system. The Board of Corporate Auditors consists of four auditors, two of whom are outside auditors. 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, 2021 AND 2022

ASSETS

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2021	2022	2022
Current assets:			
Cash on hand and at banks (Notes 3 and 4)	¥ 117,544	¥ 112,922	\$ 922,490
Receivables and contract assets (Note 4):			
Notes and accounts receivable - trade	51,530	56,656	462,838
Amounts due from unconsolidated subsidiaries and affiliates	433	439	3,586
Other	904	742	6,062
Less: Allowance for doubtful accounts	(599)	(611)	(4,991)
	52,268	57,226	467,495
Securities (Notes 4 and 5)	42,000	65,000	531,002
Inventories (Note 7)	24,342	26,314	214,966
Other	1,825	1,944	15,881
Total current assets	237,979	263,406	2,151,834
Property, plant and equipment (Notes 8, 13, 19 and 22):			
Buildings and structures	167,280	173,632	1,418,446
Machinery and equipment	142,030	154,059	1,258,549
Leased assets	5,629	5,560	45,421
Other	6,734	6,904	56,401
	321,673	340,155	2,778,817
Less: Accumulated depreciation	(206,707)	(222,109)	(1,814,468)
	114,966	118,046	964,349
Land	34,662	34,995	285,883
Construction in progress	8,311	6,154	50,274
Total property, plant and equipment	157,939	159,195	1,300,506
Intangible assets	1,268	1,311	10,710
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	4,401	4,307	35,185
Investment securities (Notes 4 and 5)	24,768	23,950	195,654
Deferred tax assets (Note 15)	1,358	1,518	12,401
Asset for retirement benefits (Note 10)	37	39	319
Other	901	945	7,720
Total investments and other assets	31,465	30,759	251,279
Total assets	¥ 428,651	¥ 454,671	\$ 3,714,329

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
Current liabilities:			
Short-term loans (Notes 4 and 9)	¥ 351	¥ 379	\$ 3,096
Lease obligations (Notes 4 and 9)	296	286	2,336
Payables (Note 4):			
Notes and accounts payable - trade	23,575	27,179	222,033
Amounts due to unconsolidated subsidiaries and affiliates	1,250	1,274	10,408
Other	1,566	1,666	13,610
	26,391	30,119	246,051
Income taxes payable	4,306	2,337	19,092
Accrued expenses	22,989	24,072	196,651
Other	3,517	1,846	15,079
Total current liabilities	57,850	59,039	482,305
Non-current liabilities:			
Lease obligations (Notes 4 and 9)	3,519	3,286	26,844
Deferred tax liabilities (Note 15)	1,983	1,975	16,134
Reserve for retirement benefits for directors and other officers	320	322	2,631
Liability for retirement benefits (Note 10)	20,221	21,511	175,729
Asset retirement obligations	213	211	1,724
Other	1,225	1,182	9,656
Total non-current liabilities	27,481	28,487	232,718
Total liabilities	85,331	87,526	715,023
Contingent liabilities (Note 20)			
Net assets (Notes 16 and 17):			
Shareholders' equity:			
Common stock—			
Authorized: 427,000,000 shares in 2021 and 2022			
Issued: 110,881,044 shares in 2021 and 2022	18,969	18,969	154,963
Capital surplus	22,942	22,942	187,419
Retained earnings	289,001	302,224	2,468,949
Treasury stock, at cost—			
Held by the Company:			
8,704,146 shares in 2021 and 8,704,284 shares in 2022			
Owned by consolidated subsidiaries and affiliates:			
49,018 shares in 2021 and 2022	(8,233)	(8,234)	(67,266)
Total shareholders' equity	322,679	335,901	2,744,065
Accumulated other comprehensive income:			
Net unrealized gain on investment securities, net of taxes (Note 5)	9,006	8,330	68,050
Net unrealized gain on hedging instruments, net of taxes (Note 6)	17	47	384
Foreign currency translation adjustments	1,744	13,329	108,888
Adjustments for retirement benefits, net of taxes (Note 10)	(1,986)	(2,725)	(22,261)
Total accumulated other comprehensive income	8,781	18,981	155,061
Non-controlling interests	11,860	12,263	100,180
Total net assets	343,320	367,145	2,999,306
Total liabilities and net assets	¥ 428,651	¥ 454,671	\$ 3,714,329

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, 2021 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2022	2022
Net sales (Notes 11 and 22)	¥ 340,842	¥ 361,496	\$ 2,953,157
Cost of sales (Notes 7 and 12)	248,011	270,978	2,213,691
Gross profit	92,831	90,518	739,466
Selling, general and administrative expenses (Note 12)	56,370	60,780	496,528
Operating income (Note 22)	36,461	29,738	242,938
Non-operating income (expenses):			
Interest and dividend income	1,502	918	7,499
Interest expenses	(240)	(232)	(1,895)
Equity in earnings of affiliate accounted for under the equity method	41	146	1,193
Foreign exchange gains	121	338	2,761
Loss on sales and disposal of property, plant and equipment, net	(276)	(252)	(2,059)
Loss on write-down of investments in unconsolidated subsidiaries and affiliates (Note 5)	(1,129)	—	—
Impairment losses on fixed assets (Notes 13 and 22)	(41)	(65)	(531)
Subsidy received	1,961	406	3,317
Loss on disaster (Note 14)	(298)	(251)	(2,050)
Other, net	808	840	6,862
Income before income taxes	38,910	31,586	258,035
Income taxes (Note 15):			
Current	10,553	8,271	67,568
Deferred	(1,254)	300	2,451
	9,299	8,571	70,019
Net income	29,611	23,015	188,016
Net income attributable to:			
Non-controlling interests	541	600	4,902
Owners of parent	¥ 29,070	¥ 22,415	\$ 183,114

	Yen		U.S. dollars (Note 1)
	2021	2022	2022
Amounts per share of common stock (Note 18):			
Net income	¥ 284.6	¥ 219.5	\$ 1.79
Cash dividends applicable to the year	90.0	90.0	0.74

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, 2021 and 2022

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2021	2022	2022
Net income	¥ 29,611	¥ 23,015	\$ 188,016
Other comprehensive income (loss) (Note 21):			
Net unrealized gain (loss) on investment securities, net of tax	1,736	(680)	(5,555)
Net unrealized gain on hedging instruments, net of tax	5	30	245
Foreign currency translation adjustments	1,707	11,585	94,641
Adjustments for retirement benefits, net of tax	596	(768)	(6,274)
Share of other comprehensive loss of affiliate accounted for using the equity method	(12)	(18)	(147)
Total other comprehensive income	4,032	10,149	82,910
Comprehensive income	¥ 33,643	¥ 33,164	\$ 270,926
Total comprehensive income attributable to:			
Owners of parent	¥ 32,984	¥ 32,615	\$ 266,441
Non-controlling interests	659	549	4,485

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, 2021 and 2022

Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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 on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustments for retirement benefits, net of taxes	Total accumulated other comprehensive income		
Balance at April 1, 2020	¥ 18,969	¥ 22,942	¥ 268,101	¥ (8,231)	¥ 301,781	¥ 7,373	¥ 12	¥ 37	¥ (2,555)	¥ 4,867	¥ 11,346	¥ 317,994
Net income attributable to owners of parent	—	—	29,070	—	29,070	—	—	—	—	—	—	29,070
Cash dividends paid	—	—	(8,170)	—	(8,170)	—	—	—	—	—	—	(8,170)
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	—	—	—	—	—	1,633	5	1,707	569	3,914	514	4,428
Balance at March 31, 2021	18,969	22,942	289,001	(8,233)	322,679	9,006	17	1,744	(1,986)	8,781	11,860	343,320
Net income attributable to owners of parent	—	—	22,415	—	22,415	—	—	—	—	—	—	22,415
Cash dividends paid	—	—	(9,192)	—	(9,192)	—	—	—	—	—	—	(9,192)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(1)	(1)	—	—	—	—	—	—	(1)
Net changes in items except shareholders' equity	—	—	—	—	—	(676)	30	11,585	(739)	10,200	403	10,603
Balance at March 31, 2022	¥ 18,969	¥ 22,942	¥ 302,224	¥ (8,234)	¥ 335,901	¥ 8,330	¥ 47	¥ 13,329	¥ (2,725)	¥ 18,981	¥ 12,263	¥ 367,145

Thousands of U.S. dollars (Note 1)												
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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 on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustments for retirement benefits, net of taxes	Total accumulated other comprehensive income		
Balance at March 31, 2021	\$ 154,963	\$ 187,419	\$ 2,360,926	\$ (67,257)	\$ 2,636,051	\$ 73,572	\$ 139	\$ 14,247	\$ (16,224)	\$ 71,734	\$ 96,888	\$ 2,804,673
Net income attributable to owners of parent	—	—	183,114	—	183,114	—	—	—	—	—	—	183,114
Cash dividends paid	—	—	(75,091)	—	(75,091)	—	—	—	—	—	—	(75,091)
Change in ownership interest of parent due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(9)	(9)	—	—	—	—	—	—	(9)
Net changes in items except shareholders' equity	—	—	—	—	—	(5,522)	245	94,641	(6,037)	83,327	3,292	86,619
Balance at March 31, 2022	\$ 154,963	\$ 187,419	\$ 2,468,949	\$ (67,266)	\$ 2,744,065	\$ 68,050	\$ 384	\$ 108,888	\$ (22,261)	\$ 155,061	\$ 100,180	\$ 2,999,306

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, 2021 and 2022

		Millions of yen	Thousands of U.S. dollars (Note 1)
	2021	2022	2022
Cash flows from operating activities:			
Income before income taxes	¥ 38,910	¥ 31,586	\$ 258,035
Depreciation and amortization	15,010	15,274	124,777
Impairment losses on fixed assets	41	65	531
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	1,129	—	—
Equity in earnings of affiliate accounted for under the equity method	(41)	(146)	(1,193)
Increase (decrease) in reserve for retirement benefits for directors and other officers	(6)	2	16
Increase (decrease) in allowance for doubtful accounts	(50)	12	98
Increase in liability for retirement benefits	772	219	1,789
Interest and dividend income	(1,502)	(918)	(7,499)
Interest expenses	240	232	1,895
Loss on sales and disposal of property, plant and equipment, net	299	252	2,059
Decrease (increase) in notes and accounts receivable - trade	5,607	(4,822)	(39,392)
Increase in inventories	(1,441)	(1,425)	(11,641)
Increase (decrease) in notes and accounts payable - trade	(748)	3,394	27,726
Increase (decrease) in accrued expenses	(279)	850	6,944
Other, net	(803)	(1,721)	(14,059)
Subtotal	57,138	42,854	350,086
Interest and dividend income received	1,774	1,128	9,214
Interest expenses paid	(240)	(232)	(1,895)
Income taxes paid	(10,888)	(10,457)	(85,426)
Net cash provided by operating activities	47,784	33,293	271,979
Cash flows from investing activities:			
Payments for time deposits	(87,199)	(84,359)	(689,151)
Proceeds from maturities of time deposits	76,790	93,154	761,000
Payments for purchase of securities	(83,000)	(107,000)	(874,112)
Proceeds from sales and redemption of securities	60,000	84,000	686,218
Payments for purchase of property, plant and equipment	(15,965)	(12,638)	(103,243)
Proceeds from sales of property, plant and equipment	338	8	65
Payments for purchase of intangible assets	(335)	(328)	(2,680)
Payments for purchase of investment securities	(772)	(237)	(1,936)
Proceeds from sales of investment securities	34	2	16
Payments for loans receivable	(1,459)	(1,910)	(15,603)
Proceeds from collection of loans receivable	1,560	1,872	15,293
Other, net	23	128	1,047
Net cash used in investing activities	(49,985)	(27,308)	(223,086)
Cash flows from financing activities:			
Proceeds from short-term loans	751	750	6,127
Repayments of short-term loans	(724)	(722)	(5,898)
Purchase of treasury stock of subsidiaries	(3)	(1)	(8)
Cash dividends paid	(8,165)	(9,185)	(75,035)
Cash dividends paid to non-controlling interests	(141)	(142)	(1,160)
Other, net	(310)	(297)	(2,426)
Net cash used in financing activities	(8,592)	(9,597)	(78,400)
Effect of exchange rate changes on cash and cash equivalents	229	130	1,062
Net increase (decrease) in cash and cash equivalents	(10,564)	(3,482)	(28,445)
Cash and cash equivalents at beginning of year	43,397	32,833	268,221
Cash and cash equivalents at end of year (Note 3)	¥ 32,833	¥ 29,351	\$ 239,776

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, 2022, which was ¥122.41 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 28 and 27 subsidiaries as of March 31, 2021 and 2022, respectively.

The accompanying consolidated financial statements include the accounts of the Company and 23 subsidiaries as of March 31, 2021 and 2022. Significant subsidiaries are consolidated.

The following are the Company's consolidated subsidiaries as of March 31, 2021 and 2022:

Name of subsidiary	Equity ownership percentage	
	2021	2022
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-Mar, 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 five and four unconsolidated subsidiaries as of March 31, 2021 and 2022, respectively, whose combined assets, net sales, net income and retained earnings are insignificant to the consolidated financial statements, have not been consolidated. During the year ended March 31, 2022, the Company completed to liquidate Hainan Dongyang Shuichan Co., Ltd., which had been an unconsolidated subsidiary of the Company.

The following are the major unconsolidated subsidiaries of the Company as of March 31, 2021 and 2022:

Yaizu Shinto Co., Ltd.

Towa Estate Co., Ltd.

(2) Accounting for investments in unconsolidated subsidiaries and affiliates

The Company has four affiliates as of March 31, 2021 and 2022.

The equity method has been applied to the following affiliate for the years ended March 31, 2021 and 2022:

Name of affiliate	Equity ownership percentage	
	2021	2022
Semba Tohka Industries Co., Ltd.	26.4%	26.4%

The investments in the five and four unconsolidated subsidiaries as of March 31, 2021 and 2022, respectively, and three affiliates (Higashimaru International Corporation and other two affiliates) as of March 31, 2021 and 2022, 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 reporting date of the following consolidated subsidiaries' financial statements is different from that of the Company's.

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 shareholders' equity which is translated into Japanese yen at the 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 exposed 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 adopted for 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 forecasted 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 forecasted 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 (5 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 of the assets by the straight-line method with no residual value.

(13) Retirement benefits and pension plans

(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 employee. 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 significant reversal in 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 (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 significant reversal in 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, 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. 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 significant reversal in amount of cumulative revenue 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 Group determines that the customer simultaneously receives and consumes the benefits provided as the Group provides the cold storage service, so 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 significant reversal in 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 (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
	2021	2022	2022
Property, plant and equipment	¥ 157,939	¥ 159,195	\$ 1,300,506
Property, plant and equipment in packaged cooked rice business	9,023	8,518	69,586
Proportion of total assets (%)	2.1%	1.9%	—

(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 its operating income has been negative for some consecutive years, primarily due to capital expenditures required to introduce new production lines and enhance existing production lines.

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, 2023.

(17) Changes in accounting policies

(a) Adoption of Accounting Standard for Revenue Recognition

The Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29, revised on March 31, 2020; the "Standard" in this section) and the related guidance at the beginning of the year ended March 31, 2022. When a customer obtains control of a promised good or service by the Company or any of its domestic consolidated subsidiaries transferring the good or service to the customer, revenue is recognized in the amount of consideration expected to be received in exchange for the good or service. The following are main changes due to the adoption.

- Part of promotion expenses and other expenses, which was previously recorded under selling, general and administrative expenses, is deducted from net sales.
- In supply for a fee transactions (a supply for a fee transaction is a transaction where the manufacturer, that is to say, the Company or any of its domestic consolidated subsidiaries, supplies raw materials for a fee to the subcontractor to process the supplied materials), supplied raw materials were previously derecognized. In such transactions, however, the Company and its domestic consolidated subsidiaries are obliged to repurchase processed items and therefore continue to recognize the supplied raw materials. Revenue for the transfer of supplied materials is not recognized.
- The Company and its domestic consolidated subsidiaries previously recognized revenue in the gross amount of consideration received from customers in some transactions, but in a transaction where the Company or any of its domestic consolidated subsidiaries is an agent or a consignee in connection with the provision of a good or service to a customer, it recognizes revenue on a net basis (net amount of consideration that the Group retains after paying the supplier the consideration received from the customer).

Such changes in accounting policies were retrospectively applied in principle and were retrospectively applied to the consolidated financial statements for the year ended March 31, 2021 accordingly. The Company and its domestic consolidated subsidiaries, however, applied the following measures prescribed in paragraph 85 of the Standard:

- not to retrospectively adjust comparative information for the year ended March 31, 2022 on the contracts for which most revenue was recognized in accordance with the previous treatment before the beginning of the year ended March 31, 2021; and
- when variable amounts were included in the consideration in the contracts for which most revenue was recognized in accordance

with the previous treatment before the beginning of the year ended March 31, 2022, to retrospectively adjust comparative information for the year ended March 31, 2022 using the amounts at the time when the uncertainty associated with the variable consideration was subsequently settled.

As a result of the above, compared to the amounts reported prior to the retrospective application, inventories (merchandise and finished goods, and raw materials and supplies) and other under current liabilities as of March 31, 2021 increased by ¥2,580 million (\$21,077 thousand), and net sales, cost of sales, and selling, general and administrative expenses for the year ended March 31, 2021 decreased by ¥76,670 million (\$626,338 thousand), ¥4,250 million (\$34,719 thousand), and ¥72,420 million (\$591,618 thousand), respectively. There was no change in operating income, income before income taxes or per share information for the year ended March 31, 2021.

In accordance with the transitional provision in paragraph 89-3 of the Standard, disaggregated revenue from contracts with customers for the year ended March 31, 2021 is not presented herein.

(b) Adoption of Accounting Standard for Fair Value Measurement

The Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; the "Standard" in this section) and related standards and guidance at the beginning of the year ended March 31, 2022 and prospectively applied the new accounting

policies prescribed by the Standard and the related standards and guidance as of the beginning of the year ended March 31, 2022 in accordance with paragraph 19 of the Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ statement No. 10, revised on July 4, 2019).

In addition, fair values of financial instruments by level and other items are disclosed in the note "4. Financial instruments." Such information as of March 31, 2021, however, is not disclosed in accordance with the transitional provision in paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on July 4, 2019).

There was no effect on the consolidated financial statements.

(18) Accounting standards issued but not yet adopted Overseas consolidated subsidiaries

Standards and guidance issued or revised by March 31, 2022 but not adopted are set out below.

The Company and its overseas consolidated subsidiaries are currently in the process of examining the effects of the new standard on the consolidated financial statements.

Name of the standard and guidance	Overview	Effective date
Leases (Accounting Standards Update No. 2016-02)	Revision of accounting treatment for lease transactions	Year ending March 31, 2023

3 Cash flow information

Cash and cash equivalents in the consolidated statements of cash flows for the years ended March 31, 2021 and 2022 are reconciled to cash on hand and at banks in the consolidated balance sheets as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Cash on hand and at banks	¥ 117,544	¥ 112,922	\$ 922,490
Time deposits with maturities of more than 3 months	(84,711)	(83,571)	(682,714)
Cash and cash equivalents	¥ 32,833	¥ 29,351	\$ 239,776

4 Financial instruments

(1) Outline of financial instruments

(a) Policy for financial instruments

The Group manages their funds only using short-term deposits, short-term loans receivable to 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.

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 by monitoring due dates and outstanding balances for each customer and monitoring credit worthiness 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 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 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 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, 2022, 34.6% of total trade receivables is from the Company’s major customer.

(2) Fair values of financial instruments

Carrying amount of financial instruments on the consolidated balance sheets as of March 31, 2021 and 2022 and their fair value are shown in the following table. The following table does not include nonmarketable equity securities (see (b) below). Since cash on hand and at banks, notes and accounts receivable - trade, securities (certificates of deposits), 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 as of March 31, 2022 is not disclosed.

2021	Millions of yen		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	¥ 117,544	¥ 117,544	¥ —
(2) Notes and accounts receivable - trade	51,530	51,530	—
(3) Securities	42,000	42,000	—
(4) Investments in unconsolidated subsidiaries and affiliates	2,774	1,927	(847)
(5) Investment securities: Available-for-sale securities	23,984	23,984	—
Assets total	¥ 237,832	¥ 236,985	¥ (847)
(1) Notes and accounts payable - trade	¥ 23,575	¥ 23,575	¥ —
(2) Short-term loans	351	351	—
(3) Lease obligations (*1)	3,815	3,824	9
Liabilities total	¥ 27,741	¥ 27,750	¥ 9
Derivative transactions (*2)	¥ 24	¥ 24	¥ —

2022

Millions of yen

	Carrying amount	Fair value	Unrealized gain (loss)
(4) Investments in unconsolidated subsidiaries and affiliates	¥ 2,861	¥ 1,881	¥ (980)
(5) Investment securities: Available-for-sale securities	23,167	23,167	—
Assets total	¥ 26,028	¥ 25,048	¥ (980)
(3) Lease obligations (*1)	¥ 3,572	¥ 3,535	¥ (37)
Liabilities total	¥ 3,572	¥ 3,535	¥ (37)
Derivative transactions (*2)	¥ 68	¥ 68	¥ —

2022

Thousands of U.S. dollars

	Carrying amount	Fair value	Unrealized gain (loss)
(4) Investments in unconsolidated subsidiaries and affiliates	\$ 23,372	\$ 15,366	\$ (8,006)
(5) Investment securities: Available-for-sale securities	189,257	189,257	—
Assets total	\$ 212,629	\$ 204,623	\$ (8,006)
(3) Lease obligations (*1)	\$ 29,180	\$ 28,878	\$ (302)
Liabilities total	\$ 29,180	\$ 28,878	\$ (302)
Derivative transactions (*2)	\$ 556	\$ 556	\$ —

(*1) Current portion of lease obligations is included in (3) 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) Methods for measuring fair value

Assets:

(1) Cash on hand and at banks, (2) Notes and accounts receivable - trade and (3) Securities

The carrying amount approximates fair value because of the short maturity of those instruments. Securities comprise domestic certificates of deposit with short maturity.

(4) Investments in unconsolidated subsidiaries and affiliates and (5) Investment securities

The fair value of marketable equity securities is determined based on quoted market prices of the securities.

Liabilities:

(1) Notes and accounts payable - trade and (2) Short-term loans

The carrying amount approximates fair value because of the short maturity of those instruments.

(3) Lease obligations

The fair value of lease obligations is determined by discounting the total of principal and interest using an interest rate for similar new lease transactions.

Derivative financial instruments:

See the note "6. Derivative financial instruments."

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Unlisted equity securities	¥ 784	¥ 783	\$ 6,397
Investments in unconsolidated subsidiaries and affiliates	1,627	1,446	11,813

The above items are not included in "(4) Investments in unconsolidated subsidiaries and affiliates and (5) Investment securities – Available-for-sale securities," because they do not have a quoted market price and the fair value cannot be reliably determined.

(c) Maturity analysis for monetary receivables and marketable securities with maturity at March 31, 2021 and 2022

2021

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	¥ 117,544	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	51,530	—	—	—
Securities: Certificates of deposit	42,000	—	—	—
Total	¥ 211,074	¥ —	¥ —	¥ —

2022

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	¥ 112,922	¥ —	¥ —	¥ —
Notes and accounts receivable - trade	56,656	—	—	—
Securities: Certificates of deposit	65,000	—	—	—
Total	¥ 234,578	¥ —	¥ —	¥ —

2022

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	\$ 922,490	\$ —	\$ —	\$ —
Notes and accounts receivable - trade	462,838	—	—	—
Securities: Certificates of deposit	531,002	—	—	—
Total	\$ 1,916,330	\$ —	\$ —	\$ —

(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

2022

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Available-for-sale securities	¥ 23,167	¥ —	¥ —	¥ 23,167
Derivative transactions	—	68	—	68

2022

Thousands of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Available-for-sale securities	\$ 189,257	\$ —	\$ —	\$ 189,257
Derivative transactions	—	556	—	556

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

2022

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Investments in unconsolidated subsidiaries and affiliates	¥ 1,881	¥ —	¥ —	¥ 1,881
Lease obligations	—	3,535	—	3,535

2022

Thousands of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Investments in unconsolidated subsidiaries and affiliates	\$ 15,366	\$ —	\$ —	\$ 15,366
Lease obligations	—	28,878	—	28,878

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

Investment securities

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.

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

2021

Millions of yen

	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost:			
Equity securities	¥ 23,851	¥ 10,755	¥ 13,096
Securities whose carrying amount does not exceed their acquisition cost:			
Equity securities	133	181	(48)
Other	42,000	42,000	—
	¥ 65,984	¥ 52,936	¥ 13,048

2022

Millions of yen

	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost: Equity securities	¥ 22,332	¥ 10,262	¥ 12,070
Securities whose carrying amount does not exceed their acquisition cost: Equity securities	835	904	(69)
Other	65,000	65,000	—
	¥ 88,167	¥ 76,166	¥ 12,001

2022

Thousands of U.S. dollars

	Carrying amount	Acquisition cost	Difference
Securities whose carrying amount exceeds their acquisition cost: Equity securities	\$ 182,436	\$ 83,833	\$ 98,603
Securities whose carrying amount does not exceed their acquisition cost: Equity securities	6,821	7,385	(564)
Other	531,002	531,002	—
	\$ 720,259	\$ 622,220	\$ 98,039

Note: Unlisted equity securities (carrying amount as of March 31, 2021 and 2022 was ¥784 million and ¥783 million (\$6,397 thousand), respectively) are not included in the above table because they do not have a quoted market price and the fair value cannot be reliably determined.

(2) Sales of available-for-sale securities and the aggregate gain and loss**2021**

Millions of yen

	Sales proceeds	Aggregate gain	Aggregate loss
Equity securities	¥ 34	¥ 17	¥ —

2022

Millions of yen

	Sales proceeds	Aggregate gain	Aggregate loss
Equity securities	¥ 2	¥ 2	¥ —

2022

Thousands of U.S. dollars

	Sales proceeds	Aggregate gain	Aggregate loss
Equity securities	\$ 16	\$ 16	\$ —

(3) Write-down of investment securities

During the years ended March 31, 2021 and 2022, the Group recognized losses on write-down of investment securities of ¥1,129 million for investments in unconsolidated subsidiaries and ¥6 million (\$49 thousand) for available-for-sale securities, respectively.

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

- 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.
- 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, 2021 and 2022, for which hedge accounting has been applied:

2021

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	Forecasted transactions (purchases) denominated in foreign currency	¥ 691	¥ —	¥ 24
Foreign exchange forward contracts: Buying U.S. dollar (Note)	Accounts payable	230	—	—
Total		¥ 921	¥ —	¥ 24

2022

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	Forecasted transactions (purchases) denominated in foreign currency	¥ 1,365	¥ —	¥ 68
Foreign exchange forward contracts: Buying U.S. dollar (Note)	Accounts payable	408	—	—
Total		¥ 1,773	¥ —	¥ 68

2022

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	\$ 11,151	\$ —	\$ 556
Foreign exchange forward contracts: Buying U.S. dollar (Note)	Accounts payable	3,333	—	—
Total		\$ 14,484	\$ —	\$ 556

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

7 Inventories

Inventories as of March 31, 2021 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Merchandise and finished goods	¥ 14,467	¥ 16,467	\$ 134,523
Work in progress	434	387	3,162
Raw materials and supplies	9,441	9,460	77,281
Total	¥ 24,342	¥ 26,314	\$ 214,966

Due to the adoption of the "Accounting Standard for Revenue Recognition," compared to the amounts reported prior to the retrospective application, merchandise and finished goods, and raw materials and supplies as of March 31, 2021 increased by ¥99 million (\$809 thousand) and ¥2,481 million (\$20,268 thousand), respectively. See the note "2. Summary of significant accounting policies, (17) Changes in accounting policies, (a) Adoption of Accounting Standard for Revenue Recognition" for more information.

Valuation losses (reversals) due to declines in profitability included in cost of sales for the years ended March 31, 2021 and 2022 were ¥(64) million and ¥(66) million (\$539 thousand), respectively.

8

Investment and rental properties

The Company and some of its 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, 2021 and 2022 were ¥479 million and ¥383 million (\$3,129 thousand), respectively.

The carrying amount, net changes during the year and the fair value of such properties as of March 31, 2021 and 2022 were as follows:

Millions of yen			
		Carrying amount	Fair value
Balance at April 1, 2020	Increase / (Decrease)	Balance at March 31, 2021	Balance at March 31, 2021
¥ 2,827	¥ 80	¥ 2,907	¥ 10,059
Millions of yen			
		Carrying amount	Fair value
Balance at April 1, 2021	Increase / (Decrease)	Balance at March 31, 2022	Balance at March 31, 2022
¥ 2,907	¥ (192)	¥ 2,715	¥ 7,835
Thousands of U.S. dollars			
		Carrying amount	Fair value
Balance at April 1, 2021	Increase / (Decrease)	Balance at March 31, 2022	Balance at March 31, 2022
\$ 23,748	\$ (1,568)	\$ 22,180	\$ 64,006

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, 2021 and 2022 was 0.462% and 0.476%, respectively.

Lease obligations as of March 31, 2021 and 2022 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Lease obligations at a weighted-average interest rate of 7.392% for 2021 and 2022	¥ 3,815	¥ 3,572	\$ 29,180
Less: Current portion	(296)	(286)	(2,336)
Lease obligations	¥ 3,519	¥ 3,286	\$ 26,844

The aggregate annual maturities of lease obligations as of March 31, 2022 were as follows:

	Millions of yen	Thousands of U.S. dollars
2023	¥ 286	\$ 2,336
2024	279	2,279
2025	249	2,034
2026	234	1,912
2027 and thereafter	2,524	20,619
Total	¥ 3,572	\$ 29,180

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, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Balance at beginning of year	¥ 40,945	¥ 41,034	\$ 335,217
Service cost	1,980	2,037	16,641
Interest cost	88	89	727
Actuarial losses (gains)	(288)	1,544	12,613
Benefits paid	(1,691)	(1,560)	(12,744)
Balance at end of year	¥ 41,034	¥ 43,144	\$ 352,454

The changes in plan assets for the years ended March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Balance at beginning of year	¥ 20,705	¥ 20,851	\$ 170,337
Expected return on plan assets	1	1	8
Actuarial losses	(72)	(44)	(359)
Employer contributions	1,404	1,959	16,003
Benefits paid	(1,187)	(1,095)	(8,945)
Balance at end of year	¥ 20,851	¥ 21,672	\$ 177,044

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
	2021	2022	2022
Funded retirement benefit obligations	¥ 32,498	¥ 34,457	\$ 281,488
Plan assets	(20,851)	(21,672)	(177,044)
	11,647	12,785	104,444
Unfunded retirement benefit obligations	8,537	8,687	70,966
Net liability for retirement benefits in the consolidated balance sheet	¥ 20,184	¥ 21,472	\$ 175,410
Liability for retirement benefits	¥ 20,221	¥ 21,511	\$ 175,729
Asset for retirement benefits	(37)	(39)	(319)
Net liability for retirement benefits in the consolidated balance sheet	¥ 20,184	¥ 21,472	\$ 175,410

The components of retirement benefit costs for the years ended March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Service cost	¥ 1,980	¥ 2,037	\$ 16,641
Interest cost	88	89	727
Expected return on plan assets	(1)	(1)	(8)
Amortization of actuarial losses	957	869	7,099
Amortization of past service costs	(345)	(350)	(2,859)
Retirement benefit costs	¥ 2,679	¥ 2,644	\$ 21,600

The components of adjustments for retirement benefits recognized in other comprehensive income (before income tax effects) for the years ended March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Past service costs	¥ 345	¥ 350	\$ 2,859
Actuarial losses (gains)	(1,172)	719	5,874
Total	¥ (827)	¥ 1,069	\$ 8,733

The components of adjustments for retirement benefits recognized in accumulated other comprehensive income (before income tax effects) as of March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Unrecognized past service costs	¥ (1,020)	¥ (670)	\$ (5,473)
Unrecognized actuarial losses	3,944	4,663	38,093
Total	¥ 2,924	¥ 3,993	\$ 32,620

The components of plan assets as of March 31, 2021 and 2022 were as follows:

	2021	2022
Cash on hand and at banks	86%	86%
Life insurance general accounts	14	14
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 expected long-term rates of return derived from various assets constituting plan assets.

Assumptions used for the years ended March 31, 2021 and 2022 were as follows:

	2021	2022
Discount rate	0.2%	0.2-0.4%
Expected long-term rate of return on plan assets	0-0.3%	0-0.3%

*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 included revenue from contracts with customers and other revenue. In addition, net sales were mostly comprised of revenue from contracts with customers, and revenue from other sources was insignificant.

(1) Disaggregated revenue from contracts with customers

Revenue from contracts with customers is disaggregated as in the note "22. 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, 2022

(a) Contract balances

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

	Millions of yen	Thousands of U.S. dollars
	2022	2022
Receivables from contracts with customers at beginning of year	¥ 51,567	\$ 421,265
Receivables from contracts with customers at end of year	56,689	463,108

(b) Transaction price allocated to the remaining performance obligations

The Group did not have any significant transactions with an original expected contract duration of more than one year. There was no significant consideration from contracts with customers that was not included in the transaction price.

12 Research and development expenses

Research and development expenses for the years ended March 31, 2021 and 2022 were ¥1,815 million and ¥1,816 million (\$14,835 thousand), respectively.

13 Impairment losses on fixed assets

For the years ended March 31, 2021 and 2022, the Company and its consolidated subsidiaries recognized impairment losses on fixed assets for the following groups of assets.

Use	Type of assets	Millions of yen		Thousands of U.S. dollars
		2021	2022	2022
Business assets	Buildings and structures, Machinery and equipment, Leased assets (2021), and Other (2022)	¥ 41	¥ 40	\$ 327
Idle assets	Buildings and structures	—	25	204
		¥ 41	¥ 65	\$ 531

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, which was estimated to be zero (2021) or the memorandum value because the future cash flows were expected to be negative.

The carrying amounts of idle assets that were not expected to be used in future were reduced to their recoverable amounts, which were based on net selling price.

14

Loss on disaster

Loss on disaster of ¥298 million and ¥251 million (\$2,050 thousand) recognized for the years ended March 31, 2021 and 2022 was restoration costs associated with an earthquake centered off the coast of Fukushima in February 2021 and March 2022, respectively.

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, 2021 and 2022.

The main components of deferred tax assets and liabilities as of March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Deferred tax assets:			
Liability for retirement benefits	¥ 6,174	¥ 6,544	\$ 53,460
Tax credit carryforwards	1,433	1,417	11,576
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	1,095	354	2,892
Impairment losses on fixed assets	957	892	7,287
Accrued bonuses	955	885	7,230
Unrealized gains and losses on intercompany asset transfers	673	667	5,449
Tax loss carryforwards (a)	625	337	2,753
Other	2,699	2,813	22,980
Gross deferred tax assets	14,611	13,909	113,627
Valuation allowance for tax loss carryforwards (a)	(399)	(190)	(1,552)
Valuation allowance for deductible temporary differences	(4,294)	(4,263)	(34,826)
Less: Total valuation allowance	(4,693)	(4,453)	(36,378)
Total deferred tax assets	9,918	9,456	77,249
Deferred tax liabilities:			
Net unrealized gain on investment securities	(3,836)	(3,467)	(28,323)
Special reserves for deferred gains on fixed assets	(3,718)	(3,343)	(27,310)
Depreciation of overseas consolidated subsidiaries	(2,155)	(2,125)	(17,360)
Unrealized gains and losses on intercompany asset transfers	(277)	(272)	(2,222)
Valuation differences of subsidiaries' assets in consolidation	(138)	(137)	(1,119)
Reserve for special depreciation	(6)	(2)	(16)
Other	(413)	(567)	(4,632)
Total deferred tax liabilities	(10,543)	(9,913)	(80,982)
Net deferred tax liabilities	¥ (625)	¥ (457)	\$ (3,733)

Note:

(a) The expiration of tax loss carryforwards, the related valuation allowance and the resulting net deferred tax assets as of March 31, 2021 and 2022 were as follows:

2021							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)	¥ 82	¥ 74	¥ 40	¥ 116	¥ —	¥ 313	¥ 625
Less: Valuation allowance for tax loss carryforwards	82	71	38	7	—	201	399
Net deferred tax assets relating to tax loss carryforwards	—	3	2	109	—	112	(*2) 226

2022							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)	¥ 69	¥ 39	¥ 7	¥ —	¥ —	¥ 222	¥ 337
Less: Valuation allowance for tax loss carryforwards	57	37	7	—	—	89	190
Net deferred tax assets relating to tax loss carryforwards	12	2	—	—	—	133	(*2) 147

2022							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)	\$ 564	\$ 319	\$ 57	\$ —	\$ —	\$ 1,813	\$ 2,753
Less: Valuation allowance for tax loss carryforwards	466	302	57	—	—	727	1,552
Net deferred tax assets relating to tax loss carryforwards	98	17	—	—	—	1,086	(*2) 1,201

(*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 ¥226 million and ¥147 million (\$1,201 thousand) are recognized in relation to tax loss carryforwards of ¥625 million and ¥337 million (\$2,753 thousand) (the amounts calculated by multiplying the effective statutory tax rate) as of March 31, 2021 and 2022, 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 rate for the years ended March 31, 2021 and 2022.

	2021	2022
Effective statutory tax rate	30.6%	30.6%
Permanently non-deductible expenses, including entertainment expenses	0.2	0.3
Permanently non-taxable income, including dividend income	(0.1)	(0.1)
Per capita inhabitants tax	0.2	0.3
Special deduction for corporation tax	(0.8)	(0.4)
Changes in valuation allowance	(3.0)	(0.7)
Lower income tax rates applicable to income in certain foreign countries	(3.7)	(3.3)
Other, net	0.5	0.4
Actual effective tax rate	23.9%	27.1%

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, 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 upon resolution of the shareholders.

The maximum amount that the 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 annual shareholders' meeting held on June 23, 2022, shareholders approved cash dividends amounting to ¥5,109 million (\$41,737 thousand). These cash dividends have not been accrued in the consolidated financial statements as of March 31, 2022 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 issued and outstanding for the years ended March 31, 2021 and 2022

Thousands of shares			Thousands of shares		
Common stock outstanding	2021	2022	Treasury stock outstanding	2021	2022
Balance at beginning and end of year	110,881	110,881	Balance at beginning of year	8,753	8,753
			Increase due to purchase of odd lots	0	0
			Balance at end of year	8,753	8,753

(2) Dividends

(a) Dividends paid in the year ended March 31, 2022

The following were approved at the Company's general meeting of shareholders held on June 24, 2021:

Dividends on Common stock

- a. Total amount of dividends ¥5,109 million
- b. Dividends per share ¥50.0
- c. Record date March 31, 2021
- d. Effective date June 25, 2021

The following were approved at the Company's Board of Directors meeting held on October 29, 2021:

Dividends on Common stock

- a. Total amount of dividends ¥4,087 million
- b. Dividends per share ¥40.0
- c. Record date September 30, 2021
- d. Effective date December 6, 2021

(b) Dividends with a record date in the year ended March 31, 2022 but an effective date in the year ending March 31, 2023

The following were approved at the Company's general meeting of shareholders held on June 23, 2022:

Dividends on Common stock

- a. Total amount of dividends ¥5,109 million (\$41,737 thousand)
- b. Funds for dividends Retained earnings
- c. Dividends per share ¥50.0 (\$0.41)
- d. Record date March 31, 2022
- e. Effective date June 24, 2022

18 Per share information

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

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Net income attributable to owners of parent	¥ 29,070	¥ 22,415	\$ 183,114
Net income attributable to owners of parent related to common stock	29,070	22,415	183,114

	2021	2022
Weighted-average number of shares of common stock (unit: thousands of shares)	102,128	102,128

Information on diluted net income per share is not disclosed because there were no potentially dilutive shares of common stock during the years ended March 31, 2021 and 2022.

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, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Due within one year	¥ 59	¥ 54	\$ 441
Due after one year	320	268	2,189
	¥ 379	¥ 322	\$ 2,630

20 Contingent liabilities

Contingent liabilities as of March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Guarantees for indebtedness of employees	¥ 2	¥ 1	\$ 8

(1) Reclassification adjustments on other comprehensive income for the years ended March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Net unrealized gain (loss) on investment securities:			
Gains (losses) arising during the year	¥ 2,555	¥ (1,053)	\$ (8,602)
Reclassification adjustments	(17)	4	32
	2,538	(1,049)	(8,570)
Net unrealized gain on hedging instruments:			
Gains arising during the year	7	45	368
	7	45	368
Foreign currency translation adjustments:			
Adjustments arising during the year	1,707	11,585	94,641
	1,707	11,585	94,641
Adjustments for retirement benefits:			
Adjustments arising during the year	215	(1,588)	(12,973)
Reclassification adjustments	612	519	4,240
	827	(1,069)	(8,733)
Share of other comprehensive loss of affiliate accounted for using the equity method:			
Losses arising during the year	(12)	(18)	(147)
	(12)	(18)	(147)
Amount before income tax effects	5,067	9,494	77,559
Income tax effects	(1,035)	655	5,351
Total other comprehensive income, net of tax	¥ 4,032	¥ 10,149	\$ 82,910

(2) Income tax effects on other comprehensive income for the years ended March 31, 2021 and 2022 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2021	2022	2022
Net unrealized gain (loss) on investment securities:			
Amount before income tax effect	¥ 2,538	¥ (1,049)	\$ (8,570)
Income tax effect	(802)	369	3,015
Amount, net of tax	1,736	(680)	(5,555)
Net unrealized gain on hedging instruments:			
Amount before income tax effect	7	45	368
Income tax effect	(2)	(15)	(123)
Amount, net of tax	5	30	245
Foreign currency translation adjustments:			
Amount before income tax effect	1,707	11,585	94,641
Income tax effect	—	—	—
Amount, net of tax	1,707	11,585	94,641
Adjustments for retirement benefits:			
Amount before income tax effect	827	(1,069)	(8,733)
Income tax effect	(231)	301	2,459
Amount, net of tax	596	(768)	(6,274)
Share of other comprehensive loss of affiliate accounted for using the equity method:			
Amount before income tax effect	(12)	(18)	(147)
Income tax effect	—	—	—
Amount, net of tax	(12)	(18)	(147)
Total other comprehensive income			
Amount before income tax effects	5,067	9,494	77,559
Income tax effects	(1,035)	655	5,351
Amount, net of tax	¥ 4,032	¥ 10,149	\$ 82,910

(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 services 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" freezes and stores food in cold 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.

As stated in the note "2. Summary of significant accounting policies, (17) Changes in accounting policies," the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" and the related guidance at the beginning of the year ended March 31, 2022 and changed their accounting treatments for revenue recognition. Accordingly, the methods for measuring segment income or loss and assets were changed as well. Segment information for the year ended March 31, 2021 was prepared using the new methods.

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

2021	Reportable segment							Millions of yen			
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others (a)	Total	Adjustments (b)	Consolidated
Net sales:											
Outside customers	¥ 24,899	¥ 94,003	¥ 95,823	¥ 52,694	¥ 18,642	¥ 21,113	¥ 307,174	¥ 33,668	¥ 340,842	¥ —	¥ 340,842
Intersegment sales or transfers	887	—	75	11	—	1,050	2,023	24	2,047	(2,047)	—
Total	¥ 25,786	¥ 94,003	¥ 95,898	¥ 52,705	¥ 18,642	¥ 22,163	¥ 309,197	¥ 33,692	¥ 342,889	¥ (2,047)	¥ 340,842
Segment income (loss)	¥ 16	¥ 16,104	¥ 13,310	¥ 6,825	¥ (667)	¥ 1,239	¥ 36,827	¥ 520	¥ 37,347	¥ (886)	¥ 36,461
Segment assets	¥ 14,109	¥ 123,676	¥ 60,130	¥ 23,977	¥ 21,179	¥ 50,695	¥ 293,766	¥ 17,581	¥ 311,347	¥ 117,304	¥ 428,651
Other items:											
Depreciation and amortization	¥ 358	¥ 3,157	¥ 3,216	¥ 883	¥ 2,019	¥ 3,579	¥ 13,212	¥ 1,025	¥ 14,237	¥ 773	¥ 15,010
Increase in property, plant and equipment and intangible assets	245	8,409	755	846	941	4,268	15,464	1,111	16,575	553	17,128

2022

Millions of yen

	Reportable segment							Others (a)	Total	Adjustments (b)	Consolidated
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal				
Net sales:											
Japan	¥ 24,516	¥ —	¥ 95,529	¥ 51,312	¥ 19,494	¥ 22,142	¥ 212,993	¥ 33,506	¥ 246,499	¥ —	¥ 246,499
Americas	36	114,236	—	—	—	—	114,272	—	114,272	—	114,272
Other	466	—	—	—	—	—	466	259	725	—	725
Net sales (d)	¥ 25,018	¥ 114,236	¥ 95,529	¥ 51,312	¥ 19,494	¥ 22,142	¥ 327,731	¥ 33,765	¥ 361,496	¥ —	¥ 361,496
Net sales to outside customers	¥ 25,018	¥ 114,236	¥ 95,529	¥ 51,312	¥ 19,494	¥ 22,142	¥ 327,731	¥ 33,765	¥ 361,496	¥ —	¥ 361,496
Intersegment sales or transfers	800	—	58	12	—	941	1,811	20	1,831	(1,831)	—
Total	¥ 25,818	¥ 114,236	¥ 95,587	¥ 51,324	¥ 19,494	¥ 23,083	¥ 329,542	¥ 33,785	¥ 363,327	¥ (1,831)	¥ 361,496
Segment income	¥ 162	¥ 10,058	¥ 10,849	¥ 6,372	¥ 231	¥ 2,343	¥ 30,015	¥ 767	¥ 30,782	¥ (1,044)	¥ 29,738
Segment assets	¥ 16,421	¥ 137,094	¥ 59,418	¥ 22,965	¥ 20,259	¥ 48,842	¥ 304,999	¥ 17,223	¥ 322,222	¥ 132,449	¥ 454,671
Other items:											
Depreciation and amortization	¥ 320	¥ 4,193	¥ 2,982	¥ 945	¥ 1,815	¥ 3,408	¥ 13,663	¥ 1,041	¥ 14,704	¥ 570	¥ 15,274
Increase in property, plant and equipment and intangible assets	209	6,607	1,756	1,444	657	1,356	12,029	798	12,827	291	13,118

2022

Thousands of U.S. dollars

	Reportable segment							Others (a)	Total	Adjustments (b)	Consolidated
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal				
Net sales:											
Japan	\$ 200,278	\$ —	\$ 780,402	\$ 419,181	\$ 159,252	\$ 180,884	\$1,739,997	\$ 273,719	\$2,013,716	\$ —	\$2,013,716
Americas	294	933,224	—	—	—	—	933,518	—	933,518	—	933,518
Other	3,807	—	—	—	—	—	3,807	2,116	5,923	—	5,923
Net sales	\$ 204,379	\$ 933,224	\$ 780,402	\$ 419,181	\$ 159,252	\$ 180,884	\$2,677,322	\$ 275,835	\$2,953,157	\$ —	\$2,953,157
Net sales to outside customers	\$ 204,379	\$ 933,224	\$ 780,402	\$ 419,181	\$ 159,252	\$ 180,884	\$2,677,322	\$ 275,835	\$2,953,157	\$ —	\$2,953,157
Intersegment sales or transfers	6,536	—	474	98	—	7,687	14,795	163	14,958	(14,958)	—
Total	\$ 210,915	\$ 933,224	\$ 780,876	\$ 419,279	\$ 159,252	\$ 188,571	\$2,692,117	\$ 275,998	\$2,968,115	\$ (14,958)	\$2,953,157
Segment income	\$ 1,323	\$ 82,167	\$ 88,628	\$ 52,055	\$ 1,887	\$ 19,141	\$ 245,201	\$ 6,266	\$ 251,467	\$ (8,529)	\$ 242,938
Segment assets	\$ 134,148	\$1,119,957	\$ 485,402	\$ 187,607	\$ 165,501	\$ 399,003	\$2,491,618	\$ 140,700	\$2,632,318	\$1,082,011	\$3,714,329
Other items:											
Depreciation and amortization	\$ 2,614	\$ 34,254	\$ 24,361	\$ 7,720	\$ 14,827	\$ 27,841	\$ 111,617	\$ 8,504	\$ 120,121	\$ 4,656	\$ 124,777
Increase in property, plant and equipment and intangible assets	1,707	53,974	14,345	11,797	5,367	11,078	98,268	6,519	104,787	2,377	107,164

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 ¥(886) million and ¥(1,044) million (\$8,529 thousand) for the years ended March 31, 2021 and 2022 include corporate expenses not allocable to each reportable segment of ¥(1,255) million and ¥(1,265) million (\$10,334 thousand), adjustments for inventories of ¥(26) million and ¥(35) million (\$286 thousand), and other adjustments of ¥395 million and ¥256 million (\$2,091 thousand), respectively. The corporate expenses mainly consisted of general and administrative expenses which are not attributable to a specific reportable segment. Other adjustments mainly comprised the eliminated amount of know-how payments from overseas subsidiaries.
- 2) The adjustments for segment assets of ¥117,304 million and ¥132,449 million (\$1,082,011 thousand) as of March 31, 2021 and 2022 include corporate assets not allocable to each reportable segment of ¥116,836 million and ¥131,144 million (\$1,071,350 thousand), and other adjustments of ¥468 million and ¥1,305 million (\$10,661 thousand), respectively. The corporate assets mainly consisted 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 ¥773 million and ¥570 million (\$4,656 thousand) for the years ended March 31, 2021 and 2022 include corporate expenses not allocable to each reportable segment of ¥742 million and ¥543 million (\$4,436 thousand), and other adjustments of ¥31 million and ¥27 million (\$220 thousand), respectively. The corporate expenses mainly consisted of general and administrative expenses which are not attributable to a specific reportable segment. Other adjustments mainly comprised depreciation of idle assets recorded in non-operating expenses.
- 4) The adjustments for increase in property, plant, and equipment and intangible assets of ¥553 million and ¥291 million (\$2,377 thousand) for the years ended March 31, 2021 and 2022 consisted 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 consisted of revenue from contracts with customers, and revenue from other sources was insignificant.

(4) Information by geographical area**(a) Net sales**

2021		Millions of yen		
	Japan	Americas (U.S.A)	Others	Total
Net sales	¥ 246,143	¥ 94,024 (¥ 62,668)	¥ 675	¥ 340,842

2022		Millions of yen		
	Japan	Americas (U.S.A)	Others	Total
Net sales	¥ 246,499	¥ 114,272 (¥ 74,936)	¥ 725	¥ 361,496

2022		Thousands of U.S. dollars		
	Japan	Americas (U.S.A)	Others	Total
Net sales	\$ 2,013,716	\$ 933,518 (\$ 612,172)	\$ 5,923	\$ 2,953,157

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 Thailand, China (2021), Taiwan, Korea (2021), and Vietnam (2022)

(b) Property, plant and equipment

2021		Millions of yen	
	Japan	Americas (U.S.A)	Total
Property, plant and equipment	¥ 122,226	¥ 35,713 (¥ 35,709)	¥ 157,939

2022		Millions of yen	
	Japan	Americas (U.S.A)	Total
Property, plant and equipment	¥ 117,518	¥ 41,677 (¥ 41,675)	¥ 159,195

2022

Thousands of U.S. dollars			
	Japan	Americas (U.S.A)	Total
Property, plant and equipment	\$ 960,036	\$ 340,470 (\$ 340,454)	\$ 1,300,506

(5) Information about major customers**2021**

Sales Millions of yen		
Name of customer	Related reportable segment	
MITSUI & CO., LTD.	¥ 114,605	Domestic Instant Noodles and other

2022

Sales Millions of yen Thousands of U.S. dollars		
Name of customer	Related reportable segment	
MITSUI & CO., LTD.	¥ 114,749	\$ 937,415 Domestic Instant Noodles and other

(6) Information about impairment loss on fixed assets for each reportable segment**2021**

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 loss	¥ —	¥ —	¥ —	¥ —	¥ 6	¥ —	¥ 35	¥ —	¥ 41

2022

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 loss	¥ —	¥ —	¥ —	¥ —	¥ 57	¥ —	¥ 8	¥ —	¥ 65

2022

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 loss	\$ —	\$ —	\$ —	\$ —	\$ 466	\$ —	\$ 65	\$ —	\$ 531

(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.

23**Additional information****Accounting estimates relating to the spread of the novel coronavirus (COVID-19)**

It is extremely difficult to estimate the impact of COVID-19 on the Group's future operating results because there is no unified outlook on its spread or the timing of when it will subside. The impact on the Group's operating results for the year ended March 31, 2022 was immaterial. Accordingly, the Group made accounting estimates based on the assumption that the impact on the Group's future operating results would be limited and included them in the accompanying consolidated financial statements.



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, 2022 and 2021, 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, 2022 and 2021, 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. "Summary of significant accounting policies, (16) Significant accounting estimates" to the consolidated financial statements, the Company recognized property, plant and equipment of ¥8,518 million used in the	The primary procedures we performed to assess the appropriateness of the Company's judgment with respect to whether an impairment loss should be recognized on property, plant and equipment used in the packaged cooked rice business within the Processed

packaged cooked rice business within the Processed Foods Segment in the consolidated balance sheets for the current fiscal year, which accounted for approximately 1.9% of 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 group 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 indication of impairment was identified as its operating profit has been negative for some consecutive years, primarily due to capital expenditures required to introduce new production lines and enhance existing production lines. Accordingly, the Company was required to make a judgment as to whether an impairment loss should be recognized for the current fiscal year. The undiscounted future cash flows, which were used in this judgment, were estimated based on the mid-term business plan of the packaged cooked rice business prepared by management. In developing the mid-term business plan, management's forecasts for the growth of the packaged cooked rice market and rice prices in future years were adopted 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 year, and accordingly, a key audit matter.

Foods Segment 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 and/or detect any potential/actual use of inappropriate forecasts for the growth of the packaged cooked rice market and rice prices in future years, as key assumptions underlying 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 past 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 past mid-term business plans with 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 used in developing the mid-term business plan. In addition, we:

- performed a trend analysis over the forecasted growth of the packaged cooked rice market in future years by comparing the current forecasts with historical results by each major product group, and assessed the consistency with forecasts published by external analysts; and
- performed a trend analysis over the forecasted rice prices by comparing the current forecasts with the historical trend of rice prices, and assessed the reasonableness of the future projections included in the mid-term business plan.

Other Information

The other information comprises the information included in the ANNUAL REPORT 2022, 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, related safeguards.

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, 2022 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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yoshichika Kaneko
Designated Engagement Partner
Certified Public Accountant

Junichi Tanaka
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 23, 2022

CORPORATE DATA

AS OF MARCH 31, 2022

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	28
Number of Refrigerated Warehouses	17
Number of Subsidiaries and Affiliates	31
Number of Employees (Consolidated)	4,839
Consolidated Net Sales	¥361,496 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	15,040
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.

