Toyo Suisan Kaisha, Ltd.

ANNUAL REPORT 2021

YEAR ENDED MARCH 31, 2021

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, 2021.

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 2021

During the fiscal year ended March 31, 2021, the conditions in the Japanese economy remained challenging due to the impact of the novel coronavirus disease (COVID-19). Looking ahead, although a recovery is expected to continue, on the back of results from various economic measures and the improvement of overseas economies amid a pickup in the level of socioeconomic activities as measures to prevent the spread of infections are implemented, it is necessary to closely monitor the impact of infection trends on the economies of Japan and other countries 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 ¥417,512 million (up 0.4% year on year), operating income was ¥36,461 million (up 28.6% year on year), and net income attributable to owners of parent was ¥29,070 million (up 24.3% year on year) for the current fiscal year.

June 2021

Masanari Imamura

Masanari Imamura
Representative Director and President

CONSOLIDATED FINANCIAL HIGHLIGHTS

TOYO SUISAN KAISHA, LTD. AND ITS SUBSIDIARIES
YEARS ENDED MARCH 31, 2020 AND 2021

		Millions of yen		Thousands of U.S. dollars (Note 1)
		2020	2021	2021
For the year:	Net sales	¥416,032	**¥417,512**	**$3,771,222**
	Operating income	28,348	**36,461**	**329,338**
	Net income attributable to owners of parent	23,380	**29,070**	**262,578**
At year-end:	Total assets	¥402,609	**¥426,071**	**$3,848,532**
	Total net assets	317,994	**343,320**	**3,101,075**
Per share of common stock:	Net income	¥228.9	**¥284.6**	**$2.57**
(in yen and U.S. dollars)	Cash dividends	80.0	**90.0**	**0.81**

Dollar amounts represent translations at the rate of ¥110.71 = US$1, the rate prevailing on March 31, 2021.

REVIEW OF OPERATIONS

Seafood Segment

Sales
25,682
million yen

In the Seafood Segment, due to the impact of the home-cooking trend brought by requests for the public to stay at home and other measures to prevent the spread of COVID-19, although the sales for some supermarkets and food delivery businesses increased due to their increasing demand, there was a drop off in demand for convenience stores, restaurants and hotels, and sales volumes decreased overall. Sales also decreased due to the effects of a decline in market prices for the core products of salmon and trout and poor fish catches in foreshore operations. As a result, segment sales were ¥25,682 million (down 14.0% year on year) and segment income was ¥16 million (compared with a segment loss of ¥672 million in the previous fiscal year) owing to the effect of inventory valuation review conducted in the previous fiscal year, the selling products at reasonable prices, and other factors, despite increases in personnel expenses and depreciation due to investments in processing facilities at consolidated subsidiaries.

Overseas Instant Noodles Segment

Sales
94,003
million yen

In the Overseas Instant Noodles Segment, sales increased in the U.S. because of strong growth in our signature products, the bag-type noodle product Ramen series and the cup-type noodle product Instant Lunch series, owing to higher demand for instant noodles due to the impact of the spread of COVID-19. In Mexico, despite the impact of the weak peso, sales increased due to favorable sales of bag-type noodles and steady sales of cup-type noodles, our signature products. As a result, segment sales were ¥94,003 million (up 5.6% year on year) and segment income was ¥16,104 million (up 32.1% year on year) mainly due to the curbing of sales promotion costs, despite increases in distribution costs and personnel expenses.

Domestic Instant Noodles Segment

Sales
133,427
million yen

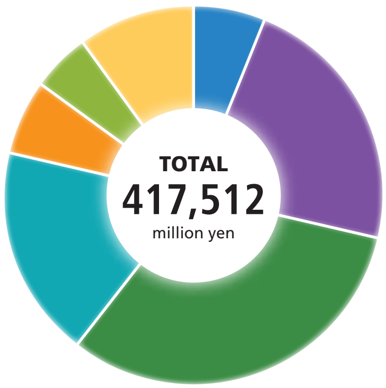
In the Domestic Instant Noodles Segment, due to the impact of requests for the public to stay at home and other measures to prevent the spread of COVID-19, the opportunities for dining at home increased, leading to higher demand. Cup-type noodles saw decreased sales overall despite steady sales of the Japanese-style series including *Akai Kitsune Udon* and *Midori no Tanuki Ten Soba* in addition to the *Gotsu Mori* series and the *MARUCHAN QTTA* series, for which we actively introduced new products. Sales in bag-type noodles increased thanks to favorable sales mainly of the *Maruchan Seimen* series. As a result, segment sales were ¥133,427 million (up 0.1% year on year) and segment income was ¥13,310 million (up 20.1% year on year) due to decreases mainly in sales promotion costs, advertising expenses, and raw material costs, despite factors such as an increase in personnel expenses.

Frozen and Refrigerated Foods Segment

Sales
76,229
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, the opportunities for dining at home increased, leading to higher demand for household products despite a decrease in sales of products for restaurants, etc. For fresh noodles, sales were favorable mainly for the *Maruchan Yakisoba (Three-Meal Package)* series as well as for the signature products of udon noodles, ramen noodles, etc. In addition, sales were favorable for the *Pari-Pari Mugen* series, which is in its fourth year on the market since being launched. Although sales of chilled foods were favorable mainly for household products, sales of frozen foods fell year on year due to a decrease in the demand for products for restaurant business. As a result, segment sales were ¥76,229 million (up 5.4% year on year) and segment income was ¥6,825 million (up 22.1% year on year) mainly due to an increase in sales and a decrease in raw material costs.

Net Sales by Segment



1	Seafood Segment	6.2%	25,682 million yen
2	Overseas Instant Noodles Segment	22.5%	94,003 million yen
3	Domestic Instant Noodles Segment	31.9%	133,427 million yen
4	Frozen and Refrigerated Foods Segment	18.3%	76,229 million yen
5	Processed Foods Segment	6.1%	25,610 million yen
6	Cold-Storage Segment	5.1%	21,113 million yen
7	Other Business Segment	9.9%	41,448 million yen

Processed Foods Segment

Sales
25,610
million yen

In the Processed 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, the opportunities for dining at home and the needs for emergency foods increased, leading to higher demand. Sales were favorable for packaged cooked rice, mainly for the cooked white rice series including *Attaka Gohan*, the flavored cooked rice series including *Fukkura Osekihan* and the healthy series including *Genmai Gohan*, and for freeze-dried products including the *Sozai no Chikara* series, a freeze-dried soup product with five packs in one bag. As a result, segment sales were ¥25,610 million (up 5.9% year on year), and the segment reported a segment loss of ¥667 million (compared with a segment loss of ¥1,308 million in the previous fiscal year), an improvement of ¥641 million, mainly due to an increase in sales and a decrease in raw material costs.

Cold-Storage Segment

Sales
21,113
million yen

In the Cold-Storage Segment, sales from trade such as transportation were robust in addition to an increase in sales from handling household products in the Tokyo metropolitan area, despite weakness in cargo movement of products for restaurant business stored in cold warehouses mainly due to the impact of the spread of COVID-19. As a result, segment sales were ¥21,113 million (up 2.8% year on year) while segment income was ¥1,239 million (down 1.9% year on year) due to increases in depreciation and personnel expenses associated with the operation of new cold storage facilities, etc.

Other Business Segment

Sales
41,448
million yen

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥41,448 million (down 11.6% year on year) while segment income was ¥520 million (down 40.4% year on year).

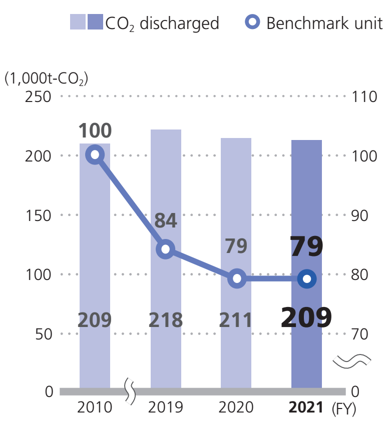
Environmental Impact Data (Toyo Suisan Kaisha, Ltd.)

Measures to Prevent Global Warming

To reduce environmental impacts related to global warming, a major cause of climate change, we are continuously working to reduce the amount of materials we use and our CO_2 emissions, not only in our production activities but also in our materials procurement and logistics processes. At our factories, we work to reduce CO_2 emissions across the manufacturing process, and at our refrigerated warehouses we strive to reduce leakage of chlorofluorocarbon (CFC) refrigerants. In terms of product delivery, we are reducing the number of trucks used by improving loading efficiency and ensuring the stable supply of products to reduce irregular deliveries, thereby lowering our environmental impact. When designing and constructing new facilities, we also consider the impact on the environment by adopting machinery and equipment that will have a low environmental impact once they start operating.

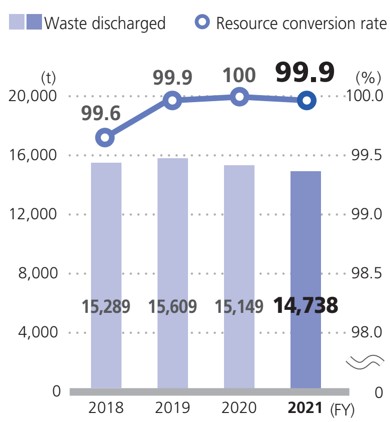
Our Ishikari New Port Distribution Center, which started operation in April 2020, uses natural refrigerants

CO_2 discharged and per unit of sales



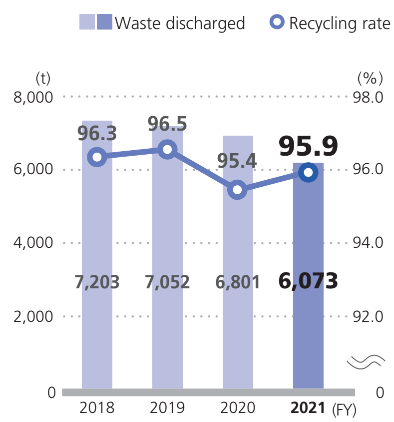
Our efforts to conserve energy and reduce CFC leakage at each business site led to a slight year-on-year decrease in CO_2 emissions, but per unit of sales remained mostly unchanged.

Industrial waste discharged and resource conversion rate



Stabilized production and reduced manufacturing at some factories led to a decline in waste, but the resource conversion rate edged down to 99.9% due to landfill disposal.

Food waste discharged and recycling rate (Toyo Suisan Kaisha, Ltd.)



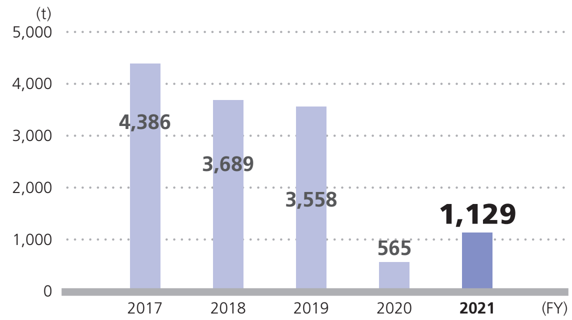
Our efforts to reduce food waste at each factory and lower production at some factories led to a decline in food waste discharged, enabling us to keep the recycling rate above our 95% target.

Reducing CFC Leakage

In response to the Act on Rational Use and Appropriate Management of Fluorocarbons, enacted in 2015, we are systematically switching to equipment and machinery in our refrigeration facilities that uses natural refrigerants (containing ammonia and CO_2), which have a relatively low greenhouse effect. In fiscal 2021, we replaced equipment at our Maishima cold storage facility, Shonan Toyo Kaisha, Ltd., and Suruga Toyo Kaisha, Ltd. At each business site, we thoroughly inspect and maintain refrigeration and air conditioning equipment to prevent leakage of CFC refrigerants, which have a significant greenhouse effect.

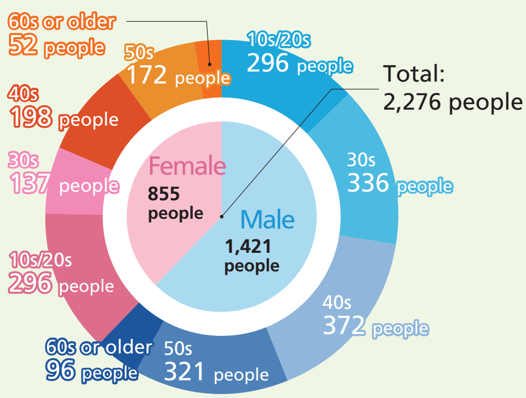
The amount of CFCs leaked at the facilities of Toyo Suisan Kaisha, Ltd. (non-consolidated basis) in fiscal 2021 increased year on year due to rising leakage from aging air conditioning equipment.

CFCs leakage (CO_2 equivalent) (Toyo Suisan Kaisha, Ltd.)



Employee Data (As of March 31, 2021) Toyo Suisan Kaisha, Ltd.

● Employee breakdown



● Average age
40.4 years old

● Average length of service
15.3 years

● Number/ratio of female managers (section chief or above)
14 people / **5.5** %

● Number/ratio of employees with disabilities
52 people / **2.12** %

● Parental leave uptake rate
Male: **4** % / Female: **100** %

● Number of diversity study sessions held for managers (section chief or above)*
20 times

● Number of compliance study sessions held*
222 times

*Includes those held at Group companies

ESG Initiatives

Reducing Food Loss

The Toyo Suisan Group is making various efforts to reduce food loss. Based on the results of scientific preservation tests, we are extending the shelf lives of some seasonings, freeze-dried soups, and chilled noodle products and labeling them with the use-by year and month. We are also developing products that encourage the consumption of regular ingredients, such as vegetables, that tend to be left over in the refrigerator at home. In addition to daily efforts to eliminate manufacturing losses, we are implementing more meticulous production and management of product inventories and providing products to food banks and children's cafeterias. We strive to reduce food loss at each stage of the process, including product development, manufacturing, distribution, and consumer use.

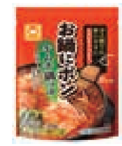
Examples of Products with Extended Shelf Lives

Kita no Ajiwai Zaru Ramen with Japanese dipping sauce Two-Meal Package

Shelf life
21 days → 30 days
9-day extension

Sozai no Chikara Mozuku Soup Five-Meal Package (Mozuku seaweed soup)

Shelf life
12 months → 18 months
6-month extension



Onabe ni Pon Kimuchi Nabe Tsuyu (Stock cubes for kimchee hot pot)

Shelf life
8 months → 10 months
2-month extension

Contributing to Increased Healthy Longevity

To help realize a society of healthy longevity, we are strengthening our low-sodium foods and foods with function claims while developing health-conscious product lines that meet various consumer needs and sales floor requirements. Here, we are focusing on such ingredients as vegetables, brown rice, barley, and cereals, as well as various nutritional functions. We are also developing products that utilize our Groupwide strengths, including seafood products and items that reflect our commitment to *dashi* (Japanese soup stock). With an eye on the super-aging society, we will continue expanding our range of products that deliver "food enjoyment" while being health conscious.

Umai Tsuyu with reduced salt *Kitsune Udon*

Maruchan Yakisoba with reduced salt (with sauce) One-Meal Package

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)

Akazakana Acqua Pazza (Red fish acqua pazza)

Sanshu no Dashi Shikomi Saba (Mackerel pickled with three types of stock)

Conserving Water Resources

The Toyo Suisan Group considers the sustainable use of water resources to be a key priority of its environmental activities. At our factories, we continuously control the amount of water used and the amount of wastewater discharged in order to reduce total water usage. In addition, wastewater from our factories is purified by microbial treatment before discharge. At our Saitama Factory, we are reducing the temperature of wastewater by improving the way the facilities are operated, in order to minimize the effect on the ecosystem and reduce overall environment impact. To conserve water and reduce wastewater, Fukushima Foods Co., Ltd. is reviewing its wastewater treatment methods, recycling cooling water used in the manufacturing process, and using water-saving nozzles for cleaning.

Wastewater treatment equipment at the Saitama Factory

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

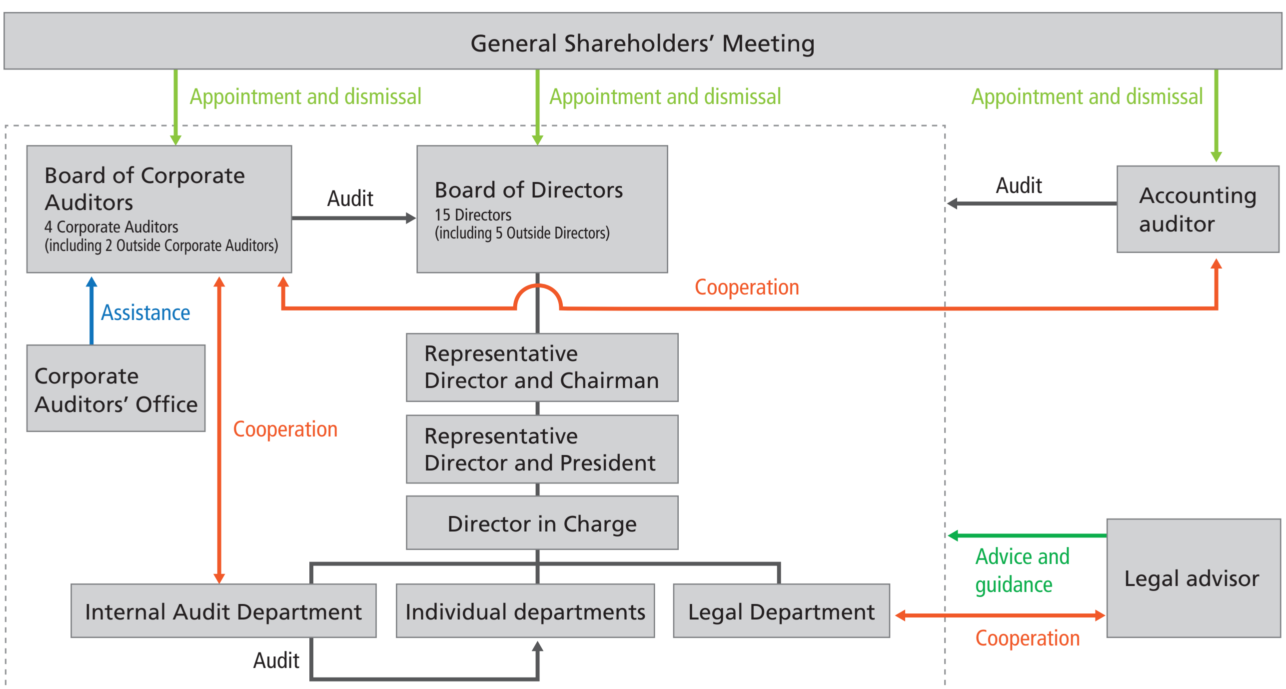
The Board of Directors serves as the Company's decision-making body. The Board of Directors comprises fifteen directors, including five outside directors. The Board of Directors generally convenes once a month, and also as needed. It thoroughly debates issues from the perspective of the group as a whole. 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, 2020 AND 2021

ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Current assets:			
Cash on hand and at banks (Notes 3 and 4)	¥112,755	**¥117,544**	**$1,061,729**
Notes and accounts receivable - Trade (Note 4)	57,071	**51,530**	**465,450**
Amounts due from unconsolidated subsidiaries and affiliates	383	**433**	**3,911**
Other	1,280	**904**	**8,165**
Less: Allowance for doubtful accounts	(650)	**(599)**	**(5,411)**
	58,084	**52,268**	**472,115**
Securities (Notes 3, 4 and 5)	23,000	**42,000**	**379,370**
Inventories (Note 7)	20,008	**21,762**	**196,568**
Other	1,786	**1,825**	**16,485**
Total current assets	215,633	**235,399**	**2,126,267**
Property, plant and equipment (Notes 8, 12 ,18 and 21):			
Buildings and structures	160,070	**167,280**	**1,510,975**
Machinery and equipment	136,144	**142,030**	**1,282,901**
Leased assets	5,561	**5,629**	**50,845**
Other	6,433	**6,734**	**60,825**
	308,208	**321,673**	**2,905,546**
Less: Accumulated depreciation	(194,237)	**(206,707)**	**(1,867,103)**
	113,971	**114,966**	**1,038,443**
Land	34,976	**34,662**	**313,088**
Construction in progress	7,234	**8,311**	**75,070**
Total property, plant and equipment	156,181	**157,939**	**1,426,601**
Intangible assets	1,443	**1,268**	**11,453**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates (Note 4)	4,834	**4,401**	**39,753**
Investment securities (Notes 4 and 5)	22,185	**24,768**	**223,720**
Deferred tax assets (Note 14)	1,378	**1,358**	**12,266**
Asset for retirement benefits (Note 10)	64	**37**	**334**
Other	891	**901**	**8,138**
Total investments and other assets	29,352	**31,465**	**284,211**
Total assets	¥402,609	**¥426,071**	**$3,848,532**

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

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Current liabilities:			
Short-term loans (Notes 4 and 9)	¥ 324	¥ 351	$ 3,170
Lease obligations (Notes 4 and 9)	311	296	2,674
Notes and accounts payable - Trade (Note 4)	24,206	23,575	212,944
Amounts due to unconsolidated subsidiaries and affiliates	1,325	1,250	11,291
Other	820	1,566	14,145
	26,986	27,038	244,224
Income taxes payable	4,556	4,306	38,894
Accrued expenses	23,247	22,989	207,651
Other	1,867	937	8,463
Total current liabilities	56,656	55,270	499,232
Non-current liabilities:			
Lease obligations (Notes 4 and 9)	3,734	3,519	31,786
Deferred tax liabilities (Note 14)	2,186	1,983	17,912
Reserve for retirement benefits for directors and other officers	326	320	2,890
Liability for retirement benefits (Note 10)	20,303	20,221	182,648
Asset retirement obligations	213	213	1,924
Other	1,197	1,225	11,065
Total non-current liabilities	27,959	27,481	248,225
Total liabilities	84,615	82,751	747,457
Contingent liabilities (Note 19)			
Net assets (Notes 15 and 16):			
Shareholders' equity:			
Common stock-			
Authorized: 427,000,000 shares in 2020 and 2021			
Issued: 110,881,044 shares in 2020 and 2021	18,969	18,969	171,339
Capital surplus	22,942	22,942	207,226
Retained earnings	268,101	289,001	2,610,433
Treasury stock, at cost			
Held by the Company: 8,703,672 shares in 2020 and 8,704,146 shares in 2021			
Owned by consolidated subsidiaries and affiliates: 49,018 shares in 2020 and 2021	(8,231)	(8,233)	(74,365)
Total shareholders' equity	301,781	322,679	2,914,633
Accumulated other comprehensive income:			
Net unrealized gain on investment securities, net of taxes (Note 5)	7,373	9,006	81,348
Net unrealized gain on hedging instruments, net of taxes (Note 6)	12	17	153
Foreign currency translation adjustments	37	1,744	15,753
Adjustment for retirement benefits, net of taxes (Note 10)	(2,555)	(1,986)	(17,939)
Total accumulated other comprehensive income	4,867	8,781	79,315
Non-controlling interests	11,346	11,860	107,127
Total net assets	317,994	343,320	3,101,075
Total liabilities and net assets	¥402,609	¥426,071	$3,848,532

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Net sales (Note 21)	¥416,032	**¥417,512**	**$3,771,222**
Cost of sales (Note 11)	261,912	**252,261**	**2,278,575**
Gross profit	154,120	**165,251**	**1,492,647**
Selling, general and administrative expenses (Note 11)	125,772	**128,790**	**1,163,309**
Operating income (Note 21)	28,348	**36,461**	**329,338**
Non-operating income (expenses):			
Interest and dividend income	2,459	**1,502**	**13,567**
Interest expenses	(246)	**(240)**	**(2,168)**
Equity in earnings of affiliate accounted for under the equity method	151	**41**	**370**
Gain (Loss) on sales or disposal of property, plant and equipment, net	346	**(276)**	**(2,493)**
Loss on write-down of investments in unconsolidated subsidiaries and affiliates (Note 5)	—	**(1,129)**	**(10,198)**
Impairment losses on fixed assets (Notes 12 and 21)	(116)	**(41)**	**(370)**
Subsidy received	1,003	**1,961**	**17,713**
Loss on disaster (Note 13)	(32)	**(298)**	**(2,692)**
Other, net	688	**929**	**8,392**
Income before income taxes	32,601	**38,910**	**351,459**
Income taxes (Note 14):			
Current	8,853	**10,553**	**95,321**
Deferred	(128)	**(1,254)**	**(11,327)**
	8,725	**9,299**	**83,994**
Net income	23,876	**29,611**	**267,465**
Net income attributable to:			
Non-controlling interests	496	**541**	**4,887**
Owners of parent	¥ 23,380	**¥ 29,070**	**$ 262,578**

	Yen		U.S. dollars (Note 1)
	2020	2021	2021
Amounts per share of common stock (Note 17):			
Net income	¥228.9	**¥284.6**	**$2.57**
Cash dividends applicable to the year	80.0	**90.0**	**0.81**

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Net income	¥23,876	**¥29,611**	**$267,465**
Other comprehensive income (loss) (Note 20):			
Net unrealized loss on investment securities, net of taxes	(2,641)	**1,736**	**15,681**
Net unrealized gain on hedging instruments, net of taxes	14	**5**	**45**
Foreign currency translation adjustments	(2,017)	**1,707**	**15,419**
Adjustment for retirement benefits, net of taxes	(704)	**596**	**5,383**
Share of other comprehensive income (loss) of affiliate accounted for using the equity method	53	**(12)**	**(108)**
Total other comprehensive income (loss)	(5,295)	**4,032**	**36,420**
Comprehensive income	¥18,581	**¥33,643**	**$303,885**
Total comprehensive income attributable to:			
Owners of parent	¥18,183	**¥32,984**	**$297,932**
Non-controlling interests	398	**659**	**5,953**

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, 2020 and 2021

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustment for retirement benefits, net of taxes	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2019	¥18,969	¥22,942	¥252,892	¥(8,228)	¥286,575	¥9,854	¥ (2)	¥2,054	¥(1,843)	¥10,063	¥11,091	¥307,729
Net income attributable to owners of parent	—	—	23,380	—	23,380	—	—	—	—	—	—	23,380
Cash dividends paid	—	—	(8,171)	—	(8,171)	—	—	—	—	—	—	(8,171)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(3)	(3)	—	—	—	—	—	—	(3)
Net changes in items except shareholders' equity	—	—	—	—	—	(2,481)	14	(2,017)	(712)	(5,196)	255	(4,941)
Balance at March 31, 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 treasury shares of parent arising from transactions with non-controlling shareholders	—	(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

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain on investment securities, net of taxes	Net unrealized gain (loss) on hedging instruments, net of taxes	Foreign currency translation adjustments	Adjustment for retirement benefits, net of taxes	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2020	$171,339	$207,226	$2,421,651	$(74,347)	$2,725,869	$66,598	$108	$ 334	$(23,079)	$43,961	$102,484	$2,872,314
Net income attributable to owners of parent	—	—	262,578	—	262,578	—	—	—	—	—	—	262,578
Cash dividends paid	—	—	(73,796)	—	(73,796)	—	—	—	—	—	—	(73,796)
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Acquisition of treasury stock	—	—	—	(18)	(18)	—	—	—	—	—	—	(18)
Net changes in items except shareholders' equity	—	—	—	—	—	14,750	45	15,419	5,140	35,354	4,643	39,997
Balance at March 31, 2021	$171,339	$207,226	$2,610,433	$(74,365)	$2,914,633	$81,348	$153	$15,753	$(17,939)	$79,315	$107,127	$3,101,075

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2021	2021
Cash flows from operating activities:			
Income before income taxes	¥32,601	¥38,910	$351,459
Depreciation and amortization	14,781	15,010	135,579
Impairment losses on fixed assets	116	41	370
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	—	1,129	10,198
Equity in earnings of affiliates accounted for under the equity method	(151)	(41)	(370)
Increase (Decrease) in reserve for retirement benefits for directors and other officers	24	(6)	(54)
Increase (Decrease) in allowance for doubtful accounts	21	(50)	(452)
Increase in liability for retirement benefits	445	772	6,973
Interest and dividend income	(2,459)	(1,502)	(13,567)
Interest expenses	246	240	2,168
Loss (Gain) on sales or disposal of property, plant and equipment, net	(346)	299	2,701
Decrease (Increase) in notes and accounts receivable - Trade	(2,754)	5,607	50,646
Decrease (Increase) in inventories	6,140	(1,687)	(15,238)
Decrease in notes and accounts payable - Trade	(733)	(748)	(6,756)
Increase (Decrease) in accrued expenses	2,175	(279)	(2,520)
Other, net	2,175	(557)	(5,032)
Subtotal	52,281	57,138	516,105
Interest and dividend income received	2,593	1,774	16,024
Interest expenses paid	(246)	(240)	(2,168)
Income taxes paid	(6,935)	(10,888)	(98,347)
Net cash provided by operating activities	47,693	47,784	431,614
Cash flows from investing activities:			
Payments for time deposits	(74,482)	(87,199)	(787,634)
Proceeds from maturities of time deposits	62,881	76,790	693,614
Payments for purchase of securities	(71,000)	(83,000)	(749,706)
Proceeds from sales and redemption of securities	84,000	60,000	541,956
Payments for purchase of property, plant and equipment	(20,632)	(15,965)	(144,206)
Proceeds from sales of property, plant and equipment	1,623	338	3,053
Payments for purchase of intangible assets	(498)	(335)	(3,026)
Payments for purchase of investment securities	(250)	(772)	(6,973)
Proceeds from sales of investment securities	17	34	307
Payments for loans receivable	(1,639)	(1,459)	(13,179)
Collections of loans receivable	1,643	1,560	14,091
Other, net	(118)	23	208
Net cash used in investing activities	(18,455)	(49,985)	(451,495)
Cash flows from financing activities:			
Proceeds from short-term loans	626	751	6,783
Repayments of short-term loans	(945)	(724)	(6,540)
Purchase of treasury stock of subsidiaries	(2)	(3)	(27)
Cash dividends paid	(8,165)	(8,165)	(73,751)
Cash dividends paid to non-controlling interests	(139)	(141)	(1,274)
Other, net	(288)	(310)	(2,799)
Net cash used in financing activities	(8,913)	(8,592)	(77,608)
Effect of exchange rate changes on cash and cash equivalents	(215)	229	2,069
Net increase (decrease) in cash and cash equivalents	20,110	(10,564)	(95,420)
Cash and cash equivalents at beginning of year	23,287	43,397	391,988
Cash and cash equivalents at end of year (Note 3)	¥43,397	¥32,833	$296,568

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 presenting the consolidated financial statements:

The accompanying consolidated financial statements of Toyo Suisan Kaisha, Ltd. (“the Company”) and its consolidated subsidiaries 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.

In preparing the consolidated financial statements, certain reclassifications and changes in presentation have been made to the consolidated financial statements issued in Japan in order to present them in a form that is more familiar to readers outside Japan. Certain reclassifications have been made to the prior fiscal year’s consolidated financial statements to conform to the presentation for the current fiscal year.

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, 2021, which was ¥110.71 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 subsidiaries as of March 31, 2020 and 2021. The accompanying consolidated financial statements include the accounts of the Company and 23 subsidiaries as of March 31, 2020 and 2021. The subsidiaries that are significant are consolidated.

Consolidated subsidiaries as of March 31, 2020 and 2021 are as follows:

Equity ownership percentage

Name of subsidiary	2020	2021
Hachinohe Toyo Co., Ltd.	100.0%	**100.0%**
Kofu Toyo Co., Ltd.	100.0	**100.0**
Fukushima Foods Co., Ltd.	100.0	**100.0**
Miyagi Toyo Kaisha, Ltd.	100.0	**100.0**
Shuetsu Co., Ltd.	100.0	**100.0**
Shinto Corporation	100.0	**100.0**
Imari Toyo Co., Ltd.	100.0	**100.0**
Fresh Diner Corporation	100.0	**100.0**
Tokyo Commercial Co., Ltd.	100.0	**100.0**
Choshi Toyo Kaisha, Ltd.	100.0	**100.0**
Yutaka Foods Corporation	50.9	**50.9**
Mitsuwa Daily Co., Ltd.	100.0	**100.0**
Saihoku Toyo Kaisha, Ltd.	100.0	**100.0**
Shonan Toyo Kaisha, Ltd.	100.0	**100.0**
Suruga Toyo Kaisha, Ltd.	100.0	**100.0**
Maruchan, Inc. (*1)	100.0	**100.0**
Maruchan Virginia, Inc. (*1)	100.0	**100.0**
Maruchan Texas, Inc. (*1)	100.0	**100.0**
Maruchan de Mexico, S.A. de C.V. (*2)	100.0	**100.0**
Sanmaru de Mexico, S.A.de C.V. (*2)	100.0	**100.0**
Maruchan do Brasil Serviços Ltda. (*3)	100.0	**100.0**
Pac-Maru, Inc. (*1)	100.0	**100.0**
Shimaya Co., Ltd.	61.0	**61.0**

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

The remaining five unconsolidated subsidiaries as of March 31, 2020 and 2021, whose combined assets, net sales, net income and retained earnings are not significant individually and in the aggregate to the consolidated financial statements, have not been consolidated.

The main unconsolidated subsidiaries as of March 31, 2020 and 2021 are as follows:

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, 2020 and 2021.

The affiliate to which the equity method has been applied for the years ended March 31, 2020 and 2021 is as follows:

Equity ownership percentage

Name of affiliate	2020	2021
Semba Tohka Industries Co., Ltd.	26.4%	**26.4%**

The investments in the five unconsolidated subsidiaries as of March 31, 2020 and 2021, and three affiliates (Higashimaru International Corporation and other two affiliates) as of March 31, 2020 and 2021, are carried at cost since applying the equity method of accounting to these companies would not have had any material effect on net income and retained earnings in the consolidated financial statements.

(3) Consolidation principles —

Consolidated subsidiaries with a different closing date from the

consolidated closing date are as follows:
For the year ended March 31, 2021, following 3 consolidated subsidiaries had fiscal year ending December 31, 2020.
Maruchan de Mexico, S.A. de C.V.
Sanmaru de Mexico, S.A. de C.V.
Maruchan do Brasil Serviços Ltda.

For these consolidated subsidiaries, financial statements based on the provisional settlement of accounts carried out on the consolidated closing date are used.

(4) Foreign currency translation —

Foreign currency monetary assets and liabilities are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

The assets and liabilities of foreign subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The shareholders' equity, except for the profit or loss of the current year, is translated into Japanese yen at the historical rates. Profit or loss for the year is translated into Japanese yen using the exchange rates prevailing at the balance sheet date. Differences arising on translation are presented as foreign currency translation adjustments in net assets.

(5) Cash and cash equivalents —

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand and at banks able to be withdrawn on demand and short-term investments with an original maturity of three months or less and, which hold a minor risk of fluctuations in value.

(6) Securities —

Available-for-sale securities with a market value are stated at fair value based on the market prices as of the balance sheet date with any unrealized gains or losses, net of applicable taxes, reported as a component of accumulated other comprehensive income. The cost of securities sold is stated using the moving average cost. Available-for-sale securities without a market value are mainly stated at moving-average cost.

(7) Derivative financial instruments —

Gains or losses arising from changes in the fair value of those derivatives designated as 'hedging instruments' are deferred as a component of accumulated other comprehensive income in the consolidated balance sheet, and charged to income when the gains and losses on the hedged items or transactions are recognized.

The Company and its consolidated subsidiaries hold derivative financial instruments in the form of foreign exchange forward contracts to hedge against fluctuations in foreign currency exchange rates. The Company and its consolidated subsidiaries do not hold derivatives for trading purposes, and it is the Company's policy to use derivatives only for the purpose of mitigating market risk and financing costs in accordance with internal criteria.

The Company and its consolidated subsidiaries do not anticipate any losses resulting from default by the counter-parties, as these are limited to major domestic financial institutions with sound operational foundations.

In line with internal risk management policies, for receivables and payables denominated in foreign currencies, the Company and its consolidated subsidiaries enter into forward exchange contracts denominated in the same currency, in the same amount and executed on the same execution day as the hedged item. The hedging relationships between the derivative financial instruments and the hedged items are highly effective in offsetting changes in foreign currency exchange rates.

(8) Allowance for doubtful accounts —

The allowance for doubtful accounts is mainly calculated based on the aggregate amount of estimated credit losses on doubtful receivables and an amount for receivables other than doubtful receivables calculated using a historical write-off ratio.

(9) Inventories —

Inventories are stated at the lower of cost, principally calculated based on the monthly moving-average method, and 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 over the estimated useful lives. On the other hand, the Company and its domestic subsidiaries use the straight line method for buildings (excluding facilities attached to buildings) which were acquired since April 1, 1998, and for facilities attached to buildings and structures which were acquired since April 1, 2016.

The range of useful lives are summarized as follows:

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

The costs of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gain or loss is included in income.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(11) Intangible assets (excluding leased assets) —

Amortization of intangible assets is mainly computed by the straight-line method over the estimated useful lives of the assets. 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 property under finance lease arrangements which transfer ownership of the leased property to the lessee is depreciated by the same method as the one applied to property, plant and equipment owned by the Company.

Leased property under finance lease arrangements which do not transfer ownership of the leased property to the lessee is capitalized to recognize leased assets and corresponding lease obligations in the consolidated balance sheet. The leased assets are depreciated over the lease term of the respective assets.

(13) Retirement benefits and pension plans —

(a) Retirement benefits for employees

The benefit formula method is used to attribute retirement benefit obligations to the period through the end of the fiscal year. Past service costs that are yet to be recognized are amortized mainly over ten years, which is within the average remaining service period of the scheme participants, using the straight-line method from the year they arose. Actuarial gains and losses that are yet to be recognized are amortized mainly over ten years, which is within the average remaining service period of the scheme participants, using the straight-line method from the year following the year in which they arose. Certain domestic consolidated subsidiaries apply a simplified method in calculating retirement benefit obligations and retirement benefit costs.

(b) Retirement benefits for directors and other officers

Certain domestic consolidated subsidiaries accrue the liabilities for retirement benefits to directors and other officers based on an amount equivalent to 100% of such benefits which would be required to be paid if all eligible directors and other officers retired at the year-end date. The payments of retirement benefits to directors and other officers are subject to approval of shareholders' meetings.

(14) 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 each year. Cash dividends per share represent dividends declared as applicable to the respective period.

(15) Accounting for consumption tax —

The consumption tax withheld or paid by the Company and its domestic consolidated subsidiaries on its sales and purchases is not included in the amounts of the respective accounts in the consolidated statements of income, but is recorded as an asset or a liability as the case may be, and the net balance is included in other current assets or other current liabilities on the consolidated balance sheets.

(16) Significant accounting estimates —

(Impairment loss on property, plant and equipment)

For the current fiscal year, the Company made 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 of ¥9,023 million ($81,501 thousand) (approximately 2.1% of the total assets in the consolidated balance sheets), included in the total property, plant and equipment in the consolidated balance sheet of ¥157,939 million ($1,426,601 thousand). This judgment was based on the fact that an impairment indicator was identified as the operating profit remained negative for some consecutive years, primarily due to capital expenditure required to introduce new production lines and enhance existing production lines, and the continued high price of rice, which is the primary material.

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 budget, business plan, and other materials, exceeded the carrying amount.

The undiscounted future cash flows, which were used to determine whether an impairment loss should be recognized, were 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 next fiscal year.

(17) Standards and guidance not yet adopted —

1. The Company and its domestic consolidated subsidiaries

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(a) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step1: Identify contract(s) with customers.
Step2: Identify the performance obligations in the contract.
Step3: Determine the transaction price.
Step4: Allocate the transaction price to the performance obligation in the contract.
Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(b) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

As an effect on the consolidated financial statements due to the application of this new accounting standards, the Company and its domestic consolidated subsidiaries plan to change the presentation of certain transactions mainly relating to "consideration payable to a customer", from presenting in "Selling, general and administrative expenses" to reducing them from "Net sales". The effects of this change on operating income is expected to be immaterial. The Company and its domestic consolidated subsidiaries are currently in the process of determining the effects of this new standards on the consolidated financial statements.

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)

"Accounting Standard for Measurement of Inventories" (ASBJ

Statement No. 9, July 4, 2019)
"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)
"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020)

(a) Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (together, hereinafter referred to as "Fair Value Accounting Standards") were developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

- Financial instruments in "Accounting Standard for Financial Instruments"; and
- Inventories held for trading purposes in "Accounting Standard for Measurement of Inventories."

(b) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(c) Effects of the application of the standards

The effects of applying the standards on the consolidated financial statements are currently in the process of determining.

2. Overseas consolidated subsidiaries

Standards and guidance issued or revised by March 31, 2020 but not adopted are set out below.

The Company and its overseas consolidated subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

Name of the standard and guidance	Overview	Effective date
Leases (Accounting Standards Update 2016-02)	Revision of accounting treatment for lease transactions	Fiscal year ending March 31, 2023

(18) Changes in presentation method —

(Adoption of "Accounting Standard for Disclosure of Accounting Estimates")

The Company and its subsidiaries adopted ASBJ Statement No. 31 "Accounting Standard for Disclosure of Accounting Estimates" (March 31, 2020) to the consolidated financial statements for the current consolidated fiscal year, and therefore significant accounting estimates are disclosed in the note to the consolidated financial statements.

The note does not include information for the prior consolidated fiscal year in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

3 Cash flow information:

Cash and cash equivalents as of March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Cash on hand and at banks	¥112,755	**¥117,544**	**$1,061,729**
Securities with an original maturity of 3 months or less	4,000	**—**	**—**
Time deposits with deposit term of over 3 months	(73,358)	**(84,711)**	**(765,161)**
Cash and cash equivalents	¥ 43,397	**¥ 32,833**	**$ 296,568**

4 Financial instruments:

(1) Outline of financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries limit financial investment only to short-term deposits and short-term loans receivable among group companies (cash management system), or similar items. In addition, the Company has a policy to manage cash flow primarily through short-term borrowings from group companies (cash management system). Derivative transactions are used for the purpose of hedging against the risks of future fluctuations in foreign exchange rates associated with monetary claims and obligations denominated in foreign currencies. The Company and its consolidated subsidiaries do not hold derivatives for speculative purposes.

(b) Details of financial instruments and related risks

Trade notes and accounts receivable are exposed to customer credit risk. Securities comprise domestic certificates of deposits with short-term maturities. Investment securities are exposed to market price fluctuation risk.

Payment terms of notes and accounts payable are mostly less than one year. Most short-term loans are short-term loans between group companies (cash management system). Long-term debt and lease obligations for finance leases are mainly for the purpose of financing capital investments.

Derivative transactions include foreign exchange forward contracts for the purpose of hedging against the foreign currency exchange fluctuation risk associated with trade payables denominated in foreign currencies. Information concerning hedge accounting is included in "(7) Derivative financial instruments" under "2. Summary of significant accounting policies."

(c) Risk management system for financial instruments

a. Credit risk management (customers' default risk)

The Company aims to identify and mitigate the default risk of customers due to deterioration of their financial condition or other factors at an early stage through bi-annually monitoring principal customers' financial condition and managing the payment dates and outstanding balances of each customer's trade receivables in accordance with internal regulations. The Company's consolidated subsidiaries follow the same procedures in conformity with the Company's internal regulations.

The Company and its consolidated subsidiaries enter into derivative contracts only with high credit rated financial institutions in order to reduce the risk of counterparty default on these contracts.

b. Market risk management (foreign currency exchange and market price fluctuation risks)

The Company and some of its consolidated subsidiaries enter into foreign exchange forward contracts for the purpose of hedging against the foreign currency exchange fluctuation risk of trade payables denominated in foreign currencies. With respect to investment securities, the Company periodically monitors fair values and the financial position of the issuers.

In accordance with the Company's internal regulations, each derivatives transaction is conducted by the business unit which requires the relevant transaction: the business unit reviews information regarding transactions such as contractual coverage and balances, and reports it to the general manager of the accounting department. Some of the Company's consolidated subsidiaries conduct the same procedures in accordance with the Company's internal regulations.

c. Liquidity risk management and fund raising

The Company manages its liquidity risk mainly through the accounting department's timely short and long-term cash flow projections based on the reports submitted by each business unit, and maintains sufficient liquidity. The Company and its consolidated subsidiaries have implemented a cash management system to facilitate efficient fund administration, which assists them in controlling liquidity risk.

(d) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments are based on market prices or reasonably estimated values in cases where there are no market prices available. Since estimation of fair values incorporates variable factors, adopting different assumptions could result in different values. The contract amounts and other information described in note "6. Derivative financial instruments" do not indicate the market risk of derivative transactions.

(e) Concentration of credit risk

Trade receivables from the Company's major customer accounted for 34.7% and 36.2% of total trade receivables as of March 31, 2020 and 2021, respectively.

(2) Fair values of financial instruments

Carrying amount of the financial instruments included in the consolidated balance sheets and their fair values as of March 31, 2020 and 2021 are as follows:

Certain financial instruments are excluded from the following table as the fair values are not readily available.

2020		Millions of yen	
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	¥112,755	¥112,755	¥ —
(2) Notes and accounts receivable - Trade	57,071	57,071	—
(3) Securities	23,000	23,000	—
(4) Investments in unconsolidated subsidiaries and affiliates	2,786	1,863	(923)
(5) Investment securities Available-for-sale securities	21,401	21,401	—
Assets total	¥217,013	¥216,090	¥(923)
(1) Notes and accounts payable - Trade	¥ 24,206	¥ 24,206	¥ —
(2) Short-term loans	324	324	—
(3) Lease obligations (*1)	4,045	4,090	45
Liabilities total	¥ 28,575	¥ 28,620	¥ 45
Derivative transactions (*2)	¥ 17	¥ 17	¥ —

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	¥ —

2021

Thousands of U.S. dollars	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash on hand and at banks	$1,061,729	$1,061,729	$ —
(2) Notes and accounts receivable - Trade	465,450	465,450	—
(3) Securities	379,370	379,370	—
(4) Investments in unconsolidated subsidiaries and affiliates	25,056	17,406	(7,650)
(5) Investment securities Available-for-sale securities	216,638	216,638	—
Assets total	$2,148,243	$2,140,593	$(7,650)
(1) Notes and accounts payable - Trade	$ 212,944	$ 212,944	$ —
(2) Short-term loans	3,170	3,170	—
(3) Lease obligations (*1)	34,460	34,541	81
Liabilities total	$ 250,574	$ 250,655	$ 81
Derivative transactions (*2)	$ 217	$ 217	$ —

(*1) Current portion of lease obligations is included in (3) Lease obligations.
(*2) Assets/liabilities arising from derivative transactions are disclosed as the net amount, and the net payable is shown in parentheses.

Notes:

(a) Calculation method of fair values of financial instruments

Assets:

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

The carrying amounts approximate the fair values because of the short-term maturities of these instruments. Securities mainly comprise domestic certificates of deposits with short-term maturities.

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

The fair value of marketable equity securities is measured at the quoted market price on stock exchanges.

Liabilities:

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

The carrying amounts approximate the fair values because of the short-term maturities of these instruments.

(3) Lease obligations

The fair values of lease obligations are determined by discounting the aggregated values of the principal and interest using an assumed interest rate for similar lease transactions.

Derivative financial instruments:
See the note “6. Derivative financial instruments”.

(b) Financial instruments with no available fair values

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Unlisted equity securities	¥ 784	¥ 784	$ 7,082
Investments in unconsolidated subsidiaries and affiliates	2,048	1,627	14,697

The above items are not included in “(4) Investments in unconsolidated subsidiaries and affiliates and (5) Investment securities – Available–for–sale securities”, because there is no market price and it is very difficult to measure the fair values of these instruments.

(c) Redemption schedule for financial assets with maturity dates subsequent to the year end

2020

	Millions of yen			
	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	¥112,755	¥ —	¥ —	¥ —
Notes and accounts receivable - Trade	57,071	—	—	—
Securities Certificates of deposits	23,000	—	—	—
Total	¥192,826	¥ —	¥ —	¥ —

2021

	Millions of yen			
	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	¥117,544	¥ —	¥ —	¥ —
Notes and accounts receivable - Trade	51,530	—	—	—
Securities Certificates of deposits	42,000	—	—	—
Total	¥211,074	¥ —	¥ —	¥ —

2021

	Thousands of U.S. dollars			
	Within one year	One to five years	Over five to ten years	Over ten years
Cash on hand and at banks	$1,061,729	$ —	$ —	$ —
Notes and accounts receivable - Trade	465,450	—	—	—
Securities Certificates of deposits	379,370	—	—	—
Total	$1,906,549	$ —	$ —	$ —

(d) Redemption schedule for lease obligations with maturity dates subsequent to March 31, 2021
See note “9. Short-term loans and lease obligations”.

5 Securities:

(1) There were no held-to-maturity securities as of March 31, 2020 and 2021.

(2) Available-for-sale securities with a market value as of March 31, 2020 and 2021 are as follows:

2020

	Millions of yen		
	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition cost: Equity securities	¥20,915	¥10,300	¥10,615
Securities with carrying amount (fair value) not exceeding acquisition cost: Equity securities	486	590	(104)
Other	23,000	23,000	—
	¥44,401	¥33,890	¥10,511

2021

	Millions of yen		
	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition cost: Equity securities	**¥23,851**	**¥10,755**	**¥13,096**
Securities with carrying amount (fair value) not exceeding acquisition cost: Equity securities	**133**	**181**	**(48)**
Other	**42,000**	**42,000**	**—**
	¥65,984	**¥52,936**	**¥13,048**

2021

	Thousands of U.S. dollars		
	Carrying amount	Acquisition cost	Difference
Securities with carrying amount (fair value) exceeding acquisition cost: Equity securities	**$215,437**	**$ 97,146**	**$118,291**
Securities with carrying amount (fair value) not exceeding acquisition cost: Equity securities	**1,201**	**1,635**	**(434)**
Other	**379,370**	**379,370**	**—**
	$596,008	**$478,151**	**$117,857**

(3) Available-for-sale securities sold during the years ended March 31, 2020 and 2021 are as follows:

2020

	Millions of yen		
	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	¥17	¥14	¥ —

2021

	Millions of yen		
	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	**¥34**	**¥17**	**¥ —**

2021

	Thousands of U.S. dollars		
	Sales proceeds	Total gain on sale	Total loss on sale
Equity securities	**$307**	**$154**	**$ —**

(4) Loss on write-down of investment securities during the years ended March 31, 2020 and 2021 are as follows:

During the years ended March 31, 2020 and 2021, the Company recorded losses on write-down of investment securities of ¥27 million for available-for-sale securities and ¥1,129 million ($10,198 thousand) for investments in unconsolidated subsidiaries, respectively.

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

(a) All securities whose market value decline by 50% or more from acquisition cost.

(b) Securities whose market value decline between 30% or more and less than 50% from acquisition cost and without expected recoverability considering deviation between the market value and book values referring to the market price trend and considering financial ratios and other factors based on the published financial statements of the issuer.

6 Derivative financial instruments:

Contract amounts and fair values of derivative instruments for which hedge accounting is applied as of March 31, 2020 and 2021 are as follows:

2020

Millions of yen

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	¥1,445	¥ —	¥17
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	254	—	—
Total		¥1,699	¥ —	¥17

2021

Millions of yen

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	**¥691**	**¥ —**	**¥24**
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	**230**	**—**	**—**
Total		**¥921**	**¥ —**	**¥24**

2021

Thousands of U.S. dollars

Transaction types	Major hedged items	Contract amount	Contract amount due over one year	Fair value (a)
Foreign exchange forward contracts: Buying U.S. dollar	Future purchase transactions denominated in foreign currency	**$6,242**	**$ —**	**$217**
Foreign exchange forward contracts: Buying U.S. dollar (b)	Accounts payable	**2,077**	**—**	**—**
Total		**$8,319**	**$ —**	**$217**

Notes:

(a) The fair values of derivative transactions are based on prices provided by applicable financial institutions.

(b) When foreign exchange forward contracts meet certain conditions, the corresponding hedged items are translated at the forward exchange contract rates. The fair values of such foreign exchange forward contracts are included in the fair value of the hedged accounts receivable or payable in note "4. Financial Instruments".

7 Inventories:

Inventories as of March 31, 2020 and 2021 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	**2021**	**2021**
Merchandise and finished goods	¥13,598	**¥14,368**	**$129,781**
Work in progress	347	**434**	**3,920**
Raw materials and supplies	6,063	**6,960**	**62,867**
Total	¥20,008	**¥21,762**	**$196,568**

Valuation losses (reversal) due to declines in profitability included in cost of sales for the years ended March 31, 2020 and 2021 were ¥316 million and ¥(64) million ($(578) thousand), respectively.

8 Investments and rental property:

The Company and certain subsidiaries hold rental properties and idle properties in Tokyo and other areas of Japan. Profit that means rental income less expenses from those properties for the years ended March 31, 2020 and 2021 were ¥457 million and ¥479 million ($4,327 thousand), respectively.

The book value, net changes during the year and the fair values of such properties as of March 31, 2020 and 2021 are as follows:

			Millions of yen
		Book value	Fair value
Balance at March 31, 2019	Increase / (Decrease)	Balance at March 31, 2020	Balance at March 31, 2020
¥3,421	¥(594)	¥2,827	¥10,300

			Millions of yen
		Book value	Fair value
Balance at March 31, 2020	Increase / (Decrease)	Balance at March 31, 2021	Balance at March 31, 2021
¥2,827	**¥80**	**¥2,907**	**¥10,059**

			Thousands of U.S. dollars
		Book value	Fair value
Balance at March 31, 2020	Increase / (Decrease)	Balance at March 31, 2021	Balance at March 31, 2021
$25,535	**$723**	**$26,258**	**$90,859**

Notes:

(a) Book value represents acquisition cost less accumulated depreciation and accumulated impairment losses, if any.

(b) Decrease in the year ended March 31, 2020 was mainly due to sales of idle assets with a book value of ¥829 million. Increase in the year ended March 31, 2021 is mainly due to acquisition of Ishikari New Port Distribution Center with a book value of ¥603 million ($5,447 thousand), offset by the decrease of idle assets with a book value of ¥332 million ($2,999 thousand).

(c) Fair values of properties are mainly calculated internally based on the main-street land prices for tax purposes.

9 Short-term loans and lease obligations:

The average annual interest rate on short-term loans is 0.465% and 0.462% for March 31, 2020 and 2021, respectively.

Lease obligations as of March 31, 2020 and 2021 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Lease obligations at an average interest rate of 7.392% for 2020 and 2021	¥4,045	**¥3,815**	**$34,460**
Less current portion	(311)	**(296)**	**(2,674)**
Lease obligations	¥3,734	**¥3,519**	**$31,786**

The aggregate annual maturities of lease obligations as of March 31, 2021 are as follows:

	Millions of yen	Thousands of U.S. dollars
2022	**¥ 296**	**$ 2,674**
2023	**272**	**2,457**
2024	**266**	**2,403**
2025	**236**	**2,132**
2026 and thereafter	**2,745**	**24,794**
Total	**¥3,815**	**$34,460**

10 Retirement benefits and pension plans:

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

Funded defined benefit pension plans provide lump-sum or pension payments based on the current basic salary and length of service of employees. Unfunded lump-sum severance payment plans provide lump-sum payments based on a point-based plan. Certain domestic consolidated subsidiaries apply a simplified method that uses the amount that would be required to be paid at the year-end for voluntary termination as the retirement benefit obligations in computing liabilities for retirement benefits and retirement benefit costs.

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

Movements in retirement benefit obligations for the years ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	**2021**	**2021**
Balance at beginning of the year	¥39,427	**¥40,945**	**$369,840**
Service cost	1,938	**1,980**	**17,885**
Interest cost	84	**88**	**795**
Actuarial losses	1,264	**(288)**	**(2,602)**
Benefits paid	(1,768)	**(1,691)**	**(15,274)**
Balance at end of the year	¥40,945	**¥41,034**	**$370,644**

Movements in plan assets for the years ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	**2021**	**2021**
Balance at beginning of the year	¥20,604	**¥20,705**	**$187,020**
Expected return on plan assets	0	**1**	**9**
Actuarial losses	(73)	**(72)**	**(650)**
Employer contributions	1,431	**1,404**	**12,682**
Benefits paid	(1,257)	**(1,187)**	**(10,722)**
Balance at end of the year	¥20,705	**¥20,851**	**$188,339**

Reconciliations from retirement benefit obligations and plan assets to liability (asset) for retirement benefits as of March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Funded retirement benefit obligations	¥33,067	¥32,498	$293,542
Plan assets	(20,705)	(20,851)	(188,339)
	12,362	11,647	105,203
Unfunded retirement benefit obligations	7,877	8,537	77,111
Total net liability for retirement benefits on the consolidated balance sheets	¥20,239	¥20,184	$182,314
Liability for retirement benefits	¥20,303	¥20,221	$182,648
Asset for retirement benefits	(64)	(37)	(334)
Total net liability for retirement benefits on the consolidated balance sheets	¥20,239	¥20,184	$182,314

Retirement benefit costs for the years ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Service cost	¥1,938	¥1,980	$17,885
Interest cost	84	88	795
Expected return on plan assets	(0)	(1)	(9)
Net actuarial loss amortization	767	957	8,644
Past service costs amortization	(344)	(345)	(3,116)
Total retirement benefit costs	¥2,445	¥2,679	$24,199

The components of adjustments for retirement benefits (before income tax effects) for the years ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Past service costs	¥344	¥ 345	$ 3,116
Actuarial losses	571	(1,172)	(10,586)
Total	¥915	¥ (827)	$ (7,470)

The components of accumulated adjustments for retirement benefits (before income tax effects) as of March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Past service costs that are yet to be recognized	¥(1,364)	¥(1,020)	$ (9,213)
Actuarial losses that are yet to be recognized	5,115	3,944	35,624
Total	¥ 3,751	¥ 2,924	$26,411

The components of plan assets as of March 31, 2020 and 2021 are as follows:

	2020	2021
Cash on hand and at banks	86%	**86%**
Life insurance general accounts	14	**14**
Other	0	**0**
Total	100%	**100%**

Method for determining long-term expected rate of return

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

Significant assumptions used in determining the retirement benefit obligations as of March 31, 2020 and 2021 are as follows:

	2020	2021
Discount rate	0.2%	**0.2%**
Long-term expected rate of return	0-0.1%	**0-0.3%**

*Wage increase index by age, which is calculated based on the level of employees and other factors, is used for the expected wage increase rate.

11 Research and development expenses:

Research and development expenses for the years ended March 31, 2020 and 2021 were ¥1,884 million and ¥1,815 million ($16,394 thousand), respectively.

12 Impairment losses on fixed assets:

For the years ended March 31, 2020 and 2021, the Company and its consolidated subsidiaries recognized impairment losses on fixed assets for the following groups of assets.

		Millions of yen		Thousands of U.S. dollars
Use	**Type of Assets**	2020	**2021**	**2021**
Assets for business use	Buildings and structures, Machinery and equipment, Other and Land	¥112	**¥41**	**$370**
Idle assets	Buildings and structures	4	**—**	**—**
		¥116	**¥41**	**$370**

The Company and its consolidated subsidiaries classify their fixed assets into groups based on the type of respective operations of each business segment for consideration of possible impairment. Idle assets are assessed individually.

The book values of impaired business assets were reduced to the recoverable amounts due to reduced profitability. The recoverable amounts were measured at the present value of the expected cash flows from the ongoing utilization of the assets, which is evaluated at memorandum value since the future cash flows are expected to be negative, or measured at their net realizable value based on the value assessed for property tax purposes.

The book values of idle assets were measured at their memorandum value at March 31, 2020.

13 Loss on disaster:

Loss on disaster of ¥32 million mainly caused by the 19th typhoon of the 2019 season in October 2019 was recognized for the year ended March 31, 2020, based on the restoration cost. Loss on disaster of ¥298 million ($2,692 thousand) mainly caused by the earthquake occurred in February 2021, which was centered in the offshore of Fukushima prefecture, was recognized for the year ended March 31, 2021, based on the restoration cost.

14 Income taxes:

The income taxes applicable to the Company and its domestic consolidated subsidiaries include (1) corporation taxes, (2) enterprise taxes (excluding the elements based on added value and capital) and (3) inhabitants' taxes which, in the aggregate, resulted in a statutory tax rate of approximately 30.6% for the years ended March 31, 2020 and 2021.

The main components of deferred tax assets and liabilities as of March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Deferred tax assets:			
Liability for retirement benefits	¥ 6,176	¥ 6,174	$ 55,767
Tax credits carryforward	1,436	1,433	12,944
Loss on write-down of investments in unconsolidated subsidiaries and affiliates	749	1,095	9,891
Impairment losses on fixed assets	1,468	957	8,644
Accrued bonuses	851	955	8,626
Unrealized gains and losses on intercompany asset transfers	681	673	6,079
Tax loss carryforwards (2)	794	625	5,645
Other	2,753	2,699	24,379
Gross deferred tax assets	14,908	14,611	131,975
Valuation allowance for tax loss carryforwards (2)	(631)	(399)	(3,604)
Valuation allowance for deductible temporary differences	(5,216)	(4,294)	(38,786)
Less: Valuation allowance (1)	(5,847)	(4,693)	(42,390)
Total deferred tax assets	9,061	9,918	89,585
Deferred tax liabilities:			
Net unrealized gain on investment securities	(3,036)	(3,836)	(34,649)
Special reserves for deferred gains on fixed assets	(3,407)	(3,718)	(33,584)
Depreciation of overseas consolidated subsidiaries	(2,432)	(2,155)	(19,465)
Unrealized gains and losses on intercompany asset transfers	(294)	(277)	(2,502)
Valuation differences of subsidiaries' assets in consolidation	(138)	(138)	(1,246)
Reserve for special depreciation	(82)	(6)	(54)
Other	(480)	(413)	(3,731)
Total deferred tax liabilities	(9,869)	(10,543)	(95,231)
Net deferred tax liabilities	¥ (808)	¥ (625)	$ (5,646)

Notes:

(1) The valuation allowance decreased by ¥1,154 million ($10,424 thousand), mainly due to decrease in valuation allowance for impairment losses of the Company.

(2) Gross deferred tax assets, valuation allowances and total deferred tax assets recognized for tax loss carryforwards, broken down by expiration dates are as follows:

Millions of yen

March 31, 2020	Within one year	One to two years	Over two to three years	Over three to four years	Over four to five years	Over five years	Total
Gross deferred tax assets for tax loss carryforwards (*1)	¥81	¥82	¥94	¥40	¥184	¥313	¥794
Valuation allowance	63	81	94	40	40	313	631
Total deferred tax assets recognized	18	1	—	—	144	—	(*2) 163

Millions of yen

March 31, 2021	Within one year	One to two years	Over two to three years	Over three to four years	Over four to five years	Over five years	Total
Gross deferred tax assets for tax loss carryforwards (*1)	**¥82**	**¥74**	**¥40**	**¥116**	**¥ —**	**¥313**	**¥625**
Valuation allowance	**82**	**71**	**38**	**7**	**—**	**201**	**399**
Total deferred tax assets recognized	**—**	**3**	**2**	**109**	**—**	**112**	**(*2) 226**

Thousands of U.S. dollars

March 31, 2021	Within one year	One to two years	Over two to three years	Over three to four years	Over four to five years	Over five years	Total
Gross deferred tax assets for tax loss carryforwards (*1)	**$741**	**$668**	**$361**	**$1,048**	**$ —**	**$2,827**	**$5,645**
Valuation allowance	**741**	**641**	**343**	**63**	**—**	**1,816**	**3,604**
Total deferred tax assets recognized	**—**	**27**	**18**	**985**	**—**	**1,011**	**(*2) 2,041**

(*1) Gross deferred tax assets for tax loss carryforwards are calculated using the enacted statutory tax rates.
(*2) Deferred tax assets of ¥163 million and ¥226 million ($2,041 thousand) are recognized out of gross deferred tax assets for tax loss carryforwards of ¥794 million and ¥625 million ($5,645 thousand) (calculated using the enacted statutory tax rates) as of March 31, 2020 and 2021, which are expected to be recoverable based on the estimated future taxable income.

The following table summarizes the main differences between the statutory tax rate and the effective tax rate for the years ended March 31, 2020 and 2021.

	2020	**2021**
Statutory tax rate	30.6%	**30.6%**
Permanently non-deductible expenses, including entertainment expenses	0.3	**0.2**
Permanently non-taxable income, including dividend income	(0.1)	**(0.1)**
Per capita inhabitants' taxes	0.3	**0.2**
Special deduction for corporation tax	(0.7)	**(0.8)**
Changes in valuation allowance	1.0	**(3.0)**
Difference in income tax rates applied to overseas consolidated subsidiaries	(4.5)	**(3.7)**
Other- net	(0.1)	**0.5**
Effective tax rate	26.8%	**23.9%**

15 Net assets:

Under the Japanese Corporate law ("the law"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of 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 law 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 24, 2021, the shareholders approved cash dividends amounting to ¥5,109 million ($46,148 thousand). These cash dividends have not been accrued in the consolidated financial statements as of March 31, 2021 because such appropriations are recognized in the period in which they are approved by the shareholders.

16 Notes to the consolidated statement of changes in net assets:

(1) Type and number of shares issued and outstanding for the years ended March 31, 2020 and 2021

Thousands of shares

Common stock outstanding	2020	2021
Balance at beginning and end of the year	110,881	**110,881**

Thousands of shares

Treasury stock outstanding	2020	2021
Balance at beginning of the year	8,752	**8,753**
Increase due to purchase of odd stock	1	**0**
Increase due to change in equity in an affiliate accounted for using the equity method	—	**—**
Balance at end of the year	8,753	**8,753**

(2) Dividends

(a) Dividends paid in the current fiscal year

The Company resolved approval at the general meeting of shareholders held on June 25, 2020 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥4,087 million
b. Dividends per share ¥40.0
c. Record date .... March 31, 2020
d. Effective date.................................... June 26, 2020

The Company resolved approval by the board of directors meeting held on October 30, 2020 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥4,087 million
b. Dividends per share ¥40.0
c. Record date .... September 30, 2020
d. Effective date.................................... December 7, 2020

(b) Dividends with record date during the current fiscal year but to be effective in the following fiscal year

The Company resolved approval at the general meeting of shareholders held on June 24, 2021 as follows:

Dividends on Common stock

a. Total amount of dividends .... ¥5,109 million ($46,148 thousand)
b. Funds for dividends .... Retained earnings
c. Dividends per share ¥50.0 ($0.45)
d. Record date .... March 31, 2021
e. Effective date.................................... June 25, 2021

17 Per share information:

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

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Net income attributable to owners of parent	¥23,380	¥29,070	$262,578
Net income attributable to owners of parent related to common stock	23,380	29,070	262,578

	2020	2021
Weighted-average number of common stock (unit: thousands of shares)	102,128	102,128

Information on diluted net income per share is not disclosed because no potentially dilutive shares of common stock were issued or outstanding for the years ended March 31, 2020 and 2021.

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

18 Leases:

(1) Finance leases

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

Leased assets include warehouse facilities (buildings and structures, machinery and equipment) for cold storage.

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

Leased assets mainly consist of communication devices and office equipment.

(2) Operating leases

The minimum commitments under non-cancelable operating leases as of March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Due within one year	¥ 45	¥ 59	$ 533
Due after one year	296	320	2,890
	¥341	¥379	$3,423

19 Contingent liabilities:

Contingent liabilities as of March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Guarantees for indebtedness of employees	¥6	¥2	$18

20 Comprehensive income:

(1) Reclassification adjustments on other comprehensive income for the years ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Net unrealized gain on investment securities: Gains arising during the year	¥(3,789)	¥2,555	$23,078
Reclassification adjustments	13	(17)	(154)
	(3,776)	2,538	22,924
Net unrealized gain (loss) on hedging instruments: Gains (losses) arising during the year	18	7	63
	18	7	63
Foreign currency translation adjustments: Adjustments arising during the year	(2,017)	1,707	15,419
	(2,017)	1,707	15,419
Adjustments for retirement benefits: Adjustments arising during the year	(1,338)	215	1,942
Reclassification adjustments	423	612	5,528
	(915)	827	7,470
Share of other comprehensive income of affiliate accounted for using the equity method: Gains (losses) arising during the year	53	(12)	(108)
	53	(12)	(108)
Amount before income tax effects	(6,637)	5,067	45,768
Income tax effects	1,342	(1,035)	(9,348)
Total other comprehensive income (loss), net of taxes	¥(5,295)	¥4,032	$36,420

(2) Income tax effects on other comprehensive income for the years ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Net unrealized gain (loss) on investment securities:			
Amount before income tax effects	¥(3,776)	**¥2,538**	**$22,924**
Income tax effects	1,135	**(802)**	**(7,243)**
Amount, net of taxes	(2,641)	**1,736**	**15,681**
Net unrealized gain (loss) on hedging instruments:			
Amount before income tax effects	18	**7**	**63**
Income tax effects	(4)	**(2)**	**(18)**
Amount, net of taxes	14	**5**	**45**
Foreign currency translation adjustments:			
Amount before income tax effects	(2,017)	**1,707**	**15,419**
Income tax effects	—	**—**	**—**
Amount, net of taxes	(2,017)	**1,707**	**15,419**
Adjustments for retirement benefits:			
Amount before income tax effects	(915)	**827**	**7,470**
Income tax effects	211	**(231)**	**(2,087)**
Amount, net of taxes	(704)	**596**	**5,383**
Share of other comprehensive income of affiliate accounted for using the equity method:			
Amount before income tax effects	53	**(12)**	**(108)**
Income tax effects	—	**—**	**—**
Amount, net of taxes	53	**(12)**	**(108)**
Total other comprehensive income (loss)			
Amount before income tax effects	(6,637)	**5,067**	**45,768**
Income tax effects	1,342	**(1,035)**	**(9,348)**
Amount, net of taxes	¥(5,295)	**¥4,032**	**$36,420**

21 Segment information:

(1) General information about reportable segments

Reportable segments of the Company are the business units for which separate financial information is available, which are reviewed regularly at the Board of Directors' meeting in order to determine distribution of management resources and evaluate business performance.

The Company and its consolidated subsidiaries have business units based on the type of products and services, and each business headquarters plans a comprehensive strategy and engages in business activities relating to the products and services. "Overseas Instant Noodles" business headquarters is composed of overseas subsidiaries that plan a comprehensive strategy and engage in business activities relating to the products and services.

Accordingly, the Company and its consolidated subsidiaries consist of segments classified by product and region based on business units and overseas subsidiaries. The Company has six reportable segments; "Seafood", "Overseas Instant Noodles", "Domestic Instant Noodles", "Frozen and Refrigerated Foods", "Processed Foods", and "Cold-Storage".

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

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

Accounting policies for the reportable segment information are substantially the same as those described in note "2. Summary of significant accounting policies". Income or loss by reportable segment is based on operating income on the consolidated statements of income.

(3) Information on reportable segment net sales, income or loss and other material items

2020

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others	Total	Adjustments	Consolidated
Net sales: Outside customers	¥29,862	¥ 88,992	¥133,302	¥72,294	¥24,185	¥20,530	¥369,165	¥46,867	¥416,032	¥ —	¥416,032
Intersegment	926	—	—	1	—	1,210	2,137	29	2,166	(2,166)	—
Total	¥30,788	¥ 88,992	¥133,302	¥72,295	¥24,185	¥21,740	¥371,302	¥46,896	¥418,198	¥ (2,166)	¥416,032
Segment income (loss)	¥ (672)	¥ 12,194	¥ 11,085	¥ 5,587	¥ (1,308)	¥ 1,263	¥ 28,149	¥ 872	¥ 29,021	¥ (673)	¥ 28,348
Segment assets	¥15,412	¥112,465	¥ 64,182	¥22,378	¥22,307	¥50,369	¥287,113	¥17,810	¥304,923	¥97,686	¥402,609
Other items: Depreciation and amortization	¥ 258	¥ 2,919	¥ 3,544	¥ 962	¥ 1,951	¥ 3,223	¥ 12,857	¥ 978	¥ 13,835	¥ 946	¥ 14,781
Increase in property, plant and equipment and intangible assets	¥ 1,471	¥ 4,859	¥ 1,992	¥ 724	¥ 3,560	¥ 5,122	¥ 17,728	¥ 1,380	¥ 19,108	¥ 584	¥ 19,692

2021

Millions of yen

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others	Total	Adjustments	Consolidated
Net sales: Outside customers	¥25,682	¥ 94,003	¥133,427	¥76,229	¥25,610	¥21,113	¥376,064	¥41,448	¥417,512	¥ —	¥417,512
Intersegment	887	—	75	11	—	1,050	2,023	24	2,047	(2,047)	—
Total	¥26,569	¥ 94,003	¥133,502	¥76,240	¥25,610	¥22,163	¥378,087	¥41,472	¥419,559	¥ (2,047)	¥417,512
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	¥ 59,901	¥21,626	¥21,179	¥50,695	¥291,186	¥17,581	¥308,767	¥117,304	¥426,071
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

2021

Thousands of U.S. dollars

	Reportable segment										
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Subtotal	Others	Total	Adjustments	Consolidated
Net sales: Outside customers	$231,975	$ 849,092	$1,205,194	$688,547	$231,325	$190,705	$3,396,838	$374,384	$3,771,222	$ —	$3,771,222
Intersegment	8,012	—	678	99	—	9,484	18,273	217	18,490	(18,490)	—
Total	$239,987	$ 849,092	$1,205,872	$688,646	$231,325	$200,189	$3,415,111	$374,601	$3,789,712	$ (18,490)	$3,771,222
Segment income (loss)	$ 145	$ 145,461	$ 120,224	$ 61,648	$ (6,025)	$ 11,191	$ 332,644	$ 4,697	$ 337,341	$ (8,003)	$ 329,338
Segment assets	$127,441	$1,117,117	$ 541,062	$195,339	$191,302	$457,908	$2,630,169	$158,802	$2,788,971	$1,059,561	$3,848,532
Other items: Depreciation and amortization	$ 3,233	$ 28,516	$ 29,049	$ 7,976	$ 18,237	$ 32,328	$ 119,339	$ 9,258	$ 128,597	$ 6,982	$ 135,579
Increase in property, plant and equipment and intangible assets	$ 2,213	$ 75,955	$ 6,820	$ 7,642	$ 8,499	$ 38,551	$ 139,680	$ 10,035	$ 149,715	$ 4,996	$ 154,711

Notes:

(a) "Others" includes operations not included in reportable segments, mainly packed lunches/deli foods business.

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

1) The adjustment of ¥(673) million and ¥(886) million ($(8,003) thousand) in segment income for the years ended March 31, 2020 and 2021, respectively, include corporate expenses of ¥(1,237) million and ¥(1,255) million ($(11,336) thousand), respectively, which cannot be allocated to each reportable segment. The corporate expenses are mainly general and administrative expenses which are not attributable to any reportable segment. Other adjustments are mainly foreign currency translation adjustments resulting from elimination of know-how payments or other transactions with overseas subsidiaries for the years ended March 31, 2020 and 2021.
2) The adjustment of ¥97,686 million and ¥117,304 million ($1,059,561 thousand) in segment assets as of March 31, 2020 and 2021, respectively, include corporate assets of ¥97,328 million and ¥116,836 million ($1,055,334 thousand), respectively, which cannot be allocated to each reportable segment. Corporate assets are mainly long-term investments (investment securities) in 2020 and securities (certificate of deposit) in 2021 of the Company and assets of administrative departments. Other adjustments are mainly due to application of the equity method.
3) The adjustments of ¥946 million and ¥773 million ($6,982 thousand) in depreciation and amortization for the years ended March 31, 2020 and 2021, respectively, include corporate expenses of ¥913 million and ¥742 million ($6,702 thousand), respectively.
4) The adjustments of ¥584 million and ¥553 million ($4,996 thousand) in increase in property, plant, and equipment and intangible assets for the years ended March 31, 2020 and 2021, respectively, are corporate assets which cannot be allocated to each reportable segment.

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

(4) Information by geographic area

(a) Net sales

2020 — Millions of yen

	Japan	Americas (U.S.A)	Others	Consolidated
Net sales	¥326,136	¥89,023 (¥59,416)	¥873	¥416,032

2021 — Millions of yen

	Japan	Americas (U.S.A)	Others	Consolidated
Net sales	¥322,813	¥94,024 (¥62,668)	¥675	¥417,512

2021 — Thousands of U.S. dollars

	Japan	Americas (U.S.A)	Others	Consolidated
Net sales	$2,915,843	$849,282 ($566,055)	$6,097	$3,771,222

Note:

1) Net sales are classified by countries or regions based on location of customers.
2) The major countries or regions in each classification are as follows:
   Americas………………… U.S.A., Mexico
   Others…………………… Thailand, China, Taiwan, Korea

(b) Property, plant and equipment

2020 — Millions of yen

	Japan	Americas (U.S.A)	Consolidated
Property, plant and equipment	¥126,222	¥29,959 (¥29,953)	¥156,181

2021 — Millions of yen

	Japan	Americas (U.S.A)	Consolidated
Property, plant and equipment	¥122,226	¥35,713 (¥35,709)	¥157,939

2021

	Japan	Americas (U.S.A)	Consolidated
			Thousands of U.S. dollars
Property, plant and equipment	**$1,104,019**	**$322,582 ($322,545)**	**$1,426,601**

(5) Information about major customers

2020

Name of major customer	Sales Millions of yen	Related reportable segment
MITSUI & CO., LTD.	¥109,068	Domestic Instant Noodles Segment

2021

Name of major customer	Sales Millions of yen	Sales Thousands of U.S. dollars	Related reportable segment
MITSUI & CO., LTD.	**¥115,487**	**$1,043,149**	Domestic Instant Noodles Segment

(6) Information about impairment loss on fixed assets

2020

Millions of yen

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Others	Adjustments	Consolidated
Impairment loss	¥ —	¥ —	¥ —	¥4	¥4	¥ —	¥108	¥ —	¥116

2021

Millions of yen

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Others	Adjustments	Consolidated
Impairment loss	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥6**	**¥ —**	**¥35**	**¥ —**	**¥41**

2021

Thousands of U.S. dollars

	Reportable segment								
	Seafood	Overseas Instant Noodles	Domestic Instant Noodles	Frozen and Refrigerated Foods	Processed Foods	Cold-Storage	Others	Adjustments	Consolidated
Impairment loss	**$ —**	**$ —**	**$ —**	**$ —**	**$54**	**$ —**	**$316**	**$ —**	**$370**

(7) Information about amortization and unamortized balance of goodwill and negative goodwill by reportable segment

There was no amortization nor unamortized balances of goodwill and negative goodwill as of and for the years ended March 31, 2020 and 2021.

22 Additional information:

(Accounting estimates relating to the spread of the novel coronavirus (COVID-19))

It is extremely difficult to estimate the impact of the spread of COVID-19 on the Company's business performance because there is no unified expertise regarding the spread of infection and the timing of the return to normal in the future.

Accordingly, the Company prepared its accounting estimates based on the assumption that the impact of the spread of COVID-19 on the Company's business performance would be limited because the impact was immaterial in the current consolidated fiscal year.

KPMG

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, 2021 and 2020, the consolidated statements of income, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

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

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

¥9,023 million in the consolidated balance sheets for the current fiscal year, which accounted for approximately 2.1% of the total assets in the consolidated balance sheets. While these assets are depreciated in a systematic manner, they need to be tested for impairment whenever there is an impairment indicator. The impairment test is performed by comparing the undiscounted future cash flows that are expected to be generated from the asset groups with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. For the packaged cooked rice business within the Processed Foods Segment, an indication of impairment was identified as the operating profit remained negative for some consecutive years, primarily due to capital expenditure required to introduce new production lines and enhance existing production lines, and the continued high price of rice, which is the primary material. Accordingly, the Company made a judgment as to whether an impairment loss should be recognized for the current fiscal year. The estimated undiscounted future cash flows, which were used to make this judgment, were based on the mid-term business plan of the packaged cooked rice business prepared by management. In developing this mid-term business plan, the forecasted growth of the packaged cooked rice market and rice prices in the future were identified as key assumptions. Accordingly, the mid-term business plan involved a high degree of uncertainty and management's judgment thereon had a significant effect on the estimated undiscounted future cash flows. We, therefore, determined that our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on property, plant and equipment used in the packaged cooked rice business within the Processed Foods Segment was of most significance in our audit of the financial	business within the Processed Foods Segment was appropriate included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the Company's judgment with respect to the recognition of an impairment loss on property, plant and equipment used in the packaged cooked rice business within the Processed Food Segment. In this assessment, we focused our testing on internal controls designed to prevent and/or detect any potential/actual use of unreasonable assumptions for forecasting the growth of the packaged cooked rice market and rice prices in the future, which were key assumptions included in the mid-term business plan. **(2) Assessment of the reasonableness 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 reasonableness of the key assumptions used for estimating the undiscounted future cash flows, we evaluated the accuracy of the mid-term business plans of the packaged cooked rice business within the Processed Foods Segment that formed the basis for estimating undiscounted future cash flows by comparing the key assumptions included in the historical mid-term business plans with the actual results. In addition, based on the result of this evaluation, we inquired of management and the personnel responsible for the packaged cooked rice business within the Processed Foods Segment about the basis for the key assumptions utilized for developing the mid-term business plan. In addition, we: ● performed a trend analysis of the forecasted growth of the packaged cooked rice market in the future by comparing them with the previous years' results for each major product group and assessed the consistency with the forecasts published by external analysts; and ● performed a trend analysis of the forecasted rice prices by comparing them with the historical trend of rice prices and assessed the reasonableness of the future projections included in the mid-term business plan.

statements for the current fiscal year, and accordingly, a key audit matter.	

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, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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

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

Yoshichika Kaneko

Designated Engagement Partner

Certified Public Accountant

Junichi Tanaka

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 24, 2021

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

CORPORATE DATA

AS OF MARCH 31, 2021

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	8
Number of Sales Offices	28
Number of Refrigerated Warehouses	17
Number of Subsidiaries and Affiliates	32
Number of Employees (Consolidated)	4,880
Consolidated Net Sales	¥417,512 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	15,963
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

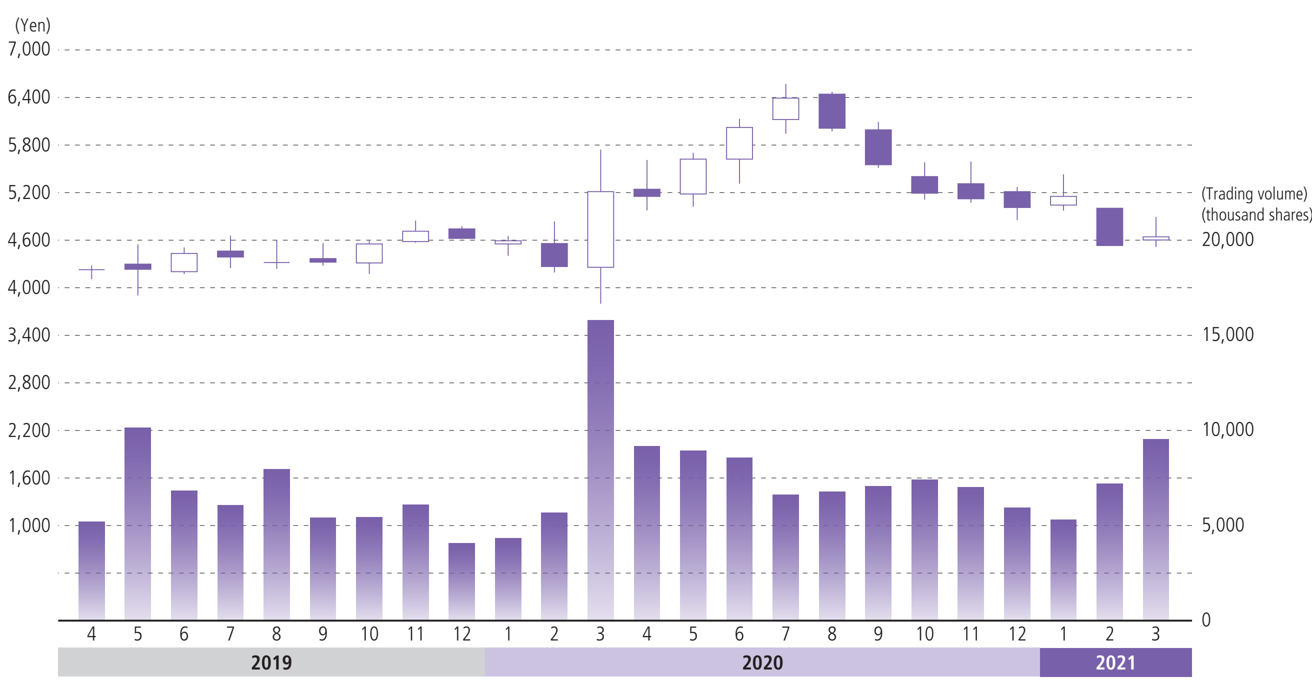
Since its beginnings at Tokyo's Tsukiji Market in 1953, where Toyo Suisan began its business of exporting frozen tuna, the company has grown into a diversified food products manufacturer, currently engaged not only in the business of seafood products, but in cold-storage and food processing businesses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

Common Stock Price Range and Trading Volume



TOYO SUISAN